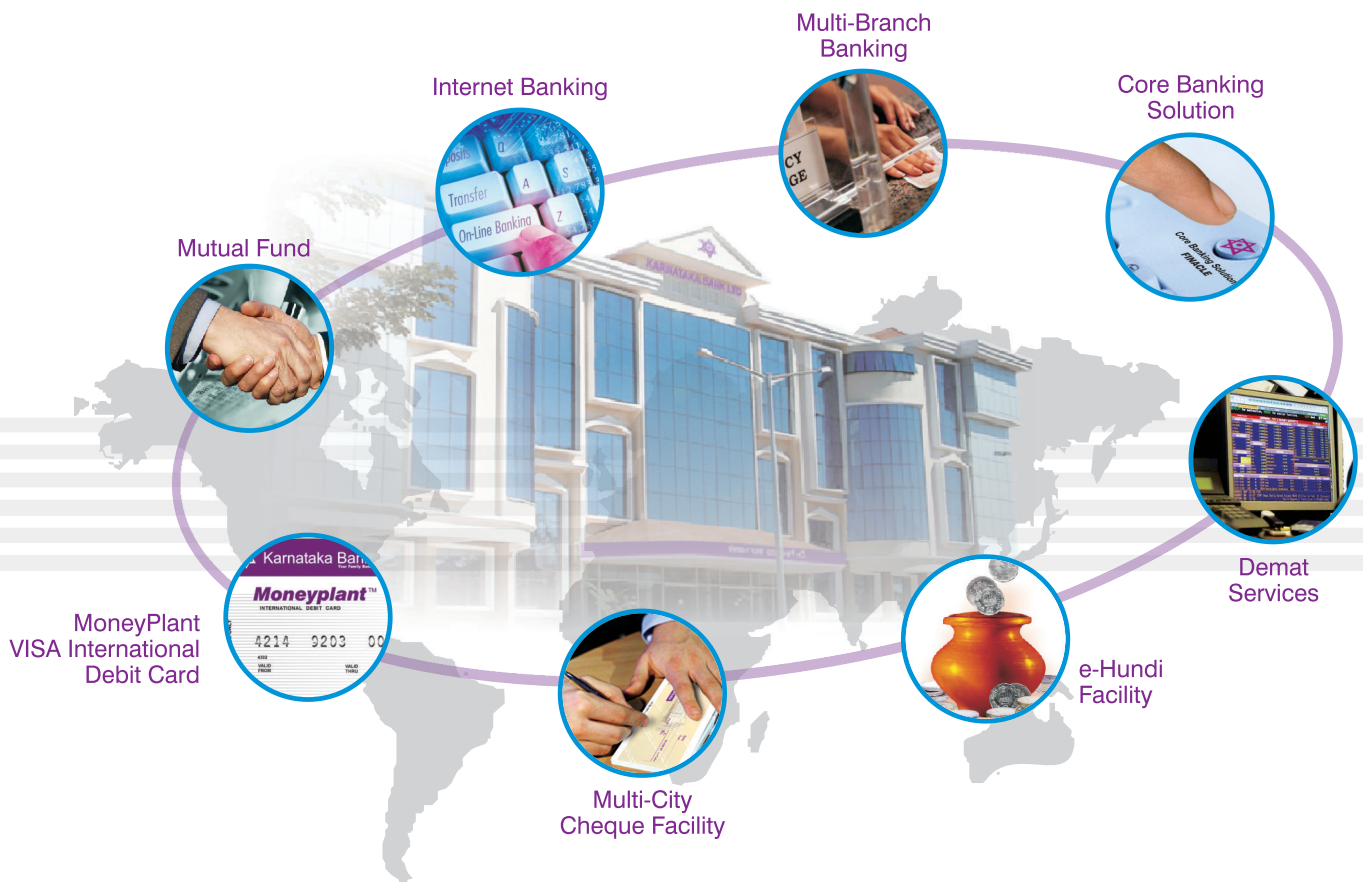


# The Karnataka Bank Ltd.

84<sup>th</sup> Annual Report  
2007-2008



## Board of Directors - ನಿರ್ದೇಶಕರ ಮಂಡಳಿ

### Chairman & Chief Executive Officer

ಅಧ್ಯಕ್ಷರು ಮತ್ತು ಮುಖ್ಯ ಕಾರ್ಯ ನಿರ್ವಾಹಕ ಅಧಿಕಾರಿ



Sri Ananthakrishna  
ಶ್ರೀ ಅನಂತಕೃಷ್ಣ



Sri D. Surendra Kumar  
ಶ್ರೀ ಡಿ. ಸುರೇಂದ್ರ ಕುಮಾರ್



Sri I. Jagdish Rao  
ಶ್ರೀ ಐ. ಜಗದೀಶ್ ರಾವ್



Sri Jairam G. Kimmane  
ಶ್ರೀ ಜೈರಾಮ್ ಜಿ. ಕಿಮ್ಮನೆ



Sri M. Bheema Bhat  
ಶ್ರೀ ಎಮ್. ಭೀಮ ಭಟ್



Sri S.R. Hegde  
ಶ್ರೀ ಎಸ್.ಆರ್. ಹೆಗಡೆ



Sri R.V. Shastri  
ಶ್ರೀ ಆರ್.ವಿ. ಶಾಸ್ತ್ರಿ



Sri U.R. Bhat  
ಶ್ರೀ ಯು.ಆರ್. ಭಟ್



Sri T. S. Vishwanath  
ಶ್ರೀ ಟಿ.ಎಸ್. ವಿಶ್ವನಾಥ್



Sri Sitarama Murty M.  
ಶ್ರೀ ಸೀತಾರಾಮ ಮೂರ್ತಿ ಎಂ.



**CHIEF GENERAL MANAGER**

Sri P. Jayarama Bhat

**ಮುಖ್ಯ ಮಹಾ ಪ್ರಬಂಧಕರು**

ಶ್ರೀ ಪಿ. ಜಯರಾಮ ಭಟ್

**GENERAL MANAGERS**

Sri M. Gopalkrishna Bhat

Sri N.S. Chakkera

Sri K.H. Shivaswamy Aithal

Sri P. Jairama Hande

**ಮಹಾ ಪ್ರಬಂಧಕರು**

ಶ್ರೀ ಎಮ್. ಗೋಪಾಲಕೃಷ್ಣ ಭಟ್

ಶ್ರೀ ಎನ್.ಎಸ್. ಚಕ್ರೇರ

ಶ್ರೀ ಕೆ.ಯಚ್. ಶಿವಸ್ವಾಮಿ ಐತಾಳ್

ಶ್ರೀ ಪಿ. ಜೈರಾಮ ಹಂದೆ

**DEPUTY GENERAL MANAGERS**

Sri M.V.C.S. Karanth

Sri N. Upendra Prabhu

Sri P.R. Srinivasa Holla

Sri V.M. Samaga

Sri B. Ashok Hegde

Sri B. Vittal Rao

Sri K.G. Ramesh Rao

Sri V.N. Manohar

Sri M.S. Mahabaleshwara

Dr. Meera Laetitia B. Aranha

**ಉಪ ಮಹಾ ಪ್ರಬಂಧಕರು**

ಶ್ರೀ ಎಮ್.ವಿ.ಸಿ.ಎಸ್. ಕಾರಂತ್

ಶ್ರೀ ಎನ್.ಉಪೇಂದ್ರ ಪ್ರಭು

ಶ್ರೀ ಪಿ.ಆರ್. ಶ್ರೀನಿವಾಸ ಹೊಲ್ಲ

ಶ್ರೀ ವಿ.ಎಮ್. ಸಾಮಗ

ಶ್ರೀ ಬಿ. ಅಶೋಕ ಹೆಗ್ಡೆ

ಶ್ರೀ ಬಿ. ವಿಠಲ್ ರಾವ್

ಶ್ರೀ ಕೆ.ಜಿ. ರಮೇಶ್ ರಾವ್

ಶ್ರೀ ವಿ.ಎನ್. ಮನೋಹರ

ಶ್ರೀ ಎಮ್.ಎಸ್. ಮಹಾಬಲೇಶ್ವರ

ಡಾ| ಮೀರಾ ಲೆಟಿಷಿಯಾ ಬಿ. ಅರಾನ್ಹ

**ASST. GENERAL MANAGERS**

Sri I. Santhosh Kumar

Sri Gajanan T. Hedge

Sri Jagdish Moleyar

Sri S. Anandarama Adiga

Sri M.V. Mohan

Sri Raghurama

Sri M. Raghavendra Bhat

Sri S. Ramachandra Bhat

Sri Subhaschandra Puranik

Sri S. Ramesh

Sri K.V. Vijayashankar Rai

**ಸಹಾಯಕ ಮಹಾ ಪ್ರಬಂಧಕರು**

ಶ್ರೀ ಐ. ಸಂತೋಷ್ ಕುಮಾರ್

ಶ್ರೀ ಗಜಾನನ ಟಿ. ಹೆಗಡೆ

ಶ್ರೀ ಜಗದೀಶ ಮೊಲಿಯಾರ್

ಶ್ರೀ ಎಸ್. ಆನಂದರಾಮ ಅಡಿಗ

ಶ್ರೀ ಎಮ್.ವಿ. ಮೋಹನ್

ಶ್ರೀ ರಘುರಾಮ

ಶ್ರೀ ಎಮ್. ರಾಘವೇಂದ್ರ ಭಟ್

ಶ್ರೀ ಎಸ್. ರಾಮಚಂದ್ರ ಭಟ್

ಶ್ರೀ ಸುಭಾಷ್‌ಚಂದ್ರ ಪುರಾನಿಕ್

ಶ್ರೀ ಎಸ್. ರಮೇಶ್

ಶ್ರೀ ಕೆ.ವಿ. ವಿಜಯಶಂಕರ ರೈ

**COMPANY SECRETARY**

Sri Y.V. Balachandra

**ಕಂಪೆನಿ ಕಾರ್ಯದರ್ಶಿ**

ಶ್ರೀ ಎಚ್.ವಿ. ಬಾಲಚಂದ್ರ

**LEGAL ADVISER**

Sri M.V. Shanker Bhat

**ಕಾನೂನು ಸಲಹೆಗಾರರು**

ಶ್ರೀ ಎಂ.ವಿ. ಶಂಕರ್ ಭಟ್

**AUDITORS**

M/s. Rao & Swami, Bangalore

M/s. Kamath & Rau, Mangalore

**ಲೆಕ್ಕ ಪರಿಶೋಧಕರು**

ಮೆ. ರಾವ್ ಎಂಡ್ ಸ್ವಾಮಿ, ಬೆಂಗಳೂರು

ಮೆ. ಕಾಮತ್ ಎಂಡ್ ರಾವ್, ಮಂಗಳೂರು

**REGISTRAR & SHARE TRANSFER AGENT**

M/s. Alpha Systems Pvt. Ltd., Bangalore

Regd. & Head Office: Mahaveera Circle, Mangalore

**ನೋಂದಣಾಧಿಕಾರಿ ಮತ್ತು ಶೇರು ವರ್ಗಾವಣಾ ಪ್ರತಿನಿಧಿ**

ಮೆ. ಅಲ್ಫಾ ಸಿಸ್ಟಮ್ಸ್ ಪ್ರೈವೇಟ್ ಲಿಮಿಟೆಡ್, ಬೆಂಗಳೂರು

ನೋಂದಾಯಿತ ಮತ್ತು ಪ್ರಧಾನ ಕಛೇರಿ: ಮಹಾವೀರ ವೃತ್ತ, ಮಂಗಳೂರು

## DIRECTORS' 84<sup>th</sup> ANNUAL REPORT

Your Directors have pleasure in presenting the Eighty Fourth Annual Report, the Audited Balance Sheet as at and the Profit & Loss Account for the year ended, 31<sup>st</sup> March 2008, along with Auditors' Report.

### PERFORMANCE HIGHLIGHTS

Performance highlights for the financial year in the key financial areas are as under: -

(Rs. in Crores)

Particulars	As on /for the year ended 31.03.2008	As on /for the year ended 31.03.2007
Deposits	17016.19	14037.44
Advances	10841.97	9552.68
Investments	5963.71	5048.16
Total Income	1797.90	1430.52
Operating Profit	390.60	356.59
Net Profit	241.74	177.03

Your Bank witnessed satisfactory growth in all the key business areas during the year. The total business turnover of the Bank touched Rs.27858.16 Crore, an increase of 18.09% over the preceding year as against an increase of 12.15% achieved during the previous year. The total assets of the Bank increased from Rs.16222.52 Crore to Rs.19339.82 Crore recording a growth of 19.22% as against 8.49% recorded in the previous year. The net interest income rose from Rs.419.86 Crore to Rs.469.10 Crore thereby registering a growth of 11.73%. The operating profit increased from Rs. 356.59 Crore to Rs.90.60 Crore showing a growth of 9.54%. The net profit of your Bank rose from Rs.177.03 Crores to Rs.241.74 Crores registering a growth of 36.55% over the previous year.

The total deposits of the Bank grew from Rs.14037.44 Crore as on 31.03.2007 to Rs.17016.19 Crore as on 31.03.2008, registering a growth of 21.22%. While, Savings and Current Account deposits grew by 14.85% over the previous year, the increase in retail term deposits has been substantial.

The total advances grew from Rs.9552.68 Crore as on 31.03.2007 to Rs.10841.97 Crore as on 31.03.2008, an increase of 13.50%. While agricultural advances increased from Rs.791.39 Crore to Rs.821.80 Crore, the priority sector advances increased from Rs.3058.90 Crore to Rs.3966.87 Crore. The lending under various

## ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ 84ನೇ ವಾರ್ಷಿಕ ವರದಿ

ಬ್ಯಾಂಕಿನ 84ನೇ ವಾರ್ಷಿಕ ವರದಿ, 31ನೇ ಮಾರ್ಚ್ 2008ಕ್ಕೆ ಮುಕ್ತಾಯಗೊಂಡ ಆರ್ಥಿಕ ವರ್ಷದ ಪರಿಶೋಧಿಸಲ್ಪಟ್ಟ ಆಸ್ತಿಹೂಣೆ ಪಟ್ಟಿ ಮತ್ತು ಲಾಭ ನಷ್ಟ ತಖ್ತೆಯನ್ನು ಲೆಕ್ಕಪರಿಶೋಧಕರ ವರದಿಯೊಂದಿಗೆ ಬ್ಯಾಂಕಿನ ಶೇರುದಾರರ ಮುಂದಿಡಲು ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಸಂತೋಷಪಡುತ್ತಾರೆ.

### ಸಾಧನೆಯ ಹೆಗ್ಗುರುತುಗಳು

ಆರ್ಥಿಕ ವರ್ಷದ ಸಾಧನೆಯ ಪ್ರಮುಖ ಆರ್ಥಿಕ ಸೂಚಕಗಳು ಈ ಕೆಳಗಿನಂತಿವೆ.  
(ರೂ. ಕೋಟಿಗಳಲ್ಲಿ)

ವಿವರಗಳು	31.03.2008 ವರ್ಷಾಂತ್ಯದಂತೆ	31.03.2007 ವರ್ಷಾಂತ್ಯದಂತೆ
ಲೇವಣಿಗಳು	17016.19	14037.44
ಮುಂಗಡಗಳು	10841.97	9552.68
ಹೂಡಿಕೆಗಳು	5963.71	5048.16
ಒಟ್ಟು ಆದಾಯ	1797.90	1430.52
ನಿರ್ವಹಣಾ ಲಾಭ	390.60	356.59
ನಿವ್ವಳ ಲಾಭ	241.74	177.03

ಪ್ರಸ್ತುತ ವರ್ಷದಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು, ಪ್ರಮುಖ ವ್ಯವಹಾರ ಅಂಗಗಳಲ್ಲಿ ತೃಪ್ತಿಕರವಾದ ಬೆಳವಣಿಗೆಯನ್ನು ದಾಖಲಿಸಿದೆ. ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ವ್ಯವಹಾರವು ರೂ.27858.16 ಕೋಟಿಯನ್ನು ತಲುಪಿದ್ದು ಇದು ಹಿಂದಣ ವರ್ಷದ ಅಭಿವೃದ್ಧಿಯಾದ ಶೇ. 12.15 ಹೆಚ್ಚಳದಿಂದ ಶೇ. 18.09 ಅಭಿವೃದ್ಧಿಯ ಸಾಧನೆಯಾಗಿದೆ. ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಆಸ್ತಿಯು ರೂ. 16222.52 ಕೋಟಿಯಿಂದ ರೂ.19339.82 ಕೋಟಿಗೆ ಅಭಿವೃದ್ಧಿಗೊಂಡಿದ್ದು, ಹಿಂದಣ ವರ್ಷದ ಅಭಿವೃದ್ಧಿಯ ಶೇ. 8.49ರಿಂದ ಶೇ. 19.22ಕ್ಕೆ ಏರಿದ್ದು ದಾಖಲೆಯಾಗಿದೆ. ನಿವ್ವಳ ಬಡ್ಡಿ ಆದಾಯವು ರೂ.419.86 ಕೋಟಿಯಿಂದ ರೂ.469.10 ಕೋಟಿಗೆ ಏರಿದ್ದು, ತನ್ಮೂಲಕ ಶೇ. 11.73 ಅಭಿವೃದ್ಧಿ ದಾಖಲಾಗಿದೆ. ನಿರ್ವಹಣಾ ಆದಾಯವು ರೂ.356.59 ಕೋಟಿಯಿಂದ ರೂ.390.60 ಕೋಟಿಗೆ ಅಭಿವೃದ್ಧಿಯಾಗಿ ಶೇ. 9.54 ಪ್ರಗತಿಯಾಗಿದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ನಿವ್ವಳ ಆದಾಯವು ರೂ.177.03 ಕೋಟಿಯಿಂದ ರೂ. 241.74 ಕೋಟಿಗೆ ಏರಿದ್ದು, ಹಿಂದಣ ವರ್ಷಕ್ಕಿಂತ ಶೇ. 36.55ರಷ್ಟು ಪ್ರಗತಿ ದಾಖಲಾಗಿರುತ್ತದೆ.

ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಲೇವಣಿಯು 31.03.2007ರಲ್ಲಿದ್ದ ರೂ.14037.44 ಕೋಟಿಯಿಂದ, 31.03.2008ಕ್ಕೆ ರೂ.17016.19 ಕೋಟಿಗೆ ಏರಿದ್ದು, ಶೇ.21.22ರ ಅಭಿವೃದ್ಧಿಯನ್ನು ದಾಖಲಿಸಿದೆ. ಅಂತೆಯೇ, ಉಳಿತಾಯ ಮತ್ತು ಚಾಲ್ತಿ ಖಾತೆಗಳ ಲೇವಣಿಯು ಹಿಂದಣ ವರ್ಷಕ್ಕಿಂತ ಶೇ. 14.85 ಅಭಿವೃದ್ಧಿಗೊಂಡಿದ್ದು, ಚಿಲ್ಲರೆ ಸಾವಧಿ ಲೇವಣಿಗಳ ಅಭಿವೃದ್ಧಿಯೂ ಗಣನೀಯ ಪ್ರಮಾಣದಲ್ಲಿದೆ.

ಒಟ್ಟು ಮುಂಗಡವು 31.03.2007ರಂದು ಇದ್ದ ರೂ. 9552.68 ಕೋಟಿಯಿಂದ 31.03.2008ಕ್ಕೆ ರೂ. 10841.97 ಕೋಟಿಗೆ ಏರಿದ್ದು, ಶೇ. 13.50ರ ಹೆಚ್ಚಳ ಸಾಧ್ಯವಾಗಿದೆ. ಅಂತೆಯೇ, ಕೃಷಿ ಮುಂಗಡವೂ ರೂ. 791.39 ಕೋಟಿಯಿಂದ ರೂ. 821.80 ಕೋಟಿಗೆ ಏರಿದ್ದು, ಆದ್ಯತಾರಂಗದ ಮುಂಗಡವು ರೂ. 3058.90 ಕೋಟಿಯಿಂದ ರೂ. 3966.87 ಕೋಟಿಗೆ ಏರಿತು. ಸಾಮಾಜಿಕ-ಆರ್ಥಿಕ ಯೋಜನೆಯನ್ವಯ ನೀಡಲಾಗುವ ಮುಂಗಡದಲ್ಲೂ ತೃಪ್ತಿಕರವಾದ ಬೆಳವಣಿಗೆಯಾಗಿದೆ.

socio-economic schemes have shown satisfactory progress.

The total investments of the Bank as on 31<sup>st</sup> March 2008 stood at Rs.5963.71 Crore as against Rs.5048.16 Crore as on 31st March 2007, an increase of 18.14%. The modified duration of the investment portfolio, AFS category, stood at 2.54 years.

### PROFIT

Your Bank posted an operating profit of Rs.390.60 Crore for the year as against Rs.356.59 Crore for the fiscal 2007. The net profit of the Bank increased from Rs.177.03 Crore to Rs.241.74 Crore.

### APPROPRIATIONS

The net profit of Rs.241.74 Crore which along with a sum of Rs.0.02 Crore brought forward from the previous year aggregated Rs.241.76 Crore is appropriated as under. The corresponding figure for the previous year was Rs.177.09 Crore.

Appropriation	Rs. in Crore
Transfer to Statutory Reserve	148.00
Transfer to Capital Reserve	0.38
Transfer to Revenue & General Reserve	22.30
Transfer to Proposed Dividend (including tax there on)	70.98
Balance carried to Balance Sheet	0.10
<b>Total</b>	<b>241.76</b>

The Bank has adopted from April 1, 2007 Accounting Standard 15 (Revised) on employee benefits issued by the Institute of Chartered Accountants of India. Pursuant to this, transitional obligation of Rs.33 Crore pertaining to employee benefit as determined by actuary has been drawn from opening balance of the Revenue Reserve.

### DIVIDEND

Keeping in mind the overall performance of the Bank and the positive outlook for the future, the Directors are pleased to recommend a dividend of 50%. The total amount of dividend proposed to be distributed is Rs.60.67 Crore, which is 42.85% higher than the amount distributed for the year ended 31.03.2007 (Rs.42.47 Crore). The dividend payout ratio for the year stands higher at 25.10% as compared to 23.99% during the year 2006-07.

31 ಮಾರ್ಚ್ 2008ಕ್ಕೆ ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಹೂಡಿಕೆಯು ರೂ. 5963.71 ಕೋಟಿಯಾಗಿದ್ದು ಇದು 31 ಮಾರ್ಚ್ 2007ರಂದು ರೂ. 5048.16 ಕೋಟಿಯಷ್ಟಿದ್ದು ಶೇ. 18.14ರ ಅಭಿವೃದ್ಧಿ ಸಾಧ್ಯವಾಗಿದೆ. ಹೂಡಿಕೆ ವಿಭಾಗದ ಸರಾಸರಿ ಮಾರ್ಪಡಿತ ಕಾಲಾವಧಿ, ಎ.ಎಫ್.ಎಸ್. ಕ್ರಮದಲ್ಲಿ 2.54 ವರ್ಷಗಳಾಗಿವೆ.

### ಲಾಭ

ನಿಮ್ಮ ಬ್ಯಾಂಕು ಪ್ರಸ್ತುತ ವರ್ಷದಲ್ಲಿ ರೂ. 390.60 ಕೋಟಿ ನಿರ್ವಹಣಾ ಲಾಭವನ್ನು ದಾಖಲಿಸಿದ್ದು ಇದು ಆರ್ಥಿಕ ವರ್ಷ 2007ರಲ್ಲಿ ರೂ. 356.59 ಕೋಟಿಯಾಗಿದೆ. ಬ್ಯಾಂಕಿನ ನಿವ್ವಳ ಲಾಭವು ರೂ. 177.03 ಕೋಟಿಯಿಂದ ರೂ. 241.74 ಕೋಟಿಗೆ ಅಭಿವೃದ್ಧಿಗೊಂಡಿರುತ್ತದೆ.

### ವಿನಿಯೋಗಗಳು

ನಿವ್ವಳ ಲಾಭ ರೂ. 241.74 ಕೋಟಿಯೊಂದಿಗೆ ಹಿಂದಣ ವರ್ಷದ ಸೇರ್ಪಡೆಯಾದ ರೂ. 0.02 ಕೋಟಿ ಒಳಗೊಂಡಂತೆ, ಒಟ್ಟು ರೂ. 241.76 ಕೋಟಿಯಷ್ಟಾಗಿದ್ದು ಅದನ್ನು ಈ ಕೆಳಗಿನಂತೆ ವಿನಿಯೋಗಿಸಲು ಉದ್ದೇಶಿಸಲಾಗಿದೆ. ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ಇದು ರೂ. 177.09 ಕೋಟಿಯಾಗಿತ್ತು.

ವಿನಿಯೋಗಗಳು	ರೂ. ಕೋಟಿಗಳಲ್ಲಿ
ಶಾಸನಾತ್ಮಕ ಕಾದಿಟ್ಟ ನಿಧಿಗೆ	148.00
ಬಂಡವಾಳ ಮೀಸಲಿಗೆ	0.38
ಆದಾಯ ಮತ್ತು ಸಾಮಾನ್ಯ ಕಾದಿಟ್ಟ ನಿಧಿಗೆ	22.30
ಉದ್ದೇಶಿತ ಲಾಭಾಂಶ ವಿತರಣೆಗೆ (ತೆರಿಗೆ ಸೇರಿದಂತೆ)	70.98
ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿಗೆ ಶೇಷಾಂಶ ಸೇರಿಕೆ	0.10
<b>ಒಟ್ಟು</b>	<b>241.76</b>

ಇನ್ಸ್ಟಿಟ್ಯೂಟ್ ಆಫ್ ಚಾರ್ಟೆಡ್ ಅಕೌಂಟೆಂಟ್ಸ್ ಆಫ್ ಇಂಡಿಯಾ ಪ್ರಕಟಿಸಿದ ನೌಕರ ಹಿತಾಸಕ್ತಿಯ ಮೇಲಣ ಅಕೌಂಟಿಂಗ್ ಸ್ಟಾಂಡರ್ಡ್ 15 (ಪರಿಷ್ಕೃತ) ನಿಯಮವನ್ನು ನಿಮ್ಮ ಬ್ಯಾಂಕು ಎಪ್ರಿಲ್ 1, 2007ರಿಂದ ಅಂಗೀಕರಿಸಿದೆ. ಇದರ ಅನ್ವಯ, ನೌಕರರ ಲಾಭಕ್ಕಾಗಿ, ಲೆಕ್ಕಾಚಾರ ಪ್ರವೀಣರು, ನಿಷ್ಪಕ್ಷಿಸಿದಂತೆ ಪಲ್ಲಟ ಬದ್ಧತೆಯಾದ ರೂ. 33 ಕೋಟಿಯನ್ನು ಆದಾಯ ಮೀಸಲಿನ ಪ್ರಾರಂಭಿಕ ಶಿಲ್ಕಿನಿಂದ ಪಡೆಯಲಾಗುವುದು.

### ಲಾಭಾಂಶ

ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಸರ್ವಾಂಗೀಣ ಸಾಧನೆ ಮತ್ತು ಬ್ಯಾಂಕಿನ ಬಗೆಗಿನ ಧನಾತ್ಮಕ ದೃಷ್ಟಿಕೋನಗಳನ್ನು ಆದ್ಯ ಗಮನದಲ್ಲಿರಿಸಿಕೊಂಡು, ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಪ್ರತಿಶತ 50 ಲಾಭಾಂಶ ವಿತರಿಸುವಂತೆ ಶಿಫಾರಸು ಮಾಡಲು ಹರ್ಷಿಸುತ್ತಾರೆ. ಪ್ರಸ್ತಾವಿತ ಲಾಭಾಂಶ ವಿತರಣೆಯ ಒಟ್ಟು ಮೊತ್ತ ರೂ. 60.67 ಕೋಟಿಯಾಗಿದ್ದು ಇದು ವಾರ್ಷಿಕಾಂತ್ಯ 31.03.2007ಕ್ಕೆ ವಿತರಿಸಿದ ಮೊತ್ತ (ರೂ. 42.47 ಕೋಟಿ) ಕ್ಷಿಂತ ಶೇ. 42.85ರಷ್ಟು ಅಧಿಕವಾಗಿದೆ. ಪ್ರಸ್ತಾವಿತ ಲಾಭಾಂಶ ಹೊರಹರಿಸಿದ ಪರಿಮಾಣವು ಪ್ರಸ್ತುತ ವರ್ಷಕ್ಕೆ ಶೇ. 25.10ಕ್ಕೆ ಏರಿದ್ದು ಇದು 2006-07 ವರ್ಷದಲ್ಲಿ ಶೇ. 23.99 ರಷ್ಟಿತ್ತು.

### EARNING PER SHARE/BOOK VALUE

The earning per share (basic) and the book value of the share stood at Rs.19.92 and Rs.113.69 respectively as on March 31, 2008.

