

**GENERAL MANAGERS**

Sri K.H. Shivaswamy Aithal  
Sri P. Jairama Hande  
Sri N. Upendra Prabhu  
Sri B. Ashok Hegde  
Sri M.V.C.S. Karanth

**DEPUTY GENERAL MANAGERS**

Sri B. Vittal Rao  
Sri K.G. Ramesh Rao  
Dr. Meera Laetitia B. Aranha  
Sri M.S. Mahabaleshwara  
Sri V.N. Manohar  
Sri I. Santhosh Kumar  
Sri S. Ramachandra Bhat  
Sri Raghurama  
Sri S. Anandarama Adiga  
Sri M.V. Mohan  
Sri Gajanan T. Hegde  
Sri M. Raghavendra Bhat

**ASST. GENERAL MANAGERS**

Sri Jagdish Moleyar  
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. Bhat  
Sri H.P. Ravindranatha Hande  
Sri Muralidhar Krishna Rao  
Sri Nagaraja Rao B.  
Sri Ravishankar R.  
Sri Rudraiah H.S.  
Sri Nirmal Kumar Kechappa Hegde  
Sri Nandakishor Ballal  
Sri Ravi S.  
Dr. Anandarama Upadhy C.

**COMPANY SECRETARY**

Sri Y.V. Balachandra

**LEGAL ADVISER**

Sri M.V. Shanker Bhat

**AUDITORS**

M/s. Kamath & Rau, Mangalore  
M/s. Vishnu Daya & Co., Bangalore

**REGISTRAR & SHARE TRANSFER AGENT**

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

**Regd. & Head Office: Mahaveera Circle, Mangalore**

**ಮಹಾ ಪ್ರಬಂಧಕರು**

ಶ್ರೀ ಕೆ.ಯುಚ್. ಶಿವಸ್ವಾಮಿ ಐತಾಳ್  
ಶ್ರೀ ಪಿ. ಜೈರಾಮ ಹಂದೆ  
ಶ್ರೀ ಎನ್. ಉಪೇಂದ್ರ ಪ್ರಭು  
ಶ್ರೀ ಬಿ. ಅಶೋಕ ಹೆಗ್ಡೆ  
ಶ್ರೀ ಎಮ್.ವಿ.ಸಿ.ಎಸ್. ಕಾರಂತ್

**ಉಪ ಮಹಾ ಪ್ರಬಂಧಕರು**

ಶ್ರೀ ಬಿ. ವಿಠಲ್ ರಾವ್  
ಶ್ರೀ ಕೆ.ಜಿ. ರಮೇಶ್ ರಾವ್  
ಡಾ|| ಮೀರಾ ಲೇಟಿಷಿಯಾ ಬಿ. ಅರಾವ್  
ಶ್ರೀ ಎಮ್.ಎಸ್. ಮಹಾಬಲೇಶ್ವರ  
ಶ್ರೀ ವಿ.ಎನ್. ಮನೋಹರ  
ಶ್ರೀ ಐ. ಸಂತೋಷ್ ಕುಮಾರ್  
ಶ್ರೀ ಎಸ್. ರಾಮಚಂದ್ರ ಭಟ್  
ಶ್ರೀ ರಘುರಾಮ  
ಶ್ರೀ ಎಸ್. ಆನಂದರಾಮ ಅಡಿಗ  
ಶ್ರೀ ಎಮ್.ವಿ. ಮೋಹನ್  
ಶ್ರೀ ಗಜಾನನ್ ಟಿ. ಹೆಗಡೆ  
ಶ್ರೀ ಎಮ್. ರಾಘವೇಂದ್ರ ಭಟ್

**ಸಹಾಯಕ ಮಹಾ ಪ್ರಬಂಧಕರು**

ಶ್ರೀ ಜಗದೀಶ ಮೊಳೆಯಾರ್  
ಶ್ರೀ ಸುಭಾಷ್‌ಚಂದ್ರ ಪುರಾಣಿಕ್  
ಶ್ರೀ ಎಸ್. ರಮೇಶ್  
ಶ್ರೀ ಕೆ.ವಿ. ವಿಜಯಶಂಕರ ರೈ  
ಶ್ರೀ ಬಿ. ಅನಂತ ಪದ್ಮನಾಭ  
ಶ್ರೀ ಬಿ. ಚಂದ್ರಶೇಖರ ರಾವ್  
ಶ್ರೀ ಎನ್.ಆರ್. ರವಿಶಂಕರ್  
ಶ್ರೀ ವೆಂಕಪ್ಪಯ್ಯ ಕೆ. ಭಟ್  
ಶ್ರೀ ಎಚ್.ಪಿ. ರವೀಂದ್ರನಾಥ್ ಹಂದೆ  
ಶ್ರೀ ಮುರಳೀಧರ ಕೃಷ್ಣ ರಾವ್  
ಶ್ರೀ ನಾಗರಾಜ ರಾವ್ ಬಿ.  
ಶ್ರೀ ರವಿಶಂಕರ್ ಆರ್.  
ಶ್ರೀ ರುದ್ರಯ್ಯ ಹೆಚ್.ಎಸ್.  
ಶ್ರೀ ನಿರ್ಮಲ್ ಕುಮಾರ್ ಕೆಚಪ್ಪ ಹೆಗ್ಡೆ  
ಶ್ರೀ ನಂದಕಿಶೋರ್ ಬಲ್ಲಾಳ್  
ಶ್ರೀ ರವಿ ಎಸ್.  
ಡಾ|| ಆನಂದರಾಮ ಉಪಾಧ್ಯಾ ಸಿ.

**ಕಂಪೆನಿ ಕಾರ್ಯದರ್ಶಿ**

ಶ್ರೀ ವೈ.ವಿ. ಬಾಲಚಂದ್ರ

**ಕಾನೂನು ಸಲಹೆಗಾರರು**

ಶ್ರೀ ಎಂ.ವಿ. ಶಂಕರ್ ಭಟ್

**ಲೆಕ್ಕ ಪರಿಶೋಧಕರು**

ಮೆ|| ಕಾಮತ್ ಎಂಡ್ ರಾವ್, ಮಂಗಳೂರು  
ಮೆ|| ವಿಷ್ಣು ದಯಾ ಎಂಡ್ ಕೋ., ಬೆಂಗಳೂರು

**ನೋಂದಣಾಧಿಕಾರಿ ಮತ್ತು ಶೇರು ವರ್ಗಾವಣಾ ಪ್ರತಿನಿಧಿ**

ಮೆ|| ಅಲ್ಫಾ ಸಿಸ್ಟಮ್ಸ್ ಪ್ರೈವೇಟ್ ಲಿಮಿಟೆಡ್, ಬೆಂಗಳೂರು

ನೋಂದಾಯಿತ ಮತ್ತು ಪ್ರಧಾನ ಕಛೇರಿ: ಮಹಾವೀರ ವೃತ್ತ, ಮಂಗಳೂರು

## DIRECTORS' 86th ANNUAL REPORT

Your Directors have pleasure in presenting the Eighty Sixth Annual Report, the Audited Balance Sheet as at 31st March 2010 and the Profit & Loss Account for the year ended, 31st March 2010, 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 31.03.2010	As on / for the year ended 31.03.2009
Deposits	23730.65	20333.29
Advances	14435.68	11810.05
Investments	9992.05	8961.49
Gross Income	2354.68	2270.55
Operating Profit	260.84	480.21
Net Profit	167.12	266.70

The total business turnover of the Bank touched Rs.38166.33 crore, an increase of 18.74 percent over the preceding year. The total assets of the Bank increased from Rs.22857.81 crore to Rs.27035.15 crore recording a growth of 18.28 percent for the year 2009-10

The total deposits of the Bank grew from Rs. 20333.29 crore as on 31st March 2009 to Rs. 23730.65 crore as on 31st March 2010, registering a growth of 16.71 percent. During the year, low cost deposits of the Bank viz Savings and Current Account Deposits have shown an impressive growth of 36 percent due to the various measures undertaken by the Bank.

The total advances grew from Rs.11810.05 crore as on 31st March 2009 to Rs.14435.68 crore as on 31st March 2010, an increase of 22.23 percent. While agricultural advances increased from Rs.993.36 crore to Rs.1609.16 crore, the priority sector advances increased from Rs.4372.16 crore to Rs.5252.96 crore. The lending under various socio-economic schemes has shown satisfactory progress. The priority sector advances stand at 45.80 percent and agricultural advances stand at 11.97 percent as at end March 2010.

The total investments of the Bank as on 31st March 2010 stood at Rs.9992.05 crore as against Rs.8961.49 crore as on 31st March 2009, an increase of 11.50 percent.

## ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ 86ನೇ ವಾರ್ಷಿಕ ವರದಿ

ಬ್ಯಾಂಕಿನ 86ನೇ ವಾರ್ಷಿಕ ವರದಿ, 31ನೇ ಮಾರ್ಚ್ 2010ಕ್ಕೆ ಮುಕ್ತಾಯಗೊಂಡ ಆರ್ಥಿಕ ವರ್ಷದ ಪರಿಶೋಧಿಸಲ್ಪಟ್ಟ ಆಸ್ತಿಹೂಣ ಪಟ್ಟಿ ಮತ್ತು ಲಾಭ ನಷ್ಟ ತಖ್ತೆಯನ್ನು ಲೆಕ್ಕಪರಿಶೋಧಕರ ವರದಿಯೊಂದಿಗೆ ಬ್ಯಾಂಕಿನ ಶೇರುದಾರರ ಮುಂದಿಡಲು ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಸಂತೋಷಪಡುತ್ತಾರೆ.

### ಸಾಧನೆಯ ಹೆಗ್ಗುರುತುಗಳು

ಆರ್ಥಿಕ ವರ್ಷದ ಸಾಧನೆಯ ಪ್ರಮುಖ ಆರ್ಥಿಕ ಸೂಚಕಗಳು ಈ ಕೆಳಗಿನಂತಿವೆ.

ವಿವರಗಳು	(ರೂ. ಕೋಟಿಗಳಲ್ಲಿ)	
	31.03.2010 ವರ್ಷಾಂತ್ಯದಂತೆ	31.03.2009 ವರ್ಷಾಂತ್ಯದಂತೆ
ಠೇವಣಿಗಳು	23730.65	20333.29
ಮುಂಗಡಗಳು	14435.68	11810.05
ಹೂಡಿಕೆಗಳು	9992.05	8961.49
ಒಟ್ಟು ಆದಾಯ	2354.68	2270.55
ನಿರ್ವಹಣಾ ಲಾಭ	260.84	480.21
ನಿವ್ವಳ ಲಾಭ	167.12	266.70

ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ವ್ಯವಹಾರವು ರೂ. 38166.33 ಕೋಟಿಯನ್ನು ಸ್ಪರ್ಶಿಸಿದ್ದು, ಇದು ಹಿಂದಿನ ವರ್ಷಕ್ಕಿಂತ ಶೇ. 18.74ರ ಅಭಿವೃದ್ಧಿಯಾಗಿದೆ. ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಆಸ್ತಿಯು ರೂ. 22857.81 ಕೋಟಿಯಿಂದ ರೂ.27035.15 ಕೋಟಿಗೆ ಏರಿತಿದ್ದು, 2009-10ಕ್ಕೆ ಶೇ. 18.28ರ ಅಭಿವೃದ್ಧಿಯ ಸಾಧನೆ ದಾಖಲೆಯಾಗಿದೆ.

ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಠೇವಣಿಯು 31, ಮಾರ್ಚ್ 2009ರಲ್ಲಿದ್ದ ರೂ. 20333.29 ಕೋಟಿಯಿಂದ 31, ಮಾರ್ಚ್ 2010ಕ್ಕೆ ರೂ. 23730.65 ಕೋಟಿಗೆ ವೃದ್ಧಿಗೊಂಡಿದ್ದು, ಶೇ. 16.71ರ ಏರಿಕೆ ದಾಖಲಾಗಿದೆ. ಪ್ರಸ್ತುತ ವರ್ಷದಲ್ಲಿ ಕಡಿಮೆ ವೆಚ್ಚದ ಠೇವಣಿಗಳಾದ ಉಳಿತಾಯ ಮತ್ತು ಚಾಲ್ತಿ ಖಾತೆಗಳ ಠೇವಣಿಯಲ್ಲಿ ಗಮನಾರ್ಹವಾದ, ಶೇ. 36ರಷ್ಟು ಅಭಿವೃದ್ಧಿ ದಾಖಲಾಗಿರುವುದು, ಬ್ಯಾಂಕು ಈ ದಿವಸದಲ್ಲಿ ಕೈಗೊಂಡ ಸೂಕ್ತ ಮಾರ್ಗೋಪಾಯಗಳಿಗೆ ಸಾಕ್ಷಿಯಾಗಿದೆ.

ಒಟ್ಟು ಮುಂಗಡವು 31, ಮಾರ್ಚ್ 2009ರಲ್ಲಿದ್ದ ರೂ. 11810.05 ಕೋಟಿಯಿಂದ 31, ಮಾರ್ಚ್ 2010ಕ್ಕೆ ರೂ. 14435.68 ಕೋಟಿಗೆ ಏರಿತಿದ್ದು, ಶೇ. 22.23ರ ಹೆಚ್ಚಳ ದಾಖಲಾಗಿದೆ. ಅಂತೆಯೇ, ಕೃಷಿ ಮುಂಗಡವು ರೂ. 993.36 ಕೋಟಿಯಿಂದ ರೂ. 1609.16 ಕೋಟಿಗೆ ವೃದ್ಧಿಗೊಂಡಿದ್ದು, ಆದ್ಯತಾ ವಲಯದ ಮುಂಗಡವು ರೂ. 4372.16 ಕೋಟಿಯಿಂದ ರೂ. 5252.96 ಕೋಟಿಗೆ ಏರಿಕೆಗೊಂಡಿದೆ. ಹಲವಾರು ಸಾಮಾಜಿಕ-ಆರ್ಥಿಕ ಯೋಜನೆಯನ್ವಯ ವಿತರಿಸಲಾದ ಮುಂಗಡಗಳಲ್ಲೂ ತೃಪ್ತಿಕರವಾದ ಅಭಿವೃದ್ಧಿ ಇದೆ. ಮಾರ್ಚ್ 2010 ವರ್ಷಾಂತ್ಯಕ್ಕೆ ಆದ್ಯತಾ ವಲಯದ ಮುಂಗಡವು ಶೇ. 45.80ರಷ್ಟಿದ್ದು, ಕೃಷಿ ಮುಂಗಡವು ಶೇ. 11.97ರಷ್ಟಾಗಿರುತ್ತದೆ.

31, ಮಾರ್ಚ್ 2010ಕ್ಕೆ ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಹೂಡಿಕೆಯು ರೂ. 9992.05 ಕೋಟಿಯಷ್ಟಿದ್ದು, ಇದು 31, ಮಾರ್ಚ್ 2009ಕ್ಕೆ ರೂ. 8961.49ರಷ್ಟಿದ್ದು, ಶೇ. 11.50 ಅಭಿವೃದ್ಧಿ ದಾಖಲಾಗಿದೆ.

### OPERATIONAL PERFORMANCE

Your Directors report that under the tough business environment in which your Bank operated, the overall financial performance during the year 2009-10 has been satisfactory. The gross income of the Bank was Rs.2354.68 crore and total expenditure (excluding provisions and contingencies) was Rs. 2093.84 crore for the year-ended 31st March 2010. The net interest income for the year ended 31st March 2010 was Rs. 335.63 crore.

### PROFIT

Your Bank earned an operating profit of Rs.260.84 crore for the year 2009-10 as against Rs.480.21 crore for the previous year. The net profit of the Bank decreased from Rs.266.70 crore to Rs. 167.12 Crore.

### APPROPRIATIONS

The net profit of Rs.167.12 Crore which along with a sum of Rs. 0.03 Crore brought forward from the previous year aggregating Rs.167.15 Crore is appropriated as under. The corresponding figure for the previous year was Rs.266.80 Crore.

Appropriation	Rs. in Crore
Transfer to Statutory Reserve	88.00
Transfer to Revenue, General & Special Reserves	16.38
Transfer to Proposed Dividend (including tax)	62.75
Balance carried to Balance Sheet	0.02
<b>Total</b>	<b>167.15</b>

### DIVIDEND

Keeping in mind the overall performance of the Bank and the positive outlook for the future, the Board of Directors recommended a dividend of 40 percent for the reporting year. The dividend payout ratio for the year stands higher at 32.09 percent as compared to 27.35 percent in the previous year.

### EARNING PER SHARE/BOOK VALUE

The earning per share (basic) and the book value of the share stood at Rs.13.50 and Rs.136.80 respectively as on 31st March 2010.

### ವಹಿವಾಟುಗಳ ನಿರ್ವಹಣೆ

ವ್ಯಾಪಕಾರಿಕ ರಂಗದ ಬಿಗು ವಾತಾವರಣದ ನಡುವೆಯೂ 2009-10ರ ವರ್ಷಕ್ಕೆ ಸಂಬಂಧಿಸಿದ ಬ್ಯಾಂಕಿನ ಒಟ್ಟಾರೆ ಆರ್ಥಿಕ ನಿರ್ವಹಣೆಯು ತೃಪ್ತಿಕರವಾಗಿದೆ ಎನ್ನುವುದನ್ನು ವರದಿ ಮಾಡಲು ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಹರ್ಷಿಸುತ್ತಾರೆ.

31, ಮಾರ್ಚ್ 2010ಕ್ಕೆ ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಆದಾಯವು ರೂ. 2354.68 ಕೋಟಿಯಾಗಿದ್ದು ಮತ್ತು ಒಟ್ಟು ವೆಚ್ಚಗಳು (ಸವಕಳಿ ಮತ್ತು ಆಕಸ್ಮಿಕ ಮೀಸಲಿನ ಹೊರತಾಗಿ) ರೂ. 2093.84 ಕೋಟಿಯಾಗಿದೆ. 31, ಮಾರ್ಚ್ 2010ಕ್ಕೆ ನಿವ್ವಳ ಬಡ್ಡಿ ಆದಾಯ ರೂ. 335.63 ಕೋಟಿ ಆಗಿರುತ್ತದೆ.

### ಲಾಭ

ನಿಮ್ಮ ಬ್ಯಾಂಕು 2009-10ರ ವರ್ಷದಲ್ಲಿ ರೂ. 260.84 ಕೋಟಿಯಷ್ಟು ನಿರ್ವಹಣಾ ಲಾಭವನ್ನು ದಾಖಲಿಸಿದ್ದು, ಇದು ಹಿಂದಿನ ವರ್ಷದಲ್ಲಿ ರೂ. 480.21 ಕೋಟಿಯಷ್ಟಿತ್ತು. ಬ್ಯಾಂಕಿನ ನಿವ್ವಳ ಲಾಭ ರೂ. 266.70 ಕೋಟಿಯಿಂದ ರೂ. 167.12 ಕೋಟಿಗೆ ಇಳಿಕೆ ಕಂಡಿದೆ.

### ವಿನಿಯೋಗಗಳು

ನಿವ್ವಳ ಲಾಭ ರೂ. 167.12 ಕೋಟಿಯೊಂದಿಗೆ ಹಿಂದಿನ ವರ್ಷದ ಸೇರ್ಪಡೆ ರೂ. 0.03 ಕೋಟಿ ಒಳಗೊಂಡಂತೆ ಒಟ್ಟು ರೂ. 167.15 ಕೋಟಿಯಷ್ಟಾಗಿದ್ದು, ಅದನ್ನು ಈ ಕೆಳ ಕಾಣಿಸಿದಂತೆ ವಿನಿಯೋಗಿಸಲು ಉದ್ದೇಶಿಸಲಾಗಿದೆ. ಹಿಂದಿನ ವರ್ಷದ ಈ ಅನುರೂಪ ಸಂಖ್ಯೆ ರೂ. 266.80 ಕೋಟಿ.

ವಿನಿಯೋಗಗಳು	ರೂ. ಕೋಟಿಗಳಲ್ಲಿ
ಶಾಸನಾತ್ಮಕ ಕಾದಿಟ್ಟು ನಿಧಿಗೆ	88.00
ಕಂದಾಯ, ಸಾಮಾನ್ಯ ಮತ್ತು ವಿಶೇಷ ಕಾದಿಟ್ಟು ನಿಧಿಗೆ	16.38
ಉದ್ದೇಶಿತ ಲಾಭಾಂಶ ವಿತರಣೆಗೆ (ತೆರಿಗೆ ಸೇರಿದಂತೆ)	62.75
ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿಗೆ ಶೇಷಾಂಶ ಸೇರ್ಪಡೆ	0.02
<b>ಒಟ್ಟು</b>	<b>167.15</b>

### ಲಾಭಾಂಶ

ಬ್ಯಾಂಕಿನ ಸರ್ವಾಂಗೀಣ ನಿರ್ವಹಣೆಯನ್ನು ಮತ್ತು ಭವಿಷ್ಯದ ಧನಾತ್ಮಕ ದೃಷ್ಟಿಕೋನಗಳನ್ನು ಆದ್ಯಗಮನದಲ್ಲಿರಿಕೊಂಡು, ವರದಿ ವರ್ಷಕ್ಕೆ ಶೇ. 40ರ ಲಾಭಾಂಶ ನೀಡಿಕೆಯನ್ನು ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಶಿಫಾರಸ್ಸು ಮಾಡಿರುತ್ತಾರೆ. ಪ್ರಸ್ತಾವಿತ ಲಾಭಾಂಶ ಹೊರ ಹರಿವಿನ ಪರಿಮಾಣವು ಪ್ರಸ್ತುತ ವರ್ಷಕ್ಕೆ ಶೇ. 32.09ಕ್ಕೆ ಏರಿದ್ದು ಇದು ಹಿಂದಿನ ವರ್ಷ ಶೇ. 27.35ರಷ್ಟಿತ್ತು.

### ಶೇರಿನ ತಲಾ ಆದಾಯ ಮತ್ತು ಪುಸ್ತಕ ಮೌಲ್ಯ

31 ಮಾರ್ಚ್ 2010ಕ್ಕೆ ಬ್ಯಾಂಕಿನ ಶೇರಿನ ತಲಾ ಗಳಿಕೆ (ಮೂಲಭೂತ) ಮತ್ತು ಪುಸ್ತಕ ಮೌಲ್ಯ ಅನುಕ್ರಮವಾಗಿ ರೂ. 13.50 ಮತ್ತು ರೂ. 136.80 ಆಗಿವೆ.

**ISSUANCE OF EQUITY SHARES**

During the year under report your Bank issued and allotted 12115564 equity shares at a price of Rs. 132.75 per share including premium of Rs. 122.75 per share to Qualified Institutional Buyers under Qualified Institutions Placements (QIP) as per SEBI (ICDR) Regulations, 2009. The issue has enabled your Bank to augment its long term capital requirement and improve the CRAR. Further 285880 equity shares were allotted to the employees of your Bank pursuant to the exercise of options vested under the Employees Stock Option Scheme of the Bank.

**NET OWNED FUNDS AND CAPITAL ADEQUACY RATIO**

The net owned funds of your Bank increased from Rs.1567.03 crore to Rs 1832.75 crore, registering a growth of 16.96 percent. The capital adequacy ratio stood at 12.37 percent as per BASEL II norms (Previous year 13.48 percent). The Bank has been consistently maintaining Capital Adequacy Ratio well above the minimum of 9 percent stipulated by the Reserve Bank of India.

**FOREX BUSINESS**

During the year under report, your Bank achieved a turnover of Rs 8605.93 crore in foreign exchange business as against Rs. 7850.65 crore in the previous year. The advances to export sector increased from Rs.1277.42 crore to Rs.1369.12 Crore.

**NON-PERFORMING ASSETS**

Your Bank has been focusing on containing the non-performing assets through better credit monitoring as well as intensified drive for the recovery of the impaired assets. However in view of global recession and delinquencies in select sectors the Bank's, Gross NPAs as on 31st March 2010 have increased to Rs.549.64 crore (3.73 percent) as against Rs.443.20 crore (3.66 percent). The Net NPAs stood at Rs.188.61 crore (1.31 percent) as against Rs. 116.10 crore (0.98 percent) as on 31st March 2009.

**CREDIT RATING**

The credit rating agency, ICRA Ltd. (ICRA) 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 re-affirmed LA+ (pronounced L A plus)

**ಈಕ್ವಿಟಿ ಶೇರು ನೀಡಿಕೆ**

ಪ್ರಸ್ತುತ ವರದಿ ವರ್ಷದಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು, ಸೆಬಿ (ಐಸಿಡಿಆರ್) ನಿಯಮಾವಳಿ 2009ರಂತೆ, ಅರ್ಹ ಸಾಂಸ್ಥಿಕ ಖರೀದಿದಾರರಿಗೆ ಅರ್ಹ ಸಾಂಸ್ಥಿಕ ನಿಯೋಜನೆ (ಕ್ಯೂ.ಐ.ಪಿ.)ಯನ್ವಯ ಶೇರು ಒಂದರ ರೂ. 132.75 ಬೆಲೆ ಮತ್ತು ಶೇರು ಒಂದರ ರೂ. 122.75 ಪ್ರಿಮಿಯಮ್‌ನೊಂದಿಗೆ 12115564 ಶೇರುಗಳನ್ನು ಬಿಡುಗಡೆಗೊಳಿಸಿದ್ದು, ಏತರಿಸಿದೆ. ಈ ನೀಡಿಕೆಯಿಂದಾಗಿ ನಿಮ್ಮ ಬ್ಯಾಂಕಿಗೆ ದೀರ್ಘಾವಧಿಯ ಬಂಡವಾಳ ಅಗತ್ಯತೆಯ ವೃದ್ಧಿಗೆ ಹಾಗೂ ಸಿ.ಆರ್.ಎ.ಆರ್. ಸುಧಾರಣೆಗೆ ದೃಢತೆ ಬಂದಂತಾಗಿದೆ. ಇದಲ್ಲದೇ ನಿಮ್ಮ ಬ್ಯಾಂಕು ತನ್ನ ಉದ್ಯೋಗಿಗಳಿಗೆ 285880 ಈಕ್ವಿಟಿ ಶೇರುಗಳನ್ನು ಉದ್ಯೋಗಿಗಳ ಸ್ಟಾಕ್ ಆಪ್ಷನ್ ಯೋಜನೆಯನ್ವಯ ಬಿಡುಗಡೆಗೊಳಿಸಿದೆ.

**ನಿವ್ವಳ ಸ್ವಂತ ನಿಧಿ ಮತ್ತು ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಅನುಪಾತ**

ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಸ್ವಂತ ನಿಧಿಯು ರೂ. 1567.03 ಕೋಟಿಯಿಂದ ರೂ. 1832.75 ಕೋಟಿಗೆ ಏರಿದ್ದು, ಶೇ. 16.96 ಬೆಳವಣಿಗೆ ಸಾಧ್ಯವಾಗಿದೆ. ಬೇಸೆಲ್ II ಮಾದರಿಯನ್ವಯ ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಅನುಪಾತವು ಶೇ. 12.37ರಷ್ಟಿದೆ. (ಹಿಂದಣ ವರ್ಷ ಶೇ. 13.48) ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ನಿಗದಿ ಪಡಿಸಿದ ಕನಿಷ್ಠ ಮಿತಿ ಶೇ. 9.00ಕ್ಕಿಂತ ಹೆಚ್ಚಿನ ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಅನುಪಾತವನ್ನು ನಿಮ್ಮ ಬ್ಯಾಂಕು ನಿರಂತರವಾಗಿ ಕಾಯ್ದುಕೊಂಡು ಬಂದಿರುತ್ತದೆ.

