

CHIEF GENERAL MANAGER

Sri P. Jayarama Bhat

ಮುಖ್ಯ ಮತ್ತು ಪ್ರಬಂಧಕರು

ಶ್ರೀ ಪಿ. ಜಯರಾಮ ಭಟ್

GENERAL MANAGERSSri K.H. Shivaswamy Aithal
Sri P. Jairama Hande
Sri N. Upendra Prabhu
Sri B. Ashok Hegde

ಮಹಾ ಪ್ರಬಂಧಕರು

ಶ್ರೀ ಕೆ.ಯಚ್. ಶಿವಸ್ವಾಮಿ ಐತಲ್
ಶ್ರೀ ಪಿ. ಜೈರಾಮ ಹಂದೆ
ಶ್ರೀ ಎನ್.ಉಪೇಂದ್ರ ಪ್ರಭು
ಶ್ರೀ ಬಿ. ಅಶೋಕ್ ಹೆಗ್ಡೆ**DEPUTY GENERAL MANAGERS**Sri M.V.C.S. Karanth
Sri P.R. Srinivasa Holla
Sri V.M. Samaga
Sri B. Vittal Rao
Sri K.G. Ramesh Rao
Dr. Meera Laelilia B. Aranha
Sri M.S. Mahabaleshwara
Sri V.N. Manohar
Sri I. Santhosh Kumar
Sri S. Ramachandra Bhat

ಉಪ ಮತ್ತು ಪ್ರಬಂಧಕರು

ಶ್ರೀ ಎಮ್.ವಿ.ಸಿ.ಎಸ್. ಕಾರಂತ್
ಶ್ರೀ ಪಿ.ಆರ್. ಶ್ರೀನಿವಾಸ ಹೊಲ್ಲೆ
ಶ್ರೀ ವಿ.ಎಮ್. ಸಾಮಗ
ಶ್ರೀ ಬಿ. ವಿಠಲ್ ರಾವ್
ಶ್ರೀ ಕೆ.ಜಿ. ರಮೇಶ್ ರಾವ್
ಡಾ. ಮೀರಾ ಲೇಲಿಯಾ ಬಿ. ಆರಾನ್ಹ
ಶ್ರೀ ಎಮ್.ಎಸ್. ಮಹಾಬಲೇಶ್ವರ
ಶ್ರೀ ವಿ.ಎನ್. ಮನೋಹರ್
ಶ್ರೀ ಐ. ಸಂತೋಷ್ ಕುಮಾರ್
ಶ್ರೀ ಎಸ್. ರಾಮಚಂದ್ರ ಭಟ್**ASST. GENERAL MANAGERS**Sri Gajanan T. Hedge
Sri Jagdish Moleyar
Sri S. Anandarama Adiga
Sri M.V. Mohan
Sri Raghurama
Sri M. Raghavendra Bhat
Sri Subhaschandra Puranik
Sri S. Ramesh
Sri K.V. Vijayashankar Rai
Sri B. Anantha Padmanabha
Sri B. Chandrashekar Rao
Sri N. R. Ravishanker
Sri Venkappayya K. Bhal
Sri H. P. Ravindranatha Hande

ಸಹಾಯಕ ಮತ್ತು ಪ್ರಬಂಧಕರು

ಶ್ರೀ ಗಜಾನನ ಟಿ. ಹೆಡ್ಗೆ
ಶ್ರೀ ಜಗದೀಶ ಮೊಲಿಯಾರ್
ಶ್ರೀ ಎಸ್. ಆನಂದರಾಮ ಅಡಿಗ
ಶ್ರೀ ಎಮ್.ವಿ. ಮೋಹನ್
ಶ್ರೀ ರಘುರಾಮ
ಶ್ರೀ ಎಮ್. ರಘವೇಂದ್ರ ಭಟ್
ಶ್ರೀ ಸುಭಾಷ್ಚಂದ್ರ ಪುರಾಣಿಕ್
ಶ್ರೀ ಎಸ್. ರಮೇಶ್
ಶ್ರೀ ಕೆ.ವಿ. ವಿಜಯಶಂಕರ ರೈ
ಶ್ರೀ ಬಿ. ಆನಂತ ಪದ್ಮನಾಭ
ಶ್ರೀ ಬಿ. ಚಂದ್ರಶೇಖರ ರಾವ್
ಶ್ರೀ ಎನ್. ಆರ್. ರವಿಶಂಕರ್
ಶ್ರೀ ವೆಂಕಪ್ಪಯ್ಯ ಕೆ. ಭಟ್
ಶ್ರೀ ಎಚ್.ಪಿ. ರವೀಂದ್ರನಾಥ್ ಹಂದೆ**COMPANY SECRETARY**

Sri Y.V. Balachandra

ಕಂಪನಿ ಕಾರ್ಯದರ್ಶಿ

ಶ್ರೀ ಎಚ್.ವಿ. ಬಾಲಚಂದ್ರ

LEGAL ADVISER

Sri M.V. Shanker Bhat

ಕಾನೂನು ಸಲಹೆಗಾರರು

ಶ್ರೀ ಎಂ.ವಿ. ಶಂಕರ್ ಭಟ್

AUDITORS

M/s. Kamath & Rau, Mangalore

ಲೆಕ್ಕ ಪರಿಶೋಧಕರು

ಮೆ. ಕಾಮತ್ ಎಂಡ್ ರಾವ್, ಮಂಗಳೂರು

REGISTRAR & SHARE TRANSFER AGENT

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

ನೋಂದಣಾಧಿಕಾರಿ ಮತ್ತು ಕೇರು ಮಾರ್ಗವಾಣಿ ಪ್ರತಿನಿಧಿ

ಮೆ. ಆಲ್ಫಾ ಸಿಸ್ಟಮ್ಸ್ ಪ್ರೈವೇಟ್ ಲಿಮಿಟೆಡ್, ಬೆಂಗಳೂರು

Regd. & Head Office: Mahaveera Circle, Mangalore

ನೋಂದಾಯಿತ ಮತ್ತು ಪ್ರಧಾನ ಕಛೇರಿ: ಮಹಾವೀರ ವೃತ್ತ, ಮಂಗಳೂರು

DIRECTORS' 85th ANNUAL REPORT

Your Directors have pleasure in presenting the Eighty Fifth Annual Report, the Audited Balance Sheet as at 31st March 2009 and the Profit & Loss Account for the year ended, 31st March 2009, along with the Auditors' Report.

PERFORMANCE HIGHLIGHTS

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

Particulars	(Rs. in crore)	
	As on /for the year ended 31.03.2009	As on /for the year ended 31.03.2008
Deposits	20333.29	17016.19
Advances	11810.05	10841.97
Investments	8961.49	6326.52
Total Income	2270.55	1797.90
Operating Profit	480.21	390.60
Net Profit	266.70	241.74

Your Bank witnessed satisfactory growth in all the key business areas during the year. The total business turnover of the Bank touched Rs.32143.34 crore, an increase of 15.38% over the preceding year. The total assets of the Bank increased from Rs 19339.82 crore to Rs.22857.81 crore recording a growth of 18.19%. The net interest income rose from Rs.458.75 crore to Rs.473.57 crore. The operating profit increased from Rs.390.60 crore to Rs.480.21 crore showing a growth of 22.94%. The net profit of your Bank rose from Rs.241.74 crore to Rs.266.70 crore registering a growth of 10.33% over the previous year.

The total deposits of the Bank grew from Rs. 17016.19 crore as on 31st March, 2008 to Rs. 20333.29 crore as on 31st March 2009, registering a growth of 19.49%. While Savings and Current Account deposits grew by 7.66% over the previous year, the increase in retail term deposits has been substantial.

The total advances grew from Rs.10841.97 crore as on 31st March 2008 to Rs.11810.05 crore as on 31st March 2009, an increase of 8.93%. While agricultural advances increased from Rs.821.80 crore to Rs.1175.59 crore, the priority sector advances increased from Rs.3966.87 crore to Rs.4372.16 crore. The lending under various socio-economic schemes has shown satisfactory progress.

ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ 85ನೇ ವಾರ್ಷಿಕ ವರದಿ

ಬ್ಯಾಂಕಿನ 85ನೇ ವಾರ್ಷಿಕ ವರದಿ, 31ನೇ ಮಾರ್ಚ್ 2009ಕ್ಕೆ ಮುಕ್ತಾಯಗೊಂಡ ಆರ್ಥಿಕ ವರ್ಷದ ಪರಿಶೋಧಿಸಲ್ಪಟ್ಟ ಆಸ್ತಿಹೂಣ ಪಟ್ಟಿ ಮತ್ತು ಲಾಭ ನಷ್ಟ ತೆಪ್ಪೆಯನ್ನು ಲೆಕ್ಕಪರಿಶೋಧಕರ ವರದಿಯೊಂದಿಗೆ ಬ್ಯಾಂಕಿನ ಶೇರುದಾರರ ಮುಂದಿಡಲು ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಸಂತೋಷ ಪಡುತ್ತಾರೆ.

ಸಾಧನೆಯ ಹೆಗ್ಗುರುತುಗಳು

ಆರ್ಥಿಕ ವರ್ಷದ ಸಾಧನೆಯ ಪ್ರಮುಖ ಅರ್ಥಿಕ ಸೂಚಕಗಳು ಈ ಕೆಳಗಿನಂತಿವೆ.

ವಿವರಗಳು	(ರೂ. ಕೋಟಿಗಳಲ್ಲಿ)	
	31.03.2009 ವರ್ಷಾಂತ್ಯದಂತೆ	31.03.2008 ವರ್ಷಾಂತ್ಯದಂತೆ
ಠೇವಣಿಗಳು	20333.29	17016.19
ಮುಂಗಡಗಳು	11810.05	10841.97
ಹೂಡಿಕೆಗಳು	8961.49	6326.52
ಒಟ್ಟು ಆದಾಯ	2270.55	1797.90
ನಿರ್ವಹಣಾ ಲಾಭ	480.21	390.60
ನಿವ್ವಳ ಲಾಭ	266.70	241.74

ಪ್ರಸ್ತುತ ವರ್ಷದಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು, ಪ್ರಮುಖ ವ್ಯವಹಾರ ಅಂಗಗಳಲ್ಲಿ ತೃಪ್ತಿಕರವಾದ ಅಭಿವೃದ್ಧಿಯನ್ನು ದಾಖಲಿಸಿದೆ. ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ವ್ಯವಹಾರವು ರೂ.32143.34 ಕೋಟಿಯನ್ನು ಏರಿಕೆ ಇದು ಹಿಂದಿನ ವರ್ಷಕ್ಕಿಂತ ಶೇ. 15.38 ಹೆಚ್ಚಿನದಾಗಿದೆ. ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಆಸ್ತಿಯು ರೂ.19339.82 ಕೋಟಿಯಿಂದ ರೂ.22857.81 ಕೋಟಿಗೆ ಅಭಿವೃದ್ಧಿಗೊಂಡಿದ್ದು ಶೇ. 18.19ರಷ್ಟು ಬೆಳವಣಿಗೆ ದಾಖಲಿಸಲ್ಪಟ್ಟಿದೆ. ನಿವ್ವಳ ಬಡ್ಡಿ ಆದಾಯವು ರೂ.458.75 ಕೋಟಿಯಿಂದ ರೂ.473.57 ಕೋಟಿಗೆ ಏರಿಕೆ. ನಿರ್ವಹಣಾ ಆದಾಯವು ರೂ.390.60 ಕೋಟಿಯಿಂದ ರೂ.480.21 ಕೋಟಿಗೆ ಏರಿಕೆ ಶೇ. 22.94 ರಷ್ಟು ಬೆಳವಣಿಗೆ ದಾಖಲಾಗಿದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ನಿವ್ವಳ ಆದಾಯವು ರೂ.241.74 ಕೋಟಿಯಿಂದ ರೂ. 266.70 ಕೋಟಿಗೆ ಏರಿಕೆ ಹಿಂದಿನ ವರ್ಷಕ್ಕಿಂತ ಶೇ. 10.33ರಷ್ಟು ಅಭಿವೃದ್ಧಿ ದಾಖಲಾಗಿದೆ.

ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಠೇವಣಿಯು 31.03.2008ರಲ್ಲಿದ್ದ ರೂ.17016.19 ಕೋಟಿಯಿಂದ, 31.03.2009ಕ್ಕೆ ರೂ.20333.29 ಕೋಟಿಗೆ ಏರಿಕೆ ಶೇ 19.49ರ ಅಭಿವೃದ್ಧಿಯನ್ನು ದಾಖಲಿಸಿದೆ. ಅಂತೆಯೇ, ಉಳಿತಾಯ ಮತ್ತು ಚಾಲ್ತಿ ಖಾತೆಗಳ ಠೇವಣಿಯು ಹಿಂದಿನ ವರ್ಷಕ್ಕಿಂತ ಶೇ. 7.66ರಷ್ಟು ಅಭಿವೃದ್ಧಿಗೊಂಡಿದ್ದು ಚಿಲ್ಲರೆ ಸಾವಧಿ ಠೇವಣಿಗಳ ಅಭಿವೃದ್ಧಿಯೂ ಗಣನೀಯ ಪ್ರಮಾಣದ್ದಾಗಿರುತ್ತದೆ.

ಒಟ್ಟು ಮುಂಗಡವು 31.03.2008ರಲ್ಲಿದ್ದ ರೂ. 10841.97 ಕೋಟಿಯಿಂದ 31.03.2009ಕ್ಕೆ ರೂ. 11810.05 ಕೋಟಿಗೆ ಏರಿಕೆ ಶೇ. 8.93ರ ಅಭಿವೃದ್ಧಿ ದಾಖಲಾಗಿದೆ. ಅಂತೆಯೇ, ಕೃಷಿ ಮುಂಗಡವೂ ರೂ. 821.80 ಕೋಟಿಯಿಂದ ರೂ. 1175.59 ಕೋಟಿಗೆ ಅಭಿವೃದ್ಧಿಗೊಂಡಿದ್ದು ಅದ್ಭುತರಂಗದ ಮುಂಗಡವು ರೂ. 3966.87 ಕೋಟಿಯಿಂದ ರೂ. 4372.16 ಕೋಟಿಗೆ ಏರಿಕೆ. ಸಾಮಾಜಿಕ-ಆರ್ಥಿಕ ಯೋಜನೆಯನ್ವಯ ನೀಡಲಾಗುವ ಮುಂಗಡಗಳಲ್ಲೂ ತೃಪ್ತಿಕರವಾದ ಬೆಳವಣಿಗೆ ಸಾಧ್ಯವಾಗಿದೆ.

The total investments of the Bank as on 31st March 2009 stood at Rs.8961.49 crore as against Rs.6326.52 crore as on 31st March 2008, an increase of 41.65%. The modified duration of the investment portfolio under the AFS category, stood at 1.27 years.

OPERATIONAL PERFORMANCE

Your Directors are happy to report that the overall financial performance of the Bank during the year 2008-09 has been satisfactory. The total income of the Bank was Rs. 2270.55 crore and total expenditure (excluding provisions and contingencies) was Rs. 1790.34 crores for the year-ended 31st March 2009.

PROFIT

Your Bank posted an operating profit of Rs.480.21 crore for the year 2008-09 as against Rs.390.60 crore for the fiscal 2007-08. The net profit of the Bank increased from Rs.241.74 crore to Rs. 266.70 crore.

APPROPRIATIONS

The net profit of Rs.266.70 Crore which along with a sum of Rs. 0.10 Crore brought forward from the previous year aggregated Rs.266.80 Crore is appropriated as under. The corresponding figure for the previous year was Rs.241.76 Crore.

Appropriation	Rs. in Crore
Transfer to Statutory Reserve	100.00
Transfer to Capital Reserve	60.67
Transfer to Revenue, General & Special Reserve	20.76
Transfer to Proposed Dividend (including tax there on)	85.34
Balance carried to Balance Sheet	0.03
Total	266.80

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 60% as against 50% declared in the previous year. The dividend payout ratio for the year stands higher at 27.35% as compared to 25.10% during the year 2007-08.

31 ಮಾರ್ಚ್ 2009ಕ್ಕೆ ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಹೂಡಿಕೆಯು ರೂ. 8961.49 ಕೋಟಿಯಾಗಿದ್ದು ಇದು 31 ಮಾರ್ಚ್ 2008ಕ್ಕೆ ರೂ. 6326.52 ಕೋಟಿಯಷ್ಟಿದ್ದು ಇಲ್ಲಿ ಶೇ. 41.65ರಷ್ಟು ಅಭಿವೃದ್ಧಿ ದಾಖಲಾಗಿರುತ್ತದೆ. ಹೂಡಿಕೆ ವಿಭಾಗದ ಮಾರ್ಪಡಿತ ಕಾಲಾವಧಿ, ಎಎಫ್‌ಎಸ್ ಕ್ರಮದಲ್ಲಿ 1.27ವರ್ಷಗಳಾಗಿದೆ.

ವಹಿವಾಟುಗಳ ನಿರ್ವಹಣೆ

2008-09 ವರ್ಷಕ್ಕೆ ಸಂಬಂಧಿಸಿದ ಬ್ಯಾಂಕಿನ ಒಟ್ಟಾರೆ ಆರ್ಥಿಕ ನಿರ್ವಹಣೆಯು ತೃಪ್ತಿಕರವಾಗಿದೆ ಎನ್ನುವುದನ್ನು ವರದಿ ಮಾಡಲು ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಹರ್ಷಿಸುತ್ತಾರೆ. 31 ಮಾರ್ಚ್ 2009ಕ್ಕೆ ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಆದಾಯವು ರೂ. 2270.55 ಕೋಟಿಯಾಗಿದ್ದು ಮತ್ತು ಒಟ್ಟು ವೆಚ್ಚಗಳು (ಸವಕಳಿ ಮತ್ತು ಆಸ್ತಿ ಮೀಸಲು ಹೊರತಾಗಿ) ರೂ. 1790.34 ಕೋಟಿಗಳಾಗಿವೆ.

ಲಾಭ

ನಿಮ್ಮ ಬ್ಯಾಂಕು ಪ್ರಸ್ತುತ ವರ್ಷ 2008-09ರಲ್ಲಿ ರೂ. 480.21 ಕೋಟಿಯಷ್ಟು ನಿರ್ವಹಣಾ ಲಾಭವನ್ನು ದಾಖಲಿಸಿದ್ದು ಇದು ಹಿಂದಿನ ವರ್ಷ 2007-08ರಲ್ಲಿ ರೂ. 390.60 ಕೋಟಿಗಳಷ್ಟಿತ್ತು. ಬ್ಯಾಂಕಿನ ನಿವ್ವಳ ಲಾಭವು ರೂ. 241.74 ಕೋಟಿಯಿಂದ ರೂ. 266.70 ಕೋಟಿಗೆ ಅಭಿವೃದ್ಧಿಗೊಂಡಿರುತ್ತದೆ.

ವಿನಿಯೋಗಗಳು

ನಿವ್ವಳ ಲಾಭ ರೂ. 266.70 ಕೋಟಿಯೊಂದಿಗೆ ಹಿಂದಿನ ವರ್ಷದ ಸೇರ್ಪಡೆ ರೂ. 0.10 ಕೋಟಿ ಒಳಗೊಂಡಂತೆ, ಒಟ್ಟು ರೂ. 266.80 ಕೋಟಿಯಷ್ಟಾಗಿದ್ದು ಅದನ್ನು ಈ ಕೆಳಕಾಣಿಸಿದಂತೆ ವಿನಿಯೋಗಿಸಲು ಉದ್ದೇಶಿಸಲಾಗಿದೆ. ಹಿಂದಿನ ವರ್ಷದ ಈ ಅನುರೂಪ ಅಂಶ ರೂ. 241.76 ಕೋಟಿಯಾಗಿತ್ತು.

ವಿನಿಯೋಗಗಳು	ರೂ. ಕೋಟಿಗಳಲ್ಲಿ
ಶಾಸನಾತ್ಮಕ ಕಾದಿಟ್ಟ ನಿಧಿಗೆ	100.00
ಬಂಡವಾಳ ಮೀಸಲಿಗೆ	60.67
ಕಂದಾಯ, ಸಾಮಾನ್ಯ ಮತ್ತು ವಿಶೇಷ ಕಾದಿಟ್ಟ ನಿಧಿಗೆ	20.76
ಉದ್ದೇಶಿತ ಲಾಭಾಂಶ ವಿತರಣೆಗೆ (ತೆರಿಗೆ ಸೇರಿದಂತೆ)	85.34
ಆಸ್ತಿ ಹೊಣೆ ವೆಚ್ಚಗಳ ಶೇಷಾಂಶ ಸೇರಿಕೆ	0.03
ಒಟ್ಟು	266.80

ಲಾಭಾಂಶ

ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಸರ್ವಾಂಗೀಣ ಸಾಧನೆ ಮತ್ತು ಬ್ಯಾಂಕಿನ ಭವಿಷ್ಯದ ಬಗೆಗಿನ ಧನಾತ್ಮಕ ದೃಷ್ಟಿಕೋನಗಳನ್ನು ಆದ್ಯ ಗಮನದಲ್ಲಿರಿಸಿಕೊಂಡು, ಹಿಂದಿನ ವರ್ಷ ವಿತರಿಸಿದ ಶೇ. 50ರ ಲಾಭಾಂಶ ನೀಡಿಕೆಯ ಬದಲಾಗಿ ಈ ವರ್ಷ ಶೇ. 60ರಷ್ಟು ಲಾಭಾಂಶ ವಿತರಿಸುವಂತೆ ಶಿಫಾರಸು ಮಾಡಲು ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಹರ್ಷಿಸುತ್ತಾರೆ. ಪ್ರಸ್ತಾವಿತ ಲಾಭಾಂಶ ಹೊರಹರಿಸಿದ ಪರಿಮಾಣವು ಪ್ರಸ್ತುತ ವರ್ಷಕ್ಕೆ ಶೇ. 27.35ಕ್ಕೆ ಏರಿದ್ದು ಇದು 2007-08ರ ವರ್ಷದಲ್ಲಿ ಶೇ. 25.10ರಷ್ಟಿತ್ತು.

EARNING PER SHARE/BOOK VALUE

The earning per share (basic) and the book value of the share stood at Rs. 21.96 and Rs.128.89 respectively as on 31st March, 2009.

NET OWNED FUNDS AND CAPITAL ADEQUACY RATIO

The net owned funds of your Bank increased from Rs.1379.60 crore to Rs.1567.03 crore, registering a growth of 13.59%. The capital adequacy ratio stood at 13.48% as per BASEL II norms and at 13.54% (Previous year 12.17%) as per BASEL I norms. 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 a turnover of Rs.7850.65 crore in foreign exchange business as against Rs. 7836.62 crore in the previous year. The advances to export sector decreased from Rs.1372.62 crore to Rs. 1277.42 crore due to the impact of global recession.

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 were opened and steps under SARFAESI Act 2002 were initiated for speedy take over and disposal of the assets of defaulting borrowers. Gross NPAs as on 31st March 2009 were Rs.443.20 crore (3.66%) as against Rs.379.57 crore (3.42%) as on 31st March 2008. The Net NPAs remained at a level of 0.98% as on 31st March 2009.

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 200 crore raised by the Bank during the year under report, by way of

ಶೇರಿನ ತಲಾ ಆದಾಯ ಮತ್ತು ಪುಸ್ತಕ ಮೌಲ್ಯ

31 ಮಾರ್ಚ್ 2009ಕ್ಕೆ ಬ್ಯಾಂಕಿನ ಶೇರಿನ ತಲಾಗಳಿ (ಮೂಲಭೂತ) ಮತ್ತು ಪುಸ್ತಕ ಮೌಲ್ಯ ಅನುಕ್ರಮವಾಗಿ ರೂ. 21.96 ಮತ್ತು ರೂ. 128.89 ಆಗಿರುತ್ತದೆ.

ನಿವ್ವಳ ಸ್ವಂತ ನಿಧಿ ಮತ್ತು ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಅನುಪಾತ

ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಸ್ವಂತ ನಿಧಿಯು ರೂ. 1379.60 ಕೋಟಿಯಿಂದ ರೂ. 1567.03 ಕೋಟಿಗೆ ಏರಿದ್ದು ಶೇ. 13.59 ಬೆಳವಣಿಗೆ ದಾಖಲಾಗಿದೆ. ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಅನುಪಾತವು ಬೇಸಲ್ II ಮಾದರಿಯನ್ವಯ ಶೇ. 13.48ರಷ್ಟು ಹಾಗೂ ಬೇಸಲ್ I ಮಾದರಿಯನ್ವಯ ಶೇ. 13.54 (ಹಿಂದಣ ವರ್ಷ ಶೇ. 12.17) ರಷ್ಟು ಇವೆ. ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ನಿಗದಿಪಡಿಸಿದ ಶೇ. 9.00ಕ್ಕಿಂತ ಹೆಚ್ಚಿನ ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಅನುಪಾತವನ್ನು ನಿಮ್ಮ ಬ್ಯಾಂಕು ಹೆಚ್ಚಿನ ಮಟ್ಟದಲ್ಲಿ ನಿರಂತರವಾಗಿ ಕಾಡಿರಿಸಿ ಕೊಂಡು ಬರುತ್ತಿದೆ.

ವಿದೇಶಿ ವಿನಿಮಯ ವ್ಯವಹಾರ

ವರದಿ ವರ್ಷದಲ್ಲಿ ಒಟ್ಟು ವಿದೇಶಿ ವಿನಿಮಯ ವ್ಯವಹಾರವು ರೂ.7850.65 ಕೋಟಿ ಸಾಧ್ಯಗೊಂಡಿದ್ದು ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ಇದು ರೂ.7836.62ಕೋಟಿಯಷ್ಟಿತ್ತು. ನಿಯಾತ ಮುಂಗಡವು ಹಿಂದಣ ವರ್ಷದ ರೂ. 1372.62 ಕೋಟಿಯಿಂದ ವರದಿ ವರ್ಷಕ್ಕೆ ರೂ. 1277.42 ಕೋಟಿ ಹಿಂಪಡಿದಿದ್ದು ಇದು ಜಾಗತಿಕ ಆರ್ಥಿಕ ಹಿನ್ನಡೆಯ ಪರಿಣಾಮವಾಗಿರುತ್ತದೆ.

ಅನುತ್ಪಾದಕ ಆಸ್ತಿಗಳು

ಅನುತ್ಪಾದಕ ಮುಂಗಡಗಳನ್ನು ತಹಬಂದಿಗೆ ತರಲು ನಿಮ್ಮ ಬ್ಯಾಂಕು ಉತ್ತಮ ಮುಂಗಡ ನಿಗಾ ಮತ್ತು ದುರ್ಬಲ ಅನುತ್ಪಾದಕ ಮುಂಗಡಗಳ ಮೂಲಾತಿಯಲ್ಲಿ ತೀವ್ರ ತರದ ಚಾಲನೆ ಕೈಗೊಂಡಿದೆ. ಮೂರು ಆಸ್ತಿ ವಸೂಲಾತಿ ಶಾಖೆಗಳನ್ನು ಬ್ಯಾಂಕು ತೆರೆದಿದ್ದು ಮತ್ತು ಪ್ರತಿಭೂತೀಕರಣ ಕಾಯ್ದೆ 2002ರ ಅನ್ವಯ ಸುಸ್ತಿದಾರ ಸಾಲಗಾರರ ಆಸ್ತಿ ಮತ್ತು ಸೂತ್ತುಗಳ ತ್ವರಿತ ಸ್ವಾಧೀನ ಮತ್ತು ವಿಲೇವಾರಿ ಕ್ರಮಗಳನ್ನು ಕೈಗೊಂಡಿದೆ. ಒಟ್ಟು ಅನುತ್ಪಾದಕ ಆಸ್ತಿಗಳ ಮೊತ್ತ 31 ಮಾರ್ಚ್ 2009ಕ್ಕೆ ರೂ. 443.20 ಕೋಟಿ (ಶೇ. 3.66) ಇದ್ದು 31 ಮಾರ್ಚ್ 2008ಕ್ಕೆ ಇದು ರೂ. 379.57 ಕೋಟಿಯಷ್ಟಿತ್ತು. ನಿವ್ವಳ ಅನುತ್ಪಾದಕ ಆಸ್ತಿಯು 31 ಮಾರ್ಚ್ 2009ಕ್ಕೆ ಶೇ. 0.98ರ ಮಟ್ಟದಲ್ಲಿದೆ.