### NET OWNED FUNDS AND CAPITAL ADEQUACY RATIO

The net owned funds of your Bank increased from Rs.1238.63 Crore to Rs.1379.60 Crore, registering a growth of 11.38%. The capital adequacy ratio increased from 11.03% as on 31st March 2007 to 12.17% as on 31st March 2008. The Bank has been consistently maintaining Capital Adequacy Ratio well above the minimum of 9% stipulated by the Reserve Bank of India.

### FOREX BUSINESS

During the year, the Bank achieved foreign exchange business turnover of Rs.7836.62 Crore as against Rs. 6101.16 Crore for the previous year, registering a growth of 28.44%. The advances to export sector increased from Rs.1095.31 Crore to Rs.1372.62 Crore.

### NON-PERFORMING ASSETS

Your Bank has been focusing on containing the non-performing assets, through better credit monitoring as well as intensified drive for the recovery of the impaired assets. Asset Recovery branches and steps under SARFAESI Act 2002 for speedy take over and disposal of the assets of defaulting borrowers resulted in reduction of Gross NPA from Rs.387.34 Crore (3.95%) as on 31.03.2007 to Rs.379.57 crore (3.42%) as on 31.03.2008. The Net NPA stood at 0.98% as on 31.03.2008 down from 1.22% as on 31.03.2007.

### CREDIT RATING

The credit rating agency, ICRA Ltd. (ICRA), one of the leading credit rating agencies of the country has accorded 'A1+' rating to the Bank's Certificate of Deposit Programme. The rating symbol, 'A1+' indicates highest degree of safety for timely payment of principal and interest.

Further, ICRA and Credit Analysis & Research Limited (CARE) have assigned LA+ (pronounced L A plus) and "CARE A+ [Single A Plus] ratings respectively indicating adequate credit quality to Rs 150 crore raised by the Bank during the year under report by way of Unsecured Redeemable Non-Convertible Subordinated (lower Tier-II) Bonds.

### ಶೇರಿನ ತಲಾ ಆದಾಯ/ಪುಸ್ತಕ ಮೌಲ್ಯ

31 ಮಾರ್ಚ್ 2008ಕ್ಕೆ ಬ್ಯಾಂಕಿನ ಶೇರಿನ ತಲಾಳಿಕೆ (ಮೂಲಭೂತ) ಮತ್ತು ಪುಸ್ತಕ ಮೌಲ್ಯ ಅನುಕ್ರಮವಾಗಿ ರೂ.19.92 ಮತ್ತು ರೂ.113.69 ಆಗಿರುತ್ತವೆ.

### ನಿವ್ವಳ ಸ್ವಂತ ನಿಧಿ ಮತ್ತು ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಅನುಪಾತ

ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಸ್ವಂತ ನಿಧಿಯು ರೂ.1238.63 ಕೋಟಿಯಿಂದ ರೂ.1379.60 ಕೋಟಿಗೆಂದು ಪ್ರತಿಶತ 11.38 ಅಭಿವೃದ್ಧಿಯನ್ನು ದಾಖಲಿಸಿದೆ. ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಅನುಪಾತವು 31 ಮಾರ್ಚ್ 2007ರಲ್ಲಿದ್ದ ಶೇ. 11.03 ರಿಂದ 31 ಮಾರ್ಚ್ 2008ಕ್ಕೆ ಶೇ. 12.17ಕ್ಕೆ ಅಭಿವೃದ್ಧಿಗೊಂಡಿದೆ. ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ನಿಗದಿಪಡಿಸಿದ ಶೇ. 9ಕ್ಕಿಂತ ಹೆಚ್ಚಿನ ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಅನುಪಾತವನ್ನು ನಿಮ್ಮ ಬ್ಯಾಂಕು ಹೆಚ್ಚಿನ ಮಟ್ಟದಲ್ಲಿ ನಿರಂತರವಾಗಿ ಕಾಡಿರಿ ಕೊಂಡು ಬರುತ್ತಿದೆ.

### ವಿದೇಶಿ ವಿನಿಮಯ ವ್ಯವಹಾರ

ಪ್ರಸ್ತುತ ವರದಿ ವರ್ಷದಲ್ಲಿ ಒಟ್ಟು ವಿದೇಶಿ ವಿನಿಮಯ ವ್ಯವಹಾರವು ರೂ.7836.62 ಕೋಟಿಗೆಂದು ಹಿಂದಣ ವರ್ಷದಲ್ಲಿನ ರೂ.6101.16 ಕೋಟಿ ವ್ಯವಹಾರಕ್ಕಿಂತ ಶೇ. 28.44 ಅಭಿವೃದ್ಧಿ ದಾಖಲಾಗಿದೆ. ನಿಯಾತ ಮುಂಗಡವೂ ರೂ.1095.31 ಕೋಟಿಯಿಂದ ರೂ.1372.62 ಕೋಟಿಗೆ ಏರಿತು.

### ಅನುತ್ಪಾದಕ ಆಸ್ತಿಗಳು

ಅನುತ್ಪಾದಕ ಮುಂಗಡಗಳನ್ನು ತಹಬಂದಿಗೆ ತರಲು ನಿಮ್ಮ ಬ್ಯಾಂಕು ಉತ್ತಮ ಮುಂಗಡ ನಿಗಾ ಮತ್ತು ದುರ್ಬಲ ಅನುತ್ಪಾದಕ ಮುಂಗಡಗಳ ವಸೂಲಾತಿಯಲ್ಲಿ ತೀವ್ರ ತರದ ಚಾಲನೆ ಕೈಗೊಂಡಿದೆ. ಆಸ್ತಿ ವಸೂಲಾತಿ ಶಾಖೆಗಳ ಮತ್ತು ಪ್ರತಿಭೂತೀಕರಣ ಕಾಯಿದೆ 2002ರ ಅನ್ವಯ ಸುಸ್ತಿದಾರ ಸಾಲಗಾರರ ಆಸ್ತಿ ಮತ್ತು ಸೂತ್ತುಗಳ ತ್ವರಿತ ಸ್ವಾಧೀನ ಮತ್ತು ವಿಲೇವಾರಿ ಫಲಿತಾಂಶವಾಗಿ 31.03.2007 ರಂದು ಇದ್ದ ಒಟ್ಟು ಅನುತ್ಪಾದಕ ಆಸ್ತಿ ಮೊತ್ತ ರೂ.387.34 ಕೋಟಿ (ಶೇ. 3.95) ಯಿಂದ 31.03.2008ಕ್ಕೆ ಈ ಮೊತ್ತ ರೂ.379.57 ಕೋಟಿಗೆ (ಶೇ. 3.42) ಇಳಿದಿದೆ. 31.03.2007ರಂದು ಶೇ. 1.22ರಷ್ಟು ಇದ್ದ ನಿವ್ವಳ ಅನುತ್ಪಾದಕ ಆಸ್ತಿ ಮಟ್ಟವು 31.03.2008ಕ್ಕೆ ಶೇ. 0.98ಕ್ಕೆ ಇಳಿದಿದೆ.

### ವಿಶ್ವಾಸಾರ್ಹತೆ ಮೌಲ್ಯಮಾಪನ

ಐಸಿಆರ್‌ಎ ಸಂಸ್ಥೆ, ದೇಶದ ಮುಂಚೂಣಿಯಲ್ಲಿರುವ ಶೇವಣಿ-ಉದರಿ ಮಾನದಂಡ ನಿರ್ಣಯಿಸುವ ಸಂಸ್ಥೆಗಳಲ್ಲಿ ಒಂದಾಗಿದ್ದು ಈ ಸಂಸ್ಥೆ ಬ್ಯಾಂಕಿನ ಶೇವಣಿ ಪ್ರಮಾಣ ಪತ್ರಗಳ ಯಶಸ್ವಿ ಕಾರ್ಯಸರಣಿಗಾಗಿ 'A1+' ಮಾನದಂಡ ನೀಡಿದೆ. ಈ A1+ ಮೌಲ್ಯಾಂಕವು ಅತ್ಯುನ್ನತ ಶ್ರೇಣಿಯದಾಗಿದ್ದು, ಆಸಲು ಮತ್ತು ಬಡ್ಡಿಯ ಸಕಾಲಿಕ ಮರುಪಾವತಿಯ ಸುರಕ್ಷತೆಗೆ ಶ್ರೇಷ್ಠ ಸಂಕೇತವಾಗಿರುತ್ತದೆ. ಅಲ್ಲದೇ, ಐಸಿಆರ್‌ಎ ಮತ್ತು ಕ್ರೆಡಿಟ್ ಅನಾಲಿಸಿಸ್ ಮತ್ತು ರಿಸರ್ಚ್ ಲಿಮಿಟೆಡ್ (ಸಿಎಆರ್‌ಇ) ಇವುಗಳು ಎಲ್‌ಎ+ (ಉಚ್ಚಾರ-ಎಲ್‌ಎ ಪ್ಲಸ್) ಮತ್ತು ಸಿಎಆರ್‌ಇA+ (ಸಿಂಗಲ್ A ಪ್ಲಸ್) ಮೌಲ್ಯಾಂಕಗಳನ್ನು ನೀಡಿದ್ದು ಇವುಗಳು ಅನುಕ್ರಮವಾಗಿ ಪ್ರಸ್ತುತ ಆರ್ಥಿಕ ವರ್ಷದಲ್ಲಿ ಬ್ಯಾಂಕು, ಆರೆ ಭದ್ರ ವಿಮೋಚನೀಯ ಪರಿವರ್ತನಾ ರಹಿತ ಅಧೀನ (ಕೆಳಸ್ತರ ಶ್ರೇಣಿ-II) ಬಾಂಡುಗಳ ಮೇಲೆ ಎತ್ತಿದ ರೂ.150 ಕೋಟಿ ಸಾಲಗಳ ಮೇಲಣ ಮುಂಗಡ ಗುಣಮಾನದ ಅರ್ಹತೆಗೆ ಶ್ರೇಷ್ಠ ಸಂಕೇತವಾಗಿರುತ್ತವೆ.



## DISTRIBUTION NETWORK

During the year under report, the Bank has opened 21 branches, one each in Chennai Ayanavarm, Raigarh, Bangalore-Marathahalli, Haridwar, New Delhi-Janakpuri, Nelamangala, Aurangabad, Devanahalli, Cuttack, Bangalore-Uttarahalli, Bangalore Kengeri Satellite Town, Bangalore-Hesaraghatta Main Road, Chennai-West Mambalam, Bareilly, Udaipur, Warangal, Bidadi, Hyderabad-Kukatpally, Navi Mumbai-Belapur, Mira Road East and Kolkata-Beliaghata. In addition, Bank has opened Central Processing Centre at Mangalore and Mumbai; an Asset Recovery Management Branch in Bangalore and a Service Branch in Mangalore. Further, Bank has added 35 ATM outlets at various locations during the year 2007-08. As on March 31, 2008, the Bank had 431 branches, 141 ATM outlets, 8 Regional Offices, one International Division, one Data Centre, one Customer Care Centre, 5 Service branches, 2 Currency Chests, 7 Extension Counters, two Central processing centres, spread over 19 states and 2 Union Territories. Further, during the year 2007-08, the Bank has shifted 10 branches and Delhi-Regional Office to spacious premises.

## EMPLOYEES STOCK OPTION SCHEME

The shareholders of the Bank had approved the Employees Stock options scheme at the Annual general Meeting held on 15.07.2006. During the year under report, the Bank has implemented the Karnataka Bank Employees Stock Option Scheme 2006 (ESOS 2006) as per The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999. As per the Scheme a total of 1500000 stock options are available for grant to the eligible employees and a total of 990200 stock options have been granted to eligible employees. These Stock options would vest in a graded manner i.e. 40%, 30% and 30% between August 22, 2008 and October 3<sup>rd</sup>, 2015. The vested options are exercisable over a period FIVE years from the respective dates of vesting.

Statutory disclosures regarding ESOS under Clause 12 of the SEBI Guidelines are provided in Annexure I attached to this report.

## MANAGEMENT DISCUSSION AND ANALYSIS Economic Scenario

During 2007-08, the Indian economy continued to expand at a robust pace for the fifth consecutive year,

## ಕಾರ್ಯಜಾಲ ಹಂಚಿಕೆ

ಪ್ರಸ್ತುತ ವರದಿ ವರ್ಷದಲ್ಲಿ ಬ್ಯಾಂಕು 21 ಶಾಖೆಗಳನ್ನು ಚೆನ್ನೈ-ಅಯನಾವರಂ, ರಾಯಗಡ, ಬೆಂಗಳೂರು - ಮಾರತಹಳ್ಳಿ, ಹರಿದ್ವಾರ, ನವದೆಹಲಿ - ಜನಕ್ ಪುರಿ, ನೆಲಮಂಗಲ, ಔರಂಗಾಬಾದ್, ದೇವನಹಳ್ಳಿ, ಕಟಕ್, ಬೆಂಗಳೂರು-ಉತ್ತರಹಳ್ಳಿ, ಬೆಂಗಳೂರು-ಕೆಂಗೇರಿ ಉಪನಗರ, ಬೆಂಗಳೂರು-ಹೇಸರಘಟ್ಟ ಮುಖ್ಯ ರಸ್ತೆ, ಚೆನ್ನೈ-ಪಶ್ಚಿಮ ಮಾಂಬಳಮ್, ಬರೈಲಿ, ಉದಯಪುರ, ವಾರಂಗಲ್, ಬಿಡದಿ, ಹೈದರಾಬಾದ್-ಕುಕಟ್‌ಪಳ್ಳಿ, ನವಿಮುಂಬೈ-ಬೇಲಾಪುರ್, ಮೀರಾಠೋಡ್ -ಪೂರ್ವ ಮತ್ತು ಕೋಲ್ಕತ್ತಾ-ಬೆಲಿಘಾಟಾ ಮುಂತಾದೆಡೆಯಲ್ಲಿ ಒಂದೊಂದು ಶಾಖೆಯಂತೆ ಪ್ರಾರಂಭಿಸಿದೆ. ಇನ್ನೂ ಹೆಚ್ಚುವರಿಯಾಗಿ ಮಂಗಳೂರು ಮತ್ತು ಮುಂಬೈಗಳಲ್ಲಿ ಬ್ಯಾಂಕು, ಸೆಂಟ್ರಲ್ ಪ್ರಾಸೆಸಿಂಗ್ ಸೆಂಟರ್‌ಗಳನ್ನು ಪ್ರಾರಂಭಿಸಿದೆ. ಅಲ್ಲದೇ, ಬೆಂಗಳೂರಿನಲ್ಲಿ ಅಸೆಟ್ ರಿಕವರಿ ಮನೇಜ್‌ಮೆಂಟ್ ಶಾಖೆಯನ್ನೂ ಮಂಗಳೂರಿನಲ್ಲಿ ಒಂದು ಸರ್ವಿಸ್ ಶಾಖೆಯನ್ನೂ ಪ್ರಾರಂಭಿಸಿದೆ. ಅಲ್ಲದೇ, 2007-08 ವರ್ಷದಲ್ಲಿ ಬ್ಯಾಂಕು ಹೊಸದಾಗಿ 35 ಎಟಿಎಂ ಕೇಂದ್ರಗಳನ್ನು ಸೇರ್ಪಡೆಗೊಳಿಸಿದೆ. 31 ಮಾರ್ಚ್ 2008ಕ್ಕೆ ಬ್ಯಾಂಕು 431 ಶಾಖೆಗಳನ್ನು, 141 ಎಟಿಎಂ ಕೇಂದ್ರಗಳನ್ನು, 8 ಪ್ರಾದೇಶಿಕ ಕಚೇರಿಗಳನ್ನು, 1 ಅಂತಾರಾಷ್ಟ್ರೀಯ ವಿಭಾಗವನ್ನು, 1 ದತ್ತಾಂಶ ಕೇಂದ್ರವನ್ನು, 1 ಗ್ರಾಹಕ ಸೇವಾ ನಿಗಾ ಕೇಂದ್ರವನ್ನು, 5 ಸೇವಾ ಶಾಖೆಗಳನ್ನು, 2 ನಗದು ಖಜಾನೆಗಳನ್ನು, 7 ವಿಸ್ತರಣಾ ಕೌಂಟರ್‌ಗಳನ್ನು, 2 ಕೇಂದ್ರೀಯ ಸಂಸ್ಕರಣಾ ಕೇಂದ್ರಗಳನ್ನು ಹೊಂದಿದ್ದು, ಇವುಗಳು ದೇಶದ ಉದ್ದಗಲಗಳಲ್ಲಿ 19 ರಾಜ್ಯಗಳಲ್ಲಿ ಮತ್ತು 2 ಕೇಂದ್ರಾಡಳಿತ ಪ್ರದೇಶಗಳಲ್ಲಿ ಕಾರ್ಯಪನಗುತ್ತಿವೆ. ಅಲ್ಲದೇ, 2007-08 ವರ್ಷದಲ್ಲಿ ಬ್ಯಾಂಕು 10 ಶಾಖೆಗಳನ್ನು ಮತ್ತು ದೆಹಲಿ ಪ್ರಾದೇಶಿಕ ಕಚೇರಿಯನ್ನು ನೂತನ ವಿಸ್ತೃತ ಆವರಣಕ್ಕೆ ಸ್ಥಳಾಂತರಿಸಿದೆ.

## ನೌಕರರ - ನಿಧಿ ಪತ್ರ ಆಯ್ಕೆ ಯೋಜನೆ

ದಿನಾಂಕ 15.07.2006ರಂದು ಜರಗಿದ ಬ್ಯಾಂಕಿನ ವಾರ್ಷಿಕ ಮಹಾಸಭೆಯಲ್ಲಿ ನೌಕರರ ನಿಧಿಪತ್ರ ಆಯ್ಕೆ ಯೋಜನೆಯನ್ನು ಅನುಮೋದಿಸಲಾಗಿತ್ತು. ಪ್ರಸ್ತುತ ವರದಿ ವರ್ಷದಲ್ಲಿ ಸೆಕ್ಯೂರಿಟೀಸ್ ಮತ್ತು ಎಕ್ಸ್‌ಚೇಂಜ್ ಬೋರ್ಡ್ ಆಫ್ ಇಂಡಿಯಾ (ನೌಕರರ ಸ್ಟಾಕ್ ಆಪ್‌ಶನ್ ಸ್ಕ್ೀಮ್ ಮತ್ತು ನೌಕರರ ಸ್ಟಾಕ್ ಪರ್ಚೇಸ್ ಸ್ಕ್ೀಮ್)ದ 1999ರ ಮಾರ್ಗಸೂಚಿಯಂತೆ, ಬ್ಯಾಂಕು, ಕರ್ನಾಟಕ ಬ್ಯಾಂಕ್ ಎಂಪ್ಲಾಯೀಸ್ ಸ್ಟಾಕ್ ಆಪ್‌ಶನ್ ಸ್ಕ್ೀಮ್-2006 (ಇಎಸ್‌ಓಎಸ್-2006) ಜಾರಿಗೊಳಿಸಿದೆ. ಈ ಯೋಜನೆಯಂತೆ, ಒಟ್ಟು 15,00,000 ನಿಧಿಪತ್ರ ಆಯ್ಕೆ ಅವಕಾಶಗಳು ಅರ್ಹ ನೌಕರರಿಗೆ ಹಂಚಲು ಲಭ್ಯವಾಗಲಿದ್ದು ಮತ್ತು ಒಟ್ಟು 990200 ನಿಧಿಪತ್ರ ಆಯ್ಕೆಯನ್ನು ಅರ್ಹ ನೌಕರರಿಗೆ ನೀಡಲಾಗುವುದು. ಈ ನಿಧಿಪತ್ರ ಆಯ್ಕೆಯನ್ನು ಮೂರು ಕ್ರಮಾಂಕಗಳಲ್ಲಿ ಅಂದರೆ ಶೇ. 40, ಶೇ. 30 ಮತ್ತು ಶೇ. 30ರಂತೆ 22 ಅಗಸ್ಟ್ 2008 ಮತ್ತು 3 ಅಕ್ಟೋಬರ್ 2015 ನಡುವೆ ನಿಹಿತ ಗೊಳಿಸಲಾಗುವುದು. ನಿಹಿತವಾದ ಆಯ್ಕೆಗಳು, ನಿಹಿತಗೊಂಡ ದಿನಾಂಕದಿಂದ ಐದು ವರ್ಷಗಳ ಕಾಲಾವಧಿಯಲ್ಲಿ ಚಲಾಯಿಸಲ್ಪಡತಕ್ಕಂತವುಗಳಾಗಿರುತ್ತವೆ.

ಇಎಸ್‌ಓಎಸ್ ಕುರಿತಂತೆ, 'ಸೆಬಿ' ಮಾರ್ಗದರ್ಶಿಕೆಯ ಖಂಡ-12ರ ಅನ್ವಯ ಪ್ರಕಟಿಸಬೇಕಾದ ಶಾಸನಬದ್ಧ ಪ್ರಕಟಣೆಗಳನ್ನು ಈ ವರದಿಯ ಅನುಬಂಧ-I ರಲ್ಲಿ ಲಗತ್ತಿಸಲಾಗಿದೆ.

## ಕಾರ್ಯಕಾರಿ ಮಂಡಳಿ ಕಲಾಪ ಮತ್ತು ವಿಶ್ಲೇಷಣೆ

### ಆರ್ಥಿಕ ನೋಟ

2007-08ರ ಸಾಲಿನಲ್ಲಿ ಭಾರತದ ಆರ್ಥಿಕತೆಯು, ಪ್ರಗತಿಯ ವೇಗಮಾನದಲ್ಲಿ ಕೊಂಚ ಹಿನ್ನಡೆ ಕಂಡರೂ, ಒಟ್ಟಾರೆ ಬೆಳವಣಿಗೆಯಲ್ಲಿ ಪ್ರಗತಿಯು ಕವಾದ ಸತತ ಐದನೇ ವರ್ಷದ ವೇಗೋನ್ನತಿಯನ್ನು ಸಾಧಿಸಿದೆ. ನೈಜ ಸ್ಥೂಲ ದೇಶೀಯ



although there was some moderation in the growth momentum during the course of the year. The growth of real gross domestic product (GDP) in 2007-08 was placed at 8.70% by the Central Statistical Organisation (CSO) in its advance estimates released in February 2008 as compared to the growth rate of 9.60% in 2006-07. Real GDP originating in Agriculture and allied activities is estimated to have risen by 2.60% in 2007-08 and Real GDP originating in Industry rose by 8.60% in 2007-08.

On a year-on-year basis, inflation based on the wholesale price index (WPI) stood at 7.40% at end-March 2008 as compared to 5.90% a year ago. During 2007-08, inflation rate declined from 6.40% at the beginning of the financial year to a low of 3.10% in mid-October before firming up from mid-February 2008 onwards.

The Indian equity market witnessed large swings during 2007-08. The BSE Sensex (1978-79=100) increased by 19.70% during the year from 13072 at end-March 2007 to 15644 at end-March 2008. The intra-year peak of 20873 was recorded on January 8, 2008 whereas the intra-year low of 12445 was recorded on April 2, 2007.

During the year 2007-08, there was a large accretion of US \$ 110.50 billion to foreign exchange reserves to reach a level of US \$ 309.70 billion by end-March 2008. The exchange rate of rupee against the US dollar, which was Rs.43.59 at end-March 2007 appreciated by 9.06% to Rs. 39.97 per dollar by end-March 2008. The rupee appreciated by 7.50% against pound sterling, while depreciated by 7.70% against Japanese yen and by 7.80% against euro.

### Banking Scenario

During the year 2007-08, the aggregate deposits of the scheduled commercial Banks increased by 22.20% (Rs.5,80,208 Crore) as compared with 23.8% (Rs.5,02,885 Crore) in the previous year. Demand deposit growth at 20.2% was higher than 17.9% in 2006-07 but time deposit growth moderated to 22.6% from 25.1% in the previous year. In addition to the mobilization of deposits, the banking sector's lendable resources were augmented substantially by capital raised through public issues and innovative capital instruments during 2007-08.

The overall moderation in real sector activity was reflected in the evolution of monetary and banking developments in 2007-08. Non-food credit extended by the scheduled

ಉತ್ಪನ್ನವು 2007-08ರಲ್ಲಿ ಶೇ. 8.70 ಎಂದು ಕೇಂದ್ರೀಯ ಅಂಕಿ ಅಂಶ ಸಂಸ್ಥೆ (ಸಿಎಸ್‌ಓ) ಫೆಬ್ರವರಿ 2008ರಲ್ಲಿ ಬಿಡುಗಡೆಗೊಳಿಸಿದ ತನ್ನ ಮುಂಗಡ ಅಂದಾಜಿನಲ್ಲಿ ನಮೂದಿಸಿದ್ದು ಇದು 2006-07ರಲ್ಲಿ ಶೇ. 9.60ರಷ್ಟಿತ್ತು ನೈಜ ಸ್ಥೂಲ ಉತ್ಪನ್ನವು ಕೃಷಿ ಮತ್ತು ಕೃಷಿ ಆಧಾರಿತ ಚಟುವಟಿಕೆಗಳಿಗೆ ಸಂಬಂಧಿಸಿದಂತೆ 2007-08ರಲ್ಲಿ ಶೇ.2.60ರಷ್ಟು ಅಭಿವೃದ್ಧಿಗೊಳ್ಳಬಹುದೆಂದು ಅಂದಾಜಿಸಲಾಗಿದ್ದು ಅಂತೆಯೇ ಕೈಗಾರಿಕಾ ರಂಗಕ್ಕೆ ಸಂಬಂಧಿಸಿದಂತೆ ನೈಜ ಸ್ಥೂಲ ದೇಶೀಯ ಉತ್ಪನ್ನದ ಅಭಿವೃದ್ಧಿಯು ಅಂದಾಜು 2007-08ರಲ್ಲಿ ಶೇ. 8.60 ಎಂದು ಗುರುತಿಸಲಾಗಿದೆ.

ವರ್ಷದಿಂದ ವರ್ಷಕ್ಕೆ ತಳಹದಿಯಲ್ಲಿ ಹಣದುಬ್ಬರ ಆಧಾರಿತ ರಬಿಂ ಬೆಲೆ ಸೂಚ್ಯಂಕ ಪ್ರಮಾಣವು ಶೇ.7.40ರಷ್ಟು ಮಾರ್ಚ್ 2008 ಅಂತ್ಯಕ್ಕೆ ದಾಖಲಾಗಿದ್ದು ಇದು ಹಿಂದಣ ವರ್ಷದ ಇದೇ ಅವಧಿಗೆ ಶೇ. 5.90 ಆಗಿತ್ತು. 2007-08ರಲ್ಲಿ ಹಣದುಬ್ಬರ ಪ್ರಮಾಣವು ವರ್ಷದ ಪ್ರಾರಂಭದಲ್ಲಿದ್ದ ಶೇ. 6.40ರಿಂದ ನಡು ಅಕ್ಟೋಬರ್‌ನಲ್ಲಿ ಶೇ. 3.10ರ ಕನಿಷ್ಠ ಪ್ರಮಾಣಕ್ಕೆ ಇಳಿದಿದ್ದು, 2008 ನಡು ಫೆಬ್ರವರಿಯಿಂದ ಪುನಃ ಏರುಗತಿಕಂಡಿತು.

2007-08ನೇ ಸಾಲಿನಲ್ಲಿ ಭಾರತದ ಬಂಡವಾಳ ಮಾರುಕಟ್ಟೆ ತೀವ್ರತಮ ಡೋಲಾಯಮಾನತೆಯನ್ನು ದಾಖಲಿಸಿತು. ಮಾರ್ಚ್ 2007 ಅಂತ್ಯದಲ್ಲಿ ದಾಖಲಾದ ಬಿಎಸ್‌ಇ ಸೆನ್‌ಸೆಕ್ಸ್ (1978-79 = 100) 13072ರಿಂದ ಮಾರ್ಚ್ 2008ರ ಅಂತ್ಯಕ್ಕೆ ಇದು 15644ಕ್ಕೆ ಏರಿ, ಶೇ.19.70ರಷ್ಟು ಬೆಳವಣಿಗೆ ದಾಖಲಾಯಿತು. ವರ್ಷದ ನಡುವೆ ಅತ್ಯಂತ ಗರಿಷ್ಠ ಮಟ್ಟದ ಸೂಚ್ಯಂಕ 20873 ಜನವರಿ 8, 2008ರಂದು ದಾಖಲಾದರೆ, ಅತ್ಯಂತ ಕನಿಷ್ಠ ಸೂಚ್ಯಂಕ 12445 ಏಪ್ರಿಲ್ 2, 2007ರಂದು ದಾಖಲಾಗಿತ್ತು.

