

Annual Report 2010 - 2011

SBT 
STATE BANK OF TRAVANCORE

JOURNEY THROUGH THE DECADES...

(Rs. in crore)

	December 1961	December 1971	December 1981	March 1991	March 2001	March 2011
1. Paid up Capital & Reserves	1.34	1.56	3.10	37.16	514.63	3463.36
2. Deposits	17	64	498	2454	11573	58158
3. Advances	7	41	297	1333	6398	46044
4. Gross Investment	5	17	145	783	5465	17956
5. Priority Sector Lendings	12	125	613	2016	17353
6. Export Finance	20	12	63	415	1101
7. Net Profit	0.08	0.08	0.27	4.00	97.49	727.73
8. No. of Branches	94	218	475	608	671	792
9. Number of Employees	1613	3275	8199	12172	12172	12072

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STATE BANK OF TRAVANCORE
(Associate of the State Bank of India)
HEAD OFFICE: THIRUVANANTHAPURAM

NOTICE

The Fifty First Annual General Meeting of the Shareholders of the State Bank of Travancore will be held in the A.K.G. Memorial Hall, Gas House Junction, Palayam, Thiruvananthapuram - 695 034, on Saturday, the 28th May 2011 at 12.00 noon. (Standard Time) to transact the following business:

“To discuss and adopt the Balance Sheet and Profit & Loss Account of the Bank made up to the 31st March 2011, the report of the Board of Directors and Auditors’ Report on the Balance Sheet and Accounts.”

Thiruvananthapuram
27th April, 2011

P Pradeep Kumar
Managing Director

BOARD OF DIRECTORS

Chairman under Clause (a) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

Shri O P Bhatt

Managing Director under Clause (aa) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

Shri P Pradeep Kumar

Director under Clause (b) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

Dr. J Sadakkadulla

Director under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

Shri B S Gopalakrishna

Director under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

Shri B Ramesh Babu

Director under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

Shri C N Venugopalan

Director under Clause (ca) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

Shri K Muraleedharan Pillai

Director under Clause (cb) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

Shri C Rajkumar

Director under Clause (d) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

Shri Gyan Chand Pipara

Director under Clause (d) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

Shri T Balakrishnan

Director under Clause (d) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

Shri K T Rajagopalan

Director under Clause (e) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

Shri P Vinayagam

MANAGEMENT COMMITTEE

Shri P Pradeep Kumar

Managing Director

Shri S Balachandran

Chief General Manager

Shri Sanjay K. Singh

General Manager
(Planning & Development)

Shri Kalyan Mukherjee

General Manager
(Operations)

Shri V Kannan Kutty

General Manager
(Technology & Inspection)

Shri Saswata Chaudhuri

General Manager (Treasury)

Shri Santanu Mukherjee

General Manager
(Commercial and Institutional & International Banking)

Shri PV Durgadasan

General Manager (Vigilance) &
Chief Vigilance Officer

Report of the Board of Directors to the State Bank of India, the Reserve Bank of India and the Central Government in terms of Section 43 (1) of State Bank of India (Subsidiary Banks) Act, 1959

Period covered by the Report:
1st April 2010 to 31st March 2011

I. MANAGEMENT DISCUSSIONS & ANALYSIS

I.1 Global Economy

The global economy continued its recovery from the global crisis of 2008-09. The recovery, however, has been weak, uneven, and remains fragile, with uncertainty continuing to prevail over the economic conditions in Europe and USA. Some of the countries like Greece, Portugal, Ireland and Spain are going through throes of economic turmoil. Japan, which has not yet shown definite signs of recovery from its long slowdown, has been further grievously affected by the earthquake and tsunami, which hit it in March 2011. Global economy was estimated to have grown by 5.00% in 2010. Growth in emerging economies remains strong while advanced countries are growing slowly and facing uncertainty with large fiscal deficit, high public debt and unemployment levels. The International Monetary Fund [IMF] in their World Economic Outlook [WEO] forecasts World real Gross Domestic Product (GDP) growth is to be about 4.5% in 2011 and 2012, down modestly from 5% in 2010 as downside risks continue to outweigh upside risks.

