

# ANNUAL REPORT

(Abridged Version)

2014-2015



സ്റ്റേറ്റ് ബാങ്ക് ഓഫ് ട്രാവൻകൂർ  
STATE BANK OF TRAVANCORE  
स्टेट बैंक ऑफ़ त्रावणकोर

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**STATE BANK OF TRAVANCORE**  
(Associate of the State Bank of India)

Head Office: Thiruvananthapuram

**NOTICE**

The Fifty Fifth 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 - 695034, on Monday, the 15<sup>th</sup> June 2015 at 10.00 A.M. (Indian Standard Time) to transact the following business:

“To discuss and adopt the Balance Sheet and Profit & Loss Account of the Bank made up to the 31<sup>st</sup> March, 2015, the report of the Board of Directors and the Auditors Report on the Balance Sheet and Accounts.”

Thiruvananthapuram  
Date: 05.05.2015

Jeevandas Narayan  
Managing Director

## BOARD OF DIRECTORS AS ON 31.03.2015

Smt. Arundhati Bhattacharya	Chairman under Clause (a) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
Shri Jeevandas Narayan	Director under Clause (aa) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
Dr. J Sadakkadulla	Director under Clause (b) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
Shri V. G. Kannan	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	Director under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
Shri Ramesh Chandra Srivastava	Director under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
Shri V. Kaliappan	Director under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
Shri P.V. Prasad	Director under Clause (ca) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
Shri C. Rajkumar	Director under Clause (cb) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
Shri M. C. Jacob	Director under Clause (d) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
Shri Sajen Peter	Director under Clause (d) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
Shri Ashok Kumar Singh	Director under Clause (e) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

## MANAGEMENT COMMITTEE AS ON 15.05.2015

Shri Jeevandas Narayan	Managing Director
Shri E.K.Harikumar	Chief General Manager(Retail Banking)
Shri. S. Adikesavan	Chief General Manager(Commercial Banking)
Shri S.Chandrasekharan	General Manager (Treasury & Chief Financial Officer)
Shri K.N.Murali	General Manager (Commercial Banking)
Shri A.N.Krishnan	General Manager (Human Resources)
Shri D.Babu Jayaraj	General Manager (Retail Network III)
Shri S. Harisankar	General Manager (Retail Network II)
Shri G.Madana Mohan Rao	General Manager (Business Strategy & Rural Banking)
Shri M.K.Bhattacharya	General Manager (Risk Management & CRO)
Shri V.P.Ravindra Kumar	General Manager (Information Technology & New Business)
Shri V. Thyagarajan	General Manager (SAMG)
Shri Ramesh R Arya	General Manager (Inspection & Audit)
Shri M. Deviprasad	General Manager (Retail Network I)
Shri Satyaki Rastogi	Chief Vigilance Officer

# Abridged 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: 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015

## MANAGEMENT DISCUSSIONS & ANALYSIS

### 1. Global Economy

The global economy continued to expand during 2014 at a moderate and uneven pace, as the prolonged recovery process from the global financial crisis was still saddled with unfinished post-crisis adjustments. Global recovery was also hampered by some new challenges, including a number of unexpected shocks, such as the heightened geopolitical conflicts in various areas of the world.

The global economic environment appears poised for a change for the better with the recent sharp fall in the international prices of crude petroleum, which is expected to boost global aggregate demand, and the sharp recovery in the US economy in the midst of gradual withdrawal from monetary accommodation. China, meanwhile, is undergoing a carefully managed slowdown. Disappointing growth in other developing countries in 2014, not only reflected weak external demand but also domestic policy tightening, political uncertainties and supply-side constraints. (Global Economic Prospect; World Bank, January 2015).

The International Monetary Fund (IMF) in its April 2015 outlook has projected the Global growth to reach 3.5 percent and 3.8 percent in 2015 and 2016 based on a pickup in growth in advanced economies and emerging economies relative to the previous year.

### 2. Indian Economy

The Indian economy is poised for a gradual recovery. GDP based on new series is expected to grow by 7.4% in FY 2014-15 compared to 6.9% in FY 2013-14 and 5.1% in FY 2012-13. Central Statistical Organisation (CSO) introduced a new measure of growth called Gross Value Added (GVA) in line with the international best practices. On GVA basis, economy is estimated to grow by 7.5% in FY 2014-15 on the back of robust growth in services (10.5%) and industry (5.6%).

Inflation, both Wholesale Price Index (WPI) and Consumer Price Index (CPI), remained modest during the latter part of FY 2014-15. During FY 2014-15, WPI inflation stood at 2.1% (average) compared to 6.0% in the previous fiscal. The sharp contraction in fuel prices contributed to the decline in WPI. CPI inflation, based on the new base, also declined to 6% (from 9.6% in last fiscal). The Government's recent move to introduce a flexible inflation-targeting framework is a clear positive, which will help to deliver low and stable inflation, and diminish the prospect of renewed bouts of

high inflation.

The Government also has made strong efforts to put its public finances on solid footing, with the central government's fiscal deficit declining to 4.0% of GDP in FY 2014-15, helped by lower oil prices. By creating space for higher infrastructure spending, fiscal reforms can have a major impact on economic growth.

The Indian economy is now on the threshold of a major transformation, with expectations of policy initiatives by Central Government and RBI. The economy is on the road to recovery due to positive business sentiments, improved consumer confidence and a more controlled level of inflation and lower fiscal deficit. The sectors which were significantly impacted by the crisis and slowdown in the economy are now showing definite signs of improvement.

### Banking scenario

Going forward as the investment cycle gather momentum, the credit demand will pick up for Q2 of FY16 because of many confidence building measures in the Union Budget such as the thrust given to the MSME sector, fast clearance of stalled projects etc. The growth in GNPA is expected to abate in 2015-16 with pickup in economic growth.

On the monetary policy front, the RBI reduced Repo rate by 50 bps to 7.50% in last couple of months. The initial impact would be felt in the lowering of the interest rates on deposits and would progressively result in lower interest rate on advances. RBI has also reduced the Statutory Liquidity Ratio (SLR) by 50 bps to 21.50% of Net Demand and Time Liabilities (NDTL). This improves the elbow room for banks to expand credit and boost growth

### 3. Kerala Economy

During 2013-14, the contribution of primary, secondary and tertiary sectors to the Gross State Domestic Product (GSDP) at constant prices (2004-05) was 9.2%, 19.9% and 70.9%. The driving factor for the growth economy is mainly the growth in transport storage and communication. In addition to this, tourism and remittances from abroad plays an important role in the growth prospect of Kerala's economy.

Economists hold the view that the substantial reduction in oil prices might not necessarily be a good news for Kerala economy as it is for the rest of the country, since it may have an impact on the flow of remittances.

The State has undergone the highest level of urbanization

in its history during 2001-2011 and was positioned in the 9<sup>th</sup> rank in the level of urbanisation among Indian States as per the 2011 Census.

Notable among the Kerala Government's initiative includes, identifying a set of high priority projects to be taken up on a Mission Mode (Mission 676), special attention to the tribal sector by providing additional funding (ATSP), the successful completion of state of the art infrastructure for the 35<sup>th</sup> National Games, obtaining "in principle" Viability Gap Grant Assistance for the Vizhinjam Port (the first port project in the country to get such assistance from the Centre), and the launching of a State Initiative on Disabilities.

The Government has taken a series of initiatives to give an impetus to the agriculture sector by giving a thrust to organic farming, through a Global Agro Meet, increased focus on soil health and integrated pest management and development.

The Government, with the expertise of the Kerala State Planning Board, has introduced Kerala Perspective Plan 2030. It sets out goals and strategies for the state to achieve significant economic growth, high human standards of living, greater social inclusiveness and better environmental protection.

#### **4. Banking Environment**

The resilience and stability of the domestic financial system have become essential to the country's macroeconomic stability, particularly in an increasingly integrated world. The Indian Banking sector demonstrated strong resilience during the global financial crisis and was able to maintain stability, with asset quality. 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 up Capital Conservation Buffers (CCB). The Basel Committee on Banking Supervision issued the final rules on the Net Stable Funding Ratio (NSFR) in October 2014.

The Reserve Bank has already started phasing in implementation of the Liquidity Coverage Ratio (LCR) from January 2015. The RBI has announced that the Net Stable Funding Ratio (NSFR) is scheduled to be implemented from January 1, 2018 for banks in India. The NSFR will require banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities

In July 2014, Banks were allowed to issue long term bonds (LTBs), with exemptions from certain regulatory pre-emptions, for lending to (i) long-term projects in infrastructure sub-sectors, and (ii) affordable housing.

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 a large number of experienced manpower due for retirement; 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 Centralized Core Banking Environment, supported by technology enabled products viz. mobile banking, net banking and smart cards.

#### **5. The Bank's Performance**

**5.1** The Bank went through a process of consolidation during FY 2014-15. Since the credit off-take was subdued, concerted efforts were made to reduce interest expenditure to improve the operating profit. Efforts were made to improve the Operating Profit by reducing Bulk deposits, High cost deposits and repaying higher cost borrowings. This resulted in the control of the interest expenditure.

The bulk deposits (including Certificate of Deposits) have come down by Rs.6,823 crore during the year. This resulted in improvement in the cost of deposits from 7.41% as on 31.03.2014 to 7.32% as on 31.03.2015.

#### **5.2 Total Business**

The total business of the Bank stood at Rs.1,60,984 crore as on 31<sup>st</sup> March 2015 against Rs. 1,60,119 crore as on 31<sup>st</sup> March 2014. It comprises of a Total Deposit of Rs. 91,077 crore and Gross Advance of Rs. 69,907 crore.

#### **5.3 Working results and Operating Profit**

The operating profit (after Staff Provisions) for the year ended 31<sup>st</sup> March, 2015 stood at Rs. 1,372.16 crore as compared to Rs.1,369.69 crore recorded for the year ended 31<sup>st</sup> March, 2014. Net Profit for the year stood at Rs. 335.53 crore as compared to Rs. 304.34 crore for FY 2013-14. The earnings per share (face value of Rs.10) was Rs. 56.63 as on 31.03.2015 as against Rs. 60.87 as on 31.03.2014.

#### **5.4 Dividend**

The Bank declared a dividend of 50% for the year (previous year : 25%) to the shareholders, entailing a total payout of Rs. 35.55 crore. The dividend payout Ratio works out to 10.60% of Net profit. The shares allotted under recently concluded rights issue are also eligible for the dividend.

#### **5.5 Deposits**

Bank's Aggregate Deposits showed a growth of 1.83 % and stood at Rs 90,328 crore as on 31<sup>st</sup> March, 2015 compared to Rs. 88,707 crore in the previous year. The Personal Segment deposits recorded a growth of Rs. 8930 crore (14.35%) during the year, to reach a level of Rs. 71,176 crore, which constituted 78.80% of the Aggregate Deposit of the Bank.

Total Deposits of the Bank (including Inter Bank Deposits) stood at Rs. 91,077 crore as on 31<sup>st</sup> March, 2015 as against

Rs. 89,337 crore as on 31<sup>st</sup> March, 2014.

## 5.6 Advances

The Gross advances of the Bank stood Rs. 69,907 crore as at the end of 31<sup>st</sup> March, 2015 as against Rs. 70,782 crore a year ago, recording a marginal negative growth of 1.24% due to sluggish credit off-take coupled with macroeconomic condition. Personal segment advance contributed a growth of Rs. 490 crore and reached a level of Rs. 18,784 crore, whereas the C&I segment declined by Rs. 522 crore and reached a level of Rs. 34,379 crore.

The Retail lending stood at Rs. 35,528 crore and constituted 50.82 % of the total advances as at the end of 31<sup>st</sup> March, 2015.

The Credit Deposit Ratio of the Bank stood at 76.76% as on 31<sup>st</sup> March, 2015 as against 79.23% as on 31<sup>st</sup> March, 2014.

### 5.6.1 Commercial & Institutional Finance

The Bank's performance under this Segment stood at Rs. 34,379 crore as on 31<sup>st</sup> March 2015 as against Rs. 34,901 crore as on 31<sup>st</sup> March 2014. The share of C&I Segment to Total Advances came down from 49.31% as on 31<sup>st</sup> March 2014 to 49.18% as on 31<sup>st</sup> March 2015. The Bank has 7 CNW Branches and 10 CBNW Branches. The total advances of these branches stood at Rs. 28,395 crore as on 31<sup>st</sup> March 2015, representing 40.62% of Total Advances of the Bank.