2007-08 ಸಾಲಿನಲ್ಲಿ ವಿದೇಶಿ ವಿನಿಮಯ ಮೀಸಲಿಗೆ ಹೆಚ್ಚಿನ ಮಟ್ಟದ ಅಭಿವೃದ್ಧಿಯಾಗಿ ಯುಎಸ್ ಡಾಲರ್ 110.50ಬಿಲಿಯನ್ ಆಕರಣೆಗೊಂಡಿದ್ದು ಮಾರ್ಚ್ 2008 ಅಂತ್ಯಕ್ಕೆ ಒಟ್ಟು ಉನ್ನತಿಯ ಮಟ್ಟ ಯುಎಸ್ ಡಾಲರ್ 309.70 ಬಿಲಿಯನ್ ತಲುಪಿತು. ಮಾರ್ಚ್ 2007 ಅಂತ್ಯದಲ್ಲಿ ಯುಎಸ್ ಡಾಲರ್‌ನ ಇದಿರು ರೂ. 43.59ರಷ್ಟಿದ್ದ ರೂಪಾಯಿಯ ವಿನಿಮಯ ದರ ಶೇ. 9.06ರಷ್ಟು ಮೌಲ್ಯ ವೃದ್ಧಿಗೊಂಡು ಮಾರ್ಚ್ 2008ರ ಅಂತ್ಯಕ್ಕೆ ಪ್ರತಿ ಡಾಲರ್‌ಗೆ ರೂ.39.97 ವಿನಿಮಯ ದರಕ್ಕೇರಿತು. ಪೌಂಡ್ ಸ್ಟರ್ಲಿಂಗ್‌ನ ಮುಂದೆಯೂ ರೂಪಾಯಿ ಶೇ. 7.50ರಷ್ಟು ಮೌಲ್ಯವೃದ್ಧಿಗೊಂಡರೆ, ಜಪಾನೀಸ್ ಯೆನ್ ಮುಂದೆ ಶೇ. 7.70 ಮತ್ತು ಯುರೋ ಮುಂದೆ ಶೇ. 7.80ರಷ್ಟು ಸವಕಳಿ ಕಂಡಿತು.

### ಬ್ಯಾಂಕಿಂಗ್ ದೃಶ್ಯಾವಳಿ

2007-08 ಆರ್ಥಿಕ ವರ್ಷದಲ್ಲಿ ಅನುಸೂಚಿತ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳ ಒಟ್ಟು ಠೇವಣಿಯು ಶೇ.22.20 (ರೂ.5,80,208 ಕೋಟಿ)ರಷ್ಟು ಅಭಿವೃದ್ಧಿಗೊಂಡಿದ್ದು ಇದು ಹಿಂದಣ ವರ್ಷ ಶೇ. 23.8 (ರೂ.5,02,885 ಕೋಟಿ)ರಷ್ಟಿತ್ತು. ಕಾಲಿಕ ಠೇವಣಿಗಳ ಅಭಿವೃದ್ಧಿಯು 2006-07ರಲ್ಲಿದ್ದ ಶೇ.17.9ರಿಂದ ಶೇ.20.2ಕ್ಕೆ ಏರಿದರೆ, ಸಾವಧಿ ಠೇವಣಿಯ ಅಭಿವೃದ್ಧಿಯು ಹಿಂದಣ ವರ್ಷದ ಶೇ. 25.1ರಿಂದ ಶೇ. 22.6ಕ್ಕೆ ನಿಧಾನಿಸಲ್ಪಟ್ಟಿತು. ಠೇವಣಿ ಸಂಚಯನದೊಂದಿಗೆ, ಬ್ಯಾಂಕಿಂಗ್ ವಲಯದ ಮುಂಗಡ ಸಂಪನ್ಮೂಲವಾಗಿ, ಪಬ್ಲಿಕ್ ಇಶ್ಯೂಗಳ ಮೂಲಕ ಸಂಗ್ರಹಿಸಿದ ಬಂಡವಾಳ ಕ್ರೋಢೀಕರಣ ಮತ್ತು ನವೋನ್ಮೇಶ ಬಂಡವಾಳ ಮಾರುಕಟ್ಟೆ ದಸ್ತಾವೇಜು ವ್ಯವಹಾರ 2007-08ರಲ್ಲಿ ಪೂರಕವಾಗಿತ್ತು.

ನೈಜ ವಲಯ-ಕೃಷಿರಂಗ ಚಟುವಟಿಕೆಗಳ ಕೊಂಚ ಹಿನ್ನಡೆ 2007-08ರ ಆರ್ಥಿಕತೆಯ ವಿಕಸನ ಮತ್ತು ಬ್ಯಾಂಕಿಂಗ್ ಅಭಿವೃದ್ಧಿಯ ಮೇಲೆ

Commercial banks (SCBs) increased by 22.3% (Rs.4,19,425 Crore) as compared with 28.5% (Rs.4,18,282 Crore) in the previous year. The incremental non-food credit-deposit ratio for the banking system declined to 72.3% during 2007-08 from 83.2% in 2006-07. Food credit of SCBs declined by Rs.2,121 Crore in 2007-08 as against an increase of Rs.5,830 Crore in the previous year. Provisional information on the sectoral deployment of bank credit available up to February 2008 indicates, a gradual deceleration over the year.

Commercial banks' investment in Government and other approved securities increased by 22.9% (Rs.1,81,222 Crore) during 2007-08 significantly higher than 10.3% (Rs.74,062 Crore). Scheduled Commercial Banks investment in bonds/debentures shares of public sector undertakings and the private corporate sector and commercial paper increased by 14.20% (Rs.11,830 Crore) during 2007-08 as compared with an increase of 5.10% (Rs.4,081 Crore) in the previous year. Banks' investment in instruments issued by mutual funds increased by Rs.6,818 Crore in 2007-08 as compared with Rs.1,315 Crore in 2006-07.

### Opportunities Ahead

Your Bank has taken significant strides on the technology front. All the branches and offices are connected to Core Banking Solution "FINACLE", designed and developed by IT major Infosys Technologies Ltd. SMS alert is made available to non-internet banking customers who have mobile phones. Online shopping facility is extended through MoneyClick payment gateway for the goods purchased by our customers through window shopping portals. Bank's tie-up with M/s. TechProcess Solutions Limited facilitates online payment in merchant establishments. The Bank has tied up with Tata Mutual Fund for distribution of their mutual fund products in addition to the existing Franklin Templeton Mutual Fund. Arrangement has been made at select branches for collection of BSNL land line bills, e-Hundi facility has been made available for remittance of funds for a few reputed temples. White label agreement has been inked with Calyon Bank, France, to provide risk management services, enabling the Bank to provide hedging products like Derivatives to our customers.

In the area of farm credit, the Bank has signed a memorandum of understanding with M/s. Mahindra and Mahindra Ltd. for financing purchase of Tractors/Power

ಪ್ರತಿಫಲನಗೊಂಡಿತು. ಅನುಸೂಚಿತ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳು ವಿಸ್ತರಿಸಿದ ಆಹಾರೇತರ ಮುಂಗಡವು ಶೇ. 22.3 (ರೂ.4,19,425 ಕೋಟಿ) ರಷ್ಟಾಗಿದ್ದು ಇದು ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ಶೇ. 28.5 (ರೂ.4,18,282 ಕೋಟಿ)ಯಷ್ಟಾಗಿತ್ತು. ಬ್ಯಾಂಕಿಂಗ್ ವ್ಯವಸ್ಥೆಯ ಸಂವರ್ಧಿತ ಆಹಾರೇತರ ಮುಂಗಡ-ಠೇವಣಿ ಅನುಪಾತವು, 2007-08ರಲ್ಲಿ 72.3ಕ್ಕೆ ಇಳಿಮುಖಿತ ಕಂಡಿದ್ದು ಇದು 2006-07ರಲ್ಲಿ ಶೇ. 83.2ರಷ್ಟಿತ್ತು. ಅನುಸೂಚಿತ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳ, ಆಹಾರ ಮುಂಗಡವು 2007-08ರಲ್ಲಿ ರೂ.2,121 ಕೋಟಿಗೆ ಇಳಿಮುಖಿತ ಕಂಡಿದ್ದು, ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ಇದು ರೂ.5830 ಕೋಟಿಯಷ್ಟಿತ್ತು. ವಲಯವಾರು ಬ್ಯಾಂಕ್ ಮುಂಗಡಗಳ ವಿಸ್ತರಣೆ ಕುರಿತಂತೆ ಫೆಬ್ರವರಿ 2008ರ ತನಕ ಲಭಿಸಿದ ಹಂಗಾಮಿ ಮಾಹಿತಿಯಂತೆ, ವಾರ್ಷಿಕವಾಗಿ ಅನುಕ್ರಮ ಇಳಿಮುಖಿತೆಯೇ ಕಾಣಿಸಲ್ಪಟ್ಟಿದೆ.

ಸರಕಾರಿ ಮತ್ತು ಇತರ ಅಂಗೀಕೃತ ಧನಪತ್ರಗಳ ಮೇಲಣ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳ ಹೂಡಿಕೆಯು 2007-08ರಲ್ಲಿ ಶೇ.22.9ರಷ್ಟು (ರೂ.181,222 ಕೋಟಿ) ಅಭಿವೃದ್ಧಿಗೊಂಡಿದ್ದು ಇದು ಹಿಂದಣ ವರ್ಷದ ಶೇ.10.3 (ರೂ.74,062 ಕೋಟಿ)ಕ್ಕಿಂತ ಗಣನೀಯ ಹೆಚ್ಚಳವಾಗಿದೆ. ಅನುಸೂಚಿತ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳ, ಸಾರ್ವಜನಿಕ ರಂಗ ಸ್ವಾಮ್ಯದ ಬಾಂಡುಗಳು/ಡಿಬೆಂಚರುಗಳು/ಶೇರುಗಳು ಮತ್ತು ವಾಣಿಜ್ಯ ಪತ್ರಗಳ ಮೇಲಣ ಹೂಡಿಕೆಗಳು ಶೇ. 14.20 (ರೂ.11830 ಕೋಟಿ)ಗೆ ಅಭಿವೃದ್ಧಿಗೊಂಡಿದ್ದು ಇದು ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ಕೇವಲ ಶೇ. 5.10 (ರೂ.4,081 ಕೋಟಿ)ಯಷ್ಟಿತ್ತು. ಮ್ಯೂಚುವಲ್ ಫಂಡುಗಳು ವಿಸ್ತರಿಸಿದ ದಸ್ತಾವೇಜುಗಳ ಮೇಲಣ ಬ್ಯಾಂಕುಗಳ ಹೂಡಿಕೆಯು 2007-08ರಲ್ಲಿ ರೂ.6,818 ಕೋಟಿಗೆ ಏರಿತು ಇದು 2006-07ರಲ್ಲಿ ರೂ.1,315 ಕೋಟಿಯಷ್ಟಿತ್ತು.

### ಭವಿಷ್ಯದಲ್ಲಿನ ಅವಕಾಶಗಳು

ನಿಮ್ಮ ಬ್ಯಾಂಕು ತಂತ್ರಜ್ಞಾನ ಕ್ಷೇತ್ರದಲ್ಲಿ ಮಹತ್ವದ ಸಾಧನೆಯ ದಾಪುಗಾಲು ಹಾಕಿದೆ. ಎಲ್ಲಾ ಶಾಖೆಗಳು ಮತ್ತು ಕಚೇರಿಗಳು ಮಾಹಿತಿ ತಂತ್ರಜ್ಞಾನ ಮುಂಚೂಣಿ ಸಂಸ್ಥೆ ಇನ್ಫೋಸಿಸ್ ಟೆಕ್ನೋಲಜಿಸ್ ಲಿಮಿಟೆಡ್ ರೂಪಿಸಿ, ಅಭಿವೃದ್ಧಿಗೊಳಿಸಿದ ತಂತ್ರಾಂಶ ಕೋರ್ ಬ್ಯಾಂಕಿಂಗ್ ಸೊಲ್ಯೂಶನ್-ಫಿನ್ಯಾಕ್ಟ್ ಗೆ ಪರಿವರ್ತಿಸಲ್ಪಟ್ಟಿವೆ. ಮೊಬೈಲ್ ಫೋನ್ ಹೊಂದಿರುವ, ಇಂಟರ್ನೆಟ್ ಬ್ಯಾಂಕಿಂಗ್ಗೆ ಹೊರತಾದ ಗ್ರಾಹಕರಿಗೂ ಎಸ್ಎಮ್ಎಸ್ ಅಲರ್ಟ್ ಸೇವೆ ಲಭ್ಯವಾಗಿದೆ. ಆನ್‌ಲೈನ್ ಶಾಖೆಗೆ ಸೇವೆಯೂ ನಮ್ಮ ಗ್ರಾಹಕರಿಗೆ ಮನಿಕ್ಲಿಕ್ ಮೂಲಕ ಕೈಗೆಟುಕುತ್ತಿದ್ದು ಮತ್ತು ಮೆ|| ಟೆಕ್‌ಪ್ರೊಸೆಸ್ ಸೊಲ್ಯೂಶನ್ಸ್ ಲಿಮಿಟೆಡ್‌ನೊಂದಿಗಿನ ಬ್ಯಾಂಕಿನ ಅನುಬಂಧದಿಂದಾಗಿ ಮರ್ಚೆಂಟ್ ಅಸ್ಟಾಬ್ಲಿಷ್‌ಮೆಂಟ್‌ನ ಆನ್‌ಲೈನ್ ಪಾವತಿ ಸಾಧ್ಯವಾಗಿದೆ. ಈಗಿರುವ ಪ್ರಾಂಕ್ಲಿನ್ ಟೆಂಪಲ್‌ಟನ್ ಮ್ಯೂಚುವಲ್ ಫಂಡ್‌ನ ಹಂಚಿಕೆಯೊಂದಿಗೆ, ಟಾಟಾ ಮ್ಯೂಚುವಲ್ ಫಂಡ್‌ನೊಂದಿಗಿನ ಅನುಬಂಧದಿಂದಾಗಿ, ಬ್ಯಾಂಕು ಅದರ ಮ್ಯೂಚುವಲ್ ಫಂಡ್‌ನ ಹಂಚಿಕೆಯನ್ನೂ ನಡೆಸುತ್ತಿದೆ. ಬಿಎಸ್‌ಎಸ್‌ಎಲ್‌ನ ಲ್ಯಾಂಡ್‌ಲೈನ್ ಫೋನ್ ಬಿಲ್ ಪಾವತಿಯನ್ನು ಕೆಲವು ಆಯ್ದು ಶಾಖೆಗಳಲ್ಲಿ ಮಾಡಲು ವ್ಯವಸ್ಥೆಯನ್ನು ಮಾಡಲಾಗಿದ್ದು, ಅಂತೆಯೇ ಇ-ಹುಂಡಿ ಮೂಲಕ ತ್ವರಿತ ಹಣ ರವಾನೆ ಸೌಲಭ್ಯವನ್ನು ಕೆಲವು ಪ್ರಖ್ಯಾತ ದೇವಸ್ಥಾನಗಳಿಗೆ ಕಲ್ಪಿಸಲಾಗಿದೆ. ಫ್ರಾನ್ಸ್‌ನ ಕಾಲ್ಯಾನ್ ಬ್ಯಾಂಕ್‌ನೊಂದಿಗಿನ ವೈಟ್‌ಲೇಬಲ್ ಎಗ್ರಿಮೆಂಟ್ ಮೂಲಕ, ಅಪಾಯ ನಿರ್ವಹಣಾ ಸೇವೆ ಲಭ್ಯವಾಗಲಿದ್ದು ತನ್ನೂಲಕ ಬ್ಯಾಂಕಿಗೆ ತನ್ನ ಗ್ರಾಹಕರಿಗಾಗಿ ಹೆಚ್ಚಿನ ಸೌಲಭ್ಯ ನೀಡಲು ಸಾಧ್ಯವಾಗುತ್ತದೆ.

ಕೃಷಿ ಮುಂಗಡ ಕ್ಷೇತ್ರದಲ್ಲಿ ಬ್ಯಾಂಕು ಮೆ|| ಮಹೀಂದ್ರ ಮತ್ತು ಮಹೀಂದ್ರ ಲಿಮಿಟೆಡ್‌ನೊಂದಿಗಿನ ತಿಳುವಳಿಕೆ ಒಪ್ಪಂದ ಪತ್ರದಂತೆ, ಟ್ರಾಕ್ಟರ್/ ಪವರ್‌ಟೆಲ್ಲರ್ಸ್ /ವಾಹನಗಳು ಮತ್ತು ತೋಟಗಾರಿಕೆ ಸಲಕರಣೆಗಳ ಖರೀದಿಗೆ ಮುಂಗಡ

Trillers/Vehicles and Farm equipments. The Bank has also entered into a pact with M/s SAS Motors Limited, for financing purchase of Tractors/Power Trillers and Farm equipments.

The Bank plans to establish three-way Disaster Recovery System to achieve zero data loss in case of disaster. The Bank intends to participate in initiatives of RBI like NECS, etc, and expand centralized loan account opening at Central Processing Centre (CPC) for all branches. The Bank has plans to launch Students' Prepaid Card and Online Trading facility for capital market products.

The Bank has on its agenda opening of a few more branches to take the tally of branches to 460 besides adding more ATMs to take the number of ATMs to 180 by end-March 2009.

### SEGMENT REPORTING

Pursuant to the Guidelines issued by RBI on Accounting Standard 17 (Segment Reporting) the Bank has identified FOUR business segments viz., Treasury, Corporate /Wholesale banking, Retail Banking and Other Banking Operations for the year ended March 31, 2008.

#### Treasury Operations:

Treasury operations now include the entire investment portfolio i.e. dealing in Government and other Securities, Money Market Operations and Forex Operations as against the previous composition of surplus Statutory Liquidity Ratio (SLR) and non-SLR investments.

During the year-ended March 31, 2008, the Bank has earned total revenue of Rs.554.16 Crore from Treasury operations with a net result of Rs.45.44 Crore.

#### Corporate / Wholesale Banking

Wholesale Banking includes all advances which are not included under Retail Banking. The revenue earned by the Bank during year under this Segment was Rs.518.56 Crore with a profit contribution of Rs.41.32 Crore.

#### Retail Banking

Retail Banking includes exposures which fulfill the following TWO criteria:

- Exposure: The maximum aggregate exposure upto Rs.5 Crore.
- The total annual turnover is less than Rs.50 Crore i.e. the average turnover of the last three years in case of

ನೀಡುತ್ತದೆ. ಬ್ಯಾಂಕು ಮೆ|| ಎಸ್‌ಎಎಸ್ ಮೋಟಾರ್ಸ್ ಲಿಮಿಟೆಡ್‌ನೊಂದಿಗೂ ಒಪ್ಪಂದ ಮಾಡಿಕೊಂಡಿದ್ದು ಆ ಸಂಸ್ಥೆಯ ಟ್ರಾಕ್ಟರ್/ ಪವರ್ ಟಿಲ್ಲರ್ಸ್ ಮತ್ತು ತೋಟಗಾರಿಕಾ ಸಲಕರಣೆಗಳ ಖರೀದಿಗೂ ಮುಂಗಡ ವಿಸ್ತರಿಸುತ್ತದೆ.

ಬ್ಯಾಂಕು ತ್ರಿ-ಮುಖ ಅನಾಹುತ ಪುನರ್ಚೇತನ ವ್ಯವಸ್ಥೆಯನ್ನು ನಿರ್ಮಿಸುವ ಯೋಜನೆಯಲ್ಲಿದ್ದು ಸಂದರ್ಭವತಾತ್ ಅನಾಹುತಸಂಭವಿಸಿದಲ್ಲಿ ದತ್ತಾಂಶ ನಷ್ಟ ತೂನ್ಯಕ್ಕೆಳಿಯುತ್ತದೆ. ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್‌ನ ಎಸ್‌ಇಸಿಎಸ್ ಮುಂತಾದ ಮಾರ್ಗದರ್ಶಿ ಉಪಕ್ರಮಗಳನ್ನು ಜಾರಿಗೆ ತರುವಲ್ಲಿ ಬ್ಯಾಂಕು ಉತ್ಸುಕಗೊಂಡಿದ್ದು ಮತ್ತು ಕೇಂದ್ರೀಯ ಸಂಸ್ಕರಣ ಕೇಂದ್ರದ (ಸಿಪಿಸಿ) ಮೂಲಕ ಕೇಂದ್ರೀಯ ಸಾಲ ಖಾತೆ ತೆರೆಯುವಿಕೆಯ ವ್ಯವಸ್ಥೆಯನ್ನು ಬ್ಯಾಂಕಿನ ಎಲ್ಲಾ ಶಾಖೆಗಳಿಗೂ ವಿಸ್ತರಿಸುವ ಯೋಜನೆ ಹೊಂದಿದೆ. ಬ್ಯಾಂಕು ಸ್ಟೂಡೆಂಟ್ಸ್ ಪ್ರಿಪೇಯಿಡ್ ಕಾರ್ಡ್ ಮತ್ತು ಆನ್‌ಲೈನ್ ಟ್ರೇಡಿಂಗ್ ಸೌಲಭ್ಯವನ್ನು ಕ್ಯಾಪಿಟಲ್ ಮಾರ್ಕೆಟ್ ಪ್ರಾಡಕ್ಟ್‌ಗೆ ವಿಸ್ತರಿಸುವರೇ ಯೋಜನೆಯನ್ನು ಕೈಪ್ರವಾಗಿ ಅನುಷ್ಠಾನಗೊಳಿಸಲಿದೆ.

ಮಾರ್ಚ್ 2009 ಅಂತ್ಯಕ್ಕೆ ಬ್ಯಾಂಕು ತನ್ನ ಒಟ್ಟು ಶಾಖೆಯನ್ನು 460ಕ್ಕೆರುವಂತೆ ಕೆಲವೊಂದು ನೂತನ ಶಾಖೆಗಳನ್ನು ತೆರೆಯಲಿದ್ದು ಒಟ್ಟು ಎಟಿಎಂ ಕೇಂದ್ರಗಳ ಸಂಖ್ಯೆ 180 ಕ್ಕೇರುವಂತೆ ಕೆಲವೊಂದು ಹೆಚ್ಚುವರಿ ಎಟಿಎಂ ಕೇಂದ್ರಗಳನ್ನು ತೆರೆಯಲಿದೆ.

#### ವರದಿ ಮಾಡಲಿಕ್ಕಿರುವ ಭಾಗಗಳು

ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ನಿರ್ದೇಶಿಸಿದ ಅಕೌಂಟಿಂಗ್ ಸ್ಟಾಂಡರ್ಡ್ 17 (ವರದಿ ಮಾಡಲಿಕ್ಕಿರುವ ಭಾಗಗಳು) ಮಾರ್ಗದರ್ಶಿಕೆ ಅನುಸಾರವಾಗಿ ಬ್ಯಾಂಕು ವರ್ಷಾಂತ್ಯ ಮಾರ್ಚ್ 31, 2008ಕ್ಕೆ 4 ವ್ಯವಹಾರ ಅಂಗಗಳಲ್ಲಿ ಗುರುತಿಸಲ್ಪಟ್ಟಿದ್ದು ಅವುಗಳು ಖಜಾನೆ, ಸಾಂಸ್ಥಿಕ/ಸಗಟು ಬ್ಯಾಂಕಿಂಗ್, ಚಿಲ್ಲರೆ ಬ್ಯಾಂಕಿಂಗ್ ಮತ್ತು ಇತರ ಬ್ಯಾಂಕಿಂಗ್ ಚಟುವಟಿಕೆಗಳು ಆಗಿವೆ.

#### ಖಜಾನೆ ವಹಿವಾಟುಗಳು

ಖಜಾನೆ ವಹಿವಾಟುಗಳು ಇದೀಗ ಸಂಪೂರ್ಣ ಹೂಡಿಕೆ ವಿಭಾಗ ಅಂದರೆ ಇದುವರೆಗಿನ ಹೆಚ್ಚುವರಿ ಅನುಪಾತ ಪರಿನಿಯತ ದ್ರವತ್ವ ಅನುಪಾತ (ಎಸ್.ಎಲ್.ಆರ್) ಮತ್ತು ಪರಿನಿಯತ ದ್ರವತ್ವ (ಅನುಪಾತ) ಹೂಡಿಕೆಗಳ ಬದಲಾಗಿ ಸರಕಾರಿ ಮತ್ತು ಇತರ ಧನಪತ್ರಗಳ ನಿರ್ವಹಣೆ, ಹಣಕಾಸು ಮಾರುಕಟ್ಟೆ ವ್ಯವಹಾರ ಮತ್ತು ವಿದೇಶಿ ವಿನಿಮಯ ವ್ಯವಹಾರಗಳನ್ನು ಹೊಂದಿದೆ.

ಪ್ರಸ್ತುತ ವರ್ಷ 31 ಮಾರ್ಚ್ 2008 ವರ್ಷಾಂತ್ಯಕ್ಕೆ ಬ್ಯಾಂಕು ಖಜಾನೆ ವಹಿವಾಟಿನಿಂದ ಒಟ್ಟು ರೂ.554.16 ಕೋಟಿ ಆದಾಯ ಗಳಿಸಿದ್ದು ನಿವ್ವಳ ಫಲಿತಾಂಶ ರೂ. 45.44 ಕೋಟಿ ಆಗಿರುತ್ತದೆ.

#### ಸಾಂಸ್ಥಿಕ/ ಸಗಟು ಬ್ಯಾಂಕಿಂಗ್

ಚಿಲ್ಲರೆ ಬ್ಯಾಂಕಿಂಗ್ ವಹಿವಾಟಿನಲ್ಲಿ ಒಳಗೊಳ್ಳದ ಎಲ್ಲಾ ಮುಂಗಡ ವ್ಯವಹಾರಗಳು ಸಗಟು ಬ್ಯಾಂಕಿಂಗ್ ವಿಭಾಗದಲ್ಲಿ ಬರುತ್ತವೆ. ಈ ಅಂಗದಲ್ಲಿ ವರದಿ ವರ್ಷದಲ್ಲಿ ಬ್ಯಾಂಕು ಗಳಿಸಿದ ಹುಟ್ಟುವಳಿ ರೂ.518.56 ಕೋಟಿ ಆಗಿದ್ದು ಆದಾಯ ಕೊಡುಗೆ ರೂ.41.32 ಕೋಟಿಗಳಾಗಿವೆ.

#### ಚಿಲ್ಲರೆ ಬ್ಯಾಂಕಿಂಗ್

ಚಿಲ್ಲರೆ ಬ್ಯಾಂಕಿಂಗ್ ವಹಿವಾಟುಗಳು, ಈ ಕೆಳಗಿನ ಎರಡು ಪ್ರಮಾಣಗಳನ್ನು ತುಂಬಿಕೊಡುವಲ್ಲಿ ತನ್ನನ್ನು ಒಡ್ಡಿಕೊಳ್ಳುತ್ತದೆ.



existing entities and projected turnover in case of new entities.

During the year 2007-08, this Segment has earned revenue of Rs. 692.91 Crore and a net result of Rs. 244.92 Crore.

### Other Banking Operations:

During the year under report, definition of Other Banking Operations has also been changed to include only the remaining business done by the Bank i.e. distribution of Insurance products, Mutual Fund Products, Demat Services, Online Shopping and railway ticket booking, Locker facilities etc. from the earlier composition of Advance portfolio of the Bank and SLR securities to the extent of SLR requirements.

During the year-ended March 31, 2008, this segment has generated revenue of Rs.32.27 Crores and a net result of Rs.24.59 Crore.

### Risks and Concerns

As financial institutions expand and become more complex, a comprehensive integrated risk management system becomes essential. The bank has established a comprehensive risk management structure in tune with the RBI guidelines on risk management for managing various risks through appropriate risk-return trade-off which helps in maximizing the shareholders' value.

The major types of risk faced by the Bank are Credit Risk, Market Risk and Operational Risk. Effective risk management is critical to the Bank's success. Under the supervision of the Board of Directors, your Bank has already formed committees, for identification, measurement, monitoring and management of risks, to mitigate their adverse impact on its financials. Your Bank has finalized its "Road Map for BASEL II implementation" and has initiated necessary steps to streamline systems, strategies for a smooth transition to BASEL II framework within the time period stipulated by the Regulator.

### Internal Control Systems

The Board of Directors of the Bank have already put in place well articulated internal control measures commensurate with the size of the Bank and complexity of operations. A separate Compliance Department has been set up now. The Audit committee of the Board of Directors is supervising the internal audit and compliance

ಅ) ಒಡ್ಡಿಕೆ: ಗರಿಷ್ಠಒಟ್ಟುಒಡ್ಡಿಕೆ ರೂ. 5 ಕೋಟಿ ತನಕ

ಆ) ಒಟ್ಟು ವಾರ್ಷಿಕ ವ್ಯವಹಾರವು ರೂ.50 ಕೋಟಿ ಒಳಗೆ ಅಂದರೆ ಪ್ರಸ್ತುತ ಅಸ್ತಿತ್ವದಲ್ಲಿರುವ ಸಂಸ್ಥೆ/ವ್ಯಕ್ತಿಯ ಹಿಂದಣ ಮೂರು ವರ್ಷಗಳ ವ್ಯವಹಾರದ ಸರಾಸರಿ ಮತ್ತು ನೂತನ ಸಂಸ್ಥೆ/ವ್ಯಕ್ತಿಯ ಮುಂದಣ ಮೂರು ವರ್ಷಗಳ ಅಂದಾಜಿಸಲಾದ ವ್ಯವಹಾರದ ಸರಾಸರಿ.