I.2 National Economy

India's economy too continued its smart recovery from the crisis, aided by the inherent strength of India's domestic demand and complemented by Reserve Bank of India's monetary management and the central government's fiscal stimulus measures. With its GDP likely to grow at 8.6% in 2010-11, India will be among the fastest growing economies and the average rate of growth for the next five years is estimated to be around 8.4%.

The key growth driver is likely to be the domestic demand fuelled by increasing young earning population, expected household consumption by middle class and upper middle class. The increasing capacity in the savings and vast investment opportunities will also support the growth of the economy. Inflation, however, continues to be a cause for concern. The year on year WPI inflation that started trending up in December 2009 and continued through

the current fiscal has shown signs of moderation by the year end. India's real GDP is estimated to grow by around 8.5-9% in 2011-12. Growing inflation, volatile capital inflows, and a fragile recovery in advanced economies that can dampen exports, are immediate risks to India's growth prospects. Any unanticipated shocks to the global economic recovery could drive capital outflows from India, which may lead to increased volatility in the Indian Rupee and affect India's economic recovery.

I.3 Kerala Economy

Kerala has become one of the fastest growing state economies in the country, with the Gross State Domestic Product [GSDP] clocking growth of 9.6% in 2010-11. Kerala has won international recognition for its outstanding achievements in the health sector and in education sector. Kerala is much ahead of most other states in India in terms of Human Development Index and life standard of the people, and on par with some of the developed countries in certain parameters. The prime driver of economy still is the remittances from abroad by Non Resident Keralites. In Agriculture, food crops such as paddy and coconut have faced setbacks due to dwindling area of cultivation and high cost of inputs. Tourism continues to flourish and IT sector is on the growth path, with the flagship Technopark at Thiruvananthapuram and Infopark at Emakulam gaining further traction. The new mega projects, like Vallarpadam International Container Transshipment Terminal will give a fillip to the economy. The proposed 'Smart City' near Kochi, is expected to propel Kerala to become one of the leading IT destinations in the country. The State's prestigious greenfield airport project 'Kannur International Airport' is expected to transform the North Malabar region into a highly developed growth centre for travel, tourism and industries. These projects are expected to give further thrust to the growth of construction field, expansion of white goods market, further promotion of tourism and small and Medium industries in the state.

I.4 Banking Environment

The resilience and stability of the domestic financial system have become essential to the country's own macroeconomic stability, particularly in an increasingly integrated world. Indian banks have remained resilient even during the height of the sub prime crisis and the consequent financial turmoil. The banking sector is adequately capitalised. The migration to Basel II has resulted in an increase in the capital adequacy ratio of the banking system. Credit quality continues to remain robust. The relatively high share of low cost current and savings account Deposits

in total Deposits and Statutory Liquidity Ratio (SLR) pre-emptions in risk free government securities take care of liquidity and solvency issues. Public Sector Banks ('PSBs') were observed to be faring better in terms of growth in credit extended as compared to the deceleration in private banks and decline in business of foreign banks. The economic slowdown has decelerated growth in the balance sheet of the banking system. This could have a lagged effect on the credit quality and profitability of banks. Regulatory changes also have opened up newer opportunities in areas such as financial inclusion, mobile banking and rural banking. The key focus areas for Indian Banks include liquidity management; gainful deployment of funds; availability of cheaper technology to serve thinly populated unbanked areas; grooming suitable replacement for large number of the experienced manpower retiring; IT security; advanced Risk management approaches; and introduction of innovative products.