### 5.6.2 Agricultural Finance.

The Bank disbursed an amount of Rs. 10,203 crore under Agriculture segment as at the end of March 2015 against the Special Agricultural Credit Plan target of Rs. 7,000 crore. Exposure to Agriculture segment stood at Rs. 12,154 crore as on 31<sup>st</sup> March, 2015, which is 17.06% of ANBC, against a benchmark of 18%.

### 5.6.3 Lending to Micro, Small and Medium Enterprises (MSME)

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. Total lending to MSME sector as on 31<sup>st</sup> March 2015 stood at Rs.10,892 crore. The lending to Micro and Small Enterprises (MSEs) stood at Rs. 7,655 crore.

### 5.6.4 Personal Segment Finance

The Bank continued to be active in extending finance to Personal Segment, mainly by way of Housing Loans, Car Loans, Education Loans and Gold Loans. In all, 13,512 housing loans aggregating Rs. 2,105 crore were sanctioned during FY 14-15. The outstanding in Housing Loan stood at Rs. 10,259 crore as on 31.03.2015.

Vehicle loans aggregating to Rs. 563 crore spread over 10257

accounts were sanctioned during FY 14-15. The outstanding in Vehicle loan stood at Rs. 1,454 crore as on 31.03.2015

The Bank continued to support the younger generation to pursue higher studies by extending Education Loans under IBA Model Scheme. The Bank maintained its leadership in extending Education Loans in Kerala State. During the year under review, 4749 Education Loans amounting to Rs.181 crore were sanctioned, taking the total outstanding amount to Rs. 2,284 crore as at the end of March 2015.

### 5.6.5 Priority Sector Lending

The Bank continued to give special emphasis on lending to the priority sector in conformity with national policies, expectations and fulfillment of social objectives. Bank's Gross Advances to the Priority sector was Rs. 27,609 crore as at the end of March 2015 as against Rs. 29,179 crore as at the end of March 2014 and constituted 38.77% of the Adjusted Net Bank Credit against the benchmark of 40%.

## 5.7 Asset Quality

The Gross NPA level of the Bank as on 31<sup>st</sup> March, 2015 stood at Rs. 2,357 crore and its percentage to Gross Advance stood at 3.37% compared to 4.35% as on 31.03.2014. The Net NPA level of the Bank as on 31<sup>st</sup> March, 2015 stood at Rs. 1,399 crore. The percentage of Net NPA was 2.04% in FY 14-15, compared to 2.78% as at the end of the previous year.

The Provision Coverage Ratio (PCR) improved from 52.60% as on 31.03.2014 to 60.62% as on 31.03.2015.

## 5.8 Capital and Capital Adequacy

During the year ended 31<sup>st</sup> March 2015, the Bank has allotted 92,53,473 Equity Shares of Rs. 10 each at Rs. 416.06 per share (including premium of Rs. 406.06 per share) to State Bank of India aggregating to Rs. 385 crore on preferential basis. The Bank also received share application money aggregating to Rs. 474.03 crore through a Rights issue which closed on 31.03.2015.

The capital adequacy ratio under Basel II improved from 11.52% as on March 31<sup>st</sup>, 2014 to 11.63% as on 31<sup>st</sup> March 2015. The capital adequacy ratio under Basel III improved from 10.79% as on 31<sup>st</sup> March 2014 to 10.89% as on 31<sup>st</sup> March 2015 against a minimum of 9% stipulated by RBI.

## 5.9 Branch Network

The Bank opened 45 new branches during the year. As at the end of 31<sup>st</sup> March 2015 the Bank has 1157 branches and 12 extension counters. The Bank has presence in 16 States and 3 Union Territories. 5 Service Branches were closed during the year.

The number of branches in Kerala increased from 820 in March, 2014 to 838 as at the end of 31<sup>st</sup> March, 2015.



The Bank added 250 ATMs during the year taking the total number of ATMs to 1602. Out of the total ATMs, 1256 ATMs are in Kerala state.

### 5.10 Market Share

The Bank's market share in ASCB Deposits was 1.05% as on 27<sup>th</sup> March, 2015 as compared to 1.16% as on 28<sup>th</sup> March, 2014 (Last Friday data). The market share in Advances has come down from 1.16% as on 28<sup>th</sup> March 2014 to 1.06% as on 27<sup>th</sup> March, 2015. The Bank's All India Market share in total business as on 21<sup>st</sup> March, 2015 stood at 1.06%. (Source: RBI).

The Bank continued to maintain its position as the premier Bank in Kerala with a market share of 20.24% in business among all Commercial Banks (as at the end of December 2014) with a 14.14% of the total branch network. In respect of NRI deposits, our market share in the State is 24.72%. (Source SLBC, Kerala)

## 6. Business Initiatives

Bank opened 2 specialized MSME Branches at Muvattupuzha and Kannur taking the total number of specialized MSME branches to 10. The Bank has 2 Specialised Housing Finance branches at Ernakulam and Thiruvananthapuram, 45 P&SB branches and 21 Gold point branches which offer specialized services to Personal segment customers. The Bank also has 11 NRI branches to offer specialized services to NRI customers.

One more Relationship Manager was deputed to the gulf countries during the year to strengthen Bank's international presence taking the total number of Relationship Managers posted abroad to 10. Tie up arrangements, were established with one more Exchange House in the Gulf countries during the year, taking the total number of such Tie-up to 43. These Exchange Houses remitted Rs. 40,000 crore through our Bank. The bank also has a Representative office at Dubai.

With the objective of improving our Market share in Corporate segments and enhancing the business mix, the Bank has two networks namely, "Commercial Network" (CNW) to cater to large advances and "Commercial Business Network" (CBNW) to cater to Mid corporates and emerging business groups.

With a view to improve delivery and to strengthen the monitoring of large corporate accounts, high value accounts were shifted to commercial network branches. The Bank has 7 Commercial Network branches and 10 CBNW branches to offer specialized services to corporate customers.

## 7. Development Banking

The Bank continues to play its role in facilitating customer acquisition, retention and broadening of customer base by conducting segment centric marketing drives.

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 over 28.76 Lac Basic Savings Bank Deposit Accounts (BSBDA). 90% of these accounts were opened in the State of Kerala. Joint Liability Group (JLG) schemes, General Credit Cards to the BSBD Account Holders are other initiatives in this direction.

In conformity with the directions of Reserve Bank of India, the Bank has formulated a Financial Inclusion Plan, which has been rolled out during 2014-15. This plan will be an integral part of the Bank's Business Plan. The Bank's Board has also approved a 3 year Financial Inclusion Plan, for the years 2013 to 2016, in tune with the Bank's future plans for Financial Inclusion.

The Bank continues to give due importance to extending financial assistance to meet the credit requirements of the SC/ST citizens. A credit Cell is functioning at Head Office under the control of Assistant General Manager (MSME) for monitoring flow of credit to these communities. Advances to SC and ST borrowers under Priority sector aggregated to Rs. 4,122 crore constituting 14.92% of priority sector lending.

The Bank continues to give due importance in extending financial assistance to meet the credit requirements of the Minority Communities. Advances to Minority communities stood at Rs.10,718 crore as on 31.03.2015, as against Rs. 9692 crore as on 31.03.2014, constituting 38.82% of Bank's Priority Sector lending.

Bank actively supported/encouraged lending to women entrepreneurs. Total lending to women entrepreneurs stood at Rs. 8,561 crore covering 7,62,061 borrowers. The exposure constitutes 12.02% of ANBC.

As member of the Aadhaar Payments Bridge System (APBS) and National Automated Clearing House (NACH) of the National Payments Corporation of India (NPCI), Bank is processing files received from NPCI. The Bank is also processing files received through the Plan Funds Management System (PFMS) of the Controller General of Accounts. Both these channels are meant for payment of Government Direct Benefits Transfer (DBT) to the beneficiaries.

The Bank is a member of the Aadhar Enabled Payments System (AEPS) of the National Payments Corporation of India (NPCI) and has entered into an agreement with Unique Identification Authority of India (UIDAI) for using the data base for satisfying the Bank's Know Your Customer (KYC) norms and this is termed as e-KYC.

The payment of subsidy on LPG (DBTL) has been rolled out in all the districts in the country. The Lead Banks of each district have been given the responsibility of collecting the details of beneficiaries from the Oil Manufacturing Companies (OMCs) and opening their accounts and seeding



of Aadhaar.

A dedicated DBTECS branch has been set up in Thiruvananthapuram for processing all DBT, DBTL and ECS payments.

Payments to MNREGS workers in 5 districts of Kerala State are routed through the Bank. From April 2015 onwards all the payments of MNREGS workers in the entire state are routed through the Bank.

Financial Literacy: Financial Literacy seminars & Employment Development Programmes for different target groups were arranged in the Lead Districts. For widening the coverage of banking services, a campaign for opening of Savings Bank accounts was conducted in the Lead Districts.

## 8. Technology initiatives

The Bank has a network of 1602 ATMs. The Bank's ATM cum Debit cards are accepted in all outlets having MasterCard / Visa logo. Several facilities such as Visa Money Transfer (VMT), SBI Credit Card payment, SBI Life Premium payment, Mobile recharge, Mobile Banking registration, Cheque Book order etc. have also been enabled in the ATMs.

The Bank's highly secure Internet Banking platform supported by encryption offers utmost security to Internet Banking customers against phishing /hacking threats and provides Intra-Bank /Inter-Bank funds transfer facility up to a limit of Rs 500 crore per transaction for corporate INB (Vistar).1.55 lakh new registrations were activated during the FY 14-15, showing a growth of 21.62 % over previous year.

Mobile Banking provides customers with another safe, secure, fast and convenient channel for banking transactions. The services provided includes enquiry services, funds transfer, IMPS, bill payment, mobile top-up, DTH recharge etc. The daily limit for MBS transaction is Rs. 50,000/- for aggregate of funds transfer & transactions involving purchase of goods & services, within an overall calendar month limit of Rs. 2,50,000/-. Services like Mobile Top up, DTH recharge and IMPS (Inter Bank Mobile Payment System) also called as Immediate Payment System makes the transaction simple and faster and are available 24x7 even on holidays.

In addition to our existing Mobile Banking application State Bank Freedom, State Bank Anywhere for Associate Banks has been launched in our Bank which provides Internet Banking service through Mobile Application for Retail INB customers having Android Mobile Phones. This application provides Major Internet Banking Services like Fund Transfer, Balance Enquiry, Mini Statement, Bill Payments, and Payments to Loan Accounts, Opening an RD account, Opening an FD account, etc. This product is also available for NRI customers.

"SOFT POWER" is a proactive step which enables web based interfaces in our website for applying home and car loans

online for public.

In this new Online Product, the prospective customers can find their eligibility, customize their loan particulars and finally place their loan application to their preferred branch from the comfort of their home. Application is designed in such a way that the customer can place their requests quickly with minimum inputs.

Electronic Payments of the Bank are done by the Payment and Settlement Group which functions from Belapur, Navi Mumbai. All the branches of the Bank are enabled for RTGS/ GRPT/NEFT remittances. The total number of outward electronic remittances for the year ended 31.03.2015 was 1,01,18,061 registering an increase of 59%, over the previous year. While, the number of transactions under RTGS recorded a growth of 7%, GRPT outward transactions and NEFT transactions increased by 107% & 59% respectively, in the current year. NEFT application was moved to an upgraded version of 5.5.3 with effect from 07.07.2014 which will enable NEFT messaging system to align with the RTGS messaging system in future. In order to improve customer service, RTGS timings for customers increased by one hour to commence from 8.00 am with effect from 29.12.2014.

Social Media: The Bank is having dedicated page /channel in "Facebook", "Twitter" and "YouTube" with special emphasis to embrace the new generation customers and all our major products are now promoted through social media also.

## 9. Customer Service

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.

A well-defined and full- fledged Customer Grievances Redressal Mechanism is put in place in the Bank. An official of the rank of Deputy General Manager is placed as head of the Customer Service Department to give greater focus on redressal of complaints.

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

Bank has also established a call centre with toll free number: 1800 425 5566 which enables the customers and general public to seek clarification on Bank's products and services.