2007-08ನೇ ವರ್ಷದಲ್ಲಿ ಈ ಅಂಗದಲ್ಲಿ ರೂ.692.91 ಕೋಟಿ ಹುಟ್ಟುವಳಿ ಗಳಿಸಲಾಗಿದ್ದು, ನಿವ್ವಳ ಫಲಿತಾಂಶ ರೂ.244.92 ಕೋಟಿ ಆಗಿರುತ್ತದೆ.

### ಇತರ ಬ್ಯಾಂಕಿಂಗ್ ವಹಿವಾಟುಗಳು

ಪ್ರಸ್ತುತ ವರದಿ ವರ್ಷದಲ್ಲಿ ಇತರ ಬ್ಯಾಂಕಿಂಗ್ ವಹಿವಾಟಿನ ವ್ಯಾಖ್ಯೆಯೂ ಬದಲಾವಣೆಗೊಂಡಿದ್ದು ಇದು ಬರೇ ಉಳಿದ ಬ್ಯಾಂಕಿಂಗ್ ವಹಿವಾಟುಗಳನ್ನಷ್ಟೇ ಒಳಗೊಂಡಿದ್ದು ಅಂದರೆ ಪ್ರಚಲಿತ ಬ್ಯಾಂಕಿನ ಮುಂಗಡ ವಿಭಾಗ ಹಾಗೂ ಪರಿನಿಯತ ದ್ರವತ್ವ ಅಗತ್ಯತೆಗೆ ಅನುಗುಣವಾದ ಪರಿನಿಯತ ದ್ರವತ್ವ ಧನಪತ್ರಗಳ ಸಂಯೋಜನೆಯ ಬದಲಾಗಿ ವಿಮಾ ಪಾಲಿಸಿ ವಿತರಣೆ, ಮ್ಯೂಚುವಲ್ ಫಂಡ್ ವ್ಯವಹಾರ, ಡಿಮ್ಯಾಟ್ ಸೇವೆ, ಆನ್‌ಲೈನ್ ಶಾಪಿಂಗ್, ರೈಲ್ವೆ ಟಿಕೆಟ್ ಬುಕ್ಕಿಂಗ್ ಮತ್ತು ಲಾಕರ್ ಸೌಲಭ್ಯಗಳನ್ನು ಒಳಗೊಂಡಿರುತ್ತದೆ.

31 ಮಾರ್ಚ್ 2008 ಅಂತ್ಯಕ್ಕೆ ಈ ಅಂಗದಲ್ಲಿ ರೂ.32.27 ಹುಟ್ಟುವಳಿ ಉತ್ಪನ್ನಗೊಂಡಿದ್ದು, ನಿವ್ವಳ ಫಲಿತಾಂಶ ರೂ.24.59 ಕೋಟಿ ಆಗಿರುತ್ತದೆ.

### ಸಂಭಾವ್ಯ ಅಪಾಯಗಳು ಮತ್ತು ಕಳಕಳಿಗಳು

ಒಂದು ಆರ್ಥಿಕ ಸಂಸ್ಥೆ ಬೆಳೆಯುತ್ತಾ ಮತ್ತು ಹೆಚ್ಚು ಹೆಚ್ಚು ಸಂಕೀರ್ಣಗೊಂಡಂತೆ, ವ್ಯಾಪಕ ಹಾಗೂ ಸಮಗ್ರ ಸರ್ವಗ್ರಾಹಿ ಅಪಾಯ ನಿರ್ವಹಣೆ ವ್ಯವಸ್ಥೆ ಅತ್ಯಗತ್ಯವಾಗಿದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕು ಈ ನಿಟ್ಟಿನಲ್ಲಿ ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ಮಾರ್ಗದರ್ಶಿಕೆಗೆ ಶ್ರುತಿಬದ್ಧವಾಗಿ ಸಮಗ್ರ ಸರ್ವಗ್ರಾಹಿ ಅಪಾಯ ನಿರ್ವಹಣೆ ವ್ಯವಸ್ಥೆಯನ್ನು ಪ್ರತಿಷ್ಠಾಪಿಸಿದ್ದು ತನ್ಮೂಲಕ ವಿವಿಧ ಸಂಭಾವ್ಯ ಅಪಾಯಗಳ ನಿರ್ವಹಣೆ ಸಾಧ್ಯವಾಗಿದ್ದು ತನ್ಮೂಲಕ ಶೇರುದಾರರ ಮೌಲ್ಯ ವೃದ್ಧಿಗೊಂಡಿದೆ.

ಬ್ಯಾಂಕು ಇದು ರಿಸುತಿರುವ ಪ್ರಮುಖ ಅಪಾಯಗಳಲ್ಲಿ ಮುಂಗಡ ಅಪಾಯ, ಮಾರುಕಟ್ಟೆ ಅಪಾಯ ಮತ್ತು ವ್ಯಾವಹಾರಿಕ ಅಪಾಯ ಮುಖ್ಯವಾಗಿವೆ. ಬ್ಯಾಂಕುಗಳ ಯಶಸ್ಸಿಗೆ ಸಮರ್ಥ ಅಪಾಯ ನಿರ್ವಹಣೆ ಅನಿವಾರ್ಯ. ಬ್ಯಾಂಕಿನ ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ಮೇಲ್ವಿಚಾರಣೆ ಅಡಿಯಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಈಗಾಗಲೇ ಸಮಿತಿಯನ್ನು ನಿರ್ಮಿಸಿದ್ದು ಇದು ಅಪಾಯಗಳ ಗುರುತಿಸುವಿಕೆ, ಅಪಾಯದ ಅಳತೆ, ಅಪಾಯಗಳ ಮೇಲ್ವಿಚಾರಣೆ ಮತ್ತು ನಿರ್ವಹಣೆ ಬಗ್ಗೆ ಗರಿಷ್ಠ ನಿಗಾ ವಹಿಸಿದ್ದು ತನ್ಮೂಲಕ ಬ್ಯಾಂಕಿನ ಆರ್ಥಿಕತೆಯ ಮೇಲಣ ವೈರುಧ್ಯ ಪರಿಣಾಮವನ್ನು ತಗ್ಗಿಸುತ್ತದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕು ಈ ದಿಸೆಯಲ್ಲಿ ಬಾಸೆಲ್-II ಪಥದರ್ಶಕ ಅವಿಷ್ಕಾರದ ಅಂತಿಮ ಹಂತದಲ್ಲಿದ್ದು ಈಗಾಗಲೇ ಬಾಸೆಲ್-II ಚೌಕಟ್ಟಿನಲ್ಲಿ ಸ್ಥಿತ್ಯಂತರದ ಸುಗಮ ನಿರ್ವಹಣೆಗಾಗಿ ಅಗತ್ಯವಿರುವ ಹೆಜ್ಜೆಗಳನ್ನು ಸುವ್ಯವಸ್ಥೆ ಮತ್ತು ಕೌಶಲ್ಯದ ನಿಟ್ಟಿನಲ್ಲಿ ಇಟ್ಟಾಗಿದ್ದು ನಿಯಂತ್ರಕರು ವಿಧಿಸಿರುವ ಅಂತಿಮ ಗಡುವಿನ ಒಳಗೆ ಬ್ಯಾಂಕು ಪೂರ್ಣ ಕಾರ್ಯಪ್ರವೃತ್ತಗೊಳ್ಳಲಿದೆ.

### ಆಂತರಿಕ ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಗಳು

ಬ್ಯಾಂಕಿನ ಗಾತ್ರ ಮತ್ತು ವ್ಯವಹಾರದಲ್ಲಿನ ನಿರ್ವಹಣಾ ಸಂಕೀರ್ಣತೆಯ ಸೂಕ್ಷ್ಮತೆಗೆ ತಕ್ಕದಾದ ಆಂತರಿಕ ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಗಳನ್ನು ಬ್ಯಾಂಕಿನ ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯವರು ಈಗಾಗಲೇ ಕೈಗೊಂಡಿದ್ದಾರೆ. ಪ್ರತ್ಯೇಕವಾದ ಒಂದು ಪರಿಪಾಲನಾ ವಿಭಾಗ ಈಗ ಸಜ್ಜುಗೊಂಡಿದೆ. ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ

functions. The system of regular inspection, credit inspection, short inspection and concurrent audit of select branches form part of the internal control mechanism. Besides, the Bank has been ensuring stock audit and credit audit of large borrowal accounts by professional audit firms to further strengthen the credit administration. The Bank has already introduced Risk-Based Internal Audit system, as mandated by the Reserve Bank of India and all the branches have been subjected to such audit. Adequate measures have been taken to work under the computerized environment. The computerized offices are additionally subject to EDP/IS audit to mitigate the associated risks. Concurrent audit of Data Centre (including Disaster Recovery Site) by a competent external IS Audit firm, has been put in place.

### Human Resource Development

Development of human resources is an important factor for the development of any industry. Banking is not an exception to that. It involves various aspects like continuous training, rewards by way of promotions, appreciations etc. During the year 2007-08, 1001 Officers, 473 clerks and 158 Sub-staff were given training under various aspects to update/improve the knowledge. Staff Training College of the Bank has got state of the art infrastructure facilities and expert faculty members to impart training to the staff members. We are also a member of Southern India Bank's Training College Bangalore, which has expertise in imparting training. The Officers are also being deputed to various trainings at Bankers Training College, Mumbai, National Institute of Bank Management, Pune, College of Agriculture Banking, Pune, Institute for Development and Research in Banking Technology, Hyderabad etc., wherever specialized training is found necessary. In addition Executives / Senior Managers are also deputed to premier institutions like Indian Institute of Management, Ahmedabad for Leadership Development Programme.

As in the past, the Bank has maintained a cordial and healthy industrial relationship with the employees. The number of people employed by the Bank stood at 4677 as on 31st March 2008. The business per employee (excluding inter-Bank deposits) has improved from Rs.5.24 Crore as on 31st March 2007 to Rs.5.89 Crore as on 31st March 2008.

ಲೆಕ್ಕಪರಿಶೋಧನಾ ಸಮಿತಿಯು ಬ್ಯಾಂಕಿನ ಆಂತರಿಕ ಪರಿವೀಕ್ಷಣೆ ಮತ್ತು ಪಾಲನಾ ಕಾರ್ಯಗಳ ಮೇಲ್ವಿಚಾರಣೆ ನಡೆಸುತ್ತಾರೆ. ನಿಯಮಿತ ಪರಿವೀಕ್ಷಣೆ, ಮುಂಗಡ ಪರಿವೀಕ್ಷಣೆ, ಕಿರು ಪರಿವೀಕ್ಷಣೆ ಮತ್ತು ಆಯ್ದ ಶಾಖೆಗಳ ಸಹಗಾಮಿ ಲೆಕ್ಕ ಪರಿಶೋಧನಾ ವ್ಯವಸ್ಥೆಗಳು ಆಂತರಿಕ ನಿಯಂತ್ರಣ ಪ್ರಕ್ರಿಯೆಯ ಭಾಗವಾಗಿದೆ. ಮುಂಗಡಗಳ ಕಾರ್ಯ ನಿರ್ವಹಣೆಯನ್ನು ಮತ್ತಷ್ಟು ಬಲಪಡಿಸುವ ಉದ್ದೇಶದಿಂದ, ಬ್ಯಾಂಕು ಬೃಹತ್ ಮುಂಗಡ ಖಾತೆಗಳಲ್ಲಿ 'ದಾಸ್ತಾನು ಲೆಕ್ಕ ಪರಿಶೋಧನೆ' ಮತ್ತು 'ಮುಂಗಡ ಲೆಕ್ಕ ಪರಿಶೋಧನೆ'ಗಳನ್ನು ವೃತ್ತಿಪರ ಲೆಕ್ಕ ಪರಿಶೋಧನಾ ಸಂಸ್ಥೆಗಳ ನೆರವಿನಿಂದ ಮುಂದುವರಿಸಿಕೊಂಡು ಬಂದಿರುವುದು, ಮುಂಗಡ ನಿರ್ವಹಣೆಯಲ್ಲಿ ಹೆಚ್ಚಿನ ಬಲ ಬಂದಿದೆ. ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್, ಎಲ್ಲಾ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳಿಗೆ ನೀಡಿದ ಸೂಚನೆಯನ್ವಯ ನಿಮ್ಮ ಬ್ಯಾಂಕಿನಲ್ಲೂ ಸಂಭಾವ್ಯ ಅಪಾಯಗಳನ್ನು ಆಧರಿಸಿದ ಆಂತರಿಕ ಲೆಕ್ಕ ಪರಿಶೋಧನಾ ವ್ಯವಸ್ಥೆಯನ್ನು ಜಾರಿಗೊಳಿಸಲಾಗಿದ್ದು, ಬ್ಯಾಂಕಿನ ಎಲ್ಲಾ ಶಾಖೆಗಳು ಅಂತಹ ಪರಿಶೋಧನೆಗೆ ಒಳಗಾಗುತ್ತಿವೆ. ಗಣಕೀಕೃತ ಪರಿಸರದಲ್ಲಿ ಕಾರ್ಯ ನಿರ್ವಹಿಸಲು ಅಗತ್ಯವಾದ ಮುನ್ನೆಚ್ಚರಿಕೆಯನ್ನು ತಕ್ಕ ಪ್ರಮಾಣದಲ್ಲಿ ತೆಗೆದುಕೊಳ್ಳಲಾಗಿದೆ. ಗಣಕೀಕೃತ ಕಚೇರಿಗಳು ವಿದ್ಯುನ್ಮಾನ ದತ್ತಾಂಶ ಪ್ರಕ್ರಿಯೆ/ ಮಾಹಿತಿ ರಕ್ಷಣಾ ಪರಿಶೋಧನೆಗೆ ಒಳಪಡಿಸಲ್ಪಟ್ಟಿದ್ದು, ಇವು ತತ್ಸಂಬಂಧ ಸಂಭಾವ್ಯ ಅಪಾಯಗಳ ಹತೋಟಿಗೆ ಸಹಕಾರಿಯಾಗಿವೆ. ಬೆಂಗಳೂರು ದತ್ತಾಂಶ ಕೇಂದ್ರ (ವಿಪತ್ ಪುನರ್ ಚೇತನ ಶಾಖೆ) ಸೇರಿದಂತೆ, ಮಾಹಿತಿ ರಕ್ಷಣಾ ಸಹಗಾಮಿ ಪರಿಶೋಧನೆಯು ಅರ್ಹ ಬಾಹ್ಯ ರಕ್ಷಣಾ ಪರಿಶೋಧನಾ ಸಂಸ್ಥೆಯಿಂದ ಪರಿಶೋಧಿಸಲ್ಪಡುವ ಪ್ರಕ್ರಿಯೆಯನ್ನು ಕೈಗೊಳ್ಳಲಾಗಿದೆ.

### ಮಾನವ ಸಂಪನ್ಮೂಲಗಳ ಅಭಿವೃದ್ಧಿ

ಯಾವುದೇ ಒಂದು ಉದ್ಯಮಿಯ ಅಭಿವೃದ್ಧಿಗೆ, ಅದರ ಮಾನವ ಸಂಪನ್ಮೂಲ ಅಭಿವೃದ್ಧಿ ಪ್ರಮುಖ ಅಂಗವಾಗಿರುತ್ತದೆ. ಬ್ಯಾಂಕಿಂಗ್ ರಂಗವೂ ಇದಕ್ಕೆ ಹೊರತಲ್ಲ. ನಿರಂತರವಾದ ತರಬೇತಿ, ಪದೋನ್ನತಿಯ ಮೂಲಕ ಪುರಸ್ಕಾರ, ಪ್ರಶಂಸೆ ಮುಂತಾದವುಗಳನ್ನು ಇದು ಒಳಗೊಂಡಿರುತ್ತದೆ. 2007-08 ರ ಸಾಲಿನಲ್ಲಿ 1001 ಅಧಿಕಾರಿಗಳು, 473 ಗುಮಾಸ್ತರು ಮತ್ತು 158 ಸಹಾಯಕ ಸಿಬ್ಬಂದಿಗಳಿಗೆ ವಿವಿಧ ಅಂಗಗಳಲ್ಲಿ ತಮ್ಮ ಜ್ಞಾನ ಮತ್ತು ಕೌಶಲವನ್ನು ಕಾಲದ ಅಗತ್ಯಕ್ಕೆ ತಕ್ಕಂತೆ ಪರಿಪೂರ್ಣಗೊಳ್ಳುವ ನಿಟ್ಟಿನಲ್ಲಿ ತರಬೇತಿ ನೀಡಲಾಗಿದೆ. ಬ್ಯಾಂಕಿನ ಸಿಬ್ಬಂದಿ ತರಬೇತಿ ಕೇಂದ್ರವೂ ಅತ್ಯುತ್ತಮ ಮೂಲಭೂತ ಸೌಲಭ್ಯಗಳೊಂದಿಗೆ, ಸಕಲ ಅಧೀನರಚನೆಯನ್ನು ಹೊಂದಿದ್ದು ಮತ್ತು ಅಧ್ಯಾಪನ ನೈಪುಣ್ಯತೆ ಹೊಂದಿದ ಅಧ್ಯಾಪಕ ವರ್ಗದಿಂದ ಬ್ಯಾಂಕಿನ ಸಿಬ್ಬಂದಿಗಳಿಗೆ ತರಬೇತಿ ಲಭಿಸುತ್ತಿದೆ. ಬೆಂಗಳೂರಿನ ಸದರ್ನ್ ಇಂಡಿಯಾ ಬ್ಯಾಂಕ್ ಸ್ಟಾಫ್ ಟ್ರೈನಿಂಗ್ ಕಾಲೇಜಿನ ಸದಸ್ಯತ್ವವನ್ನು ನಿಮ್ಮ ಬ್ಯಾಂಕು ಹೊಂದಿದ್ದು, ಇಲ್ಲಿನ ತರಬೇತಿಯಲ್ಲಿ ವಿಶೇಷ ನೈಪುಣ್ಯ ನಮ್ಮ ಸಿಬ್ಬಂದಿಗಳಿಗೆ ಲಭಿಸುತ್ತಿದೆ. ಅಧಿಕಾರಿಗಳಿಗೆ ವಿಶೇಷ ತರಬೇತಿಗಳ ಅಗತ್ಯ ಕಂಡಾಗ ಅವರನ್ನು ಮುಂಬೈನ ಬ್ಯಾಂಕರ್ಸ್ ಟ್ರೈನಿಂಗ್ ಕಾಲೇಜು, ಪುಣೆಯ ನ್ಯಾಷನಲ್ ಇನ್‌ಸ್ಟಿಟ್ಯೂಟ್ ಆಫ್ ಬ್ಯಾಂಕ್ ಮ್ಯಾನೇಜ್‌ಮೆಂಟ್, ಕಾಲೇಜ್ ಆಫ್ ಅಗ್ರಿಕಲ್ಚರಲ್ ಬ್ಯಾಂಕಿಂಗ್, ಹೈದರಾಬಾದ್‌ನ ಇನ್‌ಸ್ಟಿಟ್ಯೂಟ್ ಆಫ್ ಡೆವಲಪ್‌ಮೆಂಟ್ ಆಂಡ್ ರಿಸರ್ಚ್ ಇನ್ ಬ್ಯಾಂಕಿಂಗ್ ಟೆಕ್ನೋಲಜಿ ಹೀಗೆ ವಿವಿಧ ಸಂಸ್ಥೆಗಳಿಗೆ ವಿಶೇಷ ತರಬೇತಿಗಾಗಿ ಕಳುಹಿಸಲಾಗುತ್ತಿದೆ. ಹೆಚ್ಚುವರಿಯಾಗಿ, ಕಾರ್ಯನಿರ್ವಾಹಕರು, ಹಿರಿಯ ಪ್ರಬಂಧಕರು ಇವರುಗಳನ್ನು ವಿಶೇಷ ತರಬೇತಿಗಾಗಿ ಅಹ್ಮದಾಬಾದ್‌ನ ಇಂಡಿಯನ್ ಇನ್‌ಸ್ಟಿಟ್ಯೂಟ್ ಆಫ್ ಮ್ಯಾನೇಜ್‌ಮೆಂಟ್ ಗೆ ನಾಯಕತನ ಅಭಿವೃದ್ಧಿ ಕಾರ್ಯಕ್ರಮಗಳಿಗಾಗಿ ನಿಯುಕ್ತಿಗೊಳಿಸಲಾಗುತ್ತಿದೆ.



## Operational Performance

Your Directors are happy to report that the overall financial performance of the Bank during the year 2007-08 has been satisfactory. The total income of the Bank was Rs.1797.90 Crore and total expenditure (excluding provisions and contingencies) was Rs.1407.30 Crore for the year-ended 31.03.2008.

## Corporate Goal

In the light of better outlook for industrial growth, your Bank has envisaged to achieve a total business turnover of Rs.35000 Crore, comprising of a deposit target of Rs.21000 Crore and advance target of Rs.14000 Crore for the year ending March 31, 2009. The Bank is confident of achieving the same through better customer services and operational efficiency, barring unforeseen circumstances. Besides, the Bank has plans to increase its total number of business units to 640, by increasing the total number of branches to 460 and own ATM network to 180 by March 2009.

## BOARD OF DIRECTORS

During the year under report, Shri Sitarama Murty M, former Managing Director of State Bank of Mysore was appointed as an additional director of the Bank w.e.f. 30.11.2007. The Board welcomes Shri Sitarama Murty M and seeks his guidance.

## CORPORATE GOVERNANCE

Your Bank is committed to best practices of Corporate Governance to protect the interest of all the stakeholders of the Bank, viz shareholders, depositors, customers and employees and Society at large and aims to maintain transparency at all levels. A detailed report on Corporate Governance practices is given in the Annexure II to this Report.

## DIRECTORS' RESPONSIBILITY REPORT

As per Section 217(2AA) of Companies (Amendment) Act, 2000, your Directors report that:

- The Accounts for the year 2007-08 were prepared by following the Accounting Standards in so far as they apply to Banks.
- Accounting policies adopted and applied consistently by the Bank are in tune with the RBI guidelines issued from time to time. Reasonable

ಈ ಹಿಂದಿನಂತೆ ಬ್ಯಾಂಕಿನ ನೌಕರರೊಂದಿಗೆ ಹೈತಂತ್ರವರ್ಧಕ ಮತ್ತು ಸೌಹಾರ್ದಯುತ ಬಾಂಧವ್ಯವನ್ನು ಬ್ಯಾಂಕು ಉಳಿಸಿಕೊಂಡು ಬಂದಿದೆ. 31 ಮಾರ್ಚ್ 2008ಕ್ಕೆ ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ನೌಕರರ ಸಂಖ್ಯೆ 4677. ಬ್ಯಾಂಕಿನ ಸಿಬಂದಿಗಳ ತಲಾ ವಹಿವಾಟು (ಅಂತರ್‌ಬ್ಯಾಂಕ್ ಠೇವಣಿಗಳ ಹೊರತಾಗಿ) 31 ಮಾರ್ಚ್, 2008ಕ್ಕೆ ಸುಧಾರಿಸಲ್ಪಟ್ಟು ರೂ.5.89 ಕೋಟಿಗೆ ಏರಿತು. ಇದು 31 ಮಾರ್ಚ್, 2007ಕ್ಕೆ ರೂ.5.24 ಕೋಟಿಯಷ್ಟಿತ್ತು.

## ವಹಿವಾಟುಗಳ ನಿರ್ವಹಣೆ

2007-08 ವರ್ಷಕ್ಕೆ ಸಂಬಂಧಿಸಿದ ಬ್ಯಾಂಕಿನ ಒಟ್ಟಾರೆ ಆರ್ಥಿಕ ನಿರ್ವಹಣೆಯು ತೃಪ್ತಿಕರವಾಗಿವೆ ಎನ್ನುವುದನ್ನು ವರದಿ ಮಾಡಲು ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಹರ್ಷಿಸುತ್ತಾರೆ. 31 ಮಾರ್ಚ್, 2008ಕ್ಕೆ ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಆದಾಯವು ರೂ.1797.90 ಕೋಟಿಯಾಗಿದ್ದು ಮತ್ತು ವೆಚ್ಚಗಳು (ಸವಕಳಿ ಮತ್ತು ಆಕಸ್ಮಿಕ ಖರ್ಚು ಹೊರತಾಗಿ) ರೂ.1407.30 ಕೋಟಿಗಳಾಗಿವೆ.

## ಸಾಂಸ್ಥಿಕ ಗುರಿ

ಕೈಗಾರಿಕಾ ರಂಗದ ಸಮಗ್ರ ವಿಕಾಸದ ಆಶಾವಾದದ ಹಿನ್ನೆಲೆಯಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು 31 ಮಾರ್ಚ್ 2008ಕ್ಕೆ ರೂ.21,000 ಕೋಟಿ ಠೇವಣಿ ಗುರಿ ಮತ್ತು ರೂ.14,000 ಕೋಟಿ ಮುಂಗಡ ಗುರಿ ಅಂತರ್ಗತಗೊಂಡಂತೆ ಒಟ್ಟು ರೂ.21,000 ಕೋಟಿ ವ್ಯವಹಾರ ಗುರಿಯನ್ನು ಸಾಧಿಸುವ ಮಹತ್ವಾಕಾಂಕ್ಷಿ ಹೊಂದಿದೆ. ಉತ್ತಮ ಗ್ರಾಹಕರ ಸೇವೆ ಮತ್ತು ದರ್ಶನಾತೀತ ವಿದ್ಯಮಾನಗಳ ಹೊರತಾಗಿ ಅತ್ಯುತ್ತಮ ನಿರ್ವಹಣಾ ನೈಪುಣ್ಯಗಳಿಂದ ಈ ಗುರಿಯನ್ನು ಸಾಧಿಸುವ ಭರವಸೆಯನ್ನು ಬ್ಯಾಂಕು ಹೊಂದಿದೆ. ಅಲ್ಲದೇ, ಬ್ಯಾಂಕು ತನ್ನ ಒಟ್ಟು ವ್ಯವಹಾರ ಕೇಂದ್ರಗಳನ್ನು 640ಕ್ಕೆ ವಿಸ್ತರಿಸುವ ಯೋಜನೆ ಹೊಂದಿದ್ದು ಇದರಲ್ಲಿ ಒಟ್ಟು ಶಾಖೆಗಳನ್ನು 460ಕ್ಕೆ ವಿಸ್ತರಿಸುವ ಹಾಗೂ ಒಟ್ಟು ಸ್ವಂತ ಎ.ಟಿ.ಎಂ. ಜಾಲವನ್ನು 180ಕ್ಕೆ ಮಾರ್ಚ್ 31, 2009ರ ಬಳಿಗೆ ವಿಸ್ತರಿಸುವ ಯೋಜನೆ ಬ್ಯಾಂಕಿನದ್ದಾಗಿದೆ.

## ನಿರ್ದೇಶಕರ ಮಂಡಳಿ

ಪ್ರಸ್ತುತ ವರ್ಷದಲ್ಲಿ 30.11.2007ರಿಂದ ಅನ್ವಯಗೊಳ್ಳುವಂತೆ ಸ್ಟೇಟ್ ಬ್ಯಾಂಕ್ ಆಫ್ ಮೈಸೂರ್‌ನ ಹಿಂದಿನ ಆಡಳಿತ ನಿರ್ದೇಶಕರಾಗಿದ್ದ ಶ್ರೀ ಸೀತಾರಾಮ ಮೂರ್ತಿ ಎಂ. ಇವರನ್ನು ಬ್ಯಾಂಕಿನ ಹೆಚ್ಚುವರಿ ನಿರ್ದೇಶಕರನ್ನಾಗಿ ನಿಯಮಿಸಿಕೊಳ್ಳಲಾಗಿದೆ. ನಿರ್ದೇಶಕರ ಮಂಡಳಿ ಶ್ರೀ ಸೀತಾರಾಮ ಮೂರ್ತಿ ಎಂ. ಅವರನ್ನು ಸ್ವಾಗತಿಸುತ್ತಾ ಅವರ ಮಾರ್ಗದರ್ಶನವನ್ನು ಕೋರುತ್ತದೆ.

