



विजया बँक
VIJAYA BANK

(A GOVT. OF INDIA UNDERTAKING)

A friend you can bank upon

Olinda Naragaon



Tenkabellur



Parabanga



Bulay



Agall



Haripura



Chikmagalur



Mangurada Doldi

वार्षिक रिपोर्ट
Annual Report
2011 - 2012



मंडल के निदेशक
Board of Directors



श्री एच एस उपेन्द्र कामत
अध्यक्ष एवं प्रबंध निदेशक
Shri. H S Upendra Kamath
Chairman & Managing Director



श्रीमती शुभलक्ष्मी पानसे
कार्यकारी निदेशक
Smt. Shubhalakshmi Panse
Executive Director



श्री वी के चोपडा
Shri. V K Chopra



श्रीमती सुमा वर्मा
Smt. Suma Varma



श्री सुरेश कामत
Shri. Suresh Kamath



श्री प्रकाश चन्द्र नलवाया
Shri. Prakash Chandra Nalwaya



श्री निशांक कुमार जैन
Shri. Nishank Kumar Jain



श्रीमती भारती राव
Shri. Bharati Rao



श्री पी. वैद्यनाथन
Shri. P Vaidyanathan



श्री अशोक गुप्ता
Shri. Ashok Gupta



श्री एच. हरीश बल्लाल
Shri. H Harish Ballal

इस वर्ष पदमुक्त हुए मंडल के निदेशक
Board of Directors who demitted office this year



श्री श्रीधर चेरुकुरी
Shri. Sridhar Cherukuri



श्री अशोक कुमार, आई.ए.एस. (से.नि.)
Shri. Ashok Kumar, I.A.S. (Retd.)



श्री अशोक कुमार शेट्टी
Shri. Ashok Kumar Shetty



श्री रंजन शेट्टी
Shri. Ranjan Shetty



श्री एस अनंतन
Shri. S Ananthan



श्री एल के मीणा
Shri. L K Meena



श्री बी इब्राहिम
Shri. B Ibrahim



PERFORMANCE HIGHLIGHTS : 2011-12

Business Growth

- ❖ Total business during the year reached ₹ 141727 Crore (recording 16 per cent increase Y-o-Y).
- ❖ Productivity, as measured by 'Average Business per Employee', improved from ₹ 11.05 Crore to ₹ 12.31 Crore.
- ❖ Business per branch increased to ₹ 109 Crore as against ₹ 102 Crore recorded as at March 2011.
- ❖ Total deposits grew by 13.39 per cent to reach ₹ 83056 Crore from ₹ 73248 crore of last year.
- ❖ Savings Bank Deposits reached an amount of ₹ 13604 Crore.
- ❖ Gross advances reached ₹ 58671 Crore, recording an annual growth of 19.2%.

Priority Sector Operations

- ❖ Priority sector advances aggregated to ₹ 17667 Crore, of which total Agricultural advances account for ₹ 6558 Crore.
- ❖ Bank financed 84236 new farmers with disbursement of ₹ 768 crore under various agricultural activities. The average number of new farmers financed is 143, as against the Govt. of India' stipulation of minimum of 100 new farmers per rural and semi urban branch.
- ❖ Advances to MSME segments clocked a 22.43 per cent growth to reach ₹ 8286 Crore.
- ❖ Advances to Weaker Section increased to ₹ 4281 Crore, constituting 8.68% of ANBC.
- ❖ Education loan was of the order of ₹ 643 Crore, covering 32985 accounts.
- ❖ Bank has implemented Financial Inclusion plan on Pan India Basis covering 407 villages, with population above 2000.

- ❖ Number of Self Help Groups linked during 2011-12 reached 6508, involving disbursement of ₹ 238 Crore.
- ❖ Bank has won the award for highest share of SHG business among commercial banks in Karnataka from NABARD for the year 2011-12.

Infotech Progress

- ❖ 205 new ATMs were installed during the year, thereby increasing the total number of ATMs to 750.
- ❖ The number of debit cum ATM card base increased to 18.74 lakhs from 15.27 lakhs of last year.
- ❖ Bank's customers can have now access to over 96000 ATMs connected under National Financial Switch (NFS) across the country.
- ❖ The number of registered users with regard to SMS/e-mail alerts for financial transactions, introduced in July 2009, has now exceeded 10.08 lakhs.

Profit & Profitability

- ❖ Net Profit touched ₹ 581 crore compared to ₹ 524 Crore recorded during last Financial.
- ❖ Yield on advances increased from 10.25% to 11.73%.
- ❖ Interest income for the year is up by 37%.

Capital Adequacy

- ❖ Capital Adequacy Ratio (Basel II) stood at 13.06 per cent vis-à-vis the Reserve Bank of India norm of 9%.
- ❖ Tire I Capital Adequacy Ratio worked out to 9.68% where as the Tier II Capital Adequacy ratio was 3.38%.



PERFORMANCE AT A GLANCE

(₹ in crore)

KEY PARAMETERS	2009-10	2010-11	2011-12
No. of Branches	1158	1200	1300
No of ATMs	435	545	750
Reserves & Surplus	2542	3144	3557
Gross Profit	1057	1047	1230
Net Profit	507	524	581
Total Deposits	61932	73248	83056
% growth	13.56	18.27	13.39
CASA Deposits	15225	18480	18272
% to Agregate Deposit	24.62	25.25	22.02
Gross Credit	41935	49222	58671
% growth	16.89	17.38	19.20
Total Business	103866	122470	141727
% growth	14.88	17.91	15.72
Gross NPA	994	1259	1718
(%)	2.37	2.56	2.93
Net NPA	582	741	998
(%)	1.40	1.52	1.72
Investments	21107	25139	28644
Advances to Priority Sector	14553	14671	17667
% to ANBC	40.57	34.98	35.83
Total Staff	11565	11415	11838
Business per employee	9.30	11.05	12.31
KEY RATIO (%)			
Cost of Deposit	6.21	5.86	7.68
Yield on Advances	10.26	10.25	11.73
Net Interest Margin	2.54	3.04	2.47
Return on Assets	0.76	0.72	0.66
Capital Adequacy Ratio % (Basel II)	12.50	13.88	13.06



MESSAGE FROM THE CHAIRMAN & MANAGING DIRECTOR TO SHAREHOLDERS

It gives me immense pleasure to share with you the highlights of the performance of your Bank for the year 2011-12. During the year 2011-12, both the Indian economy and the Banking sector faced many challenges. On the economic front, GDP growth during 2011-12 is projected at 6.9% for the full year 2011-12 as compared to 8.4% the previous year; which was mainly due to sharp decline in industrial growth. The global economic imbroglio, accentuated by the worsening Euro Zone crisis also had its toll on our External sector performance, with the Trade Deficit shooting to about 10% of GDP and Current account deficit at 4% of GDP. The fiscal deficit is projected at 5.9% of GDP for 2011-12, compared to the original estimate of 4.6%.

On the monetary front, the average WPI Inflation fell to 8.8% in FY12 compared to 9.6% in the previous year, while manufacturing Inflation rose sharply to 7.2% compared to 5.7% last year. During the year 2011-12, advances growth outpaced deposit growth. Liquidity conditions were tight for most part of the year. Sharp fall in deposit growth and the large government borrowing programme were primarily responsible for the severe tightness in liquidity.

Against this background, let me briefly touch upon some of the areas where we had performed better last year. First and foremost, Bank's Net Profit zoomed by an all time high of 234% to touch ₹ 181 Crore in Q4 of 2011-12 which helped Net Profit to reach ₹ 581 Crore as on 31.3.2012 an increase by 10.9% compared to last year. Net Profit for the year was arrived at after making necessary provisions including provision for NPA of ₹ 414 Crore, provision for standard assets of ₹ 34.81 Crore and provision for standard restructured accounts towards economic loss of ₹ 39.58 Crore. Otherwise, the Bank would have posted a much higher growth in Net Profit. Operating Profit improved from ₹ 1047 Crore in 2010-11 to ₹ 1230 Crore in 2011-12, a growth by 17.5%.

Let me now move on to key aspects of our top line growth. We ended the year with an aggregate business of ₹ 141727 Crore, notching a growth of 16%. Our business volume comprised deposits of ₹ 83056 Crore (13.4%) and advances of ₹ 58671 Crore (19.2%). In the sphere of

advances, Bank continued with its endeavour to improve the retail lending portfolio. Bank's outstanding retail advances as at March 31, 2012 stood at ₹ 11175 Crore, recording a growth of 11.3% during 2011-12, compared to 7.4% growth achieved during 2010-11. As regards operations in the designated priority sectors, advances to these segments aggregated to ₹ 17667 Crore, accounting for 35.8% of Adjusted Net Bank Credit as compared to 34.98% recorded last year (as against the 40% norm prescribed by the RBI). Within Priority sectors, Direct Agricultural advances stood at ₹ 4541 Crore, recording a growth of 20.3% over March 2011. Total Agricultural advances stood at ₹ 6558 Crore, forming 13.3% of Adjusted Net bank Credit, as against the norm of 18%. Advances to MSME and weaker section segments recorded a growth of 22.4% and 12.4% respectively, reaffirming our continued commitment to national goals. In respect of education loan, total outstandings were of the order of ₹ 643 Crore, signifying a y-o-y growth of 6.6%.

Branch banking still has relevance even in the present age of e-banking and the Bank continued to accord emphasis on branch expansion, technology up-gradation, product innovation etc. During the year, the Bank launched 'e-FD,' an on-line term deposit scheme to improve its retail term deposits. We have also launched Insta Debit Card and Mobile banking products.

Bank has also been quite active on the 'Financial Inclusion' sphere as well. Our Bank has been allotted with 407 villages with above 2000 population on a pan India basis. Bank has provided banking facilities to all these villages before the target date of 31.03.2012 set by Govt. of India. Out of the 407 villages, 29 villages are covered through Branch Model and remaining 378 villages through BC model. We have opened 2,16,019 Smart Card accounts in these villages with a balance of ₹ 37.86 lakh. As per the directives of Govt. of India, we have started five Ultra Small Branches in the FI villages allotted to the Bank on a pilot basis, i.e. Doddarasinakere and Santhekasalagere villages in Mysore region, Ladpur village in Delhi region, Kavrady village in Udupi region and Thachanattukara village in Calicut region.

We added 100 new branches and 205 additional ATMs during FY12 taking the tally of our branches and ATMs to



1300 and 750 respectively. The Mobile banking service has picked up very well and as on 31.3.2012, there were 32372 registered users. Also, the SMS alert services which was offered to customers was also a success with over 994080 registered users as on 31.3.2012.

Slippage management was one of the challenging task during the year. Towards this end bank took several measures viz, identifying accounts showing signs of stress, monitoring them closely; initiating stringent recovery measures against willful defaulters etc. The Gross Non-Performing Assets of the Bank as at March 2012 stood at ₹ 1718 Crore , which as percentage to Gross Advances worked out to 2.93 % while the Net NPA stood at ₹ 998 Crore, with the Net NPA ratio being 1.72%.

We have set a goal for the FY 2013 to take the overall business to ₹ 1,65,000 Crore, comprising of deposits of ₹ 98000 Crore and advances of ₹ 67000 Crore. It is also

our endeavour to take our branch and ATM network to 1400 and 1000 respectively by opening 100 new branches and installing 250 new ATMs. During the current year our focus will be on improving CASA level and Retail / MSME / Priority sector so that the profitability of the Bank improves further. With many initiatives in this regard already taken, I am confident that your Bank will be able to face the challenges ahead and post still better performance during FY13.

I thank all the valued shareholders for their continued patronage and support.

With best wishes

Yours Sincerely

H.S. UPENDRA KAMATH
Chairman & Managing Director



VIJAYA BANK

HEAD OFFICE: BANGALORE - 560 001

NOTICE

NOTICE IS HEREBY GIVEN pursuant to Regulation 56 of the Vijaya Bank (Shares and Meetings) Regulations 2003 that the Twelfth Annual General Meeting of the Shareholders of VIJAYA BANK will be held on **Friday, the 29th June 2012 at 4 P.M.** at the Mulki Sunder Ram Shetty Auditorium, Vijaya Bank Head Office, M.G. Road, Bangalore-560001, to transact the following business:

Item No. 1: To discuss, approve and adopt the Balance Sheet of the Bank as at 31st March 2012, Profit and Loss Account of the Bank for the year ended 31st March 2012, the Report of the Board of Directors on the working and activities of the Bank for the period covered by the Accounts and the Auditors' Report on the Balance Sheet and Accounts.

Item No. 2: To declare dividend on the shares of the Bank for the Financial Year 2011-12.

By order of the Board of Directors
for VIJAYA BANK

Place : Bangalore (K. GOPALAKRISHNAN NAIR)
Date : 30.04.2012 COMPANY SECRETARY

1. APPOINTMENT OF PROXY:

A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF, AND SUCH PROXY NEED NOT BE A SHAREHOLDER OF THE BANK. HOWEVER, THE PROXY SO APPOINTED WILL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING. NO PERSON SHALL BE APPOINTED AS A PROXY WHO IS AN OFFICER OR AN EMPLOYEE OF VIJAYA BANK. The Proxy Form in order to be effective, must be deposited/ lodged at the Head Office of the Bank with the Company Secretary, Vijaya Bank, Board Secretariat, 41/2, M.G. Road, Bangalore 560 001, at least Four days before the date of the Annual General Meeting i.e. on or before the closing hours i.e. 2PM of Saturday, the 23rd June, 2012.

2. APPOINTMENT OF AN AUTHORISED REPRESENTATIVE:

No person shall be entitled to attend or vote at the Meeting as a duly authorized representative of a company or any other Body Corporate which is a shareholder of the Bank, unless a copy of the Resolution appointing him/her as a duly authorized representative, certified to be true copy by the Chairman of the meeting at which it was passed, shall have been deposited at the Head Office of the Bank with the Company Secretary, Vijaya Bank, Board Secretariat, H.O., Bangalore – 560 001 at least four days before the date of the meeting, i.e. on or before the closing hours i.e. **2 PM of Saturday, the 23rd June, 2012.**

3. ATTENDANCE SLIP - CUM - ENTRY PASS:

For the convenience of the shareholders, Attendance Slip-cum-Entry Pass is annexed to this notice. Shareholders / Proxy Holders / Authorized Representatives are requested to fill in and affix their signatures at the space provided therein and surrender the same at the venue. Proxy/ Authorized Representative of a shareholder should state on the Attendance Slip-cum-Entry Pass as "**Proxy**" or "**Authorized Representative**" as the case may be.

4. CLOSURE OF REGISTER OF MEMBERS:

Pursuant to Clause 12 of Vijaya Bank (Shares and Meetings) Regulations 2003, the Register of Members and the Share Transfer Books of the Bank will remain closed from Tuesday the 26th June 2012 to Friday the 29th June 2012 (both days inclusive) in connection with the Twelfth Annual General Meeting and to entitle the shareholders to get final dividend if any.

5. PAYMENT OF DIVIDEND:

The dividend, as recommended by the Board, if declared at the Annual General Meeting, will be paid within 30 days of declaration thereof, to those shareholders who stand registered on the Bank's Register of Members:

- a) As Beneficial Owners as at the end of business hours on 25th June 2012 as per the list to be furnished



by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of shares held in dematerialized form.

- b) As Shareholders whose names are registered in the Register of Members of the Bank as on 29th June, 2012.

The dividend warrants to such shareholders would be mailed or credited through ECS or other approved electronic mode by the Bank through the Share Transfer Agent, viz., M/s Link Intime India Pvt Limited, Mumbai, within 30 days from the date of declaration, i.e., within 29th July 2012.

6. DETAILS OF BANK ACCOUNT IN DIVIDEND WARRANT/ ELECTRONIC CLEARING SERVICE (CREDIT CLEARING) – (NECS):

As per RBI notification w.e.f October 1, 2009, the remittance of money through ECS is replaced by National Electronic Clearing Service (NECS). NECS operates on the new and unique Bank account number allotted by Banks post implementation of Core Banking Solution (CBS). This facility is offered to shareholders holding shares in physical and demat forms. Shareholders holding shares in physical form can furnish the account number provided by their Banks along with the photo copy of the cheque pertaining to their accounts to the R & T Agent - M/s Linkintime India Pvt Ltd, Mumbai. Shareholders holding shares in electronic forms to update the details of their Bank accounts with their Depository Participants.

Shareholders having Bank Accounts in non CBS Bank Branches are not covered by NECS and will be paid dividend by way of physical dividend warrants. These shareholders are requested to furnish their Bank account, name of the Bank and the branch, where they would like to deposit dividend warrants for encashment. The above mentioned details are to be furnished by the Joint/sole shareholder. A performa of NECS mandate is enclosed in this report.

7. UNCLAIMED DIVIDEND IF ANY:

The shareholders who have not encashed their Dividend Warrants/ not received dividend of previous periods, if any, are requested to contact the Share Transfer Agent of the Bank for issue of the duplicate Dividend Warrants/ revalidation of Dividend Warrants.

Within 7 days from the expiry of 30 days from the date of the declaration, if any shareholder has not encashed/ claimed the dividend, such amounts lying in the Bank Dividend Account, shall be transferred to a separate account styled “Unpaid Dividend Account of Vijaya Bank for the year....”

As per the Section 10B of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, the amount of dividend remaining unpaid or unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Govt. under Section 205 (C) of the Companies Act, 1956, and thereafter no claim for payment shall lie in respect thereof either to the Bank or to the IEPF.

8. COPIES OF BALANCE SHEET:

Shareholders are advised that copies of the Annual Report will not be distributed at the venue of the Annual General Meeting and hence shareholders are requested to bring their copies of the Annual Report, which are mailed by the Bank to them at their registered addresses.

9. DEMATERIALISATION OF SHARES:

Shareholders who are still holding their share certificates in physical form are requested to get their shares dematerialized as SEBI has included the name of the Bank for the purpose of compulsory dematerialized trading of shares.

10. NOTIFYING CHANGE OF ADDRESS:

Shareholders are requested to notify immediately of any change in address/ change in Bank Account numbers to:

- a) Their respective Depository Participant in respect of holding of shares in dematerialized form.
- b) The Share Transfer Agent, M/s Link Intime India Pvt Limited, Unit: Vijaya Bank, C-13, Pannalal Silk Mills Compound, L.B.S.Road, Bhandup (West), Mumbai-400078 in respect of shares held in physical form.
- c) Shareholders holding shares in physical form are also requested to register/update their e-mail address with the Bank to enable the Bank to send all communications/notices /Annual Reports etc.



through e-mail. Those shareholders holding shares in demat form are requested to update their e-mail address with their Depository Participants. This is as per Bank's plan to implement the Green initiative in Corporate Governance initiated by Ministry of Corporate Affairs (MCA)

11. CONSOLIDATION OF FOLIOS:

Shareholders who hold shares in physical form in multiple folios in identical names or joint names in the same order of names are requested to send the share certificates to the Share Transfer Agent of the Bank, M/s Link Intime India Pvt Limited, Mumbai for consolidation into a single folio.

12. RECORDING OF CHANGE OF STATUS:

Non-Resident Indian Shareholders are requested to inform the Share Transfer Agent of the Bank, M/s Link Intime India Pvt Limited, Mumbai immediately of:

- a) The change in the Residential status on return to India for permanent settlement.
- b) The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with PIN, if not furnished earlier.

13. OTHER INFORMATION:

Shareholders may kindly note that no gift/gift coupon will be distributed at the meeting.

**By order of the Board of Directors
for VIJAYA BANK**

Place : Bangalore
Date : 30.04.2012

(K. GOPALAKRISHNAN NAIR)
COMPANY SECRETARY



Directors' Report 2011-12

The Board of Directors have pleasure in presenting the 32nd Annual Report of the Bank along with the Audited Balance Sheet as on March 31, 2012 and the Profit and Loss Account for the year ended March 31, 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis:

Economic Scenario

Global macroeconomic conditions during 2011-12 have shown signs of modest improvement. In the U.S, the GDP growth (quarter-on-quarter) accelerated to 3.0% in Q4 of 2011. Consumer spending has been improving. While the unemployment rate has been trending down, concerns remain about the sustainability of this trend.

The immediate pressures on the financial markets in the Euro area have been alleviated to a large extent by the ECB injecting liquidity of more than one trillion euro through two long-term refinancing operations. However, a sustainable solution to the euro area debt problem is yet to emerge. GDP growth in the euro area declined by 1.2% in Q4 of 2011.

Growth also slowed down in Emerging and Developing Economies (EDEs) reflecting the combined impact of monetary tightening and slowdown in global growth.

International crude oil prices have surged since the beginning of 2012 reflecting geo-political concerns. The price of Brent variety of crude rose from U.S. \$ 111 per barrel in January to U.S \$ 120 per barrel by mid April.

In the above backdrop, the world economy is projected to expand by 2.5% and 3.1% in 2012 and 2013.

As for the performance of Indian Economy, the overall GDP growth was projected at 6.9% for 2011-12, compared to 8.4% last year. At sectoral level, agriculture and allied sectors is expected to grow by 2.5% in 2011-12 compared to 7% in the previous year; Growth in Industry is estimated at 3.9% as against 7.6% last year; Services sector is expected to grow by 9.4% as against 9.3% in the previous year.

Headline WPI Inflation remained persistently high and relatively sticky for most part of FY'12.. The year started with Inflation of 9.7%, which briefly touched double digits

in September 2011, before declining to 6.89% in March 2012. The major contributory factors to headline inflation during the current financial year include (a) higher primary articles prices, (b) increasing global commodity prices and (c) persistently high international (Brent) crude petroleum prices in the last two years, averaging around \$ 111 Barrel in 2011.

During the year 2011-12, WPI Food Inflation trends reflected supply side challenges in Food items. Food Inflation, which was 8.1% in April-December 2011, briefly turned negative in January 2012, reflecting seasonal decline in food prices. However, it increased sharply to 6.1% in February and further to 9.9% in March 2012, with the wearing off of base effect.

During 2011-12, the growth rate in Broad Money (M3) has been 13% y-o-y. Fiscal Deficit during 2011-12, is estimated at 5.9% of GDP.

The currency market in India was under pressure during April-December 2011 due to a slowdown in capital inflows reflecting global uncertainty. There has been significant depreciation of the Indian Rupee vs. U.S \$. The Indian Rupee (INR) vs. U.S. \$ started at 44.4 in April 2011 and ended at 51.2 as at the end of March 2012.

Reflecting the effect of a worsening global trading environment, India's Current Account Deficit (CAD) moved up to 4.3% of GDP for the quarter ended December 2011 from 2.3% for the same quarter in 2010. With Exports growth lagging import growth, the trade deficit for the quarter ended Dec'2011 widened to \$ 47.7 billion from \$ 31.4 billion in Q3 last year.

Banking Scenario:

During the year 2011-12, Aggregate Deposits of Scheduled Commercial Banks grew by 17.4%, compared to 15.9% a year ago; Advances grew by 19.3% compared to 21.5% a year ago. Reining in Inflation and containing Inflationary expectations were the dominant objectives of Monetary Policy during 2011-12. The RBI hiked the repo rate 13 times between March 2010 and January 2012, cumulatively by 375 basis points. With supply-side factors feeding into food inflation and an uncertain economic scenario in advanced countries necessitating repeated liquidity injections by



these countries to counter recessionary trends, the task of monetary policy calibration was particularly challenging.

Keeping in view progressive deregulation of interest rates, Savings Bank account interest rates were deregulated with effect from 25 October 2011, wherein banks were required to keep a uniform rate of interest for savings accounts with deposits upto ₹ 1.00 lakh, while differential interest rates could be set for savings deposits over ₹ 1.00 lakh. The deregulation was expected to improve the transmission of monetary policy.

Subdued foreign institutional investor (FII) inflows into the country led to a decline in Indian markets and contributed to the sharp depreciation of the rupee in the forex market, though much of the depreciation was due to 'flight of safety' by foreign investors, given the meltdown in Europe and inflation in emerging market economies.

Outlook:

Global growth prospects for 2012 have deteriorated in an environment of increasing concerns over the sovereign debt crisis in the euro area amidst limited monetary and fiscal policy space. Accordingly global growth during 2012 is expected to be lower than the IMF's projection of 4.0 per cent.

As regards Indian Economy, the GDP is expected to grow by 7.3% in 2012-13. Headline WPI Inflation is projected at 6.5%, while money supply growth (M3) is projected at 15%. Aggregate deposits and Gross Advances is projected to grow by 16% and 17% respectively during 2012-13. Fiscal Deficit for 2012-13 is pegged at 5.1% of GDP. The Net Market Borrowings to finance this deficit is projected at ₹ 4.79 lakh crore for 2012-13.

VIJAYA BANK'S PERFORMANCE IN 2011-12

Working Results

Net profit for the year 2011-12 is ₹ 581 crore as compared to ₹ 524 crore for 2010-11, recording a growth of 11%, while the operating profit for the year 2011-12 was ₹ 1231 crore as compared to ₹ 1047 crore for 2010-11. On the deposit front, average cost of deposits increased from 5.86% in 2010-11 to 7.68% in 2011-12 due to the market conditions. Yield on advances for 2011-12 (11.73%) improved by 148 basis points when compared to that of previous year (10.25%).

The trends in financial results of the Bank are highlighted in the tables below:

(₹ in crore)

Sl. No.	Item	2010-11	2011-12	Annual increase (%)
1.	Interest Income	5844	7988	36.69%
2.	Interest Expenditure	3897	6084	56.12%
3.	Net Interest Income (1-2)	1947	1904	-2.21%
4.	Non-interest income	533	528	-0.94%
	i. Profit on sale of investments	118	98	-16.95%
	ii. Other non-interest income	415	430	3.61%
5.	Net Total Income (3+4)	2480	2432	-1.94%
6.	Operating expense	1433	1201	-16.19%
	i. Staff Expenses	1010	740	-26.73%
	ii. Other operating expenses	423	461	8.98%
7.	Operating profit	1047	1231	17.57%
8.	Operating profit (excl. Treasury profit)	929	1133	21.96%
9.	Provisions and Contingencies	523	650	24.28%
10.	Net profit	524	581	10.88%

Important Profitability Ratios

Sl. No.	Item	2010-11	2011-12
1	Yield on funds	8.03	9.20
2	Cost of funds	5.36	7.00
3	Interest spread (1-2)	2.67	2.20
4	Yield on advances	10.25	11.73
5	Cost of deposits	5.86	7.68
6	Yield on investments		
	- excluding Trading Profit	6.50	6.87
	- including Trading Profit	6.97	7.23
7	Other operating expenses to Average working funds	0.58	0.53
8	Cost-Income Ratio	57.79	49.39
9	Establishment cost to average working funds	1.38	0.85

Dividend

Taking into consideration the overall profitability position, the Board of Directors has recommended a dividend of ₹ 2.50 per Equity Share of the face value of ₹ 10/- for the year 2011-12. The total amount of equity dividend payable including dividend tax is ₹ 143.98 crore.

Capital Adequacy

The capital adequacy ratio stood at 13.06% as on 31.03.2012 vis-à-vis the Reserve Bank of India norm of 9%. As on 31.03.2012, the Tier I capital of the Bank is ₹ 4974.69 crore and Tier II is ₹ 1733.10 crore.



Branch Network

With the opening of 100 branches during the year 2011-12, the network of branches reached the level of 1300, from 1200 during the previous fiscal. There were 49 Extension Counters and 2 Satellite Offices at the beginning of the year 2011-12. Bank opened 2 Extension Counters (EC) during the year taking the total number of Extension Counters to 51.

Deposit Mobilisation

Total deposits of the Bank increased from ₹ 73248 crore to ₹ 83056 crore, recording an annual growth rate of 13.4%. CASA deposit stood at ₹ 18272 accounting to 22% in aggregate deposits. The average aggregate deposits increased by 21.56% from ₹ 62104 crore during 2010-11 to ₹ 75496 crore during 2011-12.

Credit Expansion

During the year 2011-12, Gross credit increased from ₹ 49, 222 crore to ₹ 58,670.99 crore, registering a growth of 19.20%

Infrastructure Finance

Amongst other sectors, Bank's lending to Infrastructure stood at ₹ 11216.21 crore as at 31st March 2012, accounting for 19.12% of the Gross Credit. The Bank actively participated in lending to key Infrastructure segments like Power Generation, Roads/Highways, Ports, Airports and Educational Institutions. Significant disbursements are also due in the financial year 2012-13, against these sanctions already in place. While keeping in the pace of growth linked to the huge credit needs of Infrastructure sector and other core sectors like Industry, Trade and Services, the thrust has been on building a balanced Credit portfolio.

Retail Credit

Retail lending is the thrust area and the Bank continued to bestow its priority to Retail Lending Schemes Viz., Housing Loan, Education Loan, V-Wheels, SRTO, V-Cash, Jewel Loan, etc.

The Bank has disbursed ₹ 5107 crore under Retail Lending during the year 2011-12 and the amount outstanding as on 31st March 2012 stood at ₹ 11175 crore with a growth rate of 11.30%. The Retail Credit Portfolio accounted for 19.04% of the Bank's Gross Credit.

The Bank has disbursed ₹ 702 crore under Housing loan, ₹ 123 crore under Education loan, ₹ 547 crore under V-Wheels and ₹ 2281 crore under Jewel loan scheme during the year. The amount outstanding under Housing loan, Education loan, V-Wheels & Jewel Loan schemes, as on 31st March 2012, is ₹ 4165 crore, ₹ 643 crore, Rs. 1035 crore & Rs. 1796 crore, respectively. The year on year growth in Jewel loan segment is 99%; V-Wheels segment 11.45% and Education loan segment is 6.7%.

Bank has opened additional four RACPCs at Chandigarh, Hubli, Kochi & Coimbatore and added three Jewel Loan Shopees at Bangalore-Ulsoor, Rajhamandry and Gopalpuram branches.

Bank has implemented IBA Model Education Loan Scheme for the benefit of meritorious students.

With a view to improve the quality of the assets, the Bank has taken steps to implement the LAPS (Lending Automation Processing System) for processing selected Retail Lending Products which constitute the core of our retail business.

Bank has conducted 230 Housing Loan Melas and given ₹ 623 crore in-principle sanction to 3810 prospective customers to boost lending under Housing Loan portfolio.

Priority Sector Lending

The Bank has been showing significant performance in lending to Priority sector over the years. Total Priority Sector advances of the bank have increased to ₹ 17667 crore as at the end of March 2012 as against ₹ 14671 crore as at March 2011 registering a growth rate of 20.42% Y-O-Y). Priority Sector Credit of the bank constituted 35.83% of the Adjusted Net Bank Credit, as against the stipulation of 40%.

Agricultural Finance

Outstanding Agriculture:

Direct Agricultural advances of the Bank as at March 2012 stood at ₹ 4541 crore, as against ₹ 3773 crore as at March 2011, showing an increase of ₹ 768 crore and registering a growth rate of 20.34% over March 2011. Total Agricultural advances (with 4.50% cap on Indirect Finance for agriculture) stood at ₹ 6558 Crore which formed 13.30% of the Adjusted Net Bank Credit, as against the norm of 18%.

Disbursements to Agriculture:

The Bank has done well with regard to agriculture loan disbursements during the year. Under Special Agricultural



Credit Plan, the Bank has disbursed ₹ 5145 crore during the year 2011-12, as against the target of ₹ 5610 crore, which works out to an achievement of 91.71%. Growth under SACP disbursements comes to 29.89%, as against Govt. of India's stipulation of 30%.

Kisan Credit Card Scheme:

During the current year, the bank has issued 19647 Kisan Cards and disbursed ₹ 564.54 crore under the Scheme. The performance comes to 72.50 % of the target of 27100 Kisan cards set for the year. The Kisan cardholders are covered under Personal Accident Insurance Scheme. The Bank has launched ATM enabled Kisan Credit Cards at some select branches for the benefit of farmers.

Financing Micro and Small Enterprises (MSE):

The advances to Micro and Small Enterprises increased to ₹ 7272 crore as at March 2012 from ₹ 5677 crore as at March 2011, signifying a year on year growth of 28.10%. As per the directives of RBI, advances under Micro Enterprises has to be 55% of MSE advances as at March 2012. The Bank has achieved 42.53% for the year 2011-12. Online registration of application and tracking system is in place for speedy disposal of proposals under MSE.

Financing Micro Small and Medium Enterprises (MSME):

The advances to Micro, Small and Medium Enterprises increased to ₹ 8286 crore as at March 2012 from ₹ 6768 crore as at March 2011, signifying a year on year growth of 22.43%.

During the year, 44 MSME Melas have been organized in different parts of the country; with sanction of ₹ 353.26 crore and disbursed ₹ 165.43 crore. Eight MSME Cells established by the bank have sanctioned 314 loans amounting to ₹ 711.08 crore.

Advances to Weaker Sections:

As at March 2012, the outstanding weaker section advances of the Bank stood at ₹ 4281 Crore, which constitutes 8.68% of the ANBC against the norm of 10%.

Self Help Groups (SHGs):

During the year 2011-12, the Bank has financed 6508 SHGs and disbursed ₹ 238 crore. Cumulatively, the bank has disbursed ₹ 1129 crore. Our Bank has been awarded with the First prize for highest share of SHG business to

overall business as well as for Highest Average JLG loan for the year 2010-11 in Karnataka state by NABARD. Our Bank has also won 2nd Prize for Best Performance in Pune Division and 3rd prize in Maharashtra State among commercial banks operating in Maharashtra for SHG Bank Linkage for the year 2010-11 from NABARD.

Credit to Women beneficiaries:

Advances to Women beneficiaries stood at ₹ 3593 crore as at March 2012 as against ₹ 2784 crore as at March 2011, showing an increase of ₹ 809 crore, registering a growth rate of 29.06 %. Against the stipulated benchmark level of 5% of net bank credit to women, the Bank's achievement stood at 7.29%.

Lead Bank Schemes:

Our bank is having Lead Bank responsibility in three districts i.e. in Mandya, Hubli and Haveri districts of Karnataka State. Under the Lead Bank Scheme, total credit share of our Bank through Annual Credit Plan is ₹ 3299.46 crore against the target of ₹ 3388.06 crore as at March 2012.

Advances under DRI:

Total advances under DRI stood at ₹ 6.88 Crore as at March 2012, against ₹ 6.13 crore as at March 2011, showing an increase of ₹ 0.75 crore during the year with a growth rate of 12.23 %.

Lending under Govt. sponsored schemes:

Implementation of Govt. sponsored schemes receives the utmost attention of the Bank. The Bank's lending's under various Govt. sponsored schemes are furnished below:

(` In crore)

Sl. No.	Target Groups/ Schemes	No. of beneficiaries	Loan amount outstanding as at March 2012
1.	PMEGP	9585	82.48
2.	SGSY	4426	31.52
3.	SJSRY	4094	23.58

Advances to SC / STs:

Total advances to SC / STs stood at ₹ 935 Crore as at March 2012, against ₹ 807 crore as at March 2011, showing an increase of ₹ 128 crore during the year with a growth rate of 15.86 %.



Credit to Minority Communities:

Advances to Minority Communities stood at ₹ 1882 crore as at March 2012, constituting 10.65% of total priority sector advances.

VIBSETIs (Vijaya Bank Self-Employment Training Institutes):

The bank has established Vijaya Bank Self Employment Training Institutes (VIBSETIs) in Mandya and Haveri of Karnataka State and in Indore at Madhya Pradesh State. The Institutes have been conducting various vocational Training / Skill-Upgradation / awareness programmes and product development workshops etc. During the current year, VIBSETIs have conducted 143 Programmes and trained 4664 beneficiaries, with a settlement rate of 82.83%.