**ವಿದೇಶಿ ವಿನಿಮಯ ವ್ಯವಹಾರ**

ವರದಿ ವರ್ಷದಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ವಿದೇಶಿ ವಿನಿಮಯ ವ್ಯವಹಾರವು ರೂ. 8605.93 ಕೋಟಿಗೆ ವೃದ್ಧಿಗೊಂಡಿದ್ದು, ಹಿಂದಣ ವರ್ಷ ಇದು ರೂ. 7850.65 ಕೋಟಿಯಷ್ಟಾಗಿತ್ತು. ನಿಯಾತ ವಲಯದ ಮುಂಗಡವೂ ರೂ. 1277.42 ಕೋಟಿಯಿಂದ ರೂ. 1369.12 ಕೋಟಿಗೆ ವೃದ್ಧಿಗೊಂಡಿದೆ.

**ಅನುತ್ಪಾದಕ ಆಸ್ತಿಗಳು**

ಅನುತ್ಪಾದಕ ಮುಂಗಡಗಳನ್ನು ತಹಬಂದಿಗೆ ತರಲು ನಿಮ್ಮ ಬ್ಯಾಂಕು ಉತ್ತಮ ಮುಂಗಡ ನಿಗಾ ಮತ್ತು ದುರ್ಬಲ ಅನುತ್ಪಾದಕ ಮುಂಗಡಗಳ ವಸೂಲಾತಿಯಲ್ಲಿ ತೀವ್ರ ರೂಪದ ಚಾಲನೆ ಕೈಗೊಂಡಿದೆ. ಜಾಗತಿಕ ಆರ್ಥಿಕ ಹಿಂಜರಿತ ಮತ್ತು ಆಯ್ದು ವಲಯದ ಕೆಲವೊಂದು ಕರ್ತವ್ಯಚ್ಯುತಿಗಳಿಂದಾಗಿ ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಅನುತ್ಪಾದಕ ಆಸ್ತಿಯು 31, ಮಾರ್ಚ್ 2010ಕ್ಕೆ ರೂ 549.64 ಕೋಟಿಗೆ ಏರಿದ್ದು (ಶೇ. 3.73) ಇದು ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ರೂ. 443.20 ಕೋಟಿ (ಶೇ. 3.66)ಯಷ್ಟಿತ್ತು. ರೂ. 116.10 ಕೋಟಿ (ಶೇ. 0.98)ಯಷ್ಟಿದ್ದ ನಿವ್ವಳ ಅನುತ್ಪಾದಕ ಆಸ್ತಿಯು, 31, ಮಾರ್ಚ್ 2010ಕ್ಕೆ ರೂ. 188.61 ಕೋಟಿ (ಶೇ. 1.31)ಯ ಮಟ್ಟಕ್ಕೆ ಏರಿದೆ.

**ವಿಶ್ವಾಸಾರ್ಹತೆ ಮೌಲ್ಯಮಾಪನ**

ಶೇವಣಿ ಉದರಿ ಮಾನದಂಡ ನಿರ್ಣಯಿಸುವ ಸಂಸ್ಥೆಗಳಲ್ಲಿ ಒಂದಾದ ಇಕ್ರಾ ಲಿಮಿಟೆಡ್, (ಐ.ಸಿ.ಆರ್.ಎ) ಬ್ಯಾಂಕಿನ ಶೇವಣಿ ಪ್ರಮಾಣ ಪತ್ರಗಳ ಯಶಸ್ವಿ ಕಾರ್ಯಸರಣಿಗಾಗಿ A1+ ಮಾನದಂಡ ನೀಡಿದೆ. ಈ A1+ ಮೌಲ್ಯಾಂಕವು ಅಸಲು ಮತ್ತು ಬಡ್ಡಿಯ ಸಕಾಲಿಕ ಮರುಪಾವತಿಯ ಸುರಕ್ಷತೆಯ ಶ್ರೇಷ್ಠ ಸಂಕೇತವಾಗಿದೆ.

ಅಲ್ಲದೇ, ಐ.ಸಿ.ಆರ್.ಎ. ಮತ್ತು ಕ್ರೆಡಿಟ್ ಅನಾಲಿಸಿಸ್ ಮತ್ತು ರಿಸರ್ಚ್ ಲಿಮಿಟೆಡ್ (ಸಿ.ಎ.ಆರ್.ಇ) ಇವುಗಳು ಹಿಂದೆ ನೀಡಿದ ಎಲ್‌ಎ+ (ಉಚ್ಚಾರ - ಎಲ್‌ಎ

and "CARE A + (Single A Plus) ratings assigned respectively indicating adequate credit quality to Rs. 350 crore raised by the Bank during the previous years, by way of Unsecured Redeemable Non-Convertible Subordinated (lower Tier-II) debt instruments.

### DISTRIBUTION NETWORK

During the year under report, your Bank opened 17 branches in Patna, Kanakapura, Tambaram, Vellore, Dhanbad, Kolkata - Bhowanipore, Naganathapura, Gundlupet, New Delhi - Ashokvihar, Ujjain, Ghaziabad, Kancheepuram, Chennai - Annanagar (West), Brahmapur, Serilingampally, Durg and Rajarhat - Kolkata.

Further, your Bank added 46 ATM outlets at various locations during the year 2009-10. As at 31st March 2010, we had 464 branches, 217 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 centers, spread across 20 states and 2 Union Territories. Further, for better ambience and improved customer service, we shifted 16 branches/offices to new premises, during the year 2009-10.

### EMPLOYEES STOCK OPTION SCHEME

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

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Macro- economic and Industry Developments

The advance estimates of the Central Statistical Organisation (CSO) released in February 2010 have placed the real GDP growth for 2009-10 at 7.2 percent. The Final real GDP growth for 2009-10 may settle between 7.2 and 7.5 percent. The decline in agricultural and allied activities GDP for the year 2009-10 is expected to be much smaller at (-) 0.2 percent as per CSO advance estimates.

Industrial output which was affected by the cyclical slowdown and international commodity price shocks in 2007-08 and the global recession in 2008-09 recovered substantially in 2009-10. The index of industrial production (IIP) registered double digit growth at 10.4 percent during the year 2009-10 over the corresponding period of the previous year.

Headline inflation, as measured by year-on-year variations in the wholesale price index (WPI), accelerated from 0.5 percent in September 2009 to 9.9 percent in March 2010. Inflation, based on year-on-year variation in consumer

ಪ್ಲಸ್) ಮತ್ತು ಸಿ.ಎ.ಆರ್.ಇ. ಎ+ (ಸಿಂಗಲ್ ಎ ಪ್ಲಸ್) ಮೌಲ್ಯಾಂಕಗಳನ್ನು ಪುನರ್ ದೃಢೀಕರಿಸಿದ್ದು, ಇವುಗಳು ಅನುಕ್ರಮವಾಗಿ ಪ್ರಸ್ತುತ ಆರ್ಥಿಕ ವರ್ಷದಲ್ಲಿ ಬ್ಯಾಂಕು, ಭದ್ರ ವಿಮೋಚನೀಯ ಪರಿವರ್ತನಾರಹಿತ ಅಧೀನ (ಕೆಳಸ್ತರ ಶ್ರೇಣಿ II) ಬಾಂಡುಗಳ ಮೇಲೆ ಎತ್ತಿದ ರೂ. 350 ಕೋಟಿ ಸಾಲಗಳ ಮೇಲಣ ಮುಂಗಡ ಗುಣಮಾನದ ಅರ್ಹತೆಗೆ ಶ್ರೇಷ್ಠ ಸಂಕೇತವಾಗಿದೆ.

### ಕಾರ್ಯಜಾಲ ಹಂಚಿಕೆ

ನಿಮ್ಮ ಬ್ಯಾಂಕು ವರದಿ ವರ್ಷದಲ್ಲಿ, 17 ಶಾಖೆಗಳನ್ನು ಪಾಟ್ನಾ, ಕನಕಪುರ, ತಾಂಬರಂ, ವೆಲ್ಲೂರು, ಧನಬಾದ್, ಕೋಲ್ಕತಾ - ಭೋವಾನಿಪುರ, ನಾಗನಾಥಪುರ, ಗುಂಡ್ಲುಪೇಟೆ, ನವದೆಹಲಿ - ಅಶೋಕ್ ವಿಹಾರ್, ಉಜ್ಜಯಿನಿ, ಗಾಝಿಯಾಬಾದ್, ಕಾಂಚೀಪುರಂ, ಚೆನ್ನೈ-ಅಣ್ಣಾನಗರ (ಪಶ್ಚಿಮ), ಬ್ರಹ್ಮಪುರ, ಸೇರಿಲ್ಲಿಂಗಂಪಳ್ಳಿ, ದುರ್ಗ ಮತ್ತು ಕೋಲ್ಕತಾ - ರಾಜರಹಟ್ಟಿಗಳಲ್ಲಿ ತೆರೆದಿದೆ.

ಅಲ್ಲದೇ, 2009-10ನೇ ವರ್ಷದಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು ವಿವಿಧ ಕೇಂದ್ರಗಳಲ್ಲಿ 46 ಎಟಿಎಂ ಕೇಂದ್ರಗಳಲ್ಲಿ ಸ್ಥಾಪಿಸಿದೆ. 31, ಮಾರ್ಚ್ 2010ಕ್ಕೆ ಬ್ಯಾಂಕು 464 ಶಾಖೆಗಳನ್ನು, 217 ಎಟಿಎಂ ಕೇಂದ್ರಗಳನ್ನು, 8 ಪ್ರಾದೇಶಿಕ ಕಚೇರಿಗಳನ್ನು, ಒಂದು ಅಂತಾರಾಷ್ಟ್ರೀಯ ವಿಭಾಗವನ್ನು, ಒಂದು ದತ್ತಾಂಶ ಕೇಂದ್ರವನ್ನು, ಒಂದು ಗ್ರಾಹಕ ಸೇವಾ ನಿಗಾ ಕೇಂದ್ರವನ್ನು, 5 ಸೇವಾ ಶಾಖೆಗಳನ್ನು, 2 ನಗದು ಖಜಾನೆಗಳನ್ನು, 6 ವಿಸ್ತರಣಾ ಕೌಂಟರ್‌ಗಳನ್ನು ಮತ್ತು 2 ಕೇಂದ್ರೀಯ ಸಂಸ್ಕರಣಾ ಕೇಂದ್ರಗಳನ್ನು ದೇಶದ ಉದ್ದಗಲಗಳಲ್ಲಿ 20 ರಾಜ್ಯಗಳು ಮತ್ತು 2 ಕೇಂದ್ರಾಡಳಿತ ಪ್ರದೇಶಗಳಲ್ಲಿ ಹೊಂದಿರುತ್ತದೆ. ಅಲ್ಲದೇ, ಆಕರ್ಷಕ ಹೊರನೋಟ ಮತ್ತು ಗ್ರಾಹಕ ಸೇವಾ ಸುಧಾರಣೆಯ ನೆಲೆಯಲ್ಲಿ 16 ಶಾಖೆಗಳನ್ನು/ಕಚೇರಿಗಳನ್ನು ನಾವು ನೂತನ ವಿಸ್ತೃತ ಆವರಣಕ್ಕೆ ಸ್ಥಳಾಂತರಿಸಿದ್ದೇವೆ.

### ನೌಕರರ ನಿಧಿ ಪತ್ರ ಆಯ್ಕೆ

ನೌಕರರ ನಿಧಿಪತ್ರ ಆಯ್ಕೆ ಕುರಿತಂತೆ ಮಾಹಿತಿಗಳನ್ನು ಈ ವರದಿಯ ಅನುಬಂಧ-Iರಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

### ಕಾರ್ಯಕಾರಿ ಮಂಡಳಿ ಕಲಾಪ ಮತ್ತು ವಿಶ್ಲೇಷಣೆ

#### ಸೂಕ್ಷ್ಮ ಆರ್ಥಿಕತೆ ಮತ್ತು ಉದ್ಯಮ ಅಭಿವೃದ್ಧಿ

ಫೆಬ್ರವರಿ 2010ರಲ್ಲಿ ಕೇಂದ್ರೀಯ ಸಂಖ್ಯಾಶಾಸ್ತ್ರ ಸಂಸ್ಥೆಯು, 2009-10ರಲ್ಲಿ ನೈಜ ಸ್ಥೂಲ ದೇಶೀಯ ಉತ್ಪನ್ನದ ಅಭಿವೃದ್ಧಿಯು ಶೇ. 7.2 ಎಂದು ಪೂರ್ವ ಅಂದಾಜಿಸಲಾಗಿತ್ತು. ಅಂತಿಮವಾಗಿ ಇದು 2009-10ರ ನೈಜ ಸ್ಥೂಲ ದೇಶೀಯ ಉತ್ಪನ್ನವು ಶೇ. 7.2 ಮತ್ತು ಶೇ. 7.5ರ ನಡುವೆ ಸ್ಥಿರೀಕರಿಸಬಹುದಾಗಿದೆ. ಕೃಷಿ ಹಾಗೂ ಕೃಷಿ ಸಂಬಂಧಿತ ಚಟುವಟಿಕೆಗಳ ಇಳಿಮುಖಿತೆಯಿಂದ 2009-10ರಲ್ಲಿ ನೈಜ ಸ್ಥೂಲ ದೇಶೀಯ ಉತ್ಪನ್ನದ ಮೇಲೆ ಬಹಳ ಅಲ್ಪ ಪ್ರಮಾಣದ ಇಳಿಕೆ ಶೇ. (-) 0.2 ಪರಿಣಾಮಿಸಬಹುದು ಎನ್ನುವುದು ಕೇಂದ್ರೀಯ ಸಂಖ್ಯಾಶಾಸ್ತ್ರ ಸಂಸ್ಥೆಯ ಅಂದಾಜಾಗಿದೆ.

ಕೈಗಾರಿಕಾರಂಗದ ಉತ್ಪನ್ನವನ್ನು ಬಾಧಿಸಿದ ಏರಿಳಿತದ ನಿಧಾನಗತಿ, 2007-08ರ ಅಂತಾರಾಷ್ಟ್ರೀಯ ಸರಕಿನ ಬೆಲೆಯೇರಿಕೆಯ ಬಿಸಿ, 2008-09ರ ಜಾಗತಿಕ ಆರ್ಥಿಕ ಹಿನ್ನಡೆಯ ತಾಪಮಾನ, ಕ್ರಮೇಣ 2009-10ರಲ್ಲಿ ಚೇತರಿಕೆಯ ಹಂತಕ್ಕೆ ಬಂದಿತು. ಕೈಗಾರಿಕಾ ಉತ್ಪನ್ನದ ಸೂಚ್ಯಂಕವು (ಐಐಪಿ), 2009-10ರಲ್ಲಿ ಹಿಂದಣ ವರ್ಷದ ಅನುರೂಪ ಅವಧಿಯಲ್ಲಿನ ಸೂಚ್ಯಂಕವನ್ನು ಮೀರಿ, ಅಭಿವೃದ್ಧಿಯು ಶೇ. 10.4ರ ಜೋಡಿ ಅಂಕಿಗೆ ಏರಿತು.

ವರ್ಷದಿಂದ ವರ್ಷಕ್ಕೆ ತಳಹದಿಯಲ್ಲಿ ರಖಂ ಬೆಲೆ ಸೂಚ್ಯಂಕ ವ್ಯತ್ಯಾಸದ ಆಧಾರದಲ್ಲಿ ಅಳಿಯಲ್ಪಡುವ ಪ್ರಧಾನ ಹಣದುಬ್ಬರ ಪರಿಮಾಣವು, ಸೆಪ್ಟೆಂಬರ್ 2009ರಲ್ಲಿ ಶೇ. 0.5ರಷ್ಟು ವೇಗೋತ್ಕರ್ಷಗೊಂಡು 2010 ಮಾರ್ಚ್‌ಗೆ ಶೇ. 9.9ಕ್ಕೆ ತಲಪಿತು. ಗ್ರಾಹಕ ಸರಕು ಬೆಲೆ ಸೂಚಕ ಆಧಾರಿತ, ವರ್ಷದಿಂದ

price indices (CPIs), was in the range of 14.9 percent – 16.9 percent in January/February 2010. 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 2009-10, the Indian rupee generally exhibited strengthening trend against the US dollar on the back of capital inflows and positive growth outlook, although marked by intermittent depreciation pressures. Reflecting the easing of supply conditions in the market led by capital inflows, forward premia generally exhibited declining trend during 2009-10, with sporadic hardening on account of underlying demand conditions. The Rupee/US dollar exchange rate which was Rs. 50.72 per dollar at end-March 2009 appreciated to Rs. 44.89 per dollar as on March 31, 2010. The Indian Rupee had appreciated by 11.49 per cent against the US dollar in the year ended March 31, 2010 over its level in the previous year. Further the Rupee appreciated against the pound sterling by 6.21 per cent and EURO by 9.73 percent during the above period.

The stronger signs of global recovery taking hold led to reduction in risks in the international markets, which also favorably impacted the domestic equity markets during the major part of 2009-10. Reduction in risk perception towards EMEs along with continuance of low policy rates in the advanced economies for the extended periods, led to revival in capital flows to India, which in turn contributed to significant gains by the equity markets.

With the recovery seen in the global economy, India's external sector witnessed further improvement, as reflected in the turnaround in exports, buoyancy in capital inflows and further accretion to the country's foreign exchange reserves. During 2009-10, foreign exchange reserves increased by US\$ 27.1 billion to reach US\$ 279.1 billion as at end-March 2010 as against US\$ 252.00 billion as at end-March 2009.

**Development in the Banking space**

During the year 2009-10, the aggregate deposits of the scheduled commercial banks (SCBs) increased by 17.1 percent (Rs. 702514 crore) as compared with 18.80 percent (Rs. 646627 crore) in the previous year. Time deposits recorded growth of 16.2 per cent (year on year) at end-March 2010 as compared to 22.6 percent a year ago, while demand deposits grew by 22.8 percent.

During the financial year 2009-10, credit flow from scheduled commercial banks moderated to 16.70 per cent as compared with 17.30 percent during the previous year. Food credit of SCBs increased by Rs.2278 crore in

ವರ್ಷಕ್ಕೆ ತಳಹದಿಯಲ್ಲಿ ಅಳಿಯಲ್ಪಡುವ ಹಣದುಬ್ಬರ ಪ್ರಮಾಣವು ಶೇ. 14.9- ಶೇ. 16.9ರ ಪರಿಮಿತಿಯಲ್ಲಿ ಜನವರಿ/ಫೆಬ್ರವರಿ 2010ರಲ್ಲಿ ಇರುವುದು ಕಂಡುಬಂತು. ಇತ್ತೀಚಿನ ಮಾಹಿತಿಗಳಲ್ಲಿ ಕಂಡುಬಂದ ಗ್ರಾಹಕ ಸರಕು ಬೆಲೆಯುಬ್ಬರದ ಗರಿಷ್ಠ ಮಟ್ಟವು, ರಬಿಂ ಬೆಲೆ ಸೂಚ್ಯಂಕದ ಉಬ್ಬರಕ್ಕೆ ಹೋಲಿಸಿದಲ್ಲಿ ಗರಿಷ್ಠ ಬೆಲೆ ಏರಿಕೆಗೊಂಡ ಆಹಾರ ಪದಾರ್ಥಗಳಿಂದಾಗಿ, ಗ್ರಾಹಕ ಸರಕು ಬೆಲೆ ಸೂಚಕದ ಮೇಲೆ ಹೆಚ್ಚು ಭಾರ ಹೊರಿಸಿತು.

2009-10ರಲ್ಲಿ ಭಾರತೀಯ ರೂಪಾಯಿ, ಯು.ಎಸ್. ಡಾಲರ್‌ನ ಇದಿರು, ನಿಧಿಯ ಒಳಹರಿವು, ಅಭಿವೃದ್ಧಿಯ ಧನಾತ್ಮಕ ಮುನ್ನೋಟಗಳ ಹಿನ್ನೆಲೆಯಲ್ಲಿ, ಮಧ್ಯಂತರ ಸವಕಳಿ ಒತ್ತಡದ ನಡುವೆಯೂ ಹೆಚ್ಚು ಬಲವರ್ಧನೆಗೊಂಡಿತು. ನಿಧಿ ಒಳಹರಿವಿನಿಂದಾಗಿ ಪ್ರತಿಫಲಿತಗೊಂಡ ಮಾರುಕಟ್ಟೆಯಲ್ಲಿನ ಸುಲಲಿತವಾದ ಪೂರೈಕೆಯ ಪರಿಸ್ಥಿತಿಯಿಂದಾಗಿ 2009-10ರಲ್ಲಿ, ಮುಂಗಡ ಅಧಿಮೌಲ್ಯ ನೀಡಿಕೆಯಲ್ಲಿ ಇಳಿಮುಖಿತ ಕಂಡುಬಂದು, ಪರಿಣಾಮವಾಗಿ ಅಲ್ಪಾವಧಿ ಇಲ್ಲೊಮ್ಮೆ ಬೇಡಿಕೆ ಪೂರೈಕೆಯಲ್ಲಿ ಬಿಗುತನ ಕಂಡುಬಂತು. ರೂಪಾಯಿ/ ಯು.ಎಸ್. ಡಾಲರ್ ವಿನಿಮಯ ದರ, 2009 ಮಾರ್ಚ್ ಅಂತ್ಯದಲ್ಲಿದ್ದ ಡಾಲರ್ ಒಂದರ ರೂ. 50.72, ಮಾರ್ಚ್ 31, 2010ಕ್ಕೆ ಮೌಲ್ಯವರ್ಧನೆಗೊಂಡು ಡಾಲರ್ ಒಂದರ ರೂ. 44.89ರಷ್ಟಾಯಿತು. ಮಾರ್ಚ್ 31, 2010ರ ವರ್ಷಾಂತ್ಯಕ್ಕೆ, ಹಿಂದಣ ವರ್ಷದ ಮಟ್ಟಕ್ಕಿಂತ ಯು.ಎಸ್. ಡಾಲರ್‌ನ ಎದುರು ಭಾರತೀಯ ರೂಪಾಯಿ ಶೇ. 11.49 ಮೌಲ್ಯವರ್ಧನೆಗೊಂಡಿತು. ಅಲ್ಲದೇ ರೂಪಾಯಿಯು ಪೌಂಡ್ ಸ್ಟರ್ಲಿಂಗ್ ಇದಿರು ಶೇ. 6.21 ಮತ್ತು ಯುರೋ ಇದಿರು ಶೇ. 9.73ರಷ್ಟು ಮೇಲ್ಮಂಡಿ ಅವಧಿಯಲ್ಲಿ ಮೌಲ್ಯವರ್ಧನೆಗೊಂಡಿತು.

ಜಾಗತಿಕ ಆರ್ಥಿಕ ಚೇತರಿಕೆಯ ಹೆಗ್ಗುರುತುಗಳು ಗೋಚರಿಸುತ್ತಿರುವಂತೆ, ಅಂತಾರಾಷ್ಟ್ರೀಯ ಮಾರುಕಟ್ಟೆಯ ಆಕೃಷಕ ಅಪಾಯ ಸಾಧ್ಯತೆಗಳ ಇಳಿಕೆಗಳು 2009-10ರಲ್ಲಿ ದೇಶೀಯ ಶೇರು ಮಾರುಕಟ್ಟೆಯ ಮೇಲೆ ಹಿತಕರ ಪರಿಣಾಮ ಬೀರಿತು. ಅಪಾಯ ಸಾಧ್ಯತೆಯ ಇಳಿಮುಖಿತ, ಮುಂದುವರಿದ ಆರ್ಥಿಕತೆಯ ಕಡಿಮೆ ಬೆಲೆಯ ಪಾಲಿಸಿ ದರಗಳು ಹಾಗೂ ಮುಂದುವರಿಕೆಗೊಂಡ ಅವಧಿಗಳು, ಭಾರತಕ್ಕೆ ಸಾಗಿಬಂದ ಬಂಡವಾಳದ ಒಳಹರಿವು, ಶೇರು ಮಾರುಕಟ್ಟೆಯ ಮೇಲೆ ಪರಿಣಾಮಕಾರಿ ಪ್ರಭಾವ ಬೀರಲು ಶಕ್ತವಾಯಿತು.

ಜಾಗತಿಕ ಆರ್ಥಿಕತೆಯ ಚೇತರಿಕೆಯಿಂದಾಗಿ, ಭಾರತದ ಬಾಹ್ಯ ರಂಗವು ಹೆಚ್ಚಿನ ಅಭಿವೃದ್ಧಿಯನ್ನು ಸಾಕ್ಷೀಕರಿಸಿದ್ದು, ತನ್ಮೂಲಕ ನಿಯೋಜನೆ ಹೆಚ್ಚಿದ ಅವಕಾಶ, ಬಂಡವಾಳ ಒಳಹರಿವಿನ ಪ್ಲವನಶೀಲತೆ, ಹೀಗೆ ನಾನಾ ಅವಕಾಶಗಳು ಗೋಚರಿಸಿದಂತೆ, ದೇಶದ ವಿದೇಶಿ ವಿನಿಮಯ ಮೀಸಲು ಗರಿಷ್ಠ ಬೆಳವಣಿಗೆ ಕಂಡಿತು. 2009-10ರಲ್ಲಿ ವಿದೇಶಿ ವಿನಿಮಯ ಮೀಸಲು ಮಾರ್ಚ್ 2010ರ ಅಂತ್ಯಕ್ಕೆ ಯು.ಎಸ್. ಡಾಲರ್ 27.1 ಬಿಲಿಯನ್‌ನಿಂದ ಯು.ಎಸ್. ಡಾಲರ್ 279.1 ಬಿಲಿಯನ್‌ಗೆ ವೃದ್ಧಿಗೊಂಡಿದ್ದು ಇದು ಹಿಂದಣ ವರ್ಷ ಮಾರ್ಚ್ 2009ರ ಅಂತ್ಯಕ್ಕೆ ಯು.ಎಸ್. ಡಾಲರ್ 252.00 ಬಿಲಿಯನ್ ಆಗಿತ್ತು .

**ಬ್ಯಾಂಕಿಂಗ್ ಆಯಾಮದಲ್ಲಿ ಅಭಿವೃದ್ಧಿ**

2009-10 ವರ್ಷ ಸಾಲಿನಲ್ಲಿ ಅನುಸೂಚಿತ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳ ಸಮಗ್ರ ಶೇವಣಿಗಳು ಶೇ. 17.1 ಅಭಿವೃದ್ಧಿಗೊಂಡಿದ್ದು (ರೂ. 702514 ಕೋಟಿ), ಹಿಂದಣ ವರ್ಷ ಸಾಲಿಗೆ ಹೋಲಿಸಿದಲ್ಲಿ ಅಂದಿನ ಅಭಿವೃದ್ಧಿ ದರ ಶೇ. 18.80 ರಷ್ಟಿತ್ತು. (ರೂ. 646627 ಕೋಟಿ) 2010ರ ಮಾರ್ಚ್ ಅಂತ್ಯಕ್ಕೆ ಸಾವಧಿ ಶೇವಣಿಗಳು ಶೇ. 16.2 (ವರ್ಷದ ಮೇಲಣ ವರ್ಷ) ಅಭಿವೃದ್ಧಿಯನ್ನು ಸಾಧಿಸಿದ್ದು, ಇದೇ ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ಶೇ. 22.6ರಷ್ಟಾಗಿತ್ತು. ಬೇಡಿಕೆ ಶೇವಣಿಗಳು ಶೇ. 22.8ರಷ್ಟು ಪ್ರಗತಿ ಕಂಡವು.

2009-10ರ ಆರ್ಥಿಕ ವರ್ಷದಲ್ಲಿ, ಅನುಸೂಚಿತ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳ ಮುಂಗಡ ಹರಿವು ಶೇ. 16.70ರಷ್ಟಿದ್ದು, ಇದೇ ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ಶೇ. 17.30ರಷ್ಟಿತ್ತು. ಅನುಸೂಚಿತ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳ ಆಹಾರ ಮುಂಗಡವು 2009-10ರಲ್ಲಿ

2009-10 as compared to Rs.1812 crore in the previous year. Non-food credit extended by the scheduled commercial banks (SCBs) increased by 16.9 percent (Rs. 462571 crore) as compared to 17.50 percent (Rs. 406287 crore) in the previous year.