## ಸಾಂಸ್ಥಿಕ ಪ್ರಶಾಸನ

ನಿಮ್ಮ ಬ್ಯಾಂಕು ಅತ್ಯುತ್ತಮ ಸಾಂಸ್ಥಿಕ ಪ್ರಶಾಸನಕ್ಕೆ ಬದ್ಧವಾಗಿದ್ದು ತನ್ಮೂಲಕ ಬ್ಯಾಂಕಿನ ಸರ್ವ ಪಾಲುದಾರರ ಅಂದರೆ ಶೇರುದಾರರ, ಠೇವಣಿದಾರರ, ಗ್ರಾಹಕರ ಮತ್ತು ನೌಕರರ ಹಾಗೂ ಮುಖ್ಯವಾಗಿ ಸಮಾಜದ ಹಿತಾಸಕ್ತಿ ಕಾಯ್ದುಕೊಂಡಿದ್ದು ನಿರ್ವಹಣೆಯ ಸರ್ವಸ್ವರದಲ್ಲೂ ಪಾರದರ್ಶಕತೆ ಕಾಪಾಡುವ ಗುರಿ ಮತ್ತು ಬದ್ಧತೆಯನ್ನು ಹೊಂದಿರುತ್ತದೆ. ಸಾಂಸ್ಥಿಕ ಪ್ರಶಾಸನಕ್ಕೆ ಸಂಬಂಧಿಸಿದ ವಿವರವಾದ ವರದಿಯನ್ನು ಈ ವಾರ್ಷಿಕ ವರದಿಯ ಅನುಬಂಧ-II ರಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

## ನಿರ್ದೇಶಕರ ಜವಾಬ್ದಾರಿಗಳ ಬಗ್ಗೆ ವರದಿ

ಕಂಪನಿ (ತಿದ್ದುಪಡಿ) ಕಾಯಿದೆ 2000, ವಿಭಾಗ 217 (2ಎಎ) ಪ್ರಕಾರ, ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಈ ಕೆಳಕಂಡಂತೆ ವರದಿ ಮಾಡುತ್ತಾರೆ.

- 2007-08ರ ಲೆಕ್ಕ ಪತ್ರಗಳನ್ನು ಬ್ಯಾಂಕುಗಳಿಗೆ ಅನ್ವಯಿಸುವ ಲೆಕ್ಕಪತ್ರ ಸಂಹಿತೆಯನ್ನು ಅನುಸರಿಸಿ ತಯಾರಿಸಲಾಗಿದೆ.

prudent judgments and estimates have been made in the accounts, so as to give a true and fair view of the state of affairs of the Bank and of the profit of the Bank for the financial year ended 31.03.2008.

- iii. The Bank had taken proper and sufficient care for maintaining adequate records in accordance with the provisions of the Companies Act 1956 in so far as they apply to Banks.
- iv. The annual accounts for the year ended 31.03.2008 have been prepared on a "Going Concern" basis.

### STATUTORY DISCLOSURE

Considering the nature of the Bank's business, the provisions of Section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy and technology absorption do not apply to your Bank. The Bank, has however, used information technology extensively for its operations.

The information required under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is attached to this report as Annexure III.

### ACKNOWLEDGEMENTS

Your Directors would like to place on record their sincere gratitude to the Reserve Bank of India, other government and regulatory authorities, financial institutions, correspondent Banks for their continued guidance and support. Your Directors also place on record their gratitude to the Bank's shareholders, depositors and customers for their continued support, patronage and goodwill. Your Directors expresses their deep sense of appreciation to the employees, who have continued to display outstanding professionalism and commitment in your Bank's quest for sustained growth and profitability and look forward to their continued contribution in scaling greater heights.

For and on behalf of the Board of Directors

- ii) ಬ್ಯಾಂಕು ಅಳವಡಿಸಿರುವ ಮತ್ತು ನಿಯಮಿತವಾಗಿ ಅನುಸರಿಸುತ್ತಿರುವ ಲೇಖನ ವಿಧಾನ ನೀತಿಗಳು, ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ಕಾಲಕಾಲಕ್ಕೆ ಹೊರಡಿಸಿರುವ ಮಾರ್ಗದರ್ಶಿ ಸೂತ್ರಗಳಿಗೆ ಅನುಗುಣವಾಗಿವೆ. 31.03.2008ರಂದು ಅಂತ್ಯವಾದ ವರ್ಷದಂದು ಇದ್ದ ಬ್ಯಾಂಕಿನ ಸ್ಥಿತಿಗತಿಯ ಮತ್ತು ಲಾಭದ ನಿಜವಾದ ಹಾಗೂ ಯಥಾರ್ಥವಾದ ಚಿತ್ರಣ ಕೊಡಲು ಯಥೋಚಿತ, ವಿವೇಕಯುತ ತೀರ್ಮಾನಗಳು ಮತ್ತು ಅಂದಾಜುಗಳನ್ನು ಲೆಕ್ಕಪತ್ರಗಳನ್ನಿಡಲು ಮಾಡಲಾಗಿದೆ.
- iii) 1956ರ ಕಂಪೆನಿ ಕಾಯ್ದೆಯನ್ವಯ ಬ್ಯಾಂಕುಗಳಿಗೆ ಅನ್ವಯಿಸುವ ಉಪ ಬಂಧಗಳ ಪ್ರಕಾರ ಲೆಕ್ಕಪತ್ರಗಳನ್ನಿಡಲು ಬ್ಯಾಂಕು, ಯುಕ್ತ ಮತ್ತು ಅಗತ್ಯವಾದ ಎಚ್ಚರಿಕೆಯನ್ನು ತೆಗೆದುಕೊಂಡಿದೆ.
- iv) 31.03.2008ರಂದು ಮುಕ್ತಾಯಗೊಂಡ ವಾರ್ಷಿಕ ಲೆಕ್ಕಪತ್ರಗಳನ್ನು 'ಪ್ರಚಲಿತ ಸಂಸ್ಥೆ' ಮಾದರಿಯಂತೆ ತಯಾರಿಸಲಾಗಿದೆ.

### ಶಾಸನಬದ್ಧ ಪ್ರಕಟಣೆ

ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ವ್ಯವಹಾರ ಸ್ವರೂಪಕ್ಕನುಗುಣವಾಗಿ, ಶಕ್ತಿ ಸಂಪನ್ಮೂಲ ರಕ್ಷಣೆ ಮತ್ತು ತಂತ್ರಜ್ಞಾನ ಅಳವಡಿಕೆಗೆ ಸಂಬಂಧಿಸಿದ ಕಂಪೆನಿ ಕಾಯ್ದೆ 1956, ವಿಭಾಗ 217(1)(ಇ) ನಿಮ್ಮ ಬ್ಯಾಂಕಿಗೆ ಅನ್ವಯಿಸುವುದಿಲ್ಲ. ಏನಿದ್ದರೂ, ನಿಮ್ಮ ಬ್ಯಾಂಕು ತನ್ನ ವ್ಯವಹಾರಗಳಲ್ಲಿ ಮಾಹಿತಿ ತಂತ್ರಜ್ಞಾನವನ್ನು ವಿಸ್ತೃತವಾಗಿ ಉಪಯೋಗಿಸುತ್ತಿದೆ.

ಕಂಪೆನಿ ಕಾಯ್ದೆ 1956ರ ವಿಭಾಗ 217 (2ಎ) ಹಾಗೂ ಕಂಪೆನಿಗಳ (ಸಿಬಿಡಿ ವಿವರ) ವಿಧಿ 1975 ನಿಯಮಗಳನ್ವಯ ಬಹಿರಂಗ ಪಡಿಸಬೇಕಾದ ಮಾಹಿತಿಗಳನ್ನು ಈ ವರದಿಯ ಅನುಬಂಧ-IIIರಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

### ಕೃತಜ್ಞತೆಗಳು

ನಿಮ್ಮ ನಿರ್ದೇಶಕರು, ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ, ಇತರ ಸರಕಾರಿ ನಿಯಂತ್ರಣ ಪ್ರಾಧಿಕಾರದ, ಆರ್ಥಿಕ ಸಂಸ್ಥೆಗಳ, ಸಹಭಾಗಿ ಬ್ಯಾಂಕುಗಳ ನಿರಂತರ ಮಾರ್ಗದರ್ಶನ ಮತ್ತು ಬೆಂಬಲಕ್ಕಾಗಿ ತಮ್ಮ ಹೈತ್ಯರ್ವಕ ಕೃತಜ್ಞತೆಗಳನ್ನು ದಾಖಲಿಸಲು ಇಚ್ಛಿಸುತ್ತಾರೆ. ಬ್ಯಾಂಕಿನ ಶೇರುದಾರರ, ಲೇವಣಿದಾರರ ಮತ್ತು ಗ್ರಾಹಕರ ನಿರಂತರ ಬೆಂಬಲ, ಸಹಕಾರ ಮತ್ತು ನಂಬಿಕೆಗಳಿಗಾಗಿ ಸಹ ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಚಿರಋಣಿಗಳಾಗಿದ್ದಾರೆ. ಬ್ಯಾಂಕಿನ ಎಲ್ಲಾ ಸ್ವರದ ಸಿಬಿಡಿ ವರ್ಗದವರು ನೀಡಿದ ಸಕ್ರಿಯ ಬೆಂಬಲ ಮತ್ತು ಸಹಕಾರಕ್ಕಾಗಿ, ಬ್ಯಾಂಕಿನ ನಿರಂತರ ಪ್ರಗತಿ ಮತ್ತು ನಿವ್ವಳ ಲಾಭ ಹೆಚ್ಚಳಕ್ಕಾಗಿ ಎಲ್ಲರೂ ಅತ್ಯುತ್ತಮ ವೃತ್ತಿಪರತೆ ಪ್ರದರ್ಶಿಸಿರುವುದಕ್ಕಾಗಿ ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಹೈತ್ಯರ್ವಕ ಮೆಚ್ಚುಗೆಯನ್ನು ದಾಖಲಿಸುತ್ತಾ ಮತ್ತು ಮುಂಬರುವ ದಿನಗಳಲ್ಲಿ ಬ್ಯಾಂಕಿನ ನೂತನ ಗುರಿಗಳನ್ನು ಸಾಧಿಸಿ ಹೊಸ ಎತ್ತರಕ್ಕೆ ಬ್ಯಾಂಕನ್ನು ಕೊಂಡೊಯ್ಯುವಲ್ಲಿ ಇವರೆಲ್ಲರ ನಿರಂತರ ಸಹಕಾರವನ್ನು ನಿರೀಕ್ಷಿಸುತ್ತಾರೆ.

ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ಪರವಾಗಿ ಮತ್ತು ಅಪ್ಪಣೆಯೊಂದಿಗೆ,

Place: Mangalore  
Date : 19.05.2008

**Ananthakrishna**  
Chairman

ಸ್ಥಳ : ಮಂಗಳೂರು  
ದಿನಾಂಕ : 19 ಮೇ, 2008

ಅನಂತಕೃಷ್ಣ  
ಅಧ್ಯಕ್ಷರು

**ANNEXURES FORMING PART OF DIRECTORS' REPORT**
**ANNEXURE - I**

Statutory disclosures regarding ESOS under Clause 12 of Securities and Exchange Board of India, (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

Particulars	ESOS 2006	
	Series 1	Series 2
Options granted	978800	11400
Pricing formula	Rs.50 per share /for option	Rs.50 per share /for option
Options vested	900	Nil
Options exercised	Nil	Nil
Total Number of shares arising as a result of exercise of options	Not applicable	Not applicable
Options lapsed	Nil	Nil
Variation of terms of options	Nil	Nil
Money realized by exercise of options	NA	NA
Total Number of Options in force	978800	11400
Employee wise details of grant to senior Managerial personnel		
Sarvashri		
1. P Jayarama Bhat	1000	-
2. G K Bhat	1000	-
3. N S Chakker	1000	-
4. Shivaswamy Aithal K H	1000	-
5. P Jairama Hande	1000	-
6. M V C S Karanth	1000	-
7. N Upendra Prabhu	1000	-
8. P R S Holla	1000	-
9. V M Samaga	1000	-
10. B Vittal Rao	1000	-
11. B Ashok Hegde	1000	-
12. K G Ramesh Rao	1000	-
Any other employee who received a grant in any one year of the options amounting 5% or more of the options granted during the year	Nil	Nil
Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil	Nil

The Bank follows the intrinsic method for valuing the stock options. The difference between Employee Compensation cost computed based on such intrinsic value and employee Compensation cost that shall have been recognized if fair value of options had been used is explained below.

Sl. No.	Particulars	Amount (Rs.)
1	Intrinsic value	47681903
2	Cost as per Black Scholes model	47673513
3	Excess charged	8390

There is no adverse impact on Net Profit and Earning per Share.

a) Weighted average details

1	Exercise Price	Rs. 50
2	Fair value	Rs. 124

b) The Bank has used Black Scholes Model to calculate a theoretical call price (ignoring the dividend paid during the life of the options) using five determinants of an options price: Stock price, strike price, volatility, time to expiration and short term (risk free) interest rate. Significant assumption made to estimate the fair value of options are as under:

Sl No	Particulars	Series 1	Series 2
1	Risk free interest rate	7.34% to 7.42%	7.34% to 7.42%
2	Expected life (excluding grant period of one year)	3 years	3 years
3	Expected volatility	18%	17.30%
4	Expected dividend	35%	35%
5	Price of the underlying share at the time of grant of options	Rs. 173	Rs 240.35

**ANNEXURE - II****CORPORATE GOVERNANCE**

Corporate Governance is the application of the best management practices, compliance of law and adherence to ethical standards to achieve the Bank's objective of enhancing shareholders' value keeping in mind the interest of all stakeholders. Your Directors present below the Bank's Report on Corporate Governance as prescribed under clause 49 of the listing Agreement with the Stock Exchanges.

**Philosophy of Corporate Governance**

The Basic philosophy of Corporate Governance in the Bank is the application of best management practices that provide stability and growth to the enterprise, Transparency, accountability, disclosures and value creation. Your Bank believes that good governance practices ultimately secures the goal of turning the Bank a value driven organization. Your Bank's philosophy of Corporate Governance has been aptly embedded in its Mission statement which reads as under:

"To be a technology savvy, customer centric progressive Bank with a national presence, driven by highest standards of Corporate Governance and guided by sound ethical values".

**Board of Directors:**

a) Composition of the Board: The Board of Directors of the Bank consists of 10 Directors including the Chairman who is the Chief Executive Officer. The constitution of the Board conforms to the provisions of Section 10 B of the Banking Regulation Act, 1949 and the Corporate Governance requirements. The Board consists of eminent personalities drawn from specialized fields like banking, finance, accountancy, law, Agriculture and other areas as specified in the said Act. Except Chairman and CEO, all other Directors on the Board are independent and non-executive Directors.

**Board Meetings:**

During the financial year ended March 31, 2008, the Board met 13 times on the following dates:

Sl. No.	Date of the Meeting	Sl. No.	Date of the Meeting
1	28.04.2007	8	30.10.2007
2	19.05.2007	9	30.11.2007
3	30.06.2007	10	28.12.2007
4	27.07.2007	11	30.01.2008
5	31.08.2007	12	19.02.2008
6	29.09.2007	13	29.03.2008
7	05.10.2007		

Details of the attendance of Directors at the Board meetings during the year under report and at the last Annual General Meeting and Directorships/ committee positions held in other companies are as under:

Name of the Director (Sarvashri)	No of meetings Attended	Whether attended the last AGM	Directorship in other public Limited Companies	Committee positions in other Public Limited Companies
Ananthakrishna	13	YES	NIL	NIL
D Surendra Kumar	11	NO	NIL	NIL
I Jagdish Rao	13	YES	NIL	NIL
Jairam G Kimmane	11	YES	NIL	NIL
M Bheema Bhat	13	YES	NIL	NIL
S R Hegde	13	YES	NIL	NIL
R V Shastri	11	YES	1	1
U R Bhat	12	NO	2	NIL
T S Vishwanath	12	YES	2	1
Sitarama Murty M (w.e.f. 30.11.2007)	3	NA	1	1

None of the Directors of the Board serve as members of more than 10 Committees nor they act as Chairman of more than 5 Committees across all companies. There is no inter-se relationship amongst Directors.

**Remuneration of Directors:**

Shri Ananthkrishna is the Chairman and CEO of the Bank and the details of remuneration paid to him during the year 2007-08 are as under:

<b>Break up of Remuneration</b>	<b>Amount Paid (Rs. in Lakh)</b>
Basic Salary	24.00
Dearness Allowance	4.80
House Rent Allowance	3.60
<b>Total</b>	<b>32.40</b>

Contribution to the Provident Fund at 10% of basic pay and other benefits like use of Car, telephone at residence, reimbursement of medical expenses etc. were provided in accordance with the terms of appointment approved by the RBI and the shareholders.

Other Directors do not receive any remuneration except the sitting fees for attending Board /Committee meetings @ Rs.7000 and Rs.4000 (Rs.10000 and Rs.6000 w.e.f. 01.03.2008) for each meeting respectively details of which are furnished hereunder:

<b>Name of the Director (Sarvashri)</b>	<b>Sitting fees paid during 2007-08 (Rs.)</b>
D Surendra Kumar	163000
I Jagdish Rao	218000
Jairam G Kimmane	98000
M Bheema Bhat	146000
S R Hegde	190000
R V Shastri	118000
U R Bhat	109000
T S Vishwanath	87000
Sitarama Murty M	24000

**COMMITTEES OF THE BOARD:**

In compliance with regulatory requirements and for operational needs, the Board had constituted several committees, the details of which are given below.

**1. Executive Committee of the Board of Directors(EC):**

In order to facilitate the Board to concentrate on policy matters and strategic planning, etc., an Executive Committee of Board of Directors headed by the Chairman and Chief Executive Officer had been constituted. The Committee continued its functions during this year also and met 13 times during the year. Details of the attendance at the meeting are as under.

**Meetings Record**

<b>Names of the Directors (Sarvashri)</b>	<b>No of meetings attended</b>
Ananthkrishna	13
D Surendra Kumar	10
I Jagdish Rao	13
S R Hegde	13



**2. Audit Committee of the Board of Directors(ACB):**

The Bank had constituted an Audit Committee of the Board (ACB) in 1995 as per the directions of the Reserve Bank of India to look into the matters specified by RBI. The functioning of the ACB was modified to fall in line with the requirements of the Listing Agreement and the Companies Act, 1956. The terms of reference of the ACB include the following:

- Overseeing the Bank's financial reporting process ensuring correct, sufficient and credible disclosure of financial information.
- Recommending appointment and removal of external auditors and fixing their fees.
- Reviewing with Management the annual financial statements with special focus on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements.
- Reviewing the adequacy of internal audit function, and
- Reviewing the Bank's financial and risk management policies. The ACB is functioning under the Chairmanship of Shri M Bheema Bhat, Chartered Accountant Director. As on March 31, 2008 the members of ACB consisted of Sarvashri D Surendra Kumar, S R Hegde and R V Shastri. All the members of ACB are financially literate. The Statutory Central Auditors and the Head of the Inspection & Audit Department were also invited to attend the meetings of the committee. During the year under review seven meetings of ACB were held on 28.04.2007, 18.05.2007, 27.07.2007, 25.10.2007, 30.10.2007, 14.11.2007 and 30.01.2008.

**Meetings record of ACB**

Name of the Director (Sarvashri)	No of meetings attended
M Bheema Bhat	7
D Surendra Kumar	6
S R Hegde	6
R V Shastri	4

**3) Shareholders / Investors Grievance Committee:**

A sub committee of the Board constituted during the year 2002 to specifically look into the grievances of shareholders/investors continued its functioning during the year ended March 31, 2008 also. During the year the Committee functioned under the Chairmanship of Shri I Jagdish Rao. Other members are Sarvashri R V Shastri and U R Bhat. The Committee met twice in the year under report on 29.09.2007 and 29.03.2008 and reviewed all the complaints received from the shareholders and the investors.

**Name & designation of the Compliance Officer:****Y V Balachandra - Company Secretary.**

A total of 88 complaints have been received from the Investors / Shareholders during the year ended March 31, 2008 and all of them have been redressed satisfactorily. As required under the Listing Agreement a separate Email ID [investor.grievance@ktkbank.com](mailto:investor.grievance@ktkbank.com) has been created exclusively for the purpose of registering complaints by the investors.

**4) Fraud Monitoring Committee:**

As per the directions of the Reserve Bank of India, the Board has constituted a special Committee on 17.02.2004 exclusively dedicated to the monitoring and following up of cases of fraud involving amounts of Rs.1 Crore and above. The terms of reference of the Committee were as under:

- Identify the systems lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same.
- Identify the reasons for delay in detection, if any, reporting to top management of the Bank and RBI.
- Monitor progress of CBI/Police investigation, and recovery position.

- d. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.
- e. Review the efficacy of the remedial action taken to prevent recurrence of frauds such as strengthening of internal controls.
- f. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

The Committee is functioning under the Chairmanship of Shri Ananthkrishna. The other members of the Committee as on March 31, 2008 were Sarvashri D Surendra Kumar, I Jagdish Rao, M Bheema Bhat and Jairam G Kimmane.

The Committee met twice during the year on 28.4.2007 and 30.6.2007.

#### **5. Integrated Risk Management Committee (IRMC):**

As required by the Reserve Bank of India a Board level sub Committee called Integrated Risk Management Committee (IRMC) was constituted on 24.12.2004 to devise the policy and strategy for integrated risk management containing various risk exposures of the Bank including credit risk and market risk. As on March 31, 2008 the Committee consisted of Sarvashri Ananthkrishna, Chairman, I Jagdish Rao, M Bheema Bhat and R V Shastri as other members. The Chief General Manager and the General Managers of the Bank are also the members of the IRMC.

The functions of the Committee include the review of risk profile of the Bank, evaluation of the overall risks faced by the Bank, develop policies and strategies for integrating risk management containing the credit, market and operational risk exposures etc and to ensure a smooth transition to the new Capital Adequacy Framework. IRMC met 4 times during the year on 04.06.2007, 21.08.2007, 14.11.2007 & 08.02.2008.

#### **6. Nomination Committee:**

Reserve Bank of India vide Circular DBOD.No. BC.104/08.139.001/2003-04 dated June 25, 2004 required that

- i) Banks in private sector should undertake a process of due diligence to determine the suitability of the persons for appointment /continuing to hold appointment as a director on the Board.
- ii) The process of due diligence should be undertaken by the banks in private sector at the time of appointment /renewal of appointment.
- iii) The Boards of the Banks in private sector should constitute Nomination Committee to scrutinize the declarations.
- iv) Based on the information provided in the signed declarations, Nomination Committee should decide on the acceptance and may make references, where considered necessary to the appropriate authority.
- v) Banks should obtain annually a declaration that information already provided has not undergone change and where there is any change, requisite details are furnished by the Directors.
- vi) Board of the bank must ensure in public interest that nominated /elected directors execute the deeds of covenants every year.

Accordingly a Nomination Committee headed by the Chairman of the Bank was constituted on 29.07.2004. Other members of the Committee are Sarvashri D Surendra Kumar, I Jagdish Rao and S R Hegde. The committee met twice during the year on 09.05.2007 and 17.09.2007.

#### **7. Customer Service Committee:**

With a view to strengthen the corporate governance structure and also mount innovative measures for enhancing the quality of customer service and improving the level of customer satisfaction for all categories of clientele at all times the Reserve Bank of India has suggested Banks to constitute a Customer Service Committee of the Board in compliance with the recommendations of Committee on Procedures and Performance Audit on Public Service (CPPAPS). Accordingly Customer Service Committee headed by Chairman and CEO of the Bank was constituted on 25.09.2004. The role of the Committee is to address the formulation of a comprehensive deposit policy, product approval process, and annual survey of depositor satisfaction and tri-annual audit of such services and to review the performance of the Ad hoc committee periodically. The above committee continued its functioning during this year also. The other members of the Committee are Shri I Jagdish Rao and Shri Jairam G Kimmane. The Committee met twice on 29.09.2007 and 29.03.2008.

**8. Computer Committee:** This Committee Headed by the Chairman oversees the implementation of Information Technology (IT) in the Bank and other IT related issues. Shri U R Bhat is the other member of the Committee. The Committee met once on 03.11.2007 during the year.

**9. ESOP Committee:** A Committee of Directors consisting majority of independent Directors has been constituted to administer the Employees Stock Option Scheme in the Bank. The Committee is headed by the Chairman of the Bank. Shri I Jagdish Rao and Shri U R Bhat are the other members of the Committee. The Committee met twice during the year on 21.8.2007 and 05.10.2007 for grant of stock options to eligible employees.

#### COMMITTEES OF EXECUTIVES:

Apart from the Board Committees, the Bank has also constituted several committees of executives like Asset and Liability Management Committee (ALCO), Investment Management Committee (IMC), Credit Management Committee (CMC), Credit Policy Committee (CPC), Operational Risk Management Committee (ORMC) etc. The Committees meet regularly to take decisions on respective matters.

#### GENERAL BODY MEETINGS:

(i) Venue and the date of the last three annual general meetings were as under:

Year	Venue	Date	Day	Time	Whether any special resolution/s passed
2007	Registered Office of the Bank, Mangalore	30.06.2007	Saturday	11.30 AM	Yes
2006	Registered Office of the Bank, Mangalore	06.07.2006	Thursday	4.00 PM	Yes
2005	Registered Office of the Bank, Mangalore	15.07.2005	Friday	4.30 PM	No

No special resolution was passed last year through postal ballot nor any special resolution is proposed to be conducted through postal ballot.

An Extra-ordinary General Meeting of the members of the Bank was also held on 31.10.2007 at 10 AM at the Registered & Head Office of the Bank in which five special resolutions were passed.

#### DISCLOSURES:

There were no materially significant transactions entered into by the Bank with its Directors, Management, or relatives conflicting with the interest of the Bank at large during the year ended March 31, 2008. Further it is declared that all the Directors and Senior Management Personnel have affirmed the compliance to the code of conduct laid down by the Bank.

#### STATUTORY COMPLIANCE, PENALTIES AND STRICTURES:

The Bank has complied with the requirements of the RBI/Stock Exchanges/ SEBI and other statutory authorities on all matters concerning the banking and the capital market. There were no penalties or strictures imposed on the Bank by the above authorities on any of the matters.

#### MEANS OF COMMUNICATION:

The quarterly / half yearly / annual results are published in the leading national English dailies like Business Standard, Business Line, Financial Express, Economic Times etc and local newspapers like Udayavani, Sumyukta Karnataka, etc. The results were also put on our web site [www.ktkbankltd.com](http://www.ktkbankltd.com). In view of the above, no separate communication to the shareholders about the half yearly results has been made.

#### SHAREHOLDERS' INFORMATION:

##### A. Annual General Meeting:

- Date : July 12, 2008
- Day : Saturday
- Time : 12.00 Noon
- Venue : The Karnataka Bank Ltd. : Regd. & Head Office  
Mahaveera Circle Kankanady, Mangalore - 575002.

**B. Book Closure:**

05.07.2008 to 12.07.2008 (both days inclusive)

**C. Financial Calendar:**

1st April to 31st March

- a) Quarter ending June, 30 2008 : July, 2008
- b) Quarter ending Sept. 30, 2008 : October, 2008
- c) Quarter ending Dec. 31, 2008 : January, 2009
- d) Quarter ending March 31, 2009 : May/June, 2009

**D. Dividend:** The Board of Directors` has recommended a dividend of 50% for the year ended March 31, 2008 and the same will be paid to the shareholders/beneficial holders of shares as on 04.07.2008 as per the Register of members / Register of beneficial owners.

Dividend Payment Date: Between 14.07.2008 to 31.07.2008.

**Unclaimed Dividend:** As per the provisions of section 205A of the Companies Act, 1956, the unclaimed dividend for the financial year ended March 1999-2000 has been transferred to the Investors' Education and Protection Fund established by the Central Government. The following Table gives the unclaimed dividend from the year 2000-01 (position as on 31.03.2008 and the last date for transfer to Investors Education and Protection Fund.

Year	Unclaimed(Rs) dividend	Date of declaration	Due date for transfer
2000-2001	915476	02.08.2001	01.09.2008
2001-2002	1180732	22.08.2002	21.09.2009
2002-2003	1096940	31.07.2003	30.08.2010
2003-2004	2147048	29.07.2004	28.08.2011
2004-2005	1871828	15.07.2005	14.08.2012
2005-2006	3995076	06.07.2006	05.08.2013
2006-2007	5095126	30.06.2007	29.07.2014

**E. Listing of Shares:**

The shares of the Bank are listed on the following stock Exchanges.

Name of the Stock Exchange	Address
National Stock Exchange of India Ltd.	Regd Office: Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai- 400 051.
Bombay Stock Exchange Ltd.	Regd Office: Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

The Bank has paid the annual listing fees for the year 2007-2008 to the above Stock Exchanges.

**Stock Code:**

Trading symbol on the NSE : KTKBANK  
 Scrip code on BSE : 532652  
 ISIN at NSDL/CDSL : INE614B01018

**Share Transfer Procedure:**

The shares of the Bank being traded in dematerialised form are transferable through the depository system. The share transfers in physical form are processed by the Share Transfer Agent - M/s. Alpha Systems (P) Ltd and approved by the Chairman at least once in a fortnight. There are no share transfer requests pending for transfer as on March 31, 2008.

**Stock Market Data:**

The shares of the Bank are traded on the Stock Exchanges only in dematerialized form as per the directives of Securities and Exchange Board of India (SEBI). The shares are regularly traded on National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd (BSE). The monthly high & low prices along with the volumes traded from 01.04.2007 to 31.03.2008 on the above Stock Exchanges are given below together with bench mark indices.