## 10. Corporate Social Responsibility (CSR)

Bank, under Corporate Social Responsibility initiatives has extended a wide range of social activities both in rural and urban areas to serve the community at large. During FY 2014-15 an amount of Rs. 2.72 crore was spent for CSR activities. The major CSR initiatives undertaken by the Bank

during the year are as under:

- ▶ Undertaking Construction of toilets in schools under “Swachh Vidyalaya Campaign”.
- ▶ Donation of Computers and equipments to Karthika Thirunal Government & Vocational Higher Secondary School, Manacaud, Thiruvananthapuram.
- ▶ Reimbursement of one day’s expenses of poor cancer patients at Regional Cancer Centre, Thiruvananthapuram.
- ▶ Donation to Navoothan Cancer Foundation for purchase of mobile Cancer detection unit.
- ▶ Assistance to Health Oriented Project Establishment (HOPE) for purchase of one generator for their rehabilitation centre.
- ▶ Associating with Clean Campus Safe Campus’ awareness campaign by Government of Kerala – Anti-narcotic drive among students.
- ▶ Donation to Artificial limb fitment camp conducted by Rotary Club of Trivandrum Central.
- ▶ Donation of Dental chairs to Ex-Servicemen contributory Health Scheme Polyclinic.
- ▶ Providing tree guards for City Greening programme as part of CSR initiative in association with Forest Department of Kerala.
- ▶ Donation to Kannur Municipality for purchase of one mobile cleaning van.
- ▶ Reimbursement of Recurring expenses for four Rural Self Employment Training Institutes for the year 2014 – 2015.
- ▶ Reimbursement of Expenses of Financial Literacy Centres.
- ▶ Associating with Platinum Jubilee celebrations of College of Engineering Thiruvananthapuram.
- ▶ Associating with 5<sup>th</sup> Regional committee Meeting of the Indian Agricultural Universities Association (IAUA) at Kerala Agricultural University Thrissur.
- ▶ Re-laying and maintenance expense for Poojapura Island Park.
- ▶ Associating with National Games 2015 being conducted in the State of Kerala from 31.01.2015 as official Banking partners.

## 11. Internal Control and Supervision

The Integrated Risk Management facilitates the Bank to have a holistic view of the risk management. Modular structure under Integrated Risk Management has various divisions focused on management of a specific risk, viz. Asset Liability,

Market Risk, Credit Risk, Operational Risk, and Information Systems Security. The risk management architecture of the Bank consists of the Board of Directors at the top having overall responsibility to implement Risk Management Systems in the Bank.

Asset Liability Management system has been implemented in the Bank, since April 1, 1999, as per the Reserve Bank of India guidelines on ALM and Liquidity Risk Management. As per the Bank’s ALM Policy, the Asset Liability Management Committee (ALCO) is authorized to evolve appropriate systems and procedures for ongoing identification and analysis of liquidity and market risks and to prescribe parameters for efficient management of these risks. The ALCO, headed by Managing Director meets regularly to review and monitor the same.

Market Risk is largely managed through adherence to various policies, in the conduct of the investment and trading activities along with adherence to various risk limits like position limits, stops loss limits, Value at Risk (VaR), Management Action Trigger (MAT) and Cut Loss Triggers (CLT) through constant monitoring of the risk positions. The policies are reviewed periodically keeping in view regulatory changes, business requirements and market developments.

For Credit Risk Management, the Bank has a structured and standardized credit approval process which includes comprehensive credit rating proposals. For retail loans, Bank uses a risk scoring model. Bank has in place various exposure limits-for single borrower, group of borrowers, specific sectors, industries-as per regulatory requirement and as per its internal policies. Bank takes up regular reviews of its various loan portfolios to assess the risk profile and initiates proactive measures.

The Bank is estimating capital charges for Operational Risk under Basic Indicator Approach. 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, Frauds Prevention, and Monitoring & Recovery etc.

Apart from the above, Bank has put in place an effective Institutional mechanism for Risk based Supervision (RBS) through RBS Cell in the Inspection Department. As envisaged by Regulator, the Bank introduced Risk focused Internal Audit (RFIA) under RBS with effect from 1st April 2003. Based on the guidelines on Internal Audit issued by Government of India, bank’s Inspection and Audit Policy has been suitably modified. The Bank has also incorporated the RBI guidelines on Information System Audit in the IS Audit policy.

## 12. Preventive Vigilance

Due to initiation of Preventive Vigilance mechanism through various measures, such as Surprise Inspections, branch visits, circulars and vigilance awareness meetings etc., Bank could

inculcate a sense of positive approach towards compliances from vigilance angle among all the functionaries including adherence to systems and procedures.

Leveraging technology in vigilance administration has been given priority. The technology initiatives introduced during the year includes E-VVR checking, E-tendering software solutions and Biometric access to CBS.

A programme on positive approach to vigilance administration was conducted on 18<sup>th</sup> & 19<sup>th</sup> November 2014 for the benefit of concerned officials of the bank.

"A Whistle Blower Policy" was introduced by the bank as a part of anti-corruption initiative and also to detect and prevent unfair practices wherever reported. The complaints received under the policy were studied and investigations were conducted. The details of Whistle Blower are kept confidential.

### 13. Human Resources

As on 31-03-2015 the Bank had on its rolls 13,775 members of staff, comprising 4,896 officers, 6,390 clerical and cash department staff and 2,489 subordinate staff inclusive of 599 Maintenance Staff. The number of women employees and ex-service personnel constituted 5,592 and 1,745 respectively of the total work force. Out of the women employees, 1,539 are officers, 3,286 non-subordinate staff and 767 subordinate staff. The Bank has also on its rolls 217 persons with disability.

- ▶ During the year, 298 staff were recruited (19 in the officers' cadre, 8 in Non – subordinate and 271 in the subordinate cadre).
- ▶ Business per employee stood at Rs. 12.22 crore as at the end of March 2015 as against Rs. 11.56 crore for the same period a year ago.
- ▶ Net Profit per employee is Rs. 2.55 lakh as on March 2015 compared to Rs. 2.20 lakh for the year ended March 2014.
- ▶ The Bank has formulated a scheme to recognize and motivate high achievers among our branches by awarding the honour of MD's Club, CGM's Club and GM's Club membership to top performing branches. Eleven branches became eligible for the honour this year.

### 14. Changes in the Board of Directors

During the course of the financial year 2014-15, the following changes have occurred in the Board of Directors of the Bank.

1. Shri. M.C Jacob and Shri Sajen Peter were elected as Shareholder Directors of the Bank with effect from 29<sup>th</sup> April 2014.
2. Shri. S Vishvanathan, Managing Director & Group Executive (A&S), Director under clause (c) of sub-section

(1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959 upon superannuation, tendered his resignation on 1st May 2014, from the Board of Directors.

3. Shri. Rajeev Nandan Mehra, Director under clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959 upon superannuation, tendered his resignation on 1st May 2014, from the Board of Directors.
4. Shri. B Ramesh Babu, Chief General Manager (A&S), State Bank of India, was appointed as Director, under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 with effect from 5<sup>th</sup> May 2014.
5. Shri. Ramesh Chandra Srivastava, General Manager (A&S), State Bank of India, was appointed as Director under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 with effect from 17<sup>th</sup> July 2014 in place of Shri Purna Chandra Jena.
6. Shri. V.G Kannan, Managing Director & Group Executive (A&S), was appointed as Director, under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 with effect from 21st October 2014.
7. Shri. Ashok Kumar Singh, was appointed as Director under Clause (e) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 with effect from 29<sup>th</sup> January 2015 in place of Shri Jitendar Kumar Mehan.

The Board of Directors welcomed Shri. V.G Kannan, Shri. B Ramesh Babu, Shri. Ramesh Chandra Srivastava, Shri. Ashok Kumar Singh, Shri. M.C Jacob and Shri. Sajen Peter, as Directors of the Bank.

The Board of Directors placed on record their appreciation and thanks for the valuable services rendered by Shri. S Vishvanathan, Shri. Rajeev Nandan Mehra, Shri. Purna Chandra Jena and Shri. Jitendar Kumar Mehan, during their tenure as Directors of the Bank.

### 15. Board and Executive Committee Meetings

During the year 2014-15, ten Meetings of the Board of Directors were held. The Executive Committee of the Board of Directors met 14 times.

### 16. Statutory Audit

M/s Kumar Vijay Gupta & Co., New Delhi, M/s G.Venugopal Kamath & Co. Kochi, M/s Gopalaiyer and Subramanian, Coimbatore, M/s.Babu A Kallivayalil & Co. Kochi, were appointed as Statutory Auditors of the Bank for the year 2014-15 by State Bank of India, with the approval of Reserve Bank of India. The Board of Directors sincerely appreciates

the valuable suggestions offered and the excellent support and cooperation extended by the Statutory Central Auditors for the completion of the audit well in time.

## **17. Acknowledgments**

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 contributions made by the Employees' Union and Officers' Association.

By Order of the Board,

Jeevandas Narayan  
Managing Director

Statement containing salient features of Balance Sheet and Profit and Loss Account etc. as per section 219(1) (b) (iv)

**Form of Abridged Financial Statements for Banking Companies**  
**ABRIDGED BALANCE SHEET OF**  
**STATE BANK OF TRAVANCORE**  
**As at March 31, 2015**

(₹ in lakhs)

		As at March 31, 2015 (Current Year)	As at March 31, 2014 (Previous Year)
<b>CAPITAL &amp; LIABILITIES</b>			
Capital		5925.35	5000.00
Share Application Money Pending Allotment		47402.78	38500.00
Reserves & Surplus	Statutory Reserves	165146.82	156758.62
	Capital Reserve	11706.87	10401.65
	Share Premium	51824.65	14250.00
	Revenue & Other Reserves	289979.25	270769.57
	Balance in Profit & Loss A/c	652.43	301.85
Deposits	Demand Deposits	286241.36	276961.17
	Savings Bank Deposits	2426534.27	2193262.82
	Term Deposits	6394917.87	6463444.19
Borrowings	Borrowings in India		
	(a) from Reserve Bank of India	0.00	79000.00
	(b) from other Banks	20000.00	22500.00
	(c) from other institutions & agencies	359627.40	520422.48
	Borrowings outside India	0.00	59915.00
Other liabilities & provisions	Bills payable	111778.46	122492.20
	Inter –office adjustments (net)	63717.04	1216.64
	Interest accrued	111532.60	106779.30
	Provisions towards standard assets	42575.00	37645.00
	Deferred Tax Liability (net)	Nil	Nil
	Others	169981.32	148921.30
<b>Total Capital &amp; Liabilities</b>		<b>10559543.47</b>	<b>10528541.79</b>

(₹ in lakhs)

		As at March 31, 2015 (Current Year)	As at March 31, 2014 (Previous Year)
<b>ASSETS</b>			
Cash and balance with Reserve Bank of India		533992.72	445856.84
Balances with banks and money at call and short notice	Balance with banks in India	59.93	228.34
	Money at call and short notice in India	40000.00	59915.00
	Balances outside India	26733.06	59916.57
Investments	In India		
	(a) Government Securities	2235357.18	2352257.32
	(b) Other approved securities	Nil	Nil
	(c) Shares	15895.24	15843.16
	(d) Debentures & Bonds	34641.00	57231.79
	(e) Subsidiaries and / or Joint Ventures	Nil	Nil
	(f) Others	378894.27	368804.26
	Outside India	Nil	Nil
Advances	In India		
	(a) Bills purchased and discounted	347947.29	418381.46
	(b) Cash credits overdrafts and loans repayable on demand	2974537.52	3042015.40
	(c) Term loans	3549576.07	3480064.57
	Outside India	Nil	Nil
Fixed assets		43195.07	33901.18
Other assets	Inter-office adjustments (net)	Nil	Nil
	Interest accrued	95684.31	93767.69
	Tax paid in advance / deducted at source	65288.70	37146.49
	Deferred tax Asset (net)	7363.00	6659.00
	Non-Banking assets acquired in satisfaction of claims	39.72	9.40
	Others	210338.39	56543.32
<b>Total Assets</b>		<b>10559543.47</b>	<b>10528541.79</b>
Contingent Liabilities	Claims against the bank not acknowledged as debts	245.00	173.82
	Liability on account of outstanding forward exchange contracts	2013642.81	1873400.19
	Guarantee given on behalf of constituents	519801.11	524826.14
	Acceptances endorsements and other obligations	451699.40	491620.77
	Other items for which the bank is contingently liable	17598.30	16050.94
Bills for collection		408151.54	423655.17



**Abridged Profit and Loss Account of  
STATE BANK OF TRAVANCORE  
for the year ended March 31, 2015**

(₹ in lakhs)