ವಿಶ್ವಾಸಾರ್ಹತೆ ಮೌಲ್ಯಮಾಪನ

ಐಸಿಆರ್‌ಎ ಸಂಸ್ಥೆ ದೇಶದ ಮುಂಚೂಣಿಯಲ್ಲಿರುವ ಠೇವಣಿ-ಉದರಿ ಮಾನದಂಡ ನಿರ್ಣಯಿಸುವ ಸಂಸ್ಥೆಗಳಲ್ಲಿ ಒಂದಾಗಿದ್ದು ಈ ಸಂಸ್ಥೆ ಬ್ಯಾಂಕಿನ ಠೇವಣಿ ಪ್ರಮಾಣ ಪತ್ರಗಳ ಯಶಸ್ವಿ ಕಾರ್ಯಸರಣಿಗಾಗಿ 'A1+' ಮಾನದಂಡ ನೀಡಿದೆ. ಈ A1+ ಮೌಲ್ಯಾಂಕವು ಅತ್ಯುನ್ನತ ಶ್ರೇಣಿಯದಾಗಿದ್ದು ಅಸಲು ಮತ್ತು ಬಡ್ಡಿಯ ಸಕಾಲಿಕ ಮರುಪಾವತಿಯ ಸುರಕ್ಷತೆಗೆ ಶ್ರೇಷ್ಠ ಸಂಕೇತವಾಗಿರುತ್ತದೆ.

ಅಲ್ಲದೇ, ಐಸಿಆರ್‌ಎ ಮತ್ತು ಕ್ರೆಡಿಟ್ ಅನಾಲಿಸಿಸ್ ಮತ್ತು ರಿಸರ್ಚ್ ಲಿಮಿಟೆಡ್ (ಸಿಎಆರ್‌ಇ) ಇವುಗಳು ಎಲ್‌ಎ+ (ಉಚ್ಚ-ಎಲ್‌ಎ ಪ್ಲಸ್) ಮತ್ತು ಸಿಎಆರ್‌ಇA+ (ಸಿಂಗಲ್ A ಪ್ಲಸ್) ಮೌಲ್ಯಾಂಕಗಳನ್ನು ನೀಡಿದ್ದು ಇವುಗಳು ಅನುಕ್ರಮವಾಗಿ ಪ್ರಸ್ತುತ ಆರ್ಥಿಕ ವರ್ಷದಲ್ಲಿ ಬ್ಯಾಂಕು, ಅರ

Unsecured Redeemable Non-Convertible Subordinated (lower Tier-II) debt instruments. Further, the rating agencies have also retained the ratings for Rs 150 crore raised by the Bank by issue of similar instrument during last financial year..

DISTRIBUTION NETWORK

During the year under report, the Bank opened 16 branches at Moradabad, New Delhi – Karol Bagh, Thane, Mumbai – Vile Parle, Borromasandra, Bangalore – Chandra Layout, Bangalore – Sadashivanagar, Mysore – J P Nagar, Belgaum – Udyambag (Extension Counter upgraded), New Delhi – East of Kailash, Bangalore – Yelahanka New Town, Pune – Dhankawadi, Doddaballpur, Uppal Kalan, Bellandur and Hoskote.

Further, the Bank added 30 ATM outlets at various locations during the year 2008-09. As on 31st March 2009, the Bank had 447 branches, 171 ATM outlets, 8 Regional Offices, one International Division, one Data Centre, one Customer Care Centre, 5 Service branches, 2 Currency Chests, 6 Extension Counters and two Central processing centres, spread across 19 states and 2 Union Territories. Further, for better ambience and improved customer service, the Bank shifted 15 branches/offices to new premises, during the year 2008-09.

EMPLOYEES STOCK OPTIONS

The information pertaining to Employees Stock Options is given in Annexure I to this report.

AWARDS AND RECOGNITIONS

The Bank has won the prestigious Sun and NDTV Green IT award instituted by Sun Microsystems and NDTV, recognizing organizations which have pledged their positive commitment to the planet and engage in eco-efficient green technologies to run their business. Sun Microsystems and NDTV have recognized the Bank's implementation of core banking in rural branches using thin clients, solar power modules and VSAT connection thereby reducing the power and carbon footprint accounting for global warming, a burning issue all over the world.

MANAGEMENT DISCUSSION AND ANALYSIS

Macro- economic and industry Developments

The growth rate of Gross Domestic Product (GDP) during the first three quarters of 2008-09 slowed down significantly to 6.90% from 9.00% in the corresponding

ಭದ್ರ ವಿಮೋಚನೀಯ ಪರಿವರ್ತನಾ ರಹಿತ ಅಧೀನ (ಕೆಎಸ್‌ರ ಶ್ರೇಣಿ-II) ಬಾಂಡುಗಳ ಮೇಲೆ ಎತ್ತಿದ ರೂ.200 ಕೋಟಿ ಸಾಲಗಳ ಮೇಲೂ ಮುಂಗಡ ಗುಣಮಾನದ ಅರ್ಹತೆಗೆ ಶ್ರೇಷ್ಠ ಸಂಕೇತವಾಗಿರುತ್ತವೆ. ಅಲ್ಲದೇ, ಗುಣಾಂಕ ನೀಡಿರುವ ಸಂಸ್ಥೆಗಳು, ಹಿಂದೂ ಅರ್ಥಿಕ ವರ್ಷದಲ್ಲಿ ಈ ವರ್ಗದಲ್ಲಿ ಬ್ಯಾಂಕು ಎತ್ತಿದ ರೂ. 150 ಕೋಟಿ ಸಾಲಕ್ಕೂ ಅದೇ ಮಾನದಂಡವನ್ನು ಮುಂದುವರಿಸಿದೆ.

ಕಾರ್ಯಜಾಲ ಹಂಚಿಕೆ

ವರದಿ ವರ್ಷದಲ್ಲಿ 16 ಶಾಖೆಗಳನ್ನು ಮೊರಾದಾಬಾದ್, ನವದೆಹಲಿ-ಕರೋಲ್‌ಬಾಗ್, ಥಾನ್, ಮುಂಬೈ-ವಿಲೇಪಾರ್ಲೆ, ದೊಮ್ಮಸಂದ್ರ, ಬೆಂಗಳೂರು-ಚಂದ್ರಾ ಲೇಔಟ್, ಬೆಂಗಳೂರು- ಸದಾಶಿವನಗರ, ಮೈಸೂರು- ಜಿ.ಪಿ.ನಗರ, ಬೆಳಗಾವಿ-ಉದ್ಯಮಭಾಗ (ವಿಸ್ತರಣಾ ಕೌಂಟರ್- ಮೇಲ್ದರ್ಜೆಗೆ ಏರಿಕೆ), ನವದೆಹಲಿ - ಉತ್ತರ ಕೈಲಾಸ್, ಬೆಂಗಳೂರು- ಯುಲಹಂಕ ನ್ಯೂ ಟೌನ್, ಪುಣೆ-ಧನಕವಾಡಿ, ದೊಡ್ಡಬಳ್ಳಾವುರ, ಉಪ್ಪಾಲ್ ಕಲ್ನಾ, ಬೆಳ್ಳಂದೂರು ಮತ್ತು ಹೊಸ ಕೋಟೆಗಳಲ್ಲಿ ಬ್ಯಾಂಕ್ ತೆರೆದಿದೆ.

ಅಲ್ಲದೇ, ಬ್ಯಾಂಕ್ 30 ಎ.ಟಿ.ಎಂ. ಕೇಂದ್ರಗಳನ್ನು 2008-09ರ ಸಾಲಿನಲ್ಲಿ ವಿವಿಧ ಸ್ಥಳಗಳಲ್ಲಿ ತೆರೆದಿದೆ. 31 ಮಾರ್ಚ್ 2009ಕ್ಕೆ ಬ್ಯಾಂಕು 447 ಶಾಖೆಗಳನ್ನು, 171 ಎಟಿಎಂ ಕೇಂದ್ರಗಳನ್ನು, 8 ಪ್ರಾದೇಶಿಕ ಕಚೇರಿಗಳನ್ನು, 1 ಅಂತಾರಾಷ್ಟ್ರೀಯ ವಿಭಾಗವನ್ನು, 1 ದತ್ತಾಂಶ ಕೇಂದ್ರವನ್ನು, 1 ಗ್ರಾಹಕ ಸೇವಾ ನಿಗಾ ಕೇಂದ್ರವನ್ನು, 5 ಸೇವಾ ಶಾಖೆಗಳನ್ನು, 2 ನಗದು ಏಜೆಂಟ್‌ಗಳನ್ನು, ಆರು ವಿಸ್ತರಣಾ ಕೌಂಟರ್ ಗಳನ್ನು ಮತ್ತು 2 ಕೇಂದ್ರೀಯ ಸಂಸ್ಕರಣಾ ಕೇಂದ್ರಗಳನ್ನು ಹೊಂದಿದ್ದು ಇವುಗಳು ದೇಶದ ಉದ್ದಗಲಗಳಲ್ಲಿ 19 ರಾಜ್ಯಗಳಲ್ಲಿ ಮತ್ತು 2 ಕೇಂದ್ರಾಡಳಿತ ಪ್ರದೇಶಗಳಲ್ಲಿ ಕಾರ್ಯ ನಿರ್ವಹಿಸುತ್ತಿವೆ. ಅಲ್ಲದೇ, ಅರ್ಜಿಗಳ ನೋಟ ಮತ್ತು ಗ್ರಾಹಕರ ಸೇವಾ ಸುಧಾರಣೆಯ ನೆಲೆಯಲ್ಲಿ 15 ಶಾಖೆಗಳನ್ನು /ಕಚೇರಿಯನ್ನು ನೂತನ ವಿಸ್ತೃತ ಅವರಣಕ್ಕೆ ಸ್ಥಳಾಂತರಿಸಿದೆ.

ನೌಕರರ - ನಿಧಿ ಪತ್ರ ಆಯ್ಕೆ

ನೌಕರರ ನಿಧಿ ಪತ್ರಆಯ್ಕೆ ಕುರಿತಂತೆ ಮಾಹಿತಿಗಳನ್ನು ಈ ವರದಿಯ ಅನುಬಂಧ 1 ರಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

ಪ್ರಶಸ್ತಿಗಳು ಮತ್ತು ಮನ್ನಣೆಗಳು

ಪ್ರತಿಷ್ಠಿತ 'ಸನ್ ಮತ್ತು ಎನ್‌ಡಿಟಿವಿ ಗ್ರೀನ್ ಐಟಿ ಪ್ರಶಸ್ತಿ' ಬ್ಯಾಂಕಿಗೆ ಲಭಿಸಿದೆ. ಸನ್ ಮೈಕ್ರೊಸಿಸ್ಟಮ್ಸ್ ಮತ್ತು ಎನ್‌ಡಿಟಿವಿ ಪ್ರತಿಷ್ಠಾಪಿಸಿದ ಈ ಪ್ರಶಸ್ತಿ, ಕಾರ್ಪೊರೇಟ್ ಸಂಸ್ಥೆಯೊಂದು ಆತ್ಮಾಧುನಿಕ ತಾಂತ್ರಿಕತೆ ಬಳಸಿ ಮಾಡುವ ತನ್ನ ವ್ಯವಹಾರಗಳಲ್ಲಿ ವಿಶ್ವದ ಬಗ್ಗೆ ಧನಾತ್ಮಕ ಬದ್ಧತೆ ಮತ್ತು ಪರಿಸರ ಸ್ನೇಹಿ ಹೊಸ ತಾಂತ್ರಿಕತೆಯ ಸಮರ್ಥ ಬಳಕೆಯ ಬಗ್ಗೆ ಈ ಪ್ರಶಸ್ತಿ ಸ್ಥಾಪಿತಗೊಂಡಿದ್ದು ಬ್ಯಾಂಕಿನ ಸಮರ್ಥ ನಿರ್ವಹಣೆಗಾಗಿ ಅದು ಸಂದಿದೆ. ಅತೀ ಎರಳ ಗ್ರಾಹಕ ಸಾಂದ್ರತೆ ಇರುವ ಗ್ರಾಮಾಂತರ ಪ್ರದೇಶಗಳಲ್ಲೂ ಬ್ಯಾಂಕು 'ಕೋರ್ ಬ್ಯಾಂಕಿಂಗ್' ಸೌಲಭ್ಯವನ್ನು 'ಸೋಲಾರ್ ಶಕ್ತಿ' ಮತ್ತು 'ವಿ-ಸ್ಯಾಟ್' ಸಂವರ್ಧನಾ ಮೂಲಕ ಸಾಧಿಸಿದ್ದು ತನ್ನೊಲಕ ವಿದ್ಯುಚ್ಛಕ್ತಿಯ ಕಡಿಮೆ ಬಳಕೆ, ಜಾಗತಿಕ ತಾಪಮಾನ ಏರುವಲ್ಲಿ ಹೆಚ್ಚುಗುರುತಾಗಿರುವ ಇಂಗಾಲ ಬಿಡುಗಡೆಯಲ್ಲಿ ಕನಿಷ್ಠ ಪಾತ್ರ ವಹಿಸಿರುವುದನ್ನೂ ಮತ್ತು ಜಾಗತಿಕ ಜ್ವಲಂತ ಸಮಸ್ಯೆಗೆ ಬ್ಯಾಂಕು ಸ್ಪಂದಿಸಿರುವುದಕ್ಕೆ ಶ್ಲಾಘನೆಯಾಗಿ, ಮನ್ನಣೆಯಾಗಿ ಈ ಪ್ರಶಸ್ತಿ ಸಂದಿದೆ.

ಕಾರ್ಯಕಾರಿ ಮಂಡಳಿ ಕಲಾಪ ಮತ್ತು ವಿಶ್ಲೇಷಣೆ

ಸೂಕ್ಷ್ಮ-ಆರ್ಥಿಕ ಮತ್ತು ಉದ್ಯಮ ಅಭಿವೃದ್ಧಿ

ನೈಜ ಸ್ಥೂಲ ದೇಶೀಯ ಉತ್ಪನ್ನದ ಅಭಿವೃದ್ಧಿಯ ವೇಗವು 2008-09ರ ಪ್ರಥಮ ಮೂರು ತ್ರೈಮಾಸಿಕಗಳಲ್ಲಿ, ಹಿಂದಿನ ವರ್ಷದ ಅನುರೂಪ ಅವಧಿಗಳಲ್ಲಿ ಇದ್ದ

period of the previous year. The advance estimates of the Central Statistical Organisation (CSO) released in February 2009 have placed the real GDP growth for 2008-09 at 7.10%. The agricultural production during 2008-09 may turn out to be better than earlier anticipated.

During the year 2008-09 (till February), industrial growth, based on the index of industrial production (IIP), decelerated to 2.80%, down by more than two-thirds from 8.80% in the corresponding period of the previous year.

Headline inflation, as measured by year-on-year variations in the wholesale price index (WPI), decelerated sharply from its intra-year peak of 12.91% on 2nd August 2008 to 0.26% by 28th March 2009. Inflation, based on year-on-year variation in consumer price indices (CPIs), increased since June 2008, mainly due to increase in the prices of food, fuel and services (represented by the 'miscellaneous' group). Due to various measures initiated by the government and the RBI, consumer price inflation started declining, but still remained high. The higher level of consumer price inflation in the recent months, as compared to WPI inflation, could be attributed to higher prices of food articles which have higher weight in CPIs.

During 2008-09, the Rupee generally depreciated against major currencies except pound sterling, with significant intra-year variations, on account of widening of trade and current account deficits as well as capital outflows. The Rupee/US dollar exchange rate which was Rs. 39.99 per dollar at end of March 2008 fell to Rs. 52.09 per dollar on 5th March 2009, before recovering to Rs. 50.95 per dollar at end-March 2009. As on 31st March 2009, the Indian Rupee had depreciated by 21.5 per cent against the US dollar over its level on 31st March 2008. However, the Rupee appreciated against the pound sterling by 9.1 per cent

Equity markets weakened in tandem with global stock markets, reflecting general deterioration in the sentiment, FII outflows, slowdown in industrial growth and lower corporate profits. The BSE Sensex declined to 9708 on 31st March 2009 from a peak of 20873 recorded on 8th January, 2008.

As capital inflows reduced sharply during the year 2008-09, the foreign exchange reserves declined by US \$ 53.7

ಶೇ. 9.00ರಿಂದ ಶೇ. 6.90ಕ್ಕೆ ಗಮನಾರ್ಹವಾಗಿ ಕುಸಿದಿತ್ತು. ಕೇಂದ್ರೀಯ ಅಂಕಿ ಅಂಶ ಸಂಸ್ಥೆ ಫೆಬ್ರವರಿ 2009ರಲ್ಲಿ ಬಿಡುಗಡೆ ಮಾಡಿದ ಪೂರ್ವಭಾವಿ ಅಂದಾಜನಂತೆ 2008-09ರ ನೈಜ ಸ್ಥೂಲ ದೇಶೀಯ ಉತ್ಪನ್ನದ ಅಭಿವೃದ್ಧಿಯು ಶೇ. 7. 10.2008-09ರ ಕೃಷಿ ಉತ್ಪನ್ನಗಳು ಪೂರ್ವ ಅಂದಾಜನ್ನು ಮೀರಿ ಅಭಿವೃದ್ಧಿಸಾಧಿಸಬಹುದು.

ಪ್ರಸ್ತುತ ವರ್ಷ 2008-09 (ಫೆಬ್ರವರಿ ತನಕ)ರಲ್ಲಿ ಉದ್ಯಮದ ಅಭಿವೃದ್ಧಿಯು ಉದ್ಯಮ ಉತ್ಪನ್ನ ಸೂಚ್ಯಂಕದಂತೆ ಹಿಂದುಳಿದ ವರ್ಷದ ಅನುರೂಪ ಅವಧಿಯಲ್ಲಿದ್ದ ಶೇ. 8.80ರಿಂದ 2/3ಪಟ್ಟು ಕುಸಿದಿದ್ದು ವೇಗಾವರ್ಷಗೊಂಡು ಶೇ. 2.80 ಇಳಿಯಿತು.

ವರ್ಷದಿಂದ ವರ್ಷಕ್ಕೆ ತೆಳುಹದಿಯಲ್ಲಿ ರಫತು ಬೆಲೆ ಸೂಚ್ಯಂಕ ವ್ಯತ್ಯಾಸದ ಆಧಾರದಲ್ಲಿ ಆಳಿಯಲ್ಲದ ಪ್ರಧಾನ ಹಣದುಬ್ಬರ ಪರಿಮಾಣವು, ಮಧ್ಯ ವರ್ಷಾವಧಿ 2 ಆಗಸ್ಟ್ 2008ರಲ್ಲಿದ್ದು ಗರಿಷ್ಠ ಮಟ್ಟ ಶೇ. 12.91ರಿಂದ ಗಣನೀಯವಾಗಿ 28 ಮಾರ್ಚ್ 2009ಕ್ಕೆ ಶೇ. 0.26ರ ಮಟ್ಟಕ್ಕೆ ಇಳಿಯಿತು. ಗ್ರಾಹಕ ಸರಕು ಬೆಲೆ ಸೂಚಕ ಆಧಾರಿತ ವರ್ಷದಿಂದ ವರ್ಷಕ್ಕೆ ತೆಳುಹದಿಯಲ್ಲಿ ಆಳಿಯಲ್ಲದ ಹಣದುಬ್ಬರ ಪ್ರಮಾಣವು ಜೂನ್ 2008ರಿಂದ ಏರುಮುಖಗೊಂಡದ್ದು ಪ್ರಧಾನವಾಗಿ ಇದಕ್ಕೆ ಆಹಾರ ಮತ್ತುಗಳ, ಇಂಧನ ಮತ್ತು ಸೇವಾ ಶುಲ್ಕಗಳ ಗಣನೀಯ ಬೆಲೆಯೇರಿಕೆ ('ಸಂಕೀರ್ಣ' ವರ್ಗದಲ್ಲಿ ಪ್ರತಿನಿಧಿಸುವ) ಕಾರಣವಾಗಿದೆ. ಕೇಂದ್ರ ಸರ್ಕಾರ ಮತ್ತು ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕುಗಳ ವಿವಿಧ ಮಾರ್ಗೋಪಾಯಗಳ ಸಕಾಲಿಕ ಉಪಕ್ರಮದಿಂದ, ಗ್ರಾಹಕ ಸರಕು ಬೆಲೆ ಹಣದುಬ್ಬರ ಸೂಚ್ಯಂಕ ಇಳಿಮುಖಗೊಂಡರೂ ಇನ್ನೂ ಎತ್ತರದ ಮಟ್ಟದಲ್ಲೇ ಇದೆ. ಇತ್ತೀಚಿನ ತಿಂಗಳಿನ ಗ್ರಾಹಕ ಸರಕು ಹಣದುಬ್ಬರದ ಏರುಮಟ್ಟವು, ರಫತು ಬೆಲೆ ಸೂಚ್ಯಂಕ ಆಧಾರಿತ ಹಣದುಬ್ಬರ ಪ್ರಮಾಣಕ್ಕೆ ಹೋಲಿಸಿದಲ್ಲಿ, ಆಹಾರ ಮತ್ತುಗಳ ಬೆಲೆ ಏರಿಕೆಯು ಗ್ರಾಹಕ ಸರಕು ಹಣದುಬ್ಬರ ಸೂಚ್ಯಂಕಕ್ಕೆ ಭಾರೀ ಒತ್ತು ನೀಡಿದೆ.

2008-09ರಲ್ಲಿ ಪೌಂಡ್ ಸ್ಟರ್ಲಿಂಗ್ ಹೊರತಾಗಿ ಪ್ರಮುಖ ಕರೆನ್ಸಿಗಳ ಮುಂದೆ ರೂಪಾಯಿ ಸವಕಳಿಗೊಂಡಿತು. ಇದು ವರ್ಷದ ಮಧ್ಯಂತರದಲ್ಲಿ ಗಣನೀಯ ಬದಲಾವಣೆಗೊಂಡಿದ್ದು ಮುಖ್ಯವಾಗಿ ಉದ್ದಿಮೆಯ ವೈಶಾಲ್ಯ ಹೆಚ್ಚುವಿಕೆ ಮತ್ತು ಚಾಲ್ತಿಯೇ ಕೊರತೆ, ಒಂದಿಗೇ ಬಂಡವಾಳ ಹೊರಹರಿವು ಕಾರಣವಾಗಿವೆ. ರೂಪಾಯಿ/ಯುಎಸ್ ಡಾಲರ್ ಏನಿಮೆಯ ದರವು ಮಾರ್ಚ್ 2008ರಲ್ಲಿದ್ದ ಡಾಲರ್ ಒಂದರ ರೂ. 39.99ರಿಂದ 5 ಮಾರ್ಚ್ 2009ಕ್ಕೆ ಡಾಲರ್ ಒಂದರ ರೂ. 52.09ಕ್ಕೆ ಕುಸಿದು, ಮಾರ್ಚ್ 2009ರ ಅಂತ್ಯಕ್ಕೆ ಡಾಲರ್ ಒಂದರ ರೂ. 50.95ಕ್ಕೆ ಕೊಂಚ ಬೇತರಕೆ ಕಂಡಿತು. 31 ಮಾರ್ಚ್ 2009ಕ್ಕೆ ಭಾರತದ ರೂಪಾಯಿ 31 ಮಾರ್ಚ್ 2008ರಲ್ಲಿದ್ದ ಮಟ್ಟದಿಂದ ಯುಎಸ್ ಡಾಲರ್ ಇದಿರು ಶೇ. 21.5 ಸವಕಳಿ ಕಂಡಿತು. ಏನಿದ್ದರೂ ಪೌಂಡ್ ಸ್ಟರ್ಲಿಂಗ್ ಇದಿರು ರೂಪಾಯಿಯು ಶೇ. 9.1 ಮೌಲ್ಯವರ್ಧನೆಗೊಂಡಿತು.

ಜಾಗತಿಕ ಶೇರುಮಾರುಕಟ್ಟೆ ಚಲನೆಗನುಗುಣವಾಗಿ ಶೇರು ಬಂಡವಾಳ ಮಾರುಕಟ್ಟೆ ದುರ್ಬಲಗೊಂಡಿತು ಹಾಗೂ ಭಾವನಾತ್ಮಕವಾಗಿ ಸಾಮಾನ್ಯ ದುಷ್ಟತಿಯ ಪ್ರತಿಫಲನ ಎಫ್‌ಎಫ್ ಹೊರಹರಿವು, ಉದ್ದಿಮೆ ಬೆಳವಣಿಗೆಯ ಕುಂಠಿತತೆ ಮತ್ತು ಸಾಂಸ್ಥಿಕ ಲಾಭ ಕ್ಷೀಣತೆ ಗೋಚರಿಸಿತು. 8 ಜನವರಿ 2008ರಲ್ಲಿ ತುತ್ತತುದಿಗೇರಿದ್ದ ಬಿಎಸ್‌ಇ ಸೂಚ್ಯಂಕ 20873ರ ಮಟ್ಟ 31 ಮಾರ್ಚ್ 2009ಕ್ಕೆ 9708ರ ಮಟ್ಟಕ್ಕೆ ಇಳಿಯಿತು.

2008-09ರಲ್ಲಿ ಬಂಡವಾಳ ಒಳಹರಿವು ತೀವ್ರವಾಗಿ ಕಡಿಮೆಗೊಂಡಿತ್ತು ಹಾಗೂ ವಿದೇಶಿ ಏನಿಮೆಯ ಮಿಣಿಸಲು, ಮೌಲ್ಯ ನಿರ್ಣಯ ನಷ್ಟ ಒಗ್ಗೂಡಿದಂತೆ 2008ರ

billion from US \$ 309.70 billion as at end-March 2008 to US \$ 256.0 billion by end-December 2008, including valuation losses. India's foreign exchange reserves were US \$ 252.0 billion as at end-March 2009.

Industry structure and development

During the year 2008-09, the aggregate deposits of the scheduled commercial banks (SCBs) increased by 18.80% (Rs.6,46,627 crore) as compared with 21.70% (Rs.6,14,546 crore) in the previous year. Growth in time deposits decelerated during the first two quarters of 2008-09 but witnessed robust expansion thereafter reflecting some switching of demand deposits and other savings instruments to time deposits. Time deposits recorded a higher growth of 22.6 per cent (year on year) at end-March 2009 as compared to 21.9 % a year ago, while demand deposits remained almost same compared to a growth of 0.90% recorded during the previous year. Other-than mobilization of deposits, flow of other resources have not been much during 2008-09.

During the financial year 2008-09, credit flow from scheduled commercial banks moderated to 17.30% as compared with 22.30% during the previous year. The deceleration in credit expansion was observed across the banking system, but it was sharper for the private and foreign banks at 10.90% (19.90% previous year) and 4.00% (28.50% previous year) respectively.

Food credit of SCBs increased by Rs.1,812 crore in 2008-09 as against a decrease of Rs.2,122 crore in the previous year. Non-food credit extended by the scheduled commercial banks (SCBs) increased by 17.50% (Rs.4,06,287 crore) as compared to 23.00% (Rs.4,32,846 crore) in the previous year.

The lower expansion in credit relative to the accretion of deposits resulted in a decline in the incremental credit-deposit ratio of scheduled commercial banks to 64.40% at end-March 2009 from 73.60% a year ago.

While credit flow to Agriculture and real estate was significantly higher, it was lower for housing. As a result, industry's share in total credit flow increased significantly in 2008-09.