Vijaya Rural Development Foundation:

Vijaya Rural Development Foundation was promoted by the bank in 1990 at Mangalore. During the year, VRDF has conducted 122 training /awareness programmes, covering a wide range of subjects, benefiting 5630 persons. Free health camps have also been organized for the benefit of rural poor. The Foundation has also granted scholarships to poor meritorious students hailing from villages and studying in government schools. The Foundation has expanded its activities to other districts like Haveri, Dharwad and Mandya, where the Bank has Lead Bank Responsibility.

Computer Training School has been opened at Mangalore to teach the fundamentals of computer for the Rural poor.

Visveshvaraya Grameena Bank:

Visveshvaraya Grameena Bank (VGB), a Regional Rural Bank established by the bank in Mandya District of Karnataka State has a total network of 32 branches and is a profit making RRB. All the Branches and HO of VGB are CBS compliant. As at March 2012, the total deposits and advances of the RRB stood at ₹ 284.97 crore and ₹ 198.58 crore respectively. The financials of the VGB have been quite encouraging as the Bank has ended the year 2011-12 with a profit of ₹ 5.11 crore.

Visit of Parliamentary Committee:

The Parliamentary Committee on Subordinate Legislation, Rajya Sabha visited the Bank on 21.06.2011 and discussed various matters pertaining to Regional Rural Banks (Appointment and promotion of Officers) Rules 2010 and current status of Priority Sector Lending.

The Parliamentary Committee of Govt. Assurances Rajya Sabha visited the Bank on 16.01.2012 and discussed various matters regarding contract/casual laborers in Public Sector Banks and their present Status thereof.

Financial Inclusion:

Our Bank has been allotted with 407 villages with above 2000 population on a pan India basis. We have provided banking facilities to all these villages before the target date of 31.03.2012 set by Govt. of India. Out of the 407 villages, 29 villages are covered through Branch Model and remaining 378 villages through BC model. We have opened 2,16,019 Smart Card accounts in these villages with a balance of ₹ 37.86 lakh.

As per the directives of Govt. of India, we have started five Ultra Small Branches in the FI villages allotted to the Bank on a pilot basis, i.e. Doddarasinakere and Santhekasalagere villages in Mysore region, Ladpur village in Delhi region, Kavradu village in Udipi region and Thachanattukara village in Calicut region.

Posters and Banners are displayed in various places in the FI Villages and the link Branches. Pamphlets on Financial Inclusion are distributed to all house holds in Villages where campaign for Savings Bank account opening is being conducted. TV Scrolls about FI are displayed in Mandya District for information of villagers. Street plays are also conducted in villages to create awareness among the villagers on FI activities. Four Mobile Vans are provided at Mandya, Dharwad, Haveri and Udipi Districts for exclusive Financial Literacy programme in these districts.

Financial Literacy and Counselling Centres (FLCCs) have already been opened in the Lead Districts of the Bank viz. Mandya, Dharwad and Haveri Districts of Karnataka State and are providing counseling service to the farmers.

Bank has floated Jnana Jyothi Financial Literacy & Credit Counseling Trust (JJFLCCT), jointly with Syndicate Bank to set up and manage FLCCs at District levels in accordance with the model scheme of RBI.

Bank has also setup Financial Inclusion Resource Centres (FIRC)s at Mandya, Dharwad and Haveri for imparting Financial Literacy for the benefit of all the stake holders involved in Financial Inclusion Plan.



Our Bank is one of the Founder Trustees of the Karnataka Farmers' Resource Centre (KFRC) set up for imparting training to farmers and agricultural labourers at Bagalkot.

Asset Quality

The Bank continued its focus on maintaining quality assets along with thrust on preventing fresh slippages. It initiated and continued to emphasize various measures in this direction, including the following:

Accounts showing signs of stress / likely default in dues are identified and treated as Special Watch accounts and are closely monitored. Wherever feasible, such assets are restructured, with additional need-based credit limits considered in deserving cases, to prevent fresh slippages. A Sick Unit Rehabilitation Cell is formed to exclusively concentrate on the nursing programme of all sick viable MSME units.

- In case of willful defaulters, stringent recovery measures, including legal options like Securitization, Lok Adalats / DRTs, etc., are promptly resorted to. We are advising extensive use of the Lok Adalats for recoveries.
- To facilitate speedy recovery, 'Vijaya Adalats' are regularly conducted to settle dues of defaulters amicably. During the year, Bank could recover ₹ 39 crore under 3322 accounts by way of such settlements.
- To maximize recoveries and have a better follow up / liaison with the Debt Recovery Tribunals, Nodal Executives are designated at different centers.
- A special One Time Settlement Scheme for small borrowers with liabilities of upto ₹ 5 lacs with liberalized terms was introduced during the year. The total recoveries made under the scheme are ₹ 28 Crores.

The gross Non-Performing Assets of the Bank as on March 2012 worked out to 2.93% of total advances, while net NPA ratio was 1.72 % of total advances. During the year 2011-12, Bank could effect total cash recovery of ₹ 666.82 crore (including interest) and upgraded NPAs amounting to ₹ 924.91 crore. Further, the Bank also made provision of ₹ 502.14 crore for the unexpected defaults, apart from having a floating provision of ₹ 213 crore as on March 31, 2012. The Provision Coverage Ratio (including PWO) as at March 2012 worked out to 62.14%.

Investment and Fund Management

Total investment portfolio of the bank increased from ₹ 25138 crore as on March 31, 2011 to ₹ 28939.17 crore

as on March 31, 2012. The average yield on investment (excluding profit on sale of investments) during the year worked out to 6.87% as against 6.49% in 2010-11. The liquidity position of the bank was tight during the second half of the FY 2012. The bank also complied with CRR/SLR requirements as stipulated by Reserve Bank of India consistently during the year.

Risk Management

Credit Risk

Lending Policy of the Bank is being revised from time to time, to include among other things, aspects such as risk appetite, risk based pricing, risk diversification/mitigation strategy, prudential limits, substantial exposure ceiling, preferred sector growth strategies, credit approval process, documentation and security standards, security valuation, etc., in tune with the corporate goal and plan of the Bank.

In order to enhance the effectiveness of Loan Review Mechanism, the Bank introduced onsite credit audit for exposures of ₹ 5 crore and above and also modified its Loan Review Mechanism for exposures below ₹ 5 crore. The Bank is meeting the RBI requirement that at least 30 to 40 % of the credit exposures should be covered under the Loan Review Mechanism / Credit Audit. Stress Test on Credit Risk by subjecting the credit portfolio to stress like downgrade in the rating, higher provisioning requirement, slippage in asset status, etc is carried out on annual basis, in terms of the Stress Test policy of the Bank.

The Bank has put in place a comprehensive risk rating / scoring system that serves as a single point indicator of diverse risk factors on the counterparty and for taking credit decision in a consistent manner. A separate risk scoring models for Housing and other Retail sectors has also been evolved and put in place so as to ensure higher coverage of risk rating exercise, which is presently around 90 %. Migration analysis is also carried out on half yearly basis in respect of exposures of ₹ 1.00 crore and above. From Sept 09, Bank has introduced a Credit risk rating software which is Basel II compliant procured from CRISIL for conducting risk rating of all retail and non retail loans. This software enables the Bank to ensure that all types of exposures are covered under risk rating before sanctioning of any loan so as to maintain the credit quality and also to move towards Basel II advanced approaches compliance.



Asset Liability Management (ALM) and Market Risk

ALM and Market risk of the Bank is managed by the Asset Liability Management Committee (ALCO) and Market Risk Management Committee (MRMC). Appropriate tolerance limits have been stipulated for mismatches in different time buckets, both for managing liquidity and interest rate risks and these are being monitored at fortnightly intervals and also appraised to the Board.

The market risk exposure is measured by tools like VAR (Value at Risk), AGL (Aggregate Gap Limit) and Duration gap analysis. Single country limits and group limits for all countries have been put in place to manage and monitor the country risk. Mid-office reports on treasury operations are placed before the General Manager, Risk Management Dept., on a daily basis and before MRMC on a monthly basis, covering information about exceptions / reviews and compliance.

Interest rate risk on entire portfolio is identified and measured through Earnings at Risk (EAR). Portfolio Sensitivity analysis is also conducted and reviewed by the top management. Contingency Funding Plans, Prudential Ratios / Limits have been set and actual position is monitored as part of Liquidity Risk Management. Stress Test on Interest Rate Risk, Liquidity Risk, Forex, etc on different scenarios are carried out on quarterly basis and appraised to ALCO. To monitor short term liquidity, the Bank is preparing the ALM statement of Structural Liquidity on daily basis.

The Duration Gap Analysis is implemented for assessing the possible impact on market value of equity (net worth) using 200 basis points shock on interest rate curve.

The Bank has applied to RBI for seeking permission to implement Internal Model Approach (Advanced approach) for Market Risk.

The Funds Transfer Pricing, a new technology on transfer pricing mechanism, is being implemented for assessment of branch profitability in a scientific manner.

Operational Risk

With a view to mitigate Operational Risk, several studies were conducted during the year. These include analysis of major fraud reported at Ghaziabad branch, analysis of quick mortality accounts as on 31.03.2011, analysis of high value frauds reported during 2010-11, analysis of long

pending suspense payment entries. Further, to minimize the operational risk the Bank has been conducting Risk and Control Self Assessment (RCSA) on critical business processes and identifying the Key Risk Indicators (KRI's) for tracking problem areas in key operations in order to avoid potential future operational losses. RCSA exercise on Internet Banking Operations, Currency Chest Operations, Forex Operations and Information Technology were conducted during 2011-12.

The Bank has applied to RBI for seeking approval for implementing The Standardized Approach (TSA) and parallelly computing capital charge under the TSA viz □a viz BIA since March 2011 onwards. Two days work shop on Credit & Operational Risk Management was conducted at STC Bangalore, STC Delhi and at Regional Office, Mumbai where-in Regional Risk Monitors (RRMs) and Regional Risk Officers (RROs) were provided hands on training in Oprisk Monitor. The Operational Risk Management Division (ORMD) had also conducted Operational Risk Management workshop in Vijayawada, Chennai and Delhi Regions.

Basel-II Compliance

With a view to comply with the Basel II norms, the Bank has been carrying out parallel run exercise on the capital adequacy calculation in the RBI prescribed format, on a quarterly basis and apprising the Board, apart from submitting the same to RBI

As the Bank requires corporate clients' risk rating status awarded by RBI approved rating agencies, the Bank has entered into MOU with all the four rating agencies viz. CRISIL, ICRA, CARE and Fitch so that borrowers can avail the rating services at a concession fee and Bank also benefits on lower capital charge depending on the rating status.

In terms of the Disclosure policy and ICAAP policy, the Bank has compiled the requisite information and got it vetted by the Quality Assurance Team for disclosure and submission to the Board and Reserve Bank of India.

In compliance to the RBI guidelines and adopting Standardised Approach for Credit Risk, Standardised Duration Approach for Market Risk and Basic Indicator Approach for Operational Risk, Bank has complied with Basel II norms and the overall Capital Adequacy Ratio as at 31st March 12 works out to 13.06%, which is above the minimum stipulated norm of 9 %.



Integrated Risk Management System (IRMS) Project.

In order to facilitate smooth and effective transition to the Basel-II compliance, the Bank has taken up implementation of Integrated Risk Management System (IRMS) through the assistance of a consultant.

The unique IRMS Project consists of six solutions, viz., Credit Risk Management (CRM), Market Risk Management (MRM), Operational Risk Management (ORM), Credit Risk Rating Solution (CRR) (Retail & Non-Retail), Asset Liability Management (ALM) and Funds Transfer Pricing (FTP) Solution. During the year, the Bank is in the process of implementing the Phase II of this project i.e started implementing the Advanced Approaches.

International Banking

Bank's export credit as at 31.03.2011 stood at ₹ 951.56 crores out of which the quantum of export credit extended in foreign currency was USD 18.34 million. As at March 2012, foreign exchange business turnover of the Bank stood at ₹ 15,846 crore as against ₹ 12854 crore during the previous financial year.

The Bank is participating in the Rupee drawing arrangement with five leading exchange houses and two non-resident Banks from Middle East. Besides, the Bank has extended 'Speed Remittance' facility to UAE Exchange Centre LLC and Al Ansari Exchange UAE and 'Flash Remittance' facility to UAE Exchange Centre LLC, UAE to enable the NRIs from Gulf countries to electronically remit funds to their account with our branches any where in India.

In addition to this the Bank has introduced the 'Instant Welcome Kit' facility for the benefit of NRIs residing in UAE which will enable them to know their account number and also receive the passbook, cheque book, debit card etc., on the spot while handing over their application for opening the account to our Marketing Officers in UAE.

Merchant Banking & Allied Activities

The Bank is registered with Securities and Exchange Board of India (SEBI) for Merchant activities like: Category I Merchant Banker, Bankers to the Issue, Debenture Trusteeship and Depository Participant. The bank is also registered as Self Certified Syndicate Banks for accepting IPO/Rights issue applications under Applications Supported by Blocked Amount (ASBA). The total income earned during

the year 2011-12 from Debenture Trusteeship activities is ₹ 14,27,000/-.

The bank undertakes Payment Bankers Assignments for payment, of Interest/Dividend/Refund orders of Corporates. Bank also offers Depository Services to its clients. The Online Trading commenced during the last financial year.

Government Business:

Among various Government business, Bank is collecting Direct and Indirect tax at its 288 branches. The bank has also introduced online payment of taxes in all the branches. 341 branches of the bank are designated to open Public Provident Fund accounts. Besides, this, all the branches are authorised to disburse State Pension/Central pension. A separate cell called Centralized Pension Processing Center has been set-up in HO for centralized payment of pensions of Central Government pensioners.

Cash Management Services Agency Arrangements with Banks in India:

The bank has tie up arrangement with other banks for payment of their Drafts/collection of local cheques with Corporation Bank, HSBC, HDFC, ING Vysya, ICICI and Deutsche Bank.

Corporate Agency with LIC: Bank has entered into the Corporate Agency agreement with LIC of India to cater to the life insurance needs of the customers. The total income earned during the year 2011-12 is ₹ 1,30,81,942/-.

Corporate Agency with UIIC: Bank has entered into the Corporate Agency agreement with United India Insurance Company Limited to cater to the non-life insurance needs of the customers. The total income earned during the year 2011-12 is ₹ 1,76,93,738/-.

Group Insurance Coverage for borrowers: Bank has entered into an agreement with M/s Bajaj Allianz Ltd for Group coverage of individual borrowers.

Money Transfer Services (Conventional and Online): Bank is a sub-agent for money transfer services of Money Gram and XpressMoney. Bank has entered into a tie-up with Times of Money Ltd for online transfer of funds (Remit2India) as an additional service to NRIs. The income earned from the Money transfer Services for FY 2011-12 is ₹ 5.03lacs.



Tie-up with Payment Gateways: Bank has entered into tie-up with Times of Money Ltd. for our Internet Banking Customers for Online payment of goods and services purchased/availed. Besides, the Bank also has tie-up with other Payment Gateways namely Bill Desk, C C Avenue and Tech Process Solutions Ltd.

Tie-ups for Vehicle Loans: Bank has tied up with M/s Toyota Motors Ltd, M/s Tata Motors Ltd, M/s Ashok Leyland Ltd, M/s Mahindra and Mahindra Ltd and M/s Hyundai Motors Ltd to extend vehicle loans for personal use.

Central Pension Processing Cell: Bank has been approved by CPAO (Central Pay and account office) for the payment of all the Central Civil Pensioner to serve our valued Pensioners.

Credit Card Business

At the end of the financial year, the total card issued by the bank stood at 150628. As on 31.03.2012, the Credit Card turn over is ₹ 446.45 Crore as against the turnover of ₹ 431.94 crore as on 31.03.2011.

The total number of merchants enrolled by the bank for the year stood at 1363 as against 1203 merchants as on 31.03.2011. The bank makes direct payments to merchants maintaining account at our Core Banking branches. For few other merchants maintaining accounts with other banks, NEFT of Reserve Bank of India is utilized for payment.

Debit Card

There has been good increase in the issue of Debit Cards. We have totally issued 18.71 lakh Debit/ATM cards as on March 31, 2012 as compared to 15.21 lakh cards issued during the financial year as on March 31, 2011. The Debit Card turnover was ₹ 243.23 crore as against ₹ 169.80 Crore as on March 31, 2011.

To provide prompt & better customer service, V-Instant Debit Cards was launched during the year. The V Insta Debit Card along with PIN mailer will be available at the branches. The card is delivered to the cardholder and it gets activated on the next working day.

Marketing Setup

Marketing Cell at the Bank's Head Office is actively engaged in designing new products, conducting marketing campaigns in potential areas to popularize our retail products, reviewing

and fine tuning existing products, taking measures to strengthen CASA base, designing pamphlets/posters/brochures/mailers for marketing activities, percolating the perceptions of the Top Management to grass root level, creating awareness on technology-backed Alternate Delivery Channels services offered by the Bank like V-Net Banking, RTGS/NEFT, V-Mobile Banking and SMS Alerts.

In order to nurture the account holders in the new generation segment, number of programmes were organized. V-GenUTH Drawing competition was held across the country for school children with attractive prizes. V-GenUTH 'Hungama' events for children were conducted in apartment complexes to popularize V-GenUTH SB Account and V-GenUTH Unnati RD Account. The 26th V-GenUTH Quiz Contest for High School Children of Karnataka State was held at Bangalore. The highly popular Quiz Contest has become an iconic calendar event, associated with V-GenUTH, Unnati RD Contest products for the generation next.

Publicity and Public Relations

During the F Y 2011-12, the bank has gone for moderate spending on publicity activities. Total amount incurred for Advertising during the year is around ₹ 743 lacs. This year major Publicity Campaigns were carried out through Outdoor Advertisement Media such as translites at airports and Delhi Metro Railway station. Outdoor Advertisement hoardings were taken in metro cities, glow sign / sign board advertisements at Railway stations and Bust stands. Rural publicity was carried out in this financial year by the of way hoardings and glow sign /sign boards in rural places / Semi urban places in Karnataka, Kerala, Tamilnadu and Andhra Pradesh states.

The other major activities during this year were TV ad campaign and Cheque Branding in the KANNADADA KOTYADHIPATHI, an on going special programme of SUVARNA TV and Radio jingles ad campaign in FM Radio City at all India level for Bank's Deposit Products.

Customer Service and Redressal of Complaints

There is a well defined Grievances Redressal Mechanism in the Bank and efforts are made to resolve the complaints within the time frame. Customer complaints are resolved completely to the satisfaction of customers. The Bank has constituted Customer Service Committees at branch level and Standing Committee of Customer Service at HO Level,



which includes representative from the customers. These Committees meet periodically to evaluate and monitor customer service and address deficiencies. Customer Service Committee of the Board is also reviewing customer service on quarterly basis.

Banking Codes and Standards Board of India (BCSBI)

Bank, being a member of BCSBI has adopted the voluntary Codes formulated by BCSBI i.e. (i) 'Code of Bank's Commitment to Customers' (ii) 'Code of Bank's Commitment to micro and Small Enterprises.' Bank has formulated and complied with several policies as per the guidelines of BCSBI. A session on customer service incorporating the provisions of the Codes has been included in the staff general banking training programmes in order to comply with the Codes in true letter and spirit.

Information Technology

The Bank has implemented Integrated Human Resources Management System, Integrated Treasury Management system and Integrated Risk Management system. ITMS, HRMS and IRMS have been operationalised and integrated with the Core Banking System. ITMS project has met all the objectives with the setting up a DR setup at Mumbai. HRMS has also met most of the objectives and DR for the project has been sanctioned and will be set up shortly. IRMS is expected to be fully implemented by the end of this financial year.

Having brought all branches under Core Banking Solution, RTGS and NEFT services are available to the Bank's customers from all its branches. Since STP has been enabled in RTGS and NEFT, the customers can enjoy the benefit of immediate inter bank and intra bank fund transfer facility.

ATMs

205 more ATMs were operationalised during the year 2011-12, taking the number of ATMs to 750 as at the end of March 2012. Bank's customers can also access over 91,000 ATMs connected under National financial Switch (NFS) across the country.

Internal Control

The Bank has well documented policies like IT & IS Security, Internet Banking Policy, IT Procurement Policy, Internet usage Policy, e-mail policy, Business Continuity Policy,

Disaster Recovery Policy, Outsourcing Policy etc. covering wide range of functions at the field and administrative levels. Adequate controls are also built in to mitigate the risks associated with each of the activities. These policies were subjected to review during the year 2012-13. Separate policies have been brought out for Incident management, Vulnerability and penetration test as part of IS Security policy.

Core Banking solution and its progress

The Bank achieved 100% CBS which facilitates services like anywhere banking, Internet Banking, online transactions etc. to its customers. With 100% CBS, the Bank has moved closer to offer real time banking facilities to its customers. Passbook Kiosk has been made operationalised in HAL III stage Branch and is likely to be implemented in important centers/ branches.

Alternate Delivery Channels:

A number of activities were undertaken to ensure that technology driven Alternate Delivery Channels are utilized to the mutual advantage of the customers and the Bank. Mailers were sent to customers highlighting the advantages of using Alternate delivery Channels like internet banking, use of Debit Card, on-line purchases, and funds transfer through RTGS/NEFT etc. Training programmes are conducted by Staff College to familiarize the staff members with the products so that these facilities percolate to the customer in a professional manner.

In the process of offering additional technology oriented services, e-Deposit, new deposit product was launched in 2011. E-Deposit is a convenient, speedy way for the V-Net customers to obtain a Fixed Deposit instantly, without approaching the branch.

Networking

Bank has brought all its branches, extension counters and offices under the corporate WAN and achieved 100 % networking of the branches. It has also used the latest technologies like MPLS, Radio frequency, CDMA etc. for establishing connectivity.

Internet Banking:

V-Net Banking, the internet banking channel of the Bank is providing services like balance enquiry, account statement, intra bank funds transfer, transaction related SMS alerts,



payment of indirect taxes, direct taxes and utility bills etc. with convenience of doing the same from wherever they like through Internet. With all the branches working with Core Banking Solution, all customers of the Bank can avail this facility.

Mobile Banking:

V-Mobile Banking, the channel of the Bank is providing services like balance enquiry, account statement, intra and inter bank funds transfer and utility bills etc. with convenience of doing the same from their hand set. Inter Bank Mobile Payment System (IMPS) an initiative from NPCI is already implemented for the benefit of customers.

Cheque Truncation system:

As directed by the Reserve Bank of India, the Bank has implemented cheque truncation system in NCR of Delhi and Chennai. As per the roadmap of NPCI, Grid Clearing with Chennai as the hub has been envisaged for the States of Tamil Nadu, Karnataka and Kerala covering 18 centres. Accordingly, pilot implementation has commenced in Bangalore and Coimbatore and our Bank has participated in the pilot phase in both the centres.

Depository participant account and Online trading:

The Bank has facilitated opening and maintaining demat accounts. Since shares can be now held in only demat form, this is another essential service that customers need. Online trading in our bank is an internet based investment activity that involves no direct involvement of the broker. The customer has to register with an online trading portal (currently paisabuilder.com) and get into an agreement to trade in different securities following the terms and conditions listed down on the agreement. The order processing is done in correct timings as the servers of the online trading portal are connected to the stock exchange and Vijaya Bank all round the clock. Customers can also get updates on the trading and check the current status of their orders either through e-mail or through the interface.

LAPS (Loan Application Processing system):

The Bank has now implemented a software solution for processing of loan applications – both corporate and retail, which would enable faster processing of loans. It would also make the processing of loans more objective since the criteria for the same are defined in the software. This would enable the branches to give up-to-date information to customers regarding their loan application.

Government Business Module (GBM)

Government Business module is implemented with the following modules.

- o OLTAS Module which deals with Direct and Indirect Taxes and remittance of tax amount to RBI through link cell, Nagpur.
- o Public Provident Fund - PPF is being accepted at the designated branches of the Bank.
- o Centralized Payment of Pension - A dedicated Centralized Pension payment processing cell has been created at HO. All types of pension like State, Central, Civil, Telecom, Defence, Judges and Freedom Fighters pension is being paid centrally by the CPPC cell at HO.
- o Senior Citizens Savings Scheme as per the government guidelines is also implemented in the Bank.

Call Center

Call center provides a number of advantages to companies as the support services are available 24 hours a day, 7 days a week. By centralizing telephone-based service and support in one location, Bank can easily adjust staffing to match call volume.

SMS alerts

The bank also offers SMS alert service. Messages are sent for all transactions of ₹ 2000 and above and when cheques are returned with irrespective of the amount.

Projects identified for implementation

Near Site for CBS data updation

Recovery point objective (RPO) is the maximum amount of loss of data and Recovery Time objective (RTO) is the maximum duration of time to restore the operations, envisaged as acceptable, in the event of a disaster. Since RPO is very critical for a financial institution, the Bank is planning to set up a near site in Bangalore, for the critical applications like Core Banking, Internet Banking and RTGS for achieving zero Recovery Point Objective (RPO).

IT Security Initiatives :

Bank has initiated for establishment of Security operations Center with Security Information and Event Management Solution (SIEM) solution & Correlation tool, which will help in analyzing all events and detect attack patterns if any.



Bank has initiated ISO27001 certification process for Bank's Datacenter, DR Site and DIT and expecting to complete the certification process by Apr 2012. The certification will provide confidence to our customers and partners that our Bank is following Industry best practices related Information Security.

Bank has initiated process for implementing Risk based authentication solution with 2Factor authentication for Internet Banking application, and expected to be completed by August 2012 which will make our Internet Banking application more secure and increase comfort level for customers in using Internet Banking.

Bank has implemented Anti-Phishing & Malware scanning solution for Internet Banking, wherein we are able to know proactively about the phishing websites of our Internet Banking website and informing CERT-In to take down such sites.

Bank has taken membership in Data Security Council of India and getting all updates regarding the latest trends in Information Security.

Human Resources Management

Manpower & Staff Productivity:

The total staff strength of the Bank stood at 11838 in March 2012 as compared to 11,415 in March 2011. Of the total staff, 5258 are Officers, 4051 Clerical Staff, 2208 Sub-staff, and 321 Part-time Employees in the subordinate cadre. The number of women employees as at the end of March 2012 stood at 2674 consisting of 1014 Officers and 1660 Award Staff constituting 22.59% of total employees in the Bank. As at the end of March 2012 there were 210 employees belonging to Handicapped Category and 602 employees belonging to Ex-Servicemen Category.

Business per employee as of March 2012 is ₹ 12.31 against ₹ 11.05 crore for the financial year ending March 2011.

Recruitment:

During the year the Bank has appointed 653 Officers in different Grades/Scales and 447 Probationary Clerks. Bank has also appointed 229 Peons and 71 Armed guard. The Bank has initiated the process of recruitment of 819 officers in different grades/scales, through direct recruitment mode. Bank has issued appointment orders to 250 Part Time Sweeper in 1/3rd scale wages.

Promotions:

The promotions effected during the year 2011-2012 are furnished hereunder:

Sl. No.	Promotion from	Promotion to	Total promoted
1	TEGS-VI	TEGS-VII	02
2	SMGS-V	TEGS-VI	11
3	SMGS-IV	SMGS-V	29
4	MMGS-III	SMGS-IV	95
5	MMGS-II	MMGS-III	117
6	JMGS-I	MMGS-II	Under process
7	Clerical	JMGS-I	158
8	Substaff	Clerk	137

Training:

The training system in the Bank has been strengthened by providing additional competent manpower and increasing the budgetary allocation. The courses have been redesigned keeping in mind the essential inputs required for the employees to effectively handle the present & future assignments and to perform their duties and responsibilities effectively in the highly competitive tech-based customer-driven banking environment. The Bank is also imparting training to its employees through some reputed external training institutions in certain specialized areas like Treasury Management, Risk Management, FOREX, HR, Marketing, etc. During the last financial year the Bank has imparted training to 7314 employees constituting 61.78% of the total employees. Out of which, 6943 employees had undergone training in the Bank's own establishments and 371 were trained at the reputed external training institutions including some overseas institutions.

SC/ST Employees:

Out of the total manpower of 11838 as at the end of March 2012, 1922 employees belong to SC category and 660 to ST category. A separate Cell for SC/ST has been created in Personnel Dept, HO to look into the matters pertaining to the SC/ST employees and also to supervise prompt implementation of Government of India guidelines in service matters in respect of SCs/STs. SC/ST Cells are functioning in all the Regional Offices as well. Each Cell has a designated liaison officer to attend to the grievances of the SC/ST employees. At the Head Office, one of the officers in Top Executive Cadre has been designated as the Chief Liaison Officer for SC/ST employees in the Bank and he is being assisted by a separate Cell consisting of senior



officials. The Chief Liaison Officer is involved in all the policy decisions concerning SC/ST employees. Besides, quarterly meetings are being held between representatives of SC/ST employees' welfare association and the management. Relationship between the Bank and SC/ST employees association continues to be cordial. The Bank is arranging pre-recruitment/ pre-promotion training for SCs/STs regularly.

Further, the Bank has designated one General Manager as Chief Liaison Officer to attend to the grievances of OBC and Minority Community Employees. Our Bank is complying with all the Policy Guidelines laid down by the Govt. of India pertaining to reservation of posts for SC/ST employees, OBC & Minority employees including Persons with Disability.

Staff Relation:

The pro-active and humanistic approach undertaken by the Bank has yielded positive results and the Bank is showing progressive growth consistently with the collective efforts of the management and employees of the Bank. The climate is positive and the same is echoed in the form of exponential growth of the Bank during the financial year ending March 2012. The industrial relations in the Bank have been cordial and harmonious. There was no agitation or unrest during the year by the employees relating to issues pertaining to our Bank. The consultative committee meetings and negotiating committee meetings were held with the representatives of the recognized unions at regular intervals to sort out the grievances of the employees and settle the disputes, if any, amicably and the said meetings are attended by the top executives of the Bank.

Sports Activities:

Basketball:

Our Basketball Team emerged winners in the State Association Cup and State 1st Division League Tournaments for the year 2011. Sri Sanjay Raj and Sri Srinivas Naik were the stellar performers during the course of the Tournament. Sri Basavaraj Murgod, Sri Sanjay Raj and Sri Srinivas Naik represented Karnataka in the Senior Nationals held at Chennai during November 2011.

Kabaddi:

Our Kabaddi Team won the State Level Dasara Cup Tournament held in Bangalore in October 2011. Sri Prashanth Rai and Sri H.S.Keerthi are the rising stars for

VIJAYA BANK and have a bright future ahead of them. Sri H.S.Keerthi represented Karnataka in the South Zone Nationals at Hyderabad and also represented Karnataka in the Super Nationals at Mumbai in December 2011.

Cricket:

Sri R.Vinay Kumar, Member of our Cricket team has represented India in the Test Debut at Perth. He is also the current captain of the Karnataka Ranji Team. Sri C.M.Gautam and Sri S.L. Akshay represented Karnataka in the Ranji Trophy for the year 2011-12.

Staff welfare measures:

The Bank is having various staff welfare schemes such as Canteen Subsidy, Conveyance expenses reimbursement, Annual Health Check up, Health Clinic at HO, Annual Medical Aid to the employees retired on superannuation, Newspaper reimbursement, Grant of Silver Jubilee awards, House Rent Reimbursement, Holiday Homes at Bangalore, Mysore, Ooty, Delhi & Mumbai, etc.,

The Bank is having a separate Staff Welfare Fund Trust with an objective to provide welfare facilities to the employees and their dependents viz., Awarding scholarships to the wards of the employees, reimbursement of residual claim of hospitalization expenses, reimbursement of cost of spectacles, funeral expenses to the dependents of the deceased employee and incentive to the employees who retire from the services of the bank on attaining the age of superannuation etc.,

The bank is also administering Family Welfare Scheme under which amounts collected from the members of scheme are distributed among the family members (nominees) of deceased employees.

Human Resources Management System:

With a view to streamline the process of faster decision making and enable error-free data management pertaining to the employees at a centralized location at Head Office, the Bank has implemented HRMS (Peoplesoft) Software.

Housekeeping

Reconciliation with regard to all inter bank transactions have been drawn upto 31.03.2012. As against the Reserve Bank of India Benchmark of six months for reconciliation of outstanding inter branch entries, our present status is 3



months. All outstanding entries under different sensitive accounts are being followed up promptly. Except entries relating to pending court cases, all other long outstanding entries have been eliminated.

Internal Inspection

The Bank has put in place a well-defined Internal Audit policy. The Audit Committee of the Board oversees the performance of audit functions on a regular basis, providing guidance and directions for improvement in the audit system and internal controls in the Bank.

During the financial year, the Bank has conducted Risk Based Internal Audit (RBIA) of all the 897 programmed branches. Upon assessment of Risk rating, 73.02 % of these branches have secured "Low Risk".

In addition, inspection of 12 Service Branches, 13 RACPCs, 8 Regional Offices and 5 Head Office Departments was conducted during the year. Besides, 1200 branches were programmed for IS Audit and audit of all these programmed branches were completed before 31.03.2012.

Bank has covered 78.02% of its business under Concurrent Audit in 267 branches/offices as against RBI stipulation to cover atleast 50% of business. Bank is making use of Information Technology in its audit system including Risk Based Internal Audit (RBIA) for generating various value added reports.

Know Your Customer (KYC), Anti Money Laundering (AML) and Combating of Financing of Terrorism (CFT)

Bank has in place a Policy on 'Know Your Customer', 'Anti Money Laundering' and 'Combating of Financing of Terrorism' and is being overseen by the KYC Cell constituted at H.O. and at Regional Office by a designated Nodal Officer. The Policy Guidelines was first issued in 2005 and is being updated from time to time.

The ongoing implementation of KYC Norms and AML guidelines is being checked by the Internal Inspectors, Concurrent Auditors, Vigilance inspectors and Executives on their Branch visit. Every Regional Office has a Nodal Officer to overlook the implementation at the branches and submit a monthly certificate confirming implementation of KYC Norms. The Top Management is being informed of the compliance periodically.

The necessary changes are made in the Account Opening Forms to collect details on KYC Norms, Customer Profile and Risk Categorisation. System support is made to check the level of KYC compliance in an account before any cheque book is issued on any account.

A System support, to check the customer's names with that in the UN list of terrorists and also on the level of KYC compliance in each account is made available. As a part of Anti money laundering control, cash transactions and suspicious transactions are being viewed and monitored at H.O. through exclusive AMLock Software.

Vigilance

The Vigilance Department at Head Office is headed by Chief Vigilance Officer of the rank of General Manager who is holding concurrent charge since the erstwhile Chief Vigilance Officer retired from the services of the Bank on 30/11/2011. The Fraud Prevention & Monitoring Cell is also functioning under Vigilance Department. The Vigilance Department oversees all vigilance works of the Bank as per the guidelines given by Central Vigilance Commission. Cases of frauds involving ₹ 1.00 lakh & above are placed before the Board of Directors, reports forwarded to RBI as and when frauds are detected and reported. The Audit Committee of the Board is also apprised of frauds of ₹ 1.00 lakh & above on quarterly basis. In compliance with RBI guidelines, a Special Committee of the Board is constituted to review large value of frauds involving ₹ 1.00 crore & above. After studying modus operandi of frauds detected, Bank issues suitable instructions to the field functionaries as a preventive Vigilance measure. In addition, Vigilance Department carries out surprise inspection of branches, concentrating on preventive vigilance. These are done by Field Vigilance Officers stationed at Regional Offices. All efforts are made to plug the loopholes in the existing system to prevent recurrence of similar frauds and to strengthen the preventive vigilance.