Trading statistics on NSE

Month	High (Rs)	Low (Rs)	No of shares traded	NSE Nifty	
				High	Low
Apr 2007	175.20	163.60	9338990	4177.85	3633.60
May 2007	181.90	169.45	9550825	4295.80	4066.80
June 2007	174.90	167.50	4164490	4318.30	4113.05
July 2007	197.65	171.40	14882078	4620.75	4313.75
Aug 2007	190.55	168.70	7275043	4464.00	4074.90
Sep 2007	226.45	187.15	10927988	5021.35	4474.75
Oct 2007	245.05	203.25	6898705	5905.90	5068.95
Nov 2007	236.55	202.00	3561063	5937.90	5519.35
Dec 2007	230.60	207.45	4100168	6159.30	5742.30
Jan 2008	268.10	222.70	8630808	6287.85	4899.30
Feb 2008	276.25	246.30	6089839	5483.90	4838.25
Mar 2008	255.00	191.80	3128879	4953.00	4503.10

Trading statistics on BSE

Month	High (Rs)	Low (Rs)	No of shares traded	BSE Sensex	
				High	Low
Apr 2007	175.55	163.15	2441772	14228.88	12455.37
May 2007	181.65	169.50	3010899	14508.21	13765.46
June 2007	174.90	167.30	1214311	14570.75	14003.03
July 2007	197.45	171.50	4619294	15794.92	14664.26
Aug 2007	190.60	168.90	3376368	15318.60	13989.11
Sep 2007	226.25	186.55	4159273	17291.10	15422.05
Oct 2007	244.65	204.80	2172421	19977.67	17328.67
Nov 2007	236.50	203.20	728982	19976.23	18526.32
Dec 2007	230.70	207.70	1016496	20375.87	19079.64
Jan 2008	268.45	221.05	2695589	20873.33	16729.94
Feb 2008	276.00	249.40	1910524	18663.16	16608.01
Mar 2008	254.70	190.25	1689379	16677.88	14809.49



### Shareholding pattern

Share holding pattern of the Bank as on 31.03.2008 was as under:

Category code	Category of shareholders	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares as a percentage of (A+B)
(A)	Shareholding of Promoters and Promoters Group	0	0	0	0
<b>(B)</b>	<b>Public Shareholding</b>				
(1)	Institutions				
(a)	Mutual Funds / UTI	8	3121961	3121961	2.57
(b)	Financial Institutions / Banks	7	560600	560600	0.46
(c)	Central Government/ State Governments	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0
(e)	Insurance Companies	4	3638774	3638774	3.00
(f)	Foreign Institutional Investors	34	48263840	48263840	39.78
(g)	Foreign Venture Capital Investors	0	0	0	0
(h)	Any Other	0	0	0	0
	<b>Sub-Total (B)(1)</b>	<b>53</b>	<b>55585175</b>	<b>55585175</b>	<b>45.81</b>
(2)	Non-institutions				
(a)	Bodies Corporate	713	10427263	10070902	8.59
(b)	Individuals - Shareholders holding nominal share capital upto Rs. 1 lakh	62413	38876305	21745789	32.04
	ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	574	15908248	13268854	13.11
(c)	NRIs	183	336173	336173	0.28
	Clearing members	123	181020	181020	0.15
	Trusts	5	29364	29364	0.02
	<b>Sub-Total (B)(2)</b>	<b>64011</b>	<b>65758373</b>	<b>45632102</b>	<b>54.19</b>
	Total Public shareholding (B)=(B)(1)+(B)(2)	64064	121343548	101217277	100
	<b>TOTAL (A)+(B)</b>	<b>64064</b>	<b>121343548</b>	<b>101217277</b>	<b>100</b>

**Shareholdings of Directors as on March 31, 2008**

Name of the Director (Sarvashri)	No of shares held
Ananthakrishna	6721
D Surendra Kumar	13053
I Jagdish Rao	1921
Jairam G Kimmane	56250
M Bheema Bhat	4481
S R Hegde	150
R V Shastri	150
U R Bhat	3000
T S Vishwanath	200
Sitarama Murty M	150

**Distribution of shareholding as on 31.3.2008**

SI No	Shares category	No of share holders	%age to total	No of Shares held	%age to total
1.	1-500	44570	69.58	7567805	6.24
2.	501-1000	9052	14.13	6720738	5.54
3.	1001-2000	5280	8.24	7649457	6.30
4.	2001-3000	1978	3.09	4951251	4.08
5.	3001-4000	823	1.28	2880250	2.37
6.	4001-5000	605	0.94	2776773	2.29
7.	5001-10000	1045	1.63	7408443	6.11
8.	10001 and above	711	1.11	81388831	67.07
	<b>Total</b>	<b>64064</b>	<b>100.00</b>	<b>121343548</b>	<b>100.00</b>

**Dematerialisation of Shares:**

As per the Directives of SEBI, the equity shares of the Bank are compulsorily traded in dematerialized form by all categories of investors with effect from 26.02.2001. The Bank has entered into tripartite agreement with the Depositories and M/s Alpha Systems (p) Ltd. Bangalore for dematerialisation of shares. The ISIN allotted for the shares of the Bank is INE614B01018. As on 31.03.2008, 83.41% of the equity shares of the Bank are in demat form.

**Registrar & Share Transfer Agent:**

The Bank has appointed M/s Alpha Systems (p) Ltd as common Share Transfer Agent for both physical and electronic shares and therefore in future all correspondence relating to share transfer, dividend, change of address for shares held in physical form and dematerialisation of shares etc are to be addressed to the Registrar and Share Transfer Agent at the following address:

**Alpha Systems (P) Ltd**

30, Ramana Residency, 4th Cross, Sampige Road, Malleshwaram, BANGALORE - 560 003

Tel: (080) 23460815-818. Fax: (080) 23460819 Email: [alfint@vsnl.com](mailto:alfint@vsnl.com)

**Non-mandatory requirements:**

The Bank at present has not adopted the non-mandatory requirements in regard to remuneration Committee, sending of half-yearly performance to the shareholders to their residence, evaluation of non-executive Board Members and Whistle Blower Policy.

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of The Karnataka Bank Limited

We have reviewed the records of The Karnataka Bank Ltd., concerning the compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into by the Bank with the Stock Exchanges in India for the financial year ended 31st March 2008.

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

We have conducted our review on the basis of the relevant records and documents maintained by the Bank and furnished to us for our review and the information and explanations given to us by the Bank.

Based on such a review, in our opinion, the Bank has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said Listing Agreements.

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

Place: Mangalore  
Date : May 19, 2008

**Rao & Swami**  
Chartered Accountants  
sd/-

**P. V. Shenoy**  
M No. 020205  
(Partner)

**Kamath & Rau**  
Chartered Accountants  
sd/-

**Srinivas S Kamath**  
M No. 201716  
(Partner)

### ANNEXURE - III

STATEMENT SHOWING THE INFORMATION REQUIRED TO BE FURNISHED UNDER SECTION 217(2A) OF THE COMPANIES ACT, READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2008										
Sl.No	Name (Shriyuths)	Designation	Remuneration Rs.	Nature of employment	Other terms & Conditions	Nature of duties	Qualification & experience	Date of commencement of employment	Age (years)	Last employment held
	Sri Ananthakrishna	Chairman & Chief Executive Officer	32,40,000	Contractual	Whole Time Employee	Chairman & Chief Executive Officer	M.Sc.36 years in Banking Sector experience	13 July 2000	61	Junior Programmer in HAL, B'lore

ii) Employed for a part of the year and were in receipt of remuneration for any part of the year in the aggregate not less than Rs. 2,00,000/- per month.

----- Nil -----

**BALANCE SHEET AS ON 31ST MARCH, 2008**

(000's omitted)

	Schedule No.	As on 31.03.2008 Rs.	As on 31.03.2007 Rs.
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	121,35,33	121,35,33
Reserves and Surplus	2	1258,25,00	1117,27,44
Deposits	3	17016,19,23	14037,43,54
Borrowings	4	142,19,55	420,73,83
Other Liabilities and Provisions	5	801,82,67	525,71,48
<b>Total</b>		<b>19339,81,78</b>	<b>16222,51,62</b>
<b>ASSETS</b>			
Cash and balances with Reserve Bank of India	6	1482,20,59	826,82,37
Balances with Banks and Money at Call & Short Notice	7	502,04,29	334,69,11
Investments	8	5963,70,87	5048,16,44
Advances	9	10841,97,46	9552,67,99
Fixed Assets	10	119,77,31	106,82,16
Other Assets	11	430,11,26	353,33,55
<b>Total</b>		<b>19339,81,78</b>	<b>16222,51,62</b>
Contingent Liabilities	12	6959,00,90	3427,90,00
Bills for Collection		764,67,57	672,88,49
Notes on Account	17		
Accounting Policies	18		

Sd/-  
Muralidhar K. Rao  
Chief Manager

Sd/-  
V. M. Samaga  
Deputy General Manager

Sd/-  
P. Jairama Hande  
General Manager

Sd/-  
K.H. Shivaswamy Aithal  
General Manager

Sd/-  
N.S. Chakkera  
General Manager

Sd/-  
G.K. Bhat  
General Manager

Sd/-  
P. Jayarama Bhat  
Chief General Manager

Sd/-  
Ananthakrishna  
Chairman  
& Chief Executive Officer

Sd/-  
D. Surendra Kumar  
I. Jagdish Rao  
Jairam G. Kimmane  
Directors

Sd/-  
M. Bheema Bhat  
S. R. Hegde  
R. V. Shastri  
Directors

Sd/-  
U. R. Bhat  
T. S. Vishwanath  
Sitarama Murty M.  
Directors

Refer our report of even date

**For RAO & SWAMI**  
Chartered Accountants

**For KAMATH & RAU**  
Chartered Accountants

Place: Mangalore  
Date : 19<sup>th</sup> May, 2008

Sd/-  
P. V. SHENOY  
(M No. 020205)  
(Partner)

Sd/-  
SRINIVAS S. KAMATH  
(M No. 201716)  
(Partner)

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

(000's omitted)

	Schedule No.	For the year ended 31.03.2008 Rs.	For the year ended 31.03.2007 Rs.
<b>I. INCOME</b>			
Interest Earned	13	1570,81,25	1256,25,04
Other Income	14	227,08,51	174,27,27
<b>Total</b>		<b>1797,89,76</b>	<b>1430, 52, 31</b>
<b>II. EXPENDITURE</b>			
Interest Expended	15	1101,70,85	836,39,05
Operating Expenses	16	305,58,96	237,54,52
Provisions and Contingencies		148,85,85	179,55,30
<b>Total</b>		<b>1556,15,66</b>	<b>1253,48,87</b>
<b>III. PROFIT</b>			
Net profit for the year		241,74,10	177,03,44
Profit brought forward		2,29	5,87
<b>Total</b>		<b>241,76,39</b>	<b>177,09,31</b>
<b>IV. APPROPRIATIONS</b>			
Transfer to Statutory Reserve		148,00,00	107,00,00
Transfer to Capital Reserve		37,90	1,38,21
Transfer to Revenue Reserve		8,00,00	19,00,00
Transfer to Special Reserve u/s 36 (i) (viii) of IT Act		11,25,00	0
Transfer to Investment Reserve Account		1,50,38	0
Transfer to Other Funds		1,55,00	0
Transfer to Proposed dividend		60,67,23	42,47,03
Transfer to Tax on proposed dividend		10,31,13	7,21,78
Balance carried over to Balance Sheet		9,75	2,29
<b>Total</b>		<b>241,76,39</b>	<b>177,09,31</b>
Number of Shares outstanding during the year (weighted average)		12,13,43,548	12,12,62,417
Earning per share (Rs per share of Rs10/- each - see note No: 6 of schedule 17 )			
Basic	Rs.	19.92	14.60
Diluted	Rs.	19.85	14.60
Notes on Account	17		
Accounting Policies	18		

Sd/-  
Muralidhar K. Rao  
Chief Manager

Sd/-  
V. M. Samaga  
Deputy General Manager

Sd/-  
P. Jairama Hande  
General Manager

Sd/-  
K.H. Shivaswamy Aithal  
General Manager

Sd/-  
N.S. Chakkera  
General Manager

Sd/-  
G.K. Bhat  
General Manager

Sd/-  
P. Jayarama Bhat  
Chief General Manager

Sd/-  
Ananthakrishna  
Chairman  
& Chief Executive Officer

Sd/-  
D. Surendra Kumar  
I. Jagdish Rao  
Jairam G. Kimmane  
Directors

Sd/-  
M. Bheema Bhat  
S. R. Hegde  
R. V. Shastri  
Directors

Sd/-  
U. R. Bhat  
T. S. Vishwanath  
Sitarama Murty M.  
Directors

Refer our report of even date

**For RAO & SWAMI**  
Chartered Accountants  
Sd/-

P. V. SHENOY  
(M No. 020205)  
(Partner)

**For KAMATH & RAU**  
Chartered Accountants  
Sd/-

SRINIVAS S. KAMATH  
(M No. 201716)  
(Partner)

Place: Mangalore  
Date : 19<sup>th</sup> May, 2008



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2008

(000's omitted)

	Rs.	March 31, 2008 Rs.	Rs.	March 31, 2007 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax and extra ordinary items		343,54,43		273,03,76
Adjustments for:				
Depreciation on Fixed Assets including Lease Adjustment charges	17,45,58		16,60,81	
Provisions and Contingencies	57,70,00		83,78,00	
Amortisation of premium on Held to Maturity Investments	10,35,05		10,72,20	
Rights Issue Expenses	0	85,50,63	0	111,11,01
Operating profit before working capital changes		429,05,06		384,14,77
Adjustment for:				
i) Advances & Other Assets	-1249,34,93		-1655,24,92	
ii) Investments	-899,42,32		450,94,62	
iii) Deposits, Borrowings & Other Liabilities	2788,26,69		948,40,91	
		639,49,44		-255,89,39
Cash generated from operations		1068,54,50		128,25,38
Direct taxes paid		166,22,77		121,24,31
<b>Net cash flow from operating activities (A)</b>		<b>902,31,73</b>		<b>7,01,07</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets		-31,24,21		-19,85,91
Sale of fixed assets		83,80		51,35
<b>Net cash used in investing activities (B)</b>		<b>-30,40,41</b>		<b>-19,34,56</b>
<b>Total (A+B)</b>		<b>871,91,32</b>		<b>-12,33,49</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of share capital (net of expenses)		0		15,08
Proceeds from long term borrowings		0		0
Dividend paid (Including Tax on Dividend)		-49,17,92		-40,91,42
<b>Net Cash generated from Financing Activities ( C )</b>		<b>-49,17,92</b>		<b>-40,76,34</b>
<b>Net increase in Cash &amp; Cash equivalents (A+B+C)</b>		<b>822,73,40</b>		<b>-53,09,83</b>
Cash & cash equivalents as at (opening)		1161,51,48		1214,61,31
Cash & cash equivalents as at (closing)		1984,24,88		1161,51,48

Sd/-  
Muralidhar K. Rao  
Chief Manager

Sd/-  
V. M. Samaga  
Deputy General Manager

Sd/-  
P. Jairama Hande  
General Manager

Sd/-  
K.H. Shivaswamy Aithal  
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General Manager

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G.K. Bhat  
General Manager

Sd/-  
P. Jayarama Bhat  
Chief General Manager

Sd/-  
Ananthkrishna  
Chairman  
& Chief Executive Officer

Sd/-  
D. Surendra Kumar  
I. Jagdish Rao  
Jairam G. Kimmmane  
Directors

Sd/-  
M. Bheema Bhat  
S. R. Hegde  
R. V. Shastri  
Directors

Sd/-  
U. R. Bhat  
T. S. Vishwanath  
Sitarama Murty M.  
Directors

Refer our report of even date

**For RAO & SWAMI**  
Chartered Accountants

**For KAMATH & RAU**  
Chartered Accountants

Sd/-  
P. V. SHENOY  
(M No. 020205)  
(Partner)

Sd/-  
SRINIVAS S. KAMATH  
(M No. 201716)  
(Partner)

Place: Mangalore  
Date : 19<sup>th</sup> May, 2008

**SCHEDULE ANNEXED TO THE BALANCE SHEET**

(000's omitted)

	As on 31.03.2008 Rs.	As on 31.03.2007 Rs.
<b>SCHEDULE - 1 CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
15,00,00,000 Equity shares of Rs. 10/- each	150,00,00	150,00,00
<b>ISSUED CAPITAL</b>		
12,13,96,376 Equity shares of Rs. 10/- each	121,39,64	121,39,64
<b>SUBSCRIBED CAPITAL</b>		
12,13,60,098 Equity shares of Rs. 10/- each	121,36,01	121,36,01
<b>CALLED UP / PAID-UP CAPITAL</b>		
12,13,43,548 Equity shares of Rs.10/- each	121,34,35	121,34,35
Add Forfeited Shares	98	98
<b>TOTAL</b>	<b>121,35,33</b>	<b>121,35,33</b>
<b>SCHEDULE - 2 RESERVES AND SURPLUS</b>		
<b>I. Statutory Reserve</b>		
Opening balance	670,00,00	563,00,00
Additions during the year	148,00,00	107,00,00
	818,00,00	670,00,00
Deductions during the year	0	0
<b>TOTAL</b>	<b>818,00,00</b>	<b>670,00,00</b>
<b>II. Capital Reserve</b>		
Opening balance	2,63,67	1,25,46
Additions during the year (pursuant to sale of securities held under HTM category)	37,90	1,38,21
	3,01,57	2,63,67
Deductions during the year	0	0
<b>TOTAL</b>	<b>3,01,57</b>	<b>2,63,67</b>
<b>III. Share Premium</b>		
Opening balance	159,61,48	159,54,72
Additions during the year	0	7,80
	159,61,48	159,62,52
Deductions during the year	0	1,04
<b>TOTAL</b>	<b>159,61,48</b>	<b>159,61,48</b>
<b>IV. Revenue and other Reserves</b>		
<b>a) Revenue Reserve</b>		
Opening balance	285,00,00	266,00,00
Deductions at the beginning of the year	33,00,00	0
	252,00,00	266,00,00
Additions during the year	8,00,00	19,00,00
<b>TOTAL</b>	<b>260,00,00</b>	<b>285,00,00</b>
<b>b) Special Reserve u/s 36(1)(viii) of IT Act</b>		
Opening balance	0	0
Additions during the year	11,25,00	0
	11,25,00	0
Withdrawn during the year	0	0
<b>TOTAL</b>	<b>11,25,00</b>	<b>0</b>
<b>c) Employee Stock Option Outstanding</b>		
Opening balance	0	0
Additions during the year	4,76,82	0
	4,76,82	0
Deductions during the year	0	0
<b>TOTAL</b>	<b>4,76,82</b>	<b>0</b>

(000's omitted)

	As on 31.03.2008 Rs.	As on 31.03.2007 Rs.
<b>d) Investment Reserve Account</b>		
Opening balance	0	0
Additions during the year	1,50,38	0
	<u>1,50,38</u>	<u>0</u>
Deductions during the year	0	0
<b>TOTAL</b>	<b><u>1,50,38</u></b>	<b><u>0</u></b>
<b>V. Balance in Profit &amp; Loss Account</b>	<b>9,75</b>	<b>2,29</b>
<b>TOTAL (I, II, III, IV and V)</b>	<b><u>1258,25,00</u></b>	<b><u>1117,27,44</u></b>
<b>SCHEDULE - 3 DEPOSITS</b>		
<b>A. I. Demand Deposits</b>		
1. From Banks	2,20,22	2,67,38
2. From others	1117,08,93	1078,01,51
	<b><u>1119,29,15</u></b>	<b><u>1080,68,89</u></b>
<b>II. Savings Bank Deposits</b>	<b><u>2648,36,83</u></b>	<b><u>2199,81,10</u></b>
<b>III. Term Deposits</b>		
1. From Banks	307,34,24	244,41,71
2. From others	12941,19,01	10512,51,84
	<b><u>13248,53,25</u></b>	<b><u>10756,93,55</u></b>
<b>TOTAL (I, II and III)</b>	<b><u>17016,19,23</u></b>	<b><u>14037,43,54</u></b>
<b>B. 1. Deposits of branches in India</b>	17016,19,23	14037,43,54
<b>2. Deposits of branches outside India</b>	0	0
<b>TOTAL</b>	<b><u>17016,19,23</u></b>	<b><u>14037,43,54</u></b>
<b>SCHEDULE - 4 BORROWINGS</b>		
<b>I. Borrowings in India</b>		
1. Reserve Bank of India	0	115,00,00
2. Other Banks	30	0
3. Other Institutions and Agencies	41,18,75	205,75,73
<b>TOTAL</b>	<b><u>41,19,05</u></b>	<b><u>320,75,73</u></b>
<b>II. Borrowings outside India</b>		
<b>TOTAL (I and II)</b>	<b><u>101,00,50</u></b>	<b><u>99,98,10</u></b>
<b>TOTAL (I and II)</b>	<b><u>142,19,55</u></b>	<b><u>420,73,83</u></b>
Secured borrowings included in I & II above	Nil	Nil
<b>SCHEDULE - 5 OTHER LIABILITIES &amp; PROVISIONS</b>		
I. Bills Payable	207,43,85	186,43,32
II. Inter Office adjustments(Net)	2,20,66	2,12,26
III. Interest accrued	41,43,79	11,38,40
IV. Subordinated Debt for Tier II Capital	150,00,00	0
V. Deferred Tax Liability (Net)	85,32,77	97,82,77
VI. Others (including Provisions)*	315,41,60	227,94,73
<b>TOTAL</b>	<b><u>801,82,67</u></b>	<b><u>525,71,48</u></b>
* Includes Contingent provision of Rs.5491.33 lakh for Standard Advances (Previous Year Rs. 5371.33 lakh).		

(000's omitted)

	<b>As on 31.03.2008 Rs.</b>	<b>As on 31.03.2007 Rs.</b>
<b>SCHEDULE - 6 CASH &amp; BALANCES WITH THE R.B.I.</b>		
<b>I. Cash in hand</b> (including foreign currency notes)	118,50,40	87,92,70
<b>II. Balances with Reserve Bank of India</b>		
1. In Current Account	1363,70,19	738,89,67
2. In Other Accounts	0	0
<b>TOTAL (I and II)</b>	<b>1482,20,59</b>	<b>826,82,37</b>
<b>SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL &amp; SHORT NOTICE</b>		
<b>I. IN INDIA</b>		
<b>i. Balances with Banks</b>		
a) In Current Accounts	47,55,52	37,81,75
b) In Other Deposit Accounts	430,47,71	167,48,53
	<b>478,03,23</b>	<b>205,30,28</b>
<b>ii. Money at Call &amp; Short Notice</b>		
a) With Banks	0	100,00,00
b) With other institutions	0	0
<b>TOTAL</b>	<b>478,03,23</b>	<b>305,30,28</b>
<b>II. OUTSIDE INDIA</b>		
i. In Current Accounts	24,01,06	29,38,83
ii. In Other Deposit Accounts	0	0
iii. Money at Call & Short Notice	0	0
<b>TOTAL (i, ii and iii)</b>	<b>24,01,06</b>	<b>29,38,83</b>
<b>Grand Total (I &amp; II)</b>	<b>502,04,29</b>	<b>334,69,11</b>
<b>SCHEDULE - 8 INVESTMENTS</b>		
<b>I. Investments in India (Gross at cost)</b>	6008,01,60	5118,94,33
Less: Provision for depreciation	44,30,73	70,77,89
<b>TOTAL</b>	<b>5963,70,87</b>	<b>5048,16,44</b>
Break-up:		
1. Government Securities	4541,35,32	3967,08,03
2. Other Approved Securities	11,41,84	22,18,11
3. Shares	107,41,33	89,39,89
4. Debentures and Bonds	1124,97,18	942,52,47
5. Subsidiaries and Joint Ventures	22,47,75	0
6. Others	156,07,45	26,97,94
<b>TOTAL</b>	<b>5963,70,87</b>	<b>5048,16,44</b>
<b>II. Investments outside India</b>	0	0
<b>TOTAL (I+II)</b>	<b>5963,70,87</b>	<b>5048,16,44</b>

(000's omitted)

	As on 31.03.2008 Rs.	As on 31.03.2007 Rs.
<b>SCHEDULE - 9 ADVANCES</b>		
A) 1. Bills Purchased & discounted	724,69,93	541,19,54
2. Cash Credits, Overdrafts and Loans repayable on demand	5538,44,65	4849,03,25
3. Term Loans	4578,82,88	4162,45,20
<b>TOTAL</b>	<b><u>10841,97,46</u></b>	<b><u>9552,67,99</u></b>
B) 1. Secured by Tangible Assets *	8019,99,37	7409,68,64
2. Secured by Bank / Government Guarantees	1887,03,34	1433,26,46
3. Unsecured	934,94,75	709,72,89
<b>TOTAL</b>	<b><u>10841,97,46</u></b>	<b><u>9552,67,99</u></b>
* Includes Advances against Book Debts		
<b>C) I. Advances in India</b>		
1. Priority Sectors	3966,86,89	3058,89,57
2. Public Sectors	413,14,12	408,24,89
3. Banks	10,78,62	5,36,16
4. Others	6451,17,83	6080,17,37
<b>TOTAL</b>	<b><u>10841,97,46</u></b>	<b><u>9552,67,99</u></b>
<b>II. Advances outside India</b>		
1. Due from Banks	0	0
2. Due from others	0	0
a) Bills Purchased & Discounted	0	0
b) Syndicated Loans	0	0
c) Others	0	0
<b>TOTAL</b>	<b><u>0</u></b>	<b><u>0</u></b>
<b>GRAND TOTAL (C. I and II)</b>	<b><u>10841,97,46</u></b>	<b><u>9552,67,99</u></b>



(000's omitted)

	<b>As on 31.03.2008 Rs.</b>	<b>As on 31.03.2007 Rs.</b>
<b>SCHEDULE - 10 FIXED ASSETS</b>		
<b>I. Premises</b>		
At cost as on 31st March of preceding year	76,78,02	74,34,42
Additions during the year	5,74,23	2,46,00
	<u>82,52,25</u>	<u>76,80,42</u>
Deductions during the year	1,57	2,40
	<u>82,50,68</u>	<u>76,78,02</u>
Depreciation to-date	17,69,17	15,29,04
<b>TOTAL</b>	<b><u>64,81,51</u></b>	<b><u>61,48,98</u></b>
<b>II. Other Fixed Assets</b> (including Furniture & Fixtures)		
At cost as on 31st March of the preceding year	137,55,04	124,00,94
Additions during the year	25,11,15	17,40,29
	<u>162,66,19</u>	<u>141,41,23</u>
Deductions during the year	3,67,62	3,86,19
	<u>158,98,57</u>	<u>137,55,04</u>
Depreciation to-date	105,02,32	93,25,85
<b>TOTAL</b>	<b><u>53,96,25</u></b>	<b><u>44,29,19</u></b>
<b>III. Leased Fixed Assets</b>		
Cost as on 31st March of the preceding year	21,16,78	21,16,78
Additions during the year	0	0
	<u>21,16,78</u>	<u>21,16,78</u>
Deductions during the year	1,00,70	0
	<u>20,16,08</u>	<u>21,16,78</u>
Depreciation to-date	7,76,99	8,38,04
	<u>12,39,09</u>	<u>12,78,74</u>
Less Accumulated Lease Adjustment	11,21,89	11,60,52
	<u>1,17,20</u>	<u>1,18,22</u>
Less Other Adjustments	17,65	14,23
<b>TOTAL</b>	<b><u>99,55</u></b>	<b><u>1,03,99</u></b>
<b>TOTAL (I, II &amp; III)</b>	<b><u>119,77,31</u></b>	<b><u>106,82,16</u></b>
<b>SCHEDULE - 11 OTHER ASSETS</b>		
I. Interest accrued	139,73,24	125,36,13
II. Tax paid in advance / tax deducted at source	180,07,43	146,57,88
III. Stationery and Stamps	2,11,49	2,08,58
IV. Non-Banking Assets acquired in satisfaction of claims	21,57	36,54
V. Others	107,97,53	78,94,42
<b>TOTAL</b>	<b><u>430,11,26</u></b>	<b><u>353,33,55</u></b>

(000's omitted)

	<b>As on 31.03.2008 Rs.</b>	As on 31.03.2007 Rs.
<b>SCHEDULE - 12 CONTINGENT LIABILITIES</b>		
I. Claims against the Bank not acknowledged as debts	9,64,50	9,65,30
II. Liability on account of outstanding Forward Exchange Contracts	5194,34,09	1871,83,05
III. Guarantees given on behalf of constituents		
a) In India	817,77,20	653,78,55
b) Outside India	0	0
IV. Acceptances, Endorsements & other Obligations	533,61,23	508,27,09
V. Other items for which the bank is contingently liable	403,63,88	384,36,01
<b>TOTAL</b>	<b><u>6959,00,90</u></b>	<b><u>3427,90,00</u></b>

**SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008**

(000's omitted)

	<b>Year ended 31.03.2008 Rs.</b>	Year ended 31.03.2007 Rs.
<b>SCHEDULE - 13 INTEREST EARNED</b>		
I. Interest / discount on advances / bills	1122,99,25	813,52,39
II. Income on Investments	432,53,80	412,69,44
III. Interest on balances with R.B.I / other Inter-Bank funds	11,55,12	25,15,78
IV. Others	3,73,08	4,87,43
<b>TOTAL</b>	<b><u>1570,81,25</u></b>	<b><u>1256,25,04</u></b>
<b>SCHEDULE - 14 OTHER INCOME</b>		
I. Commission, Exchange & Brokerage	105,88,74	84,50,19
II. Profit on sale of Investments (net)	78,20,14	63,94,95
III. Profit on Revaluation of Investments (net)	-10,35,04	-10,72,20
IV. Profit on sale of Land, Buildings & Other Assets (net)	3,74	-23,02
V. Profit on Exchange Transactions (net)	24,80,84	18,27,64
VI. Income earned by way of dividends etc., from Subsidiaries / Companies and / or Joint Ventures abroad / in India	0	0
VII. Lease Income	62,98	1,32,84
VIII. Miscellaneous income	27,87,11	17,16,87
<b>TOTAL</b>	<b><u>227,08,51</u></b>	<b><u>174,27,27</u></b>
<b>SCHEDULE - 15 INTEREST EXPENDED</b>		
1. Interest on deposits	1070,41,23	819,55,78
2. Interest on Reserve Bank of India / Inter-Bank Borrowings	13,92,35	7,95,02
3. Others	17,37,27	8,88,25
<b>TOTAL</b>	<b><u>1101,70,85</u></b>	<b><u>836,39,05</u></b>

(000's omitted)

	<b>Year ended 31.03.2008 Rs.</b>	<b>Year ended 31.03.2007 Rs.</b>
<b>SCHEDULE - 16 OPERATING EXPENSES</b>		
I. Payments to and provisions for employees	180,99,20	129,08,78
II. Rent, Taxes and Lighting	33,95,48	26,56,58
III. Printing and Stationery	3,12,35	3,02,02
IV. Advertisement and Publicity	2,65,83	2,78,49
V. Depreciation on Bank's property	17,46,39	16,62,23
VI. Directors' fees, allowances and expenses	30,07	22,04
VII. Auditors' fees and expenses (including branch auditors)	63.19	56,72
VIII. Law charges	1,19,07	88,67
IX. Postage, telegrams, telephones etc.	4,60,54	4,04,04
X. Repairs and Maintenance	8,96,30	9,50,30
XI. Insurance	17,12,56	15,13,02
XII. Other expenditure	34,57,98	29,11,63
<b>TOTAL</b>	<b><u>305,58,96</u></b>	<b><u>237,54,52</u></b>

#### SCHEDULE 17

#### NOTES ON ACCOUNTS FORMING PART OF THE BALANCE SHEET AS ON, AND PROFIT AND LOSS ACCOUNT AND CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2008.