Commercial banks' investment in government and other approved securities increased by 20.0% (Rs.1,94,031 crore) during 2008-09 compared to the previous year's increase of 22.80% (Rs.1,80,199 crore). Investment in

ಮಾರ್ಚ್ ಅಂತ್ಯಕ್ಕೆ ಯುಎಸ್ ಡಾಲರ್ 309.70 ಬಿಲಿಯನ್‌ನಿಂದ ಯುಎಸ್ ಡಾಲರ್ 53.7 ಬಿಲಿಯನ್‌ನಷ್ಟು ಇಳಿದಿದ್ದು ಹಾಗೂ 2008 ಡಿಸೆಂಬರ್ ಅಂತ್ಯಕ್ಕೆ ಯುಎಸ್ ಡಾಲರ್ 256.0 ಬಿಲಿಯನ್‌ಗೆ ನಿಂತಿತು. 2009 ಮಾರ್ಚ್ ಅಂತ್ಯಕ್ಕೆ ಭಾರತದ ವಿದೇಶಿ ವಿನಿಮಯ ಮಿಷಲು ಯುಎಸ್ ಡಾಲರ್ 252.0 ಬಿಲಿಯನ್‌ನಷ್ಟಿದೆ.

ಉದ್ದಿಮೆಯ ವಿಸ್ತಾರ ಮತ್ತು ಅಭಿವೃದ್ಧಿ

2008-09 ವರ್ಷ ಸಾಲಿನಲ್ಲಿ ಅನುಸೂಚಿತ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳ ಸಮಗ್ರ ಠೇವಣಿಗಳು ಶೇ. 18.80 ಅಭಿವೃದ್ಧಿ (ರೂ. 6,46,627 ಕೋಟಿ)ಗೊಂಡಿದ್ದು ಹಿಂದಣ ವರ್ಷ ಸಾಲಿಗೆ ಹೋಲಿಸಿದಲ್ಲಿ ಅಭಿವೃದ್ಧಿ ದರ ಶೇ. 21.70 (ರೂ. 6,14,546 ಕೋಟಿ)ರಷ್ಟಾಗಿದೆ. 2008-09ರ ಪ್ರಥಮ ಎರಡು ತ್ರೈಮಾಸಿಕ ಅವಧಿಯಲ್ಲಿ ಸಾವಧಿ ಠೇವಣಿಗಳು ಇಳಿಮುಖಗೊಂಡರೂ, ಆ ನಂತರ ತ್ವರಿತ ಹೆಚ್ಚಳಕ್ಕೆ ಸಾಕ್ಷಿಯಾಗಿ, ಬೇಡಿಕೆ ಠೇವಣಿಗಳು ಮತ್ತು ಇತರ ಉಳಿತಾಯ ಸಂಲೇಖಗಳು ಸಾವಧಿ ಠೇವಣಿಗಳಾಗಿ ಪರಿವರ್ತನೆಗೊಂಡವು. 2009 ಮಾರ್ಚ್ ಅಂತ್ಯಕ್ಕೆ (ವರ್ಷದ ಮೇಲಣ ವರ್ಷ) ಸಾವಧಿ ಠೇವಣಿಗಳು ಶೇ. 22.6 ದಾಖಲೆ ಅಭಿವೃದ್ಧಿಯನ್ನು ಸಾಧಿಸಿದ್ದು ಹಿಂದಣ ವರ್ಷ ಇದು ಶೇ.21.9ರಷ್ಟಿತ್ತು. ಆದರೆ ಬೇಡಿಕೆ ಠೇವಣಿಗಳು ಹೆಚ್ಚು ಕಡಿಮೆ ಹಿಂದಣ ವರ್ಷದ ಬೆಳವಣಿಗೆ ಶೇ. 0.90ರ ಸನಿಹದಲ್ಲೇ ಇವೆ. ಠೇವಣಿ ಸಂಚಯನದ ಹೊರತಾಗಿ, 2008-09ರಲ್ಲಿ ಇತರ ಸಂಪನ್ಮೂಲಗಳ ಹರಿವು ಹೆಚ್ಚೇನು ಇಲ್ಲ.

2008-09 ಅರ್ಥಿಕ ವರ್ಷದಲ್ಲಿ ಅನುಸೂಚಿತ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳ ಮುಂಗಡ ಹರಿವು ಶೇ. 17.30ರಷ್ಟೇ ಸಾಮಾನ್ಯ ಹೆಚ್ಚಳ ಕಂಡಿದ್ದು ಇದು ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ಶೇ. 22.30ರಷ್ಟಿತ್ತು. ಬ್ಯಾಂಕಿಂಗ್ ವ್ಯವಸ್ಥೆಯಲ್ಲಿ ಮುಂಗಡ ಹೆಚ್ಚಳ ಹಿಮ್ಮುಖಗೊಂಡಿರುವುದನ್ನು ಅವಲೋಕಿಸಲಾಗಿದ್ದು ಇದು ತೀವ್ರವಾಗಿ ಖಾಸಗಿ ಮತ್ತು ವಿದೇಶಿ ಬ್ಯಾಂಕುಗಳಲ್ಲಿ ಅನುಕ್ರಮವಾಗಿ ಶೇ. 10.90 (ಹಿಂದಣ ವರ್ಷ ಶೇ. 19.90) ಮತ್ತು ಶೇ. 4.00 (ಹಿಂದಣ ವರ್ಷ ಶೇ. 28.50) ಇಳಿಮುಖಗೊಂಡಿವೆ.

ಅನುಸೂಚಿತ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳ, ಆಹಾರ ಮುಂಗಡವು 2008-09ರಲ್ಲಿ ರೂ.1,812 ಕೋಟಿ ಹೆಚ್ಚಳಗೊಂಡಿದ್ದು ಇದು ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ರೂ. 2,122 ಕೋಟಿಯಷ್ಟು ಇಳಿಕೆಗೊಂಡಿತ್ತು. ಅನುಸೂಚಿತ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳು ವಿತರಿಸಿದ ಆಹಾರೇತರ ಮುಂಗಡವು ಶೇ. 17.50 (ರೂ. 4,06,287 ಕೋಟಿ) ಅಭಿವೃದ್ಧಿಗೊಂಡಿದ್ದು ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ಇದು ಶೇ. 23.00 (ರೂ. 4,32,846 ಕೋಟಿ)ರಷ್ಟಿತ್ತು.

ಠೇವಣಿ ಆಕರಣೆಯಲ್ಲಿ ಹೆಚ್ಚಳ, ಮುಂಗಡ ನೀಡಿಕೆಯಲ್ಲಿ ಇಳಿಮುಖವಿಂದಾಗಿ ಅನುಸೂಚಿತ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳ ಹೆಚ್ಚುವರಿ ಮುಂಗಡ-ಠೇವಣಿ ಅನುಪಾತವು 2009 ಮಾರ್ಚ್‌ಅಂತ್ಯಕ್ಕೆ ಶೇ. 64.40ಕ್ಕೆ ಇಳಿದಿದ್ದು ಇದು ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ಶೇ. 73.60ರಷ್ಟಿತ್ತು.

ಆದರೆ ಕೃಷಿ ಮತ್ತು ಸ್ವಿಡ್ಜಿ ಮುಂಗಡ ಹರಿವು ಗಣನೀಯವಾಗಿ ಏರಿದ್ದು ಇದು ಗೃಹ ಮುಂಗಡ ವಿಭಾಗದಲ್ಲಿ ಬಹಳ ಕಡಿಮೆಯಾಗಿದೆ. ಫಲಿತಾಂಶವಾಗಿ, 2008-09ರ ಒಟ್ಟು ಮುಂಗಡ ಹರಿವಿನಲ್ಲಿ ಉದ್ದಿಮೆಯ ಪಾಲು ಗಣನೀಯವಾಗಿ ಹೆಚ್ಚಳಗೊಂಡಿತು.

ಸರ್ಕಾರಿ ಮತ್ತು ಇತರ ಅಂಗೀಕೃತ ಧನಪತ್ರಗಳ ಮೇಲಣ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳ ಹೂಡಿಕೆಯು 2008-09ರಲ್ಲಿ ಶೇ. 20.0 (ರೂ. 1,94,031 ಕೋಟಿ) ಅಭಿವೃದ್ಧಿಗೊಂಡಿದ್ದು ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ಇದು ಶೇ. 22.80 (ರೂ. 1,80,199 ಕೋಟಿ) ಅಭಿವೃದ್ಧಿಗೊಂಡಿತ್ತು. ಪರಿನಿಯತ ದ್ರವತ್ವ

non-SLR securities grew by 24.20% (Rs.41,344 crore) as against the increase of 21.50% (Rs.30,155 crore) in the previous year.

Opportunities

The Indian financial system faced comparatively less turmoil and volatility than in some of the advanced economies. Under these circumstances domestic companies may look to local sources of funding. Some of the sectors of economy may face moderation in growth rates in this fiscal. The rural economy has been the focus of attention of successive governments both at the national and state level and significant opportunities will be available for banks as the penetration of credit and financial products are relatively low.

Going forward, for the revival of the economy, both the central and state governments will be putting in place ambitious plans and programmes for infrastructure development. This presents a major opportunity for banks and financial institutions to finance these investments. Small and Medium Enterprises (SMEs) play a significant role in the economic development of a country like India opening up significant credit flow from the banks to these enterprises. Although there will be moderation in the credit growth in retail and housing sectors, the turnaround in the economy may augur well for the long term, sustainable growth of lending in these segments in the Indian market.

Outlook

Indian economy is likely to see some moderation in growth rates in 2009-10. It will however witness healthy growth in absolute terms and will probably remain one of the fastest growing economies in the world. However, the impact of global melt down still lingering, economies all over the world may take little more time to stabilize. Under the given circumstances slightly slower credit growth could coexist with softening interest rates. Given India's strong macro-economic fundamentals structural drivers will continue to support growth which is a positive sign for Banks as well.

Your Bank, with its technological stronghold, has geared up to wrest the opportunities thrown open by the growing Indian economy. Various new and sophisticated products and services are being launched to satisfy the needs of its ever demanding customers.

ಅನುಪಾತ ಹೊರತಾದ ಧನಪತ್ರಗಳ ಹೂಡಿಕೆಯಲ್ಲಿ ಶೇ. 24.20 (ರೂ. 41,344 ಕೋಟಿ) ಅಭಿವೃದ್ಧಿಯಾಗಿದ್ದು ಇದು ಹಿಂದೂ ವರ್ಷದಲ್ಲಿ ಶೇ. 21.50 (ರೂ. 30,155 ಕೋಟಿ)ಯಷ್ಟಿತ್ತು.

ಅವಕಾಶಗಳು

ಮುಂದುವರಿದ ಆರ್ಥಿಕತೆಗೆ ಹೋಲಿಸಿದಲ್ಲಿ ಭಾರತೀಯ ಆರ್ಥಿಕ ವ್ಯವಸ್ಥೆಯು ಕಡಿಮೆ ತುಮುಲ ಮತ್ತು ಚಂಚಲತೆಯನ್ನು ಎದುರಿಸಿದೆ. ಇಂತಹ ಒಂದು ಪರಿಸ್ಥಿತಿಯಲ್ಲಿ ದೇಶೀಯ ಉದ್ಯಮಗಳು, ಸ್ಥಳೀಯ ನಿಧಿ ಸಂಪನ್ಮೂಲಕ್ಕಾಗಿ ಹುಡುಕಾಡಬೇಕಾದೀತು. ಆರ್ಥಿಕತೆಯ ಕೆಲವೊಂದು ವಿಭಾಗದಲ್ಲಿ ಅಭಿವೃದ್ಧಿಯಲ್ಲಿ ಮಿತಿಯು ಪ್ರಸ್ತುತ ಆರ್ಥಿಕ ವರ್ಷದಲ್ಲಿ ಗೋಚರಿಸಬಹುದಾಗಿದೆ. ಗ್ರಾಮೀಣ ಆರ್ಥಿಕತೆಯು ಕೇಂದ್ರ ಹಾಗೂ ರಾಜ್ಯ ಸರ್ಕಾರಗಳ ಯಶಸ್ವಿ ದೃಷ್ಟಿ ಕೇಂದ್ರವಾಗಬಹುದಾಗಿದ್ದು ಗಣನೀಯ ಪ್ರಮಾಣದಲ್ಲಿ ಬ್ಯಾಂಕುಗಳಿಗೆ, ಮುಂಗಡ ಮತ್ತು ಆರ್ಥಿಕ ಉತ್ಪನ್ನಗಳನ್ನು ವಿತರಿಸಲು ಇಲ್ಲಿ ಸದವಕಾಶ ಲಭ್ಯವಾಗಲಿದೆ.

ಆರ್ಥಿಕ ಸುಧಾರಣೆಯ ಮುನ್ನಡೆಯಲ್ಲಿ ಕೇಂದ್ರ ಮತ್ತು ರಾಜ್ಯ ಸರ್ಕಾರಗಳೆರಡೂ ಅಧೋರಚನೆ ಪುನರುತ್ಥಾನಕ್ಕಾಗಿ ಮಹತ್ವಾಕಾಂಕ್ಷಿಯ ಯೋಜನೆಗಳನ್ನು ಹಾಗೂ ಕಾರ್ಯಕ್ರಮಗಳನ್ನು ಅನುಷ್ಠಾನಗೊಳಿಸಲಿವೆ. ಇದು ಬ್ಯಾಂಕುಗಳಿಗೆ ಮತ್ತು ಆರ್ಥಿಕ ಸಂಸ್ಥೆಗಳಿಗೆ ಹೂಡಿಕೆಗೆ ತಕ್ಕ ಮುಂಗಡ ನೀಡುವ ಸದವಕಾಶಕ್ಕೆ ಕಾರಣವಾಗಿದೆ. ಸಣ್ಣ ಮತ್ತು ಮಧ್ಯಮ ಗಾತ್ರದ ಉದ್ಯಮಗಳು, ಭಾರತದಂತಹ ದೇಶದ ಆರ್ಥಿಕಾಭಿವೃದ್ಧಿಯಲ್ಲಿ ಮಹತ್ವದ ಪಾತ್ರ ವಹಿಸಲಿದ್ದು ಇಂತಹ ಉದ್ಯಮಶೀಲರಿಗೆ ಮುಂಗಡ ಹರಿವು ನೀಡುವ ಅವಕಾಶ ಬ್ಯಾಂಕುಗಳಿಗೆ ಲಭ್ಯವಾಗಲಿದೆ. ಚಿಲ್ಲರೆ ಮತ್ತು ಗೃಹಕಾಲ ರಂಗಗಳಲ್ಲಿ ಮುಂಗಡ ವಿಸ್ತರಣೆಗೆ ಸೀಮಿತ ಅವಕಾಶಗಳಿರಬಹುದಾದರೂ, ಆರ್ಥಿಕ ಪುನರ್ಜೀವನದ ಹೊರಳುವಿಕೆಯಲ್ಲಿ ದೀರ್ಘಕಾಲದ ಯೋಜನೆಗಳಲ್ಲಿ ಭಾರತೀಯ ಮಾರುಕಟ್ಟೆಯಲ್ಲಿ ಈ ರಂಗಗಳಲ್ಲೂ ಮುಂಗಡ ವಿಸ್ತರಣೆ ಮತ್ತು ಮುಂಗಡ ಅಭಿವೃದ್ಧಿಯಲ್ಲಿ ವಿವಿಧ ಅವಕಾಶಗಳಿವೆ.

ಹೊರನೋಟ

2009-10ರಲ್ಲಿ ಭಾರತದ ಆರ್ಥಿಕತೆಯ ಸೀಮಿತ ಅಭಿವೃದ್ಧಿಯನ್ನು ಪ್ರದರ್ಶಿಸಬಹುದಾಗಿದೆ. ಆದರೆ ಅದೇನಿದ್ದರೂ ಆರೋಗ್ಯಕರ ಅಭಿವೃದ್ಧಿಗೆ ಆಕ್ಷರಣೆ ಸಾಕ್ಷಿಯಾಗಬಹುದಾಗಿದ್ದು ವಿಶ್ವದಲ್ಲೇ ಭಾರತವು ಆರ್ಥಿಕ ಅಭಿವೃದ್ಧಿಯಲ್ಲಿ ಮಿಂಚಿನ ವೇಗಕ್ಕೆ ಸಂವಾದಿಯಾಗಬಹುದಾದ ರಾಷ್ಟ್ರಗಳಲ್ಲಿ ಒಂದಾಗಲಿದೆ. ಎನಿದ್ದರೂ ಜಾಗತೀ ಆರ್ಥಿಕ ಹಿನ್ನಡೆ ಸದಾ ಕಾಡುತ್ತಿದ್ದು ವಿಶ್ವಾದ್ಯಂತ, ಆರ್ಥಿಕ ದೃಢತೆ ಮೂಡಲು ಕೊಂಚ ಕಾಲಾವಕಾಶ ಬೇಕಾದೀತು. ಇಂತಹ ಒಂದು ವಿದ್ಯಮಾನದಲ್ಲಿ ಮುಂಗಡ ಅಭಿವೃದ್ಧಿಯ ವೇಗದಲ್ಲಿ ಕೊಂಚ ನಿಧಾನತೆ ಹಾಗೂ ಬಡ್ಡಿದರದಲ್ಲಿ ಕೊಂಚ ಮೃದುತ್ವ ಕಂಡುಬರಬಹುದು. ಭಾರತದ ಬಲಿಷ್ಠವಾದ ಸೂಕ್ಷ್ಮ ಆರ್ಥಿಕ ತಳಹದಿಯ ವಿಸ್ತಾರ ಮತ್ತು ಪುರೋಗಾಮಿತ್ವ ವಿಶಿಷ್ಟವಾಗಿದ್ದು ಈ ಬಲಿಷ್ಠ ತಳೆ, ಆರ್ಥಿಕ ಸಂರಚನೆಯ ಅಭಿವೃದ್ಧಿಗೆ ವೇಗವರ್ಧಕತೆ ನೀಡಲಿದ್ದು ಇದು ಬ್ಯಾಂಕುಗಳಿಗೂ ಸಂಬಂಧಿಸಿದಂತೆ ಒಂದು ಧನಾತ್ಮಕ ಸಂಜ್ಞೆಯಾಗಿರುತ್ತದೆ.

ತಾಂತ್ರಿಕತೆಯಲ್ಲಿ ಬಲಿಷ್ಠವಾಗಿರುವ ನಿಮ್ಮ ಬ್ಯಾಂಕು, ಭಾರತದ ಆರ್ಥಿಕ ಅಭಿವೃದ್ಧಿಯಲ್ಲಿ ಲಭ್ಯವಾಗುವ ಸದವಕಾಶಗಳನ್ನು ಸದಾ ಬಳಸಿಕೊಳ್ಳಲು ಬಯ್ಯುವುದು. ಬಹಳಷ್ಟು ನವೀನ ಮತ್ತು ಸಂಕೀರ್ಣ ಉತ್ಪನ್ನಗಳನ್ನು ಮತ್ತು ಸೇವೆಗಳನ್ನು ನಿಮ್ಮ ಬ್ಯಾಂಕು ಗ್ರಾಹಕರ ಬೇಡಿಕೆಗನುಸಾರವಾಗಿ ಅನುಷ್ಠಾನಕ್ಕೆ ತರಲಿದೆ.

BUSINESS GOALS FOR THE CURRENT YEAR

In the light of better outlook for industrial growth, your Bank has envisaged to achieve a total business turnover of Rs.39000 crore, comprising of a deposit target of Rs.24000 crore and advance target of Rs.15000 crore for the year ending 31st March 2010. The Bank is confident of achieving the same through better customer services and operational efficiency. Besides, the Bank has plans to increase its total number of business units to 675, by increasing the total number of branches to 475 and own ATM network to 200 by March 2010.

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 31st March 2009.

Treasury Operations

Treasury operations include the entire investment portfolio i.e. dealing in government and other Securities, Money Market Operations and Forex Operations.

During the year-ended 31st March 2009, the Bank has earned total revenue of Rs.753.51 crore from Treasury operations with a net result of Rs. 34.15 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.629.08 crore with a profit contribution of Rs.21.72 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 existing entities and projected turnover in case of new entities.

During the year 2008-09, this Segment has earned revenue of Rs. 850.46 crore and a net result of Rs. 331.72 crore.

ಪ್ರಸ್ತುತ ವರ್ಷದ ವ್ಯವಹಾರ ಗುರಿ

ಉದ್ದಿಮೆಯ ಉತ್ತಮ ಬೆಳವಣಿಗೆಯ ಆಶಾವಾದದಲ್ಲಿ, ನಿಮ್ಮ ಬ್ಯಾಂಕು ಒಟ್ಟು ವ್ಯವಹಾರದ ಗುರಿಯಾಗಿ ರೂ. 39,000 ಕೋಟಿಯನ್ನು 31 ಮಾರ್ಚ್ 2010ರ ಒಳಗೆ ಸಾಧಿಸುವ ಗುರಿ ಇರಿಸಿಕೊಂಡಿದೆ. ಇದರಲ್ಲಿ ಠೇವಣಿ ಗುರಿ ರೂ. 24,000 ಕೋಟಿ ಮತ್ತು ಮುಂಗಡ ಗುರಿ ರೂ. 15,000 ಕೋಟಿ ಅಂತರ್ಗತವಾಗಿವೆ. ಅತ್ಯುತ್ತಮ ಗ್ರಾಹಕ ಸೇವೆ ಮತ್ತು ನಿರ್ವಹಣಾ ಚಾಕಚಕ್ಯತೆಯಿಂದ ಈ ಗುರಿಯನ್ನು ಸಾಧಿಸುವ ವಿಶ್ವಾಸವನ್ನು ಬ್ಯಾಂಕು ಹೊಂದಿದೆ. ಇದರೊಂದಿಗೆ, ಬ್ಯಾಂಕು ತನ್ನ ವ್ಯವಹಾರ ಕೇಂದ್ರಗಳನ್ನು 675ಕ್ಕೆ ವಿಸ್ತರಿಸುವ ಗುರಿ ಹೊಂದಿದ್ದು ಇದರಲ್ಲಿ ಶಾಖಾ ಸಂಖ್ಯೆಯನ್ನು 475ಕ್ಕೂ ಮತ್ತು ಎಟಿಎಂ ಕೇಂದ್ರಗಳ ಸಂಖ್ಯೆಯನ್ನು 200ಕ್ಕೂ 2010 ಮಾರ್ಚ್ ಒಳಗೆ ವಿಸ್ತರಿಸಲಿದೆ.

ವರದಿ ಮಾಡಲಿಕ್ಕಿರುವ ಭಾಗಗಳು

ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ನಿರ್ದೇಶಿಸಿದ ಅಕೌಂಟಿಂಗ್ ಸ್ಟಾಂಡರ್ಡ್ 17 (ವರದಿ ಮಾಡಲಿಕ್ಕಿರುವ ಭಾಗಗಳು) ಮಾರ್ಗದರ್ಶಕ ಅನುಸಾರವಾಗಿ ಬ್ಯಾಂಕು, ವರ್ಷಾಂತ್ಯ ಮಾರ್ಚ್ 31, 2009ಕ್ಕೆ 4 ವ್ಯವಹಾರ ಅಂಗಗಳಲ್ಲಿ ಗುರುತಿಸಲ್ಪಟ್ಟಿದ್ದು ಅವುಗಳು ಖಜಾನೆ, ಸಾಂಸ್ಥಿಕ/ಸಗಟು ಬ್ಯಾಂಕಿಂಗ್, ಚಿಲ್ಲರೆ ಬ್ಯಾಂಕಿಂಗ್ ಮತ್ತು ಇತರ ಬ್ಯಾಂಕಿಂಗ್ ಚಟುವಟಿಕೆಗಳು ಆಗಿವೆ.

ಖಜಾನೆ ವಹಿವಾಟುಗಳು

ಖಜಾನೆ ವಹಿವಾಟುಗಳು ಸಂಪೂರ್ಣ ಹೂಡಿಕೆ ವಿಭಾಗಗಳನ್ನು ಆದರೆ ಸರಕಾರಿ ಮತ್ತು ಇತರ ಧನ ಪತ್ರಗಳ ನಿರ್ವಹಣೆ, ಹಣಕಾಸು ಮಾರುಕಟ್ಟೆ ವ್ಯವಹಾರ ಮತ್ತು ವಿದೇಶಿ ವಿನಿಮಯ ವ್ಯವಹಾರಗಳನ್ನು ಹೊಂದಿದೆ.

ಪ್ರಸ್ತುತ ವರ್ಷ, 31 ಮಾರ್ಚ್ 2009 ವರ್ಷಾಂತ್ಯಕ್ಕೆ ಬ್ಯಾಂಕು ಖಜಾನೆ ವಹಿವಾಟಿನಿಂದ ಒಟ್ಟು ರೂ. 753.51 ಕೋಟಿ ಆದಾಯ ಗಳಿಸಿದ್ದು ನಿವ್ವಳ ಫಲಿತಾಂಶ ರೂ. 34.15 ಕೋಟಿ ಆಗಿರುತ್ತದೆ.

ಸಾಂಸ್ಥಿಕ/ ಸಗಟು ಬ್ಯಾಂಕಿಂಗ್

ಚಿಲ್ಲರೆ ಬ್ಯಾಂಕಿಂಗ್ ವಹಿವಾಟಿನಲ್ಲಿ ಒಳಗೊಳ್ಳದ ಎಲ್ಲಾ ಮುಂಗಡ ವ್ಯವಹಾರಗಳು ಸಗಟು ಬ್ಯಾಂಕಿಂಗ್ ವಿಭಾಗದಲ್ಲಿ ಬರುತ್ತವೆ. ಈ ಅಂಗದಲ್ಲಿ ವರದಿ ವರ್ಷದಲ್ಲಿ ಬ್ಯಾಂಕು ಗಳಿಸಿದ ಹುಟ್ಟುಹಣ ರೂ.629.08 ಕೋಟಿ ಆಗಿದ್ದು ಆದಾಯ ಕೊಡುಗೆ ರೂ.21.72 ಕೋಟಿಯಾಗಿದೆ.

ಚಿಲ್ಲರೆ ಬ್ಯಾಂಕಿಂಗ್

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

ಅ) ಒಡ್ಡಿಕೆ: ಗರಿಷ್ಠ ಒಟ್ಟು ಒಡ್ಡಿಕೆ ರೂ. 5 ಕೋಟಿ ತನಕ

ಆ) ಒಟ್ಟು ವಾರ್ಷಿಕ ವ್ಯವಹಾರವು ರೂ.50 ಕೋಟಿ ಒಳಗೆ ಆದರೆ, ಪ್ರಸ್ತುತ ಅಸ್ತಿತ್ವದಲ್ಲಿರುವ ಸಂಸ್ಥೆ/ವ್ಯಕ್ತಿಯ ಹಿಂದಣ ಮೂರು ವರ್ಷಗಳ ವ್ಯವಹಾರದ ಸರಾಸರಿ ಮತ್ತು ನೂತನ ಸಂಸ್ಥೆ/ವ್ಯಕ್ತಿಯ ಮುಂದಣ ಮೂರು ವರ್ಷಗಳ ಅಂದಾಜಿನಲಾದ ವ್ಯವಹಾರಗಳ ಸರಾಸರಿ.

2008-09ನೇ ವರ್ಷದಲ್ಲಿ ಈ ಅಂಗದಲ್ಲಿ ರೂ.850.46 ಕೋಟಿ ಹುಟ್ಟುಹಣ ಗಳಿಸಲಾಗಿದ್ದು ನಿವ್ವಳ ಫಲಿತಾಂಶ ರೂ.331.72 ಕೋಟಿಯಾಗಿರುತ್ತದೆ.

Other Banking Operations:

Other Banking Operations include only the remaining business done by the Bank i.e. distribution of insurance and mutual fund products, Demat services, online shopping and railway ticket booking, locker facilities etc.

During the year-ended 31st March 2009, this segment has generated revenue of Rs. 37.50 crore and a net result of Rs. 31.96 crore.

RISKS AND CONCERNS

While Indian banks have limited direct exposure to the international markets for mortgage linked securities, they are unlikely to be completely insulated from the turmoil in the global financial markets. Reduced availability of global finance through external commercial borrowings on the back of rising risk aversion in the global markets could affect domestic growth.

The Bank as a financial intermediary is exposed to various kinds of risks both financial and non-financial. With the expansion both in size and business, the Bank has established a comprehensive risk management structure in tune with the RBI guidelines for managing various risks through appropriate risk-return trade-off which helps in maximizing shareholders' value.