		<b>For the year ended March 31, 2015 (Current Year)</b>	<b>For the year ended March 31, 2014 (Previous Year)</b>
<b>INCOME</b>			
Interest earned	On advances / bills	727871.78	740092.35
	On investments	223800.15	222435.32
	On balances with RBI and inter-bank funds	4334.70	4990.63
	Others	853.60	3136.92
Other Income	Commission exchange and brokerage	53008.16	50549.98
	Net profit on sale of investments	23594.06	19052.00
	Net profit on sale of land buildings and other assets	-119.98	-86.74
	Net profit on exchange transactions	10152.20	8071.69
	Income by way of dividends etc. from subsidiaries / companies and / or joint venture abroad / in India	Nil	Nil
	Miscellaneous income	14844.51	7607.80
<b>Total Income</b>		<b>1058339.18</b>	<b>1055849.95</b>
<b>EXPENDITURE</b>			
Interest expended	On deposits	677126.86	668886.20
	On RBI/inter-bank borrowings	16357.82	11871.34
	Others	35061.94	51582.70
Operating expenses	Payment to and provisions for employees	118837.13	119882.53
	Rent, taxes and lighting	17175.32	14473.96
	Printing & stationery	1071.49	1331.78
	Advertisement and publicity	874.33	1183.17
	Depreciation on banks property	8415.73	7996.82
	Director's fee allowances and expenses	18.56	28.25
	Auditor's fee and expenses / including branch auditors)	1561.45	1625.12
	Law charges	758.38	601.19
	Postage, telegrams, telephones etc.	920.49	1125.74
	Repairs & maintenance	2159.88	1786.12
	Insurance	11378.98	10010.73
	Others	29405.06	26495.39

Provisions and contingencies	Provisions for depreciation on investment	-3126.14	9673.57
	Provisioning towards non- performing assets (including provision towards restructured assets)	78974.99	66868.03
	Provision towards standard assets	4930.00	6690.00
	Others (excluding income taxes)	404.11	35.05
<b>Total Expenses and Provisions</b>		<b>1002306.38</b>	<b>1002147.69</b>
<b>Profit / loss before tax</b>		<b>56032.80</b>	<b>53702.26</b>
	Current tax	23184.00	27025.00
	Deferred tax	-704.00	-3757.00
<b>Profit / loss after tax</b>		<b>33552.80</b>	<b>30434.26</b>
Profit / loss brought forward		301.85	136.57
<b>Total</b>		<b>33854.65</b>	<b>30570.83</b>
Appropriations	Transfer to Statutory Reserve	8388.20	7608.56
	Transfer to other Reserves	20514.89	21197.98
	Transfer to Interim dividend (including dividend tax)	0.00	1462.44
	Transfer to proposed dividend (including dividend tax)	4299.13	0.00
	Balance carried forward to balance sheet	652.43	301.85

**DIBA SAHA**

Deputy General Manager  
(Finance and Accounts)

**CHANDRASEKHARAN S**

General Manager (Treasury) & CFO

**ADIKESAVAN S**

Chief General Manager (CB)

**E K HARIKUMAR**

Chief General Manager (RB)

**JEEVANDAS NARAYAN**

Managing Director

**ARUNDHATI BHATTACHARYA**

Chairman

**DIRECTORS**

V.G. KANNAN      Dr. J. SADAKKADULLA      B. RAMESH BABU      RAMESH CHANDRA SRIVASATAVA  
V. KALIAPPAN      M. C. JACOB      SAJEN PETER      P. V. PRASAD      C. RAJKUMAR      ASHOK KUMAR SINGH

As per our report of even date

**AUDITORS**

**For Kumar Vijay Gupta & Co**

Chartered Accountants  
Mahesh Kumar Goyal  
Partner  
Membership No: 088958  
FRN: 007814N

**For G Venugopal Kamath & Co**

Chartered Accountants  
V Vinod Kamath  
Partner  
Membership No: 022234  
FRN: 004674S

**For Gopalaiyer and Subramanian**

Chartered Accountants  
S Sundar  
Partner  
Membership No: 202725  
FRN: 000960S

**For Babu A Kallivayalil & Co**

Chartered Accountants  
E V Thomas  
Partner  
Membership No: 003679  
FRN: 005374S

Mumbai, 5<sup>th</sup> May, 2015

## SCHEDULE 18 – NOTES TO ACCOUNTS

### 1. CAPITAL

#### 1.1 Capital Adequacy Ratio

As per the extant guidelines of RBI, Bank has migrated to Basel III framework with effect from 01.04.2013. 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 - III.

Sl. No.	Particulars	Current Year	Previous Year
i)	Common Equity Tier 1 capital ratio (%)	8.61%	8.12%
ii)	Tier 1 capital ratio (%)	8.90%	8.46%
iii)	Tier 2 capital ratio (%)	1.99%	2.33%
iv)	Total Capital ratio (CRAR) (%)	10.89%	10.79%
v)	Percentage of the shareholding of the Government of India in public sector banks	0%	0%
vi)	Amount of equity capital raised (Application money pending allotment) (Rs in crore)	474.03	385.00
vii)	Amount of Additional Tier 1 capital raised; of which PNCPS: PDI:	0.00	0.00
viii)	Amount of Tier 2 capital raised; of which Debt capital instrument: Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	0.00	0.00

## Subordinate debts and Hybrid instruments raised as part of Tier I / Tier II Capital

(₹ in crore)

Details	Year of issue	Tenor	Interest Rate %	Amount 31.03.2015	Amount 31.03.2014
Subordinated Debt					
Series VI	2004-2005	111 months	7.05	*0.00	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	500.00
Innovative Perpetual Debt Instrument (IPDI) - Tier I Capital					
Series I	2006-2007	Perpetual	9.34	200.00	200.00
Series II	2007-2008	Perpetual	9.95	100.00	100.00
Total				1925.00	2120.00

\* Redeemed on 19.4.2014

### 1.2 Preferential Allotment of Equity

During the year the Bank by way of a preferential allotment allotted 92,53,473 Equity Shares to SBI, which ranks pari - passu with the existing equity shares of the Bank in all respects, including dividend, at an issue price of Rs.416.06 per share (face value Rs.10 each at a premium of Rs.406.06 per equity share). The said shares have been locked in for a period of three years up to 10<sup>th</sup> June, 2017. Consequently, the SBI shareholdings has increased from 75.00% to 78.91%.

### 1.3 Share Application Money Pending Allotments

The Bank has offered 1,18,50,694 Equity Shares of Rs.10 each fully paid up ("Rights Issue") for cash at a price of Rs.400 including a Premium of Rs.390 per equity share aggregating to Rs.474.03 Crores to the existing Equity Shareholders of the Bank on Rights Basis in the Ratio of 1 (One) fully paid-up equity share for every 5 (Five) equity shares held on the Record Date i.e. 4<sup>th</sup> March, 2015 ("Rights Issue"). The Issue opened on 17<sup>th</sup> March 2015 and closed on 31<sup>st</sup> March 2015. Application received for 1,18,50,694 equity shares amounting to Rs.474.03 Crores (including 1,10,91,028 shares amounting to Rs.443.64 Crores received through ASBA process) is disclosed as Share Application money pending allotment as on the date of Balance sheet.

Subsequent to the Balance Sheet date, on 13<sup>th</sup> April, 2015, the Bank has allotted 1,18,50,694 equity shares of Rs.10 each against above share application money.

The objects of the Issue are to augment the bank's capital base to meet the capital requirements and growth in the assets, primarily the loan and investment portfolio.

## 2. INVESTMENTS

(₹ in crore)

Particulars	31.03.2015	31.03.2014
Value of Investments		
Gross value of Investments	26674.22	28034.70
a) In India	26674.22	28034.70
b) Outside India	Nil	Nil
Less: Provisions for Depreciation	26.34	93.34
a) In India	26.34	93.34
b) Outside India		
Net value of Investments	26647.88	27941.36
a) In India	26647.88	27941.36
b) Outside India	Nil	Nil
Movement of Provisions held towards Depreciation on Investments		
Opening Balance (as on 1 <sup>st</sup> April)	93.34	47.24
Add: Provisions made during the year	0.00	96.74
Less: Write back of excess provisions during the year	31.26	Nil
Less: Write-off during the year	#35.74	*50.63
Closing Balance (as on 31 <sup>st</sup> March)	26.34	93.34
#Depreciation on account of shifting of securities Rs.35.74 crore.		
* Depreciation on account of shifting of securities Rs.50.63 crore.		

In accordance with the RBI guidelines, the Bank's gross investment portfolio has been classified into three categories. The classification as on 31.03.2015 is given below:

(₹ in crore)

Classification	31.03.2015		31.03.2014	
	Amount	%	Amount	%
Held to Maturity - HTM	19548.00	73.2828	22572.99	80.5252
Available for Sale - AFS	7089.88	26.5858	5294.80	18.8989
Held for Trading - HFT	36.34	0.1414	166.91	0.5959
Total	26674.22	100.0000	28034.70	100.0000

Domestic HTM securities (SLR) as a percentage of Net Demand and Time Liabilities works out to 22.85% (21.38 %) as against a stipulated maximum level of 23.50% (24%)

## 2.1 Repo transactions during the year 2014-15

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on 31/03/2015
Securities sold under Repo				
Government Securities	230.00 (200.00)	*4046.00 (2658.00)	*1061.76 (441.00)	#4046.00 (2658)
Corporate Debt Securities	Nil (NIL)	Nil (NIL)	Nil (NIL)	Nil (NIL)
Securities purchased under reverse Repo				
Government Securities	50.00 (NIL)	2795.93 (NIL)	309.97 (NIL)	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)

# amount represents LAF, Term Repo, MSF

## 2.2. Non-SLR Investment Portfolio

Issuer composition of Non-SLR Investments as on 31.03.2015

(₹ 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	389.67 (321.16)	Nil (Nil)	1.50 (1.50)	96.29 (114.00)	Nil (Nil)
2	Financial Institutions	1853.06 (2368.08)	9.60 (9.60)	Nil (Nil)	Nil (Nil)	9.60 (9.60)
3	Banks	1332.57 (1517.27)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
4	Private Corporate	708.78 (218.72)	27.62 (17.60)	1.23 (1.23)	3.95 (2.42)	50.89 (43.39)
5	Subsidiaries & JVs	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
6	Others	13.65 (13.63)	13.65 (13.63)	Nil (Nil)	Nil (Nil)	Nil (Nil)
7	Provision held towards Depreciation	26.34 (20.06)	Nil (Nil)	2.73 (2.73)	4.41 (2.92)	Nil (0.09)
8	Total *	4271.39 (4418.80)	50.87 (40.83)	Nil (Nil)	95.83 (113.50)	60.49 (52.90)

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



### 2.3. Non Performing Non-SLR Investments

(₹ in crore)

Particulars	31.03.2015	31.03.2014
Opening balance	14.88	3.33
Additions during the year since 01.04.2014	16.44	12.15
Reductions during the above period	2.50	0.60
Closing Balance	28.82	14.88
Total Provisions held	26.26	14.88

### 2.4 Sale and transfers to/from HTM Category

(₹ in crore)

Sl. No	Particulars of transfer	Classification	Value of security	Total
1	Shifting from AFS TO HTM	G.SEC &SDL	1366.41(4456.28)	1366.41(4456.28)
2	Shifting from HTM TO AFS	G.SEC &SDL	2116.89(2667.17)	2116.89(2667.17)
3	Shifting from HTM TO AFS	VCF	4.9(1.25)	4.9(1.25)
4	Sale from HTM	G.SEC& SDL	1230.11(1078.10)	1230.11(1078.10)

a) The value of sales and transfers of securities to/from HTM category does not exceed 5 per cent 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

b) In terms of RBI Circular No.DBOD.BP.BC.No.41/21.04.141/2013-14 dated 23.08.2013 on "Investments portfolio of banks - Classification, Valuation and Provisioning", Bank has transferred SLR securities with face value of Rs.1445 crores (Book Value of Rs.1402.15 crores) held under AFS portfolio to HTM portfolio and the loss on such transfer amounting to Rs.35.74 crores has been recognized during the year.

## 3. DERIVATIVES

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

Coupon only swap in Japanese Yen

(₹ in crore)

Particulars	31.03.2015	31.03.2014
The notional Principal of Swap agreements		
Interest Rate Swap	Nil	Nil
Coupon only Swap	140.00	140.00
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	14.00	14.00
Collateral required by the Bank upon entering into swaps	Nil	Nil
Concentration of credit risk arising from the swaps	Nil	Nil
The fair value of the swap book	0.04	(0.94)*

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

## Interest Rate Swap in USD

(₹ in crore)

Particulars	31.03.2015	31.03.2014
The notional Principal of Swap agreements - Interest Rate Swap - Coupon only Swap	75.00 Nil	185.74 Nil
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	0.86	2.34
Collateral required by the Bank upon entering into swaps	Nil	Nil
Concentration of credit risk arising from the swaps	Nil	Nil
The fair value of the swap book	0.39	2.34

- 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.
- 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.
- There is no concentration of credit risks arising from Interest Rate Swaps undertaken during the year.
- No Forward Rate Agreement transaction was undertaken during the year.
- 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)

(₹ in crore)

Sl. 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 31.03.2015.	Nil
(iii)	Notional Principal amount of exchange traded interest rate derivatives and not "highly effective".	Nil
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective".	Nil

### 3.3 Options

Options offered to customers have been covered back to back in the market.