Compliance

Board approved Compliance Policy is a requirement under the extant RBI guidelines and accordingly, the Bank has adopted Compliance Policy. The Compliance Department, H.O. ensures compliance with various communications received at Head Office from Govt of India, Reserve Bank of India, IBA and others by sending all such communications to the concerned operational Departments for necessary action. The Compliance Department is headed by the Chief



Compliance Officer who is of the Rank of a Deputy General Manager.

Right to Information Act 2005

Government of India enacted Right to Information Act, 2005 which came into force on October 12, 2005. The Act provides right to every citizen to secure/ access to information under the control of Public Authorities. It aims to promote openness, transparency and accountability in administration and in relation to matter connected therewith or incidental thereto.

The second line Executive at Regional Office is designated as the Public Information Officer and the Regional Head of the Regional Office is designated as the Appellate Authority under the Act. At the Head Office a Deputy General Manager is designated as Public Information Officer and a General Manager of the Bank as the Appellate Authority.

Information sought under the Act is being provided within the prescribed time frame. During 2011-12, bank as a whole has received and disposed of 1048 applications and 78 appeals under the Act.

Security Arrangement

The Bank has a well established security set up within the Bank's organizational structure with clear cut delegation of authority and responsibility.

The Department has reviewed and strengthened security arrangements at all Currency Chests and Bank branches. The Regional Security Officers carry out branch inspection visits at regular intervals to assess the security arrangements in vogue and suggest means for strengthening these arrangements. The Regional Security Officers maintain close liaison with the law enforcing agencies. The security arrangements in the Bank have been geared up to meet the prevailing security scenario.

Bank security is being strengthened to be more effective, modern and an unobtrusive Security System. The Access Control system at all Banks Currency chests has been strengthened in terms of RBI guidelines. A proper system of regulating access to Currency chest strong rooms and proper records of entry into/exit from the Vault Room of the chest is being maintained. Biometric access control systems have been installed at all currency chest of the Bank to strengthen access control measures.

Essential and mandatory security arrangements in terms of RBI/IBA guidelines are provided to almost all branches. Security Alarm Systems are installed at all branches and currency chests. Strong room conforming to RBI specification is provided to 1220 branches.

The Bank has a total of 28 (twenty eight) currency chests. Police guards have been provided to 27 currency chests. The Bank has outsourced round the clock guarding of Bhubaneswar Chest to a Private Security Agency sponsored by DGR. Efforts are continuing for deployment of Armed Police Guards at Bhubaneswar Currency chest. Training including firing practice for Armed Guards deployed at currency chests/branches is imparted on an annual basis. Security Committees formed at Regional Offices and at Head Office meet periodically to review security aspects.

CCTV Surveillance System have been installed at 240 identified vulnerable branches in the first phase, keeping in view the threat perception, volume of cash and valuables handled and need for continuous surveillance. CCTV systems shall be installed at remaining vulnerable branches in a phased manner.

Implementation of Official Language

Bank is devoted for implementation of Government's Official Language Policy. With the efforts of staff members Bank could achieve Hindi correspondence target in all the region viz. 'A', 'B' & 'C' as on 31.03.2012.

Four of the Bank's Regional Offices conducted Hindi symposium in which teachers & students of various Colleges/ Universities, customers and staff members participated. 6 Special Hindi workshops were conducted in which 126 Bank Executives participated. 56 Hindi workshops were conducted for staff members in which 1003 staff members were trained.

Training programmes for employees of the Bank from all the cadres were conducted in mixed languages apart from English and Hindi.

The Parliamentary Committee on Official Language (Draft and Evidence Committee) had discussions with the Town Official Language Implementation Committees (TOLIC) of Jaipur City in which our Jaipur branch has also participated. The Bank has a Bilingual website which is updated from time-to-time. Rajbhasha segment has been started in Bank's



internal portal 'V-Gyan Kendra' where information regarding Rajbhasha is available.

Conference was conducted for Rajbhasha Adhikaris in Region 'A' - Delhi.

Awards

Our Head Office, Bangalore was awarded I Prize by Town Official Language Implementation Committee (Banks'), Bangalore; our R.S.Puram-Coimbatore Branch was awarded I Prize by Town Official Language Implementation Committee, Coimbatore under 'Bank Branch Category'; our Rourkela Branch was awarded I Prize by Town Official Language Implementation Committee, Rourkela for the year 2010-11.

Our Bank conducted inter-bank competitions under the aegis of various Town Official Language Implementation Committees all over India.

Under the Bank's Internal Rajbhasha Shield Scheme for the year 2010-11 Personnel Department was awarded I Prize, Staff College-Bangalore II Prize and Vigilance Department was awarded III Prize under HO Department Category for effective implementation of Official Language. Under Best Region Category Hyderabad Region was awarded I Prize, Delhi Region II Prize and Nagpur Region III Prize.

Corporate Social Responsibility

To commemorate the 80th Foundation Day of the Bank, various welfare measures were taken up which are beneficial to the weaker sections of the society. Eight villages viz. Bhilay (Madhya Pradesh), Agadi (Karnataka), Madhapura Doddi (Karnataka), Tenkabellur (Karnataka), Chikkamagdur (Karnataka) Paruldanga (West Bengal), Olanda Saragaon (West Bengal), and Haripura (Rajasthan) were adopted by the bank. The following activities were taken up in these villages:

- Established a Rural Health Centre and provided free services of a doctor and medicines at a Capital cost of ₹ 10000.00 and a recurring cost of ₹ 15000 per month for each village.
- Adoption of one girl child with Educational expenses borne by the Bank up to graduation level.
- Construction of Bus Shelter in the village incurring a cost of ₹ 2 lakh per village.

- Providing of water tank and construction of flag mast to village schools at a cost of ₹ 20,000 per village.

Bank constructed a bus shelter a cost of ₹ 1.50 Lakhs in Wazirpur village in Rajasthan state. Besides, Bank also was instrumental in setting up a Computer training centre at Mangalore for imparting free computer training to the under privileged children. Bank also provided Cots and essential furniture items to Daari Deepa Old Age Home at Ramnagara district of Karnataka State.

Board Meetings and meetings of other Sub-Committees of the Board

During the year, 13 Meetings of the Board of Directors, 18 Meetings of the Management Committee of the Board, 9 Meetings of the Audit Committee of the Board, 4 Meetings of the Directors' Promotion Committee, 5 Meetings of the Risk Management Committee of the Board, 4 Meetings of the Committee to Review Large Value Frauds of Rs. 1 crore and above, 1 Meeting of the Remuneration Committee, 2 Meetings of the Nomination Committee, 4 Meetings of the Customer Service Committee, 4 Meetings of the Shareholders'/Investors' Grievances Committee, 11 Meetings of the Share Transfer Committee and 1 Meeting of the Share Allotment Committee were held.

Board of Directors

During the year 2011-12, the following changes have taken place.

1. Shri. H.S Upendra Kamath has been appointed as Chairman & Managing Director of the Bank w.e.f. 01.04.2011 vice Shri. Albert Tauro retired from the services of the Bank on attaining superannuation on 31.03.2011.
2. Shri. Prakash Chandra Nalwaya has been appointed as Non Official Director under CA category on the Bank's Board. w.e.f.20.05.2011
3. The tenure of Shri. Sridhar Cherukuri, Non Official Director appointed by the Government of India has come to an end on 09.07.2011.
4. Three Shareholder Directors viz., (i) Smt. Bharati Rao, (ii) Shri. Nishank Kumar Jain and (iii) Shri. P. Vaidyanathan were elected w.e.f. 08.08.2011 vice Shri. Ashok Kumar, Shri. Ashok Kumar Shetty and Shri. S. Ananthan, Shareholder Directors, whose term of Directorship had come to an end on 07.08.2011.



5. The tenure of Shri. Ranjan Shetty, Officer-Employee Director has come to an end on 08.09.2011.
6. Shri. Ashok Gupta has been appointed as Non Official Director on the Bank's Board with effect from 11.11.2011.
7. Shri. V.K Chopra, Deputy Secretary Dept. of Financial Services was appointed as Govt. Nominee Director vice Shri. L.K. Meena w.e.f. 02.12.2011.
8. Shri. H. Harish Ballal was appointed as Officer-employee Director w.e.f. 25.01.2012 vice Shri. Ranjan Shetty.
9. The tenure of Shri B. Ibrahim, Non Official Director, has come to an end on 02.03.2012.

The Bank's Board as on 31st March, 2012 consists of the following Directors:

1. Shri. H.S Upendra Kamath, Chairman & Managing Director
2. Smt. Shubhalakshmi Panse, Executive Director
3. Shri. V K Chopra, Government. Nominee Director
4. Smt. Suma Varma, RBI Nominee Director
5. Shri. Suresh Kamath, Workmen Director
6. Shri. Prakash Chandra Nalwaya, Non Official Director
7. Smt. Bharati Rao, Shareholder Director
8. Shri. Nishank Kumar Jain, Shareholder Director

9. Shri. P Vaidyanathan, Shareholder Director
10. Shri. Ashok Gupta, Non Official Director
11. Shri. H. Harish Ballal, Officer-employee Director

The Board of Directors placed on record its appreciation of the valuable services rendered by Shri. Sridhar Cherukuri, Shri. Ashok Kumar, Shri. Ashok Kumar Shetty, Shri. S. Ananthan, Shri. Ranjan Shetty, Shri. L K Meena and Shri. B. Ibrahim as Directors during their tenure of Directorship in the Bank.

Acknowledgement

The Board of Directors place on record their sincere appreciation for the excellent support and co-operation extended to the Bank by all customers, shareholders, staff members, financial institutions and other Banks, the Reserve Bank of India, the State Governments, the Securities and Exchange Board of India and the Government of India in improving its overall performance during the year 2011-12.

For and on behalf of the Board of Directors

Head Office, Bangalore

H.S. Upendra Kamath

Dated the 30th April, 2012 Chairman & Managing Director



REPORT OF THE BOARD OF DIRECTORS OF VIJAYA BANK ON CORPORATE GOVERNANCE 2011-12

1. INTRODUCTION

Bank endeavors to attain highest standard of Corporate Governance mandated by the Listing Agreement entered into with Stock Exchanges and also as per the recommendations of Dr. Ganguly Committee Report on Corporate Governance. Bank remains committed to its responsibilities towards all its Stakeholders including the Customers, Shareholders, Employees, General Public, Society, Patrons, Government and Regulators. Bank has adopted the best practices in terms of disclosures, transparency, business ethics that are aimed at adding to the intrinsic value of the stakeholders of this great institution.

2. BANK'S PHILOSOPHY ON CODE OF GOVERNANCE

Bank's Corporate Governance philosophy is woven around its total commitment to ethical practices in the conduct of its business, while striving to enhance shareholders' value. Corporate Governance stands for responsible and value creating management and control of the Bank. Bank's policies and practices are not only consistent with statutory requirements, but are also based on its commitment to operate in the best interest of the Stakeholders.

Bank defines Corporate Governance as a systematic process by which Organisations are directed and controlled to enhance their wealth generating capacity. Since Corporates employ a vast quantum of resources of the society, it is necessary that these resources are utilized in a manner that meets stakeholders' aspirations and society's expectations.

Bank's Corporate Governance principles are based on the following broad ethos:

1. Generating profitable growth to ensure sustainable success. This helps wealth maximization of our stakeholders.
2. Satisfying the spirit of the law and not just the letter by maintaining high degree of transparency and disclosure level.
3. Maintaining a work force as a network of knowledge and learning. Our corporate culture is open dialogue, mutual respect, clear goals and decisive leadership.
4. A management which is open, transparent, proactive, merit based and free from bias ensuring fair justice to all sections of the society.
5. Proclaiming congenial environment for employees, customers and society at large.

Thus bank considers itself as a Trustee of the Shareholders and Stake holders and acknowledges the fiduciary responsibility towards them by creating and safeguarding their wealth. Bank adopts this through efficient corporate strategies, proactive business plans, policies and procedures to satisfy ethical and legal responsibilities.

Green Initiatives in Corporate Governance taken by Ministry of Corporate Affairs (MCA)

Ministry of Corporate Affairs has issued circulars giving clarification regarding service of documents/notices including copies of Annual Financial Results to shareholders in electronic form rather than sending through physical mode. This will benefit the society at large through reduction in paper consumption and in turn protect our trees which would contribute towards a sustainable greener environment. Sending of documents / communications through electronic mode also ensures prompt communication and avoid their loss in transit. We have requested all our shareholders to register their e mail address with us to enable us to comply with the Green Initiatives envisaged by the GOI.

3. BOARD OF DIRECTORS

Good Corporate Governance starts at the top, with the Board of Directors and the Top Management who take appropriate decisions and guide the Bank in achieving highest standards of excellence. Bank's Board is constituted in accordance with The Banking Companies (Acquisition & Transfer of Undertakings) Act, 1980 and Nationalized banks (Management & Miscellaneous Provisions) Scheme, 1980.

**3.1. Composition of Board of Directors as on 31.03.2012**

EXECUTIVE	2
NON-EXECUTIVE	9
TOTAL	11

The Directors have been contributing their diversified knowledge, experience and expertise in respective areas of their specialization for the development of the Bank. The composition of the Board is in conformity of the Listing Agreements entered into with Stock Exchanges.

3.2. Particulars of Board of Directors

Sl. No.	Name of Director	Designation	Nature of Directorship	Date of Assuming Office
1.	Shri H.S.Upendra Kamath *	Chairman & Managing Director	Executive	w.e.f. 01.04.2011
2.	Smt Shubhalakshmi Panse	Executive Director	Executive	w.e.f.20.11.2009
3.	Shri L.K. Meena [£]	Nominee-GOI	Non Executive	w.e.f.29.10.2010
4.	Shri V.K. Chopra [£]	Nominee-GOI	Non Executive	w.e.f.02.12.2011
5.	Smt Suma Varma	Nominee-RBI	Non Executive	w.e.f.30.07.2010
6.	Shri Suresh Kamath	Workmen Director	Non Executive	w.e.f. 02.11.2010
7.	Shri Sridhar Cherukuri ^β	Non Official Director	Non Executive Independent	w.e.f. 10.07.2008
8.	Shri Ashok Kumar Shetty *	Nominee – Shareholders	Non Executive Independent	w.e.f. 08.08.2008
9.	Shri Ashok Kumar, IAS (Retd) *	Nominee – Shareholders	Non Executive Independent	w.e.f.08.08.2008
10.	Shri S. Ananthan *	Nominee – Shareholders	Non Executive Independent	w.e.f.08.08.2008
11.	Shri Ranjan Shetty [€]	Officer-Employee Director	Non Executive	w.e.f 09.09.2008
12.	Shri Prakashchandra Nalwaya [¥]	Non Official Director	Non Executive Independent	w.e.f 20.05.2011
13.	Smt Bharati Rao [©]	Nominee-Shareholders	Non Executive Independent	w.e.f 08.08.2011
14.	Shri N.K. Jain [©]	Nominee-Shareholders	Non Executive Independent	w.e.f 08.08.2011
15.	Shri P. Vaidyanathan [©]	Nominee-Shareholders	Non Executive Independent	w.e.f 08.08.2011
16.	Shri Ashok Gupta *	Non Official Director	Non Executive Independent	w.e.f 11.11.2011
17.	Shri H. Harish Ballal [€]	Officer-Employee Director	Non Executive	w.e.f 25.01.2012
18.	Shri B Ibrahim *	Non Official Director	Non Executive Independent	w.e.f 02.03.2009

GOI – Government of India
RBI – Reserve Bank of India



- * Shri H.S. Upendra Kamath was appointed as Chairman & Managing Director of the Bank by Government of India vide notification F.No.9/6/2009-BO.1 dated 01.09.2010 vice Shri Albert Tauro, who retired on 31.03.2011, on attaining superannuation.
- £ Shri V.K. Chopra was appointed as GOI-Nominee Director by Govt of India vide notification F.No.6/1/2010.BO.1. dated 02.12.2011 vice Shri L.K. Meena.
- β Shri Sridhar Cherukuri ceased to be Director of the Bank on completion of his term on 09.07.2011.
- ♣ Shri Ashok Kumar Shetty, Shri Ashok Kumar IAS (Retd) and Shri S. Ananthan ceased to be Shareholder Directors of the Bank on completion of their 3 years' term on 07.08.2011.
- € Shri Ranjan Shetty ceased to be Director on completion his term as Officer Employee Director on 08.09.2011 and Shri Harish Ballal was appointed as Officer Employee Director by Govt. of India vide notification F.No.6/13/2011-BO-1 dated 25.01.2012.
- ¥ Shri Prakash Chandra Nalwaya was nominated as part time non-official Director vide Govt of India notification No.F.No.6/55/2010-BO.1 dated 20.05.2011.
- © Smt Bharati Rao, Shri P. Vaidyanathan and Shri Nishank Kumar Jain were elected as Shareholder Directors for a period of three years w.e.f 08.08.2011 at the AGM of the Bank held on 29.07.2011.
- Shri Ashok Gupta was nominated as part time non-official Director vide Govt of India notification F.No.6/58/2010-BO-1 dated 11.11.2011.
- ♣ Shri B. Ibrahim ceased to be Director of the Bank on completion of his 3 years' term on 01.03.2012.

3.3 Profile of Directors Appointed During the Year 2011-2012

NAME	Shri H.S.Upendra Kamath
DATE OF BIRTH	14.12.1953
AGE	58 Years
QUALIFICATIONS	B.Com. CAIIB
NATURE OF APPOINTMENT AS DIRECTOR	Chairman and Managing Director Shri H.S. Upendra Kamath was appointed as Chairman and Managing Director of the Bank by Government of India, under sub section 3 (a) of Section 9 of Banking Companies (Acquisition & Transfer of Undertakings) Act,1980, vide notification No.F.No.9/6/2009-BO.1 dated.01.09.2010.
EXPERIENCE	Shri H.S. Upendra Kamath joined Union Bank of India in the year 1973. He has wide experience in the field of Banking for about 38 years. He held various positions in Union Bank of India. He rose to the position of General Manager in Union Bank of India in 2006 and was in charge of the Corporate Credit Department of the Bank at the Head Office of Union Bank of India, till his elevation as Executive Director in Canara Bank in March 2009. As Executive Director of Canara Bank, he was on the Board of Canara HSBC OBC Life Insurance Corporation Ltd, Canbank Securities Ltd, Canbank Venture Capital Fund Ltd and Canbank Factors Ltd. He also served as member of important external Committees like RBI Working Group on BPLR, IBA Committee on Retail Banking and was Deputy Chairman of Commercial Bank of India LLC, Moscow.



	<p>Widely travelled within and outside the country, Shri H.S. Upendra Kamath is known for his expertise in Treasury & International Banking Operations, Corporate Finance & Advances to MSME, Credit Administration & Monitoring, Recovery Management, Risk Management, Priority Sector Advances, Financial Inclusion, Retail Banking, Marketing & Customer Service etc. He was a member of the delegation which represented India along with Honorable President of India during her visit to China in the year 2010. He attended several global seminars and conferences.</p> <p>Shri H.S. Upendra Kamath received several national awards and his extensive knowledge of the entire gamut of banking practices always stood in good stead in discharging his duties to perfection. He is a proven leader who would always enhance the strength of our Bank.</p>
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NAME	Shri V.K. Chopra
DATE OF BIRTH	30.07.1954
AGE	58 Years
QUALIFICATION	B.A.
NATURE OF APPOINTMENT AS DIRECTOR	Nominee-GOI Shri Vijay Kumar Chopra was appointed as GOI Nominee Director of the Bank, under clause (b) of sub section (3) of Section 9 of Banking Companies (Acquisition & Transfer of Undertakings) Act,1970/1980, read with sub-clause(1) of clause 3 of The Nationalised Banks' (Management & Miscellaneous Provisions) scheme 1980 vide Govt's Notification F.No.6/1/2010-BO.I dated 02.12.2011.
EXPERIENCE	Shri V.K. Chopra joined the service of Govt of India in the Ministry of Home Affairs during January 1979. He worked in various capacities in the Union Territories Division and Police Division of Ministry of Home affairs. He also worked in the Cabinet Secretariat for a period of three years. He worked in the Ministry of Steel and dealt with administrative matters of two PSUs and also with the matters relating to Ship Recycling Industry. He joined Dept of Financial Services in September 2010 and is working as Deputy Secretary (DRT) at present. He is also a Government Nominee Director on the Board of IFCI.

NAME	Shri Prakashchandra Nalwaya
DATE OF BIRTH	28.03.1956
AGE	56
QUALIFICATIONS	B.Com. FCA
NATURE OF APPOINTMENT AS DIRECTOR	Part time Non Official Director Shri Prakash Chandra Nalwaya was nominated as part-time Non-Official Director under Chartered Accountant Category on the Board under sub-section 3(g) of section 9 of the Banking Companies (Acquisition & Transfer of Undertakings) Act , 1970/1980, vide Govt's Notification F.no.6/55/2010-BO.1 dated 20.05.2011.



EXPERIENCE	<p>Shri Prakash Chandra Nalwaya hails from Udiapur, Rajasthan and is a practicing Chartered Accountant with more than 29 years of experience.</p> <p>He was nominated as a professional Director on the Board of Udaipur Urban Co-Operative Bank Ltd by RBI during 2004-2006. He was a member of the Professional Development Committee of ICAI, National Accounting Committee of ICAI and was Ex-Chairman of Udaipur Chapter of ICAI.</p> <p>He has been Statutory Central Auditor for several Banks, NBFCs, Insurance Companies and Industries in public & private sector.</p>
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NAME	Smt Bharati Rao
DATE OF BIRTH	15.10.1948
AGE	63 years
QUALIFICATIONS	MA(Economics), CAIIB.
NATURE OF APPOINTMENT AS DIRECTOR	<p>Shareholder Director</p> <p>Smt. Bharati Rao was elected as a Shareholder Director at the 11th Annual General Meeting of the Bank held on 29.07.2011.</p>
EXPERIENCE	<p>Smt. Bharati Rao joined as a Probationary Officer in SBI in the year 1972 and worked in different capacities in SBI. She rose to the position of General Manager-Project Finance during 2001-2003. She worked in the Off Shore Banking Unit of the Bank in Singapore for 5 years. As General Manager, she was in charge of structuring project finance for infrastructural and telecom projects.</p> <p>She was promoted as Chief General Manager in the year 2003 and was in charge of Bank's foreign offices. In 2006 she became Deputy Managing Director of the Bank and was in charge of Credit and Risk Management. In 2007-08, she was in charge of Human Resources Dept. in SBI. During this time Smt.Bharati Rao held concurrent charge of SBI's seven associate banks and seven non banking subsidiaries.</p> <p>After retiring from SBI in 2008, Smt. Bharati Rao worked as advisor to SBI on Mergers and Acquisitions till 2009. At present she is Director on the Board of various subsidiaries of SBI such as SBI Capital Markets Ltd, SBI Caps (UK), SBI Ventures, SBI Securities, SBI Global Trade Finance and is Advisor to several Companies.</p>

NAME	Shri Vaidyanathan. P
DATE OF BIRTH	29.10.1947
AGE	64 years
QUALIFICATIONS	BCOM, FCA,AICWA,ACS.
NATURE OF APPOINTMENT AS DIRECTOR	<p>Shareholder Director</p> <p>Shri P. Vaidyanathan was elected as a Shareholder Director at the 11th Annual General Meeting of the Bank held on 29.07.2011.</p>
EXPERIENCE	<p>Shri P. Vaidyanathan is a Chartered Accountant , Cost Accountant & a Company Secretary by qualification. He was the Non Executive Chairman of the City Union Bank Ltd during 2009-2011. He is a member of the Disciplinary Action Committee of NSDL & Investors' Education and Protection Fund Committee, managed by Dept. of Corporate Affairs, MOF, Government of India.</p>



	<p>He is Director on the Board of various Companies like Hatsun Agro Products Ltd, Suja Shoei Industries P Ltd, Edelweiss Tokio Life Insurance Co Ltd, Embassy Property Developments Ltd, Economist Communications Ltd and Angel Equity Management P Ltd. He is member on the Advisory Board of Shriram Group of Companies.</p> <p>Shri P. Vaidyanathn is a pioneer in Financial Services with over 35 years of Experience. He promoted Integrated Enterprises (India) Ltd and is the Editor of the magazine on financial planning, financial products etc - "The Integrated Share News". He is a regular speaker on forums relating to Financial Management matters.</p>
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NAME	Shri Nishank Kumar Jain
DATE OF BIRTH	05.08.1964
AGE	48Years
QUALIFICATIONS	B.A.LLB.
NATURE OF APPOINTMENT AS DIRECTOR	Shareholder Director Shri Nishank Kumar Jain was elected as a Shareholder Director at the 11th Annual General Meeting of the Bank held on 29.07.2011.
EXPERIENCE	Shri Nishak Kumar jain was very active in school/ college union and cultural activities. He held various positions such as president of LBS College Students' Union etc. Shri Jain is a social worker hailing from Vidisha District in Madhya Pradesh. He was a youth co-ordinator in charge of Maharashtra Public Accounts Committee & member BSNL. He was a Non Official Director of the Bank earlier during the period 2008-2011.

NAME	Shri Ashok Gupta
DATE OF BIRTH	29.01.1957
AGE	55
QUALIFICATIONS	B.Com (Hons). FCA
NATURE OF APPOINTMENT AS DIRECTOR	Part Time Non Official Director Shri Ashok Gupta was nominated as part-time Non-Official Director on the Board under sub-section 3(h) and (3-A) of section 9 of the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970/1980, vide Govt's notification F.No.6/58/2010-BO.1 dated 11.11.2011.
EXPERIENCE	Shri Ashok Gupta is a practicing Chartered Accountant at Delhi with 29 years of experience. He was a Director on the Board of Indian Bank during the period from 2005-2009. He is a Special Director (BIFR nominee) on the Board of HMT Machine Tools Ltd. Shri Ashok Gupta was a co-opted member to the Corporate Laws Committee of ICAI during 2004-2005. He was a special invitee member of the Fiscal Laws Committee / Direct Taxes Committee of ICAI during 2005-2009. He contributed several articles to the journal of ICAI - "The Chartered Accountant". He represented ICAI in IDW Congress in Berlin in 1991. As a Chartered Accountant, he was a faculty for several workshops organized by Indian Audit & Accounts Dept of Principal Director of Commercial Audit and was ex officio member of the Audit Board, Govt. of India.



NAME	Shri H.Harish Ballal
DATE OF BIRTH	28.09.1955
AGE	57 years
QUALIFICATIONS	M.Com. CAIIB
NATURE OF APPOINTMENT AS DIRECTOR	Officer Employee Director Shri H Harish Ballal was nominated as Officer Employee Director vide Govt of India notification F.No.6/13/2011-BO-1 dated 25.01.2012.
EXPERIENCE	Shri Harish Ballal holds a Master Degree in Commerce and is a Certified Associate of Indian Institute of Bankers. He worked in various branches of the Bank at different parts of the country in various capacities such as Assistant Manager, Branch Manager, Inspecting Official etc. At present, he is part of the faculty team as Senior Manager, at our Bank's Staff Training College, Bangalore, imparting knowledge to Bank's Staff. Shri Harish Ballal is an active Trade Unionist, who held various positions in All India Vijaya Bank Officers' Association. At present he is the Vice President of the Association. He has vast experience in banking & trade union activities for the last 33 years.

3.4. Board Meetings:

During the year under review, 13 Board Meetings were held on following dates as against minimum of 6 meetings prescribed under Clause 12 of Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1980.

28.04.2011	26.05.2011	28.06.2011	28.07.2011	07.09.2011	28.09.2011	21.10.2011
31.10.2011	26.11.2011	28.12.2011	25.01.2012	18.02.2012	16.03.2012	

The details of attendance of the Directors at the Board Meetings held during their respective tenure are as under.

3.5. Details of Attendance of the Directors at the Board Meetings:

Sl. No.	Name of Director	Period	Meetings held during the period of their tenure	Meetings Attended	Attendance in last AGM
1.	Shri H.S. Upendra Kamath	01.04.2011-31.03.2012	13	13	YES
2.	Smt Shubhalakshmi Panse	01.04.2011-31.03.2012	13	13	YES
3.	Shri L.K. Meena	01.04.2011-01.12.2011	9	8	NO
4.	Shri V.K. Chopra	02.12.2011-31.03.2012	4	3	NA
5.	Smt Suma Varma	01.04.2011-31.03.2012	13	11	NO
6.	Shri Suresh Kamath	01.04.2011-31.03.2012	13	13	NO
7.	Shri Sridhar Cherukuri	01.04.2011-09.07.2011	3	3	NA
8.	Shri Ashok Kumar Shetty	01.04.2011-07.08.2011	4	4	YES
9.	Shri Ashok Kumar, IAS (Retd)	01.04.2011-07.08.2011	4	4	YES
10.	Shri S. Ananthan	01.04.2011-07.08.2011	4	4	YES
11.	Shri Ranjan Shetty	01.04.2011-08.09.2011	5	5	YES
12.	Shri Prakashchandra Nalwaya	20.05.2011-31.03.2012	12	11	YES
13.	Smt Bharati Rao	08.08.2011-31.03.2012	9	8	NA
14.	Shri N.K. Jain	08.08.2011-31.03.2012	9	9	NA
15.	Shri P. Vaidyanathan	08.08.2011-31.03.2012	9	9	NA
16.	Shri Ashok Gupta	11.11.2011-31.03.2012	5	5	NA
17.	Shri H. Harish Ballal	25.01.2012-31.03.2012	2	2	NA
18.	Shri B. Ibrahim	01.04.2011-01.03.2012	13	12	YES



4. COMMITTEES OF BOARD :

In line with the requirements of SEBI and RBI, the Board has constituted the following Committees of Directors. These Committees monitor the activities falling within their terms of reference and as per guidelines of SEBI and RBI. The Board constituted the following committees:-

1. Management Committee	8. Directors' Promotion Committee
2. Audit Committee	9. Customer Service Committee
3. Shareholders' / Investors' Grievances Committee	10. Remuneration Committee
4. Share Transfer Committee	11. Nomination Committee
5. Risk Management Committee	12. Special Committee for Settling Election Disputes
6. Committee to Review High Value Frauds	13. Allotment Committee
7. Credit Approval Committee	

4.1. Management Committee of Board

The Management Committee of the Board is constituted in pursuance of Clause 13 of Nationalized Banks' (Management and Miscellaneous Provisions) Scheme, 1980, read with the directives of the Ministry of Finance, Government of India. Management Committee of the Board has been constituted to consider various business matters of material significance like approval for introduction of new deposit schemes, sanction of limits whether fund based or non fund based, compromise/write-off, sanction of capital and revenue expenditure, investments, donations etc. The Committee exercises such powers as may be delegated to it by the Board with the approval of Central Government and concurrence of Reserve Bank of India.

During the period under review, the Management Committee of the Board (MCB) met 18 times. The details of meetings of MCB held during the year & the attendance of Director members are as detailed below:

19.04.2011	27.04.2011	26.05.2011	14.06.2011	28.06.2011	16.07.2011
25.07.2011	13.08.2011	30.08.2011	07.09.2011	29.09.2011	17.10.2011
09.11.2011	26.11.2011	09.12.2011	28.12.2011	25.01.2012	16.03.2012

4.1.1 Details of Attendance of the Directors at the MCB Meetings:

Sl. No.	Name of Director	Designation	Period	Meetings held during the period of their tenure	Meetings Attended
1.	SHRI H.S. UPENDRA KAMATH ¹ Chairman & Managing Director	CHAIRMAN	01.04.2011 - 31.03.2012	18	17
2.	SMT. SHUBHALAKSHMI PANSE Executive Director	MEMBER	01.04.2011 - 31.03.2012	18	18
3.	SMT. SUMA VARMA RBI Nominee Director - Non Executive	MEMBER	01.04.2011 - 31.03.2012	18	17
4.	SHRI SURESH KAMATH*2 Workmen Director- Non Executive	MEMBER	01.04.2011 - 01.07.2011 & 16.03.2012 - 31.03.2012	6	6
5.	SHRI B. IBRAHIM ³ Non Official Director- Non Executive	MEMBER	01.04.2011 - 08.07.2011	5	5
6.	SHRI S. ANANTHAN ⁴ Shareholder Director - Non Executive	MEMBER	01.04.2011 - 07.08.2011	7	6
7.	SHRI P.C.NALWAYA ⁵ Non Official Director - Non Executive	MEMBER	20.05.2011 - 31.03.2012	16	14
8.	SHRI RANJAN SHETTY ⁶ Officer Employee Director - Non Executive	MEMBER	09.07.2011 - 08.09.2011	5	5



Sl. No.	Name of Director	Designation	Period	Meetings held during the period of their tenure	Meetings Attended
9.	SHRI NISHANK KUMAR JAIN ⁷ Shareholder Director - Non Executive	MEMBER	07.09.2011 - 06.03.2012	7	7
10.	SMT. BHARATI RAO ⁸ Shareholder Director- Non Executive	MEMBER	07.09.2011 - 06.03.2012	7	6
11.	SHRI P. VAIDYANATHAN ⁹ Shareholder Director- Non Executive	MEMBER	07.09.2011 - 06.03.2012	7	7
12.	SHRI H. HARISH BALLAL ¹⁰ Officer Employee Director- Non Executive	MEMBER	16.03.2012 - 31.03.2012	1	1
13.	SHRI ASHOK GUPTA ¹¹ Non Official Director- Non Executive	MEMBER	16.03.2012 - 31.03.2012	1	1
14.	SHRI ASHOK KUMAR SHETTY ¹² Shareholder Director- Non Executive	MEMBER	02.07.2011 - 07.08.2011	2	2

- *1 Shri H.S. Upendra Kamath became the Chairman of the Management Committee of the Board on his appointment as CMD of the Bank by GOI, vide notification F.No.9/6/2009-BO.1 dated 01.09.2010.
- *2 Shri Suresh Kamath was a member of the Committee during the period from 01.04.2011 to 01.07.2011 and is a member from 16.03.2012.
- *3 Shri B. Ibrahim was a member of the Committee during the period from 01.04.2011 to 08.07.2011.
- *4 Shri S. Ananthan was a member of the Committee during the period from 01.04.2011 to 07.08.2011.
- *5 Shri P.C. Nalwaya has been a member of the Committee from 20.05.2011.
- *6 Shri Ranjan Shetty was a member of the Committee during the period from 09.07.2011 to 08.09.2011.
- *7 Shri N.K. Jain was a member of the Committee during the period from 07.09.2011 to 06.03.2012.
- *8 Smt Bharati Rao was a member of the Committee from 07.09.2011 to 06.03.2012.
- *9 Shri P. Vaidyanathan was a member of the Committee during the period 07.09.2011 to 06.03.2012.
- *10 Shri H. Harish Ballal is a member of the Committee from 16.03.2012.
- *11 Shri Ashok Gupta is a member of the Committee from 16.03.2012.
- *12 Shri Ashok Kumar Shetty was a member of the Committee from 02.07.2011 to 07.08.2011.

4.2 Audit Committee of the Board

The directives of Reserve Bank of India, provisions of Companies Act, 1956 and Listing Agreements govern the formation and functioning of Audit Committee of the Board (ACB). The ACB provides direction as also oversees the operation of the total audit function in the Bank comprising the organization and quality control of internal audit and inspection within the Bank and follows up the statutory/external audit of the Bank and inspections of Reserve Bank of India. All the members of the Committee are financially literate.