The risks faced by the Bank mainly are Credit Risk, Market Risk and Operational Risk, besides other residual risks such as Liquidity Risk, Reputation Risk etc. Your Bank has put in place a sound Risk Management System under the supervision of the Board of Directors for identification, measurement, monitoring and management of these risks. A Board level Integrated Risk Management Committee periodically reviews the risk profile of the Bank, evaluates the overall risks faced by the Bank, and develops policies and strategies for their effective management.

The Bank had clearly chalked out its plan for Basel II implementation in line with the RBI guidelines and we are happy to report that your Bank is Basel II compliant as at 31st March 2009. In this regard, the Pillar III Disclosure is annexed to this report as Annexure II.

INTERNAL CONTROL SYSTEMS

The Bank has already put in place well articulated internal control measures commensurate with the size

ಇತರ ಬ್ಯಾಂಕಿಂಗ್ ವಹಿವಾಟುಗಳು

ಇತರ ಬ್ಯಾಂಕಿಂಗ್ ವಹಿವಾಟುಗಳು ಅಂದರೆ ಇದು ಬರೇ ಉಳಿದ ವಹಿವಾಟುಗಳನ್ನು ಬ್ಯಾಂಕು ನಿರ್ವಹಿಸುತ್ತಿರುವುದನ್ನು ಒಳಗೊಂಡಿರುತ್ತದೆ. ಅಂದರೆ ಇನ್ಸೂರೆನ್ಸ್ ಮತ್ತು ಮ್ಯೂಚುವಲ್ ಫಂಡ್ ವಿತರಣಾ ವ್ಯವಹಾರ, ಡಿಮಾಟ್ ಸೇವೆ, ಆನ್‌ಲೈನ್ ಶಾಪಿಂಗ್, ರೈಲ್ವೇ ಟಿಕೆಟ್ ಬುಕ್ಕಿಂಗ್ ಮತ್ತು ಲಾಕರ್ ಸೌಲಭ್ಯಗಳನ್ನು ಒಳಗೊಂಡಿರುತ್ತದೆ.

31 ಮಾರ್ಚ್ 2009 ಅಂತ್ಯಕ್ಕೆ ಈ ಅಂಗದಲ್ಲಿ ರೂ.37.50 ಕೋಟಿ ಹುಟ್ಟುವಳಿ ಉತ್ಪನ್ನಗೊಂಡಿದ್ದು ನಿವ್ವಳ ಫಲಿತಾಂಶ ರೂ.31.96 ಕೋಟಿಯಾಗಿರುತ್ತದೆ.

ಸಂಭಾವ್ಯ ಅಪಾಯಗಳು ಮತ್ತು ಕಳಕಳಿಗಳು

ಅಂತಾರಾಷ್ಟ್ರೀಯ ಮಾರುಕಟ್ಟೆಯ ಅಡವಿಗೆ ತಳು ಹಾಕಿಕೊಂಡ ಧನವತ್ತದಂತಹ ವ್ಯವಹಾರಗಳಲ್ಲಿ ಭಾರತೀಯ ಬ್ಯಾಂಕುಗಳ ಸೀಮಿತ ನೇರ ಒಡ್ಡಿಗಳಿಂದಾಗಿ, ಜಾಗತಿಕ ಆರ್ಥಿಕ ಮಾರುಕಟ್ಟೆಯ ತುಮುಲಗಳಿಂದ ಭಾರತೀಯ ಬ್ಯಾಂಕುಗಳು ಸಂಪೂರ್ಣ ಸುರಕ್ಷಿತಗೊಂಡಿರುವಂತಾಯ್ತು. ಜಾಗತಿಕ ಮಾರುಕಟ್ಟೆಯ ಸಂಭಾವ್ಯ ಅಪಾಯಗಳ ಹೆಚ್ಚಳದಿಂದಾಗಿ, ಬಾಹ್ಯ ವಾಣಿಜ್ಯ ಸಾಲ ಮತ್ತು ಮೂಲಕ ಜಾಗತಿಕ ಮುಂಗಡ ನೀಡಿಕೆಯ ಅವಕಾಶ ಕುಂಠಿತವಾಗಿರುವುದು, ದೇಶೀಯ ಪ್ರಗತಿಯ ಮೇಲೆ ಸ್ವಲ್ಪ ಪರಿಣಾಮ ಬೀರುತ್ತದೆ.

ಆರ್ಥಿಕತೆಯ ಮಧ್ಯವರ್ತಿಯಾದ ಬ್ಯಾಂಕು, ಆರ್ಥಿಕ ಮತ್ತು ಆರ್ಥಿಕ ಹೊರತಾದ ನಾನಾ ಅಪಾಯಗಳಿಗೆ ಒಡ್ಡಿಕೊಳ್ಳುವುದು ಅನಾವಾಯವಾಗಿದೆ. ಬ್ಯಾಂಕು ತನ್ನ ಗಾತ್ರ ಮತ್ತು ವ್ಯವಹಾರಗಳ ಬೆಳೆಯುವಿಕೆಗೆ ಅನುಸಾರವಾಗಿ ಈಗಾಗಲೇ ಸಮಗ್ರ ಅಪಾಯ ನಿರ್ವಹಣಾ ವ್ಯವಸ್ಥೆಯನ್ನು ಭಾರತೀಯ ರಿವರ್ಸ್ ಬ್ಯಾಂಕಿನ ಮಾರ್ಗದರ್ಶಿಯನ್ವಯ ರಚಿಸಲಾಗಿದ್ದು ಅಪಾಯ ನಿರ್ವಹಣೆಯಲ್ಲಿ ಗರಿಷ್ಠ ನಿಗಾ ವಹಿಸಿದ್ದು ತನ್ನೂಲಕ ಶೇರುದಾರರ ಹಿತಾಸಕ್ತಿಯನ್ನು ಗರಿಷ್ಠವಾಗಿ ಕಾಯ್ದುಕೊಂಡಿದೆ.

ಬ್ಯಾಂಕಿಗೆ ಎದುರಾಗುವ ಪ್ರಮುಖ ಅಪಾಯಗಳಲ್ಲಿ ಮುಂಗಡ ಅಪಾಯ, ಮಾರುಕಟ್ಟೆ ಅಪಾಯ ಮತ್ತು ನಿರ್ವಹಣಾ ಅಪಾಯ, ಅಲ್ಲದೇ ಇನ್ನಿತರ ಉಳಿಕೆ ಅಪಾಯಗಳಾಗಿರುವ ದ್ರವತ್ವದ ಅಪಾಯ, ವ್ಯತಿಷ್ಠೆಯ ಅಪಾಯ ಇತ್ಯಾದಿಗಳಾಗಿವೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕು ಈಗಾಗಲೇ ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ಮೇಲ್ವಿಚಾರಣೆ ಅಡಿಯಲ್ಲಿ ಅತ್ಯುತ್ತಮ ಅಪಾಯ ನಿರ್ವಹಣಾ ವ್ಯವಸ್ಥೆಗಾಗಿ ಸಮಿತಿಯನ್ನು ರಚಿಸಿದ್ದು ಇದು ಅಪಾಯಗಳ ಗುರುತಿಸುವಿಕೆ, ಅಪಾಯಗಳ ಅಳತೆ, ಮೇಲ್ವಿಚಾರಣೆ ಮತ್ತು ನಿರ್ವಹಣೆಯನ್ನು ಮಾಡುತ್ತಿದೆ. ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ಮಟ್ಟದ 'ಸಮಗ್ರ ಅಪಾಯ ನಿರ್ವಹಣಾ ಸಮಿತಿ' ಅಗಿಂದಾಗ್ಗೆ ಬ್ಯಾಂಕಿನ ಅಪಾಯ ಸಂಭಾವ್ಯತೆಯ ಬಗ್ಗೆ ಪುನರಾವಲೋಕನ, ಬ್ಯಾಂಕು ಒಟ್ಟಾರೆ ಎದುರಿಸುತ್ತಿರುವ ಅಪಾಯಗಳ ಬಗ್ಗೆ ಸೂಕ್ತ ಮೌಲ್ಯೀಕರಣ, ಮತ್ತು ಅತ್ಯುತ್ತಮ ನಿರ್ವಹಣೆಗಾಗಿ ಧೋರಣೆ ಮತ್ತು ಕೌಶಲ ಅಭಿವೃದ್ಧಿಗಳ ಕಡೆ ಗಮನ ಹರಿಸಿದೆ.

ಬ್ಯಾಂಕು ಈಗಾಗಲೇ ಬೆಸೆಲ್-II ಪರಿಷ್ಕರಣೆ ಅನುಷ್ಠಾನದ ಬಗ್ಗೆ ಭಾರತೀಯ ರಿವರ್ಸ್ ಬ್ಯಾಂಕಿನ ಮಾರ್ಗದರ್ಶಿಕೆ ಅನ್ವಯ ಸುಸ್ಪಷ್ಟ ಯೋಜನೆ ಕೈಗೊಂಡಿದ್ದು ಬ್ಯಾಂಕು 31 ಮಾರ್ಚ್ 2009ಕ್ಕೆ ಬೆಸೆಲ್-II ಅನುಷ್ಠಾನದಲ್ಲಿ ಪರಿಪೂರ್ಣತೆ ಹೊಂದಿದೆ ಎಂದು ತಿಳಿಸಲು ನಾವು ಹರ್ಷಿಸುತ್ತೇವೆ. ಈ ಕುರಿತಂತೆ, ಪಿಲ್ಲರ್-III ಪ್ರಕಟಣೆಯು ಅನುಬಂಧ IIರಲ್ಲಿ ಲಗತ್ತಿಸಿರಬಹುದು.

ಆಂತರಿಕ ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಗಳು

ಬ್ಯಾಂಕಿನ ಗಾತ್ರ ಮತ್ತು ವ್ಯವಹಾರದಲ್ಲಿನ ನಿರ್ವಹಣಾ ಸಂಕೀರ್ಣತೆಯ ಸೂಕ್ಷ್ಮತೆಗೆ ಅನುಗುಣವಾದ ಆಂತರಿಕ ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಗಳನ್ನು ಬ್ಯಾಂಕು

of the Bank and complexity of operations. A separate Compliance Department has also been set up. The Audit Committee of the Board of Directors supervises the internal audit and compliance functions. The system of regular inspection and short inspection of all the branches / offices and concurrent audit of select branches, Treasury Department and International Division etc., 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. As mandated by the Reserve Bank of India, Risk-based Internal Audit system has already stabilized in the Bank and all the branches have been subjected to such Audit. Adequate measures have also been taken to work under the computerized environment. All the branches and offices are additionally subjected to EDP/IS audit to mitigate the associated risks. Concurrent IS audit of Data Centre (including Disaster Recovery Site) by a competent external IS Audit firm, is also 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 2008-09, 1517 Officers, 814 clerks and 72 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. The Bank is 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 National Institute of Bank Management, Pune, College of Agriculture Banking, Pune, and Institute for Development and Research in Banking Technology, Hyderabad, State Bank Staff College, 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 cordial and healthy industrial relations with the employees. The number of employees in the Bank stood at 4,947 as on 31st March 2009. The business per employee (excluding inter-bank deposits) has improved from Rs.5.89 crore as on 31st March 2008 to Rs.6.49 crore as on 31st March 2009.

ಈಗಾಗಲೇ ಕೈಗೊಂಡಿದೆ. ಪ್ರತ್ಯೇಕವಾದ ಒಂದು ಪರಿವಾಲನಾ ವಿಭಾಗವೂ ಈಗ ಕಾರ್ಯನಿರ್ವಹಿಸುತ್ತಿದೆ. ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ಲೆಕ್ಕಪರಿಶೋಧನಾ ಸಮಿತಿಯು ಬ್ಯಾಂಕಿನ ಆಂತರಿಕ ಪರಿವೀಕ್ಷಣೆ ಮತ್ತು ಪರಿವಾಲನಾ ಕಾರ್ಯದ ಮೇಲ್ವಿಚಾರಣೆ ನಡೆಸುತ್ತಿದೆ. ಸುವ್ಯವಸ್ಥಿತ ನಿಯಮಿತ ಪರಿವೀಕ್ಷಣೆಗೆ ಮತ್ತು ಕಿರು ಪರಿವೀಕ್ಷಣೆ ಎಲ್ಲಾ ಶಾಖೆಗಳು / ಅಫೀಸುಗಳು ಒಳಗೊಳ್ಳುತ್ತಿದ್ದು ಮತ್ತು ಆಯ್ದ ಶಾಖೆಗಳ, ಖಜಾನೆ ವಿಭಾಗ ಮತ್ತು ಅಂತಾರಾಷ್ಟ್ರೀಯ ವಿಭಾಗದ ಸಹಗಾಮಿ ಲೆಕ್ಕ ಪರಿಶೋಧನಾ ವ್ಯವಸ್ಥೆಗಳು ಆಂತರಿಕ ನಿಯಂತ್ರಣ ಪ್ರಕ್ರಿಯೆಯ ಭಾಗವಾಗಿದೆ. ಮುಂಗಡಗಳ ಕಾರ್ಯ ನಿರ್ವಹಣೆಯನ್ನು ಮತ್ತು ಒಲವಡಿಸುವ 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 ಬ್ಯಾಂಕ್‌ನ ಸೂಚನೆಯನ್ವಯ ಅನುಷ್ಠಾನಿಸಲ್ಪಟ್ಟ ಸಂಭಾವ್ಯ ಆಪಾಯಗಳನ್ನು ಆಧರಿಸಿದ ಆಂತರಿಕ ಲೆಕ್ಕ ಪರಿಶೋಧನಾ ವ್ಯವಸ್ಥೆಯಡಿ ಬ್ಯಾಂಕಿನ ಎಲ್ಲಾ ಶಾಖೆಗಳು ಪರಿಶೋಧನೆಗೆ ಒಳಗೊಂಡಿರುವೆ. ಗಣಕೀಕೃತ ಪರಿಸರದಲ್ಲಿ ಕಾರ್ಯ ನಿರ್ವಹಿಸಲು ಅಗತ್ಯವಾದ ಮುನ್ನೆಚ್ಚರಿಕೆಯನ್ನು ತಕ್ಕ ಪ್ರಮಾಣದಲ್ಲಿ ತೆಗೆದುಕೊಳ್ಳಲಾಗಿದೆ. ಎಲ್ಲಾ ಗಣಕೀಕೃತ ಶಾಖೆಗಳು ಮತ್ತು ಕೆಚೇರಿಗಳು ವಿದ್ಯುನ್ಮಾನ ದತ್ತಾಂಶ ಪ್ರಕ್ರಿಯೆ/ ಮಾಹಿತಿ ರಕ್ಷಣಾ ಪರಿಶೋಧನೆಗಳಿಗೆ ಒಳಪಡಿಸಲ್ಪಟ್ಟಿದ್ದು ಇವು ತತ್ಸಂಬಂಧಿ ಸಂಭಾವ್ಯ ಆಪಾಯಗಳ ಹತೋಟಿಗೆ ಸಹಕಾರಿಯಾಗಿವೆ ದತ್ತಾಂಶ ಕೇಂದ್ರ (ವಿಪಾಕ್ ಪುನರ್ ಚೇತನ ಠಾಣೆ) ಸೇರಿದಂತೆ, ಮಾಹಿತಿ ರಕ್ಷಣಾ ಸಹಗಾಮಿ ಪರಿಶೋಧನೆಯು ಅರ್ಹ ಬಾಹ್ಯ ರಕ್ಷಣಾ ಪರಿಶೋಧನಾ ಸಂಸ್ಥೆಯಿಂದ ಪರಿಶೋಧಿಸಲ್ಪಡುವ ಪ್ರಕ್ರಿಯೆಗೆ ಒಳಗೊಂಡಿದೆ.

ಮಾನವ ಸಂಪನ್ಮೂಲಗಳ ಅಭಿವೃದ್ಧಿ

ಯಾವುದೇ ಒಂದು ಉದ್ಯಮಿಯ ಅಭಿವೃದ್ಧಿಗೆ, ಅದರ ಮಾನವ ಸಂಪನ್ಮೂಲ ಅಭಿವೃದ್ಧಿಯು ಒಂದು ಪ್ರಮುಖ ಅಂಗವಾಗಿದೆ. ಬ್ಯಾಂಕಿಂಗ್ ರಂಗವೂ ಇದಕ್ಕೆ ಹೊರತಾಗಿಲ್ಲ. ನಿರಂತರವಾದ ತರಬೇತಿ, ಪದೋನ್ನತಿಯ ಮೂಲಕ ಪುರಸ್ಕಾರ, ಪ್ರಶಂಸೆ ಮುಂತಾದವುಗಳನ್ನು ಇದು ಒಳಗೊಂಡಿರುತ್ತದೆ. 2008-09ರ ಸಾಲಿನಲ್ಲಿ 1517 ಅಧಿಕಾರಿಗಳು, 814 ಗುಮಾಸ್ತರು ಮತ್ತು 72 ಸಹಾಯಕ ಸಿಬ್ಬಂದಿಗಳಿಗೆ ವಿವಿಧ ಅಂಗಗಳಲ್ಲಿ ತಮ್ಮ ಜ್ಞಾನ ಮತ್ತು ಕೌಶಲ್ಯವನ್ನು ಕಾಲದ ಅಗತ್ಯಕ್ಕೆ ತಕ್ಕಂತೆ ಹೆಚ್ಚಿಸಿಕೊಳ್ಳುವ ನಿಟ್ಟಿನಲ್ಲಿ ತರಬೇತಿ ನೀಡಲಾಗಿದೆ. ಬ್ಯಾಂಕಿನ ಸಿಬ್ಬಂದಿ ತರಬೇತಿ ಕೇಂದ್ರವು ಆತ್ಮಶ್ರಮ ಮೂಲಭೂತ ಸೌಲಭ್ಯಗಳೊಂದಿಗೆ, ಸಕಲ ಅಧೋರೇಖೆಯನ್ನು ಹೊಂದಿದ್ದು ಮತ್ತು ಅಧ್ಯಾಪನ ನೈಪುಣ್ಯತೆ ಹೊಂದಿದ ಅಧ್ಯಾಪಕ ವೃಂದದಿಂದ ಬ್ಯಾಂಕಿನ ಸಿಬ್ಬಂದಿಗಳಿಗೆ ತರಬೇತಿ ಲಭ್ಯವಾಗುತ್ತಿದೆ. ಬೆಂಗಳೂರಿನ ಸರ್ವಿಸ್ ಇಂಡಿಯಾ ಬ್ಯಾಂಕ್ ಸ್ಟಾಫ್ ಟ್ರೈನಿಂಗ್ ಕಾಲೇಜಿನ ಸದಸ್ಯತ್ವವನ್ನು ನಿಮ್ಮ ಬ್ಯಾಂಕು ಹೊಂದಿದ್ದು ಇಲ್ಲಿಯ ತರಬೇತಿಯಲ್ಲಿ ವಿಶೇಷ ನೈಪುಣ್ಯ ನಮ್ಮ ಸಿಬ್ಬಂದಿಗಳಿಗೆ ಲಭಿಸುತ್ತಿದೆ. ಅಧಿಕಾರಿಗಳಿಗೆ ವಿಶೇಷ ತರಬೇತಿಗಳ ಅಗತ್ಯ ಕಂಡಾಗ ಅವರನ್ನು ಪುಣೆಯ ನ್ಯಾಷನಲ್ ಇನ್‌ಸ್ಟಿಟ್ಯೂಟ್ ಆಫ್ ಬ್ಯಾಂಕ್ ಮ್ಯಾನೇಜ್‌ಮೆಂಟ್, ಪುಣೆಯ ಕಾಲೇಜ್ ಆಫ್ ಅಗ್ರಿಕಲ್ಚರಲ್ ಬ್ಯಾಂಕಿಂಗ್, ಹೈದರಾಬಾದ್‌ನ ಇನ್‌ಸ್ಟಿಟ್ಯೂಟ್ ಫಾರ್ ಡೆವಲಪ್‌ಮೆಂಟ್ ಆಫ್ ರಿಸರ್ಚ್ ಬ್ಯಾಂಕಿಂಗ್ ಟೆಕ್ನೋಲಜಿ, ಹೈದರಾಬಾದಿನ ಸ್ಟೇಟ್ ಬ್ಯಾಂಕ್ ಸ್ಟಾಫ್ ಕಾಲೇಜ್ ಹೀಗೆ ವಿವಿಧ ಸಂಸ್ಥೆಗಳಿಗೆ ವಿಶೇಷ ತರಬೇತಿಗಾಗಿ ಕಳುಹಿಸಲಾಗುತ್ತಿದೆ. ಹೆಚ್ಚುವರಿಯಾಗಿ, ಕಾರ್ಯನಿರ್ವಾಹಕರು, ಹಿರಿಯ ಪ್ರಬಂಧಕರುಗಳನ್ನು ವಿಶೇಷ ತರಬೇತಿಗಾಗಿ ಅಕ್ಯಾಡಮಿಕ್ ಇಂಡಿಯನ್ ಇನ್‌ಸ್ಟಿಟ್ಯೂಟ್ ಆಫ್ ಮ್ಯಾನೇಜ್‌ಮೆಂಟ್ ನಾಯಕನ ಅಭಿವೃದ್ಧಿ ಕಾರ್ಯಕ್ರಮಗಳಿಗಾಗಿ ನಿಯುಕ್ತಗೊಳಿಸಲಾಗುತ್ತಿದೆ.

ಈ ಹಿಂದಿನಂತೆ ಬ್ಯಾಂಕು ತನ್ನ ನೌಕರರೊಂದಿಗೆ ಹೈತ್ಯೂರ್ವಕ ಮತ್ತು ಸೌಹಾರ್ದಯುತ ಬಾಂಧವ್ಯವನ್ನು ಉಳಿಸಿಕೊಂಡು ಬಂದಿದೆ. 31 ಮಾರ್ಚ್ 2009ಕ್ಕೆ ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ನೌಕರರ ಸಂಖ್ಯೆ 4947 ಆಗಿದೆ. ಬ್ಯಾಂಕಿನ ಸಿಬ್ಬಂದಿಗಳ ತಲಾ ವಹಿವಾಟು (ಆಂತರಾಬ್ಯಾಂಕ್ ಠೇವಣಿ ಹೊರತಾಗಿ) 31 ಮಾರ್ಚ್, 2008ರ ರೂ. 5.89 ಕೋಟಿಯಿಂದ 31 ಮಾರ್ಚ್, 2009ಕ್ಕೆ ರೂ.6.49 ಕೋಟಿಯಷ್ಟು ಅಭಿವೃದ್ಧಿಗೊಂಡಿದೆ.

BOARD OF DIRECTORS

During the year under report, Shri D Surendra Kumar, Shri I Jagdish Rao and Shri Jairam G Kimmane retired as directors of the Bank on completion of 8 years of tenure. The Board places on record its appreciation of the active involvement and useful services rendered by the retired Directors.

During the year under report Shri S V Manjunath, from Chikmagalore District, Shri D Harshendra Kumar of Dharmastala and Dr. H Ramamohan from Kundapura, Udupi District, were appointed as additional directors of the Bank w e f 25th October 2008. The Board welcomes the new directors and seeks their 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 Annexure III to this Report.

DIRECTORS' RESPONSIBILITY REPORT

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

- i. The Accounts for the year 2008-09 were prepared by following the Accounting Standards in so far as they apply to banks.
- ii. Accounting policies adopted and applied consistently by the Bank are in tune with the RBI guidelines issued from time to time. Reasonable 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 31st March 2009.
- 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 31st March 2009 have been prepared on a "Going Concern" basis.

STATUTORY DISCLOSURES

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

ನಿರ್ದೇಶಕರ ಮಂಡಳಿ

ಪ್ರಸ್ತುತ ವರದಿ ವರ್ಷದಲ್ಲಿ ಶ್ರೀ ಡಿ. ಸುರೇಂದ್ರ ಕುಮಾರ್, ಶ್ರೀ ಐ. ಜಗದೀಶ ರಾವ್ ಮತ್ತು ಶ್ರೀ ಜೈರಾಮ್ ಜಿ. ಕಿಮ್ಮನ್ ಇವರುಗಳು ತಮ್ಮ ನಿರ್ದೇಶಕ ಅವಧಿಯ 8 ವರ್ಷಗಳನ್ನು ಪೂರೈಸಿ ಬ್ಯಾಂಕಿನ ನಿರ್ದೇಶಕ ಮಂಡಳಿಯಿಂದ ವಿರಮಿಸುತ್ತಿದ್ದಾರೆ. ನಿರ್ಗಮಿಸುತ್ತಿರುವ ನಿರ್ದೇಶಕರಲ್ಲರ ಸಕ್ರಿಯ ಸಹಭಾಗಿತ್ವ ಮತ್ತು ಅಮೂಲ್ಯ ಮಾರ್ಗದರ್ಶನವನ್ನು ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯವರು ಶ್ಲಾಘನೆಯೊಂದಿಗೆ ದಾಖಲಿಸುತ್ತಾರೆ.

ಪ್ರಸ್ತುತ ವರದಿ ವರ್ಷದಲ್ಲಿ ಶ್ರೀ ಎಸ್. ವಿ. ಮಂಜುನಾಥ್ (ಚಿಕ್ಕ ಮಗಳೂರು ಜಿಲ್ಲೆ), ಶ್ರೀ ಡಿ. ಹರ್ಷೇಂದ್ರ ಕುಮಾರ್, ಧರ್ಮಸ್ಥಳ ಮತ್ತು ಡಾ. ಎಚ್. ರಾಮಮೋಹನ್, ಕುಂದಾಪುರ (ಉಡುಪಿ ಜಿಲ್ಲೆ) ಇವರುಗಳನ್ನು ದಿನಾಂಕ 25, ಅಕ್ಟೋಬರ್, 2008ರಿಂದ ಅನ್ವಯಗೊಳ್ಳುವಂತೆ ಹೆಚ್ಚುವರಿ ನಿರ್ದೇಶಕರನ್ನಾಗಿ ನಿಯಮಿಸಿಕೊಳ್ಳಲಾಗಿದೆ. ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯು ಸೂತನ ನಿರ್ದೇಶಕರುಗಳನ್ನು ಸ್ವಾಗತಿಸುತ್ತಾ, ಅವರ ಮಾರ್ಗದರ್ಶನವನ್ನು ಕೋರುತ್ತದೆ.