The carrying value of the Notional Principal Amount of the outstanding options arrived at FEDAI rates and the fair value as on 31.03.2015 are:

(₹ in crore)

Particulars	Carrying Value		Fair Value	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Option Contracts	Nil	Nil	Nil	Nil

### 3.4 Disclosures on risk exposure in derivatives

#### a. Qualitative Disclosure

- Bank has started trading in currency futures through MCX Exchange with IL&FS as Clearing agent as per Board approved policy.
- As risk measurement and monitoring, the hedge instrument is marked to the market at periodical intervals to ensure its effectiveness.
- 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.
- 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

(₹ in crore)

Sl. No	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31.03.2015	31.03.2014	31.03.2015	31.03.2014
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	0.04	Nil
	b) Liability (-)	Nil	Nil	Nil	(0.94)
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	Nil	1.73
	b) On Trading derivatives	Nil	Nil	Nil	Nil
5.	Maximum and Minimum of 100*PV01 observed during the year				
	a) On Hedging	Nil	Nil	Nil	1.73/2.27
	b) On Trading	Nil	Nil	Nil	Nil

## Interest Rate Swap in USD

(₹ in crore)

SL. NO	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31.03.2015	31.03.2014	31.03.2015	31.03.2014
1.	Derivatives (Notional Principal Amount)				
	a) For Hedging	Nil	Nil	75.00	185.74
	b) For Trading	Nil	Nil	Nil	Nil
2.	Marked to Market Positions				
	a) Asset (+)	Nil	Nil	0.39	Nil
	b) Liability (-)	Nil	Nil	Nil	1.05
3.	Credit Exposure	Nil	Nil	0.86	2.34
4.	Likely impact of one percentage change in interest Rate (100*PV01)				
	a) On Hedging derivatives	Nil	Nil	0.73	0.02
	b) On Trading derivatives	Nil	Nil	Nil	Nil
5.	Maximum and Minimum of 100*PV01 observed during the year				
	a) On Hedging	Nil	Nil	0.82/0.73	0.03/0.02
	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 and ICICI Bank Ltd.)

**4. ASSET QUALITY**

## 4.1 Non-Performing Assets

(₹ in crore)

Particulars	31.03.2015	31.03.2014
i. Net NPAs to Net Advances (%)	2.04	2.78
ii. Movement of NPAs (Gross)		
a. Opening balance	3076.94	1749.88
b. Additions during the year	4474.93	4932.22
c. Reductions during the year	5194.82	3605.16
d. Closing balance	2357.05	3076.94
iii. Movement of Net NPAs		
a. Opening Balance	1928.51	988.58
b. Additions during the year	3641.41	4354.17
c. Reductions during the year	4171.26	3414.25
d. Closing balance	1398.66	1928.50
iv. Movement of Provisions for NPAs (Excluding provision on Standard Assets)		
a. Opening balance @	1117.21	735.42
b. Provisions made during the year	833.52	578.05
c. Write-off of excess provision (Utilized for write-off)	1054.41	196.26
d. Write back of excess provisions / reversal	0	0
e. Closing balance @	896.32	1117.21

1. Closing Balance of Gross & Net NPA is net of the interest Not Collected (INCA) and Uncollected Interest Previous Year (UIPY).

2. @ includes Floating provision of Rs.50 crore & Provision for Diminution value Rs.18.54 Crores

## 4.2 Particulars of Accounts Restructured as on 31.03.2015

SL No	Type of Restructuring	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
		STD	SSA	DA	LA	TOTAL	STD	SSA	DA	LA	TOTAL	STD	SSA	DA	LA	TOTAL	STD	SSA	DA	LA	TOTAL
1	Restructured accounts as on April 1 of the FY (Opening Figure)*	32	4	3	0	39	18	37	774	1	830	49	8	189	1	247	99	49	966	2	1116
	Amount outstanding	2515.16	81.83	80.32	0.00	2677.31	17.95	9.27	9.16	0.00	36.38	1212.78	65.88	65.45	0.00	1344.10	3745.88	156.98	154.93	0.00	4057.79
	Provision thereon	179.48	5.22	6.13	0.00	190.83	0.35	0.16	0.41	0.00	0.92	42.24	2.48	0.92	0.00	45.64	222.06	7.87	7.46	0.00	237.39
	Fresh restructuring during the year	18	0	0	0	18	26	2	1	0	29	29	8	0	0	37	73	10	1	0	84
	Amount outstanding	1557.47	14.72	0.00	0.00	1572.19	100.16	0.71	0.08	0.00	100.94	467.86	2.79	0.01	0.05	470.71	2125.49	18.22	0.09	0.05	2143.85
	Provision thereon	119.21	1.53	0.00	0.00	120.74	0.13	0.00	0.05	0.00	0.18	15.37	0.01	2.74	0.03	18.14	134.71	1.54	2.78	0.03	139.06
	No of borrowers	1	0	-1	0	0	8	-5	-3	0	0	5	-1	-4	0	0	14	-6	-8	0	0
	Amount outstanding	28.30	0.00	-28.30	0.00	0.00	0.61	-0.58	-0.02	0.00	0.00	9.53	-0.07	-9.46	0.00	0.00	38.44	-0.65	-37.79	0.00	0.00
	Provision thereon	2.67	0.00	-2.67	0.00	0.00	0.03	-0.03	0.00	0.00	0.00	0.78	0.00	-0.77	0.00	0.00	3.48	-0.03	-3.45	0.00	0.00
	Restructured STD advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	3				3	11				11	11				11	25				25
	Amount outstanding	41.56				41.56	1.7				1.7	74				74	117.26				117.26
	Provision thereon	3.68				3.68	0.03				0.03	4.51				4.51	8.22				8.22
	Down gradations of restructured accounts during the FY	-3	3	0	0	0	-2	-11	10	3	0	-8	0	5	3	0	-13	-8	15	6	0
	Amount outstanding	-251.67	251.67	0.00	0.00	0.00	-1.31	-0.70	1.86	0.15	0.00	-158.06	-4.20	154.55	7.71	0.00	-411.04	246.77	156.41	7.86	0.00
	Provision thereon	-22.38	22.38	0.00	0.00	0.00	-0.06	0.00	0.06	0.01	0.00	-0.65	0.60	0.04	0.01	0.00	-23.08	22.98	0.10	0.01	0.00
	No of borrowers	7	4	2	0	13	2	17	504	1	524	6	2	104	1	113	15	23	610	2	650
	Amount outstanding	905.70	81.83	52.02	0.00	1045.55	4.22	7.26	5.61	0.04	17.13	250.58	48.59	65.95	0.00	365.12	1164.50	137.68	123.57	0.04	1425.79
	Provision thereon	55.39	14.65	3.46	0.00	73.50	0.21	0.12	0.33	0.00	0.67	15.43	2.83	0.10	18.36	71.03	17.61	3.89	0.00	92.53	
	No of borrowers	38	3	0	0	41	38	6	278	3	325	58	13	86	3	160	134	22	364	6	526
	Amount outstanding	2898.00	266.39	0.00	0.00	3164.39	111.48	1.45	5.46	0.11	118.50	1207.53	15.81	144.60	7.76	1375.69	4217.01	283.65	150.06	7.87	4658.58
	Provision thereon	219.92	14.48	0.00	0.00	234.40	0.20	0.01	0.18	0.01	0.40	37.79	0.26	2.82	0.03	40.91	257.92	14.74	3.00	0.04	275.71

\* Excluding the figures of Standard Advances which do not attract higher provisioning or risk weight (if applicable).

### 4.3 Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(₹ in crore)

Particulars	31.03.2015	31.03.2014
1. Number of accounts	34	Nil
2. Aggregate value (net of provisions) of accounts sold to SC / RC	1173.46	Nil
3. Aggregate consideration	647.71	Nil
4. Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
5. Aggregate gain / loss over net book value	544.23	Nil

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

#### A. Details of Non-performing financial assets purchased

(₹ in crore)

Particulars	31.03.2015	31.03.2014
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

(₹ in crore)

Particulars	31.03.2015	31.03.2014
1. Number of accounts sold	29	Nil
2. Aggregate outstanding	1534.43	Nil
3. Aggregate consideration received	607.49	Nil

C. During the year ended 31<sup>st</sup> March, 2015, the bank has assigned financial assets having a net book value of Rs.1173.46 crores to Asset Reconstruction Companies. The bank has, in terms of the RBI circular DBOD.BP.BC.No.98/21.04.132/2013-14 dated 26<sup>th</sup> February, 2014 and RBI Master Circular DBOD.BP.BC.No.RBI/2014-1574, on Prudential norms on Income Recognition, Asset Classification etc., dated 1<sup>st</sup> July, 2014 spread over the net shortfall of Rs.559.97 crores over a period of two years. Consequently an amount of Rs.150.78 crores has been charged off during the year ended 31<sup>st</sup> March 2015 and a balance of Rs. 409 crore will be amortized in next two years.

#### D. Details of sale of non performing assets (NPAs) to Securitisation / Reconstruction Companies for asset reconstruction

(₹ in crore)

	Backed by NPAs sold by the bank as underlying		Backed by NPAs sold by other banks / financial institutions / non banking financial companies as underlying		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Book value of investments in security receipts	1534.43	Nil	Nil	Nil	1534.43	Nil



## 4.5 Provision on Standard Assets

(₹ in crore)

Particulars	31.03.2015	31.03.2014
Provision made during the year towards Standard Assets	49.30	66.90
Cumulative Provision held for Standard Assets (Included under 'Other Liabilities & Provisions' in Schedule 5 to the Balance Sheet)	425.75	376.45

## 5. Business Ratios

Particulars	31.03.2015	31.03.2014
i. Interest Income as a percentage of Working Funds	9.01	9.22
ii. Non-Interest income as a percentage of Working Funds	0.96	0.81
iii. Operating profit as a percentage to Working Funds	1.29	1.30
iv. Return on Assets	0.32	0.29
v. Business (Deposits plus Advances) per Employee (Rs. in crore)	12.22	11.54
vi. Profit per Employee (Rs. in crore)	0.03	0.02

## 6. ASSET LIABILITY MANAGEMENT

Maturity Pattern of certain items of Assets and Liabilities as at 31.03.2015:

(₹ 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	372.54 (166.71)	825.21 (1339.10)	969.27 (1414.30)	1861.74 (515.92)	2945.87 (4638.24)	2995.41 (5689.22)	5353.04 (6688.93)	28572.91 (20968.24)	17773.27 (17693.01)	29407.69 (30222.98)	91076.94 (89336.68)
Advances	488.98 (350.06)	602.62 (537.79)	466.22 (600.88)	1689.33 (1557.16)	10174.35 (8677.31)	6385.44 (7000.62)	14520.53 (18038.95)	10104.66 (9158.44)	6047.69 (5307.89)	18240.79 (18175.51)	68720.61 (69404.61)
Investments	237.61 (320.35)	48.98 (39.86)	147.52 (334.73)	49.21 (76.65)	1208.44 (991.65)	479.40 (387.97)	814.27 (1602.65)	3885.20 (3414.35)	4673.91 (4528.50)	15103.33 (16244.65)	26647.88 (27941.36)
Borrowings	249.96 (974.09)	0.00 (Nil)	0.00 (Nil)	0.00 (Nil)	375.00 (1283.22)	144.61 (987.80)	98.79 (708.41)	260.71 (169.89)	0.00 (769.85)	2667.21 (1925.11)	3796.28 (6818.38)
Foreign Currency Assets	386.45 (487.89)	136.25 (233.90)	585.94 (458.29)	64.12 (537.32)	731.00 (254.34)	462.63 (972.72)	148.50 (64.77)	518.81 (165.96)	223.87 (232.89)	0.00 (1.62)	3257.57 (3409.70)
Foreign Currency Liabilities	78.81 (92.51)	40.37 (14.50)	23.31 (13.78)	46.75 (27.44)	240.31 (111.56)	314.18 (976.08)	399.94 (724.85)	645.37 (561.58)	1105.50 (885.78)	0.00 (1.62)	2894.54 (3409.70)

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

(₹ in crore)

Particulars	31.03.2015	31.03.2014
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)	11033.06 (PSA 6405.66)	10186.00 (PSA 6466.00)
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;	884.84	683.02
iii. Investments in Mortgage Based Securities (MBS) and other securitised exposures	0.00	0.00
- Residential	0.00	0.00
- Commercial Real Estate		
b. Indirect Exposure Fund and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	1010.12	678.17
<b>Total Exposure to Real Estate Sector</b>	<b>12928.02</b>	<b>11547.19</b>