The Indian Banking sector is continuing to grow with rapid transformation, with almost all the Banks having migrated to Centralised Core Banking Environment, supported by technology enabled products. The revolution in information technology is forcing banks to redefine the existing business practices. India has highest growing young population who want a great banking service, tailored to their needs and in a timeframe that works. There have been more changes in banking sphere in the last decade than in the preceding 100 years. The need of the hour is to think to develop technologies beyond core banking. The next generation banking has to provide customer-centric features, giving users an extremely personalized experience while at the same time providing increased intelligence and automation to help banks sell appropriate products and services to their customers. Banks are gradually moving towards a right mix of assisted and self-service channels to provide a rich unified and consistent banking experience. Customer friendly measures like bright and clean branches, customer friendly business hours and short line in queues have become the key differentiators.

1.5 ASCB Performance

The overall performance of the Banking system recorded a reversal of the trend of the previous year, with Credit growing faster than the Deposits. Aggregate Deposits of All Scheduled Commercial Banks grew by Rs. 7,11,877 crore (15.84%) between 26th March 2010 and 25th March 2011 to reach Rs. 52,04,703 crore as at the last Friday of March 2011. The Gross Advances grew by Rs.6,93,871 crore (21.38%) in the same period to touch Rs.39,38,659

crore. Food credit increased by 32.57% to Rs. 64,283 crore. Non-Food credit grew by 21.21% and reached the level of Rs. 38,74,376 crore. The investment portfolios of banks moved up moderately compared to the resource growth, recording a growth of 8.33% (compared to the growth of 19.97% during the previous year), to reach a level of Rs. 15,00,039 crore, thanks the reduction of Statutory Liquidity Ratio [SLR] by 1% during the year.

1.6 Regulatory Measures and Monetary Policy

The year behind witnessed a series of monetary measures initiated by Reserve Bank of India to contain rising inflation and high demand for credit and streamline banking operations. The landmark event was the introduction of Base Rate system from 1st July 2010. The Base Rate will be the minimum rate for all loans and will ensure transparency and transmission of monetary policy to the lending rate. The Base Rate system would be applicable for all new loans and for those old loans that come up for renewal, other than those specifically exempted. Existing loans based on the BPLR system may run till their maturity. In case existing borrowers want to switch to the new system, before expiry of the existing contracts, an option may be given to them, on mutually agreed terms. RBI has permitted banks to work out their own methodology to compute the base rate and to make changes in the methodology used in the computation of Base Rate upto June 30, 2011

Banking industry faced liquidity stress during the financial year 2010-11 due to mismatch of availability of fresh resources and demand for credit. The total growth in Advances of all scheduled Banks put together during the period was almost equal to the Deposit growth. To ease the pressure, Reserve Bank of India [RBI] reduced the Statutory Liquidity Ratio from 25% to 24% on 18th December 2010. The regulator also actively sought to contain inflationary pressures by increasing the repo and reverse repo rates on seven occasions during the year.

The following are the other important regulatory initiatives and developments initiated by Reserve Bank of India during the financial year.

- The Cash Reserve Ratio (CRR) increased by 25 basis points from 5.75% to 6.00% with effect from the fortnight beginning April 24, 2010.
- Both repo and reverse repo rates were increased on seven occasions during the year; repo rate from 5% at the beginning of the year to 6.75% and reverse repo rate moved from 3.5% to 5.75% during the same period.