ಸಾಂಸ್ಥಿಕ ಪ್ರಶಾಸನೆ

ನಿಮ್ಮ ಬ್ಯಾಂಕು ಅತ್ಯುತ್ತಮ ಸಾಂಸ್ಥಿಕ ಪ್ರಶಾಸನೆಗೆ ಬದ್ಧವಾಗಿದ್ದು, ತನ್ನೊಳಗೆ ಬ್ಯಾಂಕಿನ ಸರ್ವ ಪಾಲುದಾರರ ಅಂದರೆ ಶೇಖರದಾರರ, ಲೇವಣಿದಾರರ, ಗ್ರಾಹಕರ ಮತ್ತು ನೌಕರರ ಹಾಗೂ ಮುಖ್ಯವಾಗಿ ಸಮಾಜದ ಹಿತಾಸಕ್ತಿಯನ್ನು ಕಾಪಾಡಿಕೊಂಡಿದ್ದು ನಿರ್ವಹಣೆಯ ಸರ್ವಸ್ವರದಲ್ಲೂ ಪಾರದರ್ಶಕತೆ ಕಾಪಾಡುವ ಗುರಿ ಮತ್ತು ಬದ್ಧತೆಯನ್ನು ಹೊಂದಿರುತ್ತದೆ. ಸಾಂಸ್ಥಿಕ ಪ್ರಶಾಸನೆಗೆ ಸಂಬಂಧಿಸಿದ ವಿವರವಾದ ವರದಿಯನ್ನು ಈ ವಾರ್ಷಿಕ ವರದಿಯ ಅನುಬಂಧ-III ರಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

ನಿರ್ದೇಶಕರ ಜವಾಬ್ದಾರಿಗಳ ಬಗ್ಗೆ ವರದಿ

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

- i) 2008-09ರ ಲೆಕ್ಕ ಪತ್ರಗಳನ್ನು ಬ್ಯಾಂಕುಗಳಿಗೆ ಅನ್ವಯಿಸುವ ಲೆಕ್ಕಪತ್ರ ಸಂಹಿತೆಯನ್ನು ಅನುಸರಿಸಿ ತಯಾರಿಸಲಾಗಿದೆ.
- ii) ಬ್ಯಾಂಕು ಅಳವಡಿಸಿರುವ ಮತ್ತು ನಿಯಮಿತವಾಗಿ ಅನುಸರಿಸುತ್ತಿರುವ ಲೇಖನ ವಿಧಾನ ನೀತಿಗಳು, ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ಕಾಲಕಾಲಕ್ಕೆ ಹೊರಡಿಸಿರುವ ಮಾರ್ಗದರ್ಶಿ ಸೂತ್ರಗಳಿಗೆ ಅನುಗುಣವಾಗಿವೆ. 31.03.2009ರಂದು ಅಂತ್ಯವಾದ ವರ್ಷದಂದು ಇದ್ದ ಬ್ಯಾಂಕಿನ ಸ್ಥಿತಿಗತಿಯ ಮತ್ತು ಲಾಭದ ನಿಜವಾದ ಹಾಗೂ ಯಥಾರ್ಥವಾದ ಚಿತ್ರಣ ಕೊಡಲು ಯಥೋಚಿತ, ವಿವೇಕಯುತ ತೀರ್ಮಾನಗಳು ಮತ್ತು ಅಂದಾಜುಗಳನ್ನು ಲೆಕ್ಕಪತ್ರಗಳನ್ನಿಡಲು ಮಾಡಲಾಗಿದೆ.
- iii) 1956ರ ಕಂಪನಿ ಕಾಯ್ದೆಯನ್ವಯ ಬ್ಯಾಂಕುಗಳಿಗೆ ಅನ್ವಯಿಸುವ ಉಪ ಬಂಧಗಳ ಪ್ರಕಾರ ಲೆಕ್ಕಪತ್ರಗಳನ್ನಿಡಲು ಬ್ಯಾಂಕು, ಯುಕ್ತ ಮತ್ತು ಅಗತ್ಯವಾದ ಎಚ್ಚರಿಕೆಯನ್ನು ತೆಗೆದುಕೊಂಡಿದೆ.
- iv) 31.03.2009ರಂದು ಮುಕ್ತಾಯಗೊಂಡ ವಾರ್ಷಿಕ ಲೆಕ್ಕಪತ್ರಗಳನ್ನು 'ಪ್ರಚಲಿತ ಸಂಸ್ಥೆ' ಮಾದರಿಯಂತೆ ತಯಾರಿಸಲಾಗಿದೆ.

ಶಾಸನಬದ್ಧ ಪ್ರಕಟಣೆ

ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ವ್ಯವಹಾರ ಸ್ವರೂಪಕ್ಕನುಗುಣವಾಗಿ, ಶಕ್ತಿ ಸಂಪನ್ಮೂಲ ರಕ್ಷಣೆ ಮತ್ತು ತಂತ್ರಜ್ಞಾನ ಅಳವಡಿಕೆಗೆ ಸಂಬಂಧಿಸಿದ ಕಂಪನಿ ಕಾಯ್ದೆ 1956, ವಿಭಾಗ 217(1)(ಇ) ನಿಮ್ಮ ಬ್ಯಾಂಕಿಗೆ ಅನ್ವಯಿಸುವುದಿಲ್ಲ. ಏನಿದ್ದರೂ,

absorption do not apply to your Bank. The Bank has, however, used information technology extensively in 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 IV.

SOCIAL INITIATIVES

As a responsible corporate citizen, it has been the vision of your Bank to empower community through socio-economic development of the poorer people in the society. As part of its Corporate Social Responsibility (CSR), initiatives, your Bank has been contributing its best for promotion of public interest by encouraging community development by focusing on financial inclusion, rural development, education, health care, housing, environment etc. Your Bank's initiatives in this area are channeled through institutions /organizations who specialize in these activities. In pursuit of rural orientation, the Bank has adopted Amasebail village in Udupi district where it is acting as a chanelising and monitoring agency for the utilization funds by the beneficiaries. In line with its corporate Mission, the Bank attaches due importance to ethics in business and obligations to the society. Your Bank has also sponsored social awareness programmes like de-addiction programme aiming at social amelioration

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 express 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

Place : Mangalore
Date : 25.05.2009

Ananthakrishna
Chairman

ನಿಮ್ಮ ಬ್ಯಾಂಕು ತನ್ನ ವ್ಯವಹಾರಗಳಲ್ಲಿ ಮಾಹಿತಿ ತಂತ್ರಜ್ಞಾನವನ್ನು ವಿಸ್ತೃತವಾಗಿ ಉಪಯೋಗಿಸುತ್ತಿದೆ.

ಕಂಪನಿ ಕಾಯ್ದೆ 1956ರ ವಿಭಾಗ 217 (2ಎ) ಹಾಗೂ ಕಂಪನಿಗಳ (ಸಿಬ್ಬಂದಿ ವಿವರ) ವಿಧಿ 1975 ನಿಯಮಗಳನ್ವಯ ಬಹಿರಂಗ ಪಡಿಸಬೇಕಾದ ಮಾಹಿತಿಗಳನ್ನು ಈ ವರದಿಯ ಅನುಬಂಧ-IVರಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

ಸಾಮಾಜಿಕ ಉಪಕ್ರಮ

ಜವಾಬ್ದಾರಿಯುತ ಸಾಂಸ್ಥಿಕ ನಾಗರಿಕನಾಗಿ, ಸಾಮಾಜಿಕ - ಆರ್ಥಿಕ ಅಭಿವೃದ್ಧಿಯ ಮೂಲಕ ಸಮಾಜದ ಆರ್ಥಿಕವಾಗಿ ಕೆಳಮಟ್ಟದ ಜನರನ್ನು ಸಾಮಾಜಿಕ ಸಶಕ್ತತೆಯತ್ತ ತರುವ ದೂರದರ್ಶಿತ್ವ ನಿಮ್ಮ ಬ್ಯಾಂಕಿನದ್ದಾಗಿದೆ. ಸಾಂಸ್ಥಿಕ ಸಾಮಾಜಿಕ ಜವಾಬ್ದಾರಿಯ ಭಾಗವಾಗಿ, ಉಪಕ್ರಮವಾಗಿ, ನಿಮ್ಮ ಬ್ಯಾಂಕು ಸಾಮಾಜಿಕ ಆಸಕ್ತಿಯ ಅತ್ಯುತ್ತಮ ಕೊಡುಗೆ ನೀಡುವಲ್ಲಿ ಸಮುದಾಯ ಅಭಿವೃದ್ಧಿಯತ್ತ ಅದ್ವೈತ ಗಮನ ಹರಿಸಿ, ಆರ್ಥಿಕ ಒಗ್ಗೂಡಿಕೆ, ಗ್ರಾಮೀಣಾಭಿವೃದ್ಧಿ ತಿಕ್ಕಣ, ಆರೋಗ್ಯರಕ್ಷಣೆ, ಸ್ವಗೃಹ ನಿರ್ಮಾಣ, ಪರಿಸರ ನೈರ್ಮಲ್ಯ ಇತ್ಯಾದಿ ಅಗತ್ಯತೆಗಳ ಬಗ್ಗೆ ಯೋಜನೆಗಳನ್ನು ಅನುಷ್ಠಾನಿಸಿದೆ. ಇಂತಹ ಚಟುವಟಿಕೆಗಳಲ್ಲಿ ವಿಶೇಷವಾಗಿ ತೊಡಗಿಕೊಂಡಿರುವ ಸಂಸ್ಥೆಗಳ ಸಹಭಾಗಿತ್ವದ ಮೂಲಕ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಸಮುದಾಯ ಅಭಿವೃದ್ಧಿಯ ಉಪಕ್ರಮವನ್ನು ಕೈಗೊಂಡಿದೆ. ಸಮಗ್ರ ಗ್ರಾಮೀಣ ಅಭಿವೃದ್ಧಿಯ ಅಂಗವಾಗಿ, ಬ್ಯಾಂಕು ಉಡುಪಿ ಜಿಲ್ಲೆಯ ಅಮಾಸೆಬೈಲು ಗ್ರಾಮವನ್ನು ದತ್ತು ತೆಗೆದುಕೊಂಡಿದ್ದು ಅಲ್ಲಿನ ಬ್ಯಾಂಕಿನ ಶಾಖೆಯು, ವಿವಿಧ ಅನುದಾನಗಳು ಸತ್ಪ್ರಯೋಗದ ಫಲಾನುಭವಿಯನ್ನು ತಲವುಪಲ್ಲಿ ಸೂಕ್ತ ಮೇಲ್ವಿಚಾರಣೆ, ನಿರ್ವಹಣೆ ಹೊಂದಿದೆ. ತನ್ನ ಸಾಂಸ್ಥಿಕ ಧೈಯ ವಾಕ್ಯದಂತೆ, ಬ್ಯಾಂಕು ತನ್ನ ವ್ಯವಹಾರದಲ್ಲಿ ನೀತಿಗೆ ಅದ್ವೈತ ಪ್ರಾಮುಖ್ಯತೆ ನೀಡಿದ್ದು ಸಾಮಾಜಿಕ ಬದ್ಧತೆಗೆ ಮುಡಿಪಾಗಿರುತ್ತದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕು ಸಾಮಾಜಿಕ ಅರಿವಿನ ಹಲವಾರು ಕಾರ್ಯಕ್ರಮಗಳನ್ನು ಪ್ರಾಯೋಜಿಸಿದ್ದು ಸಾಮಾಜಿಕ ಅನಿಷ್ಟಗಳ ವಿರುದ್ಧ ವ್ಯಸನ ಮುಕ್ತತೆಯ ಬಗ್ಗೆ ಅರಿವು ಮೂಡಿಸುವ ಯತ್ನವನ್ನು ಮುಂದುವರಿಸಿದೆ.

ಕೃತಜ್ಞತೆಗಳು

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

ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ಪರವಾಗಿ ಮತ್ತು ಅಪ್ಪಣೆಯೊಂದಿಗೆ,

ಸ್ಥಳ : ಮಂಗಳೂರು
ದಿನಾಂಕ : 25.05.2009

ಅನಂತ್ ಕೃಷ್ಣ
ಅಧ್ಯಕ್ಷರು

ANEEXURES 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	Series 1	Series 2	Series 3
Options granted during the year ended 31 st March, 2009	-	-	517600
Pricing formula	Rs. 50 per share/lor option	Rs. 50 per share/lor option	Rs. 50 per share/lor option
Options vested	380560	9200	-
Options exercised	200510	1620	-
Total Number of shares arising as a result of exercise of options	200510	1620	-
Options lapsed/forfeited/cancelled	46720	2350	8700
Variation of terms of options	Nil		
Money realized by exercise of options, including premium	10025500	81300	-
Total Number of Options in force	731570	7430	508900
Employee wise details of grant to senior Managerial personnel Sarvashri			
1. P Jayarama Bhat	-	-	7000
2. Shivaswamy Aithal K H	-	-	7000
3. P Jairama Hande	-	-	7000
4. N Upendra Prabhu	-	-	7000
5. B Ashok Hegde	-	-	7000
6. M V C S Karanlh	-	-	7000
7. V N Manohar	-	-	2000
8. Dr Meera Laetitia B Aranha	-	-	4000
9. M S Mahabaleshwara Bhal	-	-	2000
10. S Ramachandra Bhat	-	-	2000
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	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	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 in Rs
1	Intrinsic value	64468863
2	Cost as per Black Scholes model	64080399
	(Excess charged) / to be charged	(388464)

There is no adverse impact on profit and Earning per share (EPS)

a) Weighted average details

	Exercise Price (Rs)	Fair value (Rs)
Series 1	50	123
Series 2	50	188
Series 3	50	88.73

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	Series 3
1	Risk free interest rate	7.34% to 7.42%	7.34% to 7.42%	7.40% to 7.47%
2	Expected life (excluding grant period of one year)	3 years	3 years	3 years
3	Expected volatility	18%	17.30%	20.78%
4	Expected dividend	35%	35%	50%
5	Price of the underlying share at the time of grant of options	Rs. 173	Rs 240.35	Rs. 141.15

ANNEXURE II

DISCLOSURE UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (BASEL II GUIDELINES) FOR THE YEAR ENDED 31ST MARCH 2009.**1. SCOPE OF APPLICATION**

The Karnataka Bank Limited is a premier private sector bank which was incorporated on February 18th 1924 at Mangalore. The Bank does not have any subsidiary/Associate companies under its Management.

The Bank presently is not involved in insurance business. However, bank has entered in to a Joint venture agreement and holds equity investments to the extent of 15% in M/s Universal Sompo General Insurance Company Limited. The financials of the joint venture company are not considered with the balance sheet of the Bank. The investment in the joint venture is not deducted from the capital funds of the Bank but is assigned risk- weights as an investment.

2. CAPITAL STRUCTURE

(Rs in crore)

	Particulars	No of equity Shares	Face value per share	Amount
1	Authorised Capital	200000000	10	200.00
2	Issued Capital	121598506	10	121.60
3	Subscribed Capital	121591428	10	121.59
4	Called up/Paid up Capital	121574878	10	121.58

The Bank's shares are listed on the National Stock exchange and Bombay Stock Exchange.

During the year the Bank has allotted equity shares to employees under it's Employee Stock Option Plan.

The Bank has also raised Tier II capital (Subordinated Debt), aggregate value of which as on 31.03.2009 was Rs 350.00 crore as per the table below:

Date of allotment	Date of redemption	Rate of Interest	Amount (Rs in crore)
30-06-2007	30-06-2017	10.50%	120.50
29-03-2008	29-03-2018	10.25%	29.50
27-09-2008	27-09-2018	11.25%	200.00
TOTAL			350.00

Breakup of Capital Funds

The Tier I Capital of the Bank comprises of

(Rs in crore)

1	Paid up Capital	121.58
2	Reserves	1443.94
	Total	1565.52

The Tier II Capital of the Bank comprises of

(Rs in crore)

1	Undisclosed reserves	12.45
2	General Provisions and Loss Reserves	62.60
3	Subordinated debts eligible for inclusion in Lower Tier 2 Capital	350.00
	Total	425.05

The Total eligible capital comprises of

(Rs in crore)

1	Tier I Capital	1565.52
2	Tier II Capital	425.05
	Total	1990.57

An assessment of the capital requirement of the Bank is carried out through comprehensive projections of future business that takes cognizance of the strategic intent of the Bank, profitability of particular business and opportunities for growth. The proper mapping of credit, operational and market risks to this projected business growth enables assignment of capital that not only adequately covers the minimum regulatory capital requirements but also provides headroom for growth. The calibration of risk to business is enabled by a strong risk culture in the Bank aided by effective, technology based risk management systems.

A summary of the Bank's Capital requirement for credit, market and operational risk and the capital adequacy ratio as on 31st March, 2009:

(Rs in crore)

A	Capital requirement for Credit Risk	
	-Portfolios subject to Standardized approach	1156.18
	-Securitization exposures	0.00
B	Capital requirement for Market Risk	84.01
	Standardized duration approach	
	-Interest rate Risk	48.00
	-Foreign exchange risk	3.14
	-Equity Risk	32.87
C	Capital requirement for Operational Risk	
	-Basic Indicator approach	89.18
D	Total Capital requirement	1329.37
E	Total Capital Funds of the Bank	1990.57
F	Total Risk Weighted Assets	14770.78
G	Capital Adequacy Ratio of the Bank (%)	13.48%
H	Tier I CRAR (%)	10.60%
I	Tier II CRAR (%)	2.88%

Capital Adequacy Ratio of the bank under Basel I is detailed as below

		31.03.2009	31.03.2008
i	Capital Adequacy Ratio -- Tier - I (%)	10.65	10.36
ii	Capital Adequacy Ratio -- Tier - II (%)	2.89	1.81
iii	Total Capital Adequacy (%)	13.54	12.17
iv	Capital Adequacy Norms prescribed by the Reserve Bank of India (%)	9.00	9.00
v	Amount of subordinated debt raised as Tier II capital (Rs in crore)	350.00	150.00

3. RISK MANAGEMENT: OBJECTIVES AND ORGANIZATION STRUCTURE

The various risks taken by the Bank during the course of the business development are identified, measured, controlled, monitored and reported effectively. The key components of the Bank's risk management rely on the risk governance architecture, comprehensive processes and internal control mechanism. The Bank's risk governance architecture focuses attention on key areas of risk such as credit, market and operational risk and quantification of these risks wherever possible for effective and continuous monitoring.

a. Objectives and Policies

The Bank's risk management processes are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring through the sub-committees of the Board of Directors. The Board sets the overall risk appetite and philosophy for the Bank. The Board of Directors, the Integrated Risk Management Committee and the Audit Committee of the Board review various aspects of risk arising from the businesses of the Bank.

b. Structure and Organization

The bank has a risk management system that is centralized with a 3 track committee approach. An Integrated Risk Management Committee (IRMC) evaluates the overall risk factors faced by the bank and directly reports to the Board of directors. The committees are Credit Policy Committee (CPC), Asset Liability Management Committee (ALCO) and Operational Risk Management Committee (ORMC).

Credit Policy Committee deals with credit policies and procedures, Asset Liability Management Committee deals with Asset Liability Management (ALM) and Investment Policy of the Bank and Operational Risk Management Committee formulates policies and procedures for managing operational risk.

4. CREDIT RISK MANAGEMENT

Bank has developed online comprehensive risk rating system for all borrower accounts where the aggregate Fund based Exposures is Rs. 25.00 lakh and above or aggregate non-fund based exposure of Rs.200 lakhs and above irrespective of the amount of fund based Exposure. The rating serves as a single point indicator of diverse risk factors of counter-party and for taking credit decisions. The risk rating system is drawn up in a structured manner, incorporating different factors such as borrower specific characteristics, industry specific characteristics etc. Bank is also undertaking periodic validation exercise of its rating models and also conducting migration and default rate analysis to test robustness of its rating models. Presently the borrowers have been rated in 10 different categories as detailed below:

Symbols	Risk Level	Description of the Risks
KB1	Minimal	Strong Balance Sheet and excellent asset quality. Excellent management with depth.
KB2	Lowest	Good asset quality and liquidity with stable Balance Sheet. Probability of serious financial deterioration is minimal.
KB3	Lower	Average asset quality and liquidity. Satisfactory Balance Sheet performance and profitability. Vulnerability to default is remote
KB4	Low	Acceptable asset quality with marginally fluctuating earnings. Slight vulnerability to default.
KB5	Moderate	Acceptable asset quality but highly leveraged and fluctuating earnings. Inadequate capacity to sustain major setbacks.
KB6	Average	Watch list credit. Borrower's performance has not met expectations.
KB7	High	Marginally acceptable business credit with some potential weakness. Generally un-desirable business constituting an undue and unwarranted credit risk.
KB8	Very High	Unacceptable business credit. Normal recovery of debt is in doubt. The quality of the asset has deteriorated but not to the point of justifying a substandard classification
KB9	Sub Standard	Collection of debt in full improbable. The quality of the asset is substandard.
KB10	Doubtful/Loss (Critical)	Expected total loss. Cannot be classified as active assets of the Bank. Partial recoveries may occur in future. Loss asset.

While "KB4" is considered as the entry-level grade, "KB8" is treated as the exit grade.

The rating wise distribution of credit Exposure as on 31st March 2009 is detailed as below.

(Rs in crore)

Symbol	Risk Level	Current year		Previous year	
		Gross Advances	% to Total Gross Advances	Gross Advances	% to Total Gross Advances
KB1 *	Minimal	2219.25	18.31	2299.36	20.71
KB2	Lowest	2998.20	24.73	1801.24	16.22
KB3	Lower	1380.47	11.39	1295.72	11.67
KB4	Low	2556.72	21.09	2072.01	18.66
KB5	Moderate	678.22	5.59	949.94	8.56
KB6	Average	86.79	0.72	101.51	0.91
KB7	High	105.47	0.87	21.99	0.20
KB8	Very High	19.97	0.16	27.07	0.25
KB9	Sub Standard	97.98	0.81	91.01	0.82
KB10	Doubtful/Loss	345.22	2.85	288.55	2.60
	Unrated	1634.68	13.48	2153.62	19.40
	Total	12122.97	100.00	11102.02	100.00

* Includes Gold Loan, Deposit Loan and Staff Loans

The Bank has formulated a comprehensive LOAN POLICY by incorporating various parameters and prudential limits to manage and control default, transaction and intrinsic/concentration risk. The credit exposures are taken after subjecting the proposals to analysis of various risk factors such as financial risk, industry risk, Management risk, business risk, transaction risk etc.

The Bank analyses the migration of borrowers in various risk rating categories to gauge the quality of the loan portfolio. In addition to the above, the bank also conducts periodical review of the loan assets to ascertain conduct of the accounts. The Bank conducts periodical Credit Audit and Stock Audit of large credit exposures to limit the magnitude of credit risk and interest rate risk.

Credit Sanction and related processes

1. Know your Customer is a leading principle for all activities.
2. Sound credit approval process with well laid credit-granting criteria is in place.
3. The acceptability of credit exposure is primarily based on the sustainability and adequacy of borrower's normal business operations and not based solely on the availability of security.
4. Portfolio level risk analysis and reporting to ensure optimal spread of risk across various rating classes to prevent undue risk concentration across any particular industry segments and monitor credit risk migration.
5. Sector specific studies are periodically undertaken to highlight risk and opportunities in those sectors.
6. Rating linked exposure norms have been adopted by the Bank.
7. Industry-wise exposure ceilings are based on the industry performance, prospects and the competitiveness of the sector.
8. Separate risk limits are set out for credit portfolios like advances to NBFC and unsecured loans that require special monitoring.
9. With heightened activity in the real estate sector, the Bank has strengthened its risk Management systems to ensure that its advances are to borrowers having a good track record and satisfying the criterion of minimum acceptable credit rating. Appropriate covenants are stipulated for risk containment and monitoring.

Review and Monitoring

1. All credit exposures, once approved, are monitored and reviewed periodically against the approved limits. Borrowers with lower credit rating are subject to more frequent reviews.
2. Credit Audit involves independent review of credit risk assessment, compliance with internal policies of the Bank and with the regulatory framework, compliance of sanction terms and conditions and effectiveness of loan administration.
3. Customers with emerging credit problems are identified early and classified accordingly. Remedial action is initiated promptly to minimize the potential loss to the Bank.

Concentration Risk

The Bank controls concentration risk by means of appropriate structural limits and borrower limits based on creditworthiness. These include:

Large exposures to individual clients or group

The Bank has individual borrower-wise exposure ceilings based on the internal rating of the borrower as well as group-wise borrowing limits. The Bank monitors the level of credit risk (Low/Moderate/High/Very High) and direction of change in credit risk (increasing/decreasing/stable) at the portfolio level based on the following six parameters that capture concentration risk:

1. Highest geographic concentration in a region.
2. Exposure to Top 20 accounts as a percentage of Credit Risk Exposure (CRE).
3. Percentage of term loans with residual maturity more than 3 years to total loans.
4. Percentage of unsecured loans to total loans and advances.
5. Number of single borrower exposures exceeding 15% of capital funds.
6. Number of group exposures exceeding 40% of capital funds.

a) Geographic Concentration

(Rs in crores)

Sl No	State/Union Territory	No of Branches	Total Gross Loans and Advances	% to total Loans and Advances
1	Andhra Pradesh	32	808.46	6.67
2	Assam	1	14.55	0.12
3	Chandigarh	1	62.00	0.51
4	Chhattisgarh	3	47.97	0.39
5	Delhi	16	1477.80	12.19
6	Goa	5	55.66	0.46
7	Gujarat	5	222.65	1.84
8	Haryana	4	358.37	2.95
9	Jharkhand	1	7.94	0.07
10	Karnataka	278	4371.41	36.06
11	Kerala	11	95.62	0.79
12	Madhya Pradesh	2	46.96	0.39
13	Maharashtra	34	2241.47	18.49
14	Orissa	2	160.33	1.32
15	Pondicherry	1	15.51	0.13
16	Punjab	4	176.40	1.45
17	Rajasthan	3	324.42	2.68
18	Tamilnadu	28	1203.30	9.93
19	Uttar Pradesh	8	127.71	1.05
20	Uttarakhand	2	6.09	0.05
21	West Bengal	6	298.35	2.46
	Total	447	12122.97	100.00

b) Other Exposures

(Rs in crore)

SI No	Details of the Exposure	No of Accounts	Total Gross Loans and Advances	% to total Loans and Advances
1	Exposure to Top 20 accounts	20	2752.08	22.70%
2	Term loan with residual maturity of more than 3 years	53237	4031.70	33.26%
3	Unsecured loan	24555	1190.91	9.82%
4	Individual exposure exceeding 15% of capital funds	1	289.95	2.39%
5	Group exposure exceeding 40% of capital funds	0	0	0

While determining level and direction of credit risk, parameters like percentage of low- risk credit (investment grade and above) to credit risk exposure and migration from investment to non-investment grade (quantum as percentage of credit risk exposure) are also considered. The Bank also monitors the rating-wise distribution of its borrowers.

Exposure to Industries

Industry analysis plays an important part in assessing the concentration risk within the loan portfolio. Particular attention is given to industry sectors where the Bank believes that there is a high degree of risk or potential for volatility in the future. The Bank has fixed internal limits for aggregate commitments to different sectors so that the exposures are evenly spread over various sectors.

Though the bank has implemented the Standardized Approach of credit risk as prescribed by Reserve Bank of India, the bank will continue to rate all borrowers by adopting Internal Rating Based Approach. As such, the credit policy deals with short term implementation as well as long term approach to credit risk management. The policy of the bank embodies in itself the areas of risk identification, risk measurement, risk grading techniques, reporting and risk control systems /mitigation techniques, documentation practice and the system for management of problem loans.

Disclosure for portfolios subject to the standardized approach

Bank has approved 4 domestic credit rating agencies identified by RBI ie CRISIL, CARE, FITCH India and ICRA.

Large corporate borrowers and Public Sector Enterprises are being encouraged to solicit ratings from approved external rating agencies and wherever such ratings are available the bank will use the same in calculation of risk weighted assets. The ratings available in public domain are mapped according to risk profile and specific risk characteristics of each rating grade of respective agencies as envisaged in RBI guidelines.

The Corporate exposure after risk mitigation (subject to the standardized Approach) in different risk buckets are as under:

(Rs in crore)

SI No	Risk weight	Exposure Outstanding
1	Below 100%	510.04
2	100%	4741.25
3	More than 100%	11.82
	Total	5263.11

Credit Risk Mitigation: Disclosures for Standardized Approach

As stipulated by the RBI guidelines, the Bank uses the comprehensive approach for collateral valuation. Under this approach, the Bank reduces its credit exposure to counterparty when calculating its capital requirements to the extent of risk mitigation provided by the eligible financial collateral as specified in the Basel II guidelines.

Types of eligible financial collateral / Guarantors:

The Bank recognizes only specified types of financial collateral and guarantees (counter-guarantors) for providing capital relief in line with Basel II guidelines on credit risk mitigation.

This includes cash (deposited with the Bank), gold (including bullion and jewellery, subject to collateralized jewellery being notionally converted/benchmarked to 99.99% purity), securities issued by the Central and State Governments, Kisan Vikas Patra, National Savings certificates, life insurance policies with a declared surrender value which is regulated by IRDA, certain debt securities rated by a recognized credit rating agency, certain debt securities not rated but issued by Banks and listed on a recognized exchange and are classified as senior debt, certain mutual fund units where daily Net Assets Value (NAV) is available in public domain .

In addition to the above, in the case of NPA accounts, the following collaterals are considered, as stipulated by the RBI under Basel II guidelines:

- (i) Land and building which are valued by an expert valuer and where the valuation is not more than three years old and
- (ii) Plant and machinery in good working condition at a value not higher than the depreciated value as reflected in the audited balance sheet of the borrower, which is not older than eighteen months.