Commercial banks' investment in government and other approved securities increased by 18.51 percent (Rs.216273 crore) during 2009-10 compared to the previous year's increase of 20.0 percent (Rs.194031 crore) Investment in non-SLR securities grew by 12.8 percent (Rs.26597 crore) as against the increase of 24.2 percent (Rs.41344 crore) in the previous year.

### Opportunities

The fast paced recovery in the Indian economy on the back of global economic recovery is expected to take India on a robust growth path. There has been a revival in investment and private consumption demand. Indian exports have recorded impressive growth in November and December 2009 and thereafter the indications have been encouraging. The favorable capital market conditions with improvement in capital flows and business sentiments are also encouraging and the manufacturing sector has been showing buoyancy in recent months. The Government's thrust on infrastructure development may also open up avenues to Banks to finance these projects. The Policy pronouncement by the RBI, re-opening the ECB route for corporates to raise funds will help boost up Investment. The improved employment situation in the country, higher income levels etc augur well for the long term sustainable growth of retail lending in the Indian market. Government's inclusive growth agenda may also bring additional business to Banks in rural and semi urban areas.

### Outlook

Though the increasing inflation is worrisome, the policy measures initiated by the Government and the Regulator is likely to rein in the inflation and the economic growth may remain strong in the coming years. However, surfacing of the recent economic crisis in Greece and other European counties may over shadow the global economic recovery which may have its effect on our economic growth also. Your Bank would like to position itself to seize the available opportunities and improve the business. Your Bank having networked all its branches with its core banking solution, is looking to leverage its technology to offer various new and sophisticated products and services.

### 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.45000 crore, comprising of deposits of Rs.27500 crore and advances of Rs.17500 crore for the year ending 31st March 2011. In this direction the Bank has opened

ರೂ. 2278 ಕೋಟಿ ವೃದ್ಧಿಗೊಂಡಿದ್ದು ಹಿಂದಣ ವರ್ಷಕ್ಕೆ ಹೋಲಿಸಿದಲ್ಲಿ ಇದು ರೂ. 1812 ಕೋಟಿ ಆಗಿತ್ತು. ಅನುಸೂಚಿತ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳು ವಿತರಿಸಿದ ಆಹಾರೇತರ ಮುಂಗಡವು ಶೇ. 16.9 (ರೂ. 462571 ಕೋಟಿ) ಆಗಿದ್ದು, ಹಿಂದಣ ವರ್ಷ ಇದು ಶೇ. 17.50 (ರೂ. 406287 ಕೋಟಿ) ಆಗಿತ್ತು.

ಸರಕಾರಿ ಮತ್ತು ಇತರ ಅಂಗೀಕೃತ ಧನಪತ್ರಗಳ ಮೇಲಣ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳ ಹೂಡಿಕೆಯು 2009-10ರಲ್ಲಿ ಶೇ. 18.51 (ರೂ. 216273 ಕೋಟಿ) ವೃದ್ಧಿಗೊಂಡಿದ್ದು ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ಇದು ಶೇ. 20.0 (ರೂ. 194031 ಕೋಟಿ) ಆಗಿತ್ತು, ಪರಿನಿಯತ ದ್ರವತ್ವ ಅನುಪಾತ ಹೊರತಾದ ಧನಪತ್ರಗಳ ಹೂಡಿಕೆಯಲ್ಲಿ ಶೇ. 12.8 (ರೂ. 26597 ಕೋಟಿ) ಹೆಚ್ಚಳವಾಗಿದ್ದು, ಹಿಂದಣ ವರ್ಷ ಇದು ಶೇ. 24.2 (ರೂ. 41344 ಕೋಟಿ) ಆಗಿತ್ತು.

### ಅವಕಾಶಗಳು

ಜಾಗತಿಕ ಆರ್ಥಿಕತೆಯ ಚೇತರಿಕೆಯ ಹಿನ್ನೆಲೆಯಲ್ಲಿ ಭಾರತೀಯ ಆರ್ಥಿಕತೆ ತೀವ್ರಗತಿಯಲ್ಲಿ ವಿಕಾಸಗೊಳ್ಳಬಹುದೆಂದು ನಿರೀಕ್ಷಿಸಲಾಗಿದ್ದು, ಭಾರತವನ್ನು ಅಭಿವೃದ್ಧಿಯ ಮಹಾಪಥಕ್ಕೆ ತಂದಿರಬಹುದು. ಹೂಡಿಕೆ ಮತ್ತು ಖಾಸಗಿ ಬಳಕೆಯ ಬೇಡಿಕೆ ಪೂರೈಕೆಗೆ ಪುನರ್ ಅವಕಾಶವಿದೆ. ಭಾರತದ ನಿರ್ಮಾಣ ರಂಗವು ನವಂಬರ್ ಮತ್ತು ದಶಂಬರ್ 2009ರಲ್ಲಿ ಗಮನಾರ್ಹ ಅಭಿವೃದ್ಧಿ ಸಾಧಿಸಿದ್ದು, ತದನಂತರದ ಸೂಚನೆಗಳು ಚೇತೋಹಾರಿಯಾಗಿವೆ. ಶೇರು ಮಾರುಕಟ್ಟೆಯ ಸ್ಥಿತಿ ಅನುಕೂಲಕರವಾಗಿದ್ದು, ಒಳ್ಳೆಯ ನಿಧಿ ಹರಿವಿನ ಹೆಚ್ಚಳ ಅಲ್ಲದೇ ವ್ಯಾವಹಾರಿಕ ಮನೋಭಾವವೂ ಉತ್ಸಾಹದಾಯಕವಾಗಿದ್ದು, ಕೈಗಾರಿಕೋತ್ಪನ್ನ ರಂಗವೂ ಇತ್ತೀಚಿನ ತಿಂಗಳುಗಳಲ್ಲಿ ಅತ್ಯುತ್ತಮ ಫಲನಶೀಲತೆ ಪ್ರದರ್ಶಿಸುತ್ತಿವೆ. ಆಧೋರಚನೆ ಅಭಿವೃದ್ಧಿಗೆ ಗರಿಷ್ಠ ನೆರವಿನ ಉತ್ಪಾದಕ ತೋರುವ ಸರಕಾರದ ಪ್ರೋತ್ಸಾಹವೂ, ಹೊಸ ಹೊಸ ಯೋಜನೆಗಳಿಗೆ ಮುಂಗಡ ವಿಸ್ತರಿಸುವ ಅವಕಾಶವನ್ನು ಬ್ಯಾಂಕುಗಳಿಗೆ ತರಬಹುದಾಗಿದೆ. ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ ಧೋರಣಾ ಅಭಿಪ್ರಾಯ ಪ್ರಕಟಣೆಯಂತೆ, ಕಾರ್ಪೋರೇಟ್ ಸಂಸ್ಥೆಗಳಿಗೆ ನಿಧಿ ಸಂಗ್ರಹಿಸಲು ಇಸಿಬಿ ಪಥವನ್ನು ಪುನರ್ ಮುಕ್ತಗೊಳಿಸಿರುವುದು, ಹೂಡಿಕೆಗೆ ಹೆಚ್ಚು ಅವಕಾಶವಾಗಬಹುದಾಗಿದೆ. ಉತ್ತಮಗೊಂಡ ದೇಶೀ ಉದ್ಯೋಗ ಹೆಚ್ಚಳ, ಹೆಚ್ಚಿದ ಆದಾಯ ಮಟ್ಟ ಇತ್ಯಾದಿ, ಇತ್ಯಾದಿ, ಭಾರತೀಯ ಮಾರುಕಟ್ಟೆಯಲ್ಲಿ ಬ್ಯಾಂಕುಗಳಿಗೆ ಚಿಲ್ಲರೆ ಮುಂಗಡಕ್ಕೆ ದೀರ್ಘಾವಧಿ ಹಾಗೂ ನಿರಂತರ ಅಭಿವೃದ್ಧಿಗೆ ದಾರಿ ಮಾಡಿಕೊಡುತ್ತದೆ. ಸರಕಾರಗಳ ಅಭಿವೃದ್ಧಿಗಳ ಅಜಂಡಾಗಳನ್ನು ಒಳಗೊಂಡಂತೆ, ಬ್ಯಾಂಕುಗಳಿಗೆ, ಗ್ರಾಮೀಣ ಮತ್ತು ಅರೆಪಟ್ಟಣ ಪ್ರದೇಶಗಳಲ್ಲಿ ಹೆಚ್ಚುವರಿ ವಹಿವಾಟನ್ನು ತಂದುಕೊಡಬಲ್ಲದು.

### ಹೊರನೋಟ

ಹೆಚ್ಚುತ್ತಿರುವ ಹಣದುಬ್ಬರವು ಕಳವಳಕಾರಿಯಾಗಿದ್ದರೂ, ಸರಕಾರ ಮತ್ತು ನಿಯಂತ್ರಕರು ಕೈಗೊಂಡ ಸೂಕ್ತ ಧೋರಣೆಗಳು ಮತ್ತು ಸುಧಾರಣಾತ್ಮಕ ಕ್ರಮಗಳು ಆಶಾದಾಯಕವಾಗಿದ್ದು, ಈ ಕ್ರಮಗಳು ಹಣದುಬ್ಬರವನ್ನು ಹತೋಟಿಗೆ ತರಬಹುದಾಗಿದ್ದು ಮುಂಬರುವ ವರ್ಷಗಳಲ್ಲಿ ಆರ್ಥಿಕ ಸಶಕ್ತಿಯತ್ತ ದೇಶ ಮುನ್ನಡೆಯಬಹುದು ಎಂದು ಆಶಾವಾದ ತಾಳಲಾಗಿದೆ. ಏನಿದ್ದರೂ, ಇತ್ತೀಚಿನ ಗ್ರೀಸ್ ದೇಶದ ಆರ್ಥಿಕ ಮುಗ್ಗಟ್ಟು ಮತ್ತು ಇತರ ಯುರೋಪಿಯನ್ ದೇಶಗಳ ಆರ್ಥಿಕತೆಯ ದುರ್ಬಲತೆ, ಜಾಗತಿಕ ಆರ್ಥಿಕತೆ ಚೇತರಿಕೆಯ ಮೇಲೆ ಮೇಲ್ಮೈ ಪರಿಣಾಮ ಬೀರಬಹುದಾಗಿರುತ್ತದೆ. ಮತ್ತೆ ಇದರ ಪರಿಣಾಮಗಳು ನಮ್ಮ ಆರ್ಥಿಕ ಪ್ರಗತಿಯ ಮೇಲೆ ವೈತರಿಕ ಪರಿಣಾಮ ಬೀರಬಹುದಾಗಿರುತ್ತದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕು ಈ ದಿಸೆಯಲ್ಲಿ ಸರ್ವಸನ್ನದವಾಗಿದ್ದು, ಲಭ್ಯ ಅವಕಾಶಗಳನ್ನು ಬಳಸಿ ವ್ಯವಹಾರದಲ್ಲಿ ನಿರಂತರ ಪ್ರಗತಿ ಸಾಧಿಸುವಲ್ಲಿ ಸ್ಥಾನಾಪ್ನವಾಗಿದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಎಲ್ಲಾ ಶಾಖೆಗಳು ಕೋರ್ ಬ್ಯಾಂಕಿಂಗ್ ಸೊಲ್ಯೂಶನ್ ಕಾರ್ಯಜಾಲದಡಿ ಕಾರ್ಯವೆಸಗುತ್ತಿದ್ದು, ತಂತ್ರಜ್ಞಾನ ಔನ್ನತ್ಯವನ್ನು ಬಳಸಿಕೊಂಡು ಅತ್ಯಾಧುನಿಕ ಬ್ಯಾಂಕಿಂಗ್ ಉತ್ಪನ್ನ ಮತ್ತು ಸೇವೆಗಳನ್ನು ಕೊಡುವಲ್ಲಿ ಗಮನಹರಿಸುತ್ತದೆ.

### ಪ್ರಸ್ತುತ ವರ್ಷದ ವ್ಯವಹಾರ ಗುರಿ

ಉದ್ದಿಮೆಯ ಉತ್ತಮ ಬೆಳವಣಿಗೆಯ ಆಶಾವಾದದಲ್ಲಿ, ನಿಮ್ಮ ಬ್ಯಾಂಕು ಒಟ್ಟು ವ್ಯವಹಾರದ ಗುರಿಯಾಗಿ ರೂ. 45,000 ಕೋಟಿಯನ್ನು, 31, ಮಾರ್ಚ್ 2011ರ ಒಳಗೆ ಸಾಧಿಸುವ ಗುರಿ ಇರಿಸಿಕೊಂಡಿದ್ದು, ಇದರಲ್ಲಿ ಠೇವಣಿ ಗುರಿ ರೂ. 27,500 ಕೋಟಿ ಮತ್ತು ಮುಂಗಡ ಗುರಿ ರೂ. 17,500 ಕೋಟಿ ಅಂತರ್ಗತವಾಗಿವೆ.

its 9th Regional Office at Hyderabad in April 2010. Your 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 780, by increasing the total number of branches to 480 and own ATM network to 300 by March 2011.

### 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 2010.

#### Treasury Operations

Treasury operations include the entire investment portfolio i.e. dealing in government and other securities, money market operations and Foreign Exchange operations.

During the year-ended 31st March 2010, your Bank has earned total revenue of Rs.808.29 crore from Treasury operations with a net result of Rs. (-) 77.68 crore.

#### Corporate / Wholesale Banking

Wholesale Banking includes all advances, not included under Retail Banking. The revenue earned by the Bank during year under this Segment was Rs.661.29 crore with contribution of Rs. (-) 51.35 crore.

#### Retail Banking

Retail Banking includes exposure which fulfills the following FOUR criteria:

- Orientation criterion** - 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.
- Product Criterion** - The exposure taking the form of revolving credits and lines of credit (including overdrafts), term loans and leases and small business facilities and commitments.
- Granularity criterion** - Aggregate exposure to one counterpart does not exceed 0.20percent of the overall retail portfolio.
- Low value of individual exposure** - The maximum aggregate exposure up to Rs.5 crore

During the year 2009-10, this Segment has earned revenue of Rs. 839.41 crore and a net result of Rs. 303.14 crore (+ve).

#### Other Banking Operations

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

ಈ ನಿಟ್ಟಿನಲ್ಲಿ ಬ್ಯಾಂಕು ಎಪ್ರಿಲ್ 2010ರಲ್ಲಿ ತನ್ನ 9ನೇ ಪ್ರಾದೇಶಿಕ ಕಛೇರಿಯನ್ನು ಹೈದರಾಬಾದ್‌ನಲ್ಲಿ ತೆರೆದಿದೆ. ಅತ್ಯುತ್ತಮ ಗ್ರಾಹಕ ಸೇವೆ ಮತ್ತು ನಿರ್ವಹಣಾ ಚಾಕಚಕ್ಯತೆಯಿಂದ ತನ್ನ ಗುರಿಗಳನ್ನು ಸಾಧಿಸುವ ವಿಶ್ವಾಸವನ್ನು ಬ್ಯಾಂಕು ಹೊಂದಿದೆ. ಇದರೊಂದಿಗೆ ಬ್ಯಾಂಕು ತನ್ನ ವ್ಯವಹಾರ ಕೇಂದ್ರಗಳನ್ನು 780ಕ್ಕೆ ವಿಸ್ತರಿಸುವ ಗುರಿಯನ್ನು ಹೊಂದಿದ್ದು ಶಾಖಾ ಸಂಖ್ಯೆಯನ್ನು 480ಕ್ಕೆ ಮತ್ತು ಸ್ವತಃ ಎ.ಟಿ.ಎಂ. ಕೇಂದ್ರಗಳನ್ನು 300ಕ್ಕೆ ಮಾರ್ಚ್ 2011ರ ಒಳಗೆ ವಿಸ್ತರಿಸಲಿದೆ.

#### ವರದಿ ಮಾಡಲಾಗಿರುವ ಭಾಗಗಳು

ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ನಿರ್ದೇಶಿಸಿದ ಅಕೌಂಟಿಂಗ್ ಸ್ಟಾಂಡರ್ಡ್ 17 (ವರದಿ ಮಾಡಲಾಗಿರುವ ಭಾಗಗಳು) ಮಾರ್ಗದರ್ಶಿಕೆ ಅನುಸಾರವಾಗಿ ಬ್ಯಾಂಕು, ವರ್ಷಾಂತ್ಯ 31, ಮಾರ್ಚ್ 2010ಕ್ಕೆ ನಾಲ್ಕು ವ್ಯವಹಾರ ಅಂಗಗಳಲ್ಲಿ ಗುರುತಿಸಲ್ಪಟ್ಟಿದ್ದು, ಅವುಗಳು ಖಜಾನೆ, ಸಾಂಸ್ಥಿಕ /ಸಗಟು ಬ್ಯಾಂಕಿಂಗ್, ಚಿಲ್ಲರೆ ಬ್ಯಾಂಕಿಂಗ್ ಮತ್ತು ಇತರ ಬ್ಯಾಂಕಿಂಗ್ ಚಟುವಟಿಕೆಗಳು ಒಳಗೊಂಡಿವೆ.

#### ಖಜಾನೆ ವಹಿವಾಟುಗಳು

ಖಜಾನೆ ವಹಿವಾಟುಗಳು ಸಂಪೂರ್ಣ ಹೂಡಿಕೆ ವಿಭಾಗಗಳನ್ನು, ಅಂದರೆ ಸರಕಾರಿ ಮತ್ತು ಇತರ ಧನಪತ್ರಗಳ ನಿರ್ವಹಣೆ, ಹಣಕಾಸು ಮಾರುಕಟ್ಟೆ ವ್ಯವಹಾರ ಮತ್ತು ವಿದೇಶಿ ವಿನಿಮಯ ವ್ಯವಹಾರಗಳನ್ನು ಹೊಂದಿದೆ.

ಪ್ರಸ್ತುತ ವರ್ಷ, 31, ಮಾರ್ಚ್ 2010 ವರ್ಷಾಂತ್ಯಕ್ಕೆ ಬ್ಯಾಂಕು ಖಜಾನೆ ವಹಿವಾಟಿನಿಂದ ಒಟ್ಟು ರೂ. 808.29 ಕೋಟಿ ಆದಾಯ ಗಳಿಸಿದ್ದು ನಿವ್ವಳ ಫಲಿತಾಂಶ ರೂ. (-) 77.68 ಕೋಟಿ ಆಗಿರುತ್ತದೆ.

#### ಸಾಂಸ್ಥಿಕ/ಸಗಟು ಬ್ಯಾಂಕಿಂಗ್

ಚಿಲ್ಲರೆ ಬ್ಯಾಂಕಿಂಗ್ ವಹಿವಾಟಿನಲ್ಲಿ ಒಳಗೊಳ್ಳದ ಎಲ್ಲಾ ಮುಂಗಡ ವ್ಯವಹಾರಗಳು ಸಗಟು ಬ್ಯಾಂಕಿಂಗ್ ವಿಭಾಗದಲ್ಲಿ ಬರುತ್ತವೆ. ಈ ಅಂಗದಲ್ಲಿ ವರದಿ ವರ್ಷದಲ್ಲಿ ಬ್ಯಾಂಕು ಗಳಿಸಿದ ಹುಟ್ಟುವಳಿ ರೂ. 661.29 ಕೋಟಿ ಆಗಿದ್ದು, ಆದಾಯ ಕೊಡುಗೆ ರೂ. (-)51.35 ಕೋಟಿ ಆಗಿದೆ.

#### ಚಿಲ್ಲರೆ ಬ್ಯಾಂಕಿಂಗ್

ಚಿಲ್ಲರೆ ಬ್ಯಾಂಕಿಂಗ್ ವಹಿವಾಟುಗಳು, ಈ ಕೆಳಗಿನ ನಾಲ್ಕು ಪ್ರಮಾಣಗಳನ್ನು ಪುನಃ ಪರಿಶೀಲಿಸುವಲ್ಲಿ ತನ್ನನ್ನು ಒಡ್ಡಿಕೊಳ್ಳುತ್ತದೆ.

- ನವೀಕರಣ ಆಳತೆಗೋಲು- ಒಟ್ಟು ವಾರ್ಷಿಕ ವಹಿವಾಟು ರೂ. 50 ಕೋಟಿಗಿಂತ ಕಡಿಮೆ ಇರುವುದು. ಅಂದರೆ, ಆಸ್ತಿತ್ವದಲ್ಲಿರುವ ಉದ್ಯಮವಾದರೆ ಹಿಂದಣ ಮೂರು ವರ್ಷಗಳ ಒಟ್ಟು ವಹಿವಾಟಿನ ಸರಾಸರಿ, ನೂತನ ಉದ್ಯಮವಾದರೆ ಅಂದಾಜಿಸಲ್ಪಟ್ಟ ಒಟ್ಟು ವಹಿವಾಟು.
- ಉತ್ಪನ್ನದ ಆಳತೆಗೋಲು- ಅವರ್ತನ ಮುಂಗಡ ಮತ್ತು ಮುಂಗಡ ಸಾಲಗಳು (ಮೀರಳಿತ ಸೌಲಭ್ಯ ಕೂಡಿ) ಸಾವಧಿ ಮುಂಗಡ ಮತ್ತು ಅಡಮಾನ ಮತ್ತು ಸಣ್ಣ ವ್ಯವಹಾರ ಸೌಲಭ್ಯ ಮತ್ತು ಒಪ್ಪಂದಗಳಿಗೆ ಒಡ್ಡಿಕೊಳ್ಳುವ ಪ್ರಕ್ರಿಯೆ.
- ಕಣಕಣದ ಮಾನದಂಡ- ಉದ್ಯಮದ ಒಂದೆಂದೇ ಸಮಗ್ರ ಒಡ್ಡುವಿಕೆಯು ಒಟ್ಟಾರೆ ಚಿಲ್ಲರೆ ವಿಭಾಗದ ಶೇ. 0.20 ಭಾಗ ಮೀರದೇ ಇರುವುದು.
- ಕಡಿಮೆ ಮೌಲ್ಯದ ವೈಯಕ್ತಿಕ ಒಡ್ಡುವಿಕೆ- ಒಟ್ಟಾರೆ ಗರಿಷ್ಠ ಒಡ್ಡುವಿಕೆ ರೂ. 5 ಕೋಟಿ ತನಕ.

2009-10ನೇ ವರ್ಷದಲ್ಲಿ, ಈ ವಿಭಾಗದಲ್ಲಿ ರೂ. 839.41 ಕೋಟಿ ಹುಟ್ಟುವಳಿ ಗಳಿಸಲಾಗಿದ್ದು, ನಿವ್ವಳ ಫಲಿತಾಂಶ ರೂ. 303.14 ಕೋಟಿ (+) ಆಗಿರುತ್ತದೆ.

#### ಇತರ ಬ್ಯಾಂಕಿಂಗ್ ವಹಿವಾಟುಗಳು

ಇತರ ಬ್ಯಾಂಕಿಂಗ್ ವಹಿವಾಟು ಅಂದರೆ ಉಳಿದ ವಹಿವಾಟುಗಳನ್ನು ಬ್ಯಾಂಕು ನಿರ್ವಹಿಸುತ್ತಿರುವುದನ್ನು ಒಳಗೊಂಡಿರುತ್ತದೆ. ಅಂದರೆ ಇನ್ಸೂರೆನ್ಸ್ ಮತ್ತು ಮ್ಯೂಚುವಲ್ ಫಂಡ್ ವಿತರಣಾ ವ್ಯವಹಾರ, ಡಿಮ್ಯಾಟ್ ಸೇವೆ, ಆನ್ ಲೈನ್ ಶಾಪಿಂಗ್, ರೈಲ್ವೇ ಟಿಕೆಟ್ ಬುಕಿಂಗ್, ಲಾಕರ್ ಸೌಲಭ್ಯಗಳನ್ನು ಒಳಗೊಂಡಿರುತ್ತದೆ.



During the year-ended 31st March 2010, this segment has generated revenue of Rs. 45.69 crore and a net result of Rs. 37.88 crore (+ve).

### RISKS AND CONCERNS

Risk is inherent in all kinds of business activities and is an integral part of the banking business. In normal course of business, a bank is exposed to various risks namely Credit Risk, Market Risk and Operational Risk besides other residual risks such as Liquidity Risk, Concentration Risk, Strategic Risk, Reputation Risk etc. With a view to efficiently manage such risks, your Bank has put in place various risk management systems and practices. In line with the guidelines issued by the Reserve Bank of India from time to time, we continue to strengthen our various risk management systems that includes policies, tools, techniques, monitoring mechanisms etc.

Your Bank aims at enhancing and maximizing the shareholder values by achieving appropriate tradeoff between risks and returns. Your Bank's risk management objective broadly covers proper identification, measurement, monitoring / control and mitigation of the risks with a view to enunciating the bank's overall risk philosophy. The risk management strategy adopted by your Bank is based on clear understanding of risks and the level of risk appetite dependent upon the willingness to take on risks in normal course of business. A Board level Integrated Risk Management Committee of your Bank periodically reviews the risk profile, evaluates the overall risks faced by the Bank, and develops policies and strategies for their effective management.

In line with the guidelines issued by the RBI, your Bank has implemented New Capital Adequacy Framework and is Basel II compliant with effect from March 31, 2009. The Basel II framework, as referred, is based on three mutually reinforcing pillars. While the first Pillar of the revised framework addresses minimum capital requirement for credit, market and operational risk, the second pillar (supervisory review process) intends to ensure that the banks have adequate capital to address all the risks in their business commensurate with bank's risk profile and control environment. The third pillar of Basel II framework refers to market discipline. The purpose of market discipline is to complement the minimum capital requirements detailed under Pillar 1 and the supervisory review process detailed under Pillar 2. In this regard, the Basel II Pillar III Disclosure is annexed to this report as Annexure II.

31, ಮಾರ್ಚ್ 2010 ಅಂತ್ಯಕ್ಕೆ, ಈ ಅಂಗದಲ್ಲಿ ರೂ. 45.69 ಕೋಟಿ ಹುಟ್ಟುವಳಿ ಉತ್ಪನ್ನಗೊಂಡಿದ್ದು, ನಿವ್ವಳ ಫಲಿತಾಂಶ ರೂ. 37.88 ಕೋಟಿ (+) ಆಗಿರುತ್ತದೆ.

### ಸಂಭಾವ್ಯ ಅಪಾಯಗಳು ಮತ್ತು ಕಳಕಳಿಗಳು

ಅಪಾಯ ಸಂಭಾವ್ಯತೆ ವ್ಯಾವಹಾರಿಕ ರಂಗದ ಅವಿಭಾಜ್ಯ ಅಂಗವೇ ಆಗಿದ್ದು, ಬ್ಯಾಂಕಿಂಗ್ ವ್ಯವಹಾರದಲ್ಲೂ ಇದು ಅಭಿನ್ನ ಅಂಗವಾಗಿದೆ. ಸಾಮಾನ್ಯವಾಗಿ ಬ್ಯಾಂಕಿನ ದೈನಂದಿನ ವ್ಯವಹಾರಗಳಲ್ಲಿ ಹಲವಾರು ಅಪಾಯಗಳಿಗೆ ಒಡ್ಡಿಕೊಳ್ಳಬೇಕಾಗಿದ್ದು ಅವುಗಳಲ್ಲಿ ಮುಖ್ಯವಾಗಿ ಮುಂಗಡ ಅಪಾಯ, ಮಾರುಕಟ್ಟೆ ಅಪಾಯ ಮತ್ತು ನಿರ್ವಹಣಾ ಅಪಾಯ ಹಾಗೂ ಉಳಿಕೆ ಅಪಾಯಗಳಾದ ದ್ರವತ್ವದ ಅಪಾಯ, ಕೇಂದ್ರೀಕರಣ ಅಪಾಯ, ವ್ಯೂಹಾತ್ಮಕ ಅಪಾಯ, ಪ್ರತಿಷ್ಠಾ ಅಪಾಯ ಹೆಚ್ಚು ಹೆಚ್ಚಾಗಿವೆ. ಇಂತಹ ಅಪಾಯಗಳನ್ನು ದಕ್ಷತೆಯಿಂದ ನಿರ್ವಹಿಸಲು, ನಿಮ್ಮ ಬ್ಯಾಂಕು ಹಲವಾರು ಅಪಾಯ ನಿರ್ವಹಣಾ ವ್ಯವಸ್ಥೆಗಳನ್ನು ರಚಿಸಿದ್ದು, ಕಾರ್ಯರೂಪಕ್ಕೆ ತಂದಿದೆ. ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕು ಆಗಿಂದಾಗ್ಗೆ ನೀಡಿದ ಮಾರ್ಗದರ್ಶಿಕೆಯಂತೆ, ಹಲವಾರು ಅಪಾಯ ನಿರ್ವಹಣಾ ವ್ಯವಸ್ಥೆಗಳ ಮೂಲಕ ಧೋರಣೆ, ತಾಂತ್ರಿಕತೆ, ಪರಿಕರಗಳ ಮೂಲಕ ಅತ್ಯುತ್ತಮ ನಿರ್ವಹಣೆಯನ್ನು ಶಕ್ತಿಯುತಗೊಳಿಸಿದ್ದು, ಮುಂದುವರಿಸಿಕೊಂಡು ಬರುತ್ತಿದ್ದೇವೆ.