- Banks were advised to waive margin/security requirements for agricultural loans up to Rs. 1,00,000/- from the existing level of Rs. 50,000/-.
- Major changes were made in respect of Housing Loans to prevent excessive leveraging. Loan to Value [LTV] Ratio in respect of housing loans was capped at 80% except in case of housing loans up to Rs. 20 lac (which get categorised as priority sector Advances), where the LTV ratio should not exceed 90%. The risk weight for residential housing loans of Rs. 75 lac and above, irrespective of the LTV ratio, was increased to 125%. The standard asset provisioning on the outstanding amount of housing loans at special rates has been increased from 0.40% to 2.00%.
- Banks should not issue Tier 1 or Tier 2 capital instruments with 'step-up option' henceforth, so that these instruments continue to remain eligible for inclusion in the new definition of regulatory capital.
- Loans sanctioned to Non Banking Finance Companies [NBFCs] for on-lending to individuals or other entities against gold jewellery, are not eligible for classification under agriculture sector even if the underlying assets are eligible for classification as such. Similarly, investments made by banks in securitised assets originated by NBFCs, where the underlying assets are loans against gold jewellery, and purchase/assignment of gold loan portfolio from NBFCs are also not eligible for classification under agriculture sector.
- Housing loans extended to Non Resident Indians (NRIs), for construction of farmhouses and to staff members of the banks are not eligible for subsidy under the Scheme of 1% interest subvention on housing loans up to Rs. 10 lac. Further, loans sanctioned prior to October 01, 2009 would not qualify for reimbursement under the Scheme.
- Exchange-traded Interest Rate Futures were introduced for 91-Day Treasury Bills issued by Government of India.
- Banks have been permitted to engage companies registered under the Indian Companies Act, 1956, excluding Non Banking Financial Companies (NBFCs), as Business Correspondents in addition to the individuals/entities permitted earlier.

2. The Bank's Operations and Performance

2.1 Business Turnover

The gross business turnover of the Bank crossed the major milestone of Rs. One lac crore in December 2010. The total business of the Bank stood at Rs. 104,202 crore on 31st March 2011, registering a growth of 16.63% from the level of Rs. 89,345 crore as on 31st March 2010.

2.2 Working Results and Operating Profit

Operating profit (after staff provisions) of the Bank for 2010-11 went up by 21% to Rs. 1,175.97 crore from Rs. 972.27 crore for the previous year. Net Profit for the year stood at Rs. 727.73 crore as compared to Rs. 684.27 crore in 2009-10. The Earnings per share (of Rs. 10 face value) stood at Rs. 145.55 compared to Rs. 136.85 at the end of the previous year.

The Net Interest Income increased by 21% from Rs. 1,400 crore in FY 09-10 to Rs. 1,696 crore in FY 10-11. Net Interest Margin stood at 2.87%.

2.3 Dividend

The Bank declared a higher dividend of Rs. 18 per share (180%) for the year to the shareholders, entailing a total payout of Rs. 90 crore. Of this, an interim Dividend of Rs. 8 per share (80%) was paid out in October 2010. The Pay-out ratio works out to 12.41% of the distributable profit (excluding dividend tax).

2.4 Capital Augmentation & Capital Adequacy

The Bank's capital funds improved from Rs. 4397 crore as at the end of March 2010 to Rs. 4881 crore as at the end of March 2011. The capital adequacy Ratio under Basel II stood at 12.54% in March 11 as compared to 13.74% in March 10 against a minimum of 9% stipulated by RBI. The Tier-I CRAR on this date is 9% as against 9.24% as at the end of the previous year. The Bank's Board of Directors had approved a Rights Issue of shares to the shareholders for an amount of Rs. 500 crore. The approvals from the RBI and State Bank of India for the issue have been received. The capital augmentation will serve to improve the Capital adequacy ratio of the Bank in 2011-12.

2.5 Deposits

Aggregate Deposits of the Bank registered a growth of 15.49%, reaching the level of Rs. 57,599 crore as on 31st March 2011 as against Rs. 49,874 crore as on 31st March 2010. Personal Deposits, which contribute the bulk of the resources, grew by Rs. 3,618 crore to reach Rs. 36,096 crore. NRI Deposits recorded improved performance

compared to the previous year, grew by Rs. 725 crore and stood at Rs. 11,562 crore. NRI Deposits constituted 20.07% of the Aggregate Deposits of the Bank as on 31st March 2011. Total Deposits of the Bank [including Inter Bank Deposits] moved up to Rs. 58,158 crore as on 31st March 2011 from Rs. 50,883 crore as on 31st March 2010.