##### 1. Reconciliation of Branch Adjustments and Balancing of Subsidiary Ledgers:

- Reconciliation of branch adjustments/Inter Bank accounts has been completed upto 31.03.2008 and steps are being taken to give effect to consequential adjustments of pending items.
- Balancing of Subsidiary Ledgers are completed in all branches/offices.

##### 2. Prior period items (Accounting Standard 5):

There are no significant prior period items, which are required to be disclosed as per RBI guidelines.

##### 3. Employee Benefits Accounting Standard 15:

Various Benefits made available to the Employees are:-

- Pension:** The Bank has defined benefit plan under Pension Trust to employees who have opted for Pension Scheme under the Pension & Group Schemes unit of LIC of India, by purchasing annuity for optants separated after completion of 20 years of service. The Benefits under this plan are based on last drawn salary and the tenure of employment. The Liability for the pension is determined and provided on the basis of actuarial valuation.
- Gratuity:** In accordance with the applicable Indian Laws, the Bank provides for defined gratuity benefit retirement plan ('the gratuity Plan') covering eligible employees. This plan provides for a lump sum payment to the eligible employees on retirement, death, incapacitation or termination of employment of amounts that are based on the last drawn salary and tenure of employment. Liabilities with regard to the gratuity plan are determined by actuarial valuation and contributed to the gratuity fund trust. Trustees administer the contribution made to the trust and invest in specific designated securities as mandated by law, which generally comprise of Central and State government bonds and debt instruments of government owned corporations. During the year under review, the upper limit of Rs.3.50 lakh for payment of gratuity has been removed.
- Leave Encashment (PL):** The bank permits encashment of leave accumulated by employees on retirement, resignation and during the course of service. The liability of encashment of such leave is determined and provided on the basis of actuarial valuation performed by an independent actuary at the balance sheet date

**d) Provident Fund:** The Bank has set up a Provident Fund for managing the contributions of the employees and the employer. As on 31<sup>st</sup> March 2008, there was no liability due and outstanding to the fund by the Bank.

**e) Other Long term Employee Benefits:** Other than the employees benefits listed above, the Bank also gives certain long term benefits to the employees which include Medical aid, reimbursement of hospitalization expenses to the employees / their family members, compensated absence like sick leave and casual leave etc. The bank has made provision for such liabilities on an adhoc basis.

Accounting treatment and status of various benefits given to the employees are explained here below:

- (i) The Bank has adopted from 1<sup>st</sup> April 2007 Accounting Standard 15 (Revised) "Employee Benefits" issued by the Institute of Chartered Accountants of India. Pursuant to the adoption, the transitional obligations pertaining to Employee Benefits of Rs.33.00 Crore as determined by actuary has been debited to the opening balance of Revenue Reserves.
- (ii) The transitional liability mainly arose on account of the change in the method of actuarial valuation prescribed by AS 15-(Revised) as per the Projected unit credit method applied now as against the Aggregate Method used in the past.
- (iii) The summarized position of Post-employment benefits and long term employee benefits recognized in the Profit & Loss Account and the Balance Sheet as required in accordance with Accounting Standard 15 (Revised) are as under:

**a) Changes in the present value of the obligations**

(Rs.in Crore)

	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
Present Value of obligation as at the beginning of the year	58.50	39.50	20.25
Interest Cost	4.53	3.06	1.52
Current Service Cost	3.83	1.56	1.24
Benefits Paid	- 3.66	- 4.92	--
Actuarial Loss/(Gain) on Obligations	45.23	12.91	2.91
Present Value of obligation at year end	108.43	52.11	25.92

**b) Change in Fair Value of Plan Asset**

(Rs.in Crore)

	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
Fair Value of Plan Assets at the beginning of the year	58.50	39.50	--
Expected return on Plan Assets	4.53	3.06	--
Employer's contribution	55.85	14.68	5.67
Benefits Paid	- 3.66	- 4.92	--
Actuarial Loss/(Gain) on Obligations	- 6.79	- 0.21	--
Fair Value of Plan Asset at the end of the year	108.43	52.11	--

**c) Amount recognized in Balance Sheet**

(Rs.in Crore)

	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
Estimated Present value of obligations as at the end of the year	108.43	52.11	25.92
Fair Value of Plan Assets as at the end of the Year	108.43	52.11	--
Unfunded Net Liability recognized in Balance Sheet	--	--	25.92

**d) Expenses recognized in Profit & Loss Account**

(Rs. in Crore)

	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
Current Service Cost	3.83	1.56	1.24
Interest Cost	4.53	3.06	1.52
Expected return on Plan Asset	(4.53)	(3.06)	(1.52)
Net Actuarial (Gain)/Loss recognized in the year	52.02	13.12	2.91
Total expenses recognized in Profit & Loss Account/Revenue Reserve	55.85 *	14.68	25.92

\* Includes Rs.33.00 crores debited to Revenue Reserve A/c

**e) Investment percentage maintained by Pension & Gratuity Trust**

	Pension Trust	Gratuity Trust
Central Government Securities	--	20.47 %
State Government Securities	--	16.60 %
PSU Bond	--	24.79 %
Insure Managed fund	95.26%	-
Others	4.74 %	38.14 %

**f) Principal actuarial assumption at the Balance Sheet Date (expressed as weighted average)**

	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
Discount Rate	7.75 %	7.75 %	7.75 %
Expected rate of return on Plan / Assets	7.75 %	7.75 %	--
Expected Rate of Salary increase	4.00 %	4.00 %	4.00 %
Method used	Projected unit Credit	Projected unit Credit	Projected unit Credit

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employee market.

**g) The financial assumptions considered for the calculations are as under :**

**Discount Rate :** The discount rate has been chosen by reference to market yield on government bonds as on the date of valuation. (Balance sheet dated 31.03.2008)

**Expected Rate of Return :** The expected rate of return is taken on the basis of yield on government bonds.

**Salary Increase :** On the basis of past data provided by the bank.

**h) Other long term employee's benefits (Un-Funded)**

(Rs. in Crore)

	Other Benefits #
Liability as on 01.04.2007	--
Liability as on 31.03.2008	3.50 *
Transitional Liability	--
Amount debited to Profit & Loss Account	3.50

\* Estimated liability provided on adhoc basis

# Includes LFC Encashment, Medical Aid, Hospitalisation Reimbursement, Sick Leave etc.



**4. Segment reporting (Accounting Standard 17).**

For the purpose of segment reporting in terms of AS 17 of ICAI and as prescribed in RBI guidelines, the business of the Bank has been classified into 4 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 reporting does not applicable. Segment assets have been identified and segment liabilities have been allocated on the basis of segment assets.

(Rs.in Crore)

Segment wise Results for the year ended 31.03.2008						
Part - A - Business Segments	Treasury	Corporate/Wholesale Banking	Retail Banking	Other Banking Operations	TOTAL(AUDITED)	
					31.03.2008	31.03.2007
Revenue	554.16	518.56	692.91	32.27	1797.90	1430.52
Result	45.44	41.32	244.92	24.59	356.27	299.72
Unallocated expenses					17.46	26.92
Profit before Tax					338.81	272.80
Income Tax					97.07	95.77
Extraordinary Profit/Loss					0.00	0.00
Net Profit					241.74	177.03
<b>Other Information</b>						
Segment Assets	8116.19	6158.54	4694.84	4.81	18974.38	16047.28
Unallocated Assets					365.44	175.24
Total Assets					19339.82	16222.52
Segment Liabilities	8201.74	6223.46	4744.33	4.86	19174.39	15877.02
Unallocated Liabilities					165.43	345.50
Total Liabilities					19339.82	16222.52

**5. Related Party Disclosure (Accounting Standard 18):**

There is no related party transaction other than payment to Sri Ananthakrishna, Chairman and Chief Executive Officer- remuneration of Rs. 3240000/- (Previous year Rs. 2879420/-) and contribution to Provident Fund etc.

**6. a) Earnings per Share (Accounting Standard 20):**

	31.03.2008	31.03.2007
i) Earnings per share Basic Rs.	19.92	14.60
ii) Earnings per share Diluted Rs.	19.85	14.60
iii) Net Profit as per Profit and Loss Account (Rs. in Crore)	241.74	177.03
iv) No of Equity Shares (weighted Avg.) - Basic	121343548	121262417
v) No of Equity Shares for Diluted earnings	121789989	121262417

The Net profit for the year has been used as the numerator and the weighted average number of equity shares as denominator in calculating the earning per share.

- b)** 32000 equity shares(previous year 32000 equity shares) allotment where of is in abeyance being sub judge.
- c)** The number of equity share for "Diluted Earnings" at (a)(v) above includes 446441 dilutive potential equity shares from the employees stock option scheme of the Bank. [see note 10 (x)] hereunder.

**7. Deferred Tax Assets and Liabilities - Accounting Standard 22:**

The Bank has accounted for income tax in compliance with Accounting Standard 22 - "Accounting for Taxes on Income" issued by the ICAI. Accordingly, deferred tax assets and liabilities are recognised. The major components of deferred tax are as under:

**Timing Differences:**

(Rs. in Crore)

Particulars	As on 31.03.2008	As on 31.03.2007
<b>A. Deferred Tax Liabilities</b>		
1. Depreciation on fixed assets	5.49	4.86
2. Depreciation on investments	47.95	59.17
3. Accrued Interest on Investments	47.26	42.14
<b>Total</b>	<b>100.70</b>	<b>106.17</b>
<b>B. Deferred Tax Assets</b>		
1. Privilege Leave Encashment	9.32	6.88
2. Others	6.05	1.46
<b>Total</b>	<b>15.37</b>	<b>8.34</b>
<b>Net deferred tax liabilities (A) - (B)</b>	<b>85.33</b>	<b>97.83</b>

8. Fixed Assets possessed by the bank are treated as "Corporate Assets" and are not "Cash Generating Units" as defined by AS 28 issued by the Institute of Chartered Accountants of India (ICAI). In the opinion of the management, there is no impairment of the fixed assets of the Bank.

9. Disclosure in terms of Accounting Standard 29 on Provisions, Contingent Liabilities and Contingent Assets:

**a) Movement of provisions for liabilities\***

(Rs. in Crore)

Particulars	Legal cases /contingencies**
Balance as at 1st April 2007	2.46
Provided during the year	12.46
Amounts used during the year	0.65
Reversed during the year	0.00
Balance as at 31st March 2008	14.27
Timing of outflow/uncertainties	Outflow on settlement / crystallization

\* excluding provisions for others.

\*\* Including towards customary practices

**b) Contingent Liabilities -Refer Schedule 12**

Such liabilities at Sl. No. (I) to (V) are dependent upon, the outcome of Court / arbitration / out of court settlement, disposal of appeals, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, respectively. Reimbursement is expected except in item no (I).

**c) Contingent Assets - Nil**

**10. ADDITIONAL DISCLOSURE:**

In terms of RBI guidelines, the following additional disclosures have been made:

**a) Capital Adequacy:**

The Bank has complied with Capital Adequacy Norms prescribed by the Reserve Bank of India. Capital Adequacy ratio as on 31.03.2008 works out to 12.17%. (Previous year 11.03%)

	31.03.2008	31.03.2007
i) Capital Adequacy Ratio -- Tier - I	10.36	10.46
ii) Capital Adequacy Ratio -- Tier - II	1.81	0.57
iii) Amount of subordinated debt raised as Tier II capital (Rs. in Crore)	150.00	Nil

**b) Investments**

(Rs in Crore)

Items	31.03.2008	31.03.2007
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	6008.02	5118.94
(b) Outside India	Nil	Nil
(ii) Provisions for Depreciation		
(a) India	44.31	70.78
(b) Outside India	Nil	Nil
(iii) Net Value of Investments		
(a) In India	5963.71	5048.16
(b) Outside India	Nil	Nil
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	70.78	32.03
(ii) Add: Provisions made during the year	0.00	38.75
(iii) Less: Write-off/write-back of excess provisions during the year	26.47	0.00
(iv) Closing balance	44.31	70.78

**c) Repo transactions :**

The particulars of Repo transactions are as under:

(Rs. in Crore)

Particulars	Outstanding during the Year			As on 31.03.2008
	Min	Max	Daily Average	
Securities sold under repos	50.00	300.00	4.11	0.00
Securities purchased under reverse repos	150.00	400.00	4.38	0.00

**d) Issuer composition of Non-SLR Investments**

(Rs. in crore)

Sl. No.	Issuer	Amount	Extent of Private placements	Extent of 'below investment grade' securities	Extent of 'un-rated' securities	Extent of 'un-listed' securities
01	PSUs	193.60	55.01	0.29	0.00	0.00
02	Financial Institutions	372.23	134.29	0.00	10.00	10.00
03	Banks	239.41	73.79	0.00	0.00	10.02
04	Private Corporates	468.04	265.31	0.00	2.98	14.10
05	Subsidiaries / joint ventures	22.50	22.50	0.00	22.50	22.50
06	Others	159.46	12.12	0.00	0.00	0.00
07	Less Provision held towards deprecation/NPA	-44.31	XXX	XXX	XXX	XXX
	<b>TOTAL</b>	<b>1410.93</b>	<b>563.02</b>	<b>0.29</b>	<b>35.48</b>	<b>56.62</b>

**e) Non Performing Non-SLR investments**

(Rs. in Crore)

Particulars	2007-08	2006-07
Opening Balance	3.08	4.28
Additions during the year	0.00	0.00
Deductions during the above period	1.19	1.20
Closing Balance	1.89	3.08
Total Provision Held	1.89	3.08

**f) Forward Rate Agreement / Interest Rate Swaps / Exchange Traded Interest Rate Derivatives:**

Forward Rate Agreements/Interest Rate Swap

(Rs. in crore)

Items	Current Year	Previous Year
i) The Notional principal of swap agreements	156.49	0.00
ii) Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	0.00	0.00
iii) Collateral required by the bank upon entering into swaps	0.00	0.00
iv) Concentration of credit risk arising from swaps	0.00	0.00
v) The fair values of the swap book	0.00	0.00

The bank has not undertaken any Exchange Traded Interest Rate Derivatives during the year

**g) Disclosure on Risk Exposures in Derivatives**

- (i) Qualitative Disclosure: The Bank has been undertaking foreign exchange forward contracts for covering customer transactions and also for trading and accounting the same in accordance with FEDAI guidelines. The Bank also undertakes other derivative transactions to hedge the Bank books and customer transactions on covered basis.

To mitigate the risk involved in derivative transaction the Bank has decided the following:

1. Customer transactions are to be undertaken only after due sanction limit and execution of ISDA Agreement and after a thorough study on the suitability and appropriateness of the customer keeping in mind his risk management set up.
2. Head Office is appraised of the banks derivative position (other than the forward contracts and spot transactions) on a daily basis.
3. Mid-Office on an ongoing basis closely monitor the transaction and their relative covers, maturity wise and amount wise so as to ensure that bank maintains square or near square position.

4. Concurrent Auditors to review the transactions on a daily basis.
5. The decision to hedge the assets or liabilities as a part of the balance sheet management is taken by ALCO.

As on 31.03.2008 there were no derivative transactions outstanding other than Foreign Currency Forward Contracts and Foreign Currency Options and INR OIS Interest Rate Swap.

**(ii) Quantitative Disclosure:**

(Rs. in Crore)

Sl.No	Particulars	Currency Derivatives	Interest Derivatives
1.	Derivatives (Notional Principal Amount)		
	a) Hedging	2476.42	156.49
	b) Trading	2561.43	0.00
2.	Marked to Market Positions		
	Assets (+)	+ 152.62	35.71
	Liabilities (-)	(150.00)	(35.71)
3.	Credit Exposure	208.57	36.71
4.	Likely impact of 1% change in interest Rates (100*PV01)		
	a) on hedging derivatives	0.00	-0.27
	b) on trading derivatives	0.00	0.00
5.	Maximum and Minimum of 100* PV01 observed during the year		
	a) on hedging - maximum	0.00	-0.30
	b) on hedging - minimum	0.00	0.04
	c) on trading - maximum	0.00	0.00
	d) on trading - minimum	0.00	0.00

**h) Non-Performing Asset**

(Rs. in crore)

		2007-08	2006-07
<b>i)</b>	<b>Net NPAs to Net Advances (%)</b>	<b>0.98</b>	1.22
<b>ii)</b>	<b>Movement of NPAs (Gross)</b>		
	a) Opening Balance	387.34	415.13
	b) Additions during the year	137.70	130.46
		525.04	545.59
	c) Reductions during the year	145.47	158.25
	d) Closing Balance	<b>379.57</b>	387.34
<b>iii)</b>	<b>Movement of Net NPAs</b>		
	a) Opening Balance	116.04	91.51
	b) Additions during the year	70.47	84.51
		186.51	176.02
	c) Reductions during the year	80.03	59.98
	d) Closing Balance	<b>106.48</b>	116.04
<b>iv)</b>	<b>Movement of provisions for NPAs (including Floating Provision)</b>		
	a) Opening balance	257.14	304.89
	b) Add: Provisions made during the year	54.00	20.00
	c) Less: Write off / write back of excess provisions	51.10	67.75
	d) Closing balance	<b>260.04</b>	257.14
<b>v)</b>	<b>Movement of Floating Provisions</b>		
	a) Opening Balance	13.00	13.00
	b) The quantum of floating provisions made during the year	0.00	0.00
	c) Purpose and Amount of draw down made during the year	0.00	0.00
	d) Closing balance	<b>13.00</b>	13.00



**i) Loans and advances subjected to restructuring etc., during the year:**

Details of Loan assets subjected to Restructuring

(Rs. in Crore)

	Items	31.03.2008	31.03.2007
(i)	Total amount of loan assets subjected to restructuring, rescheduling, renegotiation; of which under CDR	262.76 0.00	81.36 5.33
(ii)	Total amount of Standard assets subjected to restructuring, rescheduling, renegotiation; of which under CDR	239.54 0.00	81.35 5.33
(iii)	Total amount of Sub-Standard assets subjected to restructuring, rescheduling, renegotiation; of which under CDR	18.89 0.00	0.01 0.00
(iv)	Total amount of Doubtful assets subjected to restructuring, Rescheduling, renegotiation; of which under CDR	4.33 0.00	0.00 0.00

Note: {(i) = (ii) + (iii) + (iv)}

**j) Details of Assets sold to Securitisation company / Re-construction Company**

(Rs. in Crore)

SI.No	Particulars	2007-08	2006-07
1.	No of Accounts	Nil	Nil
2.	Aggregate Value (net of Provisions) of accounts sold to SC/RC	0.00	0.00
3.	Aggregate consideration	0.00	0.00
4.	Additional consideration realised in respect of accounts transferred in earlier years	0.00	0.00
5.	Aggregate Gain / Loss over net book value	0.00	0.00

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

(Rs. in Crore)

SI. No	Particulars	Current year	Previous year
1	a) No. of accounts purchased during the year	0.00	0.00
	b) aggregate outstanding	0.00	0.00
2	a) Of these, number of accounts restructured during the year	0.00	0.00
	b) aggregate outstanding	0.00	0.00

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

(Rs. in Crore)

SI No	Particulars	Current year	Previous year
1	No of accounts sold	0.00	0.00
2	Aggregate outstanding	0.00	0.00
3	Aggregate consideration received	0.00	0.00

**m) Provisions on Standard Asset**

(Rs in Crore)

Item	31.03.2008	31.03.2007
Provisions towards Standard Assets	54.91	53.71

**n) Significant performance indicators**

	31.03.2008	31.03.2007
i) Interest Income to working funds	8.89%	8.15%
ii) Non-interest income to working funds	1.29%	1.13%
iii) Operating profits to working funds	2.21%	2.31%
iv) Return on Assets	1.37%	1.15%
v) Business (Deposits Plus Advances) per employee Rs. in Crore	5.89	5.24
vi) Profit per employee Rs. in Crore	0.05	0.04

**o) Asset Liability Management**

Maturity Pattern of certain item of asset and liabilities

(Rs. in Crore)

	1-14 Days	15-28 Days	29 Days - 3 Months	Over 3 Months to 6 Months	Over 6 Months to 12 Months	Over 1 Year to 3 years	Over 3 Years to 5 Years	Over 5 Years	Total
Loans & Advances	935.57	181.70	731.13	1113.06	897.53	1629.74	2797.55	2555.69	10841.97
Investments	228.31	40.00	165.32	45.77	421.95	1201.80	1210.10	2650.46	5963.71
Deposits	1308.72	246.73	1815.62	3158.33	3454.85	5504.45	1337.21	190.29	17016.20
Borrowings	101.01	0.00	0.00	0.00	20.59	20.59	0.00	0.00	142.19
Foreign Currency Assets	447.85	99.28	1125.93	421.12	536.63	0.80	0.00	0.00	2631.61
Foreign Currency Liabilities	317.85	34.50	1197.36	402.44	655.40	21.18	3.50	0.00	2632.23

**p) Lending to sensitive sector:****i) Exposure to Real Estate Sector**

(Rs. in Crore)

	31.03.2008	31.03.2007
<b>a) Direct exposure</b>		
(i) Residential Mortgages - Lendings fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented Of which Loans upto Rs 20.00 lakhs	742.92 577.43	680.21 473.78
(ii) Commercial Real Estates - Lendings secured by mortgages on commercial real estates	819.52	972.54
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential,	5.56	7.55
b) Commercial Real Estate	0.00	0.00
<b>b) Indirect Exposure</b>		
Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	555.30	459.62

**ii) Exposure to Capital Market**

(Rs in crore)

<b>Category</b>	<b>31.03.2008</b>	<b>31.03.2007</b>
i) Investments made in equity shares	140.62	89.42
ii) Investments in convertible bonds / convertible debentures	0.00	0.00
iii) Investments in units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	22.31	11.73
iv) Application Money towards Rights issue	18.05	0.00
v) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/RSOPS), convertible bonds and convertible debentures and units of equity oriented mutual funds.*	0.10	0.50
vi) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0.00	0.00
vii) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares /convertible bonds /convertible debentures /units of equity oriented mutual funds 'does not fully cover the advances'.	0.00	0.00
viii) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers:	93.16	51.32
ix) loans sanctioned to corporate against the security of shares /bonds/ debentures or others securities or on clean basis for meeting promoters contribution to the equity of new companies in anticipation of raising resources:	0.00	0.00
x) bridge loans to companies against expected equity flows/issues	0.00	0.00
xi) 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	0.00	0.00
xii) Financing to Stockbrokers for margin trading	0.00	0.00
xiii) all exposures to Venture capital funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	0.00	0.00
<b>Total capital market exposure</b>	<b>274.24</b>	<b>152.97</b>

\* Excluding loans for personal purpose to individuals against collateral of shares.

**q) Exposure to Country Risk**

(Rs. in Crore)

Risk Category	Exposure (net) as at 31.03.2008	Provision held as at 31.03.2008	Exposure (net) as at 31.03.2007	Provision held as at 31.03.2007
Insignificant	129.12	-	72.30	-
Low	80.26	-	75.27	-
Moderately Low	7.04	-	0.00	-
Moderate	4.60	-	2.93	-
Moderately High	1.55	-	0.00	-
High	0.04	-	0.36	-
Very High	0.00	-	0.22	-
Restricted	Nil	-	0.06	-
Off-Credit	Nil	-	Nil	-
<b>Total</b>	<b>222.61</b>	<b>-</b>	<b>151.14</b>	<b>-</b>

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 country risk provision is required as per extant RBI guidelines.

- r) During the year, the bank has raised unsecured subordinated debts (Tier II Bond series I) to the tune of Rs 120.50 crore at fixed rate of 10.50% per annum and ( Series II ) to the tune of Rs 29.50 crore at a fixed rate of 10.25% per annum maturing on 30/06/2017 and on 29/03/2018 respectively.

**s) Details of Single/Group Borrower limit exceeded by the Bank**

During the year ended 31-03-2008 the Bank has not exceeded the exposure ceiling fixed by RBI to Individual / Group borrowers of 15% /40% of capital funds except in the following cases of single borrower which has been approved by the Board

(Rs. in Crore)

Sl No	Name of the Borrower	Maximum Limit during the year	Exposure %	Maximum Limit / Liability as on 31.03.2008	Exposure %
1	Housing Development Finance Corporation Ltd	269.91	18.92	269.91	18.92

t) **Penalties imposed by RBI : During the year no penalty has been imposed by RBI on the Bank.**

**u) Provisions and contingencies comprise of:**

(Rs. in Crore)

	31.03.2008	31.03.2007
i) Provision made towards NPAs / Sacrifice for restructured Standard Advance / Standard Advances as per RBI guidelines	55.20	45.03
ii) Provision towards Income tax	104.50	84.47
iii) Provision towards deferred tax	-12.50	10.52
iv) Provision for Wealth tax	0.07	0.04
v) Provision for Fringe Benefit Tax	5.00	0.74
vi) Provision for depreciation on investments	-5.91	38.75
vii) Provision for others	2.50	0.00
<b>Total</b>	<b>148.86</b>	<b>179.55</b>

**v) Customer Complaints :**

(a) No of Complaints pending at the beginning of the year (31.03.07)	36
(b) No of complaints received during the year	215
(c) No of complaints redressed during the year	230
(d) No of complaints pending at the end of year (31.3.08)	21

**w) Awards passed by the Banking Ombudsman**

(a) No of unimplemented awards at the beginning of the year(31.3.07)	Nil
(b) No of awards passed by the Banking Ombudsman during the year	Nil
(c) No of awards implemented during the year	Nil
(d) No of unimplemented awards at the end of the year (31.03.08)	Nil

**x) Employee Stock Option (ESOP):**

During the year ended 31st March 2008, the ESOP committee of the Board of Directors has granted in aggregate 978800 stock options, grant date being 21.08.2007 and 11400 stock options, grant date being 05.10.2007 to the employees of the Bank under the Karnataka Bank Employees Stock Options Scheme 2006 (ESOP 2006) at an exercise price of Rs 50 per share. These stock options would vest within a period not exceeding three years in a graded manner ie. 40%, 30% and 30%.Accordingly the Bank has transferred a sum of Rs. 4.77 crore being the proportionate compensation expenses.