ನಿಮ್ಮ ಬ್ಯಾಂಕು ಶೇರುದಾರರ ಮೌಲ್ಯವನ್ನು ಗರಿಷ್ಠವಾಗಿ ಕಾಪಾಡಿಕೊಂಡು ಬರುತ್ತಿದ್ದು, ಈ ಮೌಲ್ಯವರ್ಧನೆ, ಮೌಲ್ಯ ವ್ಯಾಪಕತೆಯತ್ತ ಕೇಂದ್ರ ಗಮನ ಹರಿಸಿದ್ದು ಅಪಾಯ ಸಂಭಾವ್ಯತೆ, ಇಳುವರಿ ಸಂದೇಹವಿರುವಲ್ಲಿ ತತ್ಕ್ಷಣ ಸೂಕ್ತ ಸ್ಪಂದನ ಹರಿಸಿದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಅಪಾಯ ನಿರ್ವಹಣಾ ವಿಭಾಗವು ಪ್ರಮುಖವಾಗಿ ಅಪಾಯಗಳ ಸೂಕ್ತ ಗುರುತಿಸುವಿಕೆ, ಅಪಾಯಗಳ ಅಳತೆ, ಮೇಲ್ವಿಚಾರಣೆ ಹಾಗೂ ದಕ್ಷ ನಿರ್ವಹಣೆಯನ್ನು ಅಪಾಯ ತತ್ಪಾರಾಧಿತವಾಗಿ ಗರಿಷ್ಠ ಮಟ್ಟದಲ್ಲಿ ಕ್ರಿಯಾಶೀಲವಾಗಿದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕು ಅಂಗೀಕರಿಸಿದ ಅಪಾಯ ಸಂಭಾವ್ಯತೆ ಮತ್ತು ನಿರ್ವಹಣಾ ಧೋರಣೆಗಳು ಸುಸ್ಪಷ್ಟವಾಗಿದ್ದು, ಅಪಾಯಗಳ ನಿಖರವಾದ ಅರಿಯುವಿಕೆ ಮತ್ತು ಅಪಾಯ ಸಾಧ್ಯತೆಯ ಮಟ್ಟದ ಸ್ಪಷ್ಟ ಅರಿವಿನಿಂದ ಕೂಡಿದ್ದು, ದೈನಂದಿನ ವ್ಯವಹಾರಗಳಲ್ಲಿ ಅವುಗಳ ಸಂಭಾವ್ಯತೆ, ಸಾಧ್ಯತೆ ಬಗ್ಗೆ ಅವುಗಳನ್ನು ಇದಿರಿಸುವ, ನಿರ್ವಹಿಸುವ ಬಗೆಗೆ ಮುಕ್ತ ಮನಸ್ಸಿನಿಂದ ಕೂಡಿರುವುದಾಗಿರುತ್ತದೆ. ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ಮಟ್ಟದ ಸಂಕೀರ್ಣ ಸಮಗ್ರ ಅಪಾಯ ನಿರ್ವಹಣಾ ಸಮಿತಿ ಆಗಿಂದಾಗ್ಗೆ ಬ್ಯಾಂಕ್‌ಗೆ ಇದಿರಾಗುವ ಅಪಾಯ ಸಂಭಾವ್ಯತೆಯ ಬಗ್ಗೆ ಅವಲೋಕನ, ಬ್ಯಾಂಕು ಒಟ್ಟಾರೆ ಇದಿರಿಸುತ್ತಿರುವ ಅಪಾಯಗಳ ಬಗ್ಗೆ ಸೂಕ್ತ ಪುನರಾವಲೋಕನ, ಸೂಕ್ತ ಮೌಲ್ಯೀಕರಣ ಮತ್ತು ಅತ್ಯುತ್ತಮ ನಿರ್ವಹಣೆಗಾಗಿ ಧೋರಣೆ ಮತ್ತು ಅಭಿವೃದ್ಧಿಗಳ ಕಡೆ ಆದ್ಯ ಗಮನ ಹರಿಸುತ್ತಿದೆ.

ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ ಮಾರ್ಗಸೂಚಿಯಂತೆ, ನಿಮ್ಮ ಬ್ಯಾಂಕು ನೂತನ ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಚೌಕಟ್ಟಿನಲ್ಲಿ ಬೇಸಲ್ - II ಪಥದರ್ಶಕ ಆವಿಷ್ಕಾರದಲ್ಲಿ 31, ಮಾರ್ಚ್ 2009ಕ್ಕೆ ಪರಿಪೂರ್ಣತೆ ಹೊಂದಿದೆ. ಬೇಸಲ್ - II ಚೌಕಟ್ಟು ಉಲ್ಲೇಖಿಸಿದಂತೆ, ಮುಖ್ಯವಾಗಿ ಮೂರು ಪರಿಪೂರ್ಣ ಆಧಾರ ಸ್ತಂಭಗಳನ್ನು ಹೊಂದಿದೆ. ಪರಿಷ್ಕೃತ ಚೌಕಟ್ಟಿನ ಪ್ರಥಮ ಸ್ತಂಭ ಮುಂಗಡಗಳಿಗೆ ಕನಿಷ್ಠ ಬಂಡವಾಳ ಅಗತ್ಯತೆ, ಮಾರುಕಟ್ಟೆ ಮತ್ತು ನಿರ್ವಹಣಾ ಅಪಾಯಗಳನ್ನು ವಿವರಿಸಿದರೆ, ಎರಡನೇ ಸ್ತಂಭ (ಪುನರಾವಲೋಕನ ಪ್ರಕ್ರಿಯೆಯ ಮೇಲ್ವಿಚಾರಣೆ) ವು ಬ್ಯಾಂಕಿನ ಸಂಭಾವ್ಯ ಅಪಾಯಗಳಿಗೆ ಅಗತ್ಯವಿರುವ ಬಂಡವಾಳ ಮೀಸಲಿಡುವಿಕೆ ಬಗ್ಗೆ ಗಮನ ಹರಿಸುತ್ತಾ ಬ್ಯಾಂಕಿನ ಅಪಾಯ ಸಂದಿಗ್ಧತೆ ಮತ್ತು ಅಪಾಯ ಪರಿಸರ ನಿಯಂತ್ರಣ ಬಗ್ಗೆ ನಿಗಾ ವಹಿಸುತ್ತದೆ. ಬೇಸಲ್ - II ಚೌಕಟ್ಟಿನ ತೃತೀಯ ಸ್ತಂಭವು ಮಾರುಕಟ್ಟೆ ಶಿಸ್ತಿನ ಬಗ್ಗೆ ಸಂಬಂಧಿಸಿರುವುದಾಗಿದೆ. ಮಾರುಕಟ್ಟೆ ಶಿಸ್ತಿನ ಮುಖ್ಯ ಉದ್ದೇಶವೆಂದರೆ ಸ್ತಂಭ 1ರಲ್ಲಿ ಹೇಳಲಾದ ಕನಿಷ್ಠ ಬಂಡವಾಳ ಅಗತ್ಯತೆಯ ಕುರಿತಾಗಿದ್ದು ಮತ್ತು ಸ್ತಂಭ 2ರಲ್ಲಿ ಹೇಳಲಾದ ಪುನರಾವಲೋಕನ ಪ್ರಕ್ರಿಯೆಯ ಮೇಲ್ವಿಚಾರಣೆಯ ಉಪಕ್ರಮದ ಕುರಿತಾಗಿರುತ್ತದೆ. ಈ ಕುರಿತಂತೆ, ಬೇಸಲ್ - II ಸ್ತಂಭ 3 ಪ್ರಕಟಣೆಗಳು ಅನುಬಂಧ-2ರಲ್ಲಿ ಲಗತ್ತಿಸಲಾಗಿವೆ.

**INTERNAL CONTROL SYSTEMS**

Your Bank has put in place well articulated internal control measures commensurate with the size 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, short inspection and EDP Audit (IS Audit) of all the branches / offices, Concurrent IS Audit of Data Center and concurrent audit of select branches, Treasury Department and International Division, etc., form part of the internal control mechanism. Besides, your 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. The Bank has introduced on line marking of NPA's with effect from 30th September 2009 and has also initiated steps for offsite monitoring of all the borrowal accounts with limits above Rs. 25 lakh.

**HUMAN RESOURCE DEVELOPMENT**

The survival and prosperity of any industry depends upon the quality of its human resource and this is true even for service oriented Banking Industry. Human Resource Development is a key responsibility area for your bank too. Your Bank takes special care to ensure the growth of each individual employee in every aspect. Employees are sent for various training and development programmes to upgrade their skills and competencies so that they grow as an individual and contribute towards the growth of the Bank. Your Bank has its own Staff Training College, with state of the art infrastructure facilities and expert faculty members to impart training to the staff members. The Officers are also being deputed to various training programmes conducted at Southern India Bank's Training College Bangalore, 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. During the year 2009-10, 1752 Officers, 1260 clerks and 65 Sub-staffs were given training under various disciplines to update / improve the knowledge.

Your Bank enjoys excellent industrial relations and there is an atmosphere of peace and harmony in the Bank. This has helped in maintaining a pleasant work environment

**ಆಂತರಿಕ ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಗಳು**

ಬ್ಯಾಂಕಿನ ಗಾತ್ರ ಮತ್ತು ವ್ಯವಹಾರಗಳಲ್ಲಿನ ಸಂಕೀರ್ಣತೆಯ ಸೂಕ್ತ ಕ್ರಮ ಅನುಗುಣವಾದ ಆಂತರಿಕ ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಗಳನ್ನು ಬ್ಯಾಂಕು ಈಗಾಗಲೇ ಕೈಗೊಂಡಿರುತ್ತದೆ. ಪ್ರತ್ಯೇಕವಾದ ಒಂದು ಪರಿಪಾಲನಾ ವಿಭಾಗವೂ ಈಗ ಕಾರ್ಯನಿರ್ವಹಿಸುತ್ತಿದೆ. ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ಲೆಕ್ಕ ಪರಿಶೋಧನಾ ಸಮಿತಿಯು ಬ್ಯಾಂಕಿನ ಆಂತರಿಕ ಪರಿವೀಕ್ಷಣೆ ಮತ್ತು ಪರಿಪಾಲನಾ ಕಾರ್ಯದ ಮೇಲ್ವಿಚಾರಣೆ ನಡೆಸುತ್ತಿದೆ. ಸುವ್ಯವಸ್ಥಿತ ನಿಯಮಿತ ಪರಿವೀಕ್ಷಣೆಗೆ, ಕಿರು ಪರಿವೀಕ್ಷಣೆಗೆ ಮತ್ತು ಇಡೀ ಪರಿವೀಕ್ಷಣೆಗೆ ಎಲ್ಲಾ ಶಾಖೆಗಳು ಕಚೇರಿಗಳು ಒಳಗೊಳ್ಳುತ್ತಿವೆ. ದತ್ತಾಂಶ ಕೇಂದ್ರದ ಸಹಗಾಮಿ ಪರಿಶೋಧನೆ ಮತ್ತು ಆಯ್ದು ಶಾಖೆಗಳ ಸಹಗಾಮಿ ಲೆಕ್ಕ ಪರಿಶೋಧನೆ, ಖಜಾನೆ ವಿಭಾಗ ಮತ್ತು ಅಂತಾರಾಷ್ಟ್ರೀಯ ವಿಭಾಗದ ಸಹಗಾಮಿ ಲೆಕ್ಕ ಪರಿಶೋಧನೆ ಇತ್ಯಾದಿಗಳು, ವ್ಯವಸ್ಥೆಯ ಆಂತರಿಕ ನಿಯಂತ್ರಣದ ಪರಿಕ್ರಮವಾಗಿ ಜರುಗುತ್ತಿವೆ. ಅಲ್ಲದೇ, ನಿಮ್ಮ ಬ್ಯಾಂಕು ತನ್ನ ಬೃಹತ್ ಮುಂಗಡಗಳ ಕಾರ್ಯ ನಿರ್ವಹಣೆಯನ್ನು ಮತ್ತಷ್ಟು ಬಲಪಡಿಸುವ ಉದ್ದೇಶದಿಂದ, ಬೃಹತ್ ಮುಂಗಡ ಖಾತೆಗಳ 'ದಾಸ್ತಾನು ಲೆಕ್ಕ ಪರಿಶೋಧನೆ' ಮತ್ತು 'ಮುಂಗಡ ಲೆಕ್ಕ ಪರಿಶೋಧನೆ'ಗಳನ್ನು ವೃತ್ತಿಪರ ಲೆಕ್ಕ ಪರಿಶೋಧನಾ ಸಂಸ್ಥೆಗಳ ನೆರವಿನಿಂದ ಮುಂದುವರಿಸಿಕೊಂಡು ಬಂದಿದೆ. ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ ಕಾರ್ಯಸೂಚಿಯಂತೆ ಅನುಷ್ಠಾನಿಸಲ್ಪಟ್ಟ, ಸಂಭಾವ್ಯ ಅಪಾಯಗಳನ್ನು ಆಧರಿಸಿದ ಆಂತರಿಕ ಲೆಕ್ಕ ಪರಿಶೋಧನಾ ವ್ಯವಸ್ಥೆಯಡಿ, ಬ್ಯಾಂಕಿನ ಎಲ್ಲಾ ಶಾಖೆಗಳು ಪರಿಶೋಧನೆಗೆ ಒಳಗೊಂಡಿರುತ್ತವೆ. 30, ಸೆಪ್ಟೆಂಬರ್ 2009 ರಿಂದ ಅನುಷ್ಠಾನಿಸಿ ಅಸ್ತಿ ಖಾತೆಗಳ 'ಆನ್‌ಲೈನ್ ಮಾರ್ಕಿಂಗ್' ವ್ಯವಸ್ಥೆಯನ್ನು ಬ್ಯಾಂಕ್ ಜಾರಿಗೊಳಿಸಿದ್ದು, ಅಲ್ಲದೆ 25 ಲಕ್ಷ ಮಿತಿಯ ಮೇಲಣ ಸಾಲ ಖಾತೆಗಳ ಬಗ್ಗೆ ಪ್ರತ್ಯೇಕ ನಿಗಾ, ಮೇಲ್ವಿಚಾರಣೆಯನ್ನು ಈಗಾಗಲೇ ಪ್ರಾರಂಭಿಸಿದೆ.

**ಮಾನವ ಸಂಪನ್ಮೂಲ ಅಭಿವೃದ್ಧಿ**

ಯಾವುದೇ ಒಂದು ಸಂಸ್ಥೆಯ ಅಸ್ತಿತ್ವಕ್ಕೆ ಅಭಿವೃದ್ಧಿಗೆ ಅದರ ಮಾನವ ಸಂಪನ್ಮೂಲ ಪ್ರಮುಖ ಅಂಗವಾಗಿದೆ ಮತ್ತು ಬ್ಯಾಂಕಿಂಗ್‌ನಂತಹ ಸೇವಾ ಸಂಸ್ಥೆಗೆ ಹೆಚ್ಚು ತಥ್ಯವಾಗಿದೆ. ಮಾನವ ಸಂಪನ್ಮೂಲ ಅಭಿವೃದ್ಧಿ, ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಪ್ರಮುಖ ಗುರಿಯೂ ಆಗಿದೆ. ಸಂಸ್ಥೆಯೊಂದರ ಯಶಸ್ಸಿನ ಕೀಲಿಗೆ ಸಹ ಹೌದು. ಈ ದಿಸೆಯಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಪ್ರತಿಯೊಬ್ಬ ಉದ್ಯೋಗಿಯ ಅಭಿವೃದ್ಧಿ ಕುರಿತು ಕಾಳಜಿ ವಹಿಸಿದೆ. ಸಿಬ್ಬಂದಿಗಳನ್ನು ನಾನಾ ತರಬೇತಿ ಮತ್ತು ಅಭಿವೃದ್ಧಿ ಕಾರ್ಯಕ್ರಮಗಳಿಗೆ ಕಳುಹಿಸಲಾಗುತ್ತಿದ್ದು ಅವರ ಕೌಶಲ ಮತ್ತು ಆಧುನಿಕತೆಗೆ ಸ್ಪಂದಿಸತಕ್ಕಂತಹ ಅರ್ಹತೆ ಹೆಚ್ಚಿಸಿಕೊಳ್ಳುವುದರೊಂದಿಗೆ ಸಂಸ್ಥೆಯ ಅಭಿವೃದ್ಧಿಗೆ ಉಪಯುಕ್ತ ಕೊಡುಗೆ ಸಲ್ಲಿಸುವಂತಾಗಲು ಸೂಕ್ತ ಕ್ರಮ ಕೈಗೊಳ್ಳಲಾಗಿದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕು ತನ್ನದೇ ಆದ ಸಿಬ್ಬಂದಿ ತರಬೇತಿ ಕೇಂದ್ರವನ್ನು ಹೊಂದಿದ್ದು, ಅತ್ಯಾಧುನಿಕ ಆಧೋರಚನೆಯೊಂದಿಗೆ, ಉತ್ತಮ ಅಧ್ಯಾಪನ ನೈಪುಣ್ಯತೆ ಹೊಂದಿದ ಬೋಧನಾವೃಂದವನ್ನೊಳಗೊಂಡಿ, ಸಿಬ್ಬಂದಿಗಳಿಗೆ ಸೂಕ್ತ ತರಬೇತಿ ನೀಡುತ್ತಿದೆ. ಅಗತ್ಯ ಕಂಡಾಗ ಅಧಿಕಾರಿಗಳನ್ನು ವಿಶೇಷ ತರಬೇತಿ ಕಾರ್ಯಕ್ರಮಗಳಿಗಾಗಿ ಬೆಂಗಳೂರಿನ ಸರ್ಟನ್ ಇಂಡಿಯಾ ಬ್ಯಾಂಕ್ ತರಬೇತಿ ಕಾಲೇಜು, ಪುಣೆಯ ನ್ಯಾಷನಲ್ ಇನ್ಸ್ಟಿಟ್ಯೂಟ್ ಆಫ್ ಬ್ಯಾಂಕ್ ಮ್ಯಾನೇಜ್‌ಮೆಂಟ್, ಕಾಲೇಜ್ ಆಫ್ ಅಗ್ರಿಕಲ್ಚರಲ್ ಬ್ಯಾಂಕಿಂಗ್, ಹೈದರಾಬಾದಿನ ಇನ್ಸ್ಟಿಟ್ಯೂಟ್ ಫಾರ್ ಡೆವಲಪ್‌ಮೆಂಟ್ ಅಂಡ್ ರಿಸರ್ಚ್ ಇನ್ ಬ್ಯಾಂಕಿಂಗ್ ಟೆಕ್ನೋಲಜಿ ಮತ್ತು ಸ್ಟೇಟ್ ಬ್ಯಾಂಕ್ ಸ್ಟಾಫ್ ಕಾಲೇಜ್, ಮುಂತಾದೆಡೆಗೆ ಕಳುಹಿಸಲಾಗುತ್ತಿದೆ. ಹೆಚ್ಚುವರಿಯಾಗಿ ಕಾರ್ಯನಿರ್ವಾಹಕರು, ಹಿರಿಯ ಪ್ರಬಂಧಕರುಗಳನ್ನು ವಿಶೇಷ ತರಬೇತಿಗಾಗಿ ಪ್ರಮುಖ ಸಂಸ್ಥೆಗಳಿಗೆ ಕಳುಹಿಸಲಾಗುತ್ತಿದೆ. 2009-10ರ ವರ್ಷದಲ್ಲಿ 1752 ಅಧಿಕಾರಿಗಳಿಗೂ, 1260 ಗುಮಾಸ್ತರುಗಳಿಗೂ, 65 ಸಹಾಯಕ ಸಿಬ್ಬಂದಿಗಳಿಗೂ ಅವರವರ ಜ್ಞಾನ ಮತ್ತು ಕೌಶಲಾಭಿವೃದ್ಧಿಗಾಗಿ ವಿವಿಧ ವಿಷಯಗಳಲ್ಲಿ ತರಬೇತಿಗಳನ್ನು ನೀಡಲಾಗಿದೆ.

ನಿಮ್ಮ ಬ್ಯಾಂಕು ಆತ್ಮತೃಪ್ತ ಸಾಂಸ್ಥಿಕ-ನೌಕರ ಬಾಂಧವ್ಯವನ್ನು ಹೊಂದಿದೆ ಮತ್ತು ಶಾಂತಿ ಮತ್ತು ಸೌಹಾರ್ದಯುತ ವಾತಾವರಣ ಬ್ಯಾಂಕಿನಲ್ಲಿರುತ್ತದೆ. ಉತ್ತಮ ದುಡಿಮೆಯ ಪರಿಸರವಿರುವುದರಿಂದ, ಸಿಬ್ಬಂದಿಗಳಿಗೆ ಉತ್ತಮ ವೃತ್ತಿಪರತೆ ಪ್ರದರ್ಶಿಸಲು ಸಾಧ್ಯವಾಗಿದೆ. ಪ್ರತಿಯೊಬ್ಬ ಸಿಬ್ಬಂದಿಯ ಸಾಧನೆಯನ್ನು

enabling the employees to perform better. The performance of individual employees is recognized and rewarded by promotions, appreciations etc. Further, the Employee Stock Option Scheme has also been introduced in the Bank which provides for grant of stock options depending upon the performance of the employees. This has greatly motivated the employees to reach greater heights of performance. The number of employees in the Bank stood at 5244 as on 31st March 2010. The business per employee (excluding inter-bank deposits) has improved from Rs.6.49 crore as on 31st March 2009 to Rs. 7.27 crore as on 31st March 2010.

### DIRECTORS

During the year under report, some changes in the Board of Directors have taken place. Mr Ananthkrishna former Chairman and CEO of the Bank retired on July 12, 2009. He has been appointed as the Part time Non-Executive Chairman of the Bank w.e.f. July 13, 2009 and Mr. P. Jayarama Bhat, former Chief General Manager of the Bank, has been appointed as the Managing Director, who assumed charge on July 14, 2009. These appointments were made with the approval of the Reserve Bank of India.

The Board of Directors places on record its appreciation and gratitude to Mr Ananthkrishna for the contribution made by him to the overall development of the Bank during his tenure as Chairman & CEO of the Bank and looks forward for his continued guidance.

### CORPORATE GOVERNANCE

Your Bank is committed to following the 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 maintains 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:

- The Accounts for the year 2009-10 were prepared by following the Accounting Standards in so far as they apply to banks.
- Accounting policies adopted and applied consistently by the Bank are in tune with the RBI guidelines issued from time to time. Reasonable 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 2010.
- 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.
- The annual accounts for the year ended 31st March 2010 have been prepared on a "Going Concern" basis.

ಗುರುತಿಸುವ ಮತ್ತು ಪದೋನ್ನತಿಯ ಮೂಲಕ ಉತ್ತೇಜನ ನೀಡುವ, ಪ್ರಶಂಸಿಸುವ ಕೆಲಸವನ್ನು ಬ್ಯಾಂಕು ಮಾಡುತ್ತಿದೆ. ಇಷ್ಟಲ್ಲದೇ ಸಿಬ್ಬಂದಿಗಳಿಗೆ ಸ್ಟಾಕ್ ಆಪ್ಷನ್ ಸ್ಕೀಮನ್ನು ಅಳವಡಿಸಿ, ಅರ್ಹತೆಯನ್ನು ಗುರುತಿಸಿ ಸ್ಟಾಕ್ ಆಪ್ಷನ್ ನೀಡಲಾಗುತ್ತಿದೆ. ಅತ್ಯುತ್ತಮ ವೃತ್ತಿಪರತೆ ಪ್ರದರ್ಶಿಸುವಲ್ಲಿ, ನೌಕರರಿಗೆ ಬ್ಯಾಂಕಿನ ಈ ಯೋಜನೆ ಉತ್ತೇಜನ ನೀಡಿದೆ. 31, ಮಾರ್ಚ್ 2010 ಕ್ಕೆ ಬ್ಯಾಂಕ್ ನೌಕರರ ಸಂಖ್ಯೆ 5244 ಆಗಿದೆ. ಸಿಬ್ಬಂದಿಯ ತಲಾ ವಹಿವಾಟು (ಅಂತರಬ್ಯಾಂಕ್ ಠೇವಣಿ ಹೊರತಾಗಿ) 31, ಮಾರ್ಚ್ 2009 ರ ರೂ. 6.49 ಕೋಟಿಯಿಂದ 31, ಮಾರ್ಚ್ 2010ಕ್ಕೆ ರೂ. 7.27 ಕೋಟಿಗೆ ಏರಲಟ್ಟಿದೆ.

### ನಿರ್ದೇಶಕರು

ಪ್ರಸ್ತುತ ವರದಿ ವರ್ಷದಲ್ಲಿ, ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯಲ್ಲಿ ಕೆಲವೊಂದು ಬದಲಾವಣೆಗಳು ಆಗಿವೆ. ಬ್ಯಾಂಕಿನ ಹಿಂದಣ ಅಧ್ಯಕ್ಷರು ಮತ್ತು ಮುಖ್ಯ ಕಾರ್ಯನಿರ್ವಾಹಕ ಅಧಿಕಾರಿಗಳಾಗಿದ್ದ ಶ್ರೀ ಅನಂತಕೃಷ್ಣ ಅವರು ದಿನಾಂಕ 12, ಜುಲೈ 2009ರಂದು ನಿವೃತ್ತರಾಗಿದ್ದಾರೆ. ಅವರು ದಿನಾಂಕ 13, ಜುಲೈ 2009ರಿಂದ ಅನ್ವಯಿಸುವಂತೆ ಬ್ಯಾಂಕಿನ ಆರಂಭಿಕ ನಾನ್ ಎಕ್ಸಿಕ್ಯೂಟಿವ್ ಚೇರ್ಮನ್ ಆಗಿ ನಿಯೋಜಿಸಲ್ಪಟ್ಟಿದ್ದಾರೆ ಮತ್ತು ಬ್ಯಾಂಕಿನ ಹಿಂದಣ ಮುಖ್ಯ ಮಹಾಪ್ರಬಂಧಕರಾಗಿದ್ದ ಶ್ರೀ ಪಿ. ಜಯರಾಮ ಭಟ್ ಅವರು ಜುಲೈ 14, 2009ರಿಂದ ಬ್ಯಾಂಕಿನ ವ್ಯವಸ್ಥಾಪಕ ನಿರ್ದೇಶಕರಾಗಿ ನಿಯುಕ್ತರಾಗಿದ್ದಾರೆ. ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ ಅನುಮೋದನೆಯೊಂದಿಗೆ ಈ ನೇಮಕಾತಿಗಳು ನಡೆದಿವೆ. ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯು, ಬ್ಯಾಂಕಿನ ಅಧ್ಯಕ್ಷರು ಮತ್ತು ಮುಖ್ಯ ಕಾರ್ಯನಿರ್ವಾಹಕ ಅಧಿಕಾರಿಯಾಗಿ, ತನ್ನ ಅಧಿಕಾರಾವಧಿಯಲ್ಲಿ ಬ್ಯಾಂಕಿನ ಸರ್ವಾಂಗೀಣ ಅಭಿವೃದ್ಧಿಗೆ ಕಾರಣರಾದ ಶ್ರೀ ಅನಂತಕೃಷ್ಣ ಅವರ ಸೇವೆಯನ್ನು ಪ್ರಶಂಸಾಪೂರ್ವಕವಾಗಿ ದಾಖಲಿಸುತ್ತಾ, ಮುಂಬರುವ ದಿನಗಳಲ್ಲೂ ಅವರ ಮಾರ್ಗದರ್ಶನವನ್ನು ಕೋರುತ್ತದೆ.