2.6 Advances

Advances of the Bank registered a growth of 19.72% during the year and reached a level of Rs. 46,044 crore as on 31st March 2011 as against Rs. 38,461 crore as on 31st March 2010. The main contributions came from the C&I segment [growth of Rs.4,637 crore] and Agriculture segment [growth of Rs.2,280 crore]. The Bank's Retail lending stood at Rs.23,055 crore and constituted 50% of Total Advances as at the end of March 2011. The Credit Deposit Ratio of the Bank stood at 79.17% as on 31st March 2011 as against 75.59% as on 31st March 2010.

2.7 Market Share

Bank's All India market share in Deposits has improved from 1.09% on 31st March 2010 to 1.10% on 26th March 2011. The market share in Advances has been static at 1.16% in the same period. However, the market share would be 1.17% if the Rs.1,000 crore of Inter Bank Participation Certificate (IBPC) issued by the Bank during the year is included. The Bank continued to maintain its position as the premier bank in Kerala with a market share in business of 22.13% as at September 2010 [the latest date up to which data has been released by RBI] with 14% of the total branch network in the state.

2.8 Priority Sector lendings

The Bank continued to give special emphasis on lending to the Priority Sector in conformity with the national policies, expectations and fulfilment of social objectives. Bank's gross Advances to the Priority Sector increased from Rs. 14,260 crore as at the end of March 2010 to Rs.17,353 crore as at the end of March 2011, and constituted 44.07% of the Adjusted Net Bank Credit against the benchmark of 40%.

2.9 Agricultural and Rural Finance & Self Help Groups

Agriculture segment was the standout performer during the year under review. Bank has disbursed an amount of Rs. 5,716 crore under Agriculture segment as at the end of March 2011 against the Special Agricultural Credit Plan target of Rs.4,000 crore. The level of lending to agriculture sector stood at Rs. 5,580 crore as on 31st March 2011.

Agri segment showed a positive growth of Rs. 2,280 crore as at the end of financial year 2010-11 compared to a growth of Rs.449 crore during the same period last year. The share of Agriculture Advances to Adjusted Net Bank Credit [ANBC] improved sharply to 14.17% from 10.33% at the end of the previous year.

During the current fiscal 16,677 Kisan Credit Cards (Working capital facility to farmers) and 4,519 Kisan Gold Cards (Investment credit to farmers) were issued with an outlay of funds of Rs. 146 crore and Rs. 182 crore respectively. During the current year, the level of Kissan Credit Card loans increased by 29% and 79% in number and amount respectively against the RBI stipulation of 20%.

The growth in Agriculture lending was driven by an intensive agriculture lending campaign called "SBT- Haritotsavam-2010" during the period June to September 2010. Against a lending target of Rs.1,000 crore, the amount disbursed during the period was Rs.1,424.25 crore, benefiting 2,04,082 farmers.

Bank continued to be active in assisting Self Help Groups and financing them through MFIs and NGOs. 84,787 groups were assisted so far with a financial outlay of Rs.656 crore. Bank has entered into an MOU with Kudumbasree (State mission for poverty alleviation) for giving loans to SHGs at low rate of interest. The notable feature of the programme is community farming by women neighbourhood groups with bank assistance. 600 women who are active in Self Help Groups were honoured with SBT Kudumbasree Award.

Farmers meetings were conducted at various centres to give wide publicity for schemes available to farmers. A special brochure on agricultural schemes in local languages was printed and supplied to the branches for the benefit of farmers. The Bank stands in the first position in terms of number of Farmers Clubs among Commercial banks in Kerala. The farmers Clubs sponsored by Pattanakkad and Bharananganam branches were awarded merit certificates by NABARD for their farmer friendly performance.