## 7.2. Exposure to Capital Market

(₹ in crore)

Particulars	31.03.2015	31.03.2014
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	120.75	112.87
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	Nil	Nil
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	0.50	0.48
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	13.98	21.42
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)	13.65	13.63
<b>Total Exposure to Capital Market</b>	<b>148.88</b>	<b>148.40</b>

### 7.3 Risk Category-wise Country Exposure

(₹ in crore)

Risk Category	Based on Bank's Country Risk Management Policy			
	Exposure (net) as at 31.03.2015	Provision Held as at 31.03.2015	Exposure (net) as at 31.03.2014	Provision Held as at 31.03.2014
Insignificant	0.00	0.00	0.00	Nil
Low	607.63	0.00	1082.38	Nil
Moderate	235.76	0.00	514.86	Nil
High	12.89	0.00	11.27	Nil
Very High	7.67	0.00	10.37	Nil
Off Credit / Restricted	0.00	0.00	0.00	Nil
Total	863.95	0.00	1618.87	Nil

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 09.03.2015. Since the Bank does not have net funded exposure of more than 1% of its total assets as on 31.03.2015 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 should not exceed 15% of capital funds (Tier I and Tier II) for single borrower and 40% of capital funds for a group borrower. The ceiling may, however, go upto 20% for single borrower and 50% for a group borrower provided the additional exposure is on account of infrastructure projects in specified sectors. The bank may also, in exceptional circumstances, with the approval of the Board, consider the enhancement of the exposure to a borrower (Single and Group) up to a maximum of a further 5% of the Bank's capital funds, subject to such borrowers consenting to the bank to make appropriate disclosure in the Bank's Annual Report. The Bank's position as on 31.03.2015 was as under:

#### a. Individual accounts (Ceiling level 15% of Capital Funds- Rs.953.64 crore)

Bank has not exceeded the exposure ceiling in any single borrower.

#### b. Group Borrowers (Ceiling level of 40% of Capital Funds: Rs.2543.05 crores)

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

### 7.5. Unsecured Advances

(₹ in crore)

Particulars	31.03.2015	31.03.2014
Unsecured Advances against intangible securities such as charge over the rights, licenses, authority, etc. #	Nil	Nil
Other Unsecured Advances	8503.60	9159.41

# The estimated value of rights, licenses, authorities etc. charged on the total amount of advances are as follows:

(₹ in crore)

31.03.2015	31.03.2014
Nil	Nil

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

During the year RBI has not imposed any penalty on the Bank under Section 46(4) of Banking Regulation Act.

During the year RBI has imposed a penalty of Rs.6,21,900/- on the Bank and the details are as under:

- i. Penalty for irregularities in Currency Chest Branch -- Total 6 and Rs.2,14,200/-.
- ii. Penalty for the detection of Fake Indian Currency from soiled note remittances -- Total 88 and Rs. 4,07,700/-

## 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 for the year.

### 9.2. Change in Accounting Policy in respect of Depreciation on Fixed Assets.

1. The Bank has changed its method of charging depreciation on its fixed assets from Written Down Value Method to Straight Line Method. Computers and software (which do not form part of an integral part of hardware) continue to be depreciated under Straight Line Method as in earlier years.

2. The revised rates are based on the estimate of the management on the useful life of the respective assets.

3. The impact of the change in the Accounting Policy is as follows:

a) The Book Value of the Fixed Assets has increased by Rs.8.36 Crores and the Accumulated Depreciation as on 31<sup>st</sup> March, 2014 has reduced by Rs.5.67 Crores and Depreciation for the year ended 31<sup>st</sup> March, 2015 has also reduced by Rs.2.69 Crores.

b) Had the bank followed the earlier method, the depreciation for the year would have been Rs. 92.51 Crores as against the actual charge of Rs.84.16 Crores.

5. The overall impact on account of change in accounting policy is as follows:

(₹ in crore)

Particulars	Old Policy	New Policy	Net effect
Cumulative Depreciation as on 31.03.2014	534.16	528.49	-5.67
Depreciation for the year 2014-15	92.51	89.82	-2.69
Book Value as on 31.03.2015	423.59	431.95	8.36
Effect on the Profit and Loss Account			8.36

### 9.3. Accounting Standard 6: Depreciation Accounting

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

(₹ in crore)

Class of Assets	31.03.2015	31.03.2014
Premises	-21.13	3.07
Other Fixed Assets	105.26	76.89
Leased Assets	0.03	Nil

2. The Bank has changed the rates and method of depreciation on fixed assets from the quarter ended 31.03.2015. The revised rates of depreciation are based on the estimate of the management on the useful life of the respective assets. A brief summary of the same is as follows:

Nature of Assets	Existing Rate of Depreciation on WDV Basis unless otherwise stated	New Rates of Depreciation on SLM Basis
Premises including building used for the Bank's business, guest house and residential purpose	10% of buildings used for office purposes and 5% for buildings used for residence and guest house	1.6667%
Vehicles (Motor Cars)	15%	20%
Safe Deposit Lockers, Fire Proof data safe, Strong Room, Strong Room Doors	15%	5%
Furniture and fixtures other than Electrical fittings and fixtures	10%	10%
Electrical fittings and fixtures	10%	20%
Items provided at residence of officials		
Electrical equipments	15%	20%
Wooden and steel furniture	10%	10%
Carpets and Curtains	10%	33.33%
Computer and ATM	33.33%(SLM)	33.33%
Computer software forming an integral part of hardware	33.33%(SLM)	33.33%
Computer software which does not form an integral part of hardware	100%	100%

3. Under the new method, depreciation will be charged on the basis of number of days put to use on a proportionate basis except in the case of non – integral software which has been depreciated fully in the first year of use irrespective of the number of days the assets are put into use. In the final year of depreciation, the book value of Rupee 1 would be left in the books so to say that the book value of any assets will not be zero at any point of time till it is discarded by the bank.

#### 9.4 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.

#### 9.5. Accounting Standard 15 (Revised): Employee Benefits

## 9.6. Employee Benefits

### i) Defined Benefit Pension Plan and Gratuity

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

Particulars	Pension Plan	Gratuity
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 01.04.2014	2235.53	403.01
Current Service Cost	41.17	18.7
Interest Cost	88.04	33.85
Actuarial Gains / (Losses)	292.92	-22.91
Past Service Cost (Non-Vested Benefit)	Nil	Nil
Past Service Cost (Vested Benefit)	Nil	Nil
Benefits paid	-151.59	-58.53
Closing defined benefit obligation at 31.03.2015	2506.07	374.12
Change in Plan Assets		
Opening fair value of Plan Assets at 01.04.2013	2192.84	336.93
Expected Return on Plan Assets	180.03	27.29
Contributions by Employer	70	66
Benefit paid	-151.59	-58.53
Actuarial Gains / (Losses)	129.83	-8.9
Closing fair value of Plan Assets at 31.03.2015		
Reconciliation of present value of the obligation and fair value of the Plan Assets		
Present Value of Funded obligation at 31.03.2015	2506.07	374.12
Fair Value of the Plan Assets at 31.03.2015	2421.11	362.79
Deficit / (Surplus)	-84.96	-11.33
Experience adjustment on Plan Assets	Nil	Nil
Experience adjustment on Plan Liabilities	Nil	Nil
Unrecognized Past Service Cost	Nil	Nil
Net Liability / (Asset)	84.96	11.33
Liabilities	2506.07	374.12
Assets	2421.11	362.79
Net Liability / (Asset) recognized in Balance Sheet as at 31.03.2015	84.96	11.33
Net Cost recognized in the profit and loss account		
Current Service Cost	41.17	18.7
Interest Cost	88.04	33.85
Expected return on Plan Assets	-180.03	-27.29
Net actuarial losses (Gain) recognized during the year	163.1	14.02
Past Service Cost (Non-Vested Benefit) Recognized	Nil	Nil
Past Service Cost (Vested Benefit) Recognized	Nil	Nil
Total costs of defined benefit plans charged to P&L under Schedule 16 'Payments to and Provisions for Employees'	112.27	11.25
Reconciliation of expected return and actual return on Plan Assets		
Expected Return on Plan Assets	180.03	27.29
Actuarial Gain / (Loss) on Plan Assets	129.83	-8.9
Actual Return on Plan Assets	309.86	18.4
Reconciliation of opening and closing Net Liability recognized in Balance Sheet		
Opening Net Liability as at 01.04.2013	42.7	66.08
Expenses as recognized in profit and loss account	112.27	11.25
Employers' contribution	70	66
Net Liability / (Asset) recognized in Balance Sheet as at 31.03.2015	84.96	11.33
Expected Contribution in the next Financial Year (2014-15)	84.96	11.33

ii) Investments under Plan Assets of Gratuity Fund & Pension Fund (Other than accrued interest, bank balance and other assets) as on 31.03.2015 are as follows:

(₹ in crore)

Category of Assets			
Gratuity Fund		Pension Fund	
Amount	% of Plan Assets	Amount	% of Plan Assets
359.98	99.23	2283.07	94.30

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

(₹ in crore)

Category of Assets			
Gratuity Fund		Pension Fund	
Amount	% of Plan Assets	Amount	% of Plan Assets
89.00	24.53%	52.00	2.15%

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 8.21% per annum for Pension Plan and 8.21% for Gratuity Plan.

Principal assumptions considered in the actuarial report:

Particulars	Defined Benefit Pension Plans	Gratuity
Discount Rate as at 01.04.2014	9.27%	9.31%
Expected Rate of return on Plan Asset as at 01.04.2014	9.27%	9.31%
Salary Escalation as at 01.04.2014	5.00%	5.00%
Discount Rate as at 31.03.2015	8.21%	8.21%
Expected Rate of return on Plan Asset as at 31.03.2015	8.21%	8.21%
Salary Escalation as at 31.03.2015	5.00%	5.00%

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.

viii) On and above the actuarial calculation, bank has provided an adhoc provision @15% to meet the requirement due to salary revision (bi-partite settlement) of Rs. 12.75 crores on account of pension and Rs. 1.65 crores on account of Gratuity.

## 9.7. Defined Contribution Plan

Amount of Rs 0.46 crore (Rs. 0.49 crore) recognized as an expense towards the Provident Fund scheme of the Bank and Rs. 10.62 crores (Rs 7.60 crore) as an expense towards new pension scheme is included under the head 'Payments to and provisions for employees' in profit and loss account.

## 9.8. Other Long term Employee Benefits

Amount of Rs. 26.79 Crore (Previous Year Rs. 21.09 Crore) 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.



## 9.9. 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:

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

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

Treasury: Entire investment portfolios are classified under Treasury segment.

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

(₹ in crore)

Business Segments	Treasury		Corporate / Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Particulars										
Revenue	2618.81	2545.50	5042.38	4118.68	2922.20	3894.32	0.00	0.00	10583.39	10558.50
Result	49.78	-143.25	323.23	349.66	187.32	330.61	0.00	0.00	560.33	537.02
Unallocated expenses									0.00	0.00
Operating profit *									560.33	537.02
Income taxes									224.80	232.68
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									335.53	256.35
Other Information:										
Segment assets	32840.96	7902.52	45600.90	49829.66	26427.06	47115.19	0.00	0.00	104868.92	104847.37
Unallocated assets									726.52	438.05
Total assets									105595.43	105285.42
Segment liabilities	4295.70	7168.25	64132.86	50432.23	37166.87	47684.94	0.00	0.00	105595.43	105285.42
Unallocated liabilities									0.00	0.00
Total liabilities									105595.43	105285.42
* Operating profit is arrived at after deduction of provisions & contingencies of Rs. 811.83 crore (previous year Rs. 832.67 crore).										

## Part C: Geographic Segment

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

### 9.10. Accounting Standard 18: Related Party Disclosures

The Key Managerial Personnel of the Bank and their remuneration (including superannuation benefits) during 2014-15 are as below:

(₹ in crore)

Name	Designation	Period	Salary & Allowances	Perquisites
Shri Jeevandas Narayan	Managing Director	2014-2015	0.19	0.02

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.