### ಸಾಂಸ್ಥಿಕ ಪ್ರಶಾಸನ

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

### ನಿರ್ದೇಶಕರ ಜವಾಬ್ದಾರಿಗಳ ಬಗ್ಗೆ ವರದಿ

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

- 2009-10 ರ ಲೆಕ್ಕ ಪತ್ರಗಳನ್ನು ಬ್ಯಾಂಕುಗಳಿಗೆ ಅನ್ವಯಿಸುವ ಲೆಕ್ಕಪತ್ರ ಸಂಹಿತೆಯನ್ನು ಅನುಸರಿಸಿ ತಯಾರಿಸಲಾಗಿದೆ.
- ಬ್ಯಾಂಕು ಅಳವಡಿಸಿರುವ ಮತ್ತು ನಿಯಮಿತವಾಗಿ ಅನುಸರಿಸುತ್ತಿರುವ ಲೇಖಾ ವಿಧಾನ ನೀತಿಗಳು, ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ಕಾಲಕಾಲಕ್ಕೆ ಹೊರಡಿಸಿರುವ ಮಾರ್ಗದರ್ಶಿ ಸೂತ್ರಗಳಿಗೆ ಅನುಗುಣವಾಗಿವೆ. 31.3.2010ರಂದು ಅಂತ್ಯಗೊಂಡ ವರ್ಷದಂದು ಇದ್ದ ಬ್ಯಾಂಕಿನ ಸ್ಥಿತಿಗತಿಯ ಮತ್ತು ಲಾಭದ ನಿಜವಾದ ಹಾಗೂ ಯಥಾರ್ಥವಾದ ಚಿತ್ರಣ ಕೊಡಲು ಯಥೋಚಿತ, ವಿವೇಕಯುತ ತೀರ್ಮಾನಗಳನ್ನು ಮತ್ತು ಅಂದಾಜುಗಳನ್ನು ಲೆಕ್ಕಪತ್ರಗಳನ್ನಿಡಲು ಮಾಡಲಾಗಿದೆ.
- 1956ರ ಕಂಪೆನಿ ಕಾಯಿದೆಯನ್ವಯ ಬ್ಯಾಂಕುಗಳಿಗೆ ಅನ್ವಯಿಸುವ ಉಪಬಂಧಗಳ ಪ್ರಕಾರ ಲೆಕ್ಕಪತ್ರಗಳನ್ನಿಡಲು ಬ್ಯಾಂಕು, ಯುಕ್ತ ಮತ್ತು ಅಗತ್ಯವಾದ ಎಚ್ಚರಿಕೆಯನ್ನು ತೆಗೆದುಕೊಂಡಿದೆ.
- 31.3.2010ರಂದು ಮುಕ್ತಾಯಗೊಂಡ ವಾರ್ಷಿಕ ಲೆಕ್ಕ ಪತ್ರಗಳನ್ನು 'ಪ್ರಚಲಿತ ಸಂಸ್ಥೆ' ಮಾದರಿಯಂತೆ ತಯಾರಿಸಲಾಗಿದೆ.

**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 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, your Bank has been responding well over the years through certain initiatives like participation in social, cultural, educational activities aimed at improving the living standard of the people at large. As a gesture of its concern and commitment to the society, your Bank donated generously to the flood relief fund of the Government of Karnataka when the unprecedented havoc caused by the fury of nature struck certain parts of north Karnataka last year. Your Bank has also sponsored events like medical check-up, de-addiction programmes, mass marriages etc intended for the benefit of the society at large. Your Bank believes firmly that being an integral part of the society, it is the all-round growth of the society which contributes ultimately to the growth of the Bank.

Further with the objective of providing basic banking services to vast sections of underprivileged and low-income groups who tend to be excluded from the banking system your Bank has put in place a “Financial Inclusion Plan” during the year. This plan envisages widening the reach of banking services to the remote and rural areas by making use of modern information technology and managerial capabilities of business correspondents.

**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 : 17.05.2010

**Ananthkrishna**  
Chairman

**ಶಾಸನಬದ್ಧ ಪ್ರಕಟಣೆ**

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

ಕಂಪನಿ ಕಾಯಿದೆ 1956ರ ವಿಭಾಗ 217 (2ಎ) ಹಾಗೂ ಕಂಪನಿಗಳ (ಸಿಬ್ಬಂದಿ ವಿವರ) ವಿಧಿ 1975 ನಿಯಮಾನುಸಾರ ಬಹಿರಂಗಪಡಿಸಬೇಕಾದ ಮಾಹಿತಿಯನ್ನು, ಈ ವರದಿಯ ಅನುಬಂಧ - IVರಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

**ಸಾಮಾಜಿಕ ಉಪಕ್ರಮ**

ಜವಾಬ್ದಾರಿಯುತ ಸಾಂಸ್ಥಿಕ ನಾಗರಿಕನಾಗಿ, ನಿಮ್ಮ ಬ್ಯಾಂಕು ಅತ್ಯುನ್ನತ ಸಾಮಾಜಿಕ ಕಳಕಳಿಯನ್ನು ಮೆರೆದಿದ್ದು, ಸಾಮಾಜಿಕ, ಸಾಂಸ್ಕೃತಿಕ, ಶೈಕ್ಷಣಿಕ ಚಟುವಟಿಕೆಗಳಿಗೆ ಉತ್ತಮ ಪ್ರೋತ್ಸಾಹ ನೀಡುತ್ತಾ, ತನ್ಮೂಲಕ ಜನಪದೀಯರ ಬದುಕಿನ ಔನ್ನತ್ಯಕ್ಕೆ ಕಾಲದಿಂದ ಕಾಲಕ್ಕೆ ಸ್ಪಂದಿಸುತ್ತಾ ಬಂದಿದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕು ತನ್ನ ಸಾಮಾಜಿಕ ಬದ್ಧತೆಯ ಪ್ರತೀಕವಾಗಿ, ಹಿಂದಣ ವರ್ಷ ಕರ್ನಾಟಕದಾದ್ಯಂತ ನೆರೆಹಾವಳಿಯಿಂದ ಹಿಂದೆಂದೂ ಆಗದಷ್ಟು ದಾರುಣ ಹಾನಿ ಆದಾಗ, ಕರ್ನಾಟಕ ಸರ್ಕಾರದ ಮೂಲಕ ನೆರೆ ಪರಿಹಾರ ನಿಧಿಗೆ ಗಮನಾರ್ಹ ಕೊಡುಗೆ ನೀಡಿತು. ನಿಮ್ಮ ಬ್ಯಾಂಕು ಸಮಾಜದ ಅವಶ್ಯಕತೆಗಳಿಗೆ ಸ್ಪಂದಿಸುತ್ತಾ, ಶ್ರೀಸಾಮಾನ್ಯರಿಗೆ ಉಪಯುಕ್ತವಾಗುವ ಆರೋಗ್ಯ ತಪಾಸಣಾ ಶಿಬಿರ, ವ್ಯಸನ ಮುಕ್ತತಾ ಕಾರ್ಯಕ್ರಮ, ಸಾಮೂಹಿಕ ವಿವಾಹ, ಮುಂತಾದ ಚಟುವಟಿಕೆಗಳಿಗೆ ಪ್ರಾಯೋಜಕತ್ವ ನೀಡುತ್ತಿದೆ. ಸಮಾಜದ ಒಂದು ಭಾಗವೇ `ತಾನು` ಎನ್ನುವುದನ್ನು ನಿಮ್ಮ ಬ್ಯಾಂಕು ದೃಢವಾಗಿ ನಂಬಿದ್ದು, ಸಮಾಜದ ಸರ್ವಾಂಗೀಣ ಅಭಿವೃದ್ಧಿಯೇ, ಬ್ಯಾಂಕಿನ ಸರ್ವಾಂಗೀಣ ಅಭಿವೃದ್ಧಿಗೆ ಪೂರಕವಾಗುತ್ತದೆ ಎನ್ನುವ ನಿಲುವನ್ನು ಹೊಂದಿದೆ.

ಈ ತನಕ ಬ್ಯಾಂಕಿಂಗ್ ಸೇವಾ ವ್ಯಾಪ್ತಿಯಿಂದ ಹೊರಗಿರುವ, ಸಮಾಜದ ಅತ್ಯಂತ ಕೆಳಸ್ತರದ, ಕಡಿಮೆ ಆದಾಯವುಳ್ಳ ಜನರನ್ನು ತಲುಪಲು, ನಿಮ್ಮ ಬ್ಯಾಂಕು ಪ್ರಸ್ತುತ ವರ್ಷದಲ್ಲಿ ಆರ್ಥಿಕ ಒಗ್ಗೂಡಿಕೆ ಯೋಜನೆಯಡಿಯಲ್ಲಿ, ಅತ್ಯುತ್ತಮ ಬ್ಯಾಂಕಿಂಗ್ ಸೇವೆ ಒದಗಿಸುವ ನಿಟ್ಟಿನಲ್ಲಿ ಕಾರ್ಯೋನ್ಮುಖಗೊಂಡಿದೆ. ಈ ಯೋಜನೆಯನ್ವಯ ಅತ್ಯಂತ ಕುಗ್ರಾಮದಲ್ಲಿರುವ ನಿಮ್ಮ ವರ್ಗದ ಅಸಂಖ್ಯಾತ ಮಂದಿಗೆ, ತಾಂತ್ರಿಕ ಜ್ಞಾನ ಔನ್ನತ್ಯದ ಅತ್ಯುತ್ತಮ ಬ್ಯಾಂಕಿಂಗ್ ಸೇವೆಯನ್ನು ವ್ಯಾಪಕಗೊಳಿಸಲು ಸಾಧ್ಯವಾಗುತ್ತದೆ.

**ಕೃತಜ್ಞತೆಗಳು**

ನಿಮ್ಮ ನಿರ್ದೇಶಕರು, ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ, ಇತರ ಸರಕಾರಿ ನಿಯಂತ್ರಣ ಪ್ರಾಧಿಕಾರದ, ಆರ್ಥಿಕ ಸಂಸ್ಥೆಗಳ, ಸಹಭಾಗಿ ಬ್ಯಾಂಕುಗಳ ನಿರಂತರ ಮಾರ್ಗದರ್ಶನ ಮತ್ತು ಬೆಂಬಲಗಳಿಗಾಗಿ ತಮ್ಮ ಹೃತ್ಪೂರ್ವಕ ಕೃತಜ್ಞತೆಗಳನ್ನು ದಾಖಲಿಸಲು ಇಚ್ಛಿಸುತ್ತಾರೆ. ಬ್ಯಾಂಕಿನ ಶೇರುದಾರರ, ಠೇವಣಿದಾರರ ಮತ್ತು ಗ್ರಾಹಕರ ನಿರಂತರ ಬೆಂಬಲ, ಸಹಕಾರ ಮತ್ತು ನಂಬಿಕೆಗಳಿಗಾಗಿ ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಚಿರಋಣಿಗಳಾಗಿದ್ದಾರೆ. ಬ್ಯಾಂಕಿನ ಎಲ್ಲಾ ಸ್ತರದ ಸಿಬ್ಬಂದಿ ವರ್ಗದವರು ನೀಡಿದ ಸಕ್ರಿಯ ಬೆಂಬಲ ಮತ್ತು ಸಹಕಾರಕ್ಕಾಗಿ, ಬ್ಯಾಂಕಿನ ನಿರಂತರ ಪ್ರಗತಿ ಮತ್ತು ಆದಾಯಕ್ಕಾಗಿ ಎಲ್ಲರೂ ಅತ್ಯುತ್ತಮ ವೃತ್ತಿಪರತೆ ಪ್ರದರ್ಶಿಸಿರುವುದಕ್ಕಾಗಿ ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಹೃತ್ಪೂರ್ವಕ ಮೆಚ್ಚುಗೆಯನ್ನು ದಾಖಲಿಸುತ್ತಾ ಮತ್ತು ಮುಂಬರುವ ದಿನಗಳಲ್ಲಿ ಬ್ಯಾಂಕನ್ನು ಹೊಸ ಎತ್ತರಕ್ಕೆ ಕೊಂಡೊಯ್ಯುವಲ್ಲಿ ಇವರೆಲ್ಲರ ನಿರಂತರ ಸಹಕಾರವನ್ನು ನಿರೀಕ್ಷಿಸುತ್ತಾರೆ.

ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ಪರವಾಗಿ ಮತ್ತು ಅಪ್ಪಣೆಯೊಂದಿಗೆ

ಸ್ಥಳ : ಮಂಗಳೂರು  
ದಿನಾಂಕ : 17.5.2010

**ಅನಂತಕೃಷ್ಣ**  
ಅಧ್ಯಕ್ಷರು

**ANNEXURES FORMING PART OF DIRECTORS REPORT****Annexure I**

Disclosure in respect of Employee Stock Option Scheme pursuant to SEBI ((Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999.

In the year 2006, Shareholders of the Bank had approved stock option scheme to be implemented in the Bank. Under the Scheme a total of 15,00,000 stock options were available for grant. The ESOP Committee of the Board administers the scheme in the Bank. The Bank is yet to implement the second stock option scheme as approve by the shareholders at the Annual general Meeting held on August 8, 2009.

The activity in the options outstanding under the Employee Stock Option Scheme ESOS– 2006) as at March 31, 2010 is as under:

Total grants authorized under the Scheme	15,00,000 Shares		
	Series 1	Series 2	Series 3
Number of Options outstanding at the beginning of the year	731570	7430	508900
Number of Options granted during the year	Nil	Nil	Nil
Pricing formula on date of grant	Rs. 50 per share/option	Rs. 50 per share/option	Rs. 50 per share/option
Number of Options vested during the year	272910	2610	200170
Number of Options exercised during the year	207580	1780	76520
Total Number of shares arising as a result of exercise of options during the year	207580	1780	76520
Options lapsed/forfeited/cancelled (nos)	16320	420	12120
Variation of terms of options	Nil	Nil	Nil
Money realized by exercise of options, including premium	10379000	89000	3826000
Total Number of Options in force as on March 31, 2010	507670	5230	420260
Grant to senior Managerial personnel during the year	Nil	Nil	Nil
Employees receiving 5 percent or more of the total number of options granted during the year during the year ended	Nil	Nil	Nil
Employees granted options equal to or exceeding 1 percent of the issued capital	Nil	Nil	Nil

The Bank follows the intrinsic method for valuing the stock options. The intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. 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.

SI No	Particulars	Amount in Rs
1	Intrinsic value	38261525
2	Cost as per Black Scholes model	37784303
	Excess charged	(477222)

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

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:

SI 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 31<sup>ST</sup> MARCH 2010.

#### 1. SCOPE OF APPLICATION

The Karnataka Bank Limited is a premier private sector bank which was incorporated on February 18th 1924 in 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 percent in M/s Universal Sampo 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

The capital structure of the Bank is as detailed below:-

(Rs. in crore)

	Particulars	No of equity Shares	Face value per share	Amount
1	Authorised Capital	200000000	10	200.00
2	Issued Capital	133999950	10	134.00
3	Subscribed Capital	133992872	10	133.99
4	Called up/Paid up Capital	133976322	10	133.98

The Bank's shares are listed on the National Stock exchange and Bombay Stock Exchange. During the year ended March 31, 2010, the Bank undertook a Qualified Institutions Placement (QIP) of 12115564 equity shares at a price of Rs. 132.75 per share including the premium of Rs. 122.75 per share. As a consequence, the paid up share capital of the Bank has increased by Rs. 12.12 crore and the reserves of the Bank (share premium) have increased by Rs. 145.30 crore after charging issue related expenses.

During the year, the Bank has also allotted equity shares to employees under its Employee Stock Option Scheme.

Tier II capital of the Bank stood at Rs. 435.36 crores with Rs. 350.00 crores subordinated debt, 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 percent	120.50
29-03-2008	29-03-2018	10.25 percent	29.50
27-09-2008	27-09-2018	11.25 percent	200.00
<b>TOTAL</b>			<b>350.00</b>

#### Breakup of Capital Funds

The Tier I Capital of the Bank comprises of

(Rs in crore)

1	Paid up Capital (including forfeited shares)	133.99
2	Reserves	1681.27
	<b>Total</b>	<b>1815.26</b>

The Tier II Capital of the Bank comprises of

(Rs in crore)

1	Undisclosed reserves	12.45
2	General Provisions and Loss Reserves	72.91
3	Subordinated debts eligible for inclusion in Lower Tier 2 Capital	350.00
	<b>Total</b>	<b>435.36</b>

The Total eligible capital comprises of

(Rs in crore)

1	Tier I Capital	1815.26
2	Tier II Capital	435.36
	<b>Total</b>	<b>2250.62</b>

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 under Basel II for credit, market and operational risk and the capital adequacy ratio as on 31st March 2010:**

(Rs in crore)

A	Capital requirement for Credit Risk	
	-Portfolios subject to Standardized approach	1437.79
	-Securitization exposures	0.00
B	Capital requirement for Market Risk	
	Standardized duration approach	101.11
	-Interest rate Risk	63.93
	-Foreign exchange risk	2.16
	-Equity Risk	35.02
C	Capital requirement for Operational Risk	
	-Basic Indicator approach	98.70
D	Total Capital requirement	1637.60
E	Total Capital Funds of the Bank	2250.62
F	Total Risk Weighted Assets	18195.47
G	Capital Adequacy Ratio of the Bank (percent)	12.37%
H	Tier I CRAR (%)	9.98%
I	Tier II CRAR (%)	2.39%

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

		31.03.2010	31.03.2009
i	Capital Adequacy Ratio -- Tier – I	9.56	10.65
ii	Capital Adequacy Ratio -- Tier – II	2.29	2.89
iii	Total Capital Adequacy	11.85	13.54
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	350.00

### 3. RISK MANAGEMENT: OBJECTIVES AND ORGANIZATION STRUCTURE

The various risks the Bank is exposed to 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 Bank has a well documented Board approved 'Risk Management Policy' in place. 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 three track committee approach. The committees are Credit Policy Committee (CPC), Asset Liability Management Committee (ALCO) and Operational Risk Management Committee (ORMC). An Integrated Risk Management Committee (IRMC) evaluates the overall risk factors faced by the bank and directly reports to the Board of directors.

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 also undertakes periodic validation exercise of its rating models and also conducts migration and default rate analysis to test robustness of its rating models. Presently the borrowers have been rated under 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 31<sup>st</sup> March 2010 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	2515.14	17.05	2219.25	18.31
KB2	Lowest	3252.25	22.05	2998.20	24.73
KB3	Lower	2231.28	15.13	1380.47	11.39
KB4	Low	2616.13	17.73	2556.72	21.09
KB5	Moderate	875.31	5.93	678.22	5.59
KB6	Average	184.78	1.25	86.79	0.72
KB7	High	218.74	1.48	105.47	0.87
KB8	Very High	68.85	0.47	19.97	0.16
KB9	Sub Standard	151.14	1.02	97.98	0.81
KB10	Doubtful/Loss	398.49	2.70	345.22	2.85
	Unrated	2239.56	15.19	1634.68	13.48
	<b>Total</b>	<b>14751.67</b>	<b>100.00</b>	<b>12122.97</b>	<b>100.00</b>

\* Includes Gold Loan, Loans against Deposits 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.

#### 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 monitoring 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.

- 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.

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

### a) Geographic Concentration

(Rs in crores)

Sl No	State/Union Territory	No of Branches	Total Gross Loans and Advances	percent to total Loans and Advances
1	Andhra Pradesh	33	1374.75	9.32
2	Assam	1	17.96	0.12
3	Bihar	1	1.66	0.01
4	Chandigarh	1	210.30	1.43
5	Chhattisgarh	4	104.71	0.71
6	Delhi	17	1528.43	10.36
7	Goa	5	66.82	0.45
8	Gujarat	5	294.44	2.00
9	Haryana	4	474.27	3.22
10	Jharkhand	2	9.95	0.07
11	Karnataka	281	5035.95	34.14
12	Kerala	11	115.24	0.78
13	Madhya Pradesh	3	79.02	0.54
14	Maharashtra	34	2622.96	17.78
15	Orissa	3	310.11	2.10
16	Pondicherry	1	12.13	0.08
17	Punjab	4	190.35	1.29
18	Rajasthan	3	363.83	2.47
19	Tamilnadu	32	1254.76	8.51
20	Uttar Pradesh	9	209.20	1.42
21	Uttarakhand	2	11.20	0.08
22	West Bengal	8	463.64	3.14
	<b>TOTAL GROSS ADVANCE</b>	<b>464</b>	<b>14751.67</b>	<b>100.00</b>

## b) Other Exposures

(Rs in crore)

SI No	Details of the Exposure	No of Accounts	Total Gross Loans and Advances	percent to total Loans and Advances
1	Exposure to Top 20 accounts	20	3144.22	21.31%
2	Term loan with residual maturity of more than 3 years	54566	5425.27	36.78%
3	Unsecured loan	24788	1103.88	7.49%
4	Individual exposure exceeding 15% of capital funds	1	192.85	1.31%
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.

The credit policy deals with short term 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 loans.

**Disclosure for portfolios subject to the standardized approach**

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. Bank has approved 4 domestic credit rating agencies identified by RBI i.e CRISIL, CARE, FITCH India and ICRA. 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%	388.89
2	100%	5619.65
3	More than 100%	965.58
	<b>Total</b>	<b>6974.12</b>

**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 Base 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, Bank own deposits, gold (including bullion and jewellery, subject to collateralized jewellery being notionally converted/benchmarked to 99.99 percent 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 as under:

	(Rs in crore)
Eligible financial collaterals after haircuts	1446.80
Eligible guarantees	409.57

#### 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. A non performing asset (NPA) is a loan or an advance where;

- i. Interest and/or instalment of principal remain overdue for a period of more than 90 days in respect of a term loan,
- ii. The account remains 'out of order' as indicated at paragraph 2.2 below, in respect of an Overdraft/Cash Credit (OD / CC),
- iii. The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
- iv. The instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops,
- v. The instalment of principal or interest thereon remains overdue for one crop season for long duration crops,
- vi. The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of guidelines on securitisation dated February 1, 2006.
- vii. In respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

#### A.Total gross credit exposure including geographic distribution of exposure (Rs in crore)

	Domestic	Overseas	Total
Fund Based	14751.67	0.00	14751.67
Non Fund based	2227.59	0.00	2227.59
<b>Total</b>	<b>16979.26</b>	<b>0.00</b>	<b>16979.26</b>

## B. Distribution of Credit Exposure by Industry/Sectors

(Rs in crore)

SI No	INDUSTRY CLASSIFICATION	FUND BASED	NON FUNDED
1	Coal & Mining	44.06	15.06
2	Iron & Steel	257.44	74.03
3	Metal & Metal Products	37.47	9.47
4	Other Engineering	278.23	135.78
5	Electronics	33.05	1.17
6	Cotton Textile	503.96	83.91
7	Jute Textile	4.36	0.00
8	Other Textile	518.23	40.36
9	Tea Industry	38.37	0.30
10	Khandasari & Sugar	26.31	0.02
11	Vegetable Oil	6.49	0.00
12	Tobacco & Tobacco Products	0.89	0.00
13	Paper & Paper Products	107.32	6.89
14	Rubber & Rubber Products	8.67	13.77
15	Chemicals & Dyes	50.15	9.42
16	Drugs & Pharmaceuticals	65.85	13.22
17	Cement & Cement Products	202.47	2.07
18	Leather & Leather Products	21.41	4.41
19	Petroleum Products	13.60	0.85
20	Food Processing	70.24	5.01
21	Gems & Jewellery	555.91	46.62
22	Automobiles	117.92	10.18
23	Computer Software & Hardware	23.84	14.05
24	Infrastructure Advances	2110.31	451.30
25	Wood Based Industry	48.92	48.35
26	Plastic & Plastic Products	115.18	15.50
27	All Other Industries	232.39	104.32
	<b>Gross Industrial Advances</b>	<b>5493.04</b>	<b>1106.06</b>

The details of the Industry/sectors wherein the bank's exposure in the related Industry/sectors has exceeded the 5 percent of total gross credit exposure as detailed here below.

SI No	Industry / Sectors Classification	Percentage of the total Credit Exposure
1	Infrastructure advances	14.31%

**C. Residual Contractual Maturity breakdown of Assets/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	209.67	309.91	347.98	319.78	1624.24	1493.93	2073.35	3542.73	3126.18	1387.92	14435.69
Investments	306.20	138.94	0.00	0.00	188.54	104.06	46.89	910.05	902.13	7395.23	9992.04
Deposits	460.82	491.29	541.59	506.35	2032.83	2916.60	4272.45	5434.44	6842.93	231.35	23730.65
Borrowings	149.85	0.00	0.00	0.00	27.81	63.68	50.15	50.15	0.00	0.00	341.64
Foreign											
Currency	40.49	370.85	127.46	89.12	1838.25	602.16	659.73	27.50	0.00	0.00	3755.56
Assets											
Foreign											
Currency	39.70	377.72	79.58	42.72	1808.41	628.93	717.85	46.45	12.20	0.10	3753.66
Liabilities											

**D. Movement of NPAs and Provision for NPAs**

(Rs in crore)

		31.03.2010	31.03.2009
<b>A</b>	<b>Amount of NPA's ( Gross)</b>	<b>549.64</b>	<b>443.20</b>
	-Substandard	151.14	97.98
	-Doubtful 1	194.87	102.81
	-Doubtful 2	95.71	62.12
	-Doubtful 3	53.02	94.75
	-Loss	54.90	85.54
<b>B</b>	<b>Net NPAs</b>	<b>188.61</b>	<b>116.10</b>
<b>C</b>	<b>NPA Ratios</b>		
	- Gross NPAs to Gross Advances	3.73	3.66
	- Net NPAs to net Advances	1.31	0.98
<b>D</b>	<b>Movement of NPAs (Gross)</b>		
	a) Opening Balance	443.20	379.57
	b) Additions during the year	300.28	162.44
	Sub Total (i)	<b>743.48</b>	<b>542.01</b>
	Less :		
	a) Upgradations	49.80	19.23
	b) Recoveries (excluding recoveries made in upgraded accounts)	67.91	71.18
	c) Write Off	76.13	8.40
	Sub Total (ii)	<b>193.84</b>	<b>98.81</b>
	Closing Balance	<b>549.64</b>	<b>443.20</b>

<b>E</b>	<b>Movement of Net NPAs</b>		
	a) Opening Balance	116.10	106.48
	b) Additions during the year	202.03	93.39
		<b>318.13</b>	<b>199.87</b>
	c) Reductions during the year	129.52	83.77
	d) Closing Balance	<b>188.61</b>	<b>116.10</b>
<b>F</b>	<b>Movement of provisions for NPAs</b>		
	a) Opening balance	301.23	247.04
	b) Provisions made during the year	81.00	47.00
	c) Write off/write back of excess provisions	(76.62)	7.19
	d) Closing balance	<b>305.61</b>	<b>301.23</b>
	<b>Movement of Floating Provisions</b>		
	a) Opening Balance	11.69	13.00
	b) The quantum of floating provisions made during the year	0.00	0.00
	c) Purpose and Amount of draw down made during the year	1.31	1.31
	d) Closing balance	<b>10.38</b>	<b>11.69</b>

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

(Rs in crore)

		31.03.2010	31.03.2009
A	Amount of Non performing Investments	0.00	0.00
B	Amount of Provision held for Non performing Investments	0.00	0.00
C	Movement of provisions for depreciation on Investments		
	a) Opening balance	47.83	44.31
	b) Add: Provisions made during the year	0.00	33.35
	c) Less: Write off/write back of excess provisions	18.22	29.83
	<b>d) Closing balance</b>	<b>29.61</b>	<b>47.83</b>

#### 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 oversee the market risk management of the bank, procedures thereof, implementing risk management guidelines issued by regulator, best risk management practices followed globally and ensure 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 the 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)

SI No	Risk Category	Capital Charge
I	Interest Rate (a+b)	63.93
a	General Market Risk ( i to iv)	46.46
i	Net Positions ( parallel shift)	45.88
ii	Horizontal disallowance (Curvature)	0.00
iii	Vertical disallowance (basis)	0.58
iv	Options	0.00
b	Specific Risk	17.47
II	Equity (a+b)	35.02
a	General Market Risk	15.46
b	Specific Risk	19.56
III	Foreign Exchange, Gold and Derivatives	2.16
<b>IV</b>	<b>Total Capital Charge for market Risk ( I+II+III)</b>	<b>101.11</b>



## 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.

The economic value i.e. impact on the capital fund due to change in interest rate by 200 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

Bank has initiated several measures to manage operational risk through identification, assessment and monitoring. A framework has been laid to capture loss data which can be mapped to operational risk events to measure the impact quantitatively. 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 the 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 into a value driven organization. Your Bank's philosophy of Corporate Governance has been aptly embedded in its Mission statement which reads as under:

*"To be a technology savvy, customer centric progressive Bank with a national presence, driven by 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 11 directors including the Managing Director. 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 persons drawn from specialized fields such as banking, finance, accountancy, law, agriculture and other areas as specified in the BR Act. Except Mr Ananthakrishna, Non-Executive Chairman and Mr P. Jayarama Bhat, Managing Director, all other directors on the Board are independent directors. As per the recommendations of Dr Ganguly Committee and pursuant to the advise of the Reserve Bank of India, the post of the Chairman and Chief Executive Officer has been split into (1) Part-time Non-Executive Chairman and (2) Managing Director. Accordingly Mr Ananthakrishna, upon completion of his term as Chairman and Chief Executive Officer of the Bank on July 12, 2009, was appointed as a part time Non-Executive Chairman with effect from July 13, 2009 and Mr P. Jayarama Bhat assumed charge as Managing Director of the Bank on July 14, 2009. Necessary approvals were obtained for both these appointments and the terms of appointments.