The functions of Audit Committee include the following:

- ❖ Overseeing the Bank's financial reporting process and ensuring correct, adequate and credible disclosure of financial information.
- ❖ Reviewing with the Management, Quarterly Financial Statements with special emphasis on accounting policies and practices, compliance of Accounting Standards and other legal requirements concerning financial statements, qualifications in the Audit Report, compliance with Stock Exchange and legal requirements concerning financial institutions, related party transactions etc.
- ❖ Reviews the findings of investigation by the internal auditors into matters where fraud is suspected or irregularity or failure of internal control system is observed and suggests strengthening of control mechanism.
- ❖ Interacts with Statutory Central Auditors before the finalization of the annual / half yearly and quarterly accounts and reports, focusing on the changes in accounting policies and practices, qualification in the draft Audit Report etc.



- ❖ Looking into the reasons for substantial defaults in the payments to the depositors, shareholders, debenture holders and creditors, if any.
- ❖ Reviewing with the management, the performance of statutory and internal auditors and adequacy of internal control system, discussion with internal auditors any significant findings and follow up there on.
- ❖ The Committee specially focuses on the follow up on:
 - a) Inter Branch Adjustment Accounts
 - b) Unreconciled long standing entries in Inter Branch Accounts & NOSTRO Accounts
 - c) Arrears in balancing of books at various branches.
 - d) Frauds and
 - e) Major areas of house keeping.

The Bank in its appreciation of the fundamentals of Corporate Governance and in pursuance of directives of Reserve Bank of India has constituted an Audit Committee of the Board comprising of 5 Directors, with Non-Executive Independent Director with financial knowledge as the Chairman of the Committee.

As per the requirements of RBI, the meetings of the Audit Committee should ordinarily be held at least once in a quarter and not less than six times in a year. During the year, the Audit Committee met 9 times on the following dates:

28.04.2011	25.07.2011	28.07.2011	28.09.2011	21.10.2011
31.10.2011	10.12.2011	25.01.2012	17.03.2012	

4.2.1. Details of Attendance of the Directors at the ACB Meetings:

Sl. No.	Name of Director	Designation	Period	Meetings held during the period of their tenure	Meetings Attended
1.	SHRI S. ANANTHAN ^{*1} Shareholder Director- Non Executive (Chartered Accountant)	CHAIRMAN	01.04.2011 - 08.07.2011	1	1
2.	SHRI P.C. NALWAYA ^{*2} Non Official Director-Non-Executive (Chartered Accountant)	CHAIRMAN	09.07.2011 - 31.03.2012	8	8
3.	SMT. SHUBHALAKSHMI PANSE Executive Director	MEMBER	01.04.2011 - 31.03.2012	9	9
4.	SHRI L.K. MEENA ^{*3} GOI Nominee- Non Executive Director	MEMBER	01.04.2011 - 02.12.2011	6	5
5.	SMT.SUMA VARMA RBI Nominee- Non Executive Director	MEMBER	01.04.2011 - 31.03.2012	9	8
6.	SHRI V.K. CHOPRA ^{*4} GOI Nominee-Non Executive Director	MEMBER	02.12.2011 - 31.03.2012	3	2
7.	SMT. BHARATI RAO ^{*5} Shareholder Director – Non Executive	MEMBER	02.03.2012 - 31.03.2012	1	1
8.	SHRI B. IBRAHIM ^{*6} Non Executive Director – Non Executive	MEMBER	01.04.2011 - 01.03.2012	8	8

^{*1} Shri S. Ananthan ceased to be Chairman of the Committee on 08.07.2011.

^{*2} Shri P.C. Nalwaya has become the Chairman of the Committee w.e.f. 09.07.2011.

^{*3} Shri L.K. Meena ceased to be a member of the Committee on 02.12.2011 on his retirement from Board.

^{*4} Shri V.K. Chopra was nominated as a member of the Committee w.e.f 02.12.2011

^{*5} Smt Bharati Rao was nominated as a member of the Committee w.e.f. 02.03.2012.

^{*6} Shri B. Ibrahim ceased to be member of the Committee on 01.03.2012 on his retirement from the Board.



4.3 Shareholders'/Investors' Grievances Committee:

The Shareholders'/Investors' Committee was constituted by the Bank with the purpose of redressal of Shareholders' and Investors' complaints on matters of their interest.

The Committee monitors the shareholders' grievances with respect to transfers, transmission, splitting and consolidation of shares issued by the bank and any other grievances of the shareholders. The Committee further monitors the redressal of investors' complaints in a time bound manner.

The Committee met 4 times during the year under review on the following dates.

26.05.2011	25.07.2011	21.10.2011	16.03.2012
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4.3.1. Details of Attendance of the Directors at the Shareholders'/Investors' Grievances Committee:

Sl. No.	Name of Director	Designation	Period	Meetings held during the Period of their tenure	Meeting Attended
1.	SHRI S. ANANTHAN ^{#1} Shareholder Director	CHAIRMAN	01.04.2011 - 07.08.2011	2	1
2.	SHRI P. VAIDYANATHAN ^{#2} Shareholder Director	CHAIRMAN	07.09.2011 - 31.03.2012	2	2
3.	SMT. SHUBHALAKSHMI PANSE Executive Director	MEMBER	01.04.2011 - 31.03.2012	4	4
4.	SHRI NISHANK KUMAR JAIN ^{#3} Shareholder Director	MEMBER	07.09.2011 - 31.03.2012	2	2
5.	SHRI ASHOK KUMAR IAS(RTD) ^{#4} Shareholder Director	MEMBER	01.04.2011 - 07.08.2011	2	2
6.	SHRI ASHOK KUMAR SHETTY ^{#5} Shareholder Director	MEMBER	01.04.2011 - 07.08.2011	2	2
7.	SHRI RANJAN SHETTY ^{#6} Officer Employee Director	MEMBER	01.04.2011 - 06.09.2011	2	2
8.	SHRI H. HARISH BALLAL ^{#7} Officer Employee Director	MEMBER	16.03.2012 - 31.03.2012	1	1
9.	SHRI B. IBRAHIM ^{#8} Non Executive Director	MEMBER	07.09.2011 - 01.03.2012	1	1
10.	SMT. BHARATI RAO ^{#9} Shareholder Director	MEMBER	07.09.2011 - 31.03.2012	2	2

^{#1} Shri S.Ananthan was a Chairman of the Committee from 01.04.2011 to 07.08.2011.

^{#2} Shri P.Vaidyanathan became the Chairman of the Committee w.e.f 07.09.2011.

^{#3} Shri Nishak Kumar Jain is a member of the Committee w.e.f.07.09.2011.

^{#4} Shri Ashok Kumar IAS (Retd) was a member of the Committee from 01.04.2011 to 07.08.2011.

^{#5} Shri Ashok Kumar Shetty was a member of the Committee from 01.04.2011 to 07.08.2011.

^{#6} Shri Ranjan Shetty was a member of the Committee from 01.04.2011 to 06.09.2011.

^{#7} Shri H.Harish Ballal has become the member of the Committee w.e.f 16.03.2012.

^{#8} Shri B.Ibrahim was a member of the Committee from 07.09.2011 to 01.03.2012.

^{#9} Smt Bharati Rao became member of the Committee w.e.f. 07.09.2011.

Shri K.Gopalakrishnan Nair, Company Secretary has been functioning as Compliance Officer for the purpose of complying with various provisions of Securities & Exchange Board of India, Listing Agreements with Stock Exchanges and for monitoring the share transfer process etc.



4.4. Share Transfer Committee:

Besides the Directors' Sub Committee on Share holders'/ Investors' Grievances, the Bank constituted a Share Transfer Committee of Directors with Chairman and Managing Director or Executive Director (in the absence of CMD) and two Non-Executive Directors as its members. The Committee meets at least once in a fortnight with a view to effect speedy transfer of shares. The Committee met 11 times during the period under review with details as under. Further, some of the share transfers were approved by agendas sent to the Committee members by circulation, which were subsequently approved and ratified in the regular meetings.

28.04.2011	26.05.2011	28.06.2011	28.07.2011	07.09.2011	28.09.2011
31.10.2011	26.11.2011	28.12.2011	25.01.2012	16.03.2012	

4.4.1. Details of Attendance of the Directors at the Share Transfer Committee

Sl. No.	Name of Director	Designation	Period	Meetings held during the period of their tenure	Meetings Attended
1.	SHRI H.S. UPENDRA KAMATH #1 Chairman & Managing Director	CHAIRMAN	01.04.2011 - 31.03.2012	11	11
2.	SHRI SURESH KAMATH Workmen Director	MEMBER	01.04.2011 - 31.03.2012	11	11
3.	SHRI SRIDHAR CHERUKURI #2 Non Executive Director	MEMBER	01.04.2011 - 09.07.2011	3	3
4.	SHRI ASHOK KUMAR IAS (RETD)#3 Shareholder Director	MEMBER	10.07.2011 - 07.08.2011	1	1
5.	SHRI NISHANK KUMAR JAIN #4 Shareholder Director	MEMBER	01.09.2011 - 31.03.2012	7	7

#1 Shri H.S. Upendra Kamath became the Chairman of the Share Transfer Committee of the Board on his appointment as CMD of the Bank by GOI ,vide notification F.No.9/6/2009-BO.1 dated 01.09.2010.

#2 Shri Sridhar Cherukuri was a member of the Committee from 01.04.2011 to 09.07.2011.

#3 Shri Ashok Kumar IAS (Retd) was a member of the Committee from 10.07.2011 to 07.08.2011.

#4 Shri Nishank Kumar Jain is a member of the Committee from 01.09.2011.

4.5. Risk Management Committee:

In terms of the recommendations of Dr. Ganguly Committee, the Risk Management Committee of the Board was constituted on 23.07.2003, to devise Bank's Risk Management Policies and Strategies for Integrated Risk Management and to co-ordinate with different Risk management Committees in the Bank.

Functions of the Committee

1. To devise the Risk Management Policies and Strategies for Integrated Risk Management and to co-ordinate with the different Risk Management Committees in the Bank.
2. Framing policies and guidelines for risk measurement.
3. Management and reporting in all the areas of risk.
4. Ensuring that risk management process (including people, system, operation, limit and control) satisfies Bank's policy.
5. Ensuring robustness of financial models and the effectiveness of all systems used to calculate risk.

The Committee met 5 times during the period under review with details as under.

26.05.2011	16.07.2011	29.09.2011	09.12.2011	16.03.2012
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4.5.1. Details of Attendance of the Directors at the Risk Management Committee :

Sl. No.	Name of Director	Designation	Period	Meetings held during the period of their tenure	Meetings Attended
1.	SHRI H.S. UPENDRA KAMATH ^{#1} Chairman & Managing Director	CHAIRMAN	01.04.2011 - 31.03.2012	5	5
2.	SMT.SHUBHALAKSHMI PANSE Executive Director	MEMBER	01.04.2011 - 31.03.2012	5	5
3.	SHRI RANJAN SHETTY ^{#2} Officer Employee Director	MEMBER	01.04.2011 - 06.09.2011	2	2
4.	SHRI ASHOK KUMAR IAS (Retd) ^{#3} Shareholder Director	MEMBER	01.04.2011 - 07.08.2011	2	2
5.	SHRI S. ANANTHAN ^{#4} Shareholder Director	MEMBER	01.04.2011 - 07.08.2011	2	1
6.	SHRI SURESH KAMATH ^{#5} Workmen Director	MEMBER	07.09.2011 - 31.03.2012	3	3
7.	SMT. BHARATI RAO ^{#6} Shareholder Director	MEMBER	07.09.2011 - 31.03.2012	3	3
8.	SHRI P. VAIDYANATHAN ^{#7} Shareholder Director	MEMBER	07.09.2011 - 31.03.2012	3	3

^{#1} Shri H.S. Upendra Kamath became the Chairman of the Risk management Committee of the Board on his appointment as CMD of the Bank by GOI ,vide notification F.No.9/6/2009-BO.1 dated 01.09.2010.

^{#2} Shri Ranjan Shetty was a member of the Committee from 01.04.2011 to 06.09.2011.

^{#3} Shri Ashok Kumar IAS (Retd) was a member of the Committee from 01.04.2011 to 07.08.2011.

^{#4} Shri S.Ananthan was a member of the Committee from 01.04.2011 to 07.08.2011.

^{#5} Shri Suresh Kamath is a member of the Committee w.e.f 07.09.2011.

^{#6} Smt. Bharati Rao is a member of the Committee w.e.f.07.09.2011.

^{#7} Shri P.Vaidyanathan is a member of the Committee w.e.f.07.09.2011.

4.6. Committee to Review High Value Frauds

With a view to provide focussed attention on monitoring of frauds involving amounts of rupees one Crore and above, a Committee of the Board was constituted in terms of the guidelines of Reserve Bank of India.

The Committee met 4 times during the period under review, as under:

26.05.2011	07.09.2011	26.11.2011	16.03.2012
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4.6.1 Details of Attendance of the Directors at the Committee to Review High Value Fraud Cases :

Sl. No.	Name of Director	Designation	Period	Meetings held during the period of their tenure	Meetings Attended
1.	SHRI H.S. UPENDRA KAMATH ^{#1} Chairman & Managing Director	CHAIRMAN	01.04.2011 - 31.03.2012	4	4
2.	SMT.SHUBHALAKSHMI PANSE Executive Director	MEMBER	01.04.2011 - 31.03.2012	4	4
3.	SHRI ASHOK KUMAR SHETTY ^{#2} Non Executive Director	MEMBER	01.04.2011 - 07.08.2011	1	1
4.	SHRI SRIDHAR CHERUKURI ^{#3} Non Executive Director	MEMBER	01.04.2011 - 09.07.2011	1	1



Sl. No.	Name of Director	Designation	Period	Meetings held during the period of their tenure	Meetings Attended
5.	SHRI SURESH KAMATH ^{*4} Workmen Director	MEMBER	01.04.2011 - 06.09.2011	1	1
6.	SHRI P. VAIDYANATHAN ^{*5} Shareholder Director	MEMBER	07.09.2011 - 31.03.2012	3	3
7.	SMT. BHARATI RAO ^{*6} Shareholder Director	MEMBER	07.09.2011 - 31.03.2012	3	2
8.	SHRI NISHANK KUMAR JAIN ^{*7} Shareholder Director	MEMBER	07.09.2011 - 31.03.2012	3	3

*1 Shri H.S.Upendra Kamath became the Chairman of the Committee to Review High Value Fraud cases , on his appointment as CMD of the Bank by Govt of India.

*2 Shri Ashok Kumar Shetty was a member of the Committee from 01.04.2011 to 07.08.2011.

*3 Shri Sridhar Cherukuri was a member of the Committee from 01.04.2011 to 09.07.2011.

*4 Shri Suresh Kamath was a member of the Committee from 01.04.2011 to 06.09.2011.

*5 Shri P.Vaidyanathan is a member of the Committee w.e.f. 07.09.2011.

*6 Smt Bharati Rao is a member of the Committee w.e.f. 07.09.2011.

*7 Shri Nishank Kumar Jain is member of the Committee w.e.f. 07.09.2011.

4.7. Customer Service Committee

Pursuant to directives of RBI, Customer Service Committee has been constituted by the Board on 08.09.2004.

The Customer Service Committee of the Board is expected to:

1. Oversee the functioning of the Bank's Adhoc Committee on Procedures and Performance Audit on Customer Services.
2. Address the formulation of a Comprehensive Deposit Policy, incorporating issues such as the treatment of death of a depositor for operations of his account, product approval process, annual survey of depositor satisfaction and triennial audit of such services.
3. Introduce innovative measures for enhancing the quality of customer service
4. Improve the level of customer satisfaction for all categories of clientele at all times.

The Committee met 4 times during the period under review as under:

16.07.2011	29.09.2011	28.12.2011	16.03.2012
------------	------------	------------	------------

4.7.1 Details of Attendance of the Directors at the Customer Service Committee

Sl. No.	Name of Director	Designation	Period	Meetings held during the period of their tenure	Meetings Attended
1.	SHRI H.S. UPENDRA KAMATH ^{*1} Chairman & Managing Director	CHAIRMAN	01.04.2011 - 31.03.2012	4	4
2.	SMT.SHUBHALAKSHMI PANSE Executive Director	MEMBER	01.04.2011- 31.03.2012	4	4
3.	SHRI B.T. RUDRAPPA Representative of customers	MEMBER	01.04.2011 - 31.03.2012	4	3
4.	SHRI RANJAN SHETTY ^{*2} Officer Employee Director	MEMBER	01.04.2011- 06.09.2011	1	1



Sl. No.	Name of Director	Designation	Period	Meetings held during the period of their tenure	Meetings Attended
5.	SHRI SURESH KAMATH ³ Workmen Director	MEMBER	07.09.2011 - 31.03.2012	3	3
6.	SHRI ASHOK KUMAR SHETTY ⁴ Shareholder Director	MEMBER	01.04.2011 - 07.08.2011	1	1
7.	SHRI B. IBRAHIM ⁵ Non Executive Director	MEMBER	07.09.2011- 01.03.2012	2	2
8.	SHRI P. VAIDYANATHAN ⁶ Shareholder Director	MEMBER	16.03.2012 - 31.03.2012	-	-

¹ Shri H.S. Upendra Kamath became the Chairman of the Customer Service Committee, on his appointment as CMD of the Bank.

² Shri Ranjan Shetty was a member of the Committee from 01.04.2011 to 06.09.2011.

³ Shri Suresh Kamath is a member of the Committee w.e.f. 07.09.2011.

⁴ Shri Asok Kumar Shetty was a member of the Committee from 01.04.2011 to 07.08.2011.

⁵ Shri B. Ibrahim was a member of the Committee from 07.09.2011 to 01.03.2012.

⁶ Shri P. Vaidyanathan is a member of the Committee w.e.f. 16.03.2012.

4.8. Directors' Promotion Committee

A Special Committee was formed in terms of Regulation 19(2) of the Vijaya Bank (Officers') Service Regulations, 1982 to review the cases of executives in SMG Scale-V and above. The Committee oversees disciplinary cases and promotions of top executives (Scale VII) of the Bank.

It was constituted for the purpose of review and retirement of officer employees on or at any time after the completion of 55 years of age or at any time after completion of 30 years of total service. The membership comprises of CMD, Executive Director, Government Director and RBI Nominee Director.

The Committee met 4 times during the period under review as under:

28.06.2011	07.09.2011	28.12.2011	16.03.2012
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4.8.1. Details of Attendance of the Directors at the Directors Promotion Committee :

Sl. No.	Name of Director	Designation	Period	Meetings held during the period of their tenure	Meetings Attended
1.	SHRI H.S.UPENDRA KAMATH ¹ Chairman & Managing Director	CHAIRMAN	01.04.2011 - 31.03.2012	4	4
2.	SMT.SHUBHALAKSHMI PANSE Executive Director	MEMBER	01.04.2011 - 31.03.2012	4	4
3.	SHRI L. K.MEENA ² GOI Nominee-Non Executive Director	MEMBER	01.04.2011 - 01.12.2011	2	2
4.	SHRI V.K .CHOPRA ³ GOI Nominee-Non Executive Director	MEMBER	02.12.2011 - 31.03.2012	2	1
5.	SMT.SUMA VARMA RBI Nominee-Non Executive Director	MEMBER	01.04.2011 - 31.03.2012	4	3

¹ Shri H.S. Upendra Kamath became the Chairman of the Directors' Promotion Committee, on his appointment as CMD of the Bank.

² Shri L.K. Meena was a member of the Committee during 01.04.2011 to 01.12.2011.

³ Shri V.K. Chopra became member of the Committee w.e.f 02.12.2011.

**4.9. REMUNERATION COMMITTEE**

Remuneration to Whole Time Directors is paid as per Government of India guidelines. In terms of the GOI letter F.No.20/1/2005-BO.1 Dt.09.03.2007, Board of Directors of the Bank constituted the Remuneration Committee on 30.07.2007. The Committee is formed to evaluate the performance linked incentives to whole time Directors, viz., Chairman & Managing Director and the Executive Director and to award eligible incentive as on 31st March of the relevant year.

The details of remuneration including performance linked incentive paid to CMD and ED during the year 2011-2012 are as detailed below:

Particulars	Shri H.S. Upendra Kamath(CMD)	Mrs. Shubhalakshmi Panse (ED)
Salary	₹ 14,15,625.00	₹ 12,95,945.90
Allowances	--	--
Contribution on PF	₹ 90,600.00	₹ 82,149.00
Other-performance Linked Incentive	--	₹ 4,00,000.00
	--	--
Other(LFC,etc.)	--	--
Other Perquisites	₹ 15,06,225.00	₹ 17,78,094.90
Total	--	--
Stock Option	--	--

The Non Executive/Independent Directors are not being paid any remuneration, except the Sitting Fees, traveling and halting expenses for attending the meetings of the Board / Committees as per the guidelines of Government of India. The sitting fees are paid as per Government of India directives.

The Committee met on 26.05.2011 during the period under review.

4.9.1. Details of Attendance of the Directors at the Remuneration Committee

Sl. No.	Name of Director	Designation	Period	Meetings held during the period of their tenure	Meetings Attended
1.	SHRI L.K. MEENA GOI Nominee-Non Executive Director	CHAIRMAN	01.04.2011 - 01.12.2011	1	1
2.	SHRI V.K. CHOPRA GOI Nominee-Non Executive Director	CHAIRMAN	02.12.2011 - 31.03.2012	-	-
3.	SMT. SUMA VARMA RBI Nominee-Non Executive	MEMBER	01.04.2011 - 31.03.2012	1	1
4.	SHRI B. IBRAHIM Non Official Director-Non Executive	MEMBER	01.04.2011 - 06.09.2011	1	1
5.	SHRI SRIDHAR CHERUKURI Non Official Director-Non Executive	MEMBER	01.04.2011 - 09.07.2011	1	1
6.	SHRI P.C. NALWAYA Non Official Director-Non Executive	MEMBER	07.09.2011 - 31.03.2012	-	-
7.	SHRI ASHOK GUPTA Non Official Director-Non Executive	MEMBER	16.03.2012 - 31.03.2012	-	-

4.10. NOMINATION COMMITTEE

As directed by the Reserve Bank of India, vide their letter DBOD.No.BC.No.47/29.39001/2007-08 dated 01.11.2007, the Nomination Committee of the Board was constituted on 28.12.2007, to undertake process of due diligence to determine the 'fit and proper' status of existing elected Directors/the persons to be elected as Directors under Sec.9 (3) (i) of the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1980. The Committee consists of three Directors as members:

The Committee met twice during the period under review on 28.06.2011 & 16.07.2011 and found that the persons elected as Directors fulfill the 'fit and proper' criteria stipulated by the Reserve Bank of India.



4.10.1. Details of Attendance of the Directors at the Nomination Committee

Sl. No.	Name of Director	Designation	Period	Meetings held during the period of their tenure	Meetings Attended
1.	SHRI L K MEENA* GOI Nominee-Non Executive Director	CHAIRMAN	01.04.2011 - 01.12.2011	2	2
2.	SHRI V K CHOPRA* GOI Nominee-Non Executive Director	CHAIRMAN	02.12.2011 - 31.03.2012	-	-
3.	SHRI B IBRAHIM@ Non Official Director-Non Executive	MEMBER	01.04.2011 - 01.03.2012	2	2
4.	SHRI ASHOK GUPTA# Non Official Director-Non Executive	MEMBER	16.03.2012 - 31.03.2012	-	-
5.	SHRI P C NALWAYA# Non Official Director-Non Executive	MEMBER	10.07.2011 - 31.03.2012	1	1
6.	SHRI SRIDHAR CHERUKURI % Non Official Director-Non Executive	MEMBER	01.04.2011 - 09.07.2011	1	1

* Shri V.K. Chopra became Chairman of the Committee vice Shri L.K. Meena w.e.f 02.12.2011.

@ Shri B. Ibrahim ceased to be a member of the Committee w.e.f. 02.03.2012.

Shri Ashok Gupta and Shri P.C. Nalwaya became members of the Committee w.e.f 16.03.2012 and 10.07.2011 respectively.

% Shri Sridhar Cherukuri ceased to be Director w.e.f 10.07.2011.

4.11 COMMITTEE TO SETTLE ELECTION DISPUTES

A Special Committee was formed in terms of Clause (b) & (c) of Subsection (3) of Section 9 of the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1980. As per this Clause, the Committee consists of the following members:

- | | | |
|-----------------------------------|---|---------------------------|
| 1. Chairman and Managing Director | : | Chairman of the Committee |
| 2. Government Nominee Director | : | Member |
| 3. RBI Nominee Director | : | Member |

During the year no meeting of the Committee was held.

4.12 ALLOTMENT COMMITTEE

Board of Directors in its meeting held on 16.03.2012, constituted an Allotment Committee of the Board for allotting equity shares to LIC of India on preferential basis. The Committee consists of Shri P. Vaidyanathan, Shareholder Director as Chairman, Smt.Shubhalakshmi Panse, Executive Director, Smt.Bharati Rao, Shareholder Director and Shri H. Harish Ballal, Officer Director as members. The Committee met on 31.03.2012 and allotted 2,28,72,258 shares of ₹ 10 each at a premium of ₹ 54.27 (i.e at an issue price of ₹ 64.27 per share) aggregating to an amount of ₹ 147 crore after ensuring that all relevant approvals have been obtained from the statutory authorities/ regulatory bodies.

Details of Attendance of the Directors at the Allotment Committee:

Sl. No.	Name of Director	Designation	Meeting held (31.03.2012)	Meeting Attended
1.	SHRI P. VAIDYANATHAN Shareholder Director-Non Executive	CHAIRMAN	1	1
2.	SMT. SHUBHALAKSHMI PANSE Executive Director	MEMBER	1	1
3.	SMT. BHARATI RAO Shareholder Director-Non Executive	MEMBER	1	0
4.	SHRI H. HARISH BALLAL Officer Director - Non Executive	MEMBER	1	1



4.13 CREDIT APPROVAL COMMITTEE(CAC)

Board of Directors in its meeting held on 28.12.2011 approved constitution of Credit Approval Committee of the Board as per the direction of Government of India vide communication bearing reference no 13/1/2006-BO.1 dated 5th December, 2011. The Committee shall exercise powers of Board with regard to sanction of credit proposals upto ₹ 400 crore in case of category 'A' Banks having business of ₹ Three Lakh Crore or more and credit proposals upto ₹ 250 crore in case of other Nationalized Banks. Credit proposals exceeding the delegated powers of Officials of the Bank including C&MD shall be placed to this Committee for approval. Credit proposals above this limit shall continue to be placed before the Management Committee of the Board for sanctions. Besides sanctioning the credit proposals (funded and non funded), loan compromise/ write of proposals upto an amount of ₹ 4 crore (excluding fraud cases which will continue to be placed to the MCB) will also be placed to this Committee. The meetings of CAC shall be attended by the C&MD and one Executive Director. The minutes of the CAC shall be placed in the next meeting of the Board.

During the year 11 meetings of CAC were held, after the constitution of the Committee on 28.12.2011 on the following dates:

09.01.2012	13.01.2012	28.01.2012	30.01.2012	10.02.2012	16.02.2012	23.02.2012
05.03.2012	15.03.2012	24.03.2012	31.03.2012			

Details of Attendance of the Members in CAC meetings:

Sl. No.	Name of Director/Member	Designation	Period	Meetings held during the period of their tenure	Meetings Attended
1.	SHRI H.S. UPENDRA KAMATH Chairman & Managing Director	CHAIRMAN	09.01.2012 - 31.03.2012	11	11
2.	SMT SHUBHALAKSHMI PANSE Executive Director	MEMBER	09.01.2012 - 31.03.2012	11	11
3.	SHRI N. DEVDAS, G.M -CREDIT(O)	MEMBER	09.01.2012- 31.03.2012	11	11
4.	SMT K. CHANDRA, G.M -R.M.D	MEMBER	09.01.2012 - 31.03.2012	11	11
5.	SHRI K.B. SUBHODAYA SHETTY G.M -CAD	MEMBER	09.01.2012 - 31.03.2012	11	9

Particulars of Shareholdings of Non-Executive/Shareholder Directors:

Name of Director	Number of shares held
1. Smt Bharati Rao, Shareholder Director	100
2. Shri Nishank Kumar Jain, Shareholder Director	100
3. Shri P. Vaidyanathan, Shareholder Director	2,100
4. Shri H. Harish Ballal, Officer Employee Director	100

5. CODE OF CONDUCT:

Bank has been following the Code of Conduct as stipulated in clause 49 of the Listing Agreement. Accordingly, confirmation has been obtained from all Directors/ top management personnel on an annual basis for compliance of the same.

6. GENERAL BODY MEETING

The details of the last three Annual General Meeting held are furnished below:

DATE	TIME	VENUE
10.07.2009	10.15 A.M	Mulki Sunderram Shetty Auditorium, Vijaya Bank, M.G. Road, Bangalore.
09.07.2010	3.00 P.M	
29.07.2011	10.15 A.M	



The following Directors were present during the Eleventh Annual General Meeting held on 29.07.2011. There was no Special Resolution passed in this meeting:

- | | |
|---------------------------------|--------------------------------|
| 1. Shri H.S.Upendra Kamath | - Chairman & Managing Director |
| 2. Smt. Shubhalakshmi Panse | - Executive Director |
| 3. Shri P.C.Nalwaya | - Non Executive Director |
| 4. Shri Ashok Kumar, IAS (Retd) | - Shareholder Director |
| 5. Shri Ashok Kumar Shetty | - Shareholder Director |
| 6. Shri S.Ananthan | - Shareholder Director |
| 7. Shri Ranjan Shetty | - Officer Employee Director. |
| 8. Shri B.Ibrahim | - Non Executive Director |

Shri D.D.Maheswari, Under Secretary , Ministry of Finance, Government of India was present at the Meeting as an Observer of the Government of India.

Extra Ordinary General Meeting

During the year 2011-12 an Extra Ordinary Meeting of the Shareholders of the Bank was held on 26.03.2012 at Mulki Sunderram Shetty Auditorium at Vijaya Bank, HO, Bangalore for obtaining Shareholders' approval for preferential issuance of 2,28,72,258 equity shares of ₹ 10/- each at a premium of Rs.54.27 per share (i.e total issue price of ₹ 64.27 per share) against infusion of ₹ 147/- crores into the Tier 1 Capital of the Bank. The allotment of these shares was made on 31.03.2012. This enables the Bank to maintain a minimum of 8% Tier 1 CRAR as on 31.03.2013. The capital so raised through this preferential route will be used to shore up the capital adequacy of the Bank and to finance general business needs and not for making investment in whatever form in any of its subsidiaries/ joint ventures.

The following Directors were present during the Extra Ordinary General Meeting:

- | | |
|-----------------------------|--------------------------------|
| 1. Shri H.S. Upendra Kamath | - Chairman & Managing Director |
| 2. Smt. Subhalakshmi Panse | - Executive Director |
| 3. Shri P.C. Nalwaya | - Non Executive Director |
| 4. Shri Nishank Kumar Jain | - Shareholder Director |
| 5. Shri P. Vaidyanathan | - Shareholder Director |
| 6. Smt. Bharati Rao | - Shareholder Director |
| 7. Shri H. Harish Ballal | - Officer Employee Director |

Shri V.K.Malhotra, Under Secretary , Ministry of Finance, Government of India was present at the Meeting as an Observer of Government of India.

7. SHARE TRANSFER SYSTEM & REDRESSAL OF INVESTORS' GRIEVANCES:

Share transfers, dividend payments and all other investor related activities are attended to and processed at the office of our Registrar and Share Transfer Agent. The Bank ensures that all transfer of shares is duly effected within the period of one month from the date of their lodgement. The Board has constituted Investors' Grievances Committee and Share Transfer Committee to redress shareholders' grievances, to consider transfer of shares and other related matters. The Committees meet at regular intervals and review the status of Investors' Grievances besides confirming transfer of shares.

The Bank appointed M/s Link Intime India Pvt Limited as its Registrar & Share Transfer Agent whose duty is to process share transfers, dividend payments, recording of shareholders' requests, resolution of investors' grievances amongst



other activities connected with the issue of shares. The Investors may lodge their transfer deeds/requests/complaints with the Registrar at the following address:

M/s Link Intime India Private Limited

(Unit: Vijaya Bank)
 C-13, Pannalal Silk Mills Compound,
 L.B.S.Road, Bhandup (West)
 MUMBAI - 4000078
 Tel : (022) 25963838, 25946970-78, Fax : (022) 25946969
 E-mail : mumbai@linkintime.co.in and rnt.helpdesk@linkintime.co.in

For the convenience of investors, requests for the share transfers and grievances / complaints from shareholders are also accepted at the Bank’s Head Office in Bangalore at the following address:

General Manager,

Board Secretariat (Shares Division)
 Vijaya Bank, Head Office,
 41/2, M.G.Road, Bangalore – 560 001, Karnataka.

Telephone : 080 25584066 Extn.271 or Extn.514
 Fax : 080 25594737
 e-mail : sdigc@vijayabank.co.in
 website : www.vijayabank.com

The prompt response and immediate redressal of grievances of shareholders is the utmost concern of the Bank and is fully ensured.

Share Transfer System:

The transfers of Bank’s Equity Shares are effected by our Share Transfer Agent- M/s Link Intime India Private Limited, Mumbai. The share transfer requests, as and when received by them, are scrutinized and if found in order, are processed and sent to Bank’s Head Office for approval.

The lists of requests for share transfers/ dematerialization/ rematerialization/ split/ replacement/ consolidation etc., are placed before the Share Transfer Committee of the Board for approval. The Meeting of the Share Transfer Committee is held on a fortnightly basis for this purpose. After getting the approval from the Share Transfer Committee, M/s Link Intime India Private Limited effects the transfers, demat etc., and sends it to the shareholders. The Bank ensures that all transfers of shares are duly effected within the period of one month from the date of their lodgement.

As per Clause 47 of the Listing Agreement with Stock Exchanges, a report on share transfers effected by the R & T Agent and approved by the Share Transfer Committee is placed before the Board of Directors of the Bank for information.

Number of Complaints received, resolved and pending

All the complaints from shareholders are received directly by M/s. Link Intime India Private Limited, Mumbai and those received by the bank are forwarded to them. The details of requests / complaints received and resolved during 2011-2012 and pending as on 31.03.2012 are as follows:

Particulars	Pending As on 01.04.2011	Received	Resolved	Pending As on 31.03.2012
a) No. of Requests	NIL	3003	3003	NIL
b) No. of Complaints	NIL	2552	2552	NIL

None of the above complaints were pending for more than one month. As on 31.03.2012, no share transfer requests were pending at our end.



8. DISCLOSURE, COMMUNICATION AND RELATIONSHIP WITH SHAREHOLDERS

There are no materially significant Related Party Transactions of the Bank with its Promoters/ Directors, Management, their Subsidiaries and/or Relatives that would have potential conflict with the interests of the Bank at large.

The Bank has complied with all the requirements regarding capital market related matters and has not been imposed any penalty or stricture by the Stock Exchanges or SEBI or any other statutory authorities during the financial year 2011-12. The Bank conducted the Annual General Meeting and paid dividend to the eligible shareholders within the statutory time frame.

Information relating to Bank is sent mainly through the Annual Report which includes the Chairman's Statement, the Directors Report, Audited Accounts, Cash Flow Statements etc. The shareholders are also intimated on the quarterly, half yearly and annual performances through publication in news papers, intimation to stock exchanges, press releases and also through Bank's website www.vijayabank.com.