### 9.11. 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.

### 9.12. Accounting Standard 20: Earnings Per Share

Earnings per share has been computed as under:

(₹ in crore)

Particulars	31.03.2015	31.03.2014
Net Profit (Rs. in crore)	335.53	304.34
Weighted Average Number of Equity Shares	59253473	5,00,00,000
Earnings per share in Rupees - Basic (Face value of share Rs.10)	56.63	60.87
Earnings per share in Rupees – Diluted(Face value of share Rs.10)	56.63	60.87

### 9.13. Accounting Standard 22: Accounting for Taxes and Income

The breakup of the Deferred Tax Assets (DTA) and Deferred Tax Liabilities (DTL) as on 31.03.2015 into major components of the respective balances is as under:

(₹ in crore)

Tax effects of timing differences	Opening Balance as on 31.03.14	Adjustment during the year in P&L	Closing Balance as on 31.03.15
Deferred Tax Assets (DTA)			
Provision on Employee Benefits	67.39	0.21	67.60
Depreciation of Investments	103.80	-103.80	0.00
Wage Revision	46.80	36.14	82.94
Fixed Assets	1.48	-1.48	0.00
Restructured Assets	0.00	92.53	92.53
Total Deferred Tax Assets (A)	219.47	23.60	243.07
Deferred Tax Liabilities (DTL)			
Fixed Assets	0.00	9.73	9.73
Amortisation of Pension & Gratuity	45.68	-45.68	0.00
Depreciation of Investments	0.00	28.62	28.62
SBT Spl. HL Insurance Premium	2.15	-2.15	0.00
Provision u/s 36(1)viii	105.05	26.04	131.09
Total Deferred Tax Liabilities (B)	152.88	16.56	169.44
Net Deferred Tax Assets/ (Liabilities)	66.59	7.04	73.63

During year ended 31<sup>st</sup> March, 2015, the Bank has recognized Deferred Tax Assets on provision for Diminution in fair value of restructured standard assets, which was hitherto not being done. Accordingly, an amount of Rs. 92.53 crores (including Rs. 77.82 crores relating to the period upto 31.03.2014) has been accounted for in the current period under review.

### 9.14. 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.

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

### a) Movement in Provision for Contingent liabilities

(₹ in crore)

Particulars	31.03.2015	31.03.2014
Balance as on 1 <sup>st</sup> April	1.72	1.72
Additions during the year	0.73	Nil
Utilized / Reversed during the year	Nil	Nil
Balance as on 31 <sup>st</sup> March	2.45	1.72

### b) Contingent liabilities

Liabilities at Item - I and VIII 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 includes tax demands in respect of which the Bank is in appeal of Rs. 152.57 crore and the cases sub-judice Rs. 2.45 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 fulfill his 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. OTHER / ADDITIONAL DISCLOSURES

### 10.1. Details of Provisions and Contingencies

(₹ in crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit & Loss account	2014-15	2013-14
Provision for Depreciation on Investment	-31.26	96.74
Provision towards NPA	749.14	577.78
Provision towards Standard Asset	49.30	66.90
Provision made towards Income Tax (Including deferred tax)	224.60	232.43
Other Provision and Contingencies (with details)		
a) Provision for interest sacrifice on restructured NPA accounts	-2.67	5.55
b) Provision for interest sacrifice on restructured Standard Assets	43.28	85.35
c) Provision for other Miscellaneous items	4.04	0.35
d) Wealth Tax	0.20	0.25
<b>TOTAL</b>	<b>1036.63</b>	<b>1065.35</b>

### 10.2. Floating Provision

(₹ in crore)

Particulars	2014-15	2013-14
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	50.00	Nil
d) Closing balance in the floating provisions account	50.00	100.00

### 10.3. Draw Down from Reserves

Amount drawn from reserves during the year is Nil (Previous year Rs. 79.88 crores has been debited to General Reserve Account and credited to Deferred Tax Liability) in terms of circular No.RBI/2013-14/412 DBOD.No. BP.BC.77/ 21.04.018/2013-14 dated 20.12.2013, issued by Reserve Bank of India.

### 10.4. Disclosure of Complaints

#### A. Customer Complaints

Sl. No.	Particulars	Numbers
1	Number of Complaints pending at the beginning of the year	60
2	Number of Complaints received during the year	2461
3	Number of Complaints redressed during the year	2408
4	Number of Complaints pending at the end of the year	113

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

Sl. No.	Particulars	Numbers
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

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

The Bank has not issued any Letter of Comforts (LoCs) during the year other than those issued in the normal course of business.

## 10.6 Provision coverage ratio (PCR)

(₹ in crore)

Particulars	2014-15	2013-14
Provisioning to Gross Non-Performing Assets of the Bank	60.62%	52.63%

## 10.7. 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:

(₹ in crore)

Sl. No.	Nature of income	2014-15	2013-14
1	For selling Life Insurance Policy	7.83	7.51
2	For selling Non-Life Insurance Policy	3.11	2.78
3	For selling Mutual Fund products	1.17	0.82
4	Others - SBI Cards, etc.	0.08	0.04
<b>TOTAL</b>		<b>12.19</b>	<b>11.15</b>

## 10.8. Concentration of Deposits, Advances, Exposures and NPAs

### Concentration of Deposits

(₹ in crore)

Particulars	2014-15	2013-14
Total Deposits of twenty largest Depositors	7557.61	12059.40
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	8.29%	13.49%

### Concentration of Advances

(₹ in crore)

Particulars	2014-15	2013-14
Total Advances to twenty largest Borrowers	12040.11	9116.16
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	13.15%	12.93%

### Concentration of Exposures

(₹ in crore)

Particulars	2014-15	2013-14
Total Exposure to twenty largest Borrowers / Customers	12057.26	13309.10
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	10.20%	12.74%

### Concentration of NPA

(₹ in crore)

Particulars	2014-15	2013-14
Total Exposure to Top four NPA accounts	508.17	772.37

## 10.9. Sector-wise Advance

(₹ in crore)

Sl. No	Sector	2014-15			2013-14		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPA as to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPA as to Total Advances in that sector
A	Priority Sector						
1	Agriculture & Allied activities	10641.94	190.71	1.79	11454.65	204.92	1.79
2	Advances to Industries Sector eligible as priority sector lending	3859.03	252.55	6.54	4591.69	114.30	2.49
3	Services	3041.75	203.89	6.70	2266.24	276.04	12.18
4	Personal Loans	8554.51	262.58	3.07	9109.42	315.92	3.47
	Sub total (A)	26097.23	909.73	3.49	27422.00	911.18	3.32
B	Non-Priority Sector						
1	Agriculture & Allied activities	0.00	0.00	0.00	0.00	0.00	0.00
2	Industries	31909.88	1201.46	3.77	19458.43	1727.84	8.88
3	Services	1691.95	173.17	10.23	14704.32	293.71	1.99
4	Personal Loans	10207.87	72.69	0.71	9197.25	144.21	1.56
	Sub total (B)	43809.70	1447.32	3.30	43360.00	2165.76	4.99
	Total (A +B)	69906.93	2357.05	3.37	70782.00	3076.94	4.35

Banks may also disclose in the format above, sub sectors where the outstanding advances exceeds 10% of the outstanding total advances to that sector. For instance, if a bank's outstanding advances to the mining industry exceeds 10% of the outstanding total advances to industry sector, it should disclose details of its outstanding advances to mining separately in the format above under the industry sector.

## 10.10 Movement of NPA

(₹ in crore)

Particulars	2014-15	2013-14
Gross NPA as on 1 <sup>st</sup> April of particular year (Opening balance)	3076.94	1749.88
Additions (fresh NPA) during the year	4474.93	4932.22
Sub - Total (A)	7551.87	6682.10
Less:		
i) Upgradations	2865.22	2751.74
ii) Recoveries (excluding recoveries made from upgraded accounts)	1275.19	657.16
iii) Technical / Prudential write off	514.51	186.83
iv) Write-offs other than those under (iii) above	539.90	9.43
Sub - Total (B)	5194.82	3605.16
Gross NPA as on 31 <sup>st</sup> March of following year (Closing balance) (A-B)	2357.05	3076.94



**Details of Technical / Prudential written off accounts**

(₹ in crore)

Particulars	2014-15	2013-14
Opening balance of Technical / Prudential written off accounts as at April 1 <sup>st</sup>	994.59	853.39
Add: Technical / Prudential write-offs during the year (*)	514.51	186.83
Sub Total (A)	1509.10	1040.22
Less: Recoveries made from previously technical / prudential written-off accounts during the year (B)(Includes dropped from AUCA Rs.95.32 crores)	201.69	45.63
Closing balance as at March 31 (A-B)	1307.41	994.59

**10.11. Overseas Assets, NPAs and Revenue**

(₹ in crore)

Particulars	2014-15	2013-14
Total Assets	267.33	599.17
Total NPAs	Nil	Nil
Total Revenue	6.06	0.59

**10.12. Off-Balance Sheet SPVs sponsored**

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

**10.13. Unamortised Pension and Gratuity Liabilities**

During the financial year 2010-11, the Bank re opened the pension option for such of its employees who had not opted for pension scheme earlier. As a result of this exercise, the bank has incurred a liability of Rs.558.35 crores. Further the limit of Gratuity payable to the employees of the Bank was also enhanced pursuant to the amendment to Payment of Gratuity Act, 1972. As a result of this the Gratuity liability of the bank has increased by Rs. 113.56 crores.

In accordance with the provision of the RBI Circular number DBOD.BP.80/21.04.018/2010-11, the bank would amortize the amount of Rs. 671.91 crores over a period of five years commencing from the year ended 31.03.2011. Accordingly, Rs.134.38 crores (representing one-fifth of Rs. 671.91 crores) being the fifth and final instalment of amortization has been charged to the Profit and Loss Account during the year.

Had such a circular not been issued by the RBI, and accounting had been done in terms of the Accounting Standard 15, Employee Benefit, the profit of the Bank for the year would have been higher by Rs.134.38 crore and Reserves and Surplus would have been lower by Rs.134.38 crores.

**10.14. Disclosure on remuneration : Not applicable**

## 10.15. Disclosures relating to securitization

Sl. No	Particulars	No. / Amount in crore
1.	No of SPVs sponsored by the bank for securitisation transactions*	Nil
2.	Total amount of securitised assets as per books of the SPVs sponsored by the bank	Nil
3.	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet	Nil
	a)	
	Off-balance sheet exposures	Nil
	First loss	Nil
	Others	Nil
	b)	
	On-balance sheet exposures	Nil
	First loss	Nil
	Others	Nil
4.	Amount of exposures to securitisation transactions other than MRR	Nil
	Off-balance sheet exposures	Nil
	a)	
	i)	
	Exposure to own securitizations	Nil
	First loss	Nil
	Loss	Nil
	ii)	
	Exposure to third party securitisations	Nil
	First loss	Nil
	Others	Nil
	b)	
	On-balance sheet exposures	Nil
	i)	
	Exposure to own securitisations	Nil
	First loss	Nil
	Others	Nil
	ii)	
	Exposure to third party securitisations	Nil
	First loss	Nil
	Others	Nil

\*Only the SPVs relating to outstanding securitisation transactions may be reported here

## 10.16. Credit Default Swaps: Nil

### 10.17. Intra Group Exposures

(₹ in crore)

Sl.No.	Particulars	2014-15
a	Total amount of intra group exposure	991.00
b	Total amount of top 20 intra group exposure	991.00
c	Percentage of intra group exposures to total exposures of the Bank on the borrowers / customers	0.83
d	Details of breach of limits on intra group exposures and regulatory action thereon, if any	Nil

## Transfers to Depositor Education and Awareness Fund (DEAF)

### 10.18 Details of Amount transferred to DEAF

(₹ in crore)

Particulars	2014-15	2013-14
Opening balance of amounts transferred to DEAF	0	0
Add: Amounts transferred to DEAF during the year	20.97	0
Less: Amounts reimbursed by DEAF towards claims	0	0
Closing balance of amounts transferred to DEAF	20.97	0

### 10.19 Unhedged Foreign Currency Exposure

In terms of RBI circulars No.RBI/2013-14/448.DBOD.NO.BP.BC.85 / 21.06.200/ 2013-14 dated 15.01.2014 and circular No. RBI/2013-14 . DBOD.NO.BP.BC.116 / 21.06.200 / 2013-14 dated 03.06.2014 on requirements of incremental capital and provisions for Banks on account of Unhedged Foreign Currency Exposure of borrowers, we have implemented the provisions with effect from 01.04.2014. The total provisions comes to Rs. 14.57 Crore and the same has been provided for as on 31.03.2015.