Eligible Guarantors (counter-guarantors)

Credit protection given by the following entities will be recognized:

- (i) Sovereigns, sovereign entities (including BIS, IMF, European Central Bank and European Community as well as those MDBs, ECGC and CGTSI), banks and primary dealers with a lower risk weight than the counterparty;
- (ii) Other entities rated AA (-) or better. This would include guarantee cover provided by parent, subsidiary and affiliate companies when they have a lower risk weight than the obligor. The rating of the guarantor should be an entity rating which has factored in all the liabilities and commitments (including guarantees) of the entity.

The extent of total credit exposure (under the standardized approach) covered by eligible financial collaterals after application of haircuts is Rs 1204.69 crore.

Definition of Non-Performing Assets

Any amount due to the bank under any credit facility is overdue if it is not paid on the due date fixed by the bank. Further, an impaired asset is a loan or an advance where:

- (i) Interest and/or installment of principal remains overdue for a period of more than 90 days in respect of a term loan.
- (ii) The account remains out of order for a period of more than 90 days in respect of an overdraft/cash credit:
 - if the outstanding balance remains continuously in excess of the limit/drawing power.
 - in cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of balance sheet or credits are not enough to cover the interest debited during the same period.
- (iii) In case of bills purchased & discounted, if the bill remains overdue for a period of more than 90 days
- (iv) In case of Agricultural Loans the installment or principal or interest thereon remains overdue for two crop seasons for short duration and the installment of principal or interest thereon remains overdue for one crop season for long duration crops.
- (v) In case of advances to project involving time overrun i.e. if the date of commencement of commercial production extends beyond a period of one year after the date of completion of the project, as originally envisaged.

A. Total Gross credit Exposure including Geographic Distribution of Exposure (Rs in crore)

	Domestic	Overseas	Total
Fund Based	12122.97	0.00	12122.97
Non Fund based	1844.57	0.00	1844.57
Total	13967.54	0.00	13967.54

B. Distribution of Credit Risk Exposure by Industry Sector (Rs in crore)

SI No	INDUSTRY CLASSIFICATION	FUND BASED	NON FUNDED
1	Coal & Mining	23.73	3.06
2	Iron & Steel	282.61	44.54
3	Metal & Metal Products	77.23	19.70
4	Other Engineering	142.78	42.47
5	Electronics	21.10	0.63
6	Cotton Textile	444.48	52.99
7	Jute Textile	4.64	1.02
8	Other Textile	488.82	40.58
9	Tea Industry	28.18	0.14
10	Khandasari & Sugar	34.94	0.02
11	Vegetable Oil	5.29	0.00
12	Tobacco & Tobacco Products	0.50	0.00
13	Paper & Paper Products	135.36	6.28
14	Rubber & Rubber Products	13.30	10.54
15	Chemicals & Dyes	44.85	8.95
16	Drugs & Pharmaceuticals	62.94	13.01
17	Cement & Cement Products	175.63	2.14
18	Leather & Leather Products	18.38	0.59
19	Petroleum Products	2.59	0.95
20	Food Processing	383.20	8.95
21	Gems & Jewellery	369.95	36.94
22	Automobiles	95.96	9.02
23	Computer Software & Hardware	26.44	11.89
24	Infrastructure Advances	1400.04	655.75
25	All other Industries	381.61	137.61
	Gross Industrial Advances (A)	4664.53	1107.77
26	Housing Loans	779.14	0.00
27	Commercial Real Estate	832.55	46.51
28	Agriculture- Crop loans/trading	1031.63	4.31
29	NBFC	348.63	0.00
30	Government Guaranteed Loans	435.99	0.00
31	All other Advances	4030.50	685.97
	Gross non Industrial advances (B)	7458.44	736.80
	Gross advances (A+B)	12122.97	1844.57

The details of the Industry/sectors wherein the bank's exposure in the related Industry/sector has exceeded the 10% of total gross credit exposure as detailed here below.

SI No	Industry classification	Percentage of the total credit exposure
1	Infrastructure advances	14.72

C. Residual Contractual Maturity breakdown of Assets

(Rs in crore)

	1 day	2 to 7 days	8 to 14 days	15-28 Days	29 Days to 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	284.01	359.98	361.89	189.87	964.01	1529.75	1387.72	2590.19	3045.14	1097.49	11810.05
Investments	17.85	310.89	129.74	455.26	944.34	143.05	232.58	511.26	1244.88	4971.63	8961.48
Deposits	391.43	526.71	374.49	286.38	1061.59	3370.09	3373.29	8211.42	2538.00	199.89	20333.29
Borrowings	0.03	0.03	0.00	0.00	0.00	0.00	1.96	1.96	0.00	0.00	3.98
Foreign Currency Assets	172.36	343.47	35.04	102.26	2106.57	649.59	611.15	0.00	0.00	0.00	4020.44
Foreign Currency Liabilities	32.11	377.16	0.00	16.95	2226.69	677.21	650.11	36.38	2.01	0.00	4018.62

D. Movement of NPAs and Provision for NPAs

(Rs in crore)

		31.03.2009	31.03.2008
A	Amount of NPA's (Gross)	443.20	379.56
	-Substandard	97.98	91.01
	-Doubtful 1	102.81	58.83
	-Doubtful 2	62.12	32.71
	-Doubtful 3	94.75	120.41
	-Loss	85.54	76.60
B	Net NPAs	116.10	106.48
C	NPA Ratios		
	- Gross NPAs to Gross Advances	3.66	3.42
	-Net NPAs to net Advances	0.98	0.98
D	Movement of NPAs (Gross)		
	a) Opening Balance	379.57	387.34
	b) Additions during the year	162.44	137.70
		542.01	525.04
	c) Reductions during the year	98.81	145.47
	d) Closing Balance	443.20	379.57

(Rs in crore)

		31.03.2009	31.03.2008
E	Movement of Net NPAs		
	a) Opening Balance	106.48	116.04
	b) Additions during the year	93.39	70.47
		199.87	186.51
	c) Reductions during the year	83.77	80.03
	d) Closing Balance	116.10	106.48
F	Movement of provisions for NPAs		
	a) Opening balance	247.04	244.14
	b) Provisions made during the year	47.00	54.00
	c) Write off/write back of excess provisions	7.19	(51.10)
	d) Closing balance	301.23	247.04
	Movement of Floating Provisions		
	a) Opening Balance	13.00	13.00
	b) the quantum of floating provisions made during the year	0.00	0.00
	c) Amount of draw down made during the year	1.31	0.00
	d) Closing balance	11.69	13.00

E. Non Performing Investments and movement of provision for depreciation on Investments

(Rs in crore)

		31.03.2009	31.03.2008
A	Amount of Non performing Investments	0.00	1.89
B	Amount of Provision held for Non performing Investments	0.00	1.89
C	Movement of provisions for depreciation on Investments		
	a) Opening balance	44.31	70.78
	b) Add: Provisions made during the year	33.35	0.00
	c) Less: Write off/write back of excess provisions	29.83	26.47
	d) Closing balance	47.83	44.31

5. MARKET RISK & LIQUIDITY RISK

The objective of investment policy is to assess and minimize risks associated with treasury operations by extensive use of various risk management tools. Broadly, it encompasses Policy prescriptions for managing systemic risk, credit risk, market risk, operational risk and liquidity risk in treasury operations.

For market risk arising out of various products in treasury and its business activities, the bank has set regulatory / internal limits and ensures the adherence thereof. Migration of ratings is tracked regularly. Limits for exposures to counter-parties, industries and countries are monitored and the risks are controlled through Stop Loss Limits, Overnight limit, Daylight limit, Aggregate Gap limit, Individual gap limit, Value at Risk (VaR), limit for Forex, Inter-Bank dealing and investment limits etc.

For the Market Risk Management the bank has a Mid Office. The functions of Mid Office are handled by Integrated Risk Management Department.

The Board, IRMC & ALCO are overseeing the market risk management of the bank, procedures thereof, implementing risk management guidelines issued by regulator, best risk management practices followed globally and ensuring that internal parameters, procedures, practices/policies and risk management prudential limits are adhered to.

The policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigates are discussed in ALCO and based on views taken by / mandates of ALCO, hedge deals are undertaken.

Liquidity risk of the bank is assessed through daily gap analysis for maturity mismatch based on residual maturity in different time buckets as well as various liquidity ratios and management of the same is done within the prudential limits fixed thereon. Advance techniques such as Stress testing, simulation, sensitivity analysis etc. are conducted on regular intervals to draw the contingency funding plan under different liquidity scenarios.

Market Risk in Trading Book

Bank has adopted the Standardized Duration Approach as prescribed by RBI for computation of capital charge for market risk and is already fully compliant with such RBI guidelines. Bank is now preparing itself for the Advanced Approach based on a Value at Risk (VaR) model, which is under implementation.

The capital requirements for market risk are as under:

(Rs in crore)

Sl No	Risk Category	Capital Charge
I	Interest Rate (a+b)	48.00
a	General Market Risk (i to iv)	26.64
i	Net Positions (parallel shift)	26.35
ii	Horizontal disallowance (Curvature)	0.02
iii	Vertical disallowance (basis)	0.27
iv	Options	0.00
b	Specific Risk	21.36
II	Equity (a+b)	32.87
a	General Market Risk	14.61
b	Specific Risk	18.26
III	Foreign Exchange , Gold and Derivatives	3.14
IV	Total Capital Charge for market Risk (I+II+III)	84.01

6. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Interest rate risk is managed through gap analysis and duration gap analysis. Prudential limits have been fixed for impact on net Interest Income (NII), Net Interest margin (NIM), Minimum ROA and Maximum Duration gap for the Bank.

The economic value i.e. impact on the capital fund due to change in interest rate by 100 bps on the economic value is assessed on regular intervals through duration gap method. As a prudential measure, a limit has been fixed for net duration gap of the assets and liabilities and the same is monitored at regular intervals.

7. OPERATIONAL RISK

Strategies and Processes

The Bank has initiated several measures to manage operational risk through identification, assessment and monitoring. Simultaneously, a framework has been laid to capture loss data which can be mapped to

operational risk events to measure the impact quantitatively. The Bank has put in place a hierarchical structure to effectively manage operational risk through the formation of internal committee viz., Operational Risk Management Committee (ORMC).

Scope and Nature of Operational Risk Reporting and Measurement Systems

A systematic process for reporting risk events, loss events, "near misses" and non-compliance issues relating to operational risks have been developed and implemented. The information gathered shall be used to develop triggers to initiate corrective actions to improve controls. All critical risks and potential loss events are reported to the Senior Management/ORMC/IRMC as appropriate for their directions and suggestions.

An Operational Risk Management Policy approved by the Risk Management Committee of the Board details the framework for hedging and/or mitigating operational risk in the Bank. As per the policy, all new products are being vetted by the New Product Approval Committee to identify and assess potential operational risks involved and suggest control measures to mitigate the risks.

Approach for Operational Risk Capital Assessment

As per the RBI guidelines, the Bank has adopted Basic Indicator Approach for computing capital charge for Operational Risk. Steps have been initiated to migrate to the Advanced Measurement Approach.

8. COUNTRY RISK

The Bank has put in place a risk monitoring system for the management of country risk. The Bank uses the Nine-category classification i.e. insignificant, low, moderately low, moderate, moderately high, high, very high, restricted and off-credit. The ratings of countries are being undertaken at monthly intervals or at more frequent intervals if the situation so warrant i.e. in case of a significant change in the condition of a country involving sharp deterioration of its ratings. Exposure to a country includes all credit-related lending, trading and investment activities, whether cross border or locally funded. The Bank has set up exposure limits for each risk category as also per country exposure limits and the exposure limits are monitored at weekly intervals except for those on high, very high categories through approval from appropriate authorities at the transaction level.

ANNEXURE III

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 secure the goal of turning the Bank a value driven organization. Your Bank's philosophy of Corporate Governance as 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 the 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 above Act. Except the Chairman and CEO, all other directors on the Board are independent and non-executive Directors.

Board Meetings:

During the financial year ended March 31, 2009 the Board met 17 times on the following dates;

Sl. No.	Date of the meeting	Sl No	Date of the meeting
1	24.04.2008	10	27.09.2008
2	19.05.2008	11	25.10.2008
3	04.06.2008	12	20.11.2008
4	12.06.2008	13	20.12.2008
5	28.06.2008	14	22.01.2009
6	12.07.2008	15	23.01.2009
7	25.07.2008	16	18.02.2009
8	22.08.2008	17	19.03.2009
9	24.09.2008		

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	17	YES	1	NIL
D Surendra Kumar (Upto 24.9.2008)	8	YES	NIL	NIL
I Jagdish Rao (Upto 20.11.2008)	12	YES	NIL	NIL

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
Jairam G Kimmmane (Upto 20.11.2008)	7	YES	NIL	NIL
M Bheema Bhat	16	YES	NIL	NIL
S R Hegde	17	YES	NIL	NIL
R V Shastri	15	YES	1	2
U R Bhat	17	YES	2	2
T S Vishwanath	16	YES	2	2
Sitarama Murty M	12	NO	2	1
S V Manjunath (w e f 25.10.2008)	5	NA	NIL	NIL
D Harshendra Kumar (w e f 25.10.2008)	5	NA	NIL	NIL
Dr. H Ramamohan (w e f 25.10.2008)	6	NA	NIL	NIL

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

Remuneration of Directors:

Shri Ananthakrishna is the Chairman and CEO of the Bank and the details of remuneration paid to him during the year 2008-09 are as under:

Break up of remuneration	Amount Paid (Rs in lakh)
Basic Salary	24.00
Dearness Allowance	4.80
House Rent Allowance	3.60
Total	32.40

Contribution to the Provident Fund at 10% of the 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. 10000 and Rs 6000 for each meeting respectively details of which are furnished hereunder:

Name of the Director (Sarvashri)	Sitting fees paid during 2008-09 (Rs in lakh)
D Surendra Kumar	1.40
I Jagdish Rao	2.58
Jairam G Kimmmane	0.82
M Bheema Bhat	2.32
S R Hegde	3.20
R V Shastri	2.34
U R Bhat	1.94
T S Vishwanath	1.66
Sitarama Murty M	1.32
S V Manjunath	0.80
D Harshendra Kumar	0.62
Dr. H Ramamohan	0.72

No Stock Option has been granted to any of the Directors of the Bank.

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 the Board of Directors headed by the Chairman and Chief Executive Officer has been constituted. The Committee has been re-constituted on 20.11.2008. It met 15 times during the year. Details of the attendance at the meeting are as under;

Meetings record

Name of the Director (Sarvashri)	No of meetings attended
Ananthakrishna	15
D Surendra Kumar (upto 24.9.2008)	6
I Jagdish Rao (upto 20.11.2008)	10
S R Hegde	15
R V Shastri (w e f 21.11.2008)	5
S V Manjunath (w e f 21.11.2008)	5

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

The Bank has 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. The members of ACB consisted of Sarvashri D Surendra Kumar (upto 24.9.2008), S R Hegde (upto 20.11.2008) and R V Shastri (upto 20.11.2008), Sitarama Murty M (w e f 21.11.2008), D Harshendra Kumar (w e f 21.11.2008) and Dr H Ramamohan (w e f 21.11.2008). All the members of ACB are financially literate. The Statutory Central Auditors, Chief Compliance Officer and the Head of the Inspection & Audit Department of the Bank were also invited to attend the meetings of the committee. The ACB has been reconstituted w e f 20.11.2008. During the year under review six meetings of ACB were held on 19.5.2008, 04.06.2008, 25.7.2008, 22.8.2008 25.10.2008 and 23.01.2009.

Meetings record of ACB.

Name of the Director (Sarvashri)	No of meetings attended.
M Bheema Bhat	6
D Surendra Kumar (upto 24.9.2008)	3
S R Hegde (upto 20.11.2008)	5
R V Shastri (upto 20.11.2008)	5
Sitarama Murty M (w e f 21.11.2008)	1
D Harshendra Kumar (w e f 21.11.2008)	1
Dr. H Ramamohan (w e f 21.11.2008)	1

3. Shareholders/Investors Grievance Committee:

A sub-committee of the Board was constituted during the year 2002 to specifically look into the grievances of shareholders/investors continued its functioning during the year ended March 31, 2009 also. The Committee consisted of Sarvashri I Jagdish Rao (upto 20.11.2008), R V Shastri, U R Bhat and T S Vishwanath (w e f 21.11.2008). The Committee met once during the year under report on 24.9.2008 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 92 complaints have been received from the Investors/Shareholders during the year ended 31st March 2009 and all of them have been redressed satisfactorily. As required under the Listing Agreement a separate Email ID-investor.grievance@kikbank.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 had constituted a special Committee on 17.2.2004 exclusively dedicated to the monitoring and following up of cases of frauds involving amounts of Rs.1 crore and above. The terms of reference of the Committee are 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.
- 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.
- Review the efficacy of the remedial action taken to prevent recurrence of frauds such as strengthening of internal controls.
- 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 Ananthakrishna. The other members of the Committee were Sarvashri M Bheema Bhat, D Surendra Kumar (upto 24.09.2008), I Jagdish Rao (upto 20.11.2008), Jairam G Kimmane (upto 20.11.2008), S R Hegde (w e f 21.11.2008) and Sitarama Murty M (w e f 21.11.2008) and S V Manjunath (w e f 21.11.2008).

The Committee met twice during the year on 19.5.2008 and 25.10.2008.

5. Integrated Risk Management Committee (IRMC):

As required by the Reserve Bank of India a Board level sub-committee called the Integrated Risk Management Committee (IRMC) was constituted on 24.12.2004 to devise a policy and strategies for integrated risk management containing various risk exposures of the Bank including credit risk and market risk. The Committee consisted of Sarvashri Ananthakrishna, Chairman, I Jagdish Rao (upto 20.11.2008) , M Bheema Bhat, R V Shastri and Sitarama Murty M (w e f 21.11.2008) 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 09.06.2008, 09.08.2008, 10.11.2008 & 09.02.2009.

6. Nomination Committee:

Reserve Bank of India, vide their 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 29.7.2004. Members of the Committee consisted of Sarvashri D Surendra Kumar (upto 24.9.2008), I Jagdish Rao (upto 20.11.2008), S R Hegde, R V Shastri (w e f 21.11.2008) and S V Manjunath (w e f 21.11.2008). The committee met on 30.4.2008, 11.10.2008 and 20.12.2008 during the year under report.

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 a Customer Service Committee headed by the Chairman and CEO of the Bank was constituted on 25.9.2004. 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. This committee continued functioning during this year also. The Committee consisted of Shri I Jagdish Rao (upto 20.11.2008), Shri Jairam G Kimmane (upto 20.11.2008), Shri D Harshendra Kumar (w e f 21.11.2008) and Dr. H Ramamohan (w e f 21.11.2008). The Committee met twice on 08.09.2008 and 19.3.2009 during the year under report.

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.

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 (upto 20.11.2008), Shri U R Bhat and Shri T S Vishwanath (w e f 21.11.2008) are the other members of the Committee. The Committee met twice during the year on 22.8.2008 and 23.9.2008.

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), Committee for scrutiny of frauds, Staff accountability Committee 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
2008	Registered Office of the Bank, Mangalore	12.7.2008	Saturday	12 Noon	Yes
2007	Registered Office of the Bank, Mangalore	30.6.2007	Saturday	11.30 AM	Yes
2006	Registered Office of the Bank, Mangalore	6.7.2006	Thursday	4 PM	Yes

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

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 31st March 2009. 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, Samyukta Karnataka, etc. The results were also put on our web site www.ktkbank.com. In view of the above; no separate communication to the shareholders about the half yearly results has been sent.

SHAREHOLDERS' INFORMATION:

A. Annual General Meeting:

- Date : August 8th, 2009
- Day : Saturday
- Time : 11.30 a.m.
- Venue : The Karnataka Bank Ltd., Regd. & Head Office
Mahaveera Circle, Kankanady, Mangalore-575002.

B. **Book closure:** 25.07.2009 to 08.08.2009 (both days inclusive)

C. **Financial Calendar :**

1st April to 31st March

- a) Quarter ending June, 30 2009 : July, 2009
- b) Quarter ending Sept. 30, 2009 : October, 2009
- c) Quarter ending Dec. 31, 2009 : January, 2010
- d) Quarter ending March 31, 2010 : May/June, 2010

D. **Dividend:** The Board of Directors has recommended a dividend of 60% for the year ended March 31, 2009 and the same will be paid to the shareholders/beneficial holders of shares holding shares as on 24.07.2009 as per the Register of Members /Register of Beneficial Owners.

Dividend Payment Date: Between 10.08.2009 to 25.08.2009.

Unclaimed Dividend:

As per the provisions of section 205A of the Companies Act, 1956, the unclaimed dividend for the financial year ended March 2000-2001 has been transferred to the Investor Education and Protection Fund established by the Central Government. The following Table gives the unclaimed dividend from the year 2001-2002 (position as on 31.3.2009 and the last date for transfer to Investors Education and Protection Fund.

Year	Unclaimed dividend (Rs)	Date of declaration	Due date for transfer
2001-2002	1129826	22.08.2002	21.09.2009
2002-2003	1008584	31.07.2003	30.08.2010
2003-2004	1985340	29.07.2004	28.08.2011
2004-2005	1608848	15.07.2005	14.08.2012
2005-2006	3388623	06.07.2006	05.08.2013
2006-2007	4300734	30.06.2007	29.07.2014
2007-2008	7727075	12.07.2008	11.08.2015

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- 400051.
Bombay Stock Exchange Ltd.	Regd Office. Floor 25, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400001

The Bank has paid the annual listing fees for the year 2008-2009 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 31st March, 2009.

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 1.4.2008 to 31.3.2009 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 2008	211.35	198.95	1385853	5195.50	4647.00
May 2008	213.00	194.75	2375301	5228.20	4835.30
June 2008	194.30	138.20	3820546	4739.60	4040.55
July 2008	141.95	117.80	3156076	4476.80	3816.70
Aug 2008	144.00	129.45	2638093	4620.40	4214.00
Sep 2008	153.50	118.70	4247839	4504.00	3850.05
Oct 2008	121.15	79.60	4207366	3950.75	2524.20
Nov 2008	95.60	74.60	4090895	3148.25	2553.15
Dec 2008	85.55	72.10	4558758	3077.50	2656.45
Jan 2009	83.20	68.25	3828510	3121.45	2678.55
Feb 2009	71.80	62.45	1845346	2948.35	2733.90
Mar 2009	69.00	56.20	3128648	3108.65	2573.15

Trading statistics on BSE

Month	High (Rs)	Low (Rs)	No of shares traded	BSE Sensex	
				High	Low
Apr 2008	211.75	198.45	223138	17378.46	15343.12
May 2008	212.25	193.20	355664	17600.12	16275.59
June 2008	193.00	138.15	1393868	16063.18	13461.60
July 2008	142.60	118.00	617374	14942.28	12575.80
Aug 2008	145.70	129.30	444867	15503.92	14048.34
Sep 2008	153.75	120.35	2288057	15049.86	12595.75
Oct 2008	121.10	79.45	4878998	13055.67	8509.56
Nov 2008	95.30	74.70	647570	10631.12	8451.01
Dec 2008	85.25	72.00	1014508	10099.91	8739.24
Jan 2009	83.20	68.70	709570	10335.93	8674.35
Feb 2009	71.60	62.30	178332	9647.47	8822.06
Mar 2009	68.85	55.90	390579	10048.49	8160.40

Shareholding pattern

Share holding pattern of the Bank as on 31.3.2009 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.	NA	NA	NA	NA
(B)	Public shareholding				
(1)	Institutions				
(a)	Mutual Funds/UTI	6	4027812	4027812	3.31
(b)	Financial Institutions/ Banks	9	555686	555686	0.46
(e)	Insurance Companies	4	3668774	3668774	3.02
(f)	Foreign Institutional Investors	38	40075915	40075915	32.96
	Sub-Total (B)(1)	57	48328187	48328187	39.75
(2)	Non-Institutions				
(a)	Bodies Corporate	808	16620137	16278950	13.67
(b)	Individuals - Shareholders holding nominal share capital upto Rs. 1 lakh	69986	40141446	23892523	33.02
	ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	574	15387194	12966156	12.65
(c)	NRIs	240	411073	411073	0.34
	Clearing members	151	652677	652677	0.54
	Trusts	6	34164	34164	0.03
	Sub-Total (B)(2)	71765	73246691	54235543	60.25
	Total Public shareholding (B)=(B)(1)+(B)(2)	71822	121574878	102563730	100
	TOTAL (A)+(B)	71822	121574878	102563730	100

Shareholdings of Directors as on 31st March, 2009

Name of the Director (Sarvashri)	No of shares held
Ananthakrishna	6721
M Bheema Bhat	4481
S R Hegde	150
R V Shastri	150
U R Bhat	3000
T S Vishwanath	1000
Sitarama Murty M	500
S V Manjunath	34898
D Harshendra Kumar	2641
Dr. H Ramamohan	8310

Distribution of shareholding as on 31st March, 2009

Shares holding of nominal value of		Share holders		Share Amount	
Rs.	P.	Number	% to Total	In Rs.	% to Total
(1)		(2)	(3)	(4)	(5)
Upto	5,000	51860	72.22	83676100	6.89
5,001 -	10,000	9290	12.93	69027080	5.68
10,001 -	20,000	5452	7.59	79078590	6.50
20,001 -	30,000	1970	2.74	49277120	4.05
30,001 -	40,000	829	1.15	29106410	2.39
40,001 -	50,000	619	0.86	28328260	2.33
50,001 -	1.00,000	1063	1.48	75369970	6.20
1,00,001	and above	739	1.03	801885250	65.96
Total		71822	100.00	1215748780	100.00

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 26.2.2001. 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 31.3.2009, 84.36% 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

Non-mandatory requirements :

At present the Bank has not adopted the non-mandatory requirements in regard to Remuneration Committee, communication of half-yearly performance to the shareholders to their residence, evaluation of non-executive Board Members and Whistle Blower Policy. However, the Bank has implemented the Whistle Blower Policy as mandated by Reserve Bank of India.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of The Karnataka Bank Limited

We have examined 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 2009.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring the compliance of 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 examination 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 an examination, 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.

For Kamath & Rau
Chartered Accountants

Sd/-
(Srinivas S Kamath)
M No. 201716
(Partner)

Place: Mangalore
Date: May 25, 2009

ANNEXURE - IV

STATEMENT SHOWING THE INFORMATION REQUIRED TO BE FURNISHED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2009

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
i) Employed through out the year and were in receipt of remuneration not less than Rs. 24,00,000/- per annum.										
	Sri Ananthakrishna	Chairman & Chief Executive Officer	32,40,000	Contractual	Whole Time Employee	Chairman & Chief Executive Officer	M.Sc. 37 years in Banking Sector	13 July 2000	62	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.										