During the year, the quarterly/ half yearly/ annual results of the Bank, were published in the following newspapers in addition to other newspapers:

Period	Name of the Daily		Date of Publication
	English	Kannada	
Year ended March 2011	Business Standard & Financial Express	Udayavani	02.05.2011
Quarter ended June 2011	Business Standard & Business Lines	Prajavani	29.07.2011
Half year ended September 2011	Deccan Herald & Business Lines	Udayavani	01.11.2011
Quarter ended December 2011	Business Standard & Deccan Herald	Udayavani	26.01.2012

9. MANDATORY AND NON-MANDATORY REQUIREMENTS

9.1 The Bank has complied with all the applicable mandatory requirements as provided in Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

9.2 The extent of implementation of non-mandatory requirements is furnished hereunder.

REQUIREMENT		COMPLIANCE
9.2.1	A Non-Executive Chairman should be entitled to maintain the Chairman's office at the company's expense and also be allowed reimbursement of expenses incurred in performance of his duties.	The Bank is headed by an Executive Chairman appointed by Government of India and as such this requirement is not applicable.
9.2.2	The half-yearly declaration of financial performance including summary of the significant events in last six-months, should be sent to each household of shareholders.	The Bank sends yearly financial results along with the summary of significant developments during the year, to all the shareholders. Bank's quarterly financial results are published through Newspapers, Stock Exchanges and also through Bank's Website, after approval of the same by the Board of Directors.
9.2.3	Postal Ballot	The Bank has not taken up for consideration any of the critical matters, which require to be decided by postal ballot.



10. SHAREHOLDERS' INFORMATION:

The Bank is a Scheduled Commercial Bank having its Head Office at Bangalore. The Bank has its presence in all parts of the country with 1300 network of Branches as on 31.03.2012. The Bank's shares are listed on the following major Stock Exchanges:

- 1) Bombay Stock Exchange Limited**
Corporate Relationship Department,
1st Floor, New Trading Ring,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai-400 001
BSE CODE : 532401
- 2) National Stock Exchange of India Ltd.**
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai-400051
NSE CODE : Vijaya Bank EQ AE BE BT
- 3) Bangalore Stock Exchange Limited**
P.B.No.27024,
No.51, Stock Exchange Towers,
1st cross, J.C.Road,
Banglore - 560027

The annual listing fees to the Stock Exchanges for the year 2011-12 have been paid within prescribed due dates.

10.1 Dematerialisation of Securities:

Dematerialisation of shares of the Bank is not compulsory but the Bank has its shares Demated with National Securities Depository Ltd. and Central Depository of Securities Ltd. Bank has been allotted ISIN Code No. INE705A01016 for the Dematerialized Equity Shares. There is normal liquidity as the shares of the Bank are dealt with at three Stock Exchanges.

Bank has complied with SEBI requirements with regard to audit for the purpose of reconciliation of the total admitted capital with both the depositories i.e. NSDL and CDSL and the total issued and listed capital of the Bank and in respect of other matters covered under the directions of SEBI, by a practising Company Secretary.

Particulars of shares held in Demat and Physical form held by the Equity Shareholders as of 31.03.2012 are as under:

	No of share holders	No. of shares	Percentage Shareholding
DEMAT			
President of India	1	27,26,66,736	55.02
Others in NSDL	164597	14,75,33,725	29.77
Others in CDSL	64425	2,62,77,763	5.31
Total	229023	44,64,78,224	90.10
PHYSICAL			
President of India			
Others	77271	4,90,60,770	9.90
Grand Total	306294	49,55,38,994	100



10.2 Dividend paid by the Bank during the year 2011-2012:

During the year 2011-12, Bank paid a dividend of 25% to the shareholders pertaining to the financial year 2010-11. The dividend was recommended by the Board of Directors of the Bank in its Board Meeting held on 28.04.2011 and the same was declared by the shareholders in the Eleventh Annual General Meeting held on 29.07.2011. Book closure for the purpose of AGM and payment of final dividend for the year 2010-11 was fixed from 21.06.2011 to 25.06.2011. All the Dividend Warrants were dispatched/ECS credit was effected by 10.08.2011.

10.3 Share Capital of the Bank:

As per section 3 (2A) of Banking Companies (Acquisition and Transfer of Undertaking) Act 1980, the Central Government, may after consultation with RBI and by notification in the Official Gazette, increase or reduce the Authorized Capital as it thinks fit, and after such increase or reduction, the Authorized Capital shall not exceed three thousand crore of rupees or shall not be less than one thousand five hundred crore of rupees.

The Government of India vide notification dated 10/11/2009 increased the Authorized Capital of the Bank from ₹ 1500 Crore to ₹ 3000 Crore. Accordingly Authorised Capital of the Bank at present is ₹ 3000 Crore divided into 300 crore fully paid shares of ₹ 10 each.

During the year Bank issued 2,28,72,258 equity shares of ₹ 10 each at a premium of ₹ 54.27 per share (issue price ₹ 64.27 per share) to LIC of India against an aggregate amount of ₹ 147 crore, as approved by the shareholders in the Extra Ordinary General Meeting held on 26.03.2012 and the said shares were allotted to LIC on 31.03.2012.

At present, Government of India holds 55.03% Equity Share Capital of the Bank and is the major shareholder of the Bank. The details of present Paid up Capital of the Bank is as follows:

	(₹ crore)
Authorised Capital:	
300 crore Shares of ₹ 10 each	₹ 3000.00
Paid up Capital:	
120 crore Perpetual Non-Cumulative Preference Shares of ₹ 10 each	₹ 1200.00
49,55,38,994 Equity Shares of ₹ 10 each	₹ <u>495.54</u>
Total Paid up Capital	₹ <u>1695.54</u>

Table 1: Category wise Distribution of Equity Shareholding as on 31.03.2012

	Category	No. of Shares held	Percentage of Shareholding
A	Promoter's Holding		
1	Promoters - Indian Promoters (Govt. of India) - Foreign Promoters	27,26,66,736 - -	55.03 - -
2	Persons Acting In Concert	-	-
	Sub –Total	27,26,66,736	55.03
B	Non – Promoters Holding		
3	Institutional Investors		
	a) Mutual Funds & UTI	15,90,168	0.32
	b) Banks, Financial Institutions, Insurance Companies (Central/State Institutions/Non – Government Institutions)	6,91,00,454	13.94
	c) FIIs/FMFs	2,22,60,360	4.49
	Sub – Total	9,29,50,982	18.75



C	Others		
	a) Private Corporate Bodies	2,66,61,576	5.37
	b) Indian Public	9,86,44,918	19.91
	c) NRIs / OCBs	26,99,685	0.55
	d) Any Other (Clg Member & Market Maker)	19,14,897	0.39
	e) Foreign Nationals	200	-----
	Sub – Total	12,99,21,276	26.22
	GRAND TOTAL	49,55,38,994	100

Table 2: Total Foreign shareholding as on 31.03.2012

Sl. No.	Particulars	Number of Shares	Percentage of Shareholding
1	GDR & ADR holding	---- Nil ----	---- Nil ----
2	Foreign Promoters	---- Nil ----	---- Nil ----
3	Foreign Institutional Investors	1,86,19,956	3.76
4	Foreign Mutual Funds	36,40,404	0.73
5	NRIs	26,99,685	0.55
6	Foreign Banks	-	-
7	Foreign National	200	0.00
	Total	2,49,60,245	5.04

Table 3: List of Shareholders holding more than 1% of equity shares of the bank as on 31.03.2012.

Sl. No	Name of share Holders	No. of shares Held	Percentage of Shareholding	Category
1	President of India	27,26,66,736	55.03	Indian promoter
2	LIC of India	2,00,96,234	4.06	Govt. Sponsored Financial Institution
3	LIC of India Money Plus Growth Fund	89,72,897	1.81	Govt. Sponsored Financial Institution
4	LIC of India	2,13,18,545	4.30	Govt. Sponsored Financial Institution

10.4 Whistle Blower Policy:

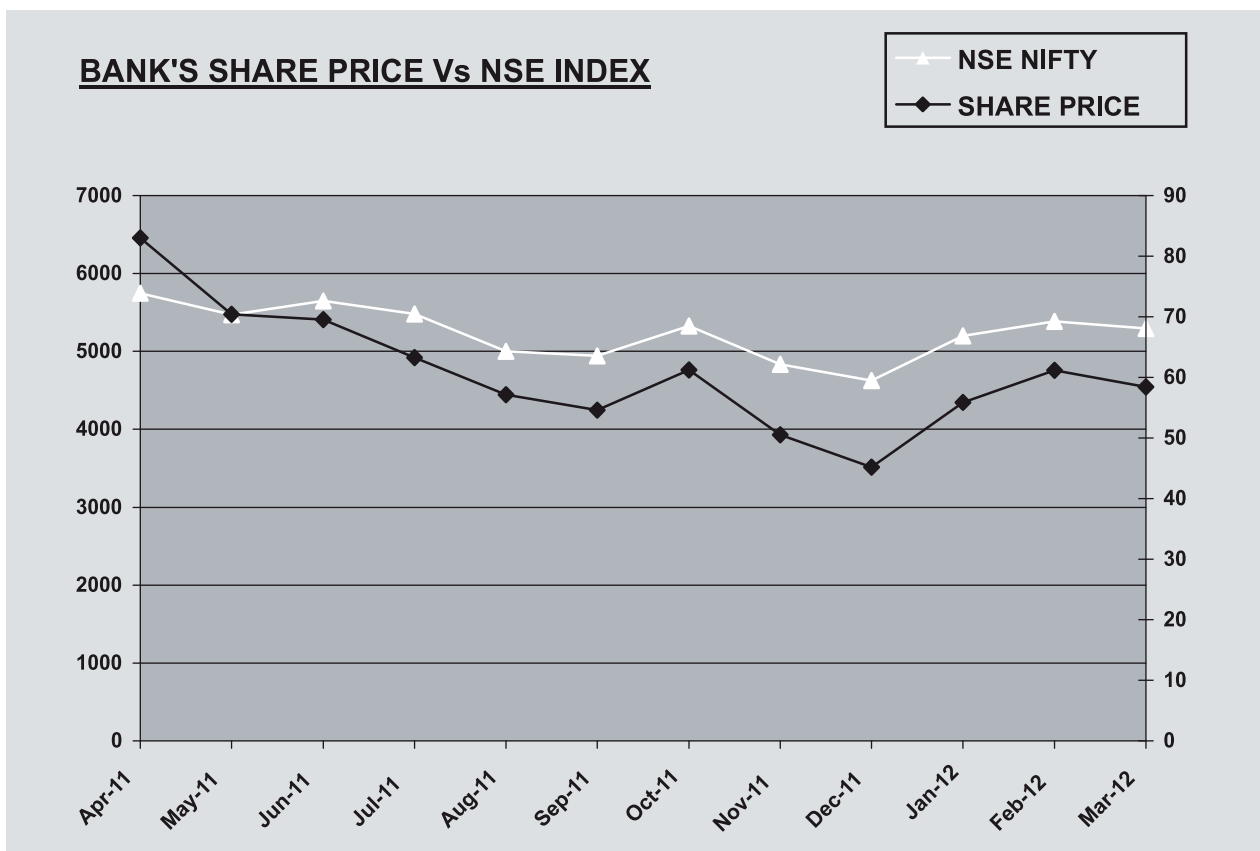
Bank reiterated time and again through internal circulars, that staff members can address genuine information of significant value to the organization in the form of complaints/ suggestions / grievances through proper channel. In case of urgency/exigency it can be addressed directly to the appropriate authority without any reservation or fear. Staff members can thus effectively perform the role of a genuine 'Whistle Blower' in bringing to the notice of the management, in writing duly signed, any deviation which is not in the interest of the organization and needs to be checked/rectified.



10.5 Stock Market Data

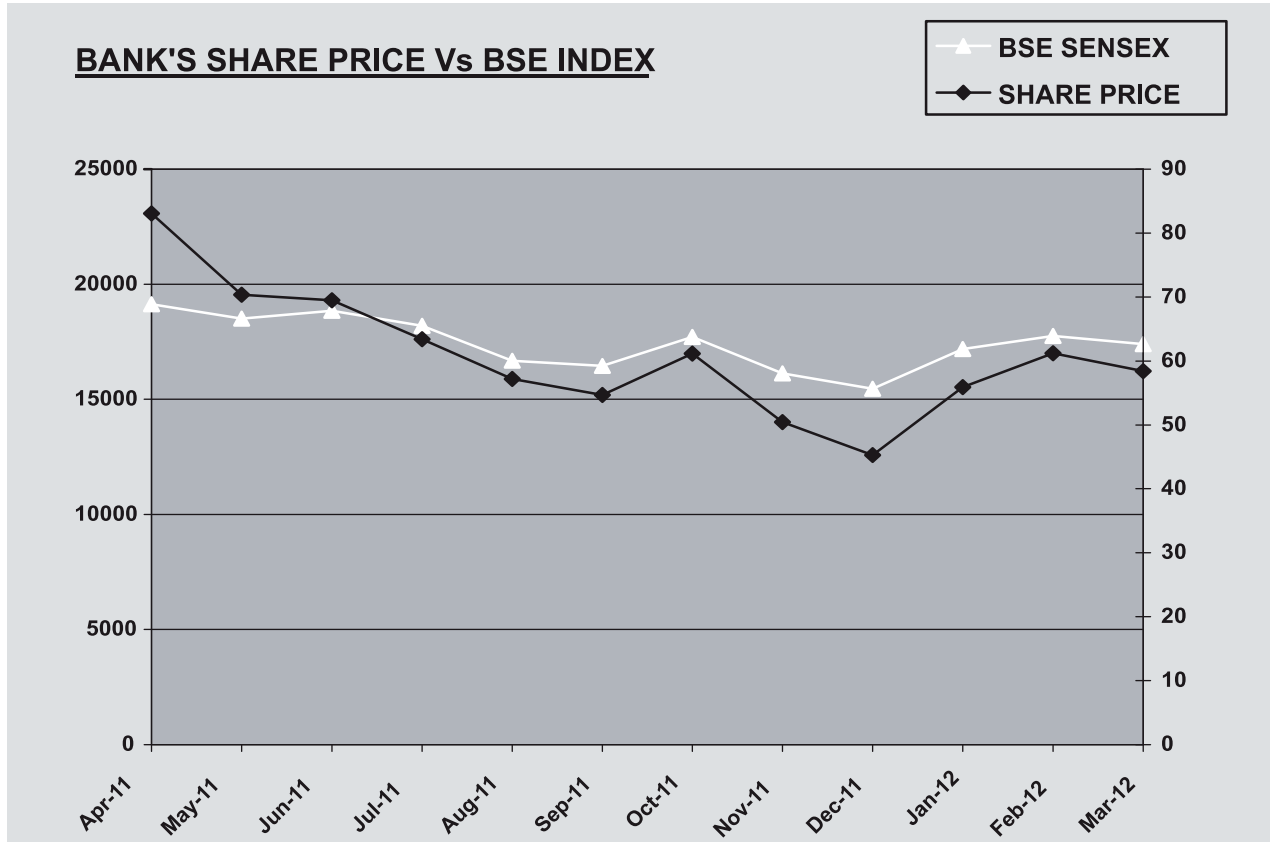
The monthly high & low quotations and the volume of shares traded on for NSE and BSE for the period April 2011 to March 2012 are as follows:

NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)							
Month		High (₹)	Low (₹)	Close (₹)	Close Date	Volume of Shares Traded	NSE NIFTY
April	2011	93.75	78.50	83.05	29.04.2011	79716514	5749.50
May	2011	83.75	64.00	70.40	31.05.2011	68718298	5473.10
June	2011	74.90	63.55	69.55	30.06.2011	50032766	5647.40
July	2011	72.70	62.10	63.25	29.07.2011	44119366	5482.00
August	2011	65.00	53.50	57.15	30.08.2011	36893809	5001.00
September	2011	63.30	53.05	54.60	30.09.2011	39797682	4943.25
October	2011	61.80	51.40	61.20	31.10.2011	28857586	5326.60
November	2011	61.80	48.65	50.50	30.11.2011	32808466	4832.05
December	2011	55.50	44.55	45.20	30.12.2011	31373890	4624.30
January	2012	58.10	43.80	55.90	31.01.2012	43070118	5199.25
February	2012	68.90	54.90	61.15	29.02.2012	61432581	5385.20
March	2012	65.70	55.25	58.45	30.03.2012	41401821	5295.55





BOMBAY STOCK EXCHANGE LIMITED (BSE)						
Month	High (₹)	Low (₹)	Close (₹)	Close Date	Volume of Shares Traded	BSE SENSEX
April 2011	93.60	78.90	83.05	30.04.2011	108,28,43,678	19315.96
May 2011	83.60	64.00	70.35	31.05.2011	72,76,88,071	18503.28
June 2011	74.95	63.50	69.50	30.06.2011	44,07,48,090	18845.87
July 2011	73.00	60.60	63.40	29.07.2011	43,64,08,611	18197.20
August 2011	64.70	53.85	57.20	30.08.2011	35,01,90,837	16676.75
September 2011	63.45	53.05	54.65	30.09.2011	33,09,27,807	16453.76
October 2011	61.65	51.55	61.15	31.10.2011	30,20,25,666	17705.01
November 2011	61.80	49.80	50.45	30.11.2011	29,11,61,161	16123.46
December 2011	55.50	44.50	45.30	30.12.2011	23,44,69,610	15454.92
January 2012	58.10	43.85	55.90	31.01.2012	39,17,54,566	17193.55
February 2012	68.90	52.80	61.20	29.02.2012	58,64,76,161	17752.68
March 2012	65.60	55.60	58.40	30.03.2012	33,28,76,589	17404.20




10.6. Value wise Distribution of Share holding of Vijaya Bank as on 31.03.2012

Shareholding of Nominal value ₹	Shareholders		Shares	
	Nos.	Percentage	₹	Percentage
Up to 2500	229999	75.09	247426070	4.99
2501 to 5000	40947	13.37	171358330	3.46
5001 to 10000	23810	7.77	206332860	4.17
10001 to 20000	7150	2.33	109645010	2.21
20001 to 30000	1608	0.52	41218420	0.83
30001 to 40000	821	0.27	30332890	0.61
40001 to 50000	514	0.17	24299940	0.49
50001 to 100000	751	0.25	56603140	1.14
100001 and above	694	0.23	4068173280	82.10
TOTAL	306294	100.00	4955389940	100.00

H.S.Upendra Kamath
Chairman & Managing Director

Shubhalakshmi Panse
Executive Director

V.K. Chopra
Director

Suma Varma
Director

Suresh Kamath
Director

H. Harish Ballal
Director

Prakash Chandra Nalwaya
Director

Bharati Rao
Director

Nishank Kumar Jain
Director

P. Vaidyanathan
Director

Ashok Gupta
Director

Place : Bangalore

Date : 30.04.2012

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To

The Members of Vijaya Bank.

We have examined the compliance of conditions of Corporate Governance by VIJAYA BANK for the year ended on 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Bank with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement to the extent these do not violate RBI guidelines.

We state that no investor grievance is pending for a period exceeding one month, against the Bank, as per the records maintained by the Shareholders'/Investors' Grievances Committee and as certified by the Registrar & Share Transfer Agent of the Bank.

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

M/s M.P. CHITALE & CO

Chartered Accountants
Registration No: 101851W

[ULHAS CHITALE]

Partner
Membership No: 032292

M/s S. VISWANATHAN & CO

Chartered Accountants
Registration No: 004770S

[CHELLA K. RAGHAVENDRAN]

Partner
Membership No:208562

M/s P. CHANDRASHEKAR

Chartered Accountants
Registration No: 000580S

[LAKSHMY C.]

Partner
Membership No: 028508

M/s RAO ASSOCIATES

Chartered Accountants
Registration No: 003080S

[G. SUDHINDRA]

Partner
Membership No:026171

M/s CONTRACTOR NAYAK &**KISHNADWALA**

Chartered Accountants
Registration No: 101961W

[MANISH SAMPAT]

Partner
Membership No:101684

M/s MUKUND M CHITALE & CO

Chartered Accountants
Registration No: 106655W

[ABHAY V. KAMAT]

Partner
Membership No:39585

Place : Bangalore

Date : 30.04.2012



BALANCE SHEET AS ON 31st MARCH, 2012

PARTICULARS	Schedule No.	[₹ 000's omitted]	
		As on 31.03.2012	As on 31.03.2011
CAPITAL AND LIABILITIES			
Capital	1	1695 53 91	1672 66 68
Reserves and Surplus	2	3556 67 99	3144 33 43
Deposits	3	83055 51 03	73248 31 90
Borrowings	4	5418 40 01	2025 37 35
Other Liabilities and Provisions	5	2037 88 26	1922 67 71
TOTAL		95764 01 20	82013 37 07
ASSETS			
Cash and Balance with Reserve Bank of India	6	4542 53 45	4881 83 86
Balance with Banks and Money at Call and Short Notice	7	1860 32 29	864 48 58
Investments	8	28643 80 28	25138 57 74
Advances	9	57903 74 28	48718 62 65
Fixed Assets	10	486 94 79	485 99 37
Other Assets	11	2326 66 11	1923 84 87
TOTAL		95764 01 20	82013 37 07
Contingent Liabilities	12	15698 72 30	13992 66 88
Bills for Collection		1795 81 12	1396 42 18
Accounting Policies	17		
Notes on Accounts	18		

Accounting Policies and the Schedules referred to above form an integral part of the Balance Sheet.

H.S. UPENDRA KAMATH CHAIRMAN & MANAGING DIRECTOR	SHUBHALAKSHMI PANSE EXECUTIVE DIRECTOR	SUMA VARMA DIRECTOR	V K CHOPRA DIRECTOR
SURESH KAMATH DIRECTOR	H HARISH BALLAL DIRECTOR	PRAKASH CHANDRA NALWAYA DIRECTOR	ASHOK GUPTA DIRECTOR
P VAIDYANATHAN DIRECTOR	K B SUBHODAYA SHETTY GENERAL MANAGER		

AS PER OUR REPORT OF EVEN DATE

For M/s M.P. CHITALE & CO
Chartered Accountants
Registration No: 101851W

[ULHAS CHITALE]

Partner
Membership No: 032292

For M/s S. VISWANATHAN
Chartered Accountants
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[CHELLA K. RAGHAVENDRAN]

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For M/s CONTRACTOR NAYAK &
KISHNADWALA
Chartered Accountants
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[MANISH SAMPAT]

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For M/s MUKUND M CHITALE & CO
Chartered Accountants
Registration No: 106655W

[ABHAY V. KAMAT]

Partner
Membership No:39585

Place : Bangalore
Date : 30.04.2012



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	Schedule No.	[₹ 000's omitted]	
		For the year ended 31.03.2012	For the year ended 31.03.2011
I. INCOME			
Interest Earned	13	7988 12 53	5844 06 03
Other Income	14	527 90 42	533 18 69
TOTAL		8516 02 95	6377 24 72
II. EXPENDITURE			
Interest Expended	15	6084 59 12	3897 28 37
Operating Expenses	16	1200 96 48	1433 28 23
Provisions and Contingencies		649 47 66	522 86 26
TOTAL		7935 03 26	5853 42 86
III. PROFIT / LOSS			
Net Profit for the year		580 99 69	523 81 86
Add: Profit brought forward		911 96 35	853 76 59
Add: Transfer from General Reserve		2 50	33
TOTAL		1492 98 54	1377 58 78
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		145 24 93	130 95 46
Transfer to Special Reserve in terms of Sec. 36 (1) (viii) of the Income Tax Act		75 00 00	91 00 00
Transfer to Capital Reserve		16 28 81	11 54 76
Transfer to General Reserve		-	-
Proposed Dividend - Equity Share Capital (inclusive of tax)		143 98 19	137 33 63
Proposed Dividend Preference Share Capital (inclusive of tax)		132 49 37	94 78 58
Balance carried forward to Balance Sheet		979 97 24	911 96 35
TOTAL		1492 98 54	1377 58 78
Earnings Per Share - Basic (In ₹)		9.49	9.89
- Diluted (In ₹)		9.49	9.89
Accounting Policies	17		
Notes on Accounts	18		

Accounting Policies and the Schedules referred to above form an integral part of the Profit & Loss Account.

H.S. UPENDRA KAMATH
CHAIRMAN & MANAGING DIRECTOR

SHUBHALAKSHMI PANSE
EXECUTIVE DIRECTOR

SUMA VARMA
DIRECTOR

V K CHOPRA
DIRECTOR

SURESH KAMATH
DIRECTOR

H HARISH BALLAL
DIRECTOR

PRAKASH CHANDRA NALWAYA
DIRECTOR

ASHOK GUPTA
DIRECTOR

P VAIDYANATHAN
DIRECTOR

K B SUBHODAYA SHETTY
GENERAL MANAGER

AS PER OUR REPORT OF EVEN DATE

For M/s M.P. CHITALE & CO
Chartered Accountants
Registration No: 101851W

[ULHAS CHITALE]
Partner

Membership No: 032292

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Registration No: 101961W

[MANISH SAMPAT]

Partner

Membership No:101684

For M/s MUKUND M CHITALE & CO

Chartered Accountants

Registration No: 106655W

[ABHAY V. KAMAT]

Partner

Membership No:39585

Place : Bangalore

Date : 30.04.2012



SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

[₹ 000's omitted]

PARTICULARS	As on 31.03.2012	As on 31.03.2011
SCHEDULE - 1 :		
CAPITAL		
AUTHORISED CAPITAL	3000 00 00	3000 00 00
300,00,00,000 Shares of ₹ 10/- each		
ISSUED, SUBSCRIBED AND CALLED UP CAPITAL		
49,55,38,994 Equity Shares of ₹10/- each	495 53 91	472 66 68
(Previous year 47,26,66,736 Equity shares of ₹ 10/- each)		
120,00,00,000 Perpetual Non-Cumulative Preference Shares of ₹ 10/- each	1200 00 00	1200 00 00
PAID UP CAPITAL		
(a) Held by Central Government 27,26,66,736 Equity Shares of ₹ 10/- each	272 66 68	272 66 68
(b) Held by the Public and Others 22,28,72,258 Equity Shares of ₹ 10/- each (Previous year 20,00,00,000 Equity shares of ₹ 10/- each)	222 87 23	200 00 00
(c) Held by Central Government 120,00,00,000 Perpetual Non-Cumulative Preference Shares of ₹ 10/- each (Previous year 120,00,00,000 perpetual Non-Cumulative Preference Shares of ₹ 10/- each) at annual floating coupon to be benchmarked to repo rate with a spread of 100 basis points to be readjusted annually based on prevailing repo rate on the relevant date.	1200 00 00	1200 00 00
TOTAL	1695 53 91	1672 66 68
SCHEDULE - 2 :		
RESERVES AND SURPLUS		
1. STATUTORY RESERVE		
Balance as per last Balance Sheet	942 09 09	811 13 63
Add : Additions during the year	145 24 93	130 95 46
TOTAL	1087 34 02	942 09 09
II. CAPITAL RESERVE		
Balance as per last Balance Sheet	261 04 86	249 50 11
Add : Additions during the year	16 28 81	11 54 75
TOTAL	277 33 67	261 04 86
III. SHARE PREMIUM		
Balance as per last Balance Sheet	468 85 12	140 00 00
Add : Additions during the year	124 12 76	328 85 12
TOTAL	592 97 88	468 85 12
IV. REVALUATION RESERVE		
Balance as per last Balance Sheet	293 83 10	311 67 72
Add : Additions during the year	-	-
Less : Deduction on account of depreciation adjusted from Profit & Loss Account	16 30 36	17 84 62
TOTAL	277 52 74	293 83 10



[₹ 000's omitted]

PARTICULARS	As on 31.03.2012	As on 31.03.2011
V. REVENUE AND OTHER RESERVES		
[a] Special Reserve in terms of Sec. 36 (1) (viii) of the Income Tax Act		
Balance as per last Balance Sheet	253 72 74	162 72 74
Add : Additions during the year	75 00 00	91 00 00
TOTAL	328 72 74	253 72 74
[b] General Reserve		
Balance as per last Balance Sheet	12 82 17	12 82 50
Add/(Less) : Transfer during the Year	(250)	(33)
TOTAL	12 79 67	12 82 17
[c] Balance in Profit & Loss Account	979 97 27	911 96 35
TOTAL	979 97 27	911 96 35
TOTAL [a+b+c]	1321 49 68	1178 51 26
TOTAL { I+II+III+IV+V}	3556 67 99	3144 33 43
SCHEDULE - 3 :		
DEPOSITS		
DEPOSITS IN INDIA		
I. Demand Deposits		
i) From Banks	15 82 98	16 02 23
ii) From Others	4668 15 11	5149 65 42
II. Savings Bank Deposits		
	13604 06 19	13329 95 69
III. Term Deposits		
i) From Banks	193 29 79	50 51 11
ii) From Others	64574 16 96	54702 17 45
TOTAL	83055 51 03	73248 31 90
SCHEDULE - 4 :		
BORROWINGS		
I. BORROWINGS IN INDIA		
i) Reserve Bank of India	95 00 00	1,000,000
ii) Other Banks	-	56
iii) Other Institutions & Agencies	3823 40 01	313 24 29



[₹ 000's omitted]

PARTICULARS	As on 31.03.2012	As on 31.03.2011
SCHEDULE - 4 : (Contd..)		
iv) Sub-ordinated Debts - Bonds raised as Tier- II Capital		
1) 10 Years & 3 months Bonds 2015 @ 7.15%	250 00 00	250 00 00
2) 10 Years Bonds 2016 @ 9.25%	250 00 00	250 00 00
3) 15 Years Bonds 2022 @ 10.10%	300 00 00	300 00 00
4) 10 Years & 3 months Bonds 2017 - 9.50%	200 00 00	200 00 00
5) 10 Years & 4 Months Bonds 2018 - 9.35%	200 00 00	200 00 00
6) 15 Years Bonds 2023 - 9.45%	300 00 00	300 00 00
II. BORROWINGS OUTSIDE INDIA	-	112 12 50
TOTAL	5418 40 01	2025 37 35
SCHEDULE - 5 :		
OTHER LIABILITIES AND PROVISIONS		
(i) Bills Payable	361 76 52	362 83 78
(ii) Interest Accrued	246 84 48	446 75 23
(iii) Provision against standard assets	258 21 53	223 40 53
(iv) Provision against Restructured Advances sub-standard	1 04 55	1 36 16
(v) Others [including Provisions]	1102 08 49	884 62 16
(vi) Inter Office Adjustments [net]	-	3 69 85
(vii) Deferred Tax Liability (Net)	67 92 69	-
TOTAL	2037 88 26	1922 67 71
SCHEDULE - 6		
CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in Hand [including foreign currency notes]	303 75 95	246 58 61
II. Balances with Reserve Bank of India in Current Accounts	4096 22 88	4599 47 22
III. Balances with Reserve Bank of India in Other Accounts	142 54 62	35 78 03
TOTAL	4542 53 45	4881 83 86
SCHEDULE - 7 :		
BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. IN INDIA		
(i) Balances with Banks		
a) in Current Accounts	129 17 85	102 01 45
b) in Other Deposit Accounts	1 02	75 03 30
II. Money at Call and Short Notice		
a) with Banks	-	1 99 76 02
b) with Other Institutions	12 79 90 34	322 75 59
TOTAL	1409 09 21	699 56 36



PARTICULARS	[₹ 000's omitted]	
	As on 31.03.2012	As on 31.03.2011
SCHEDULE - 7 : (Contd..)		
II. OUTSIDE INDIA *		
a) in Current Accounts	187 41 80	-
b) in Other Deposit Accounts	263 81 28	164 92 22
TOTAL	451 23 08	164 92 22
TOTAL {I+II}	1860 32 29	864 48 58
* Includes pipeline and unadjusted items in Nostro Mirror Balances		
SCHEDULE - 8 :		
INVESTMENTS		
INVESTMENTS IN INDIA [GROSS]	28939 17 43	25382 98 74
Less : Provision for Depreciation and Non Performing Investments	295 37 15	244 41 00
Net Investments in India	28643 80 28	25138 57 74
Break up :		
i) Government Securities	23700 85 36	18294 25 98
ii) Other Approved Securities	4 50 28	13 19 30
iii) Shares	274 72 00	314 38 95
iv) Debentures & Bonds	1336 42 42	1263 00 49
v) Investments in Associates (on Equity Method)	3 84 90	3 92 17
vi) Others (Units, Kissan/Indira Vikas Patra, NABARD- RIDF, PSU Deposits)	3323 45 32	5249 80 84
TOTAL	28643 80 28	25138 57 74
SCHEDULE - 9 :		
ADVANCES		
[A] i) Bills Purchased & Discounted	1405 68 78	1159 59 40
ii) Cash Credits, Overdrafts & Loans Repayable on Demand	25536 67 85	21158 14 46
iii) Term Loans	30960 96 61	26395 67 31
iv) Claim receivable under Agricultural Debt Waiver Scheme - 2008	41 04	5 21 48
TOTAL	57903 74 28	48718 62 65
[B] i) Secured by Tangible Assets [includes advance against book debts]	40423 90 14	34073 82 22
ii) Covered by Bank/Government Guarantees	2570 48 45	2411 51 26
iii) Unsecured	14908 94 65	12228 07 69
iv) Claim receivable under Agricultural Debt Waiver Scheme - 2008	41 04	5 21 48
TOTAL	57903 74 28	48718 62 65
[C] Advances in India		
i) Priority Sector	17115 65 70	14361 89 04
ii) Public Sector	13141 38 34	15542 25 05
iii) Banks	754 18 73	81 41 79
iv) Others	26892 10 47	18727 85 29
v) Claim receivable under Agricultural Debt Waiver Scheme 2008	41 04	5 21 48
TOTAL	57903 74 28	48718 62 65



PARTICULARS			[₹ 000's omitted]	
			As on 31.03.2012	As on 31.03.2011
SCHEDULE - 10 :	31.03.2012	31.03.2011		
FIXED ASSETS				
I. PREMISES				
Gross Block [at cost/re-valued amount]				
As per last Balance Sheet	577 51 51	577 51 51		
Additions during the year*	13 61 85	0		
Deductions during the year	-	-		
	591 13 36	577 51 51		
Depreciation				
Balance as per last Balance Sheet	226 38 91	205 70 60		
Add : Depreciation charged during the year	19 27 25	20 68 31		
Less : Deduction during the year	-	-		
Depreciation to date - includes on account of revaluation ₹ 162,10,30 thousands (Previous year: ₹ 142,55,73 thousands)	245 66 16	226 38 91		
Written Down Value			345 47 20	351 12 60
II. OTHER FIXED ASSETS				
[including Furniture & Fixture]				
Gross Block (at cost)				
As per last Balance Sheet	484 26 26	431 36 16		
Additions during the year	45 87 49	57 75 63		
	530 13 75	489 11 79		
Deductions during the year	32 21 07	4 85 53		
	497 92 68	484 26 26		
Depreciation				
Balance as per last Balance Sheet	349 39 49	310 00 93		
Add : Depreciation charged during the year	36 94 77	43 32 38		
	386 34 26	353 33 31		
Less : Deduction during the year	29 89 17	3 93 82		
Depreciation to date	356 45 09	349 39 49		
Written Down Value*			141 47 59	134 86 77
* Includes WDV of leased assets amounting to ₹ 10/- (Previous Year ₹ 10/-)				
TOTAL			486 94 79	485 99 37



PARTICULARS	[₹ 000's omitted]	
	As on 31.03.2012	As on 31.03.2011
SCHEDULE - 11 :		
OTHER ASSETS		
i. Interest accrued	681 91 30	565 85 17
ii. Tax paid in Advance/Tax Deducted at Source [net of provision]	1034 28 41	628 96 49
iii. Deferred Tax Asset (Net)	-	65 43 95
iv. Stationery & Stamps	1 01 89	1 05 93
v. Non-banking assets acquired in satisfaction of claims	7 62	7 62
vi. Others [net of provision]	209 44 74	186 00 71
vii. Unamortisation-Gratuity & Pension	357 33 75	476 45 00
viii. Inter-office adjustments (Net)	42 58 40	-
TOTAL	2326 66 11	1923 84 87
SCHEDULE - 12 :		
CONTINGENT LIABILITIES		
i. Claims against the Bank not acknowledged as debts	9 50 48	9 48 60
ii. Liability for Partly Paid Investments	-	-
iii. Liability on account of Outstanding Forward Exchange Contracts	8551 82 98	8480 26 59
iv. Guarantees given on behalf of Constituents- in India	4499 95 10	3410 20 55
v. Acceptances, Endorsements and Other Obligations	1834 63 29	1281 06 49
vi. Other items for which the Bank is contingently liable	793 21 33	800 29 49
vii. Capital contracts remaining to be executed	9 59 12	11 35 16
TOTAL	15698 72 30	13992 66 88

[₹ 000's omitted]



[₹ 000's omitted]

PARTICULARS	For the year ended 31.03.2012	For the year ended 31.03.2011
SCHEDULE - 13 :		
INTEREST EARNED		
i. Interest/Discount on advances/bills	6050 09 18	4191 89 50
ii. Income on Investments	1872 03 70	1611 01 89
iii. Interest on Balances with Reserve Bank of India & other Inter-bank funds	31 16	1 25 60
iv. Others	65 68 49	39 89 04
TOTAL	7988 12 53	5844 06 03
SCHEDULE - 14 :		
OTHER INCOME		
i. Commission, Exchange & Brokerage	89 06 89	85 67 55
ii. Profit on Sale of Investments	106 91 21	129 79 82
Less: Loss on Sale of Investments	8 79 32	5 61 16
	98 11 88	117 47 04
iii. Profit/(Loss) Net on revaluation of Investments	-	-
Less: Amortisation of premium on HTM securities	-	-
	-	-
iv. Profit on Sale of Land, Building & Other Assets	57 72	12 01
Less: Loss on Sale of Land, Building & Other Assets	29 18	27 07
	28 54	- 15 06
v. Profit on Exchange Transactions	58 81 57	39 48 41
Less: Loss on Exchange Transactions	1 13	2 68
	58 80 44	39 45 73
vi. Miscellaneous Income	281 62 67	290 73 43
TOTAL { i+ii+iii+iv+v+vi }	527 90 42	533 18 69
SCHEDULE - 15 :		
INTEREST EXPENDED		
i. Interest on Deposits	5804 77 94	3637 23 50
ii. Interest on Reserve Bank of India/Inter-Bank borrowings	11 83 90	52 81
iii. Others	267 97 28	259 52 06
TOTAL	6084 59 12	3897 28 37



[₹ 000's omitted]

PARTICULARS	For the year ended 31.03.2012	For the year ended 31.03.2011
SCHEDULE - 16 :		
OPERATING EXPENSES		
i. Payments to and provisions for employees	739 92 44	1010 44 19
ii. Rent, Taxes and Lighting	100 30 39	89 05 22
iii. Printing & Stationery	8 80 14	7 99 21
iv. Advertisement and Publicity	7 42 90	11 29 59
	<u>31.03.2012</u> <u>31.03.2011</u>	
v. Depreciation on Banks' Property	56 25 61	64 01 42
Less: Depreciation adjusted from Revaluation Reserve	<u>16 30 36</u>	<u>17 84 62</u>
	39 95 25	46 16 80
vi. Directors' Fees, Allowances & Expenses	74 00	55 65
vii. Auditors' Fees & Expenses [inclusive of Branch Auditors]	12 43 79	11 39 11
viii. Law charges	60 84	63 03
ix. Postage, Telegrams, Telephones etc.,	14 20 65	14 47 66
x. Repairs and Maintenance	1 94 08	1 58 45
xi. Insurance	73 15 24	62 34 65
xii. Other Expenditure	201 46 76	177 34 67
TOTAL	1200 96 48	1433 28 23

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P VAIDYANATHAN
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K B SUBHODAYA SHETTY
GENERAL MANAGER

AS PER OUR REPORT OF EVEN DATE

For M/s M.P. CHITALE & CO
Chartered Accountants
Registration No: 101851W

[ULHAS CHITALE]

Partner
Membership No: 032292

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Registration No: 101961W

[MANISH SAMPAT]

Partner
Membership No: 101684

For M/s MUKUND M CHITALE & CO
Chartered Accountants
Registration No: 106655W

[ABHAY V. KAMAT]

Partner
Membership No: 39585

Place : Bangalore
Date : 30.04.2012



SCHEDULE – 17

SIGNIFICANT ACCOUNTING POLICIES 2011-12

1) ACCOUNTING CONVENTION

The financial statements have been prepared by following the going concern concept on historical cost basis except as otherwise stated and in accordance with Companies (Accounting Standard) Rules, 2006 to the extent applicable read with guidelines issued by the Reserve Bank of India (RBI) and conform to the statutory provisions and practices prevailing within the banking industry in India.