## 11. Liquidity Coverage Ratio

### 11.1. Disclosure format

(₹ in crore)

		Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets		
1	Total High Quality Liquid Assets (HQLA)		10273.04
	Cash Outflows		
2	Retail deposits and deposits from small business customers, of which:	67819.66	6028.20
(i)	Stable deposits	15075.33	753.77
(ii)	Less stable deposits	52744.32	5257.21
3	Unsecured wholesale funding, of which:	5668.53	2027.04
(i)	Operational deposits (all counterparties)	3754.49	883.69
(ii)	Non-operational deposits (all counterparties)	1914.04	1143.35
(iii)	Unsecured debt	0.00	0.00
4	Secured wholesale funding		0.00
5	Additional requirements, of which	11371.00	5554.73
(i)	Outflows related to derivative exposures and other collateral requirements	5035.21	5035.21
(ii)	outflows related to loss of funding on debt products	0.00	0.00
(iii)	Credit and liquidity facilities	6335.80	519.52
6	Other contractual funding obligations	450.00	433.00
7	Other contingent funding obligations	9834.19	491.65
8	TOTAL CASH OUTFLOWS		14534.62
	Cash Inflows		
9	Secured Lending (e.g. reverse repos)	233.33	0.00
10	Inflows from fully performing exposures	548.77	431.89
11	Other cash inflows	4730.78	4730.78
12	TOTAL CASH INFLOWS	5512.88	5162.66
			Total Adjusted value
13	TOTAL HQLA		10273.04
14	TOTAL NET CASH OUTFLOWS		9371.96
15	LIQUIDITY COVERAGE RATIO (%)		109.61%

## 11.2 Qualitative disclosure around LCR

### (a) Main drivers of LCR and evolution of contribution of inputs

The Liquidity Coverage Ratio(LCR) standard aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 days time horizon under a significantly severe liquidity stress scenario, by which time it is assumed that appropriate corrective actions can be taken. The LCR position depends upon the level of High Quality Liquid Assets (HQLA) and level of inflows and outflows in 30 days stress horizon computed as per the RBI guidelines in this regard.

### (b) Intra period changes

The intra period changes are mainly on account of changes in un encumbered excess SLR positions.

### (c) The composition of High Quality Liquid Assets(HQLA)

Banks' High Quality Liquid Assets consists of the following

- i. Cash
- ii. Balance with RBI in excess of CRR requirement
- iii. Un encumbered portion of investments in Government securities in excess of SLR requirement.
- iv. Investments in Government securities held within the mandatory SLR requirement, to the extent allowed by RBI under Marginal Standing facility(MSF)
- v. Investment in Government Securities held up to 5% of Net Demand and Time Liabilities(NDTL) permissible under Facility to Avail Liquidity for Liquidity Coverage Ratio(FALLCR).

### (d) Concentration of funding

Banks' concentration from top 20 depositors is not significant and stood at 8.29% of total deposits as on 31<sup>st</sup> March, 2015.

### (e) Derivative exposure and potential collateral calls

Bank does not have derivative business except forward contracts. Exposure to derivative contracts has been incorporated in the calculation of LCR.

### (f) Currency Mismatch in LCR

Bank does not have overseas operations. Hence, while calculating LCR currency mismatch is not applicable.

### (g) Centralisation of liquidity management

Banks' liquidity management and monitoring is centralized. Bank has a Board adopted liquidity management policy in line with RBI regulation and guidelines.

### (h) Other Inflows and outflows in the LCR calculation that are not captured

Inflows and outflows are comprehensively captured in LCR

## 12.MISCELLANEOUS

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

(₹ in crore)

Particulars	31.03.2015	31.03.2014
Income Tax (including deferred tax)	224.60	232.43
Wealth Tax	0.20	0.25
Dividend Distribution Tax	7.44	2.12

## 12.2. FIXED ASSETS

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

Particulars	31.03.2015		31.03.2014	
	Gross Value	Bank's Share(10%)	Gross Value	Bank's Share(10%)
Gross Value	1183.70	118.37	990.40	99.04
Accumulated Depreciation	1075.50	107.55	912.90	91.29
Written Down Value	108.20	10.82	77.50	7.75

## 12.3. INTER OFFICE ACCOUNTS

Transactions in Branch Clearing General Account (BCGA) and Drafts Account are being reconciled on an ongoing and steps for elimination of outstanding entries are in progress. In the opinion of the management, there are no significant items in the reconciliation to have any material consequential effect.

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

### Signatures to Schedules 1 to 18

Diba Saha  
Deputy General Manager  
(Finance and Accounts)

Chandrasekharan S  
General Manager  
(Treasury) & CFO

Adikesavan S  
Chief General Manager (CB)

E K Harikumar  
Chief General Manager (RB)

Jeevandas Narayan  
Managing Director

Arundhati Bhattacharya  
Chairman

### DIRECTORS

V.G. KANNAN      Dr. J. SADAKKADULLA      B. RAMESH BABU      RAMESH CHANDRA SRIVASATAVA  
V. KALIAPPAN      M. C. JACOB      SAJEN PETER      P. V. PRASAD      C. RAJKUMAR      ASHOK KUMAR SINGH

As per our report of even date

### AUDITORS

#### For Kumar Vijay Gupta & Co

Chartered Accountants  
Mahesh Kumar Goyal  
Partner  
Membership No: 088958  
FRN: 007814N

#### For G Venugopal Kamath & Co

Chartered Accountants  
V Vinod Kamath  
Partner  
Membership No: 022234  
FRN: 004674S

#### For Gopalaiyer and Subramanian

Chartered Accountants  
S Sundar  
Partner  
Membership No: 202725  
FRN: 000960S

#### For Babu A Kallivayalil & Co

Chartered Accountants  
E V Thomas  
Partner  
Membership No: 003679  
FRN: 005374S

Date : 05.05.2015

Place : Mumbai

# INDEPENDENT AUDITOR'S REPORT TO STATE BANK OF INDIA

## Report on the Financial Statements

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 31<sup>st</sup> March, 2015, which comprise the Balance Sheet as at March 31, 2015, Profit and Loss Account, Cash Flow Statement for the year then ended, Principal Accounting Policies and Notes to Accounts. Incorporated in these financial statements are the returns of Zonal Offices, various departments of Head Office and 20 branches audited by us and 785 branches and 10 Centralised 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 342 branches which have not been subjected to audit. These unaudited branches account for 4.37% of Advances, 5.34% of Deposits, 2.66% of interest income and 4.17% of interest expenses of the Bank.

## Management's responsibility for the financial statements

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 mis-statement whether due to fraud or error.

## Auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

assessment of the risks of material mis-statement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

6. In our opinion, as shown by the books of the 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 31<sup>st</sup> March, 2015 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.

## Report on Other Legal and Regulatory requirements

7. The Balance Sheet and the Profit and Loss Account have been drawn up in the Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act, 1949.
8. 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 purpose 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 purpose of our audit.
- d. The reports on accounts of the branches audited by branch auditors have been dealt with in preparing our report in the manner considered necessary by us.
9. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement comply with the applicable Accounting Standards.

**For Kumar Vijay Gupta & Co.**

Chartered Accountants  
Mahesh Kumar Goyal  
Partner  
Membership No.088958  
FRN: 007814N

**For G.Venugopal Kamath & Co.**

Chartered Accountants  
V.Vinod Kamath  
Partner  
Membership No.022234  
FRN: 004674S

**For Gopalaiyer and Subramanian**

Chartered Accountants  
S.Sundar  
Partner  
Membership No.202725  
FRN: 000960S

**For Babu A. Kallivayalil & Co.**

Chartered Accountants  
E.V.Thomas  
Partner  
Membership No.003679  
FRN: 005374S

Mumbai  
05<sup>th</sup> May, 2015



**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 FIFTH ANNUAL GENERAL MEETING held at 10.00 A.M on the 15<sup>th</sup> of June 2015, 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 (Abridged Version) to the meeting.
3. Registration of members will be closed at 10.15 A.M.
4. Entry of members into the Meeting Hall will be stopped at 10.30 A.M.

**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 vote for me / us on my / our behalf at the 55<sup>th</sup> 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 Monday the 15<sup>th</sup> June, 2015 and at any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

Client ID / Folio No.

Affix 1  
Rupee  
Revenue  
Stamp

Signature  
(Please see overleaf)

**NOTE:**

1. No proxy in any other format or which is not duly filled up, dated and stamped, will be accepted.
2. No instrument of proxy shall be valid unless in the case of an individual shareholder it is signed by him or by his attorney duly authorised in writing, or in the case of joint holders, it is signed by the shareholder first named in the share register or his attorney duly authorised in writing or in the case of a company it is executed under its common seal, if any, or signed by its attorney duly authorised in writing:
3. An instrument of proxy shall be deemed to be sufficiently signed by any shareholder, who is, for any reason, unable to write his name, if his mark is affixed thereto and attested by a Judge, Magistrate, Registrar or Sub-Registrar of Assurances, or other Government Gazetted officer or an officer of the State Bank of India or State Bank of Travancore.
4. No person shall be appointed as a proxy unless he is entitled to attend the general meeting otherwise than as a proxy, provided that this shall not apply to a proxy appointed by a company. Further, no officer or employee of State Bank of Travancore shall be appointed as proxy.
5. No proxy shall be valid unless the power of attorney or other authority, if any, under which it is signed, or a copy of that power of attorney or authority certified by a notary public or a Magistrate is also deposited along with it, not less than four clear days before the date fixed for the Annual General Meeting, unless it shall have already been registered with the Bank.
6. The completed proxy should be deposited at the Head Office of State Bank of Travancore not less than four clear days before the date fixed for the Annual General Meeting (i.e. on or before 10<sup>th</sup> June 2015, 5 p.m.]

# FINANCIAL HIGHLIGHTS FOR THE LAST 10 YEARS

(₹ in crore)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>LIABILITIES</b>										
Capital	50	50	50	50	50	50	50	50	50	59
Share Application Money received									385	474
Reserves & Surplus	1282	1549	1668	2200	2791	3413	3816	4315	4525	5193
Deposits	25996	30984	35354	42042	50883	58158	71470	84624	89337	91077
Borrowings	1166	1903	2849	808	3250	5726	7607	8747	6818	3796
Other's	3368	3507	3973	4361	2480	3629	3006	3843	4170	4996
<b>Total</b>	<b>31862</b>	<b>37993</b>	<b>43894</b>	<b>49461</b>	<b>59454</b>	<b>70976</b>	<b>85949</b>	<b>101579</b>	<b>105285</b>	<b>105595</b>
<b>ASSETS</b>										
Investments (Net)	10630	9562	11353	13232	15844	17927	22438	27225	27941	26648
Advances (Net)	18866	24786	28137	32711	38461	46044	55346	67484	69405	68721
Other Assets	2366	3645	4404	3518	5149	7005	8165	6870	7939	10226
<b>Total</b>	<b>31862</b>	<b>37993</b>	<b>43894</b>	<b>49461</b>	<b>59454</b>	<b>70976</b>	<b>85949</b>	<b>101579</b>	<b>105285</b>	<b>105595</b>
Net Interest Income	955	1134	957	1283	1400	1696	1830	2128	2383	2283
Provisions for NPA	46	70	105	55	80	245	421	392	669	789
Operating Result	674	710	709	1056	972	1176	1249	1351	1370	1372
Net Profit Before Taxes	339	468	528	803	888	882	748	896	537	560
Net Profit	259	326	386	608	684	728	510	615	304	336
Return on Average Assets (%)	0.86	0.95	0.94	1.30	1.26	1.12	0.65	0.66	0.29	0.32
Return on Equity (%)	19.43	20.40	22.47	29.29	25.65	22.72	13.62	15.54	6.73	6.65
Expenses to Income (%)	48.41	47.59	49.21	43.08	45.24	48.36	49.62	51.42	57.66	58.39
Profit per Employee (Rs.in 000)	222	296	356	558	580	620	420	506	220	255
Earnings per Share (Rs.)	517	653	77	121	137	146	102	123	60.87	56.63
Dividend per share (Rs.)	10	10	10	13	16	18	18	20	2.5	5
SBT Share (Rs.)	4545	3705	5625	219	649	769	632	521	421	438
Dividend payout Ratio % (Rs.)	21.29	15.41	15.24	11.46	12.05	12.41	17.73	16.65	4.11	10.60
<b>Capital Adequacy Ratio (%)</b>										
Basel -II (%)				14.03	13.74	12.54	13.55	11.70	11.52	11.63
Tier I (%)					9.24	9.00	9.35	8.46	8.78	8.90
Tier II (%)					4.50	3.54	4.20	3.24	2.74	1.99
Basel III (%q)								10.74	10.79	10.89
Net NPA to Net Advances (%)	1.47	1.08	0.94	0.58	0.91	0.98	1.54	1.46	2.78	2.04
Number of Domestic Branches	690	704	710	726	748	792	879	1013	1117	1157
Number of Foreign Branches/Offices	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL



# STATE BANK OF TRAVANCORE

(Associate of the State Bank of India)

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