BALANCE SHEET AS ON 31ST MARCH, 2009

(000's omitted)

	Schedule No.	As on 31.03.2009 Rs	As on 31.03.2008 Rs
CAPITAL AND LIABILITIES			
Capital	1	121,58,47	121,35,33
Reserves and Surplus	2	1445,44,23	1258,25,00
Deposits	3	20333,28,53	17016,19,23
Borrowings	4	3,97,28	142,19,55
Other Liabilities and Provisions	5	953,52,09	801,82,67
TOTAL		22857,80,60	19339,81,78
ASSETS			
Cash and balances with Reserve Bank of India	6	1364,98,30	1482,20,59
Balances with Banks and Money at Call & Short Notice	7	95,75,39	139,22,83
Investments	8	8961,48,83	6326,52,33
Advances	9	11810,04,50	10841,97,46
Fixed Assets	10	138,48,76	119,77,31
Other Assets	11	487,04,82	430,11,26
TOTAL		22857,80,60	19339,81,78
Contingent Liabilities	12	10042,74,47	6959,00,90
Bills for Collection		928,92,87	764,67,57
Accounting Policies	17		
Notes on Account	18		

Sd/-
Muralidhar K. Rao
Chief Manager

Sd/-
V.M. Samaga
Deputy General Manager

Sd/-
B. Ashok Hegde
General Manager

Sd/-
N. Upendra Prabhu
General Manager

Sd/-
P. Jairama Hande
General Manager

Sd/-
K.H. Shivaswamy Aithal
General Manager

Sd/-
P. Jayarama Bhat
Chief General Manager

Sd/-
Ananthakrishna
Chairman &
Chief Executive Officer

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

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

Sd/-
S.V. Manjunath
D. Harshendra Kumar
Dr. H. Ramamohan
Directors

Refer our report of even date
For **KAMATH & RAU**
Chartered Accountants
Sd/-

Place : Mangalore
Date : 25th May, 2009

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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

(000's omitted)

	Schedule No.	For the year ended 31.03.2009 Rs	For the year ended 31.03.2008 Rs
I. INCOME			
Interest Earned	13	1917,40,12	1560,46,21
Other Income	14	353,15,02	237,43,55
Total		2270,55,14	1797,89,76
II. EXPENDITURE			
Interest Expended	15	1443,82,76	1101,70,85
Operating Expenses	16	346,51,01	305,58,96
Provisions and Contingencies		213,50,87	148,85,85
Total		2003,84,64	1556,15,66
III. PROFIT			
Net profit for the year		266,70,50	241,74,10
Profit brought forward		9,75	2,29
Total		266,80,25	241,76,39
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		100,00,00	148,00,00
Transfer to Capital Reserve		60,67,22	37,90
Transfer to Revenue Reserve		7,00,00	8,00,00
Transfer to Special Reserve u/s 36 (i) (viii) of IT Act		12,31,00	11,25,00
Transfer to Investment Reserve Account		0	1,50,38
Transfer to Other Funds		1,45,00	1,55,00
Transfer to Proposed dividend		72,94,49	60,67,23
Transfer to Tax on proposed dividend		12,39,70	10,31,13
Balance carried over to Balance Sheet		2,84	9,75
Total		266,80,25	241,76,39
Number of Shares outstanding during the year (weighted average)		12,14,44,753	12,13,43,548
Earning per share (Rs per share of Rs10/- each - see note No: 6 of schedule 18)			
Basic	Rs.	21.96	19.92
Diluted	Rs	21.96	19.85
Accounting Policies	17		
Notes on Account	18		

	Sd/- Muralidhar K. Rao Chief Manager		Sd/- V.M. Samaga Deputy General Manager	
Sd/- B. Ashok Hegde General Manager	Sd/- N. Upendra Prabhu General Manager	Sd/- P. Jalrama Hande General Manager	Sd/- K.H. Shivaswamy Althal General Manager	Sd/- P. Jayarama Bhat Chief General Manager
Sd/- Ananthakrishna Chairman & Chief Executive Officer	Sd/- M. Bheema Bhat S.R. Hegde R.V. Shastri Directors	Sd/- U.R. Bhat T.S. Vishwanath Sitarama Murty M. Directors	Sd/- S.V. Manjunath D. Harshendra Kumar Dr. H. Ramamohan Directors	

Refer our report of even date
For KAMATH & RAU
Chartered Accountants
Sd/-

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

Place : Mangalore
Date : 25th May, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2009

(000's omitted)

	March 31, 2009		March 31, 2008	
	Rs	Rs	Rs	Rs
A CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax and extra ordinary items		406,14,84		343,54,43
Adjustments for :				
Depreciation on Fixed Assets including				
Lease Adjustment charges	19,82,81		17,45,58	
Provisions and Contingencies	80,50,00		57,70,00	
Amortisation of premium on Held to Maturity Investments	11,94,84		10,35,05	
		112,27,65		85,50,63
Operating profit before working capital changes		518,42,49		429,05,06
Adjustment for :				
i) Advances & Other Assets	-919,27,28		-1249,34,93	
ii) Investments	-2650,43,45		-1096,68,50	
iii) Deposits, Borrowings & Other Liabilities	3166,36,43		2788,26,69	
		-403,34,30		442,23,26
Cash generated from operations		115,08,19		871,28,32
Direct taxes paid		168,10,16		166,22,77
Net cash flow from operating activities (A)		-53,01,97		705,05,55
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets		-39,04,07		-31,24,21
Sale of fixed assets		51,03		83,80
Net cash used in investing activities (B)		-38,53,04		-30,40,41
Total (A+B)		-91,55,01		674,65,14
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital (net of expenses)		1,06,37		0
Proceeds from long term borrowings		0		0
Dividend paid (Including Tax on Dividend)		-70,21,09		-49,17,92
Net Cash generated from Financing Activities (C)		-69,14,72		-49,17,92
Net increase in Cash & Cash equivalents (A+B+C)		-160,69,73		625,47,22
Cash & cash equivalents as at (opening)		1621,43,42		995,96,20
Cash & cash equivalents as at (closing)		1460,73,69		1621,43,42

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Muralkdhar K. Rao	V.M. Samaga			
Chief Manager	Deputy General Manager			
Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
B. Ashok Hegde	N. Upendra Prabhu	P. Jalrama Hande	K.H. Shivaswamy Althal	P. Jayarama Bhat
General Manager	General Manager	General Manager	General Manager	Chief General Manager
Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Ananthakrishna	M. Bheema Bhat	U.R. Bhat	S.V. Manjunath	
Chairman &	S.R. Hegde	T.S. Vishwanath	D. Harshendra Kumar	
Chief Executive Officer	R.V. Shastri	Sitarama Murty M.	Dr. H. Ramamohan	
	Directors	Directors	Directors	

Refer our report of even date
For **KAMATH & RAU**
Chartered Accountants
Sd/-

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

Place : Mangalore
Date : 25th May, 2009

SCHEDULE ANNEXED TO THE BALANCE SHEET

(000's omitted)

	As on 31.03.2009 Rs	As on 31.03.2008 Rs
SCHEDULE - 1 - CAPITAL		
Authorised Capital		
20,00,00,000 Equity shares of Rs. 10/- each (Previous Year 15,00,00,000 Equity shares of Rs. 10/- each)	200,00,00	150,00,00
Issued Capital		
121598506 equity shares of Rs 10 each (previous year 12,13,96,376 Equity shares of Rs. 10/- each)	121,59,85	121,39,64
Subscribed Capital		
12,15,91,428 Equity shares of Rs. 10/- each (previous year 12,13,60,098 Equity shares of Rs. 10/- each)	121,59,14	121,36,01
Called up/Paid-up Capital		
12,15,74,878 Equity shares of Rs.10/- each (Previous year 12,13,43,548 Equity shares of Rs.10/- each)	121,57,49	121,34,35
Add Forfeited Shares	98	98
Total	121,58,47	121,35,33
SCHEDULE -2- RESERVES & SURPLUS		
I. Statutory Reserve		
Opening balance	818,00,00	670,00,00
Additions during the year	100,00,00	148,00,00
	918,00,00	818,00,00
Deductions during the year	0	0
Total	918,00,00	818,00,00
II. Capital Reserve		
Opening balance	3,01,57	2,63,67
Additions during the year (pursuant to sale of securities held under HTM category)	60,67,22	37,90
	63,68,79	3,01,57
Deductions during the year	0	0
Total	63,68,79	3,01,57
III. Share Premium		
Opening balance	159,61,48	159,61,48
Additions during the year	3,33,30	0
	162,94,78	159,61,48
Deductions during the year	36	0
Total	162,94,42	159,61,48
IV Revenue and other Reserves		
a) Revenue Reserve		
Opening balance	260,00,00	285,00,00
Deductions at the beginning of the year	0	33,00,00
	260,00,00	252,00,00
Additions during the year	7,00,00	8,00,00
Total	267,00,00	260,00,00

	(000's omitted)	
	As on 31.03.2009 Rs	As on 31.03.2008 Rs
b) Special Reserve u/s 36(i) (viii) of IT Act		
Opening balance	11,25,00	0
Additions during the year	12,31,00	11,25,00
	23,56,00	11,25,00
Withdrawn during the year	0	0
Total	23,56,00	11,25,00
c) Employee Stock Option Outstanding		
Opening balance	4,76,82	0
Additions during the year	6,44,69	4,76,82
	11,21,51	4,76,82
Deductions during the year	2,49,71	0
Total	8,71,80	4,76,82
d) Investment Reserve Account		
Opening balance	1,50,38	0
Additions during the year	0	1,50,38
	1,50,38	1,50,38
Deductions during the year	0	0
Total	1,50,38	1,50,38
V Balance In Profit and Loss Account		
	2,84	9,75
TOTAL (I, II, III, IV and V)	1445,44,23	1258,25,00
SCHEDULE -3 DEPOSITS		
A.I. Demand Deposits		
1. From Banks	2,20,41	2,20,22
2. From others	1154,81,30	1117,08,93
	1157,01,71	1119,29,15
II. Savings Bank Deposits	2899,42,62	2648,36,83
III. Term Deposits		
1. From Banks	55,04,16	307,34,24
2. From others	16221,80,04	12941,19,01
	16276,84,20	13248,53,25
Total : (I, II and III)	20333,28,53	17016,19,23
B. 1. Deposits of branches in India	20333,28,53	17016,19,23
2. Deposits of branches outside India	0	0
Total	20333,28,53	17016,19,23
SCHEDULE -4 BORROWINGS		
I. Borrowings in India		
1. Reserve Bank of India	0	0
2. Other Banks	5,85	30
3. Other Institutions and Agencies	3,91,43	41,18,75
Total	3,97,28	41,19,05
II. Borrowings outside India	0	101,00,50
Total : (I and II)	3,97,28	142,19,55
Secured borrowings included in I & II above Rs.	Nil	Nil

(000's omitted)

	As on 31.03.2009 Rs	As on 31.03.2008 Rs
SCHEDULE - 5 OTHER LIABILITIES & PROVISIONS		
I. Bills Payable	145,30,15	207,43,85
II. Inter Office adjustments(Net)	1,20,80	2,20,66
III. Interest accrued	65,05,42	41,43,79
IV. Subordinated Debt for Tier II Capital	350,00,00	150,00,00
V. Deferred Tax Liability (Net)	60,77,85	85,32,77
VI. Others (including Provisions)*	331,17,87	315,41,60
Total	953,52,09	801,82,67
* Includes Contingent provision of Rs 5491.33 Lakh for Standard Advances. (Previous Year Rs.5491.33 lakh)		
SCHEDULE - 6 CASH & BALANCES WITH THE RBI		
I. Cash in hand (including foreign currency notes)	127,66,89	118,50,40
II. Balances with Reserve Bank of India		
1. In Current Account	1237,31,41	1363,70,19
2. In Other Accounts	0	0
Total : (I and II)	1364,98,30	1482,20,59
SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE		
I. IN INDIA		
i. Balances with Banks		
a) In Current Accounts	44,74,06	47,55,52
b) In other deposit accounts	20,00,00	67,66,25
	64,74,06	115,21,77
ii. Money at Call & Short Notice		
a) With Banks	0	0
b) With other institutions	0	0
Total	64,74,06	115,21,77
II. OUTSIDE INDIA		
i. In Current Accounts	31,01,33	24,01,06
ii. In Other Deposit Accounts	0	0
iii. Money at Call & Short Notice	0	0
Total : (I, II and III)	31,01,33	24,01,06
Grand Total (I & II)	95,75,39	139,22,83

	(000's omitted)	
	As on 31.03.2009 Rs	As on 31.03.2008 Rs
SCHEDULE - 8 INVESTMENTS		
I. Investments in India (Gross at cost)		
	9008,31,67	6370,83,06
Less: Provision for depreciation	47,82,84	44,30,73
Total	8961,48,83	6326,52,33
Break-up :		
1. Government Securities	5926,53,30	4541,35,32
2. Other Approved Securities	9,67,47	11,41,84
3. Shares	85,06,76	107,41,33
4. Debentures and Bonds	1442,25,57	1124,97,18
5. Subsidiaries and Joint Ventures	22,50,00	22,47,75
6. Others	1475,45,73	518,88,91
Total	8961,48,83	6326,52,33
II. Investments outside India	0	0
Total (I+II)	8961,48,83	6326,52,33
SCHEDULE - 9 ADVANCES		
A) 1. Bills Purchased & discounted	650,48,30	724,69,93
2. Cash Credits, Overdrafts and Loans repayable on demand	6322,20,02	5538,44,65
3. Term Loans	4837,36,18	4578,82,88
Total	11810,04,50	10841,97,46
B) 1. Secured by Tangible Assets *	8999,93,96	8019,99,37
2. Secured by Bank/Government Guarantees	1733,09,29	1887,03,34
3. Unsecured	1077,01,25	934,94,75
Total	11810,04,50	10841,97,46
* Includes Advances against Book Debts		
C) I. Advances in India		
1. Priority Sectors	4372,15,80	3966,86,89
2. Public Sectors	557,18,94	413,14,12
3. Banks	52,66	10,78,62
4. Others	6880,17,10	6451,17,83
Total	11810,04,50	10841,97,46
II. Advances outside India		
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
Total	0	0
GRAND TOTAL (C. I and II)	11810,04,50	10841,97,46

(000's omitted)

	As on 31.03.2009 Rs	As on 31.03.2008 Rs
SCHEDULE - 10 FIXED ASSETS		
I. Premises		
At cost as on 31st March of preceding year	82,50,68	76,78,02
Additions during the year	17,88,01	5,74,23
	100,38,69	82,52,25
Deductions during the year	33	1,57
	100,38,36	82,50,68
Depreciation to-date	20,24,10	17,69,17
Total	80,14,26	64,81,51
II. Other Fixed Assets (including Furniture & Fixtures)		
At cost as on 31st March of the preceding year	158,98,57	137,55,04
Additions during the year	21,16,07	25,11,15
	180,14,64	162,66,19
Deductions during the year	8,28,35	3,67,62
	171,86,29	158,98,57
Depreciation to date	114,51,34	105,02,32
Total	57,34,95	53,96,25
III. Leased Fixed Assets		
Cost as on 31st March of the preceding year	20,16,08	21,16,78
Additions during the year	0	0
	20,16,08	21,16,78
Deductions during the year	0	1,00,70
	20,16,08	20,16,08
Depreciation to-date	7,76,99	7,76,99
	12,39,09	12,39,09
Less: Accumulated Lease Adjustment	11,21,89	11,21,89
	1,17,20	1,17,20
Less: Other Adjustments	17,65	17,65
Total	99,55	99,55
Total (I, II & III)	138,48,76	119,77,31
SCHEDULE -11 OTHER ASSETS		
I. Interest accrued	146,31,85	139,73,24
II. Tax paid in advance/tax deducted at source	158,47,37	180,07,43
III. Stationery and Stamps	2,32,63	2,11,49
IV. Non-Banking Assets acquired in satisfaction of claims	20,49	21,57
V. Others	179,72,48	107,97,53
Total	487,04,82	430,11,26

(000's omitted)

	As on 31.03.2009 Rs	As on 31.03.2008 Rs
SCHEDULE - 12 CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as debts	16,87,20	9,64,50
II. Liability on account of outstanding Forward Exchange Contracts *	8146,95,39	5194,34,09
III. Guarantees given on behalf of constituents		
a) In India	909,84,75	817,77,20
b) Outside India	0	0
IV. Acceptances, Endorsements & other Obligations	444,39,15	533,61,23
V. Other items for which the bank is contingently liable	524,67,98	403,63,88
Total	10042,74,47	6959,00,90
* Includes derivatives		

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009

SCHEDULE - 13 INTEREST EARNED		
I. Interest/discount on advances/bills	1390,92,99	1122,99,25
II. Income on Investments	513,82,70	431,22,50
III. Interest on balances with R.B.I / other Inter-Bank funds	5,52,13	2,51,38
IV. Others	7,12,30	3,73,08
Total	1917,40,12	1560,46,21
SCHEDULE - 14 OTHER INCOME		
I. Commission, Exchange & Brokerage	103,20,67	105,88,74
II. Profit on sale of Investments (net)	190,67,01	78,20,14
III. Profit on Revaluation of Investments (net)	0	0
IV. Profit on sale of Land, Buildings & Other Assets (net)	1,22	3,74
V. Profit on Exchange Transactions(net)	28,89,17	24,80,84
VI. Income earned by way of dividends etc., from Subsidiaries /Companies and /or Joint Ventures abroad/ in India	0	0
VII. Lease Income	0	62,98
VIII. Miscellaneous income	30,36,95	27,87,11
Total	353,15,02	237,43,55
SCHEDULE - 15 INTEREST EXPENDED		
1. Interest on deposits	1406,88,74	1070,41,23
2. Interest on Reserve Bank of India/Inter-Bank Borrowings	10,32,28	13,92,35
3. Others	26,61,74	17,37,27
Total	1443,82,76	1101,70,85

(000's omitted)

	As on 31.03.2009 Rs	As on 31.03.2008 Rs
SCHEDULE - 16 OPERATING EXPENSES		
I. Payments to and provisions for employees	190,41,34	180,99,20
II. Rent, Taxes and Lighting	43,69,06	33,95,48
III. Printing and Stationery	3,56,15	3,12,35
IV. Advertisement and Publicity	2,94,90	2,65,83
V. Depreciation on Bank's property	19,83,57	17,46,39
VI. Directors' fees, allowances and expenses	43,65	30,07
VII. Auditors' fees and expenses (including branch auditors)	99,09	63,19
VIII. Law charges	1,30,61	1,19,07
IX. Postage, telegrams, telephones etc.	6,30,35	4,60,54
X. Repairs and Maintenance	11,93,77	8,96,30
XI. Insurance	20,97,91	17,12,56
XII. Other expenditure	44,10,61	34,57,98
Total	346,51,01	305,58,96

SCHEDULE - 17 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 at the rate of interest applicable to savings bank deposit pending renewal / discharge and the balance overdue interest is accounted for at the time of renewal.

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 over and above 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 which is more than the amount required under schedule –XIV of the Companies Act 1956. 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 the forward rate available on the reporting date for the remaining maturity period of the contract, and the difference between that amount 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, Leave encashment benefit and leave fare concession payable at a future date to the employees has been accounted on accrual basis as per actuarial valuation. On the rest of the employee benefits, 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 recognise, 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 Segment as the Primary Reporting Segment and Geographical Segment as Secondary Segment in accordance with the RBI guidelines in compliance with the Accounting Standard 17.
- (ii) The Business Segment has been divided into (a) Treasury (b) Corporate and Wholesale Banking, (c) Retail Banking and (d) Other Banking Operations.
- (iii) The Geographical Segment consists 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, and Investments without recognising unrealised interest on Non-Performing Assets as per RBI guidelines.

SCHEDULE – 18**NOTES ON ACCOUNTS FORMING PART OF THE BALANCE SHEET AS ON, THE PROFIT AND LOSS ACCOUNT AND THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009.****1. Reconciliation of Branch Adjustments and Balancing of Subsidiary Ledgers.**

- a) Reconciliation of branch adjustments/Inter Bank accounts has been completed upto 31-03-2009 and steps are being taken to give effect to consequential adjustments of pending items.
- b) Balancing of Subsidiary Ledgers are completed in all branches/offices.

2. Net profit or Loss for the period, Prior period items and changes in Accounting policies (Accounting Standard 5)

There are no significant prior period items which are required to be disclosed as per RBI guidelines. However during the year, the Bank has made some changes in Accounting Policies as detailed below:

- a) The Bank hitherto has been accounting for interest on overdue deposits at the time of renewal. During the year the Bank has changed the accounting of such interest on overdue deposits by making a provision at the rate of interest applicable to saving bank deposits and the balance overdue interest is accounted for at the time of renewal. Due to this change the Bank has provided Rs 1.59 crore and consequently the profit for the year is lower by the said amount (subject to tax).
- b) As per the RBI guidelines the Banks are permitted voluntarily to make specific provisions for advances at the rate which are higher than the rate prescribed under existing regulation provided such higher rates are approved by the Board of Directors and consistently adopted year to year. Accordingly, during the year the Bank has made higher provision for doubtful secured-I at 40% on secured and 100% on unsecured portion (against 20% on secured and 100% on unsecured portion specified by RBI), for Doubtful-II at 100% (against 30% on secured and 100% on unsecured portion specified by RBI). Due to this change, the profit for the year is lower by Rs 47.00crore (Subject to tax).

3. Employee Benefits (Accounting Standard 15)

Various Benefits made available to the Employees are:-

- a) **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.

- b) **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.
- c) **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 pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund is recognised as expense and is charged to the profit and Loss account. The obligation of the Bank is limited to such contributions. As on 31st March 2009, 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 such as sick leave and casual leave etc. The bank has made provision for such liabilities on an adhoc basis.

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	108.43	52.11	25.92
Interest Cost	8.40	4.04	2.01
Current Service Cost	4.50	1.98	1.39
Benefits Paid	-3.46	-4.47	-1.89
Actuarial Loss/(Gain) on Obligations	7.37	3.34	2.20
Present Value of obligation at year end	125.24	57.00	29.63

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	108.43	52.11	25.92
Expected return on Plan Assets	8.40	4.04	0.00
Employer's contribution	18.24	6.24	3.71
Benefits Paid	-3.46	-4.47	-1.89
Actuarial Loss/(Gain) on Obligations	-6.37	-0.92	-1.89
Fair Value of Plan Asset at the end of the year	125.24	57.00	29.63

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	125.24	57.00	29.63
Fair Value of Plan Assets as at the end of the Year	125.24	57.00	--
Unfunded Net Liability recognized in Balance Sheet	--	--	29.63

d) Expenses recognized In Profit & Loss Account

(Rs. in crore)

	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
Current Service Cost	4.50	1.98	1.39
Interest Cost	8.40	4.04	2.01
Expected return on Plan Asset	(8.40)	(4.04)	0.00
Net Actuarial (Gain)/Loss recognized in the year	13.74	4.26	0.31
Total expenses recognized in Profit & Loss Account	18.24	6.24	3.71

e) Investment percentage maintained by Pension & Gratuity Trust

	Pension Trust	Gratuity Trust
Central Government Securities	--	18.80%
State Government Securities	--	14.57%
PSU Bond	--	21.57%
Insure Managed fund	99.93%	-
Others	0.07%	45.06%
Total	100.00%	100.00%

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

Note:

- 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.
- Impact of employee benefits on the provision of wage revision has not been considered in the actuarial valuation.
- 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 31.03.2009)

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.

g) Other long term employee's benefits (Un-Funded) (Rs.in crore)

	Other Benefits #
Liability as on 01.04.2008	3.50
Liability as on 31.03.2009	3.07 *
Transitional Liability	--
Amount debited /credited to Profit & Loss Account	-0.43

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

* LFC encashment has been taken at actuarial valuation and others on *ad hoc* basis

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 segment does not arise. Segment assets have been identified and segment liabilities have been allocated on the basis of segment assets.

Segment wise Results for the year ended 31.03.2009:
Part A – Business Segments

(Rs. in crore)

Business Segments	31.03.2009	31.03.2008
Revenue		
Treasury	753.51	554.16
Corporate/Wholesale Banking	629.08	518.56
Retail Banking	850.46	692.91
Other Banking Operations	37.50	32.27
Total	2270.55	1797.90
Result		
Treasury	34.15	45.44
Corporate/Wholesale Banking	21.72	41.32
Retail Banking	331.72	244.92
Other Banking Operations	31.96	24.59
Total	419.55	356.27
Unallocated expenses	19.84	17.46
Profit before Tax	399.71	338.81
Other Information		
Capital Employed (Segment assets minus segment liabilities)		
(a)Treasury Operations	765.62	611.89
(b)Corporate Banking	472.77	431.38
(c)Retail Banking	327.83	336.78
(d) Other Banking Operations	0.81	-0.45
Total	1567.03	1379.60

Part B - Geographic Segments: There is only one segment i.e. Domestic segment

5. Related Party Disclosure (Accounting Standard 18):

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

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

	31.03.2009	31.03.2008
i) Earnings per share Basic Rs.	21.96	19.92
ii) Earning per share Diluted Rs.	21.96	19.85
iii) Net Profit as per Profit and Loss Account (Rs. in crore)	266.70	241.74
iv) No of Equity Shares (weighted Avg.)-Basic	121444753	121343548
v) No of Equity Shares for Diluted earnings	121444753	121789989

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) 2800 equity shares (previous year 32000 equity shares) allotment whereof is in abeyance being sub judice.

(c) There is no dilution of equity shares in respect of stock option outstanding for the purpose of calculation of "Diluted Earnings" at 6 (a) above as on 31st March, 2009.

7. Accounting for Taxes on Income (Accounting Standard 22)

The Bank has accounted for taxes on income in compliance with Accounting Standard 22 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 31.03.2009	As on 31.03.2008
A. Deferred Tax Liabilities		
1. Depreciation on fixed assets	5.54	5.49
2. Depreciation on investments	30.78	47.95
3. Accrued Interest on Investments	49.48	47.26
Total	85.80	100.70
B. Deferred Tax Assets		
1. Privilege Leave Encashment	10.43	9.32
2. Arrears of Salary	7.82	0.00
3. Others	6.77	6.05
Total	25.02	15.37
Net deferred tax liabilities (A) – (B)	60.78	85.33

8. Impairment of Assets (Accounting Standard 28)

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. Provisions, Contingent Liabilities and Contingent Assets (Accounting Standard 29)
a) Movement of provisions for liabilities*

(Rs. in crore)

Particulars	Legal cases /contingencies **
Balance as at 1 st April 2008	14.27
Provided during the year	11.15
Amounts used during the year	10.01
Reversed during the year	0.00
Balance as at 31 st March 2009	15.41
Timing of outflow/uncertainties	Outflow on settlement / crystallization

* excluding provisions for others.

** Including towards customary practices

b) Contingent Liabilities

Liabilities at Sl. No. (I) to (V) of schedule 12 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:

	31.03.2009	31.03.2008
i) Capital Adequacy Ratio (%)		
- Basel - I	13.54%	12.17%
- Basel - II	13.48%	NA
ii) Capital Adequacy Ratio - Tier - I Capital (%)		
- Basel - I	10.65%	10.36%
- Basel - II	10.60%	NA
ii) Capital Adequacy Ratio - Tier - II Capital (%)		
- Basel - I	2.89%	1.81%
- Basel - II	2.88%	NA
iii) Amount of subordinated debt raised as Tier II capital (Rs in crore)	350.00	150.00

b) Investments

(Rs in crore)

Items	31.03.2009	31.03.2008
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	9009.32	6008.02
(b) Outside India	Nil	Nil
(ii) Provisions for Depreciation		
(a) In India	47.83	44.31
(b) Outside India	Nil	Nil
(iii) Net Value of Investments		
(a) In India	8961.49	5963.71
(b) Outside India	Nil	Nil
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	44.31	70.78
(ii) Add: Provisions made during the year	33.35	0.00
(iii) Less : Write-off/write-back of excess provisions during the year	29.83	26.47
(iv) Closing balance	47.83	44.31

c) Repo transactions :

The particulars of Repo transactions are as under:

(Rs in crore)

Particulars	Outstanding during the Year			As on 31.03.2009
	Min	Max	Daily Average	
Securities sold under repos	50.00	300.00	15.89	0.00
Securities purchased under reverse repos	30.00	750.00	67.45	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
1	PSUs	235.75	50.29	0.29	0.00	0.00
2	Financial Institutions	1689.84	1565.43	0.00	0.00	0.00
3	Banks	745.80	31.95	0.00	0.00	10.02
4	Private Corporates	345.95	191.28	0.00	24.85	1.08
5	Subsidiaries / joint ventures	22.50	22.50	0.00	22.50	22.50
6	Others	33.26	9.06	0.00	0.00	0.00
7	Less Provision held towards depreciation/NPA	-47.83	XXX	XXX	XXX	XXX
	TOTAL	3025.27	1870.51	0.29	47.35	33.60

e) Non Performing Non-SLR investments

(Rs.in crore)

Particulars	2008-09	2007-08
Opening Balance	1.89	3.08
Additions during the year	0.00	0.00
Deductions during the above period	1.89	1.19
Closing Balance	0.00	1.89
Total Provision Held	0.00	1.89

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

Forward Rate Agreements / Interest Rate Swap

(Rs in crore)

Items	31.03.2009	31.03.2008
i) The Notional principal of swap agreements	131.74	152.42
ii) Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	107.75	35.71
iii) Collateral required by the bank upon entering into swaps	0.00	0.00
iv) Concentration of credit risk arising from swaps	Client	Banking Industry & Client
v) The fair values of the swap book	0.00	-0.19

Note: (i) Interest rate swap (fix v/s. fix) was undertaken for the purpose of client's hedging requirements, the underlying for the transaction being FCCB and ECB exposures of the client.