The preparation of the financial statements, in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent liabilities in the financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognised prospectively in current and future periods.

2) FOREIGN EXCHANGE TRANSACTIONS

I. Transactions other than FCNR/EEFC/RFC Accounts

- a) Foreign Currency balances both under assets and liabilities and outstanding forward exchange contracts and swaps are evaluated at the year end rates as quoted by Foreign Exchange Dealers' Association of India (FEDAI). The resultant profit/loss is included in Profit / Loss Account.
- b) Income and expenditure items have been translated at the exchange rates ruling on the dates of the transactions.
- c) Contingent liabilities on account of acceptances, endorsements and other obligations including guarantees and Letters of Credit issued in Foreign Currencies, shown in the Balance Sheet are valued at the exchange rates prevailing at the year end.

II. Transactions relating to FCNR/EEFC/RFC accounts

Foreign Currency Deposits in FCNR/EEFC/RFC accounts including interest accrued and also the corresponding assets are recorded at market related notional rates, which are periodically reviewed. Assets and Liabilities at the year end are revalued at rates quoted by Foreign Exchange Dealers' Association of India. The resultant profit / loss is shown as income / loss.

3) INVESTMENTS

I. Investments are accounted for in accordance with the extant RBI guidelines on investment classification and valuation and are regrouped, shown in balance sheet under the following six groups:

- a) Government Securities
- b) Other Approved Securities
- c) Shares
- d) Debentures and Bonds
- e) Investments in Subsidiaries/Joint Ventures
- f) Others (Commercial Paper, Units of Mutual Fund, NABARD-RIDF, Venture Capital Funds etc.)

II. The investment portfolio of the Bank is classified into the following three categories:

- a) Held to Maturity
- b) Available for Sale
- c) Held for Trading

Bank decides the category of each investment at the time of acquisition and classifies the same accordingly. Transfer of securities from one category to another is done at the least of the acquisition cost/ book value/ market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for and the book value of the security is accordingly altered.

III. Valuation

a) Held to Maturity

- i) Investments classified under this category are valued at the year end at the acquisition cost, except where the acquisition cost is more than the face value, in which case the premium is amortized on constant yield method over the remaining maturity period.
- ii) In the case of investments in subsidiaries/ joint ventures, any diminution in value, other than temporary, is recognized and provided for each investment individually. Investment in RRB and venture capital fund is valued at carrying cost.
- iii) Profit on sale of investments in this category is first taken to Profit and Loss Account and thereafter appropriated to the "Capital Reserve Account". Loss on sale of investment is recognised in the Profit and Loss Account.



b) Available for Sale

A	Govt. Securities Central Govt Securities/State Govt Securities	At market prices / YTM as published by Fixed Income Money Market and Derivatives Association of India (FIMMDA) on periodical basis.
B	Securities guaranteed by Central / State Govt. PSU Bonds (Not in the nature of advances)	On appropriate yield to maturity basis as per FIMMDA / RBI guidelines.
C	Treasury Bills	At carrying cost
D	Equity Shares	At market price, if quoted, otherwise at break up value of the shares as per latest balance sheet (Not more than one year old) otherwise at Rs.1/- per Company.
E	Preference Shares	At market price, if quoted or on appropriate yield to maturity basis not exceeding redemption value as per RBI / FIMMDA guidelines. In case of preference shares, where preference dividends are in arrears, no credit is taken for accrued dividends and the value determined on YTM is discounted by at least 15% if the arrears are for 1 year and more. The depreciation/ provision requirement arrived at in the above manner in respect of non-performing shares where dividends are in arrears is not set-off against appreciation on other performing preference shares.
F	Bonds and Debentures (Not in the nature of advance)	At market price, if quoted, or on appropriate yield to maturity as per RBI/ FIMMDA guidelines.
G	Units of mutual funds	As per Stock Exchange quotation, if quoted; at repurchase price / NAV, if unquoted.

H	Commercial Papers	At carrying cost.
I	Security Receipts	At net asset value of the asset declared by the Asset Reconstruction Company.
K	Venture Capital Funds	At net asset value (NAV) declared by the VCF
L	Other Investments	At carrying cost less diminution in value.

The above valuation in category of Available for Sale and Held for Trading is done scrip wise and depreciation/ appreciation is aggregated for classification. Net depreciation for each classification if any, is provided for, while net appreciation is ignored.

Provisions on account of depreciation on net basis, if found to be in excess, is first taken to Profit & Loss Account and thereafter appropriated to the "Investment Reserve Account" as per the extant RBI guidelines.

IV. Prudential Norms

- (a) (i) Securities with guarantees of the Central Government are treated as performing investments, notwithstanding arrears of principal/interest payments. However, interest if not realized for more than 90 days, is recognized as income only on cash basis.
- (ii) Securities guaranteed by the State Government, where the principal/interest is due but not paid for a period of more than 90 days, are treated as Non Performing Investments and provided for as per the RBI guidelines. Further, for securities guaranteed by the State Governments, where the principal/ interest is due but not paid for a period of more than 90 days, interest is recognized as income only on cash basis.
- (b) Securities not guaranteed by the Central Government/State Governments/Preference shares where the Principal/Interest /Fixed Dividend is due but not paid for a period of more than 90 days, are treated as Non Performing Investments and provided for as per the Reserve Bank of India guidelines.
- (c) In the case of debentures/bonds where principal/ interest is in arrears, provision is made as in the case of advances.
- (d) If any credit facility availed by the issuer from the Bank is NPA, investments in any of the securities



issued by the same issuer is also treated as Non Performing Investments.

- (e) The depreciation/provision requirement in respect of non-performing investments is not set off against the appreciation in respect of other performing investments.
- (f) In the case of Equity Shares, in the event the investment in the shares of any company is valued at Re. 1 per company on account of the non-availability of the quotation or latest balance sheet in accordance with the guidelines, such equity shares would also be reckoned as Non Performing Investment on case to case basis.
- (g) In case of preference shares, where preference dividends are in arrears, no credit is taken for accrued dividends and the value determined on YTM is discounted by atleast 15% if arrears are for 1 year, and more (if arrears are for more than one year). The depreciation/ provision requirement arrived at in the above manner in respect of non-performing shares where dividends are in arrears is not set-off against appreciation on other performing preference shares.

4) TRANSACTIONS RELATING TO DERIVATIVES

Derivative contracts are designated as hedging or trading and accounted for as follows:

- a) **Hedge Swaps:** The interest rate swaps which hedges interest bearing assets and liabilities are accounted for on accrual basis except the swaps designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In such cases the swaps are marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability.

The gain or loss on the terminated swaps is deferred and recognized over the shorter of the remaining contractual life of the swap or the remaining life of the asset/liability.

- b) **Re-designation of Hedge items:** If a hedge is redesignated from one item of asset/liability to another item of asset/liability, such re-designation is accounted for as the termination of one hedge and acquisition of another. On the date of redesignation, the swap is marked to market and the mark to market value is amortized over the shorter period of the remaining life of the swap or remaining life of the

asset/liability. The offsetting mark to market entry adjustments would be treated as premium received or paid for hedge on the newly designated item of asset/liability and this would be amortized over the life of the redesignated asset/liability or remaining term of the swap whichever is shorter

- c) **Trading Swaps:** The trading swaps are marked to market with the resulting gain or loss recorded in the income statement. Gain or loss on termination of the swap is recorded as immediate income or expense.

5) FIXED ASSETS/DEPRECIATION

(I) Fixed Assets

- (a) Premises of the bank include free hold as well as lease hold properties. Land and buildings purchased or allotted have been capitalised based on agreements/letters of allotment and physical possession. Other Fixed Assets are capitalized on the date of put to use. Premises and other Fixed Assets are stated at their historical cost, except those which have been re-valued. Such Fixed Assets are stated on the revalued amount.
- b) Advance payments made for acquisition of capital assets and deposits made in respect of properties taken on lease/rent are included under 'Other Assets'.

(II) Depreciation

- a) Fixed Assets (other than computers and software) are depreciated at the rates prescribed under the 'Income Tax Rules' on reducing balance method, including on the composite cost of certain properties, where it is not possible to segregate the land cost. Computers (including operating software) are depreciated on Straight Line Method at the rate of 33.33% per annum. Other software expenses, treated as intangible assets are amortized at 100% in the year of acquisition. Depreciation on additions to Fixed Asset during the financial year is provided at 100% of the rate of depreciation prescribed, if the asset is put to use for 180 days and above during the year and at 50% of the rate of depreciation



prescribed, if the asset is put to use for less than 180 days during the year. No depreciation is provided in the year of sale/disposal of fixed assets.

- b) Incremental depreciation on revalued amount in respect of premises is adjusted from Revaluation Reserve account.

6) LEASED OUT ASSETS

Accounting for leased assets is done as per Accounting Standard 19. Provision in respect of non-performing assets, is made by applying the asset classification norms prescribed by the RBI for advances.

7) NON BANKING ASSETS

Non-Banking assets are shown at cost.

8) ADVANCES

Advances are classified as per the RBI guidelines into standard, sub-standard, doubtful and loss assets after considering subsequent recoveries to date. Provision for non-performing assets is made in conformity with the RBI guidelines.

- a) In terms of the guidelines of the Reserve Bank of India, advances are classified as "Performing" and "Non-Performing" assets based on recovery of principal/interest and advances are classified as "Non Performing Assets" with 90 days delinquency norms. In case of State Government Guaranteed advances, requirement of invocation of the Guarantee has been de-linked for classification of an account as NPA. Non Performing Advances (NPAs) are categorized as Sub-Standard, Doubtful and Loss Assets for the purpose of computing provision requirements.

Advances shown in the Balance Sheet are net of provisions [including floating provisions] in respect of non-performing advances, interest suspense and ECGC/DICGC claims received.

- b) Advances include the Bank's participation in/ contributions to Pass Through Certificates (PTCs) and /or to the asset-backed assignment of loan assets of other banks / financial institutions where the Bank has participated on risk-sharing basis.

- c) Amounts recovered against bad debts written off in earlier years are recognised in the Profit and Loss account.

- d) Provisions no longer considered necessary in context of the current status of the borrower as a performing asset, are written back to the Profit and Loss account to the extent such provisions were charged to the Profit and Loss account.

- e) Provisions on Standard Advances are shown under "Other Liabilities and Provisions".

- f) Provision on advances is made as per the RBI guidelines as under:

1. **Standard Assets:** 1% of standard advances to Commercial Real Estate Sector, 0.25% of the outstanding advances under direct agriculture & SME Sectors, 2% on standard restructured advances and 0.40% on all other outstanding advances.

2. **Sub Standard Assets:** 15% of the outstanding advances. However, in case of sub standard assets which are identified ab-initio as "unsecured exposures" provision at 25% of the outstanding balance is made.

3. **Doubtful assets:** 25% to 100% as applicable on the secured portion of advances, depending upon the period for which the asset has remained doubtful and 100% of the unsecured portion of the outstanding advance after netting realized amount in respect of DICGC scheme and realized/realizable amount of guarantee cover under the ECGC/CGSTI Schemes.

4. **Loss Assets:** 100% of the outstanding advances

- g) Restructured / rescheduled accounts:

In case of restructured / rescheduled accounts provision is made for the sacrifice against erosion/diminution in fair value of restructured loans, in accordance with the general framework of restructuring of advances issued by RBI vide circular dated August 27, 2008 and Master Circular dated July 01, 2010.

The erosion in fair value of the advances is computed as the difference between fair value of the loan before and after restructuring.



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

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

The restructured accounts have been classified in accordance with RBI guidelines, including special dispensation wherever allowed.

9) REVENUE RECOGNITION

Income is accounted on accrual basis except in the following cases:

- a) In the case of Non Performing Assets, income is recognized on cash basis, in terms of guidelines of the Reserve Bank of India. Where recovery is not adequate to upgrade the Non Performing Assets accounts by way of regularization, such recovery is being appropriated towards the principal/book balance in the first instance and towards interest dues thereafter. In respect of Non Performing Investments, the same accounting treatment as above is followed.
- b) Income from Units of Mutual Funds, Commission on Insurance and Depository Participant business, Merchant Banking transactions, General Insurance business, Money transfer services, Sale of Mutual Fund products, Locker Rent, Commission on Government business, etc. are accounted on cash/realisation basis.
- c) Commission earned from Non-fund based business viz., Letter of Credits and Bank Guarantees is accounted on cash basis.

- d) Interest on securities which is due and not paid for a period of more than 90 days is recognized on realisation basis as per RBI guidelines.
- e) In the case of suit filed accounts, legal expenses are charged to the profit and loss account. Similarly, at the time of recovery of legal expenses in respect of such suit filed accounts, the amount recovered is accounted as income.

10) NET PROFIT

The net profit is arrived at after

- a) Provisions for Income Tax & Wealth Tax in accordance with statutory requirements
- b) Provision on advances/investments
- c) Adjustments to the value of investments
- d) Transfers to provisions and contingencies
- e) Provision for Inter Branch accounts lying unadjusted for more than six months as per RBI norms
- f) Other usual and necessary provisions

11) EMPLOYEE BENEFITS

- a) Expenses arising out of claims in respect of employee matters under dispute/negotiation are accounted during the year of final settlement/determination.
- b) In respect of employees who have opted for Provident Fund scheme, matching contribution as applicable is made by the Bank to the recognised Provident Fund. For others who have opted for pension scheme, contribution to Pension Fund is made based on actuarial valuation, as per Accounting Standard 15.
- c) Contribution to Gratuity Fund is made based on actuarial valuation, as per Accounting Standard 15.
- d) Liability towards leave encashment, privilege leave and sick leave is provided based on actuarial valuation, as per Accounting Standard 15.

Details are as under:

Short term employee benefits:

Short term employee benefits (benefits which are payable within twelve months after the end of the



period in which the employees render service) ie., sick leave is measured as per the actuarial valuation report obtained as of each year end balance sheet date.

Long term employee benefits:

Long term employee benefits (benefits which are payable after the end of twelve months from the end of the period in which employees render service), and post employment benefits (benefits which are payable after completion of employment), are measured on a discounted basis by the projected Unit Credit Method, on the basis of annual third party actuarial valuations. The bank provides for the following long term employee benefits as per actuarial valuation:

1. **Leave encashment:** The Bank provides for liability accruing on account of deferred entitlement towards leave encashment in the year in which the employees concerned render their services based on third party actuarial valuation obtained as of each year end balance sheet date.
2. **Pension:** The Bank provides for liability accruing on account of the employees who have opted for pension based on the actuarial valuation obtained as of each year end balance sheet date.
3. **Gratuity:** The Bank provides for gratuity liability based on the actuarial valuation obtained as of each year end balance sheet date.
4. The pension and gratuity contributions are transferred to self managed trust.

12) PROVISION FOR TAXATION

Tax expenses comprise current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and

the tax laws enacted or substantively enacted at the balance sheet date.

13) IMPAIRMENTS:

The carrying amounts of assets are reviewed at each Balance Sheet date for any indication of impairment based on internal/external factor. An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount

14) SEGMENT REPORTING:

In accordance with the guidelines issued by RBI, Bank has adopted Segment Reporting as under:

1. **Treasury** includes all investment portfolio, profit/loss on sale of investments, profit/loss on foreign exchange transactions, equities, income from derivatives and money market operations. The expenses of this segment consist of interest expenses on funds borrowed from external sources as well as internal sources and depreciation / amortisation of premium on Held to Maturity category investments.
2. **Corporate/ Wholesale Banking** includes lending and deposits from corporate customers and identified earnings and expenses of the segment.
3. **Retail Banking** includes lending and deposits from retail customers and identified earnings and expenses of the segment.
4. **Other Banking Operations** includes all other operations not covered under Treasury, Wholesale Banking and Retail Banking.

15) EARNINGS PER SHARE:

Earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividend and attributable taxes thereto) by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share have been computed using the weighted average number of equity shares



and dilutive potential equity shares outstanding as at the end of the year.

16) CONTINGENT LIABILITIES AND PROVISIONS:

1. A provision is recognised when there is an obligation as a result of past event if it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

2. Transactions in Government securities and others which were pending for settlement on the balance sheet date are shown under contingent assets and liabilities head.

17) OTHERS:

Cash and cash equivalents in the cash flow statement comprise cash and balances with RBI (Schedule 6) and balances with banks and money at call and short notice (Schedule 7).

- 18) The Bank has followed the same accounting policies as in the previous year's subject to regulatory changes, if any.

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Registration No: 106655W

[ABHAY V. KAMAT]

Partner
Membership No: 039585

Place : Bangalore
Date : 30.04.2012



SCHEDULE – 18 : NOTES ON ACCOUNTS

1. Reconciliation of entries outstanding as on 31.03.2012 in the inter-branch and other accounts has been drawn. Matching of entries outstanding in inter-branch and inter-bank accounts including balances in drafts accounts, suspense accounts, branch adjustment accounts, clearing transactions, funds transfers, telegraphic transfers, balances pertaining to dividends / interest / refund orders paid / payable accounts, advances paid for acquisition of assets, etc. is complete upto 31.12.2011 and is under progress for the remaining period. In the opinion of the Bank, consequential effect of the above on the revenue / assets / liabilities is not material.
2. In respect of certain premises acquired by the Bank having written down value of ₹ 6.70 crore, (previous year ₹ 7.44 crore) documentation / registration are yet to be completed pending legal or other formalities.
3. In the case of un-audited branches, the returns / classification of advances as reported by the concerned branches have been adopted.
4. Claims pending and to be preferred with ECGCI Limited amounting to ₹ 14.05 crore (previous year ₹ 53.78 crore) have been considered as realisable for the purpose of computing provisions.
5. No provision other than those made, have been considered necessary by the Management in respect of disputed tax liabilities in view of the judgements in favour of the Bank. Further, certain deductions have been considered while working out tax provisions in respect of some claims under Income Tax Act based on the legal opinions obtained.
6. In terms of the guidelines issued by the Reserve Bank of India, the following disclosures are made:

i) Capital

(₹ in crore)

Sl. No.	Particulars	31.03.2012	31.03.2011
1.	CRAR (%)		
	Basel I	10.96	12.59
	Basel II	13.06	13.88
2.	CRAR – Tier I Capital (%)		
	Basel I	8.13	8.96
	Basel II	9.68	9.88
3.	CRAR – Tier II Capital (%)		
	Basel I	2.83	3.63
	Basel II	3.38	4.00
4.	Percentage of the shareholding of Government of India	55.02%	57.69%
5.	Amount of sub-ordinated debt raised as Tier –II Capital (₹ in Crores)	NIL	NIL
6.	Amount of Perpetual Non-Cumulative Preference Shares (PNCPS) raised as Tier I Capital during the year (₹ in Crores)	NIL	700.00

ii) Investments

(₹ in crore)

Sl.No.	Particulars	31.03.2012	31.03.2011
1.	Value of Investments		
	Gross value of investments	28939.17	26482.99*
	In India	28939.17	26482.99*
	Outside India	NIL	NIL
	Provisions for depreciation and NPI		
	In India	295.37**	244.41
	Outside India	NIL	NIL
	Net value of investments	28643.80	26238.58
	In India	28643.80	26238.58
	Outside India	NIL	NIL
2.	Movement of provisions held towards depreciation on investments		
	Opening balance	225.16	199.64
	Add: i) Provision made during the year	59.87	10.44
	ii) Diminution on shifting of investments	38.57	15.08
		323.60	225.16
	Less: Write off / write back of excess provisions	NIL	NIL
	Closing balance	323.60	225.16

* Includes LAF Repo of ₹1100.00 Cr outstanding as on 31.03.2011

** Includes provision of ₹ 10.34 Cr made on NPI



iii) The particulars of repo transactions (including those from RBI under LAF Repo) are as under:

(₹ in crore)

Particulars	Outstanding during the year			As on 31.03.2012
	Minimum	Maximum	Daily average	
Securities sold under Repos				
1) Govt. Securities	NIL	2792.80	592.89	2792.80
2) Corporate debt securities	NIL	NIL	NIL	NIL
Securities purchased under reverse Repos				
1) Govt. Securities	NIL	1279.90	74.95	1279.90
2) Corporate debt securities	NIL	NIL	NIL	NIL

Repo Transactions 31.03.2011 (Previous Year)

(₹ in crore)

Securities sold under Repos				
1) Govt. Securities	NIL	2800.00	627.25	1130.00
2) Corporate debt securities	NIL	NIL	NIL	NIL
Securities purchased under reverse Repos				
1) Govt. Securities	NIL	2800.00	124.01	325.00
2) Corporate debt securities	NIL	NIL	NIL	NIL

iv) Non-SLR Investment Portfolio

Issuer composition of Non-SLR Investments -31.03.2012

(₹ in crore)

Sl. No.	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	373.16	319.77	10.64	68.14	NIL
(ii)	FIs**	3188.98	3124.52	68.00	2542.16	58.00
(iii)	Banks	921.35	266.76	5.00	63.95	NIL
(iv)	Private Corporate	413.53	299.88	113.56	113.58	26.30
(v)	Subsidiaries/ Joint Ventures	10.13	10.13	NIL	10.13	NIL
(vi)	Others	277.55	146.34	26.40	229.05	NIL
(vii)	Provision held towards depreciation and NPI	(246.25)	NIL	NIL	NIL	NIL
	TOTAL*	4938.45	4167.40	224.21	3027.01	84.30

Note: (1) *Total under column 3 should tally with the total of Investments included under the following categories in Schedule 8 to the balance sheet:

- a. Shares
- b. Debentures & Bonds
- c. Subsidiaries/joint ventures
- d. Others

(2) Amounts reported under columns 4, 5, 6 and 7 above may not be mutually exclusive.

** Includes the investment under RIDF of ₹ 2477.70 Cr.



Issuer composition of Non SLR investments - 31.03.2011 (Previous Year)

(₹ in crore)

Sl. No.	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	377.34	334.12	NIL	55.09	5.41
(ii)	FIs**	2762.04	2491.19	NIL	2141.02	2203.68
(iii)	Banks	3174.48	3110.95	NIL	61.16	NIL
(iv)	Private Corporate	536.42	436.26	39.77	176.51	159.52
(v)	Subsidiaries/ Joint Ventures	10.13	10.13	NIL	10.13	10.13
(vi)	Others	178.29	2.24	NIL	178.29	11.56
(vii)	Provision held towards depreciation and NPI	(207.58)	NIL	NIL	NIL	NIL
	Total *	6831.12	6384.89	39.77	2622.20	2390.30

Note: (1) *Total under column 3 should tally with the total of Investments included under the following categories in Schedule 8 to the balance sheet:

- Shares
- Debentures & Bonds
- Subsidiaries/joint ventures
- Others

(2) Amounts reported under columns 4, 5, 6 and 7 above may not be mutually exclusive.

** Includes the investment under RIDF of ₹ 2141.01 Cr.

v) a) **Non-Performing Non-SLR Investments**

(₹ in crore)

Particulars	31.03.2012	31.03.2011
Opening balance	19.25	19.25
Additions during the year	1.09	NIL
Reductions during the above period	10.00	NIL
Closing balance	10.34	19.25
Total provisions held	10.34	19.25

b) **Movement in provision for Non Performing Investments**

(₹ in crore)

Particulars	31.03.2012	31.03.2011
Opening balance	19.25	19.25
Add: Provision made during the year	1.09	NIL
Less: Write off / write back of excess provisions	10.00	NIL
Closing balance	10.34	19.25

vi) **Derivatives :**

a) **Forward Rate Agreement / Interest Rate Swap**

(₹ in crore)

Particulars	31.03.2012	31.03.2011
a. The notional principal of swap agreements	300.00	800.00
b. Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	2.20	3.79
c. Collateral required by the bank upon entering into swaps	NIL	NIL
d. Concentration of credit risk arising from the swaps	NIL	NIL
e. The fair value of the swap book	0.06	(22.51)

- Interest Rate Swaps were undertaken for the purpose of hedging interest rate risk on assets/liabilities and for trading purpose.
- The terms of swaps are to receive fixed interest rate against floating interest rate or vice versa.
- The counterparties for the swaps are banks and the exposure with each bank is within the approved credit exposure limits.



b) Exchange Traded Interest Rate Derivatives

(₹ in crore)

Sl. No.	Particulars	31.03.2012	31.03.2011
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument wise)	NIL	NIL
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2012(instrument-wise)	NIL	NIL
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	NIL	NIL
(iv)	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument –wise)	NIL	NIL

vii) Disclosures on risk exposure in derivatives

a) Qualitative Disclosure

Bank has put in place a comprehensive derivative policy for undertaking derivative transactions for hedging, trading and servicing customers' purpose as per RBI guidelines duly approved by the Board. The policy lays down the type, scope and usage with appropriate limits for derivative transactions. From the view point of operational efficiency and risk oversight the Derivatives desk is segregated into Front Office, Mid Office and Back Office with clear segregation of portfolio. The derivative hedges are continuously monitored for effective performance as per laid down policy and corrective measures are taken for mitigating the risk.

b) Quantitative Disclosures

(₹ in crore)

Sl. No.	Particulars	Currency Derivatives	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount)		
	a) For Hedging	NIL	NIL
	b) For Trading	NIL	300
ii)	Marked to Market Positions [1]		
	a) Asset (+)	NIL	2.20
	b) Liability (-)	NIL	2.14
iii)	Credit Exposure [2]	NIL	4.45
iv)	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives	NIL	NIL
	b) on trading derivatives	NIL	NIL
v)	Maximum and Minimum of 100*PV01 observed during the year		
	a) on hedging - Maximum	NIL	NIL
	- Minimum	NIL	NIL
	b) on trading - Maximum	NIL	NIL
	- Minimum	NIL	NIL

viii) Asset Quality

a) Non Performing Asset

(₹ in crore)

Particulars	31.03.2012	31.03.2011
(i) Net NPAs to Net Advances (%)	1.72	1.52
(ii) Movement of NPAs (Gross)		
Opening balance	1259.19	994.45
Additions during the year	2056.97	1362.26
Reductions during the year	1597.70	1097.52
Closing balance	1718.46	1259.19



Particulars	31.03.2012	31.03.2011
(iii) Movement of Net NPAs		
Opening balance	741.16	581.83
Additions / reductions during the year	256.85	159.33
Closing balance	998.01	741.16
(iv) Movement of provisions for NPAs*		
Opening balance	506.07	408.40
Provisions made during the year	394.67	405.27
Write-off / write-back of excess provisions	184.55	307.60
Closing balance	716.19	506.07

* (Excluding provision on Standard Assets and including floating provision).

b) Details of Loan Assets subjected to Restructuring

(₹ in crore)

Sl. No.	Particulars	31.03.2012	31.03.2011
a.	Total amount of loan assets subjected to restructuring, re-scheduling, re-negotiation	4706.61	2645.89
	Of which under CDR	327.56	161.27
b.	The amount of Standard assets subjected to restructuring, re-scheduling, re-negotiation	4669.57	2619.20
	Of which under CDR	327.56	161.27
c.	The amount of sub standard assets subjected to restructuring, rescheduling, renegotiation	26.71	26.41
	Of which under CDR	NIL	NIL
d.	The amount of doubtful assets subjected to restructuring, rescheduling, renegotiation	10.33	0.28
	Of which under CDR	NIL	NIL
	Note: (a = b + c + d)		

Debt restructuring for SME accounts		31.03.2012	31.03.2011
a.	Total amount of assets of SMEs subjected to restructuring (b+c+d)	324.21	308.59
b.	Amount of standard assets of SMEs subjected to restructuring	306.00	290.38
c.	Amount of sub-standard assets of SMEs subjected to restructuring	15.06	15.06
d.	Amount of doubtful assets of SMEs subjected to restructuring	3.15	3.15

c) Particulars of Accounts Restructured

31.03.2012 (₹ in crore)

		CDR Mechanism	SME Debt Restructuring	Others
Standard Advances Restructured	No. of Borrowers	15	433	4024
	Amount Outstanding	340.63	36.18	2232.61
	Sacrifice (diminution in the fair value)	41.53	1.30	2.87
Sub-standard Advances Restructured	No. of Borrowers	NIL	165	631
	Amount Outstanding	NIL	6.12	79.67
	Sacrifice (diminution in the fair value)	NIL	0.02	0.17
Doubtful Advances Restructured*	No. of Borrowers	2	1799	3183
	Amount Outstanding	26.24	70.73	146.41
	Sacrifice(diminution in the fair value)	0.35	0.02	0.48
TOTAL	No. of Borrowers	17	2397	7838
	Amount Outstanding	366.87	113.03	2458.69
	Sacrifice (diminution in the fair value)	41.88	1.34	3.52



- d) In respect of the advances restructured under the Prudential Guidelines of the Reserve Bank of India dated 27th August 2008 and the subsequent clarifications / guidelines issued from time to time in this respect, the Bank has provided a sum of ₹ 46.74 Crores (previous year ₹ 7.31 Crores) as diminution in the fair value of advances on account of such restructuring which in the Bank's opinion is considered adequate in view of revision in rate of interest on such restructured advances. The full implementation of the conditions laid down for restructuring in the said Circular are being complied with.

e) **Details of Assets sold to Securitisation Company / Reconstruction Company, for Assets Reconstruction**

(₹ in crore)

Sl. No.	Particulars	31.03.2012	31.03.2011
01	Number of accounts	NIL	4
02	Aggregate Value (net of provisions) of accounts sold to SC/ RC	NIL	97.07
03	Aggregate consideration	NIL	125.34
04	Additional consideration realised in respect of accounts transferred in earlier years	NIL	1.63
05	Aggregate gain / loss over net book value	NIL	29.95

f) **Details of non-performing financial assets purchased/sold**

i) **Details of non-performing financial assets purchased**

(₹ in crore)

Particulars	31.03.2012	31.03.2011
1. (a) No. 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

ii) **Details of non-performing financial assets sold**

(₹ in crore)

Particulars	31.03.2012	31.03.2011
1. No. of accounts sold	NIL	4
2. Aggregate outstanding	NIL	125.34
3. Aggregate consideration received	NIL	125.34

g) **Provision on Standard Asset**

(₹ in crore)

Particulars	31.03.2012	31.03.2011
Provisions towards Standard Assets	258.22	223.40
TOTAL	258.22	223.40

h) **Business Ratios**

(₹ in crore)

Particulars	31.03.2012	31.03.2011
Interest Income as a percentage to Working Funds	9.20%	8.03%
Non-interest income as a percentage to Working Funds	0.61%	0.73%
Operating Profit as percentage to Working Funds	1.42%	1.44%
Return on Average Assets	0.66%	0.72%
Average Business [Deposits + Advances] per employee	11.28	9.28
Net profit per employee	0.05	0.063



ix) **Asset Liability Management** : Maturity pattern of certain items of assets and liabilities: (₹ in crore)

	1 day	2 – 7 days	8 – 14 days	15 – 28 days	29 days - 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	299.01	3829.02	1514.59	3024.34	11548.54	6610.20	29041.4	9381.66	17525.65	281.13	83055.54
Advances*	386.47	242.97	269.66	766.25	2277.55	2694.30	4079.22	33962.82	6406.19	6818.3	57903.73
Investments*	100.73	480.4	66.49	9.74	1357.57	58.95	325.38	4208.27	7092.56	14943.71	28643.80
Borrowings**	95.00	2792.8	NIL	NIL	40.01	0.58	716.43	272.99	500.59	1000.00	5418.40
Foreign Currency Assets	68.45	254.4	1.06	7.90	185.88	168.94	19.3	NIL	NIL	NIL	705.93
Foreign Currency Liabilities	524.52	0.87	2.07	9.01	15.67	52.46	62.93	33.4	5.00	NIL	705.93

Assets and Liabilities are classified as per the guidelines issued by the Reserve Bank of India, compiled by the management and relied upon by the auditors.