#### **Board Meetings:**

During the financial year ended March 31, 2010 the Board met 15 times on the following dates;

SI. No.	Date of the meeting	SI No	Date of the meeting
1	24.04.2009	9	24.10.2009
2	25.05.2009	10	30.11.2009
3	26.06.2009	11	30.12.2009
4	27.07.2009	12	29.01.2010
5	08.08.2009	13	17.02.2010
6	04.09.2009	14	13.03.2010
7	16.09.2009	15	27.03.2010
8	10.10.2009		

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 (Messrs)	No of meetings attended	Whether attended the last AGM	Directorship in other Public Limited Companies	Committee positions in other Public Limited Companies
Ananthakrishna	15	YES	2	1
P Jayarama Bhat (w.e.f 13.7.2009)	12	YES	NIL	NIL
M Bheema Bhat	13	YES	NIL	NIL
S R Hegde	15	YES	NIL	NIL
R V Shastri	15	YES	2	2
U R Bhat	15	YES	3	2
T S Vishwanath	12	YES	2	1
Sitarama Murty M	13	YES	2	2
S V Manjunath	14	YES	NIL	NIL
D Harshendra Kumar	12	YES	NIL	NIL
Dr. H Ramamohan	15	YES	NIL	NIL

**Note:** For the purpose of committee positions held in other public limited companies, only Audit Committee and Shareholders/Investors Grievance Committees are considered.

None of the Directors of the Board serve as members of more than 10 Committees or they act as Chairman of more than 5 Committees across all companies. There is no relationship amongst directors inter-se.

#### Remuneration of Directors:

The remuneration paid to the directors of the Bank during the year ended March 31, 2010 is furnished below:

Break up of remuneration	Amount Paid (Rs in lakh)	
	Mr. Ananthakrishna (from 1.4.2009 to 12.7.2009)	Mr. P. Jayarama Bhat (from 14.7.2009 to 31.3.2010)
Basic Salary	6.77	17.16
Dearness Allowance	1.36	3.43
House Rent Allowance	1.02	2.58
<b>Total</b>	<b>9.15</b>	<b>23.17</b>

Mr. Ananthakrishna, Non-Executive Chairman has foregone the payment of Rs 1 lakh per month w e f 13.7.2009 and the same has been reluctantly accepted by the Board.

Contribution to the Provident Fund at 10 percent of the basic pay and other benefits such as use of Car, telephone at residence, reimbursement of medical expenses etc. were also provided to these two directors during the period.

Other directors have not been paid any remuneration during the period under report except the sitting fees for attending Board /Committee meetings @Rs.10,000 and 6,000 respectively per meeting upto June 30, 2009 and @ Rs. 15,000 and Rs 10,000 respectively from July 1, 2009, the details of which are furnished hereunder:

Name of the Director (Messrs)	Sitting fees paid during 2009-10 (Rs in lakh)
Ananthakrishna (w e f 13.7.2009)	3.40
M Bheema Bhat	3.16
S R Hegde	4.04
R V Shastri	3.90
U R Bhat	2.70
T S Vishwanath	2.05
Sitarama Murty M	2.93
S V Manjunath	3.19
D Harshendra Kumar	2.22
Dr. H Ramamohan	2.88

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

### COMMITTEES OF THE BOARD:

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

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

In order to facilitate the Board to concentrate on policy matters and strategic planning etc., an Executive Committee of Board of Directors constituted earlier, continued its functions during this year also. The Committee has been re-constituted w e f 13.7.2009. It met 10 times during the year. As on March 31, 2010 the Committee was headed by Mr P Jayarama Bhat, Managing Director. The other members of the Committee are Messrs S R Hegde, R V Shastri and S V Manjunath. Details of the attendance at the meeting are as under;

#### Meetings record

Name of the Director (Messrs)	No of meetings attended
Ananthkrishna (Upto 12.7.2009)	3
P Jayarama Bhat ( w e f 14.7.2009)	7
S R Hegde	10
R V Shastri	10
S V Manjunath	9

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

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

1. Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

The ACB is functioning under the Chairmanship of Mr M Bheema Bhat, an independent Director. The members of the ACB consisted of Messrs Sitarama Murty M, D Harshendra Kumar and Dr H Ramamohan. All the members of the ACB are financially literate. The Company Secretary is acting as the secretary to the Committee. The Statutory Central Auditors, Chief Compliance Officer and the Head of the Inspection & Audit Department of the Bank are also invited to attend the meetings of the committee. During the year under review eight meetings of ACB were held on 04.04.2009, 25.5.2009, 27.6.2009, 27.7.2009, 09.10.2009 24.10.2009, 17.12.2009 and 29.01.2010

#### Meetings record of ACB.

Name of the Director (Messrs)	No of meetings attended
M Bheema Bhat	8
Sitarama Murty M	7
D Harshendra Kumar	5
Dr. H Ramamohan	8

### 3. Shareholders/Investors Grievance Committee:

A sub committee of the Board constituted during the year 2002 to specifically look into the grievances of shareholders/investors continued its functioning during the year ended March 31, 2010 also. The Committee was headed by Mr R V Shastri and the other members of the committee were Messrs U R Bhat and T S Vishwanath. The Committee met twice during the year under report on 30.11.2009 and 13.03.2010 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 132 complaints were received from the Investors/Shareholders during the year ended March 31, 2010 and all of them have been redressed satisfactorily. As required under the Listing Agreement a separate Email ID –investor.grievance@ktkbank.com has been created exclusively for the purpose of registering complaints by the investors.

### 4. Fraud Monitoring Committee:

As per the directions of the Reserve Bank of India, the Board had constituted a special Committee on 17.2.2004 exclusively dedicated to the monitoring and following up of cases of fraud involving amounts of Rs.1 crore and above. The terms of reference of the Committee were as under:

- a. Identify the systems lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same.
- b. Identify the reasons for delay in detection, if any, in reporting to top management of the Bank and RBI.
- c. Monitor progress of CBI/Police investigation, and recovery position.
- d. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.

- e. Review the efficacy of the remedial action taken to prevent recurrence of frauds such as strengthening of internal controls.
- f. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

The Committee has been re-constituted during the year under report and is functioning under the Chairmanship of Mr Ananthakrishna. The other members of the Committee are Messrs P Jayarama Bhat, M Bheema Bhat, S R Hegde, Sitarama Murty M and S V Manjunath.

The Committee met twice during the year on 26.6.2009 and 13.01.2010.

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

A Board level sub- committee called the Integrated Risk Management Committee (IRMC) was constituted on 24.12.2004 to devise a policy and strategy for integrated risk management containing various risk exposures of the Bank including credit risk and market risk. The Committee has been reconstituted during the year under report and consisted of Messrs Ananthakrishna, P Jayarama Bhat, M Bheema Bhat, R V Shastri and Sitarama Murty M.

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 5 times during the year on 08.06.2009, 22.6.2009, 08.08.2009, 07.11.2009 and 11.02.2010.

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

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

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

Accordingly a Nomination Committee was constituted on 29.7.2004. The Committee has been reconstituted during the year under report and consisted of Messrs Ananthakrishna, P Jayarama Bhat, S R Hegde, R V Shastri and S V Manjunath. The committee met once on 13.05.2009 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 Customer Service Committee headed by 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, annual survey of depositor satisfaction, tri-annual audit of such services and to review the performance of the Ad hoc committee periodically. The above committee continued its functioning during this year also. The Committee has been reconstituted during the year under report and as on March 31, 2010, the Committee consisted of Messrs Ananthakrishna, P Jayarama Bhat, D Harshendra Kumar and Dr. H Ramamohan. The Committee met once on 04.09.2009 during the year under report.

**8. Internal Capital Adequacy Assessment Committee (ICAAC).**

In order to review and recommend to the Board/IRMC the capital plan of the Bank and lay down the capital planning process and responsibilities as well as contingency planning for dealing with deviations and unexpected events and matters incidental thereto, ICAAC has been constituted in the Bank. The Committee was re-constituted during the year under report and was headed by Mr Ananthakrishna. The other members of the Committee as on March 31, 2010 were Mr P Jayarama Bhat and Mr U R Bhat. Four meetings of the Committee were held during the year under report.

**9. International Financial Reporting Standard (IFRS) Committee.**

In order to enable the Bank to have smooth convergence of Indian Accounting Standards with International Financial Reporting Standards (IFRS), a project steering committee viz IFRS Committee was constituted during the year under report as recommended by the working Group set up by the Indian Banks' Association (IBA). The Committee is headed by Mr Ananthakrishna. The other members of the Committee are Mr P Jayarama Bhat and Mr M Bheema Bhat besides the General Manager in charge of Treasury & Accounts & Information Technology and heads of HR & IR and Risk Management Department attending the meeting. The Committee met once during the year under report.

**10. Committee for Capital Augmentation (CFCA)**

In order to look into the ways and means of augmenting the capital funds, CFCA has been constituted on 4.9.2009 under the Chairmanship of Mr Ananthakrishna. Other members of the Committee were Mr. P Jayarama Bhat and Mr. S R Hegde. The Committee met six times during year on 5.9.2009, 22.9.2009, 7.11.2009, 20.1.2010, 22.1.2010 and 28.1.2010 in connection with the issue of shares through Qualified Institutions placement (QIP)

Apart from the above, there were also other Committees of the Board such as Committee for IT Strategy (Computer Committee) and ESOP Committee. These Committees meet as per the business requirements.

**COMMITTEES OF EXECUTIVES:**

Apart from the Board Committees, the Bank has also constituted several committees of executives such as 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
2009	Registered Office of the Bank, Mangalore	08.08.2009	Saturday	11.30 AM	Yes
2008	Registered Office of the Bank, Mangalore	12.07.2008	Saturday	12.00 Noon	Yes
2007	Registered Office of the Bank, Mangalore	30.06.2007	Saturday	11.30 AM	Yes

Neither any special resolution was passed in the previous year through postal ballot nor is any special resolution 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 March 31, 2010. 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 except a penalty of Rs 4400 levied by RBI on account of discrepancies detected while processing soiled note remittances received from currency chests in their Currency Verification Processing System (CVPS)/during inspection of the currency chest for non compliance with operational guidelines.

### MEANS OF COMMUNICATION:

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

### SHAREHOLDERS` INFORMATION:

#### A. Annual General Meeting:

- Date : July 31, 2010
- Day : Saturday
- Time : 11.30 AM
- Venue : The Karnataka Bank Ltd.  
Regd. & Head Office  
Mahaveera Circle  
Kankanady, Mangalore - 575 002

#### B. Book closure: 17.7.2010 to 31.7.2010 (both days inclusive)

#### C. Financial Calendar: 1st April to 31st March

- a) Quarter ending June, 30 2010: July, 2010
- b) Quarter ending Sept. 30, 2010: October, 2010
- c) Quarter Ending Dec. 31, 2010: January, 2011
- d) Quarter ending March 31, 2011: May, 2011

#### D. Dividend: The Board of Directors has recommended a dividend of 40 percent on the paid up capital of the Bank for the year ended March 31, 2010 (ie Rs 4 per share) and the same will be paid to the shareholders/beneficial holders of shares holding shares as on 16.7.2010 as per the Register of members /Register of beneficial owners.

Dividend Payment Date: Between 2.8.2010 to 16.8.2010.

#### Unclaimed Dividend:

As per the provisions of section 205A of the Companies Act, 1956, the unclaimed dividend for the financial year ended March 2001-2002 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 2002-2003 (position as on 31.3.2010) and the last date for transfer to Investor Education and Protection Fund.

Year	Unclaimed dividend (Rs)	Date of declaration	Due date for transfer
2002-2003	966265	31.07.2003	30.08.2010
2003-2004	1846748	29.07.2004	28.08.2011
2004-2005	1473276	15.07.2005	14.08.2012
2005-2006	2669190	06.07.2006	05.08.2013
2006-2007	3391713	30.06.2007	29.07.2014
2007-2008	6002610	12.07.2008	11.08.2015
2008-2009	10373556	08.08.2009	07.08.2016

#### E. Listing of shares:

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

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

The Bank has paid the annual listing fees for the year 2009-2010 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 Managing Director at least once in a fortnight. There are no share transfer requests pending for transfer as on March 31, 2010.

**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 BSE). The monthly high & low prices along with the volumes traded from 1.4.2009 to 31.3.2010 on the above Stock Exchanges are given below together with bench mark indices.

**Trading statistics on NSE**

Month	Share Price (Rs.)		No of shares traded	S&P CNX NIFTY	
	High	Low		High	Low
Apr 2009	87.45	67.95	3809861	3484.15	3060.35
May 2009	143.35	86.10	9827936	4448.95	3554.60
June 2009	149.80	132.25	5900595	4655.25	4235.25
July 2009	145.70	126.75	3753572	4636.45	3974.05
Aug 2009	141.05	122.80	3369590	4732.35	4387.90
Sep 2009	143.75	125.25	9212580	5083.95	4593.55
Oct 2009	169.20	127.75	16618268	5142.15	4711.70
Nov 2009	137.45	123.10	7599960	5108.15	4563.90
Dec 2009	129.70	124.70	5822727	5201.05	4952.60
Jan 2010	137.20	130.05	11695614	5281.80	4853.10
Feb 2010	127.40	110.50	4536381	4931.85	4718.65
Mar 2010	128.75	116.85	11023199	5302.85	5017.00

**Trading statistics on BSE**

Month	Share Price (Rs.)		No of shares traded	BSE Sensex	
	High	Low		High	Low
Apr 2009	87.25	68.35	1127737	11403.25	9901.99
May 2009	143.70	85.75	7282173	14625.25	11816.43
June 2009	149.35	131.25	1991220	15466.81	14265.53

July 2009	145.50	126.30	1126291	15670.31	13400.32
Aug 2009	140.55	123.45	1171170	15974.23	14784.92
Sep 2009	143.95	125.45	2632974	17126.84	15398.33
Oct 2009	168.85	127.70	4745889	17326.01	15896.28
Nov 2009	137.15	122.95	2116398	17198.95	15404.94
Dec 2009	129.20	124.75	1943272	17464.81	16601.20
Jan 2010	137.25	130.00	2658702	17701.13	16289.82
Feb 2010	127.50	110.65	797239	16496.05	15790.93
Mar 2010	128.80	116.70	4869683	17711.35	16772.56

### Shareholding pattern

Share holding pattern of the Bank as on 31.3.2010 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	2	3922774	3922774	2.93
(b)	Financial Institutions/Banks	11	2680460	2680460	2.00
(c)	Central Government/State Government(s)		NIL	NIL	NIL
(d)	Venture Capital Funds		NIL	NIL	NIL
(e)	Insurance Companies	5	4673758	4673758	3.49
(f)	Foreign Institutional Investors	60	35495838	35495838	26.49
(g)	Foreign Venture Capital Investors	NIL	NIL	NIL	NIL

(h)	Any Other	NIL	NIL	NIL	NIL
	Sub-Total (B)(1)	78	46772830	46772830	34.91
(2)	Non-institutions				
(a)	Bodies Corporate	967	23500099	23164354	17.54
(b)	Individuals -				
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	79623	41919285	26398756	31.29
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	598	20802659	18554267	15.53
(c)	Any other				
	Trust	8	44874	44874	0.03
	Clearing Members	234	460102	460102	0.34
	NRI	535	476473	476473	0.36
	Sub-Total (B)(2)	81965	87203492	69098826	65.09
	Total Public Shareholding (B) = (B)(1) + (B)(2)	82043	133976322	115871656	100.00
	TOTAL (A) + (B)	82043	133976322	115871656	100.00

#### Shareholdings of Directors as on 31.03.2010

Name of the Director (Messrs)	No of shares held
Ananthakrishna	6721
P Jayarama Bhat	1500
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 31.03.2010**

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	61317	74.74	96278750	7.19
5,001 -	10,000	9743	11.88	72960800	5.45
10,001 -	20,000	5536	6.75	80325390	6.00
20,001 -	30,000	2048	2.50	51353110	3.83
30,001 -	40,000	846	1.03	29639460	2.21
40,001 -	50,000	651	0.79	29905040	2.23
50,001 -	1.00,000	1080	1.32	76309650	5.70
1,00,001	and above	822	1.00	902991020	67.40
<b>Total</b>		<b>82043</b>	<b>100.00</b>	<b>1339763220</b>	<b>100.00</b>

**Dematerialisation of shares :** As per the Directives of SEBI, the equity shares of the Bank are compulsorily traded in dematerialized form by all categories of investors with effect from 26.2.2001. 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 31.3.2010, 86.49 percent 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, 4<sup>th</sup> Cross, Sampige Road, Malleshwaram, BANGALORE- 560 003

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

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

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

#### To the members of The Karnataka Bank Limited

We have 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 National Stock Exchange of India Ltd. (NSE) and the Bombay Stock Exchange Ltd (BSE) for the financial year ended 31st March 2010.

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 a 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

Firm Reg. No. 001689S

Sd/-

**(CA. SRINIVAS S. KAMATH)**

(M No. 201716 )

Partner

Place : Mangalore

Date : 17th May 2010

#### For VISHNU DAYA & CO.

Chartered Accountants

Firm Reg. No. 008456S

Sd/-

**(CA. VENKATESH KAMATH S.V.)**

(M No. 202626)

Partner

### 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, 2010

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 Jayarama Bhat	Managing Director & Chief Executive Officer (from 14.07.2009)	2316774	Contractual	Whole Time Employee	Managing Director & Chief Executive Officer	M.Sc. 35 years of Banking Sector experience	14.07.2009	58	-
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										
	Sri Ananthakrishna	Chairman & Chief Executive Officer (Upto 12.07.2009)	914516	Contractual	Whole Time Employee	Chairman & Chief Executive Officer	M.Sc. 38 years of Banking Sector experience	13 July 2000	63	-

**BALANCE SHEET AS ON 31ST MARCH, 2010**

(000's omitted)

	Schedule No.	As on 31.03.2010 Rs	As on 31.03.2009 Rs
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	133,98,61	121,58,47
Reserves and Surplus	2	1698,76,32	1445,44,23
Deposits	3	23730,64,88	20333,28,53
Borrowings	4	341,64,03	3,97,28
Other Liabilities and Provisions	5	1130,11,59	953,52,09
<b>TOTAL</b>		<b>27035,15,43</b>	<b>22857,80,60</b>
<b>ASSETS</b>			
Cash and balances with Reserve Bank of India	6	1743,09,79	1364,98,30
Balances with Banks and Money at Call & Short Notice	7	62,45,03	95,75,39
Investments	8	9992,04,63	8961,48,83
Advances	9	14435,68,33	11810,04,50
Fixed Assets	10	148,07,58	138,48,76
Other Assets	11	653,80,07	487,04,82
<b>TOTAL</b>		<b>27035,15,43</b>	<b>22857,80,60</b>
Contingent Liabilities	12	10119,23,84	10042,74,47
Bills for Collection		1032,24,27	928,92,87
Significant Accounting Policies	17		
Notes on Account	18		

Sd/-  
**Muralidhar K. Rao**  
Assistant General Manager

Sd/-  
**V. N. Manohar**  
Deputy General Manager

Sd/-  
**P. Jairama Hande**  
General Manager

Sd/-  
**P. Jayarama Bhat**  
Managing Director

Sd/-  
**Ananthakrishna**  
Chairman

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

For **VISHNU DAYA & CO**  
Chartered Accountants

Place : Mangalore  
Date : 17th May, 2010

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

Sd/-  
**CA. VENKATESH KAMATH S.V.**  
(M.No. 202626) (Partner)

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

(000's omitted)

	Schedule No.	For the year ended 31.03.2010 Rs	For the year ended 31.03.2009 Rs
<b>I. INCOME</b>			
Interest Earned	13	2043,41,92	1948,75,83
Other Income	14	311,26,18	321,79,31
<b>Total</b>		<b>2354,68,10</b>	<b>2270,55,14</b>
<b>II. EXPENDITURE</b>			
Interest Expended	15	1707,79,35	1443,82,76
Operating Expenses	16	386,04,74	346,51,01
Provisions and Contingencies		93,72,04	213,50,87
<b>Total</b>		<b>2187,56,13</b>	<b>2003,84,64</b>
<b>III. PROFIT</b>			
Net profit for the year		167,11,97	266,70,50
Profit brought forward		2,84	9,75
<b>Total</b>		<b>167,14,81</b>	<b>266,80,25</b>
<b>IV. APPROPRIATIONS</b>			
Transfer to Statutory Reserve		88,00,00	100,00,00
Transfer to Capital Reserve		0	60,67,22
Transfer to Revenue Reserve		3,00,00	7,00,00
Transfer to Special Reserve u/s 36 (i) (viii) of IT Act		6,68,00	12,31,00
Transfer to Investment Reserve Account		5,70,00	0
Transfer to Other Funds		1,00,00	1,45,00
Transfer to Proposed dividend		53,63,05	72,94,49
Transfer to Tax on proposed dividend		9,11,45	12,39,70
Balance carried over to Balance Sheet		2,31	2,84
<b>Total</b>		<b>167,14,81</b>	<b>266,80,25</b>
Number of Shares outstanding during the year (weighted average)		12,37,79,973	12,14,44,753
Earning per share (Rs per share of Rs10/- each - see note No: 7 of schedule 18 )			
Basic	Rs.	13.50	21.96
Diluted	Rs	13.45	21.96
Significant Accounting Policies	17		
Notes on Account	18		

Sd/-  
**Muralidhar K. Rao**  
Assistant General Manager

Sd/-  
**V. N. Manohar**  
Deputy General Manager

Sd/-  
**P. Jairama Hande**  
General Manager

Sd/-  
**P. Jayarama Bhat**  
Managing Director

Sd/-  
**Ananthakrishna**  
Chairman

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

For **VISHNU DAYA & CO**  
Chartered Accountants

Place : Mangalore  
Date : 17th May, 2010

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

Sd/-  
**CA. VENKATESH KAMATH S.V.**  
(M.No. 202626) (Partner)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010**

(000's omitted)

	March 31, 2010		March 31, 2009	
	Rs	Rs	Rs	Rs
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax and extra ordinary items		193,04,83		406,14,84
Adjustments for :				
Depreciation on Fixed Assets including				
Lease Adjustment charges	22,14,51		19,82,81	
Provisions and Contingencies	71,08,30		80,50,00	
Amortisation of premium on Held to Maturity Investments	28,86,49		11,94,84	
		122,09,30		112,27,65
Operating profit before working capital changes		315,14,13		518,42,49
Adjustment for :				
i) Advances & Other Assets	-2662,88,91		-919,27,28	
ii) Investments	-1041,20,05		-2650,43,45	
iii) Deposits, Borrowings & Other Liabilities	3793,27,53		3166,36,43	
		89,18,57		-403,34,30
Cash generated from operations		404,32,70		115,08,19
Direct taxes paid		102,58,30		168,10,16
<b>Net cash flow from operating activities (A)</b>		<b>301,74,40</b>		<b>-53,01,97</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets		-32,35,29		-39,04,07
Sale of fixed assets		87,91		51,03
<b>Net cash used in investing activities (B)</b>		<b>-31,47,38</b>		<b>-38,53,04</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of share capital (net of expenses)		1588456		1,06,37
Proceeds from long term borrowings		0		0
Dividend paid (Including Tax on Dividend)		-84,30,45		-70,21,09
Net Cash generated from Financing Activities ( C )		<b>74,54,11</b>		<b>-69,14,72</b>
Net increase in Cash & Cash equivalents (A+B+C)		<b>344,81,13</b>		<b>-160,69,73</b>
Cash & cash equivalents as at (opening)		1460,73,69		1621,43,42
Cash & cash equivalents as at (closing)		1805,54,82		1460,73,69

Sd/-  
**Muralidhar K. Rao**  
Assistant General Manager

Sd/-  
**V. N. Manohar**  
Deputy General Manager

Sd/-  
**P. Jairama Hande**  
General Manager

Sd/-  
**P. Jayarama Bhat**  
Managing Director

Sd/-  
**Ananthkrishna**  
Chairman

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

For **VISHNU DAYA & CO**  
Chartered Accountants

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

Sd/-  
**CA. VENKATESH KAMATH S.V.**  
(M.No. 202626) (Partner)

Place : Mangalore  
Date : 17th May, 2010



## SCHEDULE ANNEXED TO THE BALANCE SHEET

(000's omitted)