**y) Draw down of Reserves:**

During the year, a sum Rs 33.00 crore being the transitional liability in respect of pension per actuary has been utilised out of the opening Revenue Reserve which is in accordance with Accounting Standard 15 (Revised) of the Institute of Chartered accountants of India.

**11.(a) Tax demands under appeal:**

(Rs. in Crore)

	31.03.2008	31.03.2007
Income Tax	96.14	78.00
Interest Tax	0.00	0.15
Wealth Tax	0.00	0.01

The above demands have been paid under protest. No provision is considered necessary in respect of these demands, as the Bank has been advised that there are good chances of success in appeals / considering favourable appellate orders on identical issues for earlier assessments.

(b) Provision for income tax is arrived at after due consideration of decision of appellate authorities and advice of counsels.

**12.** Premises include buildings in possession and occupation of the Bank pending execution of title deeds and / or Co-operative Societies yet to be formed amounting to Rs. 22.03 lakh (Previous year Rs. 22.03 lakh).

**13.** Previous year's figures have been regrouped / rearranged / given in brackets wherever necessary and feasible to conform to the current year classifications.



**SCHEDULE - 18 SIGNIFICANT ACCOUNTING POLICIES****1. GENERAL:**

The accompanying financial statements have been prepared on historical cost basis in conformity with the prevalent statutory provisions and standard accounting practices except wherever otherwise stated.

**2. REVENUE RECOGNITION:**

Income and expenditure are accounted for on accrual basis except receipt of commission, exchange, rent on safe deposit lockers all of which are accounted on cash basis. In respect of Non Performing Assets, the bank has not recognised interest. Recoveries are first appropriated towards the principal and the balance towards interest. In case of matured Term Deposits, interest is provided as and when such deposits are renewed.

**3. INVESTMENTS:**

Investments have been presently classified under the heads "Held to Maturity", "Available for Sale" and "Held for Trading" Categories and have been valued in accordance with the RBI guidelines. The value net of depreciation has been shown in the Balance Sheet. The excess of acquisition cost over the face value of securities under "Held to Maturity" is amortised over the remaining period to Maturity. Provision for non-performing investments has been made as per RBI guidelines.

**4. ADVANCES:**

All outstanding advances are reviewed and classified under 4 categories namely

- a) Standard Assets
- b) Sub-Standard Assets
- c) Doubtful Assets and
- d) Loss Assets

Provision for Non-performing and Standard Advances has been made on the basis of asset classification and provisioning requirement under the prudential norms laid down by the Reserve Bank of India. Advances shown in the Balance Sheet are net of provisions (including Floating Provision) for Non Performing Advances and unrealised interest.

**5. FIXED ASSETS:**

Premises and other fixed assets have been shown at cost as reduced by depreciation written off to date. Software is capitalised along with computer and included under Other Fixed Assets.

**6. DEPRECIATION:**

Depreciation on fixed assets has been provided on written down value method as per the rates and in the manner specified under Schedule XIV of the Companies Act 1956, except in respect of computers (including software) where depreciation is provided at a flat rate of 33.33% as per RBI guidelines. Depreciation on assets purchased during the year has been computed upto the end of the year including for the entire month in which the asset was capitalised, and on assets sold/scrapped, upto the end of the month in which it is sold/scrapped. Depreciation of leased assets has been calculated so as to spread the depreciable amount over the primary lease period as per RBI guidelines.

**7. FOREIGN CURRENCY TRANSACTIONS:**

- a) Foreign currency transactions of FCNR/EEFC/RFC accounts are re-valued at the year end closing spot rates as published by Foreign Exchange Dealers Association of India (FEDAI).
- b) Transactions other than FCNR/EEFC/RFC accounts: -

Foreign currency balances both under Assets and Liabilities and outstanding Forward Exchange Contracts and Swaps are evaluated at the year-end rates published by FEDAI. The resultant profit/loss is shown as Income/Loss.

The Gain or Loss on a trading forward exchange contract is computed by multiplying between forward rate available on the reporting date for the remaining maturity of the contract and the contracted forward amount is recognised as profit or loss for the period.

Revenue items are translated at the exchange rates ruling on the dates of transactions.

Contingent liabilities on account of acceptances, endorsements and other obligations including guarantees and letters of credit issued in foreign currencies are valued at the year end closing spot rates published by FEDAI.

#### **8. STAFF BENEFITS:**

Provision for payment of Gratuity and Pension are made on actuarial basis and paid to the concerned funds and leave encashment benefit payable at a future date to the employees has been accounted on accrual basis as per actuarial valuation. On the rest of the employees benefit, adhoc provisions have been made.

#### **9. INCOME TAX:**

The provision for tax for the year comprises of current tax liability and deferred tax assets and liabilities which recognises, subject to the consideration of prudence, timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

#### **10. SEGMENT REPORTING:**

- (i) The Bank has recognised the Business Segments as the Primary Reporting Segments and Geographical Segments as Secondary Segments in accordance with the RBI guidelines in compliance with the Accounting Standard 17.
- (ii) The Business Segments have been divided into (a) Treasury (b) Corporate and Wholesale Banking, (c) Retail Banking and (d) Other Banking Operations.
- (iii) The Geographical Segments consist only of the Domestic Segment, as the Bank does not have any foreign branches.

#### **11. NET PROFIT:**

The net profit disclosed in the Profit & Loss Account is after making necessary provisions for taxes, NPA, Standard Advances, Investments and reversing of the unrealised income accounted on Non-Performing Assets as per RBI guidelines.

		Sd/- <b>Muralidhar K. Rao</b> Chief Manager			Sd/- <b>V. M. Samaga</b> Deputy General Manager	
Sd/- <b>P. Jairama Hande</b> General Manager	Sd/- <b>K.H. Shivaswamy Aithal</b> General Manager			Sd/- <b>N.S. Chakkera</b> General Manager	Sd/- <b>G.K. Bhat</b> General Manager	Sd/- <b>P. Jayarama Bhat</b> Chief General Manager
Sd/- <b>Ananthakrishna</b> Chairman & Chief Executive Officer		Sd/- <b>D. Surendra Kumar</b> <b>I. Jagdish Rao</b> <b>Jairam G. Kimmane</b> Directors		Sd/- <b>M. Bheema Bhat</b> <b>S. R. Hegde</b> <b>R. V. Shastri</b> Directors		Sd/- <b>U. R. Bhat</b> <b>T. S. Vishwanath</b> <b>Sitarama Murty M.</b> Directors
Refer our report of even date						
			<b>For RAO &amp; SWAMI</b> Chartered Accountants		<b>For KAMATH &amp; RAU</b> Chartered Accountants	
			Sd/- <b>P. V. SHENOY</b> (M No. 020205) (Partner)		Sd/- <b>SRINIVAS S. KAMATH</b> (M No. 201716) (Partner)	

Place: Mangalore  
Date : 19<sup>th</sup> May, 2008

**AUDITORS' REPORT TO THE MEMBERS  
OF THE KARNATAKA BANK LIMITED**

**ಕರ್ನಾಟಕ ಬ್ಯಾಂಕಿನ ಸದಸ್ಯರಿಗೆ  
ಲೆಕ್ಕ ಪರಿಶೋಧಕರ ವರದಿ**

1. We have audited the attached Balance Sheet of The Karnataka Bank Ltd., as on 31<sup>st</sup> March, 2008 and also the Profit & Loss Account of the Bank and the Cash Flow Statement annexed thereto for the year ended on that date in which are incorporated the returns of 2 branches and 1 Regional Office audited by us, 429 branches, 7 Regional Offices, 1 International Division, 5 Service Branches, 2 Currency chests, 2 Asset Recovery Branches, 1 Data centre, 2 Central Processing Centre and 1 Customer Care Centre audited by branch auditors. 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 misstatement. 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 the management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.
  3. The Balance Sheet and the Profit and Loss Account have been drawn-up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, read with section 211 of the Companies Act, 1956.
  4. We report that-
    - a. We have obtained all the information and explanations which, to the best of our knowledge
- 1) ನಾವು, ಇಲ್ಲಿ ಲಗತ್ತಿಸಿದ ಕರ್ನಾಟಕ ಬ್ಯಾಂಕ್ ಲಿಮಿಟೆಡ್ ಇದರ ಮಾರ್ಚ್ 31, 2008ರ ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ ಹಾಗೂ ಆದಕ್ಕೆ ಅನುಬಂಧಿಸಿದ ಆ ದಿನಾಂಕದಂದು ಅಂತ್ಯಗೊಂಡ ವರ್ಷದ ಲಾಭನಷ್ಟ ತಪ್ಪೆ ಮತ್ತು ನಗದು ಪರಿಚಲನೆಯ ನಿರೂಪಣಾ ಪಟ್ಟಿಗಳ ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯನ್ನು ಮಾಡಿದ್ದು, ಅವುಗಳಲ್ಲಿ ಸಂಘಟಿತವಾದ ಶಾಖಾ ವರದಿಗಳಲ್ಲಿ ನಾವೇ ಪರಿಶೋಧನೆ ಮಾಡಿದ ಬ್ಯಾಂಕಿನ 2 ಶಾಖೆಗಳ ಮತ್ತು 1 ಪ್ರಾದೇಶಿಕ ಕಚೇರಿಯ ಹಾಗೂ ಶಾಖಾ ಲೆಕ್ಕ ಪರಿಶೋಧಕರಿಂದ ಲೆಕ್ಕ ಪರಿಶೋಧಿಸಲ್ಪಟ್ಟ 429 ಶಾಖೆಗಳ, 7 ಪ್ರಾದೇಶಿಕ ಕಚೇರಿಗಳ, 1 ಅಂತಾರಾಷ್ಟ್ರೀಯ ವಿಭಾಗದ, 5 ಸೇವಾ ಶಾಖೆಗಳ, 2 ಕರೆನ್ಸಿ ಖಜಾನೆಗಳ, 2 ಆಸ್ತಿ ಪಸೂಲಾತಿ ಶಾಖೆಗಳ, 1 ದತ್ತಾಂಶ ಕೇಂದ್ರದ, 2 ಕೇಂದ್ರೀಯ ಸಂಸ್ಕರಣಾ ಕೇಂದ್ರಗಳ ಮತ್ತು 1 ಗ್ರಾಹಕ ಸೇವಾ ನಿಗಾ ಕೇಂದ್ರದ ವರದಿಗಳು ಒಳಗೊಂಡಿವೆ. ಈ ಹಣಕಾಸಿನ ಲೆಕ್ಕಾಚಾರಗಳ ಪಟ್ಟಿಯ ಹೊಣೆ ಬ್ಯಾಂಕಿನ ಆಡಳಿತ ಮಂಡಳಿಯದ್ದಾಗಿರುತ್ತದೆ. ಅವುಗಳ ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯನ್ನು ಮಾಡಿ, ಆ ಹಣಕಾಸಿನ ಲೆಕ್ಕಾಚಾರ ಪಟ್ಟಿಗಳ ಬಗ್ಗೆ ನಮ್ಮ ಅಭಿಪ್ರಾಯವನ್ನು ವ್ಯಕ್ತಪಡಿಸುವುದು ನಮ್ಮ ಹೊಣೆಯಾಗಿರುತ್ತದೆ.
  2. ಭಾರತದಲ್ಲಿ ಸಾಮಾನ್ಯವಾಗಿ ಸ್ವೀಕರಿಸುವಂತಹ ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯ ನೀತಿಗಳ ಪ್ರಕಾರ ನಾವು ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯನ್ನು ಮಾಡಿದವು. ಈ ಲೆಕ್ಕಾಚಾರದ ಪಟ್ಟಿಗಳು ಗಣ್ಯವಾದ ತಪ್ಪು ಹೇಳಿಕೆಗಳಿಂದ ಹೊರಪಟ್ಟಿವೆ ಎಂಬ ವಿವೇಚನಾ ಶಕ್ತಿಯ ಭರವಸೆ ಹೊಂದುವ ರೀತಿಯಲ್ಲಿ ನಾವು ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯನ್ನು ಯೋಜಿಸಿ, ನಿರ್ವಹಿಸಬೇಕೆಂದು ಆ ನೀತಿಗಳ ಅಪೇಕ್ಷೆ, ಲೆಕ್ಕಾಚಾರ ಪಟ್ಟಿಯಲ್ಲಿನ ಮೊತ್ತ ಮತ್ತು ಪ್ರಕಟಣೆಗಳ ಪ್ರಮಾಣಾಧಾರಗಳನ್ನು ಒರಹಚ್ಚಿ ಪರೀಕ್ಷಿಸುವ ತಳಹದಿ ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯಲ್ಲಿ ಒಳಗೊಂಡಿರುತ್ತದೆ. ಆಡಳಿತ ಮಂಡಳಿಯು ಉಪಯೋಗಿಸಿದ ಲೆಕ್ಕವಿಧವೆ ಮೂಲ ತತ್ವಗಳ ಮತ್ತು ಅರ್ಥಗರ್ಭಿತ ಸರಿಸುಮಾರು ಅಭಿಪ್ರಾಯಗಳ ಬೆಲೆ ಕಟ್ಟುವುದು ಹಾಗೆಯೇ ಲೆಕ್ಕಾಚಾರ ಪಟ್ಟಿಗಳ ಸಮಗ್ರ ನಿರೂಪಣೆಯ ಬೆಲೆ ಕಟ್ಟುವುದು ಕೂಡ ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯಲ್ಲಿ ಸೇರಿವೆ. ನಮ್ಮ ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯು ನಮ್ಮ ಅಭಿಪ್ರಾಯವನ್ನು ಒದಗಿಸಲು ಒಂದು ವಿವೇಚನಾತ್ಮಕ ತಳಹದಿಯಾಗಿದೆ ಎಂದು ನಾವು ನಂಬುತ್ತೇವೆ.
  3. ಈ ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ ಹಾಗೂ ಲಾಭ ನಷ್ಟ ತಪ್ಪೆಗಳನ್ನು ಬ್ಯಾಂಕಿಂಗ್ ರೆಗ್ಯುಲೇಷನ್ ಕಾಯ್ದೆ 1949 ವಿಭಾಗ 29 ಹಾಗೂ ಕಂಪನಿ ಕಾಯ್ದೆ 1956 ವಿಭಾಗ 211ರ ಅನುಸಾರ ರಚಿಸಲಾಗಿದೆ.
  4. ನಮ್ಮ ವರದಿ ಹೀಗಿದೆ.
    - ಅ) ನಮ್ಮ ಅತ್ಯುತ್ತಮ ತಿಳುವಳಿಕೆ ಹಾಗೂ ನಂಬಿಕೆಯ ಪ್ರಕಾರ, ಲೆಕ್ಕ ಪರಿಶೋಧನೆಗೆ ಅಗತ್ಯವೆಂದು ಕಂಡು ಬಂದ ಎಲ್ಲಾ ಮಾಹಿತಿ ಮತ್ತು

and belief, were necessary for the purpose of our audit and have found them to be satisfactory.

- b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
  - c. The returns received from the offices and branches of the Bank have been found adequate for the purpose of our audit.
5. In our Opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the Accounting Standards referred to in sub sec (3C) of section 211 of the Companies Act, 1956.
6. We further report that :
- (i) the Balance Sheet and Profit and Loss Account dealt with by the report, are in agreement with the books of account and the returns.
  - (ii) In Our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books.
  - (iii) the reports on the accounts of the Branches audited by Branch Auditors have been dealt with in preparing our report in the manner considered necessary by us.
  - (iv) as per information and explanation given to us the Central Government has till date, not prescribed any cess payable under section 441A of the Companies Act 1956,
  - (v) On the basis of the written representation received from the Directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March 2008 from being appointed as a director in terms of clause (g) of Sub-section(1) of Section 274 of the Companies Act 1956.
7. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the

ವಿವರಣೆಗಳನ್ನು ನಾವು ಪಡೆದಿದ್ದು ಅವುಗಳ ತೃಪ್ತಿಕರವಾಗಿದ್ದುವು ಎಂದು ಮನಗಂಡಿದ್ದೇವೆ.

- ಆ) ನಮ್ಮ ಗಮನಕ್ಕೆ ಬಂದ ಬ್ಯಾಂಕಿನ ವ್ಯವಹಾರಗಳು ಬ್ಯಾಂಕಿನ ಅಧಿಕಾರ ವ್ಯಾಪ್ತಿಯ ಒಳಗಿದ್ದುವು.
  - ಇ) ನಮ್ಮ ಪರಿಶೋಧನೆಗೆ ಬೇಕಾದಂತಹ ಸಮರ್ಪಕವಾದ ವರದಿಗಳು ಬ್ಯಾಂಕಿನ ಶಾಖೆಗಳಿಂದ, ಕಚೇರಿಗಳಿಂದ ಲಭ್ಯವಾಗಿವೆ.
5. ನಮ್ಮ ಅಭಿಪ್ರಾಯದಂತೆ, ಲಾಭನಷ್ಟ ತಖ್ತೆ ಮತ್ತು ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ ಮತ್ತು ನಗದು ಪರಿಚಲನಾ ನಿರೂಪಣಾ ಪಟ್ಟಿಗಳು, ಬ್ಯಾಂಕಿಂಗ್ ಕಂಪೆನಿಗೆ ಅನ್ವಯವಾಗುವಂತೆ, ಕಂಪೆನಿ ಕಾಯ್ದೆ 1956ರ, ವಿಭಾಗ 211ರ ಉಪ ವಿಭಾಗ (3ಸಿ)ದಲ್ಲಿ ಉಲ್ಲೇಖಿಸಿದ ಲೆಕ್ಕವಿಡುವ ನೀತಿಯ ಪ್ರಕಾರ ರಚಿಸಲಾಗಿದೆ.
- 6) ಇನ್ನೂ ಹೆಚ್ಚಾಗಿ ನಮ್ಮ ವರದಿ ಹೀಗಿದೆ:
- i) ಈ ವರದಿಯಲ್ಲಿ ಕಾಣಿಸಿದ ಬ್ಯಾಂಕಿನ ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ ಮತ್ತು ಲಾಭ ನಷ್ಟ ತಖ್ತೆಗಳು ಬ್ಯಾಂಕಿನ ಲೆಕ್ಕ ಪತ್ರ ಪುಸ್ತಕ ಮತ್ತು ವರದಿಗಳಿಗೆ ಹೊಂದಿಕೆಯಾಗಿರುತ್ತದೆ.
  - ii) ನಮ್ಮ ಅಭಿಪ್ರಾಯದಂತೆ, ಕಾನೂನು ಪ್ರಕಾರ ಬೇಕಾದಂತಹ ಲೆಕ್ಕ ಪತ್ರ ಪುಸ್ತಕಗಳನ್ನು ಬ್ಯಾಂಕು ಈ ತನಕ ಇರಿಸಿದ ಎನ್ನುವುದು ಅಂತಹ ಪುಸ್ತಕಗಳ ಶೋಧನೆಯಿಂದ ನಮಗೆ ತಿಳಿದು ಬಂದಿದೆ.
  - iii) ಶಾಖಾ ಲೆಕ್ಕ ಪರಿಶೋಧಕರ, ಶಾಖೆಯ ಲೆಕ್ಕ ಪರಿಶೋಧನಾ ವರದಿಗಳನ್ನು ನಮಗೆ ಅಗತ್ಯಕಂಡಲ್ಲಿ ಬಳಸಿಕೊಂಡು ನಮ್ಮ ವರದಿಯನ್ನು ತಯಾರಿಸಿದ್ದೇವೆ.
  - iv) ಇಂದಿನ ದಿನಾಂಕದೊರೆಗಿನ, ಕೇಂದ್ರ ಸರ್ಕಾರದಿಂದ ನಮಗೆ ತಿಳಿಸಲ್ಪಟ್ಟ ಮಾಹಿತಿ ಮತ್ತು ವಿವರಣೆಯಂತೆ, ಕಂಪೆನಿ ಕಾಯ್ದೆ 1956ರ ವಿಭಾಗ 441A ಅನ್ವಯ ವಿಧಿಸಬೇಕಾದ ಸೆಸ್ ಪಾವತಿ ಆಜ್ಞಾಪಿಸಲ್ಪಟ್ಟಿಲ್ಲ.
  - v) ನಿರ್ದೇಶಕರುಗಳಿಂದ ಲಭಿಸಿದ ಲಿಖಿತ ಮಾಹಿತಿ ಮತ್ತು ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ದಾಖಲೆಯ ಶೋಧನೆಯನ್ವಯ ನಾವು ವರದಿ ಮಾಡುವುದೇನೆಂದರೆ, 31 ಮಾರ್ಚ್ 2008ಕ್ಕೆ ಯಾವೊಬ್ಬ ನಿರ್ದೇಶಕರೂ ಕಂಪೆನಿ ಕಾಯ್ದೆ 1956 ವಿಭಾಗ 274, ಉಪ ವಿಭಾಗ (1), ಖಂಡ (ಜಿ) ಅನ್ವಯ ನಿರ್ದೇಶಕರಾಗಿ ನೇಮಕಗೊಳ್ಳಲು ಅನರ್ಹತೆಯನ್ನು ಹೊಂದಿಲ್ಲ.
7. ನಮ್ಮ ಅಭಿಪ್ರಾಯ ಮತ್ತು ಅತ್ಯುತ್ತಮ ತಿಳುವಳಿಕೆ ಹಾಗೂ ನಮಗೆ ನೀಡಲಾಗಿರುವ ವಿವರಣೆಗಳ ಮೇರೆಗೆ, ಮೇಲೆ ಹೇಳಿದ ಲೆಕ್ಕ ಪತ್ರಗಳು ಮತ್ತು ಅವುಗಳ ಮೇಲಣ ಟಿಪ್ಪಣಿಗಳು ಬ್ಯಾಂಕಿಂಗ್ ರೆಗ್ಯುಲೇಶನ್ ಕಾಯ್ದೆ 1949, ಅಂತೆಯೇ ಕಂಪೆನಿ ಕಾಯ್ದೆ 1956ರ ಅನ್ವಯ ಅಗತ್ಯವಾದ

information required by the Banking Regulation Act, 1949 as well as the Companies Act 1956, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India :

- (i) In the case of the Balance Sheet, of the state of affairs of the Bank as at 31<sup>st</sup> March 2008,
- (ii) In the case of the Profit & Loss Account, of the profit of the Bank for the year ended on that date and
- (iii) In the case of the Cash Flow Statement, of the cash flows for the period then ended on that date.

ಮಾಹಿತಿಗಳನ್ನೆಲ್ಲಾ ಒಳಗೊಂಡಿದ್ದು, ಬ್ಯಾಂಕಿಂಗ್ ಕಂಪೆನಿ ಒದಗಿಸಬೇಕಾದ ಮಾಹಿತಿಗಳಿಗೆ ಅನುಸಾರವಾಗಿದ್ದು, ಭಾರತದಲ್ಲಿ ಸಾಮಾನ್ಯವಾಗಿ ಅಂಗೀಕೃತವಾದ ಲೆಕ್ಕಪತ್ರ ನೀತಿಗನುಸಾರವಾಗಿದ್ದು, ಯದಾರ್ಥವಾದ ಮತ್ತು ನೈಜ ಮಾಹಿತಿಗಳನ್ನು ಒದಗಿಸುತ್ತವೆ:

- i) ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿಯು ಬ್ಯಾಂಕಿನ 31, ಮಾರ್ಚ್ 2008ರ ವ್ಯವಹಾರವನ್ನು
- ii) ಲಾಭ ನಷ್ಟ ತಖ್ತೆಯು ಆ ದಿನದಂದು ಮುಕ್ತಾಯಗೊಂಡ ವರ್ಷದ ಲಾಭವನ್ನು ಮತ್ತು
- iii) ನಗದು ಪರಿಚಲನಾ ನಿರೂಪಣಾ ಪಟ್ಟಿಯಲ್ಲಿ ನಮೂದಿಸಿದ ಅವಧಿ ಅಂತ್ಯದಲ್ಲಿ ಆದ ಹಣದ ಪರಿಚಲನೆಯನ್ನು ನಿಜ ಹಾಗೂ ತೃಪ್ತಿಕರವಾದ ರೀತಿಯಲ್ಲಿ ಪ್ರತಿಬಿಂಬಿಸುತ್ತವೆ.

For RAO & SWAMI  
Chartered Accountants  
Sd/-  
P. V. Shenoy  
(M No. 020205)  
(Partner)

For KAMATH & RAU  
Chartered Accountants  
Sd/-  
SRINIVAS S. KAMATH  
M No. 201716)  
(Partner)

ರಾವ್ ಮತ್ತು ಸ್ವಾಮಿ  
ಲೆಕ್ಕ ಪರಿಶೋಧಕರ ಪರವಾಗಿ  
ಸಹಿ/-  
ಪಿ.ವಿ. ಶೆಣೈ  
(ಸದಸ್ಯ ಸಂಖ್ಯೆ : 020205)  
(ಪಾಲುದಾರರು)

ಕಾಮತ್ ಮತ್ತು ರಾವ್  
ಲೆಕ್ಕ ಪರಿಶೋಧಕರ ಪರವಾಗಿ  
ಸಹಿ/-  
ಶ್ರೀನಿವಾಸ್ ಎಸ್. ಕಾಮತ್  
(ಸದಸ್ಯ ಸಂಖ್ಯೆ : 201716)  
(ಪಾಲುದಾರರು)

Place: Mangalore  
Date: 19<sup>th</sup> May, 2008

ಸ್ಥಳ : ಮಂಗಳೂರು  
ದಿನಾಂಕ : 19 ಮೇ, 2008



### Facts at a Glance

<b>1. No. of Deposit Accounts</b>	<b>3237127</b>	
<b>2. No. of Advances Accounts</b>	<b>219901</b>	
<b>3. Advances to Priority Sector</b>	(Rs. in lakh)	
<b>Types of Advances</b>	<b>Number of Accounts at the end of the year</b>	<b>Balance outstanding at the end of the year</b>
a) Agriculture	53988	63050.68
b) Small Enterprises	11344	180979.00
c) Retail Trade	15111	17239.83
d) Micro Credit	9320	11590.39
e) Loans to State sponsored Organisation for SC/ST	315	97.25
f) Educational Loan	3047	6154.39
g) Housing Loan	13237	117575.35
<b>Total</b>	<b><u>106362</u></b>	<b><u>396686.89</u></b>
Export Credit		134598.63

<b>4. Branches</b>					
	<b>Rural</b>	<b>Semi Urban</b>	<b>Urban</b>	<b>Metro-politan</b>	<b>Total</b>
No. of Branches at the end of the year	88	89	134	120	431

<b>5. Staff</b>				
	<b>Officers</b>	<b>Clerks</b>	<b>Sub-Staff</b>	<b>Total</b>
As at the end of the year	1639	2187	851	4677
Recruited during the year	9	360	95	464

<b>6. Staff Training</b>				
<b>Bank's own training college</b>			<b>At Bankers' Training College (RBI) &amp; other Training Colleges (Officers)</b>	<b>At Work shops &amp; Seminars</b>
<b>Officers</b>	<b>Clerks</b>	<b>Sub Staff</b>		
649	473	158	201	151

## Progress over a Decade

(Amount in lakh of Rupees)

Year	Capital & Reserves Rs.	Deposits Rs.	Advances Rs.	Gross Earnings Rs.	Net Profit Rs.	Dividend Paid %	No. of Branches	No. of Employees
1998-1999	26170.98	438210.58	204663.49	53967.29	4244.86	45	338	3929
1999-2000	31186.81	517417.07	245143.06	65028.73	4070.97	45	347	4075
2000-2001	34987.89	607549.80	282822.35	74337.32	4540.86	45	354	4084
2001-2002	44198.43	700148.31	341754.53	98425.93	9112.90	60	357	4144
2002-2003	58340.32	829172.07	389970.08	105069.80	11011.75	22	360	4320
2003-2004	69815.23	940693.68	466791.50	111873.34	13316.75	40	370	4300
2004-2005	97804.06	1083705.81	628744.06	106108.19	14714.64	20	381	4393
2005-2006	111113.06	1324316.04	779156.78	118483.88	17603.39	30	395	4346
2006-2007	123862.77	1403743.54	955267.99	143052.31	17703.44	35	410	4456
2007-2008	137960.33	17016,19.23	10841,97.46	179789.76	24174.10	50	431	4677



Shri N. R. Narayana Murthy, Chairman & Chief Mentor, Infosys Technologies Ltd., lighting the inaugural lamp to declare 100% networking of Bank's branches. Chairman and Directors of the Bank were present on the occasion.



Dr. Arjun K. Sengupta, Chairman, National Commission for Enterprises in the Unorganised Sector, Govt. of India, New Delhi delivering the Founders' Day Lecture at Head Office on 18.02.2008 is seen with the Chairman

## CORPORATE MISSION

“To be a technology savvy, customer centric progressive bank with a national presence, driven by the highest standards of corporate governance and guided by sound ethical values.”