* Figures are broadly net of provision

** Borrowings in India

x) **Lending to Sensitive Sectors**

a) **Exposure to Real Estate Sector**

(₹ in crore)

Particulars	31.03.2012	31.03.2011
1) Direct exposure		
a. Residential mortgages		
(i) Lendings fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	6082.20	5952.19
(ii) Individual housing loans eligible for inclusion in priority sector advances (included in the above)	4372.60	4311.31
b. Commercial Real Estate and Income Producing Real Estate		
Lendings 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 also includes non-fund based (NFB) limits:	3530.02	3979.54
c. Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
i) Residential	0.14	0.40
ii) Commercial Real Estate	4.58	4.68
2) Indirect Exposure		
Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1675	260.00
Total exposure to real estate sector	11291.94	10196.81



b) Exposure to Capital Market

(₹ in crore)

Sl.No.	Particulars	31.03.2012	31.03.2011
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	363.22	375.22
(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.	60.09	0.18
(iii)	Advances for any other purpose 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 purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e., where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances.	NIL	NIL
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market markers.	25.09	20.07
(vi)	Loans sanctioned to corporates 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 stock brokers for margin trading.	NIL	NIL
(x)	All exposures to Venture Capital Funds (both registered and unregistered) are deemed to be on par with equity and hence reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	15.33	11.56
	Total exposure to capital market	463.73	407.03

xi) Risk Category-wise Country Exposure

(₹ in crore)

Risk Category	Exposure (net) as at 31.03.2012	Provision held as at 31.03.2012	Exposure (net) as at 31.03.2011	Provision held as at 31.03.2011
Insignificant	203.94	NIL	208.68	NIL
Low	269.80	NIL	228.85	NIL
Moderate	25.72	NIL	24.77	NIL
High	3.75	NIL	0.98	NIL
Very High	0.27	NIL	NIL	NIL
Restricted	0.41	NIL	NIL	NIL
Off credit	NIL	NIL	NIL	NIL
Total	503.89	NIL	463.28	NIL

The net funded exposure of the Bank in respect of foreign exchange transactions with each country is within 1% of the total assets of the Bank and hence no provision is required to be made as per the Reserve Bank of India Circular DBOD. BP.BC.71/21.04.103/2002-03 dated 19.02.2003 read with DBOD.BP.BC.96/21.04.103/2003-04 dated 17.06.2004.



xii) Details of Credit Exposures where the Bank had exceeded the Prudential Exposure during the year

Karnataka Power Transmission Corporation Limited

(₹ in crore)

SI No	Exposure ceiling @ 15% as applicable to individual borrowers	Limit sanctioned	Balance O/s	Period during which limit exceeded**		Board Sanction details:	Position as on 31.03.2012
				Month	Amount		
1	939.50	1260.00	1225.44	Apr-11	NIL	<ul style="list-style-type: none"> ➤ Secured Loan of ₹ 126.00 crores at our Indira Nagar, Bangalore Branch. [Approved vide Proceedings No. MC:A: 123.2006-07 Dated 01.12.2006-Repayable in 28 Equal Quarterly Installments commencing from 07.06.2011]. Interest serviced/to be serviced as and when debited. 	1189.47
	939.50	1260.00	1226.23	May-11	NIL		
	939.50	1260.00	1228.68	Jun-11	NIL		
	939.50	1260.00	1222.76	Jul-11	NIL		
	939.50	1260.00	1213.65	Aug-11	NIL		
	939.50	1260.00	1220.12	Sep-11	NIL		
	939.50	1260.00	1215.60	Oct-11	NIL		
	939.50	1260.00	1208.82	Nov-11	NIL		
	939.50	1260.00	1214.09	Dec-11	NIL		
	939.50	1260.00	1210.06	Jan -12	NIL		
	939.50	1260.00	1198.49	Feb-12	NIL		
	939.50	1260.00	1198.43	Marh-12	NIL		
						<ul style="list-style-type: none"> ➤ Secured Loan of ₹ 165.00 crores at our K. G. Road, Bangalore Branch. [Approved vide Proceedings No. MC: A: 154/ 2007-08 Dated 17.11.2007-Repayable in 40 Equal Quarterly Installments commencing from 14.04.2011]. Interest serviced/to be serviced as and when debited. ➤ Secured Loan of ₹ 105.00 crores at our K. G. Road, Bangalore Branch. [Approved vide Proceedings No. CD: MC: [SAC]: A: 159/ 2008-09 Dated 26.07.2008-Repayable in 40 Equal Quarterly Installments commencing from 04.11.2011]. ➤ Interest serviced/to be serviced as and when debited. ➤ Secured Loan of ₹ 564.00 crores at our K. G. Road, Bangalore Branch. [Approved vide Proceedings No. CD: MC: [SAC]: A: 219/ 2010-11 Dated 18.08.2010-Repayable in 40 Equal Quarterly Installments after an initial repayment holiday of 3 years]. Interest serviced/to be serviced as and when debited. ➤ Secured Loan of ₹ 300.00 crores at our K. G. Road, Bangalore Branch. [Approved vide Proceedings No. CD: MC: [SAC]: A: 341/ 2010-11 Dated 27.11.2010-Repayable in 40 Equal Quarterly Installments after an initial repayment holiday of 3 years]. 	



PRUDENTIAL EXPOSURE CEILING: 15%+5% [subject to compliance of Conditions required under "Exceptional circumstances"]; [₹ 939.50 crores+313.17 crores; i.e., ₹ 1252.67 crores]

The Board of Directors has accorded approval under the guidelines on "Prudential Exposure Norms", upon compliance of conditions relating to "Exceptional Circumstances".

Note: Out of total limit approved of ₹1260.00 crores, some of the term loans to KPTCL are approved for laying new transmission lines, falling under "Infrastructure Category", where permissible exposure level is 20% of Capital Funds of the Bank, under PE Guidelines of RBI. However, as, not all the exposure to KPTCL is eligible to be classified under "Infrastructure Category", the same are reported as the guidelines of RBI on disclosure requirements

xiii) The Bank has not made any financing for margin trading and also not securitised any assets during the year.

xiv) **Concentration of Deposits, Advances, Exposures and NPAs as compiled by bank**

a) **Concentration of Deposits** (₹ in crore)

Total Deposits of twenty largest depositors	10740.13
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	12.93%

b) **Concentration of Advances** (₹ in crore)

Total Advances of twenty largest borrowers	13853.52
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	18.32%

c) **Concentration of Exposures** (₹ in crore)

Total Exposure of twenty largest borrowers/customers	17135.23
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	22.65%

d) **Concentration of NPAs** (₹ in crore)

Total Exposure of top four NPA accounts	316.97
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xv) **Sector-wise NPAs**

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities	7.02
2	Industry (Micro & small, Medium and Large)	20.57
3	Services	1.19
4	Personal Loans	2.66

xvi) **Movement of NPAs** (₹ in crore)

Particulars	Amount in
Gross NPAs as on 1st April 2011 (Opening Balance)	1259.19
Additions (Fresh NPAs) during the year	2056.98
Sub-total (A)	3316.16
Less:-	
(i) Upgradations	931.22
(ii) Recoveries (excluding recoveries made from upgraded accounts)	452.29
(iii) Write-offs	214.20
Sub-total (B)	1597.70
Gross NPAs as on 31st March 2012 (A-B)	1718.46



xvii) Overseas Assets, NPAs and Revenue : NIL

xviii) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

xix) **Provision coverage ratio:** Coverage ratio as of 31.03.2012 is 62.40% (previous year 63.69%) as per RBI guidelines. However, the Bank has achieved the PCR as envisaged in RBI circular DBOD. No.BP.BC.87-21.048/2010-11 dt.21.04.2011.

xx) **Unsecured advances :** The Bank has no unsecured advances wherein intangible securities have been taken as collateral securities.

During the year 2011 - 2012, the bank had issued 139 letters of comfort amounting to USD 91,527,882.65 covering import of goods into India. These letters of comfort have been issued after due assessment of its financial impact on the bank and with the approval of the competent authority. As on the date of the balance sheet 74 letters of comfort amounting to USD 51.02 million (approximately ₹ 259.56 crores @ USD 1 = ₹ 50.875) are outstanding which, in the opinion of the management, will not have any significant impact on the bank's financial position.

xxi) **Fees / remuneration from insurance business during 2011-12**

SI no	Nature of Income	2011-12 (₹ Lacs)
1	For selling life insurance policies	130.82
2	For selling non life insurance policies	176.94
3	For selling mutual fund products	NIL
4	Others (Specify)	NIL

7. Compliance with information to be disclosed under Accounting Standards notified by the Ministry of Corporate Affairs under Companies(Accounting Standards) Rules, 2006:

- i) There were no material prior period income/ expenditure required to be disclosed as per AS -5.
- ii) In terms of accounting policy No.9 of the Bank, some items are recognised on cash basis. However, the management is of the view that since the amount involved is not material, it does not require any disclosure under AS-9.
- iii) The Bank is revaluing foreign currency transactions consistently at the weekly average rate of the last week of the preceding month, prescribed by FEDAI, instead of the rate at the date of the transaction as per AS 11. The management is of the view that there is no material impact on the accounts for the year.
- iv) The following information is disclosed under AS-15.

(₹ in crore)

SI. No.	Particulars	Gratuity	Pension
I.	Principal Actuarial Assumptions	31.03.2012	31.03.2012
	Discount Rate	8.00%	9.00%
	Salary escalation rate	4.00%	1.50%
	Pension escalation rate	NIL	2.50%
	Rate of Escalation in Basic Pay	NIL	1.50%
	Attrition rate	1.50%	1.00%
	Expected rate of return on Plan Assets	8.30%	8.30%



Sl. No.	Particulars	Gratuity	Pension
II.	Changes in the Present Value of the Obligation (PVO)		
	PVO as at the beginning of the period	400.74	1832.94
	Interest Cost	29.24	158.98
	Current Service Cost	15.08	18.55
	Benefits Paid	(70.45)	(132.97)
	Actuarial (gain) / loss on obligation (balancing figure)	18.34	30.85
	PVO as at the end of the period	392.95	1908.35
III.	Changes in the Fair Value of Plan Assets		
	Fair Value of Plan Assets as at the beginning of the period	407.96	1739.28
	Expected return on Plan Assets	31.70	144.07
	Contributions	16.00	116.53
	Benefits Paid	(70.45)	(132.97)
	Actuarial gain / (loss) on Plan Assets	17.59	9.42
	Fair Value of Plan Assets as at the end of the period	402.80	1876.33
IV.	Actual Return on Plan Assets		
	Expected return on Plan Assets	31.70	144.07
	Actuarial gain / (loss) on Plan Assets	17.59	9.42
	Actual return on Plan Assets	49.29	153.49
V.	Actuarial gain / (loss) recognised		
	Actuarial gain / (loss) for the period – Obligation	(18.33)	(30.85)
	Actuarial gain / (loss) for the period – Plan Assets	17.59	9.42
	Total gain / (loss) for the period	(0.74)	(21.43)
	Actuarial gain / (loss) recognised in the period	(0.74)	(21.43)
VI.	Amounts recognised in the Balance Sheet and related analysis		
	Present Value of the obligation	392.95	1908.35
	Fair Value of Plan Assets	402.80	1876.34
	Funded Status [Surplus/(Deficit)]	9.85	(32.02)
	Amount recognised in the Balance Sheet	9.85	(32.02)
VII.	Expenses recognised in the Statement of Profit and Loss		
	Current Service Cost	15.08	18.55
	Interest Cost	29.24	158.98
	Expected return on Plan Assets	(31.70)	(144.07)
	Net Actuarial (gain) / loss recognised in the year	0.75	21.43
	Expenses recognised in the statement of Profit and Loss	13.37	54.88



Sl. No.	Particulars	Gratuity	Pension
VIII.	Movements in the liability recognised in the Balance Sheet		
	Opening net liability	(7.22)	93.67
	Expense as above	13.37	54.88
	Contribution Paid	(16.00)	(116.53)
	Closing Net Liability	(9.85)	32.02
IX.	Amount for the Current Period		
	Present Value of obligation	392.95	1908.35
	Plan Assets	402.80	1876.34
	Surplus / (Deficit)	9.85	(32.02)
	Experience adjustments on Plan Liabilities – (gain) / loss	18.34	30.85
	Experience adjustments on Plan Assets – gain / (loss)	17.59	9.42
IX.	Major categories of Plan Assets (As percentage of Total Plan Assets)		
	Government of India Securities (Central & State)	53.46%	53.1%
	High Quality Corporate Bonds	0.94%	2.50%
	Special Deposits	NIL	44.50%
	Others (PSU)	45.60%	NIL
	Total	100.00%	100.00%

- v) Details of Provisions as per As-15 made for various Long Term Employee Benefits during the year are as follows:

(₹ in crore)

Sl. No.	Other Long Term Benefits	31.03.2012	31.03.2011
1.	Pension	139.79	431.91
2.	Leave Encashment	2.56	(2.93)
3.	Gratuity	47.93	30.82
4.	Sick Leave	0.63	0.00

During the year 2010-11, the Reserve Bank of India has issued a circular no.DBOD.BP.BC.80/21.04.018/2010-11 on Re-opening of Pension Option to Employees of Public Sector Banks and Enhancement in Gratuity Limits – Prudential Regulatory Treatment, dated 9th February, 2011. In accordance with the provisions of the said Circular, Rs.596 crores identified in the year 2010-11 is being amortised over a period of five years. Accordingly, ₹119 crores (representing one-fifth of ₹ 596 crores) has been charged to the Profit and Loss Account. In terms of the requirements of the aforesaid RBI circular, the balance amount carried forward is ₹ 357 crores.

The above has resulted in decrease in the profit of the bank for the current year by ₹ 119 crores and corresponding increase in accumulated profits of the Bank by ₹ 357 crores with corresponding increase in the Current Assets of the Bank by the same amount.



vi) Segment Reporting (AS-17)

(₹ in crore)

Business Segments #	Treasury		Corporate/Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
Revenue	2064.33	1799.60	4026.93	2437.10	2026.45	1757.95	3981.31	382.59	8516.02	6377.24
Result	(73.28)	358.43	483.43	27.21	527.25	405.73	333.03	211.38	1270.43	1002.75
Unallocated Expenses									39.94	46.12
Operating Profit									1230.47	1046.67
Provisions & Contingencies									581.23	438.70
Provision for Taxes									68.25	84.15
Extraordinary Profit/Loss									NIL	NIL
Net Profit									580.99	523.82
OTHER INFORMATION										
Segment Assets	32399.41	28052.38	42404.64	34313.45	19203.38	18134.36	235.31	332.77	94242.74	80832.96
Unallocated Assets									1521.27	1180.41
Total Assets									95764.01	82013.37
Segment Liabilities	32547.70	27382.50	39927.49	32790.15	17967.51	17018.69	1.16	5.04	90443.86	77196.38
Unallocated Liabilities									5320.15	4816.99
Total Liabilities									95764.01	82013.37

- # For the purpose of segment reporting in terms of AS-17 and as prescribed in RBI guidelines, the business of the Bank has been classified into four segments i.e., a) Treasury Operations (b) Corporate/Wholesale Banking, (c) Retail Banking and (d) Other Banking Operations
- # Since the Bank does not have any Overseas branch, reporting under geographic segment is not applicable.
- # Expenses wherever directly related to segments have been accordingly allocated to segments and wherever not directly related have been allocated on the basis of segment revenue.
- # Assets/liabilities wherever directly related to segments have been accordingly allocated to segments and wherever not directly related have been allocated on the basis of segment revenue/segments assets ratio. The above information has been compiled based on data available at Head Office.

vii) The Bank has identified the following as related party as per AS-18 on Related Party

- a) Key Management Personnel :
 - 1) Shri H.S. Upendra Kamath, Chairman & Managing Director
 - 2) Smt Shubhalakshmi Panse, Executive Director

The transactions with Related parties during the year are as under:

a) (i) Remuneration paid to Key Management Personnel during the year	Amount (in ₹)
Shri H.S. Upendra Kamath, C & MD (01.04.2011 to 31.03.2012)	₹ 15,06,225/-
Smt. Shubhalakshmi Panse, ED (01.04.2011 to 31.03.2012)	₹ 17,78,095/-



- b) Associates: Visvesvaraya Grameena Bank- Regional Rural Bank sponsored by the Bank (Ownership Interest- 35%).

(₹ in lacs)

Particulars	Details of Transaction by Associate with Bank	Amount outstanding as on 31.03.2012	Maximum during the year
Borrowings	Cash Credit	NIL	125.00
	Overdraft	NIL	53.59
Deposits	Fixed Deposits	4715.16	4715.16
	Current Account	415.13	1327.38
Investments	Shares	3.10	3.10
	Bonds	NIL	NIL
Interest received		270.88	NIL
Interest paid		0.40	NIL
Dividend on shares		0.72	NIL

viii) Earning Per Share (AS-20)

The Bank reports basic earnings per equity share in accordance with Accounting Standard 20 on “Earnings per Share”. Basic earnings per share for the period is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year.

Calculation of Basic EPS	
a. Net Profit after tax available for equity share holders (₹ in Crores)	448.50
b. Weighted average number of equity shares (Numbers in crore)	47.27
c. Basic EPS (in rupees)	9.49
d. Nominal Value per share (in rupees)	10

There are no dilutive potential equity shares.

ix) Accounting for Taxes on Income (AS-22)

The Bank has accounted for Taxes on Income in compliance with Accounting Standard 22 - “Accounting for Taxes on Income” issued by the ICAI. Accordingly, deferred tax assets and liabilities are recognised.

- a) The components of deferred tax are as under: (₹ in crore)

Timing Difference	Deferred Tax Asset		Deferred tax liability	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
1. Carry forward loss	NIL	NIL	NIL	NIL
2. Provision for leave encashment	48.35	46.75	NIL	NIL
3. Provision for Pension	NIL	NIL	NIL	NIL
4. Expenditure u/s 40(a) (ia).	NIL	NIL	NIL	NIL
5. Depreciation on Computer Software	NIL	NIL	NIL	NIL
6. Depreciation on Computer	NIL	NIL	NIL	NIL
7. Fixed Assets	(0.33)	(0.05)	NIL	NIL
8. Provision for Wage Revision	NIL	NIL	NIL	NIL
9. Loss on Derivative Transactions	NIL	18.74	NIL	NIL
10. Unamortization pension	NIL	NIL	92.03	NIL
11. Unamortization gratuity	NIL	NIL	23.91	NIL



b) Amount of provisions made for Income Tax during the year: (₹ in crore)

Particulars	31.03.2012	31.03.2011
Provision for Income Tax (net)	(65.12)	(0.81)
Provision for deferred tax	133.37	84.95

x) In the opinion of the Management, there is no material impairment of any of the Fixed Assets of the Bank as per Accounting Standard 28 – Impairment of Assets.

8. a) Customer Complaint

	31.03.2012
(a) No. of complaints pending at the beginning of the year	34
(b) No. of complaints received during the year	528
(c) No. of complaints redressed during the year	534
(d) No. of complaints pending at the end of the year	28

b) Awards passed by the Bank's ombudsman

	31.03.2012
(a) No. of unimplemented Awards at the beginning of the year	NIL
(b) No. of Awards passed by the Banking Ombudsmen during the year	4
(c) No. of Awards implemented during the year	2
(d) No. of unimplemented Awards at the end of the year	NIL

9. Reserve Bank of India has not imposed any penalty during the year.

10. Break up of provisions and contingencies (₹ in crore)

Break up of 'Provisions and contingencies' shown under the head Expenditure in Profit and Loss A/c	31.03.2012	31.03.2011
Provision for depreciation on investment	60.91	22.63
Provisions towards NPA	414.08	413.46
Provisions towards Standard Assets	34.81	NIL
Provisions made towards Income Tax (net):		
i) Current Tax	-65.12	-0.81
ii) Deferred Tax	133.37	84.95
Other Provision and Contingencies :		
i) Provision for Contingencies	-4.34	5.53
ii) Others	80.00	-0.02
iii) Excess Provision written back	-4.23	(2.88)
Total	649.48	522.86



11. Floating Provisions

(₹ in crore)

Particulars		31.03.2012	31.03.2011
(a)	Opening balance	213.00	213.00
(b)	Floating provisions made during the year	-	-
(c)	Amount withdrawn during the year	-	-
(d)	Closing balance	213.00	213.00

Note: Floating provision has been utilised for reckoning the provision required in respect of substandard advances.

12. The bank has drawn down a sum of ₹ 0.02 Crore from General Reserve on account of Lapsed Demand Drafts

13. Bank is not having adequate information in respect of Suppliers/Service providers covered under Micro, Small Medium Enterprises Development Act, 2006. In view of this, information required to be disclosed u/s 22 of the said Act is not given.

14. Previous year's figures have been re-grouped / re-classified / re-cast wherever necessary to conform to current year's classification.

H.S. UPENDRA KAMATH CHAIRMAN & MANAGING DIRECTOR	SHUBHALAKSHMI PANSE EXECUTIVE DIRECTOR	SUMA VARMA DIRECTOR	V K CHOPRA DIRECTOR
SURESH KAMATH DIRECTOR	H HARISH BALLAL DIRECTOR	PRAKASH CHANDRA NALWAYA DIRECTOR	ASHOK GUPTA DIRECTOR
P VAIDYANATHAN DIRECTOR	K B SUBHODAYA SHETTY GENERAL MANAGER		

AS PER OUR REPORT OF EVEN DATE

For M/s M.P. CHITALE & CO
Chartered Accountants
Registration No: 101851W

[ULHAS CHITALE]

Partner
Membership No: 032292

For M/s S. VISWANATHAN
Chartered Accountants
Registration No: 004770S

[CHELLA K. RAGHAVENDRAN]

Partner
Membership No:208562

For M/s P. CHANDRASEKAR
Chartered Accountants
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[LAKSHMY C.]

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[G. SUDHINDRA]

Partner
Membership No:026171

For M/s CONTRACTOR NAYAK & KISHNADWALA

Chartered Accountants
Registration No: 101961W

[MANISH SAMPAT]

Partner
Membership No:101684

For M/s MUKUND M CHITALE & CO
Chartered Accountants
Registration No: 106655W

[ABHAY V. KAMAT]

Partner
Membership No:39585

Place : Bangalore

Date : 30.04.2012



STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31.03.2012

[₹ 000's omitted]

PARTICULARS	For the year ended 31.03.2012	For the year ended 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Interest Earned during the year	7988 12 53	5844 06 03
Other Income	527 90 42	533 18 68
	8516 02 95	6377 24 71
Less:		
Interest paid during the year on deposits, borrowings etc.,	6084 59 11	3897 28 37
Operating Expenses, Provisions & Contingencies	1850 44 13	1956 14 49
Profit on sale of Assets	28 54	- 15 06
	580 71 17	523 96 91
Add:		
Depreciation on Fixed Assets	39 95 25	46 16 80
Provision & Contingencies	649 47 64	522 86 26
	1270 14 06	1092 99 97
I CASH PROFIT GENERATED FROM OPERATIONS (Prior to changes in operating Assets & Liabilities)		
Less: Taxes Paid	-334 51 06	-319 06 51
Total of I	935 63 00	773 93 46
II CASH FLOW FROM OPERATING ASSETS & LIABILITIES		
Increase/ (Decrease) in Liabilities		
Deposits	9807 19 13	11316 57 34
Other Liabilities and Provisions	-646 26 58	-1382 14 42
(Increase) / Decrease in Assets		
Advances	-9185 11 61	-7211 95 13
Investments	-3505 22 54	-4031 13 10
Other Assets	- 37 49	-54 28 06
TOTAL OF II	-3529 79 09	-1362 93 37
A. NET CASH FLOW FROM OPERATING ACTIVITIES (I+II)	-2594 16 09	-588 99 91
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Assets		
Net of purchase/sale	-40 90 67	-39 00 03
B. NET CASH FLOW FROM INVESTING ACTIVITIES	-40 90 67	-39 00 03



[₹ 000's omitted]

PARTICULARS	For the year ended 31.03.2012	For the year ended 31.03.2011
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital	22 87 23	739 14 90
Other Reserves & Surplus	107 82 40	311 00 50
Borrowings	3393 02 63	86 81 22
Amount raised through fresh issue of Sub-Ordinated Debt	-	-150 00 00
Dividend paid: Dividend declared previous year and paid during the current year	-232 12 21	-161 89 71
C. NET CASH FLOW FROM FINANCING ACTIVITIES	3291 60 05	825 06 91
TOTAL CASH FLOW DURING THE YEAR (A+B+C)	656 53 29	197 06 97
I. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
A) Cash and Balances with the RBI	4881 83 86	4099 57 69
B) Balances with Banks and Money at Call and Short Notice	864 48 58	1449 67 78
TOTAL I	5746 32 44	5549 25 47
II. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
A) Cash and Balances with the RBI	4542 53 46	4881 83 86
B) Balances with Banks and Money at Call and Short Notice	1860 32 27	864 48 58
TOTAL- II	6402 85 73	5746 32 44
TOTAL CASH FLOW DURING THE YEAR	656 53 29	197 06 97
Increase / (Decrease) in Cash Flow (I - II)		

The above cash flow statement has been taken on record by the Board of Directors of the Bank at its meeting held on 30.04.2012

H.S. UPENDRA KAMATH
CHAIRMAN & MANAGING DIRECTOR

SHUBHALAKSHMI PANSE
EXECUTIVE DIRECTOR

SUMA VARMA
DIRECTOR

V K CHOPRA
DIRECTOR

SURESH KAMATH
DIRECTOR

H HARISH BALLAL
DIRECTOR

PRAKASH CHANDRA NALWAYA
DIRECTOR

ASHOK GUPTA
DIRECTOR

P VAIDYANATHAN
DIRECTOR

K B SUBHODAYA SHETTY
GENERAL MANAGER

AS PER OUR REPORT OF EVEN DATE

For M/s **M.P. CHITALE & CO**
Chartered Accountants
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[ULHAS CHITALE]
Partner

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Partner

Membership No:208562

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[G. SUDHINDRA]
Partner

Membership No:026171

For M/s **CONTRACTOR NAYAK & KISHNADWALA**
Chartered Accountants
Registration No: 101961W

[MANISH SAMPAT]
Partner

Membership No:101684

For M/s **MUKUND M CHITALE & CO**
Chartered Accountants
Registration No: 106655W

[ABHAY V. KAMAT]
Partner

Membership No:39585

Place : Bangalore
Date : 30.04.2012



REPORT OF THE AUDITORS

To
The President of India

- 1) We have audited the attached Balance Sheet of Vijaya Bank as at 31st March, 2012 and also the Profit and Loss Account and the Cash Flow Statement annexed thereto for the year ended on that date in which are incorporated the returns of 20 branches audited by us and 931 branches 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 349 branches which have not been subjected to audit. These unaudited branches account for 5.26% of advances, 29.82% of deposits, 1.76% of interest income and 29.10% of interest expenses. These financial statements are the responsibility of the Bank's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) The Balance Sheet and the Profit and Loss Account have been drawn up in Forms 'A' and 'B' respectively of the Third Schedule to the Banking Regulation Act, 1949.
- 4) Subject to the limitations of the audit indicated in paragraph 1 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act 1980 and subject also to the limitations of disclosure required therein, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were

necessary for the purposes of our audit and have found them to be satisfactory.

- b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
- c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
- 5) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable accounting standards.
- 6) **Emphasis of Matter**
Without qualifying our opinion, we draw attention to Note 7 (v) to the financial statements, which describes deferment of pension and gratuity liability of the bank to the extent of ₹ 357 crores as on 31st March 2012 pursuant to the exemption granted by the Reserve Bank of India to the public sector banks from of application of the provisions of Accounting Standard (AS) 15, Employee Benefits vide its circular no. DBOD. BP.BC/80/21.04.018/2010-11 on Re-opening of Pension Option to Employees of Public Sector Banks and Enhancement in Gratuity Limits – Prudential Regulatory Treatment. .” Had such a circular not been issued by RBI, the reserves of the Bank would have been lower by ₹ 357 crores pursuant to application of the requirement of AS-15 with the consequential effect on the current assets to the above extent.
- 7) In our opinion, as shown by books of bank and to the best of our information and according to the explanations given to us.
 - i) The Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at 31st March, 2012, in conformity with accounting principles generally accepted in India;
 - ii) The Profit and Loss Account read with the notes thereon shows a true balance of profit, in conformity with accounting principles generally accepted in India, for the year covered by the account; and
 - iii) The Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

For M/s M.P. CHITALE & CO
Chartered Accountants
Registration No: 101851W

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[ABHAY V. KAMAT]
Partner
Membership No:39585

Place : Bangalore
Date : 30.04.2012

BASEL II DISCLOSURES DOCUMENT AS AT 31st MARCH 2012TABLE DF-1
SCOPE OF APPLICATION

Not applicable as the Bank does not have any group entities where consolidation of accounts takes place, though we have an affiliate - Visvesvaraiyah Grameena Bank. Our Bank has no subsidiary.

TABLE DF-2
CAPITAL STRUCTURE

Qualitative Disclosures	
(a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in Upper Tier 2	<p>Bank's authorized capital is at ₹ 3000 crore. The issued & paid up equity capital is ₹ 495.54 crore. In March 2012, equity shares with face value of ₹ 22.87 crore were issued to LIC Of India on preferential basis at a total premium of ₹ 124.13 crore.</p> <p>Unsecured Redeemable Subordinated Debts in the form of Promissory note, as on 31.03.2012 aggregate to ₹ 1500 crore of which ₹ 1350 crore is reckoned for Tier II capital. The terms & conditions of the above debt instruments are as under:</p>

Details of outstanding Tier I/Tier II issues of the Bank as on 31.03.2012

Sl. No.	Issue Details	Amount raised (₹ cr.)	Tenor	Date of Allotment	Due Date	Coupon Rate (Payable annually on 31 st March)	Rating
1.	Upper Tier II Series I	300.00	180 months with call option at the end of 10 th year	20.03.2007	20.03.2022	10.10% p.a. with step up of 50 bps after 10th year, if call option not exercised	CARE AA
2.	Upper Tier II Series II	300.00	180 months with call option at the end of 10 th year	17.03.2008	17.03.2023	9.45% p.a. with step up of 50 bps after 10th year, if call option not exercised	CARE AA
3.	Lower Tier II Series IV	250.00	123 months	15.03.2005	15.06.2015	7.15 %p.a.	CARE AA+
4.	Lower Tier II Series V	250.00	120 months	01.08.2006	01.08.2016	9.25% p.a.	CARE AA+
5.	Lower Tier II Series VI	200.00	123 months	31.07.2007	31.10.2017	9.50% p.a.	CARE AA+
6.	Lower Tier II Series VII	200.00	124 months	31.12.2007	30.04.2018	9.35% p.a.	CARE AA+
	Total	1500.00					



Quantitative Disclosures		₹ in Crore)	
(b)	Capital requirements for Credit Risk:		
	• Portfolios subject to standardised approach	₹ 4097.54 (including other assets)	
	• Securitisation exposures	NIL - as the Bank has no exposure under securitisation.	
(c)	Capital requirements for Market Risk Standardised duration approach:	₹ 223.32	
	• Interest rate risk	₹ 161.40	
	• Foreign Exchange Risk	₹ 1.85	
	• Equity Risk	₹ 60.07	
(d)	Capital requirements for Operational Risk – Basic Indicator Approach	₹ 302.58	
	Capital required:	₹ 4623.44 - Minimum Capital required	
	Capital Maintained:	₹ 6707.79 -Capital Funds as at 31.03.2012	
(e)	Total and Tier 1 Capital Ratio	Basel I	Basel II
		CRAR ---- :	10.96% 13.06%
		CRAR – Tier 1 Capital :	8.13% 9.68%
		CRAR – Tier 2 Capital :	2.83% 3.38%
	• For the top consolidated group)	Not applicable, as our Bank has no subsidiary.	
	• For significant Bank subsidiaries)		

TABLE DF-4

CREDIT RISK – GENERAL DISCLOSURES

Qualitative Disclosures	
(a)	<p>The general qualitative disclosure requirement with respect to Credit Risk, including</p> <ul style="list-style-type: none"> • Definitions of past due and impaired (for accounting purposes) • Discussion on the Bank’s Credit Risk Management Policy
	<p>The Credit Risk Management Process of the Bank is driven by sound system, procedures and policies. While the Board of Directors & Risk Management Committee of the Board gives directions, the Credit Risk Management Committee headed by Chairman & Managing Director ensures its implementation.</p> <p>Policy guidelines for Credit Risk Management, Collateral Management and Credit Risk Mitigants (CRM), Ratings etc. are put in place, wherein the set of objectives, scope and nature of risk reporting, its measurement systems, policies, strategies to be adopted in containing / minimizing the risk through CRM, processing steps, developing monitoring and supervision mechanisms for the continuing effectiveness of mitigants have been detailed.</p> <p>To move towards advanced approach of Basel II norms, the Bank has taken up implementation of integrated Risk Management System through six solutions for Credit Risk Rating, Credit Risk, Market Risk, Operation Risk, ALM & FTP.</p> <p>The Bank’s policy on IRAC (Income Recognition & Asset Classification) norms is in tune with guidelines issued by the Reserve Bank of India, as amended from time to time. Ninety days delinquency norm is being followed in classifying the assets as ‘performing’ & ‘non-performing’ assets. The entire IRAC data has been subjected to audit. Adequate provisions as prescribed have been made on both Standard Assets (performing) and Non-Performing Assets. Apart from these, the Bank has created a general floating provision and additional provision for restructured assets.</p>