	As on 31.03.2010 Rs	As on 31.03.2009 Rs
<b>SCHEDULE - 1 - CAPITAL</b>		
<b>Authorised Capital</b> 20,00,00,000 Equity shares of Rs. 10/- each (Previous Year 20,00,00,000 Equity shares of Rs. 10/- each)	200,00,00	200,00,00
<b>Issued Capital</b> 13,39,99,950 equity shares of Rs 10 each (previous year 12,15,98,506 Equity shares of Rs. 10/- each)	134,00,00	121,59,85
<b>Subscribed Capital</b> 13,39,92,872 Equity shares of Rs. 10/- each (previous year 12,15,91,428 Equity shares of Rs. 10/- each)	133,99,29	121,59,14
<b>Called up/Paid-up Capital</b> 13,39,76,322 Equity shares of Rs.10/- each (Previous year 12,15,74,878 Equity shares of Rs.10/- each)	133,97,63	121,57,49
Add Forfeited Shares	98	98
<b>Total</b>	<b>133,98,61</b>	<b>121,58,47</b>
<b>SCHEDULE -2- RESERVES &amp; SURPLUS</b>		
<b>I. Statutory Reserve</b>		
Opening balance	918,00,00	818,00,00
Additions during the year	88,00,00	100,00,00
	1006,00,00	918,00,00
Deductions during the year	0	0
<b>Total</b>	<b>1006,00,00</b>	<b>918,00,00</b>
<b>II. Capital Reserve</b>		
Opening balance	63,68,79	3,01,57
Additions during the year (pursuant to sale of securities held under HTM category)	0	60,67,22
	63,68,79	63,68,79
Deductions during the year	0	0
<b>Total</b>	<b>63,68,79</b>	<b>63,68,79</b>
<b>III. Share Premium</b>		
Opening balance	162,94,42	159,61,48
Additions during the year	149,72,88	3,33,30
	312,67,30	162,94,78
Deductions during the year	0	36
<b>Total</b>	<b>312,67,30</b>	<b>162,94,42</b>
<b>IV. Revenue and other Reserves</b>		
<b>a) Revenue Reserve</b>		
Opening balance	267,00,00	260,00,00
Deductions at the beginning of the year	0	0
	267,00,00	260,00,00
Additions during the year	3,00,00	7,00,00
<b>Total</b>	<b>270,00,00</b>	<b>267,00,00</b>

(000's omitted)

	As on 31.03.2010 Rs	As on 31.03.2009 Rs
<b>b) Special Reserve u/s 36(i) (viii) of IT Act</b>		
Opening balance	23,56,00	11,25,00
Additions during the year	6,68,00	12,31,00
	30,24,00	23,56,00
Withdrawn during the year	0	0
<b>Total</b>	<b>30,24,00</b>	<b>23,56,00</b>
<b>c) Employee Stock Option Outstanding</b>		
Opening balance	8,71,80	4,76,82
Additions during the year	3,82,61	6,44,69
	12,54,41	11,21,51
Deductions during the year	3,60,87	2,49,71
<b>Total</b>	<b>8,93,54</b>	<b>8,71,80</b>
<b>d) Investment Reserve Account</b>		
Opening balance	1,50,38	1,50,38
Additions during the year	5,70,00	0
	7,20,38	1,50,38
Deductions during the year	0	0
<b>Total</b>	<b>7,20,38</b>	<b>1,50,38</b>
<b>V Balance in Profit and Loss Account</b>	<b>2,31</b>	<b>2,84</b>
<b>TOTAL ( I, II, III, IV and V )</b>	<b>1698,76,32</b>	<b>1445,44,23</b>
<b>SCHEDULE -3 DEPOSITS</b>		
<b>A.I. Demand Deposits</b>		
1. From Banks	2,43,73	2,20,41
2. From others	1704,04,61	1154,81,30
	<b>1706,48,34</b>	<b>1157,01,71</b>
<b>II. Savings Bank Deposits</b>	<b>38,13,68,01</b>	<b>2899,42,62</b>
<b>III. Term Deposits</b>		
1. From Banks	32,04,68	55,04,16
2. From others	18178,43,85	16221,80,04
	<b>18210,48,53</b>	<b>16276,84,20</b>
<b>Total : (I, II and III)</b>	<b>23730,64,88</b>	<b>20333,28,53</b>
<b>B. 1. Deposits of branches in India</b>	23730,64,88	20333,28,53
<b>2. Deposits of branches outside India</b>	0	0
<b>Total (1+2)</b>	<b>23730,64,88</b>	<b>20333,28,53</b>
<b>SCHEDULE -4 BORROWINGS</b>		
<b>I. Borrowings in India</b>		
1. Reserve Bank of India	0	0
2. Other Banks	0	5,85
3. Other Institutions and Agencies	250,16,03	3,91,43
<b>Total</b>	<b>250,16,03</b>	<b>3,97,28</b>
<b>II. Borrowings outside India</b>	91,48,00	0
<b>Total : (I and II)</b>	<b>341,64,03</b>	<b>3,97,28</b>
Secured borrowings included in I & II above Rs.	Nil	Nil

(000's omitted)

	As on 31.03.2010 Rs	As on 31.03.2009 Rs
<b>SCHEDULE - 5 OTHER LIABILITIES &amp; PROVISIONS</b>		
I. Bills Payable	198,65,54	145,30,15
II. Inter Office adjustments (Net)	3,51,01	1,20,80
III. Interest accrued	72,12,33	65,05,42
IV. Subordinated Debt for Tier II Capital	350,00,00	350,00,00
V. Deferred Tax Liability (Net)	102,92,85	60,77,85
VI. Others (including Provisions)*	402,89,86	331,17,87
<b>Total</b>	<b>1130,11,59</b>	<b>953,52,09</b>
* Includes Contingent provision of Rs 5766.33 Lakh for Standard Advances. (Previous Year Rs.5491.33 lakh)		
<b>SCHEDULE - 6 CASH &amp; BALANCES WITH THE RBI</b>		
<b>I. Cash in hand</b> (including foreign currency notes)	146,62,04	127,66,89
<b>II. Balances with Reserve Bank of India</b>		
1. In Current Account	1596,47,75	1237,31,41
2. In Other Accounts	0	0
<b>Total : (I and II)</b>	<b>1743,09,79</b>	<b>1364,98,30</b>
<b>SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL &amp; SHORT NOTICE</b>		
<b>I. IN INDIA</b>		
<b>i. Balances with Banks</b>		
a) In Current Accounts	39,53,28	44,74,06
b) In other deposit accounts	19,10,00	20,00,00
	<b>58,63,28</b>	<b>64,74,06</b>
<b>ii. Money at Call &amp; Short Notice</b>		
a) With Banks	0	0
b) With other institutions	0	0
<b>Total</b>	<b>58,63,28</b>	<b>64,74,06</b>
<b>II. OUTSIDE INDIA</b>		
i. In Current Accounts	3,81,75	31,01,33
ii. In Other Deposit Accounts	0	0
iii. Money at Call & Short Notice	0	0
<b>Total : (i, ii and iii)</b>	<b>3,81,75</b>	<b>31,01,33</b>
<b>Grand Total (I &amp; II)</b>	<b>62,45,03</b>	<b>95,75,39</b>

(000's omitted)

	As on 31.03.2010 Rs	As on 31.03.2009 Rs
<b>SCHEDULE - 8 INVESTMENTS</b>		
<b>I. Investments in India (Gross at cost)</b>		
	10021,65,23	9009,31,66
Less: Provision for depreciation	29,60,60	47,82,83
<b>Total</b>	<b>9992,04,63</b>	<b>8961,48,83</b>
<b>Break-up :</b>		
1. Government Securities	6400,97,57	5926,53,30
2. Other Approved Securities	4,98,08	9,67,47
3. Shares	139,77,43	85,06,76
4. Debentures and Bonds	809,38,68	1442,25,57
5. Subsidiaries and/ or Joint Ventures	22,50,00	22,50,00
6. Others	2614,42,87	1475,45,73
<b>Total</b>	<b>9992,04,63</b>	<b>8961,48,83</b>
<b>II. Investments outside India</b>	<b>0</b>	<b>0</b>
<b>Total (I+II)</b>	<b>9992,04,63</b>	<b>8961,48,83</b>
<b>SCHEDULE - 9 ADVANCES</b>		
A) 1. Bills Purchased & discounted	691,19,13	650,48,30
2. Cash Credits, Overdrafts and Loans repayable on demand	7728,29,56	6322,20,02
3. Term Loans	6016,19,64	4837,36,18
<b>Total</b>	<b>14435,68,33</b>	<b>11810,04,50</b>
B) 1. Secured by Tangible Assets *	<b>11553,70,26</b>	8999,93,96
2. Secured by Bank/Government Guarantees	1841,79,43	1733,09,29
3. Unsecured	1040,18,64	1077,01,25
<b>Total</b>	<b>14435,68,33</b>	<b>11810,04,50</b>
* Includes Advances against Book Debts		
C) <b>I. Advances in India</b>		
1. Priority Sectors	5252,95,82	4372,15,80
2. Public Sectors	1228,68,50	557,18,94
3. Banks	15,08	52,66
4. Others	7953,88,93	6880,17,10
<b>Total</b>	<b>14435,68,33</b>	<b>11810,04,50</b>
<b>II. Advances outside India</b>		
1. Due from Banks	0	0
2. Due from others	0	0
a) Bills Purchased & Discounted	0	0
b) Syndicated Loans	0	0
c) Others	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTAL (C. I and II)</b>	<b>14435,68,33</b>	<b>11810,04,50</b>

(000's omitted)

	As on 31.03.2010 Rs	As on 31.03.2009 Rs
<b>SCHEDULE - 10 FIXED ASSETS</b>		
<b>I. Premises</b>		
At cost as on 31st March of preceding year	100,38,36	82,50,68
Additions during the year	5,78,60	17,88,01
	106,16,96	100,38,69
Deductions during the year	13,67	33
	106,03,29	100,38,36
Depreciation to-date	23,09,98	20,24,10
<b>Total</b>	<b>82,93,31</b>	<b>80,14,26</b>
<b>II. Other Fixed Assets</b>		
(including Furniture & Fixtures)		
At cost as on 31st March of the preceding year	171,86,29	158,98,57
Additions during the year	26,56,70	21,16,07
	198,42,99	180,14,64
Deductions during the year	5,93,92	8,28,35
	192,49,07	171,86,29
Depreciation to date	128,34,35	114,51,34
<b>Total</b>	<b>64,14,72</b>	<b>57,34,95</b>
<b>III. Leased Fixed Assets</b>		
Cost as on 31st March of the preceding year	20,16,08	20,16,08
Additions during the year	0	0
	20,16,08	20,16,08
Deductions during the year	4,83,76	0
	15,32,32	20,16,08
Depreciation to-date	6,05,09	7,76,99
	9,27,23	12,39,09
Less: Accumulated Lease Adjustment	8,14,90	11,21,89
	1,12,33	1,17,20
Less: Other Adjustments	12,78	17,65
<b>Total</b>	<b>99,55</b>	<b>99,55</b>
<b>Total (I, II &amp; III)</b>	<b>148,07,58</b>	<b>138,48,76</b>
<b>SCHEDULE -11 OTHER ASSETS</b>		
I. Interest accrued	182,33,50	146,31,85
II. Tax paid in advance/tax deducted at source*	179,00,20	158,47,37
III. Stationery and Stamps	2,93,85	2,32,63
IV. Non-Banking Assets acquired in satisfaction of claims	1,46,70	20,49
V. Others	288,05,82	179,72,48
<b>Total</b>	<b>653,80,07</b>	<b>487,04,82</b>
* Includes Rs 4280.00 lakhs being MAT Credit Entitlement.		

(000's omitted)

	As on 31.03.2010 Rs	As on 31.03.2009 Rs
<b>SCHEDULE - 12 CONTINGENT LIABILITIES</b>		
I. Claims against the Bank not acknowledged as debts	28,32,91	16,87,20
II. Liability on account of outstanding Forward Exchange Contracts *	7163,95,76	8146,95,39
III. Guarantees given on behalf of constituents		
a) In India	1030,37,29	909,84,75
b) Outside India	0	0
IV. Acceptances, Endorsements & other Obligations	673,60,67	444,39,15
V. Other items for which the bank is contingently liable	1222,97,21	524,67,98
<b>Total</b>	<b>10119,23,84</b>	<b>10042,74,47</b>
*Includes derivatives		

**SCHEDULES TO PROFIT & LOSS ACCOUT FOR THE YEAR ENDED 31st MARCH 2010**

<b>SCHEDULE - 13 INTEREST EARNED</b>		
I. Interest/discount on advances/bills	1388,97,61	1390,92,99
II. Income on Investments	633,46,16	545,18,41
III. Interest on balances with R.B.I / other Inter-Bank funds	58,03	5,52,13
IV. Others	20,40,12	7,12,30
<b>Total</b>	<b>2043,41,92</b>	<b>1948,75,83</b>
<b>SCHEDULE - 14 OTHER INCOME</b>		
I. Commission, Exchange & Brokerage	126,27,59	103,20,67
II. Profit on sale of Investments (net)	114,75,62	159,31,30
III. Profit on Revaluation of Investments (net)	0	0
IV. Profit on sale of Land, Buildings & Other Assets (net)	21,08	1,22
V. Profit on Exchange Transactions(net)	24,53,45	28,89,17
VI. Income earned by way of dividends etc., from Subsidiaries /Companies and /or Joint Ventures abroad/ in India	0	0
VII. Lease Income	0	0
VIII. Miscellaneous income	45,48,44	30,36,95
<b>Total</b>	<b>311,26,18</b>	<b>321,79,31</b>
<b>SCHEDULE - 15 INTEREST EXPENDED</b>		
1. Interest on deposits	1661,94,94	1406,88,74
2. Interest on Reserve Bank of India/Inter-Bank Borrowings	4,39,67	10,32,28
3. Others	41,44,74	26,61,74
<b>Total</b>	<b>1707,79,35</b>	<b>1443,82,76</b>

(000's omitted)

	As on 31.03.2010 Rs	As on 31.03.2009 Rs
<b>SCHEDULE - 16 OPERATING EXPENSES</b>		
I. Payments to and provisions for employees	206,79,61	190,41,34
II. Rent, Taxes and Lighting	49,44,77	43,69,06
III. Printing and Stationery	3,99,21	3,56,15
IV. Advertisement and Publicity	3,17,98	2,94,90
V. Depreciation on Bank's property	22,23,09	19,83,57
VI. Directors' fees, allowances and expenses	57,24	43,65
VII. Auditors' fees and expenses (including branch auditors)	117,30	99,09
VIII. Law charges	1,36,02	1,30,61
IX. Postage, telegrams, telephones etc.	7,79,31	6,30,35
X. Repairs and Maintenance	12,27,14	11,93,77
XI. Insurance	24,06,76	20,97,91
XII. Other expenditure	53,16,31	44,10,61
<b>Total</b>	<b>386,04,74</b>	<b>346,51,01</b>

#### **SCHEDULE - 17 SIGNIFICANT ACCOUNTING POLICIES**

##### **1. BASIS OF PREPARATION:**

The accompanying financial statements have been prepared on historical cost convention on the accrual basis of accounting, unless otherwise stated, and comply with generally accepted accounting principles, statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time and notified accounting standards by Companies (Accounting Standards) Rules, 2006 to the extent applicable and current practices prevailing in banking industry in India.

##### **2. USE OF ESTIMATES:**

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses along with disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. The differences if any between estimate and actual will be dealt appropriately in future periods.

##### **3. 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 appropriated towards the principal, interest and charges in the order of demand. In the 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.

##### **4. 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.

**5. 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.

**6. 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.

- 7. 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 percent 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. Carrying amount of assets is reviewed at each balance sheet date for indication of impairment if any. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable value.

**8. 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.

**9. 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.

**10. 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.

**11. SHARE ISSUE EXPENSES:**

Share issue expenses are adjusted from share premium account.

**12. EMPLOYEE STOCK OPTION:**

The Bank has elected to use intrinsic value method to account for compensation cost of stock options granted to employees of the Bank. Intrinsic value is the amount by which the quoted market price of the underlying shares exceeds the exercise price of the options.

**13. 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.

#### 14. 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 2010.

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

- a) Reconciliation of branch adjustments/Inter Bank accounts has been completed upto 31-03-2010 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:

Recoveries made in Non-Performing advances are appropriated towards the principal, interest and charges in their order of demand instead of first appropriating the same towards the principal and the balance towards interest as followed in previous years. Due to this change, the profit (net) for the year is higher by Rs 4.97 crore.

##### 3. Share Issue Expenses

During the year, the Bank issued equity shares under Qualified Institutional Placement. The entire expenses including amount paid to Lead Merchant Bankers have been deducted from the share premium collected on the issue as per the provisions of section 78(2) (c) of The Company's Act 1956..

##### 4. 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 lumpsum 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 2010, 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	125.24	57.00	29.63
Interest Cost	9.71	4.42	2.30
Current Service Cost	5.65	1.45	1.35
Benefits Paid	0.00	(5.56)	0.00
Actuarial Loss/(Gain) on Obligations	6.79	1.39	(0.63)
Present Value of obligation at year end	147.39	58.70	32.65

**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	125.75	57.40	29.63
Expected return on Plan Assets	9.75	4.45	0.00
Employer's contribution	19.76	5.00	2.63
Benefits Paid	0.00	(5.56)	0.00
Actuarial (Loss)/Gain on Obligations	(7.48)	(1.90)	0.39
Fair Value of Plan Asset at the end of the year	147.78	59.39	32.65

**c) Net Actuarial Gain/Loss**

(Rs. in crore)

	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
Actuarial (Gain) / Loss on obligations (i)	6.79	1.39	(0.63)
Actuarial Gain / (Loss) on assets (ii)	(7.48)	(1.90)	0.39
Net Actuarial Gain / (Loss) {(ii) – (i)}	(14.27)	(3.29)	1.02
Actuarial Gain / (Loss) recognised in the period	(14.27)	(3.29)	1.02
Actuarial Gain/ (Loss) unrecognised at the end of the year	0.00	0.00	0.00

**d) Amount recognized in Balance Sheet**

(Rs. in crore)

	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
Estimated Present value of deferred payment obligations as at the end of the year	147.39	58.70	32.65
Less: Fair Value of Plan Assets as at the end of the Year	147.39	58.70	32.65
Funded in advance	0.00	0.00	0.00
Unfunded Transitional Liability	0.00	0.00	0.00
Unfunded Net Liability / (Assets) recognised in Balance Sheet	(0.39)	(0.69)	0.00

## e) Expenses recognized in Profit &amp; Loss Account

(Rs. in crore)

	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
Current Service Cost	5.65	1.45	1.35
Interest Cost	9.71	4.42	2.30
Transitional Liability recognised during the year	0.00	0.00	0.00
Less: Expected return on Plan Asset	9.75	4.45	0.00
Net Actuarial Gain/(Loss) recognized in the year	(14.27)	(3.29)	1.02
Net Benefit Expense	19.88	4.71	2.63

## f) Movement in Liability Recognized in the Balance Sheet

(Rs. in crore)

	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
Opening Net Liability	0.00	0.00	0.00
Net benefit expensed	19.88	4.71	2.63
Contribution Paid	19.88	4.71	2.63
Closing net liability	(0.00)	(0.00)	(0.00)

## g) Investment percentage maintained by Pension &amp; Gratuity Trust

(%)

	Pension Trust	Gratuity Trust
Central Government Securities	0.00	18.17
State Government Securities	0.00	12.05
PSU Bond	0.00	20.87
Others	0.06	48.91
Insure Managed Fund	99.94	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

## h) Principal actuarial assumption at the Balance Sheet Date (expressed as weighted average)

	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
Method of Valuation	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Rate of Interest	8.00%	8.00%	8.00%
Rate of Inflation	4.25%	4.25%	4.25%
Mortality	LIC (94-96) - Table of Mortality Rates	LIC (94-96) - Table of Mortality Rates	LIC (94-96) - Table of Mortality Rates
Contribution	10% of basic Pay	-	-
Rate of withdrawal	-	-	5%

**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.
- 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.

## i) Other long term employee's benefits (Un-Funded)

(Rs.in crore)

	Other Benefits #
Liability as on 01.04.2009	3.07
Liability as on 31.03.2010	3.08*
Transitional Liability	0.00
Amount debited /(credited) to Profit & Loss Account	0.01

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

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

**5. 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 31.03.2010:**
**Part A – Business Segments**

(Rs. in crore)

Business Segments	31.03.2010	31.03.2009
<b>Revenue</b>		
Treasury	808.29	753.51
Corporate/Wholesale Banking	661.29	629.08
Retail Banking	839.41	850.46
Other Banking Operations	45.69	37.50
<b>Total</b>	<b>2354.68</b>	<b>2270.55</b>
<b>Result</b>		
Treasury	-77.68	34.15
Corporate/Wholesale Banking	-51.35	21.72
Retail Banking	303.14	331.72
Other Banking Operations	37.88	31.96
<b>Total</b>	<b>211.99</b>	<b>419.55</b>
Unallocated expenses	22.23	19.84
<b>Profit before Tax</b>	<b>189.76</b>	<b>399.71</b>
<b>Other Information</b>		
<b>Capital Employed (Segment assets minus segment liabilities)</b>		
(a) Treasury Operations	858.26	765.62
(b) Corporate Banking	594.64	472.77
(c) Retail Banking	379.34	327.83
(d) Other Banking Operations	0.51	0.81
<b>Total</b>	<b>1832.75</b>	<b>1567.03</b>

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

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

There is no related party transaction other than remuneration paid to Sri Ananthkrishna as Chairman and Chief Executive Officer upto 12.07.2009, a sum of Rs 9,14,516/- (Previous year Rs 32,40,000) and Sri P Jayarama Bhat as Managing Director and Chief Executive Officer from 13.07.2009, a sum of Rs. 23,16,774/- (previous year Rs nil) as remuneration and contribution to Provident Fund etc. Sri Ananthkrishna, non executive chairman has forgone the payment of Rs 1 lakh per month effective from July 13, 2009 and the same has been accepted by the Board.

**7. a) Earnings per Share (Accounting Standard 20)**

	31.03.2010	31.03.2009
i) Earnings per share Basic Rs.	13.50	21.96
ii) Earning per share Diluted Rs.	13.45	21.96
iii) Net Profit as per Profit and Loss Account (Rs. in crore)	167.12	266.70
iv) No of Equity Shares (weighted Avg.)-Basic	123779973	121444753
v) No of Equity Shares for Diluted earnings	124236031	121444753

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 2800 equity shares) allotment of which is in abeyance, being sub judice.

#### 8. 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 31.03.2010	As on 31.03.2009
<b>A. Deferred Tax Liabilities</b>		
1. Depreciation on fixed assets	5.12	5.54
2. Depreciation on investments	88.93	30.78
3. Accrued Interest on Investments	55.51	49.48
<b>Total</b>	<b>149.56</b>	<b>85.80</b>
<b>B. Deferred Tax Assets</b>		
1. PL/LFC Encashment	11.46	10.43
2. Arrears of Salary	15.52	7.82
3. Others	19.65	6.77
<b>Total</b>	<b>46.63</b>	<b>25.02</b>
<b>Net deferred tax liabilities (A) – (B)</b>	<b>102.93</b>	<b>60.78</b>

#### 9. 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.

#### 10. 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 <sup>st</sup> April 2009	15.41
Provided during the year	7.75
Amounts used during the year	11.25
Reversed during the year	0.00
Balance as at 31 <sup>st</sup> March 2010	11.91
Timing of outflow/uncertainties	Outflow on settlement / crystallization

\* excluding provisions for others.

\*\* Including towards customary practices

##### b) Contingent Liabilities of Schedule 12

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

##### c) Contingent Assets:- Nil

**11. ADDITIONAL DISCLOSURE:**

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

**11.1 Capital Adequacy:**

	31.03.2010	31.03.2009
i) Capital Adequacy Ratio (percent)		
- Basel - I	11.85%	13.54%
- Basel - II	12.37%	13.48%
ii) Capital Adequacy Ratio - Tier – I Capital (percent)		
- Basel - I	9.56%	10.65%
- Basel - II	9.98%	10.60%
iii) Capital Adequacy Ratio - Tier – II Capital (percent)		
- Basel - I	2.29%	2.89%
- Basel - II	2.39%	2.88%
iv) Amount of subordinated debt raised as Tier II capital (Rs in crore)	350.00	350.00

**11.2 Investments:**

(Rs in crore)

Items	31.03.2010	31.03.2009
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	10021.66	9009.32
(b) Outside India	Nil	Nil
(ii) Provisions for Depreciation		
(a) In India	29.61	47.83
(b) Outside India	Nil	Nil
(iii) Net Value of Investments		
(a) In India	9992.05	8961.49
(b) Outside India	Nil	Nil
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	47.83	44.31
(ii) Add: Provisions made during the year	0.00	33.35
(iii) Less : Write-off/write-back of excess provisions during the year	18.22	29.83
(iv) Closing balance	29.61	47.83

**11.3 Repo transactions :**

The particulars of Repo transactions are as under:

(Rs in crore)

Particulars	Outstanding during the Year			As on 31.03.2010
	Min	Max	Daily Average	
Securities sold under repos	50.00	50.00	0.41	0.00
Securities purchased under reverse repos	85.00	900.00	186.76	0.00

## 11.4 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	257.20	34.68	0.17	0.00	0.00
2	Financial Institutions	2569.71	2402.88	0.00	0.00	0.00
3	Banks	147.91	36.03	0.00	0.00	0.00
4	Private Corporates	277.71	162.69	0.00	24.54	0.77
5	Subsidiaries / joint ventures	22.50	22.50	0.00	22.50	22.50
6	Others	319.81	8.26	0.00	0.00	0.00
7	Less; Provision held towards depreciation/NPA	-8.74	XXX	XXX	XXX	XXX
	<b>TOTAL</b>	<b>3586.10</b>	<b>2667.04</b>	<b>0.17</b>	<b>47.04</b>	<b>23.27</b>

## 11.5 Non Performing Non-SLR investments

(Rs.in crore)

Particulars	2009-10	2008-09
Opening Balance	0.00	1.89
Additions during the year	0.00	0.00
Deductions during the above period	0.00	1.89
Closing Balance	0.00	0.00
Total Provision Held	0.00	0.00

## 11.6 Forward Rate Agreement/ Interest Rate Swaps/Exchange Traded Interest Rate Derivatives:

Forward Rate Agreements / Interest Rate Swap

(Rs in crore)

Items	31.03.2010	31.03.2009
i) The Notional principal of swap agreements	116.62	131.74
ii) Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	0.00	0.00
iii) Collateral required by the bank upon entering into swaps	0.00	0.00
iv) Concentration of credit risk arising from swaps	Client	Client
v) The fair values of the swap book	0.00	0.00

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)

Sl No	Particulars	Amount
i	Notional principal amount of exchange traded interest rate derivatives	Nil
ii	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 <sup>st</sup> March 2010 (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

## 11.7 Disclosure on Risk Exposures in Derivatives

### (i) Qualitative Disclosure:

Operations in the Treasury are segregated into three functional areas, namely 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, which, 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 187.01 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)

Sl. No	Particulars	Currency Derivatives	Interest Derivatives
1	Derivatives (Notional Principal Amount)		
	a) Hedging	2439.58	226.49
	b) Trading	4716.72	0.00
2.	Marked to Market Positions		
	Assets(+)	178.40	88.87
	Liabilities(-)	-162.01	-88.87
3.	Credit Exposure	327.93	91.24
4.	Likely impact of 1percent 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



## 11.8 Non-Performing Asset

(Rs. in crore)

	2009-10	2008-09
<b>i) Net NPAs to Net Advances (percent)</b>	<b>1.31</b>	<b>0.98</b>
<b>ii) Movement of NPAs (Gross)</b>		
a) Opening Balance	443.20	379.57
b) Additions during the year	300.28	162.44
<b>Sub Total i</b>	<b>743.48</b>	<b>542.01</b>
Less :		
a) Upgradations	49.80	19.23
b) Recoveries (excluding recoveries made in upgraded accounts)	67.91	71.18
c) Write Off	76.13	8.40
<b>Sub Total ii</b>	<b>193.84</b>	<b>98.81</b>
<b>Closing Balance</b>	<b>549.64</b>	<b>443.20</b>
<b>iii) Movement of Net NPAs</b>		
a) Opening Balance	116.10	106.48
b) Additions during the year	202.03	93.39
	<b>318.13</b>	<b>199.87</b>
c) Reductions during the year	129.52	83.77
d) Closing Balance	<b>188.61</b>	<b>116.10</b>
<b>iv) Movement of provisions for NPAs</b>		
a) Opening balance	301.23	247.04
b) Provisions made during the year	81.00	47.00
c) Write off/write back of excess provisions	(76.62)	7.19
d) Closing balance	<b>305.61</b>	<b>301.23</b>
<b>v) Movement of Floating Provisions</b>		
a) Opening Balance	11.69	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	1.31
d) Closing balance	<b>10.38</b>	<b>11.69</b>

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.