(ii) The entire interest rate swap covered on back-to-back basis with counter party bank and there is no open position. However the contingent liability is recognised.

Exchange Traded Interest Rate Derivatives

(Rs. in crore)

SI No	Particulars	Amount
i	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument wise)	Nil
ii	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 st March 2009 (instrument wise)	Nil
iii	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise)	Nil
iv	Mark- to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise)	Nil

g) Disclosure on Risk Exposures In Derivatives
(I) Qualitative Disclosure:

Operations in the Treasury are segregated into three functional areas, i.e. Front office, Mid office and Back office, equipped with necessary infrastructure and trained officers, whose responsibilities are well defined.

The Integrated Treasury policy of the Bank clearly lays down the types of financial derivative instruments, scope of usages, approval process as also the limits like the open position limits, deal size limits and stop loss limits for trading in approved instruments.

The Mid Office is handled by Risk Management Department. Daily report is submitted to Risk Management department, who, in turn appraises the risks profile to the senior management on the assets and liability management.

The Bank ensures that the transactions with the corporate clients are undertaken only after the inherent credit exposures are quantified and approved in terms of the approval process laid down in the Derivative Policy for customer appropriateness and suitability and necessary documents like ISDA agreements etc. are duly executed. The Bank has adopted Current Exposure Method for monitoring the credit exposures.

The Bank also uses financial derivative transactions for hedging its on or off Balance Sheet exposures. The Integrated Treasury Policy of the Bank spells out the approval process for hedging the exposures. The hedge transactions are monitored on a regular basis and the notional profits or losses are calculated on MTM basis. PV01 and VaR on these deals are reported to the ALCO every month.

The hedged/non hedged transactions are recorded separately. The hedged transactions are accounted for on accrual basis.

In case of Option contracts, guidelines issued by FEDAI from time to time for recognition of income, premium and discount are being followed.

While sanctioning the limits, the competent authority may stipulate condition of obtaining collaterals/margin as deemed appropriate. The derivative limits are reviewed periodically along with other credit limits.

The customer related derivative transactions for notional value (at market rate) of Rs. 279.73 crore are covered with counter party banks, on back- to- back basis for identical amount and tenure and the Bank does not have any market risk.

(ii) Quantitative Disclosure:

(Rs. in crore)

SI. No	Particulars	Currency Derivatives	Interest Derivatives
1	Derivatives (Notional Principal Amount)		
	a) Hedging	2956.27	226.49
	b) Trading	4649.04	0.00
2.	Marked to Market Positions		
	Assets(+)	280.51	239.22
	Liabilities(-)	-262.95	-239.22
3.	Credit Exposure	463.03	241.73
4.	Likely impact of 1% change in interest Rates (100*PV01)		
	a) on hedging derivatives	0.00	0.00
	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	0.00
	b) on hedging – Minimum	0.00	0.00
	c) on trading – Maximum	0.00	0.00
	d) on trading – Minimum	0.00	0.00

h) Non-Performing Asset

(Rs. in crore)

	2008-09	2007-08
i) Net NPAs to Net Advances: (%)	0.98	0.98
II) Movement of NPAs (Gross)		
a) Opening Balance	379.57	387.34
b) Additions during the year	162.44	137.70
	542.01	525.04
c) Reductions during the year	98.81	145.47
d) Closing Balance	443.20	379.57
iii) Movement of Net NPAs		
a) Opening Balance	106.48	116.04
b) Additions during the year	93.39	70.47
	199.87	186.51
c) Reductions during the year	83.77	80.03
d) Closing Balance	116.10	106.48
iv) Movement of provisions for NPAs		
a) Opening balance	247.04	244.14
b) Provisions made during the year	47.00	54.00
c) Write off/write back of excess provisions	7.19	(51.10)
d) Closing balance	301.23	247.04
v) Movement of Floating Provisions		
a) Opening Balance	13.00	13.00
b) the quantum of floating provisions made during the year	0.00	0.00
c) Amount of draw down made during the year	1.31	0.00
d) Closing balance	11.69	13.00

Note : Floating provision of Rs 1.31 crore was withdrawn during the year to meet the interest loss in respect of eligible accounts under Agricultural debt waiver / debt relief scheme as permitted by RBI.

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

Details of Loan assets subjected to Restructuring

(Rs. in crore)

		CDR Mechanism	SME Debt Restructuring	Others	Total
Standard Advances Restructured	No of Accounts	0	1151	81	1232
	Amount Outstanding	0	240.36	242.46	482.82
	Sacrifice (diminution in the fair value)	0	0.98	1.03	2.01
Sub-Standard Advances Restructured	No of Accounts	0	51	6	57
	Amount Outstanding	0	0.55	0.08	0.63
	Sacrifice (diminution in the fair value)	0	0.08	0.01	0.09
Doubtful Advances Restructured	No of Accounts	0	4	8	12
	Amount Outstanding	0	0.36	1.10	1.46
	Sacrifice (diminution in the fair value)	0	0.01	0.01	0.02
Total	No of Accounts	0	1206	95	1301
	Amount Outstanding	0	241.27	243.64	484.91
	Sacrifice (diminution in the fair value)	0	1.07	1.05	2.12

Additional disclosures regarding restructured accounts:

(Rs. in crore)

Sl no	Disclosures	Number	Amount
1	Application received upto March 31, 2009 for restructuring in respect of accounts which were standard as on September 1, 2008	1299	515.71
2	Of (1) proposals approved and implemented as on March 2009 and thus became eligible for special regulatory treatment and classified as standard assets as on the date of Balance Sheet.	1201	374.97
3	Of (1) proposals approved and implemented as on March 2009 but could not be upgraded to standard category	55	0.58
4	Of (1) proposals under process / implementation which were standard as on 31 March 2009.	43	140.16
5	Of (1) proposals under process / implementation which turned NPA as on 31 March 2009. but are expected to be classified as standard assets on full implementation of the package.	0	0

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

(Rs. in crore)

Sl.No	Particulars	2008-09	2007-08
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)

Sl no	Particulars	31.03.2009	31.03.2008
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)

Sl no	Particulars	31.03.2009	31.03.2008
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) Provision on Standard Assets

(Rs. in crore)

Item	31.03.2009	31.03.2008
Provision towards Standard Assets	54.91	54.91

n) Significant performance indicators

	31.03.2009	31.03.2008
i) Interest Income to working funds	8.99%	8.89%
ii) Non-interest income to working funds	1.66%	1.29%
iii) Operating profits to working funds	2.25%	2.21%
iv) Return on Assets	1.25%	1.37%
v) Business (Deposits Plus Advances) per employee (Rs. in crore)	6.49	5.89
vi) Profit per employee (Rs. in crore)	0.05	0.05

o) Asset Liability Management

Maturity Pattern of certain Item of asset and liabilities

(Rs. in crore)

	1 day	2 to 7 days	8 to 14 days	15-28 Days	29 Days to 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	284.01	359.98	361.89	189.87	964.01	1529.75	1387.72	2590.19	3045.14	1097.49	11810.05
Investments	17.85	310.89	129.74	455.26	944.34	143.05	232.58	511.26	1244.88	4971.63	8961.48
Deposits	391.43	526.71	374.49	286.38	1061.59	3370.09	3373.29	8211.42	2538.00	199.89	20333.29
Borrowings	0.03	0.03	0.00	0.00	0.00	0.00	1.96	1.96	0.00	0.00	3.98
Foreign Currency Assets	172.36	343.47	35.04	102.26	2106.57	649.59	611.15	0.00	0.00	0.00	4020.44
Foreign Currency Liabilities	32.11	377.16	0.00	16.95	2226.69	677.21	650.11	36.38	2.01	0.00	4018.62

p) Lending to Sensitive Sectors:

l) Exposure to Real Estate

(Rs. in crore)

	31.03.2009	31.03.2008
a) Direct exposure		
(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 Individual Housing Loans upto Rs 30.00 lakhs (previous year Rs 15 lakhs)	781.51 695.07	739.14 573.73
(ii) Commercial Real Estates – Lendings secured by mortgages on commercial real estates	879.06	815.70
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a) Residential	3.70	5.56
b) Commercial Real Estate	0.00	0.00
b) Indirect Exposure Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	566.32	555.30

ii) Exposure to Capital Market

(Rs. in crore)

Category	31.03.2009	31.03.2008
(i) Investments made in equity shares	138.10	140.62
(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	24.20	22.31
iv) Application Money towards Rights issue	0.00	18.05
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.*	0.00	0.10
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:	51.58	93.16
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
Total capital market exposure	213.88	274.24

* 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 31.03.2009	Provision held as at 31.03.2009	Exposure (net) as at 31.03.2008	Provision held as at 31.03.2008
Insignificant	86.60	-	129.12	-
Low	153.39	-	80.26	-
Moderately Low	4.30	-	7.04	-
Moderate	0.07	-	4.60	-
Moderately High	0.75	-	1.55	-
High	0.00	-	0.04	-
Very High	0.00	-	0.00	-
Restricted	0.00	-	0.00	-
Off-Credit	0.00	-	0.00	-
Total	245.11	-	222.61	-

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 III) to the tune of Rs 200.00 crore at fixed rate of 11.25% per annum maturing on 27-09-2018. (Previous year Rs 150.00 crore)

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

During the year ended 31-03-2009 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)

SI No	Name of the Borrower	Maximum Limit during the year	Exposure %	Maximum Limit / Liability as on 31.03.2009	Exposure %
1	Housing Development Finance Corporation Ltd	289.95	17.91%	289.95	17.91%

- 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)

	31.03.2009	31.03.2008
i) Provision made towards NPAs / Sacrifice for restructured Standard Advance/ Provision for Standard assets as per RBI guidelines	47.00	55.20
ii) Provision towards Income tax	153.93	104.50
iii) Provision towards deferred tax	-24.55	-12.50
iv) Provision for Wealth tax	0.10	0.07
v) Provision for Fringe Benefit Tax	3.53	5.00
vi) Provision for depreciation on investments	33.35	-5.91
vii) Provision for Others	0.15	2.50
Total	213.51	148.86

v) Customer Complaints:

(a)	No of Complaints pending at the beginning of the year (31.03.08)	21
(b)	No of complaints received during the year	6610
(c)	No of complaints redressed during the year	6589
(d)	No of complaints pending at the end of year (31.03.09)	42

w) Awards passed by the Banking Ombudsman

(a)	No of unimplemented awards at the beginning of the year(31.3.08)	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 (31.03.09)	Nil

x) Employee Stock Option (ESOP)

The shareholders of the Bank had approved the Employees Stock Options Scheme (ESOS) at the Annual General Meeting held on 15.7.2006 for grant to eligible employees upto 15,00,000 stock options in aggregate. During the year under report, a total of 517400 stock options have been granted under the Scheme to the eligible employees. These stock options would vest in a graded manner i. e 40% after end of the first year, 30% in the second year and the remaining 30% before the end of third year from the date of grant. The vested options are exercisable within a period of 5 years from the respective dates of vesting at an exercise price of Rs 50 per option. Accordingly the Bank has transferred a sum of Rs 6.45 crore being the proportionate compensation expenses.

y) Disclosure of Letter of comforts (LOCs) issued by Banks:

The Bank issues Letter of comforts on behalf of its various constituents against the credit limits sanctioned to them. In the opinion of the management, no significant financial impact and cumulative financial obligations have been assessed under LOCs issued by the Bank in the past, during the current year and still outstanding. Brief details of LOCs issued by the Bank are as follows:

		(Rs. in crore)
1	Letter of comforts issued during the year 2008-09	324.03
2	Letter of comforts matured/cancelled during the year 2008-09	332.89
3	Letter of comforts outstanding as on 31.03.2009	122.58

- z) Government of India has notified "Agricultural Debt Waiver and Debt Relief Scheme 2008" for giving debt waiver to marginal and small farmers and relief to other farmers who have availed direct agricultural loans. The claim for agricultural debt waiver amounting to Rs 23.13 crore lodged by the Bank subject to certification by statutory auditors of the Bank, Rs 9.48 crore being 41 % of the amount claimed has been reimbursed by the RBI during the year ending 31st March 2009.

11 (a) Tax demands under appeal: -

A sum of Rs 101.76 crore (Previous year Rs. 96.14 crore) is outstanding on account of demands raised by the Income Tax Department in earlier years which 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 for the year has been made after due consideration of decisions 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.0.22 crore (Previous year Rs.0.22 crore)
13. **Draw down from Reserves**
The Bank has not made any draw down during the year from the Reserves.
14. Previous year's figures have been regrouped/rearranged/given in brackets wherever necessary and feasible to conform to the current year classifications.

	Sd/- Muralidhar K. Rao Chief Manager		Sd/- V.M. Samaga Deputy General Manager	
Sd/- B. Ashok Hegde General Manager	Sd/- N. Upendra Prabhu General Manager	Sd/- P. Jairama Hande General Manager	Sd/- K.H. Shivaswamy Aithal General Manager	Sd/- P. Jayarama Bhat Chief General Manager
Sd/- Ananthakrishna Chairman & Chief Executive Officer	Sd/- M. Bheema Bhat S.R. Hegde R.V. Shastri Directors	Sd/- U.R. Bhat T.S. Vishwanath Sitarama Murty M. Directors	Sd/- S.V. Manjunath D. Harshendra Kumar Dr. H. Ramamohan Directors	

Refer our report of even date
For KAMATH & RAU
Chartered Accountants
Sd/-

Place : Mangalore
Date : 25th May, 2009

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

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 31st March, 2009 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 4 branches and 2 Regional Offices audited by us, 443 branches, 6 Regional Offices, 1 International Division, 5 Service Branches, 2 Currency chests, 3 Asset Recovery Branches, 1 Data centre, 2 Central Processing Centres 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 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.

1. ನಾವು, ಇಲ್ಲಿ ಲಗತ್ತಿಸಿದ ಕರ್ನಾಟಕ ಬ್ಯಾಂಕ್ ಲಿಮಿಟೆಡ್ ಇದರ ಮಾರ್ಚ್ 31, 2009ರ ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ ಹಾಗೂ ಅದಕ್ಕೆ ಅನುಬಂಧಿಸಿದ ಆ ದಿನಾಂಕದಂದು ಅಂತ್ಯಗೊಂಡ ವರ್ಷದ ಲಾಭನಷ್ಟ ತಪ್ಪೆ ಮತ್ತು ನಗದು ಪರಿಚಲನೆಯ ನಿರೂಪಣಾ ಪಟ್ಟಿಗಳ ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯನ್ನು ಮಾಡಿದ್ದು ಅವುಗಳಲ್ಲಿ ಸಂಘಟಿತವಾದ ಶಾಖಾ ವರದಿಗಳಲ್ಲಿ ನಾವು ಪರಿಶೋಧನೆ ಮಾಡಿದ ಬ್ಯಾಂಕಿನ 4 ಶಾಖೆಗಳ ಮತ್ತು 2 ಪ್ರಾದೇಶಿಕ ಕಚೇರಿಗಳ ಹಾಗೂ ಶಾಖಾ ಲೆಕ್ಕ ಪರಿಶೋಧಕರಿಂದ ಲೆಕ್ಕ ಪರಿಶೋಧಿಸಲ್ಪಟ್ಟ 443 ಶಾಖೆಗಳ, 6 ಪ್ರಾದೇಶಿಕ ಕಚೇರಿಗಳ, 1 ಅಂತಾರಾಷ್ಟ್ರೀಯ ವಿಭಾಗದ, 5 ಸೇವಾ ಶಾಖೆಗಳ, 2 ಕರೆನ್ಸಿ ಖಜಾನೆಗಳ, 3 ಆಸ್ತಿ ವಸೂಲಾತಿ 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 ಮಾಡಿದ್ದೆವು. ಈ ಲೆಕ್ಕಾಚಾರದ ಪಟ್ಟಿಗಳು ಗಣ್ಯವಾದ ತಪ್ಪು ಹೇಳಿಕೆಗಳಿಂದ ಹೊರಪಟ್ಟಿವೆ ಎಂಬ ವಿವೇಚನಾ ಶಕ್ತಿಯ ಭರವಸೆ ಹೊಂದುವ ರೀತಿಯಲ್ಲಿ ನಾವು ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯನ್ನು ಯೋಜಿಸಿ, ನಿರ್ವಹಿಸಬೇಕೆಂದು ಆ ನೀತಿಗಳ ಅನ್ವೇಷಣೆ ಲೆಕ್ಕಾಚಾರ ಪಟ್ಟಿಯಲ್ಲಿನ ಮೊತ್ತ ಮತ್ತು ಪ್ರಕಟಣೆಗಳ ಪ್ರಮಾಣಾಧಾರಗಳನ್ನು ಒರೆಹಚ್ಚಿ ಪರಿಶೀಲಿಸುವ ತಳಹದಿ ಲೆಕ್ಕಪರಿಶೋಧನೆಯಲ್ಲಿ ಒಳಗೊಂಡಿರುತ್ತದೆ. ಆಡಳಿತ ಮಂಡಳಿಯು ಉಪಯೋಗಿಸಿದ ಲೆಕ್ಕವಿಡುವ 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 ವಿವೇಚನೆಯುತ ತಳಹದಿಯಾಗಿದೆ ಎಂದು ನಾವು ನಂಬುತ್ತೇವೆ.
3. ಈ ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ ಹಾಗೂ ಲಾಭ ನಷ್ಟ ತಪ್ಪೆಗಳನ್ನು ಬ್ಯಾಂಕಿಂಗ್ ರೆಗ್ಯುಲೇಶನ್ ಕಾಯ್ದೆ 1949 ವಿಭಾಗ 29 ಹಾಗೂ ಕಂಪನಿ ಕಾಯ್ದೆ 1956 ವಿಭಾಗ 211ರ ಅನುಸಾರ ರಚಿಸಲಾಗಿದೆ.
4. ನಮ್ಮ ವರದಿ ಹೀಗಿದೆ.
 - ಅ) ನಮ್ಮ ಆತ್ಮತೃಪ್ತು ತಿಳುವಳಿಕೆ ಹಾಗೂ ನಂಬಿಕೆಯ ಪ್ರಕಾರ, ಲೆಕ್ಕ ಪರಿಶೋಧನೆಗೆ ಅಗತ್ಯವೆಂದು ಕಂಡು ಬಂದ ಎಲ್ಲಾ ಮಾಹಿತಿ ಮತ್ತು ವಿವರಣೆಗಳನ್ನು ನಾವು ಪಡೆದಿದ್ದು ಅವುಗಳು ತೃಪ್ತಿಕರವಾಗಿದ್ದುವು ಎಂದು ಮನಗಂಡಿದ್ದೇವೆ.
 - ಆ) ನಮ್ಮ ಗಮನಕ್ಕೆ ಬಂದ ಬ್ಯಾಂಕಿನ ವ್ಯವಹಾರಗಳು ಬ್ಯಾಂಕಿನ ಅಧಿಕಾರ ವ್ಯಾಪ್ತಿಯ ಒಳಗಿದ್ದುವು.

- 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 representations received from the Directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009 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 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 31st March 2009,
- ಇ) ನಮ್ಮ ಪರಿಶೋಧನೆಗೆ ಬೇಕಾದಂತಹ ಸಮರ್ಪಕವಾದ ವರದಿಗಳು ಬ್ಯಾಂಕಿನ ಶಾಖೆಗಳಿಂದ, ಕಚೇರಿಗಳಿಂದ ಲಭ್ಯವಾಗಿವೆ.
5. ನಮ್ಮ ಅಭಿಪ್ರಾಯದಂತೆ, ಲಾಭನಷ್ಟ ತಜ್ಞ ಮತ್ತು ಅಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ ಮತ್ತು ನಗದು ಪರಿಚಲನಾ ನಿರೂಪಣಾ ಪಟ್ಟಿಗಳು, ಬ್ಯಾಂಕಿಂಗ್ ಕಂಪನಿಗೆ ಅನ್ವಯವಾಗುವಂತೆ, ಕಂಪನಿ ಕಾಯ್ದೆ 1956ರ, ವಿಭಾಗ 211ರ ಉಪ ವಿಭಾಗ (3C)ದಲ್ಲಿ ಉಲ್ಲೇಖಿಸಿದ ಅಕ್ಕವಿದುವ ನೀತಿಯ ಪ್ರಕಾರ ರಚಿಸಲಾಗಿದೆ.
6. ಇನ್ನೂ ಹೆಚ್ಚಾಗಿ ನಮ್ಮ ವರದಿ ಹೀಗಿದೆ:
- i) ಈ ವರದಿಯಲ್ಲಿ ಕಾಣಿಸಿದ ಬ್ಯಾಂಕಿನ ಅಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ ಮತ್ತು ಲಾಭ ನಷ್ಟ ತಜ್ಞಗಳು ಬ್ಯಾಂಕಿನ ಲೆಕ್ಕ ಪತ್ರ ಪುಸ್ತಕ ಮತ್ತು ವರದಿಗಳಿಗೆ ಹೊಂದಿಕೆಯಾಗಿರುತ್ತದೆ.
 - ii) ನಮ್ಮ ಅಭಿಪ್ರಾಯದಂತೆ, ಕಾನೂನು ಪ್ರಕಾರ ಬೇಕಾದಂತಹ ಲೆಕ್ಕ ಪತ್ರ ಪುಸ್ತಕಗಳನ್ನು ಬ್ಯಾಂಕು ಈ ಕನಕ ಇರಿಸಿದೆ ಎನ್ನುವುದು ಅಂತಹ ಪುಸ್ತಕಗಳ ಶೋಧನೆಯಿಂದ ನಮಗೆ ತಿಳಿದು ಬಂದಿದೆ.
 - iii) ಶಾಖಾ ಲೆಕ್ಕ ಪರಿಶೋಧಕರ, ಶಾಖೆಯ ಲೆಕ್ಕ ಪರಿಶೋಧನಾ ವರದಿಗಳನ್ನು ನಮಗೆ ಅಗತ್ಯಕಡದಲ್ಲಿ ಒಳಗೊಂಡು ನಮ್ಮ ವರದಿಯನ್ನು ತಯಾರಿಸಿದ್ದೇವೆ.
 - iv) ಇಂದಿನ ದಿನಾಂಕದೊರೆಗಿನ, ಕೇಂದ್ರ ಸರ್ಕಾರದಿಂದ ನಮಗೆ ತಿಳಿಸಲ್ಪಟ್ಟ ಮಾಹಿತಿ ಮತ್ತು ವಿವರಣೆಯಂತೆ, ಕಂಪನಿ ಕಾಯ್ದೆ 1956ರ ವಿಭಾಗ 441ಎ ಅನ್ವಯ ವಿಧಿಸಬೇಕಾದ ಸೆಸ್ ಪಾವತಿ ಆಜ್ಞಾಪಿಸಲ್ಪಟ್ಟಿಲ್ಲ.
 - v) ನಿರ್ದೇಶಕರುಗಳಿಂದ ಲಭಿಸಿದ ಲಿಖಿತ ಮಾಹಿತಿ ಮತ್ತು ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ದಾಖಲೆಯ ಶೋಧನೆಯನ್ವಯ ನಾವು ವರದಿ ಮಾಡುವುದೇನೆಂದರೆ, 31 ಮಾರ್ಚ್ 2009ಕ್ಕೆ ಯಾವೂಬ್ಬ ನಿರ್ದೇಶಕರೂ ಕಂಪನಿ ಕಾಯ್ದೆ 1956 ವಿಭಾಗ 274, ಉಪ ವಿಭಾಗ (1), ಖಂಡ (ಬಿ) ಅನ್ವಯ ನಿರ್ದೇಶಕರಾಗಿ ನೇಮಕಗೊಳ್ಳಲು ಅನರ್ಹತೆಯನ್ನು ಹೊಂದಿಲ್ಲ.
7. ನಮ್ಮ ಅಭಿಪ್ರಾಯ ಮತ್ತು ಅತ್ಯುತ್ತಮ ತಿಳುವಳಿಕೆ ಹಾಗೂ ನಮಗೆ ನೀಡಲಾಗಿರುವ ವಿವರಣೆಗಳ ಮೇರೆಗೆ, ಮೇಲೆ ಹೇಳಿದ ಲೆಕ್ಕ ಪತ್ರಗಳು ಮತ್ತು ಅವುಗಳ ಮೇಲಣ ಚಿವಟೆಗಳು ಬ್ಯಾಂಕಿಂಗ್ ರೆಗ್ಯುಲೇಷನ್ ಕಾಯ್ದೆ 1949, ಅಂತೆಯೇ ಕಂಪನಿ ಕಾಯ್ದೆ 1956ರ ಅನ್ವಯ ಅಗತ್ಯವಾದ ಮಾಹಿತಿಗಳನ್ನೆಲ್ಲಾ ಒಳಗೊಂಡಿದ್ದು ಬ್ಯಾಂಕಿಂಗ್ ಕಂಪನಿ ಒದಗಿಸಬೇಕಾದ ಮಾಹಿತಿಗಳಿಗೆ ಅನುಸಾರವಾಗಿದ್ದು ಭಾರತದಲ್ಲಿ ಸಾಮಾನ್ಯವಾಗಿ ಅಂಗೀಕೃತವಾದ ಲೆಕ್ಕಪತ್ರ ನೀತಿಗನುಸಾರವಾಗಿದ್ದು ಯಥಾರ್ಥವಾದ ಮತ್ತು ನೈಜ ಮಾಹಿತಿಗಳನ್ನು ಒದಗಿಸುತ್ತವೆ:
- i) ಅಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿಯು ಬ್ಯಾಂಕಿನ 31, ಮಾರ್ಚ್ 2009ರ ವ್ಯವಹಾರವನ್ನು

- 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 year then ended on that date.

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

Place : Mangalore
Date : 25h May 2009

- ii) ಲಾಭ ನಷ್ಟ ತಙ್ತೆಯು ಆ ದಿನದಂದು ಮುಕ್ತಾಯಗೂಂಡ ವರ್ಷದ ಲಾಭವನ್ನು ಮತ್ತು,
- iii) ನಗದು ಪರಿಚಲನಾ ನಿರೂಪಣಾ ಪಟ್ಟಿಯಲ್ಲಿ ನಮೂದಿಸಿದ ಅವಧಿ ಅಂತ್ಯದಲ್ಲಿ ಆದ ಹಣದ ಪರಿಚಲನೆಯನ್ನು ನಿಜ ಹಾಗೂ ಕೃತ್ರಿಕವಾದ ರೀತಿಯಲ್ಲಿ ಪ್ರತಿಬಿಂಬಿಸುತ್ತವೆ.

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

ಸ್ಥಳ : ಮಂಗಳೂರು
ದಿನಾಂಕ : 25 ಮೇ, 2009

1.	No. of Deposit Accounts	3734676
2.	No. of Advances Accounts	227713

3. Advances to Priority Sector		(Rs. in lakh)	
Types of Advances		Number of Accounts at the end of the year	Balance outstanding at the end of the year
a)	Agriculture	50779	99335.86
b)	Small Scale Industries	6867	142326.56
c)	Retail Trade	12994	15814.96
d)	Small Business	5490	16310.12
e)	Professional & Self Employed Persons	2171	15986.81
f)	Educational Loan	3897	7474.67
g)	Housing Loan	14753	119156.08
h)	Small Road and Water Transport operators	5843	11059.20
i)	Other Priority Sectors	395	9751.54
Total		103189	437215.80
Export Credit			124831.00

4. Branches					
	Rural	Semi Urban	Urban	Metro-politan	Total
No. of Branches at the end of the year	90	94	139	124	447

5. Staff				
	Officers	Clerks	Sub-Staff	Total
As at the end of the year	1801	2330	816	4947
Recruited during the year	92	432	19	543

6. Staff Training					
Bank's own training college			At Bankers' Training College (RBI) & other Training Colleges (Officers)	At Work shops & Seminars	
Officers	Clerks	Sub Staff	332	681	
560	758	72			

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
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
2008-2009	156702.70	2033328.53	1181004.50	227055.14	26670.50	60	447	4947