		<p>Definition of impaired assets (for accounting purposes):</p> <p>An asset becomes non-performing when it ceases to generate income for the Bank when (a) interest and/or installment of the loan remains 'overdue' (*) for a period of more than 90 days in respect of term loan (b) the account remains 'out of order' (#) for a period of more than 90 days, in respect of operative limits such as Cash Credit (Hyp./Misc.) (c) the bill remains 'overdue' for a period of more than 90 days in cases of bills purchased /discounted (d) the interest charged during any quarter, not fully serviced within 90 days from the end of the quarter (e) the installment of principal or interest thereon remains overdue for 2 crop seasons in the case of short duration crop loans and if installment of principal or interest thereon remains overdue for one crop season in the case of long duration crop loans, as far as agricultural loans are concerned (f) 90 days from the date of crystallization of non-fund based commitments expire.</p> <ul style="list-style-type: none"> 'overdue' means any amount due to the Bank under any credit facility, if not paid on the due date fixed, or on crystallization of non fund based commitment. <p># 'out of order' means the outstanding balance remains continuously in excess of the sanctioned limit/drawing power or if there are no requisite amount of credits continuously for 90 days or where credits in the account are not enough to cover the interest debited prior to 90 days.</p> <p>Discussions on Bank's Credit Risk</p> <p>Management Policy:</p> <p>The Bank has formulated a comprehensive Credit Risk Management Policy and constituted various committees such as Credit Risk Management Committee, Basel II Working Group etc. to address host of management techniques which help the Bank in identifying, measuring, monitoring and controlling of credit risks by taking into account both external and internal factors affecting the credit risk. The Bank has fine tuned the Risk Management Policies & Lending Policy, to include credit appraisal standard like benchmark/hurdle ratios on key financial indicators, internal ceilings, prudential norms for large credit proposals, standards for loan collateral, portfolio management, credit concentration, Loan Review Mechanism / Credit Audit, special review of high value borrowal accounts (Comprehensive Credit Monitoring Report), risk concentration / monitoring and pricing based on risk ratings, and review based on risk ratings etc, besides covering exposure ceiling for sensitive sectors such as capital market, real estate and commodity sector. A comprehensive Recovery Policy of the Bank is also put in place and revised from time to time.</p>
Quantitative Disclosures		Gross Credit risk exposure :
(b)	Total gross Credit Risk exposures - fund based & non-fund based	Fund based ** : ₹ 81315.80 crore Non fund based : ₹ 13654.88 crore Total : ₹ 94970.68 crore
(c)	Geographical distribution of exposures - fund based & non fund based separately <ul style="list-style-type: none"> Overseas Domestic <p>** loans & advances + Investments</p>	<p>Overseas: Fund based & Non fund based: Nil</p> Domestic: Fund based** : ₹ 81315.80 crore Non fund based : ₹ 13654.88 crore Total : ₹ 94970.68 crore



(d) Industry type distribution of credit	INDUSTRYWISE DEPLOYMENT OF CREDIT	(₹ in Crore)
	Infrastructure - Power	6935.84
	Infrastructure - Telecommunications	573.94
	Infrastructure – Roads & Ports	2357.71
	Infrastructure – Others	1348.73
	Petrochemicals	521.47
	Iron & Steel and other Metal products	3235.86
	Construction	879.93
	Food Processing	103.58
	Glass & Glass ware	37.02
	Cement & Cement Products	220.45
	Vehicles & Transport equipments	242.09
	All Engineering and Electronics	1648.84
	Gems & Jewellery	471.20
	Textiles (Cotton, Jute & Others)	438.57
	Beverages & Tobacco	25.14
	Paper & paper products	65.49
	Leather & leather products	17.21
	Wood & Wood products	25.85
	RUBBER & RUBBER PRODUCTS	67.22
	Drugs / Pharmaceuticals/ Chemicals	279.52
	Other Industries	2361.90
	TOTAL	21857.56

(e) Residual contractual maturity breakdown of assets as at 31.03.2012: (₹ in Crore)

	1 day	2-7 days	8-14 days	15-28 days	29 days-3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Advances	386.47	242.97	269.66	766.25	2277.55	2694.30	4079.22	33962.82	6406.19	6818.30	57903.73
Investment	100.73	480.40	66.49	9.74	1357.57	58.95	325.38	4208.27	7092.56	14943.71	28643.80
F.C.Assets	68.45	254.40	1.06	7.90	185.88	168.94	19.30	0.00	0.00	0.00	705.93

Position as on 31.03.2012

(₹ in Crore)

(f)	Amount of NPAs (Gross)	
	• Substandard	993.34
	• Doubtful 1	356.10
	• Doubtful 2	231.41
	• Doubtful 3	53.25
	• Loss	84.36
(g)	Net NPAs	998.01
(h)	NPA Ratios:	
	• Gross NPAs to gross advances	2.93%
	• Net NPAs to net advances	1.72%
(i)	Movement of NPAs (Gross):	
	• Opening balance	1259.19
	• Additions	2056.98
	• Reductions	1597.71
	• Closing balance	1718.46



Movement of NPA (Net)	
• Opening balance	741.16
• Additions	256.85
• Reductions	0.00
• Closing balance	998.01
(j) Movement of provisions for NPAs	
• Opening balance	506.07
• Provisions made during the period	394.67
• Write off	184.55
• Write back of excess provisions	0.00
• Closing balance	716.19
(k) Amount of Non-Performing Investments (Under HTM Category)	9.25
(l) Amount of provisions for depreciation on investments (NPI)	10.34
(m) Movement of provisions for depreciation on investments:	
• Opening balance	19.25
• Provisions made during the period	1.09
• Write off	6.53
• Write back of excess provisions	3.47
• Closing balance	10.34

TABLE DF-5

CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH

<p>Qualitative disclosures</p> <p>(a) For portfolios under the standardised approach:</p> <ul style="list-style-type: none"> Names of credit rating agencies used plus reasons for any changes Types of exposure for which each agency is used A description of the process used to transfer public issue ratings onto comparable assets in the banking book 	<p>The Bank has used ratings given by RBI approved external credit rating agencies, viz CRISIL / ICRA / FITCH / CARE only. In order to facilitate the process of external rating and enabling the customers to solicit external ratings for their exposure, the Bank has entered into a separate MOU with these four credit rating agencies. The agreement provides for concessional fees for Bank's customers.</p> <p>All Corporate exposure above ₹ 5 Crore and exposure to public sector entities.</p> <p>Bank has used only bank ratings which are available in public domain. Further the Bank has not used any public issue ratings.</p>					
<p>Quantitative disclosures</p> <p>(b) For exposure amounts after risk mitigation subject to the standardised approach, amount of a bank's outstandings (rated and unrated) in the following three major risk buckets as well as those that are deducted:</p> <ul style="list-style-type: none"> Below 100% risk weight 100% risk weights More than 100% risk weight Deducted - Financial Collaterals TOTAL <p>** Includes following off B/S exposure NFB Exposure - 13,654.88 Crs Undrawn Portion - 10,522.32 Crs</p>	<p>Credit exposure** (₹ in Crore)</p> <table> <tbody> <tr> <td>70,840.90</td> </tr> <tr> <td>25,067.54</td> </tr> <tr> <td>5,102.85</td> </tr> <tr> <td>4,481.71</td> </tr> <tr> <td>1,05,493.00</td> </tr> </tbody> </table>	70,840.90	25,067.54	5,102.85	4,481.71	1,05,493.00
70,840.90						
25,067.54						
5,102.85						
4,481.71						
1,05,493.00						



TABLE DF-6
CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACH

Qualitative disclosures	
<p>(a) The general qualitative disclosure requirement with respect to credit risk mitigation including:</p> <ul style="list-style-type: none"> • Policies and processes for and an indication of the extent to which the Bank makes use of, on and off balance sheet netting • Policies and processes for collateral valuation and management. • A description of the main types of collateral taken by the bank. • The main type of guarantor counterparty and their creditworthiness. • Information about (market or credit) risk concentration within the mitigation taken. 	<p>The general principles, like having a specific lien, requisite minimum margin stipulation, valuation, legal certainty, documentation, periodical inspection, easy liquidity etc. as enumerated in Basel II final guidelines of RBI has been used for credit risk mitigation techniques. All the prescribed haircuts with adjustments for currency mismatch & maturity mismatch are done. The financial collaterals available are netted out of the credit exposure before assigning the risk weights. The effect of Credit Risk Mitigation (CRM) is not double counted.</p> <p>The financial collaterals taken for the purpose of CRM mainly includes Bank's own term deposits, cash margin, life policies, NSCs, KVPs and gold benchmarked to 99.99 purity.</p> <p>Guaranteed exposure includes those guaranteed by Central / State Governments, ECGC, Bank and CGTSl.</p> <p>The CRM / Guaranteed exposure are not subject to any market fluctuation and these exposures are well diversified.</p>

Quantitative disclosures	₹ in crore				
<p>(b) For each separately disclosed credit risk portfolio, the total exposure (after where applicable, on or off balance sheet netting) that is covered by eligible financial collateral after the application of haircuts.</p>	Credit risk exposure	Loans & advance**	Non fund based	Investment	Total
	Exposure	69143.31	6334.04	30015.65	105493.00
	CRM / fin. collaterals	3624.86	836.77	0.00	4461.63
	Net exposure	65518.45	5497.27	30015.65	101031.37
<p>(c) For each separately disclosed portfolio the total exposure (after, where applicable, on or off balance sheet netting) that is covered by guarantees / credit derivatives (whenever specifically permitted by RBI)</p>	₹ in crore				
	Guarantee Status	Loans & Advance**	Non fund based	Investment	Total
	Exposure	69143.31	6334.04	30015.65	105493.00
	Central/ State Govt.	4212.48	0.00	20121.09*	24333.56
	ECGC/BANK /CGTSl	1033.73	0.00	0.00	1033.73
	Guarantee Total	5246.21	0.00	20121.09	25367.29
	Net exposure	63897.10	6334.04	9894.56	80125.71
<p>** Including off balance sheet exposure</p> <p>** Including Undrawn</p>	<p>* this includes bonds/instruments issued by the Central/State Government and/or guaranteed by Central Government.</p>				

For the credit risk portfolio under the standardised approach (fund & non-fund based), the total eligible financial collaterals are reckoned after the application of haircuts wherever applicable.



TABLE DF-7
SECURITISATION
DISCLOSURES FOR STANDARDISED APPROACH

The Bank has not securitised any asset during the financial year 2011-12 either in Banking book or in trading book.

TABLE DF-8
MARKET RISK IN TRADING BOOK

Qualitative disclosure																																																																						
(a) The general qualitative disclosure requirement for market risk including the portfolios covered by the standardised approach	<p>Market Risk is the potential risk due to market movements in interest rates, equity prices, foreign currencies and commodity prices.</p> <p>Basel-II proposes two approaches for Market Risk viz Standardised Duration Approach and Internal Model Approach. At present, the bank has implemented "Standardized Duration Approach" and moving forward to implement Internal Model Approach. The Standardized Duration Approach has got following features.</p> <ol style="list-style-type: none"> 1. The capital requirement under standardized approach is calculated based on Interest rate risk, Equity price risk, Foreign Exchange risk and Commodity risk. 2. The general Market risk is calculated based on modified duration and change in yield. 3. The specific risk is calculated based on external risk rating, duration of the instrument etc. 																																																																					
<p>Quantitative disclosures</p> <p>(b) The capital requirements for</p> <ul style="list-style-type: none"> • Interest rate risk • Equity position risk • Foreign Exchange risk 	<p>For the purpose of calculation of capital charge, the bank has adopted 'Standardised Duration Approach', as detailed below:</p> <p>Aggregation of the capital charge for Market Risk as on 31.03.2012</p> <p style="text-align: right;">₹ in crore</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Risk Category</th> <th style="text-align: center;">Capital charge</th> </tr> </thead> <tbody> <tr> <td colspan="2">(A) Capital Charge for Market Risk for securities held under HFT</td> <td></td> </tr> <tr> <td colspan="2">Interest Rate (a+b)</td> <td style="text-align: right;">0.45</td> </tr> <tr> <td style="text-align: center;">a.</td> <td>General Market Risk</td> <td style="text-align: right;">0.45</td> </tr> <tr> <td></td> <td style="padding-left: 20px;">(i) Net position (parallel shift)</td> <td style="text-align: right;">0.45</td> </tr> <tr> <td></td> <td style="padding-left: 20px;">(ii) Horizontal disallowance (curvature)</td> <td style="text-align: right;">0.00</td> </tr> <tr> <td></td> <td style="padding-left: 20px;">(iii) Vertical disallowance (basis)</td> <td style="text-align: right;">0.00</td> </tr> <tr> <td style="text-align: center;">b.</td> <td>Specific risk</td> <td style="text-align: right;">0.00</td> </tr> <tr> <td colspan="2">(B) Capital charge for Market Risk for securities held under AFS</td> <td></td> </tr> <tr> <td colspan="2">Interest Rate (a+b)</td> <td style="text-align: right;">160.95</td> </tr> <tr> <td style="text-align: center;">a.</td> <td>General Market Risk</td> <td style="text-align: right;">110.43</td> </tr> <tr> <td></td> <td style="padding-left: 20px;">(i) Net position (parallel shift)</td> <td style="text-align: right;">110.40</td> </tr> <tr> <td></td> <td style="padding-left: 20px;">(ii) Horizontal disallowance (curvature)</td> <td style="text-align: right;">0.00</td> </tr> <tr> <td></td> <td style="padding-left: 20px;">(iii) Vertical disallowance (basis)</td> <td style="text-align: right;">0.03</td> </tr> <tr> <td style="text-align: center;">b.</td> <td>Specific risk</td> <td style="text-align: right;">50.52</td> </tr> <tr> <td colspan="2">(C) Alternative total capital charge for securities held under AFS</td> <td style="text-align: right;">71.07</td> </tr> <tr> <td style="text-align: center;">I.</td> <td>Interest rate related instruments {A+ (B or C whichever is more)}</td> <td style="text-align: right;">161.40</td> </tr> <tr> <td style="text-align: center;">II.</td> <td>Equity (a+b)</td> <td style="text-align: right;">60.07</td> </tr> <tr> <td></td> <td style="padding-left: 20px;">a. General market risk</td> <td style="text-align: right;">26.70</td> </tr> <tr> <td></td> <td style="padding-left: 20px;">b. Specific risk</td> <td style="text-align: right;">33.37</td> </tr> <tr> <td style="text-align: center;">III.</td> <td>Foreign Exchange & Gold</td> <td style="text-align: right;">1.85</td> </tr> <tr> <td style="text-align: center;">IV.</td> <td>Total capital charge for Market Risks (I+II+III)</td> <td style="text-align: right;">223.32</td> </tr> <tr> <td colspan="2">Total Risk Weighted Assets</td> <td style="text-align: right;">2481.28</td> </tr> </tbody> </table>	Risk Category		Capital charge	(A) Capital Charge for Market Risk for securities held under HFT			Interest Rate (a+b)		0.45	a.	General Market Risk	0.45		(i) Net position (parallel shift)	0.45		(ii) Horizontal disallowance (curvature)	0.00		(iii) Vertical disallowance (basis)	0.00	b.	Specific risk	0.00	(B) Capital charge for Market Risk for securities held under AFS			Interest Rate (a+b)		160.95	a.	General Market Risk	110.43		(i) Net position (parallel shift)	110.40		(ii) Horizontal disallowance (curvature)	0.00		(iii) Vertical disallowance (basis)	0.03	b.	Specific risk	50.52	(C) Alternative total capital charge for securities held under AFS		71.07	I.	Interest rate related instruments {A+ (B or C whichever is more)}	161.40	II.	Equity (a+b)	60.07		a. General market risk	26.70		b. Specific risk	33.37	III.	Foreign Exchange & Gold	1.85	IV.	Total capital charge for Market Risks (I+II+III)	223.32	Total Risk Weighted Assets		2481.28
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**TABLE DF - 9
OPERATIONAL RISK**

Qualitative disclosures

As stipulated in the RBI final guidelines on Basel II, the Bank is adopting Capital charge calculations for Operational Risk as per 'Basic Indicator Approach'. The Bank has set up Operational Risk Management Committee to identify, assess, monitor and control all operational risks apart from measures to mitigate such risks, by putting in place detailed policy & guidelines on Operational Risk Management (ORM), Loss Data, Risk & Control Self Assessment (RCSA), Key Risk Indicator (KRI), Business Continuity Policy (BCP), Business Continuity & Disaster Recovery Plan, Outsourced Activities, New Product & Activities Review, KYC norms and Anti-Money Laundering etc. The Bank has identified 'Risk Monitors' at executive level and 'Regional Risk Officers' at senior officers level at Regional Offices to take care of all the requirements in respect of risk management areas.

Further the Bank has put in place the following measures to manage, control and mitigate operational risks:-

- Book of Instructions/Manuals are being updated at periodic intervals besides revising various policies on review at regular/annual level.
- Operational Risk losses (Fraud & Non-fraud data) are being reported to Operational Risk Management Committee on quarterly basis
- The Bank has put in place IT Security Policy and has implemented various IT security related solutions like Anti Virus for Data Centre and Branches, Fire Walls, Encryption Technologies, Intrusion Detection Systems, Router based security policies, Network Security Policies. The Bank has implemented policies relating to application access controls, password security, guidelines to avoid misuse of passwords, etc. in the Core Banking scenario. The Bank has been conducting information security & network audit for its network, Data Centre, Disaster Recovery Site, Business Units facilities. The Bank has been conducting vulnerability assessment and penetration testing for Critical Service like Internet Banking, Mobile Banking, Core Banking Solution to find the loop holes if any and taking corrective steps. The Bank has been conducting all its third party software applications to the process of IS audit to continuously improve the confidentiality, integrity, and availability of all its IT resources.
- In order to mitigate the probability of system disruptions resulting in the business discontinuity, the Bank has implemented various levels of disaster recovery and business continuity mechanisms and measures specially for critical applications like Core Banking System, Network Facilities, ITMS, IRMS, HRMS.
- Risk Based Internal Audit (RBIA) is made applicable for all the branches from the year 2008-09 based on the revised RBIA format.
- Our Bank has achieved 100% coverage under the Core Banking Solution (CBS) and adequate training is imparted to staff members both on CBS technology & risk management aspects.
- Bank has put business units under RCSA exercise in ten operational areas viz. Retail Banking, Branch Operations, Internet Banking, ATM operation, Forex, Currency Chest, Lockers, Remittances, Information Technology, Debit Card & Credit Card operation.
- Bank is moving forward for implementation of 'The Standardised Approach (TSA)' for computing capital charge for Operational Risk.

The process of building a comprehensive data base of loss Events / losses due to operational risks is initiated through system viz. oprisk monitor so as to move towards Advanced Measurement Approach at a later date.

Quantitative disclosures:

**Calculation of capital charge on Operational Risk
AVERAGE OF GROSS INCOME FOR THE LAST 3 YEARS**

(₹ in Crore)

		31.03.09	31.03.10	31.03.11
1	Net Profit	262.48	507.30	523.82
	ADD			
2	Provisions & contingencies	636.43	549.67	522.86
3	Operating Expenses	924.70	1071.57	1433.28
4	Sub Total	1823.61	2128.54	2479.96
	LESS			
5	Realised Profit / Loss from the sale of securities in the HTM category	221.51	88.77	11.55
6	Income from insurance activities and insurance claims in favour of the Bank	0.00	0.00	1.07
7	Extraordinary / Irregular item of income and expenditure	0.00	0.00	0.00
8	Reversal during the year in respect of provisions and write offs made during the year	54.61	0.24	2.88
9	Income from the disposal of items of movable and immovable property	0.23	-0.26	-0.15
10	Income from legal settlements in favour of the Bank	0.00	0.00	0.00
11	Sub Total	276.35	88.75	15.35
12	GROSS INCOME FOR THE PURPOSE OF COMPUTATION OF OPERATIONAL RISKS	1547.26	2039.79	2464.61

Average of 3 years gross income = ₹ 2017.22 Crores
CAPITAL CHARGE FOR OPERATIONAL RISKS = Average of gross Income * alpha (15%)
= ₹ 302.58 Crores
Equivalent Risk weighted Assets: : ₹ 3362.03 Crores



TABLE DF - 10

INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Qualitative disclosures

The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behaviour of non-maturity deposits and frequency of IRRBB measurement.

Interest Rate Risk Management:

The process of Interest rate risk management by the bank involves determination of the business objectives, understanding the money markets and debt capital markets in which it operates and within the context of these parameters, recognizing and quantifying its appetite for market risk.

The Bank uses two techniques/approaches to manage interest rate risks inherent in the Balance sheet:

- 1) The first approach is the on-balance sheet Asset Liability Management (ALM) using the results of the Traditional Gap analysis. This involves careful balancing/rebalancing of assets and liabilities, based on the interest rate view of the bank, so as to eliminate the interest earnings at risk. This is achieved through an exercise towards minimizing exposure to risks by holding the appropriate combination (type and maturity) of assets and liabilities so as to meet certain objectives of the bank (such as achieving targeted earnings while simultaneously minimizing risk).
- 2) The second approach is off-balance sheet Asset Liability Management (ALM) through hedging. Hedging creates off-balance sheet positions. The OTC derivative product used by the Bank to hedge its trading portfolio and certain liabilities are the Interest Rate Swaps (IRS).

The Asset Liability Management techniques are deliberated by the Market Risk Management/Asset Liability Committee (MRMC/ALCO) in its monthly meetings, in addition to the discussions in the Balance Sheet Management Group meetings.

Analytics used by the Bank:

The Bank regularly analyses the Duration and Modified duration of Investment portfolio and rebalances the portfolio to minimize interest rate risk. This portfolio management technique is reviewed by the ALCO/MRMC and the Board at monthly intervals.

The Interest Rate Sensitivity (IRS) Gap statement based on the 1999 Guidelines on Asset Liability Management is prepared on a fortnightly basis. The bucket-wise rate sensitive gaps as a percentage of the rate sensitive assets are monitored by the MRMC/ALCO, at monthly intervals, against the Board stipulated Tolerance limits.

In the event of the tolerance limit breach, the MRMC/ALCO ratifies the breach with or without directing the operational departments to restructure the maturity profile of the Balance sheet items. This is commensurate with the view on interest rates and the market scenario. While preparing the Interest Rate Sensitivity statement, the Bank takes into account the results of the behavioral analysis conducted on the following:

- (i) Volatile and Core portion of Savings deposits.
- (ii) Repricing character of CC/OD accounts.
- (iii) Embedded options in the investment portfolio

**Earnings at Risk (EaR):**

The Earnings at Risk (EaR) due to parallel and non-parallel shifts in the yield curve on the interest rate sensitive asset liability gaps up to the 3 months, 6 months and 1 year horizon is calculated. This analysis is conducted on a fortnightly basis and placed before the MRMC/ALCO in the monthly meetings and later to the Board in its monthly meetings.

Based on the gap profile up to 1 year and the Bank's interest rate view, the EaR amount that should trigger on or off balance sheet hedging strategies, is tracked on a fortnightly basis.

Quantitative disclosure:

The increase (decline) in earnings and economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (where the turnover is more than 5% of the total turnover):

Earnings at Risk (EaR):

For a 100 basis point assumed increase in interest rates, the impact on NII for a 1 year gap horizon	₹ 108.91 crores
--	------------------------

The Bank has fixed the tolerance limit at ₹ 165 crores.

Economic value approach:

The economic value, i.e. impact on Capital Fund due to change in interest rate by 200 bps is assessed through Modified Duration Gap method based on RBI guidelines. As a prudential measure limits have been fixed for net duration gap of the assets and liabilities and the same is monitored at regular intervals based on RBI guidelines.



विजया बैंक

प्रधान कार्यालय, सं. 41/2, एम. जी. रोड, बेंगलूर - 560 001

प्रिय शेयरधारक,

विषय : इलेक्ट्रॉनिक समाशोधन सेवाओं के जरिए लाभांश का भुगतान (एनईसीएस)

अगर आपने, हमारे रजिस्ट्रार, मेसर्स लिंक इनटाईम इंडिया प्रा. लि. अथवा आपके निक्षेपी सहभागीदार (डीमैट होल्डिंग के मामले में) को एनईसीएस/बैंक खाते के विवरण न भेजे हों तो, हमारा अनुरोध है कि आप, नीचे दिए गए प्रारूप में उक्त विवरण उपलब्ध कराएं जिससे कि वक्त पर, सुरक्षित ढंग से और सही तरीके से घोषित होते ही लाभांश का भुगतान किया जा सके।

कृपया सुनिश्चित करें कि रजिस्ट्रार/निक्षेपी सहभागीदार को प्रस्तुत किए गए आपके ब्योरे सही हों, क्योंकि उसमें कोई गलती होने पर संभव है कि लाभांश की रकम गलत खाते में जमा हो जाए।

एनईसीएस के जरिए और/अथवा नामोद्विष्ट बैंक खाते में, जो लाभांश वारंट पर दिखाई देगा, लाभांश का भुगतान करने से लाभांश वारंटों में धोखाधड़ी से भुनाई नहीं हो सकेगी।

कृपया हमें, आपकी बेहतर सेवा करने का मौका दें।

भवदीय,
कृते विजया बैंक

प्राधिकृत हस्ताक्षरकर्ता



एनईसीएस आदेश/बैंक खाते के विवरण के लिए फार्म

मैं/हम, _____ विजया बैंक को प्राधिकार देता हूँ/देते हैं कि वह

- मेरे/हमारे लाभांश वारंट पर निम्नलिखित ब्योरे छपाए
- मेरी लाभांश रकम, ईसीएस के जरिए सीधे मेरे बैंक खाते में जमा करें
(* जो लागू न हो उसे काट दें)

मेरा/हमारा फोलियो नं: एचबी _____

डीपीआईडी नं. _____ ग्राहक आईडी सं. _____

बैंक खाते के विवरण

क	बैंक का नाम	:	_____
ख.	शाखा का नाम	:	_____
	पता (केवल आदेश के लिए)	:	_____
ग.	एमआईसीआर चेक पर दिखाई देनेवाली बैंक की 9 अंकवाली कूट सं. और शाखा	:	_____
घ.	खाते का प्रकार (बचत/चालू)	:	_____
ङ.	चेक बुक में दिखाई देनेवाली खाता संख्या	:	_____
च.	शेयरधारक की एसटीडी कूट तथा टेलीफोन सं.	:	_____

अगर एनईसीएस को अमल में न लाया जा सका अथवा किसी वजह बैंक, एनईसीएस को बंद कर दे तो, मैं/हम बैंक को जिम्मेदार नहीं ठहराऊंगा/ठहराएंगे।

इस पते पर भेजें *

लिंक इनटाईम इंडिया प्राइवेट लिमिटेड. यूनिट : विजया बैंक
सी-13, पन्नालाल सिल्क मिल्स कांपउण्ड, एल.बी.एस
रोड भांडूप (पश्चिम) मुम्बई - 400 078, महाराष्ट्र.

शेयरधारक के हस्ताक्षर

9 अंकोवाली कूट संख्या की यथातथ्यता का सत्यापन करने के लिए कृपया आपके उक्त खाते से संबंधित आपके बैंक द्वारा जारी चेक अथवा रद्द किए गए चेक की फोटो प्रति संलग्न करें.

आपके पास अमूर्त रूप में शेयर हों तो, कृपया अपने निक्षेपागार सहभागी से कहे कि वह, आपके बैंक खाते के विवरण/ एनईसीएस आदेश को नोट करें.



VIJAYA BANK
HEAD OFFICE, No. 41/2, M.G. ROAD, BANGALORE - 560001

Dear Shareholders(s),

Re.: Payment of dividend through National Electronic Clearing Services (NECS)

In case you have not already sent the ECS/Bank Account particulars to our Registrar, M/s Link Intime India Private Limited or to your Depository Participant (in case of demat holdings) we would request you to provide the said particulars in the format given below to facilitate prompt, safe and correct payment of dividend as soon as it is declared.

Please ensure that the details submitted by you to the Registrars/ Depository Participant are correct as any error therein could result in the dividend amount being credited to wrong account.

Payment of dividend through NECS and /or to the designated Bank Account which appear on the dividend warrant will help to prevent fraudulent encashment of dividend warrants.

Kindly help us in our endeavor to serve you better.

Yours faithfully
 For Vijaya Bank

Authorised Signatory



FORM FOR NECS MANDATE /BANK ACCOUNT PARTICULARS

I/We _____ do hereby authorise Vijaya Bank

- Print the following details on my / our dividend warrant
- Credit my dividend amount directly to my Bank account by NECS

(* Strike out whichever is not applicable)

My /our Folio No. : _____

DPID No. _____ Client ID No. _____

Particulars of Bank Account	:	_____
A. Bank Name	:	_____
B. Branch Name	:	_____
Address (for Mandate only)	:	_____
C. 9 Digit Code No. of the Bank & Branch as appearing on the MICR Cheque	:	_____
D. Account Type (Saving/Current)	:	_____
E. Account No. as appearing in the Cheque Book	:	_____
F. STD Code & Telephone No. of Shareholder	:	_____

I/We shall not hold the Bank responsible if the NECS could not be implemented or if the Bank discontinues the NECS for any reason.

Mail to

Link Intime India Pvt. Limited. Unit : Vijaya Bank
 C-13, Pannalal Silk Mills Compound, L.B.S.Road,
 Bhandup (West), Mumbai-400 078, Maharashtra.

Signature of the shareholder

Please attach the photocopy of a cheque or a blank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the nine digit code number.

In case you are holding shares in demat form, kindly advice your Depository Participant to take note of your Bank Account particulars/NECS mandate.



विजया बैंक

प्रधान कार्यालय : बेंगलूर - 560 001.

फार्म 'ख'

प्रॉक्सी फार्म

(शेयर धारक द्वारा भरा जाए एवं हस्ताक्षर किए जाएं)

पंजीकृत फोलियो सं. :

.....
(अगर अमूर्तीकरण न किया गया हो तो)

डीपीआईडी/ग्राहक आईडी सं.

.....
(अगर अमूर्तीकरण किया गया हो तो)

कुल धारित शेयरों की संख्या

मैं/हम, निवासी, ज़िला,
राज्य....., विजया बैंक का/के शेयर धारक हूँ/हैं, श्री/श्रीमती.....
निवासी, ज़िला, राज्य को या उनके न होने पर
श्री/श्रीमती..... निवासी....., ज़िला.....,
राज्य, मुल्की सुंदर राम शेट्टी सभागृह, विजया बैंक, प्रधान कार्यालय, बेंगलूर - 560 001 में शुक्रवार,
29 जुलाई, 2012 को संपन्न होने वाली बैंक के शेयर धारकों की बारहवीं वार्षिक सामान्य बैठक में और उस पर किसी प्रकार के कार्यस्थगन पर,
मेरे/हमारे लिए वोट देने हेतु, प्रॉक्सी के रूप में नियुक्त करता हूँ/करते हैं।

..... के दिन, 2012 को हस्ताक्षरित

कृपया एक पंद्रह
पैसे का राजस्व
टिकट चिपकाए

.....
(प्रॉक्सी धारक के हस्ताक्षर)

.....
(प्रथम धारक/एकमात्र धारक के हस्ताक्षर)

नाम

पता

नोट : पूर्ण रूप से भरे तथा स्टैंड व हस्ताक्षरित प्रॉक्सी फार्म बैंक, शेयर प्रभाग, प्र.का., एम.जी. रोड, बेंगलूर - 560 001 में बैठक की दिनांक से 4 दिन पूर्व अर्थात्.,
शुक्रवार, 29 जुलाई, 2012 को सायं 4 बजे तक कारोबार समाप्ति से पूर्व पहुँच जाने चाहिए.



VIJAYA BANK

Head Office : Bangalore - 560 001

FORM 'B'

FORM OF PROXY

(To be filled in and signed by the shareholder)

Regd. Folio No. ----- (if not Dematerialised)
DPID / Client ID No. ----- (if Dematerialised)
No. of Share held

I/We , -----resident of----- in the District of-----in the state of-----, being a shareholder/ shareholders of Vijaya Bank, hereby appoint Shri/Smt----- resident of----- in the District of -----in the State of----- or failing him, Shri/Smt ----- resident of ----- in the district of ----- in the State of ----- as my/our proxy to vote for me/us and on/my/our behalf at the TWELFTH ANNUAL GENERAL MEETING of the shareholders of the Bank to be held on Friday the 29th June, 2012, at the MULKI SUNDER RAM SHETTY AUDITORIUM, VIJAYA BANK, H.O, Bangalore and at any adjournment thereof.

Signed this..... Day of.....2012

Please affix
Fifteen Paise
Revenue
Stamp

.....
(Signature of the Proxy)

.....
(Signature of the first holder/sole holder)

Name

Address

.....

.....

Note: Proxy forms duly filled in stamped & signed should reach Vijaya Bank, Shares Division, H.O. M.G. Road, Bangalore - 560001 not later than 4 days prior to the date of meeting i.e. on or before the business hours at 4 p.m. on Friday, the 29th June, 2012.



महा प्रबंधक General Managers



श्री के जयकर शेटी
Shri. K Jayakar Shetty



श्री जे पांडियन
Shri. J Pandiyan



श्रीमती के चन्द्रा
Smt. K Chandra



श्री के शशिधर राव
Shri. K Shashidhar Rao



श्री के रविराज हेग्डे
Shri. K Raviraj Hegde



श्री के वीर ब्रह्माजी राव
Shri. K Veera Brahmaji Rao



श्री एन देवदास
Shri. N Devadas



श्री बी वसंत शेटी
Shri. B Vasantha Shetty



श्री टी एस जयन्त
Shri. T S Jayanth



श्री एच नारायण शेटी
Shri. H Narayan Shetty



श्री के बी सुबोधय शेटी
Shri. K B Subhodaya Shetty



श्री एन हरीन्द्रनाथ शेटी
Shri. N Harindranath Shetty



श्री ए एस राजीव
Shri. A S Rajeev



श्री बी हरदीश कुमार
Shri. B Harideesh Kumar

उप महा प्रबंधक Deputy General Managers

श्री मुरली रामस्वामी
Shri. Murali Ramaswami

श्री विजय दुबे
Shri. Vijay Dube

श्री ए एस सतीशा
Shri. A S Satheesha

श्री एन राधाकृष्ण रै
Shri. N Radhakrishna Rai

श्री उदय कुमार
Shri. Udaya Kumar

श्री वाई नागेश्वर राव
Shri. Y Nageshwara Rao

श्री टी जयंत पै
Shri. T Jayanth Pai

श्री एम सुधाकर शेटी
Shri. M Sudhakar Shetty

श्री एम सीताराम शेटी
Shri. M Seetharama Shetty

श्री एच एस शेषाद्री
Shri. H S Sheshadri

श्री के श्रीधर शेटी
Shri. K Sridhar Shetty

श्री पी के जयप्रकाश
Shri. P K Jayaprakash

श्री बी जयराम शेटी
Shri. B Jayarama Shetty

श्री सुब्रत कुमार
Shri. Subrat Kumar

श्री अनंत कुमार स्वाई
Shri. Ananta Kumar Swain

श्रीमती ए मणिमेखलाई
Smt. A Manimekhalai

श्री अतनु कुमार दास
Shri. Atanu Kumar Das

श्री के बाबुराय शेणै
Shri. K Baburaya Shenoy

श्री एम एस सनत बाबु
Shri. M S Sanath Babu

श्री सी सतीश बल्लाल
Shri. C Satish Ballal

श्री रंजन पी गुंडमी
Shri. Ranjan P Gundmi

श्री एस एल चापलोट
Shri. S L Chaplot

श्री पी जी अरुकुट्टी
Shri. P G Arukutti

श्री एस प्रताप रै
Shri. S Pratap Rai

श्री गोविंद एन डोंग्रे
Shri. Govind N Dongre

श्री उमेश शेटी
Shri. Umesh Shetty

श्री बी शशिधर हेग्डे
Shri. B Shashidhar Hegde

श्री डी प्रदीप नाईक
Shri. D Pradeep Naik

श्री सिधेश्वर पात्रा
Shri. Sidheshwar Patra

श्री के गोपालकृष्ण नायर
Shri. K Gopalakrishnan Nair



विजया बैंक
VIJAYA BANK

(A GOVT. OF INDIA UNDERTAKING)

A friend you can bank upon

सुपुर्द न हो तो कृपया इस पते पर लौटाएं :

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फोन: 080 2558 4066 (20 लाईन) फैक्स: 080-2559 8040

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वेबसाईट: www.vijayabank.com

Website: www.vijayabank.com

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