## 11.9 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 Borrowers	1	105	227	333
	Amount Outstanding	45.28	52.74	766.78	864.80
	Sacrifice (diminution in the fair value)	2.91	0.16	1.50	4.57
Sub-Standard Advances Restructured	No of Borrowers	0	5	4	9
	Amount Outstanding	0	1.04	0.79	1.83
	Sacrifice (diminution in the fair value)	0	0	0.01	0.01
Doubtful Advances Restructured	No of Borrowers	0	0	2	2
	Amount Outstanding	0	0	39.25	39.25
	Sacrifice (diminution in the fair value)	0	0	0	0
<b>Total</b>	<b>No of Borrowers</b>	<b>1</b>	<b>110</b>	<b>233</b>	<b>344</b>
	<b>Amount Outstanding</b>	<b>45.28</b>	<b>53.78</b>	<b>806.82</b>	<b>905.88</b>
	<b>Sacrifice (diminution in the fair value)</b>	<b>2.91</b>	<b>0.16</b>	<b>1.51</b>	<b>4.58</b>

**11.10 Details of Assets sold to Securitisation Company / Re-construction Company** (Rs. in crore)

Sl.No	Particulars	2009-10	2008-09
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

**11.11 Details of non-performing financial assets purchased** (Rs. in crore)

Sl.No.	Particulars	31.03.2010	31.03.2009
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

**11.12 Details of non-performing financial assets sold :** (Rs. in crore)

Sl No.	Particulars	31.03.2010	31.03.2009
1	No of accounts sold	1.00	0.00
2	Aggregate outstanding	0.00	0.00
3	Aggregate consideration received	1.50	0.00

**11.13 Provision on Standard Assets** (Rs. in crore)

Item	31.03.2010	31.03.2009
Provision towards Standard Assets	57.66	54.91

**11.14 Significant performance indicators**

	31.03.2010	31.03.2009
i) Interest Income to working funds	8.18%	8.99%
ii) Non-interest income to working funds	1.25%	1.66%
iii) Operating profits to working funds	1.04%	2.25%
iv) Return on Assets	0.67%	1.25%
v) Business (Deposits Plus Advances) per employee (Rs. in crore)	7.27	6.49
vi) Profit per employee (Rs. in crore)	0.03	0.05

**11.15 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	209.67	309.91	347.98	319.78	1624.24	1493.93	2073.35	3542.73	3126.18	1387.92	14435.69
Investments	306.20	138.94	0.00	0.00	188.54	104.06	46.89	910.05	902.13	7395.23	9992.04
Deposits	460.82	491.29	541.59	506.35	2032.83	2916.60	4272.45	5434.44	6842.93	231.35	23730.65
Borrowings	149.85	0.00	0.00	0.00	27.81	63.68	50.15	50.15	0.00	0.00	341.64
Foreign Currency Assets	40.49	370.85	127.46	89.12	1838.25	602.16	659.73	27.50	0.00	0.00	3755.56
Foreign Currency Liabilities	39.70	377.72	79.58	42.72	1808.41	628.93	717.85	46.45	12.20	0.10	3753.66

**11.16 Exposure to Sensitive Sectors:****i) Exposure to Real Estate**

(Rs. in crore)

	31.03.2010	31.03.2009
<b>a) Direct exposure</b>		
i) Residential Mortgages - Lendings fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	872.87	781.51
ii) Commercial Real Estates – Lendings secured by mortgages on commercial real estates including Non-Fund Based Limits	682.53	879.06
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a) Residential	2.34	3.70
b) Commercial Real Estate	0.00	0.00
<b>b) Indirect Exposure</b> Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	338.63	566.32
<b>Total Exposure to Real Estate Sector</b>	<b>1896.37</b>	<b>2230.59</b>

**ii) Exposure to Capital Market**

(Rs. in crore)

Category	31.03.2010	31.03.2009
i) Investments made in equity shares	160.27	138.10
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	11.52	24.20
iv) Application Money towards Rights issue	0.00	0.00
v) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/RSOPS) , convertible bonds and convertible debentures and units of equity oriented mutual funds.*	0.00	0.00
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;	0.02	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:	66.01	51.58
ix) loans sanctioned to corporate against the security of shares /bonds/debentures or others securities or on clean basis for meeting promoters contribution to the equity of new companies in anticipation of raising resources:	0.00	0.00
x) bridge loans to companies against expected equity flows/issues	0.00	0.00
xi) underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	0.00	0.00
xii) Financing to Stockbrokers for margin trading	0.00	0.00
xiii) all exposures to Venture capital funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	0.00	0.00
<b>Total capital market exposure</b>	<b>237.82</b>	<b>213.88</b>

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

**11.17 Exposure to Country Risk**

(Rs. in crore)

Risk Category	Exposure (net) as at 31.03.2010	Provision held as at 31.03.2010	Exposure (net) as at 31.03.2009	Provision held as at 31.03.2009
Insignificant	82.40	-	86.60	-
Low	174.42	-	153.39	-
Moderately Low	5.81	-	4.30	-
Moderate	1.09	-	0.07	-
Moderately High	0.90	-	0.75	-
High	0.00	-	0.00	-
Very High	0.00	-	0.00	-
Restricted	0.00	-	0.00	-
Off-Credit	0.00	-	0.00	-
<b>Total</b>	<b>264.62</b>	<b>-</b>	<b>245.11</b>	<b>-</b>

The net funded exposure of the bank in respect of foreign exchange transactions with each country is within 1percent of the total assets of the Bank and hence no country risk provision is required as per extant RBI guidelines.

**11.18** During the year, the bank has not raised any unsecured subordinated debts (Tier II Bond series III). (Previous year Rs 200.00 crore)

**11.19 Details of Single/Group Borrower limit exceeded by the Bank** - During the year ended 31-03-2010 the Bank has not exceeded the exposure ceiling fixed by RBI to Individual /Group borrowers of 15percent /40percent 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 percent	Maximum Limit / Liability as on 31.03.2010	Exposure percent
1	Jindal Saw Ltd.	314.37	15.79	192.85	9.69

**11.20 Unsecured Advances (Schedule 9)**

The Bank has not granted any advance against intangible securities such as change over the rights, licences, authority etc.

**11.21 Amount of Provision made during the year**

(Rs. in crore)

Particulars	Current Year	Previous Year
Provision for Incom Tax	48.50	194.00

**11.22 Penalties imposed by RBI:** During the year the RBI levied the penalty of Rs 4400/- on account of discrepancies detected while processing soiled note remittances received from currency chests in their CVPS / during inspection of the currency chests for non compliance with operational guidelines

**11.23 Provisions and contingencies comprise of:**

(Rs. in crore)

	31.03.2010	31.03.2009
i) Provision made towards NPAs / Sacrifice for restructured Standard Advance/ Provision for Standard assets as per RBI guidelines	88.56	47.00
ii) Provision towards Income tax	23.18	153.93
iii) Provision towards deferred tax	42.15	-24.55
iv) Provision for Wealth tax	0.11	0.10
v) Provision for Fringe Benefit Tax	0.00	3.53
vi) Provision for depreciation on investments	-18.23	33.35
vii) Provision for Others	0.75	0.15
viii) MAT Credit entitlement	-42.80	0.00
<b>Total</b>	<b>93.72</b>	<b>213.51</b>

**11.24 Customer Complaints:**

(a)	No of Complaints pending at the beginning of the year (31.03.09)	42
(b)	No of complaints received during the year	4600
(c)	No of complaints redressed during the year	4616
(d)	No of complaints pending at the end of year (31.03.10)	26

**11.25 Awards passed by the Banking Ombudsman**

(a)	No of unimplemented awards at the beginning of the year(31.3.09)	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 (31.03.10)	Nil

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

The shareholders of the Bank have approved the Employees Stock Options Scheme (ESOS) at the Annual General Meeting held on 15.7.2006 for grant to eligible employee's upto 1500000 stock options in aggregate. Accordingly stock options have been granted to the eligible employees at an exercise price of Rs 50 per share. As per the Scheme the stock options granted would vest in a graded manner i.e 40percent after the first year, 30percent in the second year and the remaining 30percent before the end of the third year from the date of grant. The vested options, subject to other conditions, are exercisable within a period of 5 years from the respective dates of vesting. During the year ended March 31, 2010 the Bank has provided a sum of Rs 38261525 as employee compensation cost being the proportionate accounting value in respect of stock options.

**11.27 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	266.45
2	Letter of comforts matured/cancelled during the year	277.39
3	Letter of comforts outstanding at the end of the year	82.56

**11.28** 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 14.98 crore being 65 percent of the amount claimed has been reimbursed by the RBI during the year ending 31st March 2010.

**11.29 Concentration of Deposits, advances, exposures and NPA's****i) Concentration of Deposits**

Sl.No.	Particulars	
1	Total deposits of 20 largest depositors ( Rs in Crore)	1986.45
2	percent age of deposits of 20 largest depositors to total deposits	8.37%

**ii) Concentration of Advances**

Sl.No.	Particulars	
1	Total advances of 20 largest borrowers ( Rs in Crore)	3144.22
2	percent age of advances of 20 largest borrowers to total advances (credit exposures including derivatives)	14.89%

**iii) Concentration of Exposures**

Sl.No.	Particulars	
1	Total exposures off 20 largest borrowers/Customers ( Rs in Crore)	3145.53
2	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the bank on borrowers / customers	14.03%

**iv) Concentration of NPAs** (Rs. in crore)

Sl.No.	Particulars	
1	Total fund based Exposure to Top Four NPA accounts	155.34

**v) Sectorwise NPAs** (Rs. in crore)

Sl.No.	Sector	% of NPAs to Total Advances in that Sector
1	Agriculture & allied activities	3.10
2	Industry (Micro & small, Medium and Large)	1.87
3	Services	6.70
4	Personal Loans	2.94

**vi) Overseas Asset, NPA and revenue** (Rs. in crore)

Particulars	Amount
Total Asset	NIL
Total NPAs	NIL
Total Revenue	NIL

**vii) Off Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)**

Name of the SPVs Sponsored	
Domestic	NIL
Overseas	NIL

**11.30 Income from Bancassurance Business** (Rs. in crore)

Sl.No.	Nature of Income	March 2010
1	For selling Life Insurance Policies	18.35
2	For selling Non-Life Insurance Policies	3.08
3	For Mutual Fund Products	0.47
4	Others (Specify)	0.12
	<b>Total</b>	<b>22.02</b>

Note: Disclosures under 11.29 and 11.30 does not contain corresponding previous year figures as this is the first year of disclosure requirement mandated by RBI.

**11.31** In respect of investment under 'Held to Maturity' category as stated in the significant accounting policy No 4 the excess of acquisition cost over the face value of the security amortised during the year amounting to Rs 28.86 crore (previous year Rs 11.95 crore) has been netted off from interest on investments and shown under 'Income from Investments' in Profit and Loss account in terms of RBI direction. During the year with the intention to strengthen the trading portfolio, the Bank has shifted securities amounting to Rs 1639.91 crore from 'Held to Maturity' to 'Available for Sale' category at book value or market value whichever is lower and a sum of Rs. NIL has been charged to provision for depreciation on investments. (previous year securities amounting to Rs 420.76 crore has been shifted from 'Held to Maturity' to 'Available for Sale' category and securities amounting to Rs 634.44 crore have been shifted from 'Available for Sale' to 'Held to maturity' category by charging a sum of Rs 28.95 crore to provision for depreciation on investments).

- 12 (a) **Tax demands under appeal:** A sum of Rs 47.34 crore (Previous year Rs 101.76 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 assessment years.
- (b) Provision for income tax for the year has been made after due consideration of decisions of appellate authorities and advice of counsels.
13. 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)
14. **Draw down from Reserves :** The Bank has not made any draw down during the year from the Reserves.
15. 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**  
Assistant General Manager

Sd/-  
**V. N. Manohar**  
Deputy General Manager

Sd/-  
**P. Jairama Hande**  
General Manager

Sd/-  
**P. Jayarama Bhat**  
Managing Director

Sd/-  
**Ananthakrishna**  
Chairman

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

For **VISHNU DAYA & CO**  
Chartered Accountants

Place : Mangalore  
Date : 17th May, 2010

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

Sd/-  
**CA. VENKATESH KAMATH S.V.**  
(M.No. 202626) (Partner)

**AUDITORS' REPORT TO THE MEMBERS OF THE  
KARNATAKA BANK LIMITED**
**ಕರ್ನಾಟಕ ಬ್ಯಾಂಕ್‌ನ ಸದಸ್ಯರಿಗೆ  
ಲೆಕ್ಕ ಪರಿಶೋಧಕರ ವರದಿ**

1. We have audited the attached Balance Sheet of The Karnataka Bank Ltd.,('The Bank') as on 31st March, 2010 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 9 branches and 1 Regional Office audited by us, 455 branches, 7 Regional Offices, 1 International Division, 5 Service Branches, 2 Currency chests, 3 Asset Recovery Branches, 1 Data centre, 2 Central Processing Centers 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.
1. ನಾವು, ಇಲ್ಲಿ ಲಗತ್ತಿಸಿದ ಕರ್ನಾಟಕ ಬ್ಯಾಂಕ್ ಲಿಮಿಟೆಡ್ ಇದರ ಮಾರ್ಚ್ 31, 2010ರ ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ ಹಾಗೂ ಅದಕ್ಕೆ ಅನುಬಂಧಿಸಿದ ಆ ದಿನಾಂಕದಂದು ಅಂತ್ಯಗೊಂಡ ವರ್ಷದ ಲಾಭನಷ್ಟ ತಖ್ತೆ ಮತ್ತು ನಗದು ಪರಿಚಲನೆಯ ನಿರೂಪಣಾ ಪಟ್ಟಿಗಳ ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯನ್ನು ಮಾಡಿದ್ದು, ಅವುಗಳಲ್ಲಿ ಸಂಘಟಿತವಾದ ಶಾಖಾ ವರದಿಗಳಲ್ಲಿ ನಾವೇ ಪರಿಶೋಧನೆ ಮಾಡಿದ ಬ್ಯಾಂಕಿನ 9 ಶಾಖೆಗಳ ಮತ್ತು 1 ಪ್ರಾದೇಶಿಕ ಕಚೇರಿಯ ಹಾಗೂ ಶಾಖಾ ಲೆಕ್ಕ ಪರಿಶೋಧಕರಿಂದ ಲೆಕ್ಕ ಪರಿಶೋಧಿಸಲ್ಪಟ್ಟ 455 ಶಾಖೆಗಳ, 7 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 ಲೆಕ್ಕಾಚಾರ 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 ಮಾಡಿದ್ದೇವೆ. ಈ ಲೆಕ್ಕಾಚಾರದ ಪಟ್ಟಿಗಳು ಗಣ್ಯವಾದ ತಪ್ಪು ಹೇಳಿಕೆಗಳಿಂದ ಹೊರಪಟ್ಟಿವೆ ಎಂಬ ವಿವೇಚನಾ ಶಕ್ತಿಯ ಭರವಸೆ ಹೊಂದುವ ರೀತಿಯಲ್ಲಿ ನಾವು ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯನ್ನು ಯೋಜಿಸಿ, ನಿರ್ವಹಿಸಬೇಕೆಂದು ಆ ನೀತಿಗಳ ಅಪೇಕ್ಷೆ. ಲೆಕ್ಕಾಚಾರ ಪಟ್ಟಿಯಲ್ಲಿನ ಮೊತ್ತ ಮತ್ತು ಪ್ರಕಟಣೆಗಳ ಪ್ರಮಾಣಾಧಾರಗಳನ್ನು ಒರಹಚ್ಚಿ 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 ವಿವೇಚನಾತ್ಮಕ ತಳಹದಿಯಾಗಿದೆ ಎಂದು ನಾವು ನಂಬುತ್ತೇವೆ.
  3. ಈ ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ ಹಾಗೂ ಲಾಭ ನಷ್ಟ ತಖ್ತೆಗಳನ್ನು, ಬ್ಯಾಂಕಿಂಗ್ ರೆಗ್ಯುಲೇಶನ್ ಕಾಯ್ದೆ 1949 ವಿಭಾಗ 29 ಹಾಗೂ ಕಂಪನಿ ಕಾಯ್ದೆ 1956 ವಿಭಾಗ 211ರ ಅನುಸಾರ ರಚಿಸಲಾಗಿದೆ.
  4. ನಮ್ಮ ವರದಿ ಹೀಗಿದೆ.
    - ಅ) ನಮ್ಮ ಆತ್ಮತೃಪ್ತಿ ತಿಳುವಳಿಕೆ ಹಾಗೂ ನಂಬಿಕೆಯ ಪ್ರಕಾರ, ಲೆಕ್ಕ ಪರಿಶೋಧನೆಗೆ ಅಗತ್ಯವೆಂದು ಕಂಡು ಬಂದ ಎಲ್ಲಾ ಮಾಹಿತಿ ಮತ್ತು ವಿವರಣೆಗಳನ್ನು ನಾವು ಪಡೆದಿದ್ದು, ಅವುಗಳು ತೃಪ್ತಿಕರವಾಗಿದ್ದವು ಎಂದು ಮನಗಂಡಿದ್ದೇವೆ.



- b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
- c. The returns received from the offices and branches of the Bank have been found adequate for the purpose of our audit.
5. In our Opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the Accounting Standards referred to in sub sec (3C) of section 211 of the Companies Act, 1956.
6. We further report that:
- (i) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by the report, are in agreement with the books of account and the branch 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 2010 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 read together with Significant Accounting
- ಅ) ನಮ್ಮ ಗಮನಕ್ಕೆ ಬಂದ ಬ್ಯಾಂಕಿನ ವ್ಯವಹಾರಗಳು ಬ್ಯಾಂಕಿನ ಅಧಿಕಾರ ವ್ಯಾಪ್ತಿಯ ಒಳಗಿದ್ದವು.
- ಇ) ನಮ್ಮ ಪರಿಶೋಧನೆಗೆ ಬೇಕಾದಂತಹ ಸಮರ್ಪಕವಾದ ವರದಿಗಳು ಬ್ಯಾಂಕಿನ ಶಾಖೆಗಳಿಂದ, ಕಚೇರಿಗಳಿಂದ ಲಭ್ಯವಾಗಿವೆ.
5. ನಮ್ಮ ಅಭಿಪ್ರಾಯದಂತೆ, ಲಾಭನಷ್ಟ ತಜ್ಞ ಮತ್ತು ಆಸ್ತಿ ಹೂಣ ಪಟ್ಟಿ ಮತ್ತು ನಗದು ಪರಿಚಲನಾ ನಿರೂಪಣಾ ಪಟ್ಟಿಗಳು, ಬ್ಯಾಂಕಿಂಗ್ ಕಂಪನಿಗೆ ಅನ್ವಯವಾಗುವಂತೆ, ಕಂಪನಿ ಕಾಯ್ದೆ 1956ರ, ವಿಭಾಗ 211ರ ಉಪ ವಿಭಾಗ (3ಸಿ)ದಲ್ಲಿ ಉಲ್ಲೇಖಿಸಿದ ಲೆಕ್ಕವಿಡುವ ನೀತಿಯ ಪ್ರಕಾರ ರಚಿಸಲಾಗಿದೆ.
6. ಇನ್ನೂ ಹೆಚ್ಚಾಗಿ ನಮ್ಮ ವರದಿ ಹೀಗಿದೆ:
- i) ಈ ವರದಿಯಲ್ಲಿ ಕಾಣಿಸಿದ ಬ್ಯಾಂಕಿನ ಆಸ್ತಿ ಹೂಣ ಪಟ್ಟಿ ಮತ್ತು ಲಾಭ ನಷ್ಟ ತಜ್ಞಗಳು ಬ್ಯಾಂಕಿನ ಲೆಕ್ಕ ಪತ್ರ ಪುಸ್ತಕ ಮತ್ತು ವರದಿಗಳಿಗೆ ಹೊಂದಿಕೆಯಾಗಿರುತ್ತದೆ.
- ii) ನಮ್ಮ ಅಭಿಪ್ರಾಯದಂತೆ, ಕಾನೂನು ಪ್ರಕಾರ ಬೇಕಾದಂತಹ ಲೆಕ್ಕ ಪತ್ರ ಪುಸ್ತಕಗಳನ್ನು ಬ್ಯಾಂಕು ಈ ತನಕ ಇರಿಸಿದೆ ಎನ್ನುವುದು ಅಂತಹ ಪುಸ್ತಕಗಳ ಶೋಧನೆಯಿಂದ ನಮಗೆ ತಿಳಿದು ಬಂದಿದೆ.
- iii) ಶಾಖಾ ಲೆಕ್ಕ ಪರಿಶೋಧಕರ, ಶಾಖೆಯ ಲೆಕ್ಕ ಪರಿಶೋಧನಾ ವರದಿಗಳನ್ನು ನಮಗೆ ಅಗತ್ಯಕಂಡಲ್ಲಿ ಬಳಸಿಕೊಂಡು ನಮ್ಮ ವರದಿಯನ್ನು ತಯಾರಿಸಿದ್ದೇವೆ.
- iv) ಇಂದಿನ ದಿನಾಂಕದೊರೆಗಿನ, ಕೇಂದ್ರ ಸರ್ಕಾರದಿಂದ ನಮಗೆ ತಿಳಿಸಲ್ಪಟ್ಟ ಮಾಹಿತಿ ಮತ್ತು ವಿವರಣೆಯಂತೆ, 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 2010ಕ್ಕೆ ಯಾವೊಬ್ಬ ನಿರ್ದೇಶಕರೂ ಕಂಪನಿ ಕಾಯ್ದೆ 1956 ವಿಭಾಗ 274, ಉಪ ವಿಭಾಗ (1), ಖಂಡ (ಜಿ) ಅನ್ವಯ ನಿರ್ದೇಶಕರಾಗಿ ನೇಮಕಗೊಳ್ಳಲು ಅನರ್ಹತೆಯನ್ನು ಹೊಂದಿಲ್ಲ.
7. ನಮ್ಮ ಅಭಿಪ್ರಾಯ ಮತ್ತು ಅತ್ಯುತ್ತಮ ತಿಳುವಳಿಕೆ ಹಾಗೂ ನಮಗೆ ನೀಡಲಾಗಿರುವ ವಿವರಣೆಗಳ ಮೇರೆಗೆ, ಮೇಲೆ ಹೇಳಿದ ಲೆಕ್ಕ ಪತ್ರಗಳು

Policies and the Notes thereon and in particular note no 2 of schedule 18, 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 2010;
- (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.

ಮತ್ತು ಅವುಗಳ ಮೇಲಣ ಟಿಪ್ಪಣಿಗಳು ಬ್ಯಾಂಕಿಂಗ್ ರೆಗ್ಯುಲೇಶನ್ ಕಾಯ್ದೆ 1949, ಅಂತೆಯೇ ಕಂಪೆನಿ ಕಾಯ್ದೆ 1956ರ ಅನ್ವಯ ಅಗತ್ಯವಾದ ಮಾಹಿತಿಗಳನ್ನೆಲ್ಲಾ ಒಳಗೊಂಡಿದ್ದು, ಬ್ಯಾಂಕಿಂಗ್ ಕಂಪೆನಿ ಒದಗಿಸಬೇಕಾದ ಮಾಹಿತಿಗಳಿಗೆ ಅನುಸಾರವಾಗಿದ್ದು, ಭಾರತದಲ್ಲಿ ಸಾಮಾನ್ಯವಾಗಿ ಅಂಗೀಕೃತವಾದ ಲೆಕ್ಕಪತ್ರ ನೀತಿಗನುಸಾರವಾಗಿದ್ದು, ಯಥಾರ್ಥವಾದ ಮತ್ತು ನೈಜ ಮಾಹಿತಿಗಳನ್ನು ಒದಗಿಸುತ್ತವೆ:

- i) ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿಯು ಬ್ಯಾಂಕಿನ 31, ಮಾರ್ಚ್ 2010ರ ವ್ಯವಹಾರವನ್ನು
- ii) ಲಾಭ ನಷ್ಟ ತಖ್ತೆಯು ಆ ದಿನದಂದು ಮುಕ್ತಾಯಗೊಂಡ ವರ್ಷದ ಲಾಭವನ್ನು ಮತ್ತು,
- iii) ನಗದು ಪರಿಚಲನಾ ನಿರೂಪಣಾ ಪಟ್ಟಿಯಲ್ಲಿ ನಮೂದಿಸಿದ ಅವಧಿ ಅಂತ್ಯದಲ್ಲಿ ಆದ ಹಣದ ಪರಿಚಲನೆಯನ್ನು , ನಿಜ ಹಾಗೂ ತೃಪ್ತಿಕರವಾದ ರೀತಿಯಲ್ಲಿ ಪ್ರತಿಬಿಂಬಿಸುತ್ತವೆ.

For **KAMATH & RAU**  
Chartered Accountants  
Firm Reg. No. 001689S

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

Place : Mangalore  
Date : 17th May 2010

For **VISHNU DAYA & CO.**  
Chartered Accountants  
Firm Reg.No. 008456S

Sd/-  
**(CA. VENKATESH KAMATH S.V.)**  
(M No.202626)  
Partner

**ಕಾಮತ್ ಮತ್ತು ರಾವ್**  
ಲೆಕ್ಕ ಪರಿಶೋಧಕರು  
ಸಂಸ್ಥೆ ನೋಂದಣಿ  
ಸಂಖ್ಯೆ 001689S

ಪರವಾಗಿ  
ಸಹಿ/-

**(ಸಿ.ಎ. ಶ್ರೀನಿವಾಸ್ ಎಸ್. ಕಾಮತ್)**  
(ಸದಸ್ಯ ಸಂಖ್ಯೆ : 201716)  
ಪಾಲುದಾರರು

ಸ್ಥಳ : ಮಂಗಳೂರು  
ದಿನಾಂಕ : 17 ಮೇ 2010

**ವಿಷ್ಣು ದಯಾ ಮತ್ತು ಕಂಪೆನಿ**  
ಲೆಕ್ಕ ಪರಿಶೋಧಕರು  
ಸಂಸ್ಥೆ ನೋಂದಣಿ  
ಸಂಖ್ಯೆ 008456S

ಪರವಾಗಿ  
ಸಹಿ/-

**(ಸಿ.ಎ. ವೆಂಕಟೇಶ್ ಕಾಮತ್ ಎಸ್.ವಿ.)**  
(ಸದಸ್ಯ ಸಂಖ್ಯೆ : 202626)  
ಪಾಲುದಾರರು

1.	No. of Deposit Accounts	4398823
2.	No. of Advances Accounts	247516

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 and Allied Activities	89091	160916.37
b)	Small Scale Industries	7603	178362.61
c)	Retail Trade	13014	18556.94
d)	Small Business	5450	21909.66
e)	Professional & Self Employed Persons	2492	29395.56
f)	Educational Loan	4512	9341.95
g)	Housing Loan	15388	80616.56
h)	Small Road and Water Transport operators	6664	15068.92
i)	Other Priority Sectors	424	11127.25
<b>Total</b>		<b>144638</b>	<b>525295.82</b>
Export Credit			130871.33

4. Branches					
	Rural	Semi Urban	Urban	Metro-politan	Total
No. of Branches at the end of the year	91	96	149	128	464

5. Staff				
	Officers	Clerks	Sub-Staff	Total
As at the end of the year	2016	2302	926	5244
Recruited during the year	122	244	134	500

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	494	521
737	1009	65		

**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 percent	No. of Branches	No. of Employees
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	1701619.23	1084197.46	179789.76	24174.10	50	431	4677
2008-2009	156702.70	2033328.53	1181004.50	227055.14	26670.50	60	447	4947
2009-2010	183274.93	2373064.88	1443568.33	235468.10	16711.97	40	464	5244