2.10 Lending to Micro, Small and Medium Enterprises (MSMEs)

The Bank continued to extend support to Micro, Small and Medium Enterprises, in conformity with national objectives. The total lending to MSME sector recorded a growth of 14.49% over previous year to touch Rs. 8,487 crore. The lending to Micro & Small Enterprises [MSEs] stood at Rs. 5,061 crore which is 18.69% higher over the previous year level. The Small Scale Industries and Small

Business segment recorded a growth of Rs.214 crore during the year, reaching a level of Rs.3906 crore as on 31st March 2011.

The growth in this sector was fuelled by an intensive MSME lending campaign conducted from 01st October 2010 to 31st January 2011. Against a target of Rs. 500 crore under MSME segment [including Rs.150 crore under micro segment, Rs. 150 crore under small segment and Rs. 200 crore under medium segment], the total lending during the campaign period was Rs.628 crore. 1% reduction in interest and waiver of processing charges were offered during the campaign period.

Road Transport Operators (RTO) segment has recorded steady progress after liberalization of collateral security norms and interest rate concession. The lending to the sector grew by 43.98% to reach Rs. 514 crore as at March 31, 2011. Tie up arrangements with various manufacturers / dealers of commercial vehicles served to increase the presence in the market.

The Bank is a Member Lending Institution under the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) scheme for providing collateral free loans. Awareness programmes / workshops /seminars were conducted in all Regional Offices of the Bank / Training sessions and other important centres for operating staff about the scheme. Meetings of entrepreneurs were also conducted to educate them about the scheme. 10,350 loans amounting to Rs. 316 crore have been extended under the scheme so far.

The Bank's Technical Consultancy Cell carried out three project appraisals, four rehabilitation studies and two general studies during the year. The cell also involved in the three Entrepreneurship Development Programmes (EDPs) conducted by the Bank during the year.

2.11 Commercial & Institutional Finance

The Bank performed well under the segment by tapping the potential in market and C&I advance of the Bank reached Rs. 23,835 Crore as on 31st March 2011. This segment contributes more than 50 % of Bank's total advances, which comprises financing Trade and Services, Industry, Infrastructure, financing Corporate customers and other institutions. The 4 Industrial Finance Branches at New Delhi, Bangalore, Chennai and Ernakulam were re-designated as Commercial Branches, to sharpen their focus and broad base their portfolio. The 5 Commercial Network branches (including the Corporate Finance Branch at Mumbai) contribute 40% of the Credit growth. These

branches' share of the Credit of the Bank has moved up from 22% to 25% during the year. Their share of the Non-fund based income of the Bank improved from 19% to 23% in the same period. Account Planning Initiative was rolled out at these branches during the year to improve the share of income of the Bank from major accounts.

2.12 Personal Finance

The Bank continued to be active in extending finance to Personal Segment, mainly by way of Housing Loans, Car Loans and Educational Loans. The Personal segment Advances went up to Rs. 13,345 crore as at March 2011 from Rs. 12,696 crore as at the end of the previous year, recording a growth of 5.11%. As many as 20,646 Housing Loans aggregating Rs. 2,363 crore were extended during the period under review, taking the outstanding Housing Loan level to Rs. 6,714 crore as at 31 Mar 2011, an improvement of 20.34% over March 2010 level of Rs. 6144 crore. Similarly 17,215 Car Loans aggregating Rs. 590 crore were extended during the same period, taking the outstanding Car Loan level to Rs. 1,420 crore as at 31 Mar 2011, which is higher by Rs. 96 crore over March 2010 level of Rs. 1,324 crore.

As in the previous years, the Bank continued to support the growing generation to prosecute higher studies by extending Educational Loans under Gyan Jyothi Schemes. The Bank has granted the maximum number of education loans in the State of Kerala. During the year under report, Bank sanctioned 19,782 Educational loans amounting to Rs. 565 crore. The total amount outstanding under this head stood at Rs. 1,713 crore.

The Bank also extended the subsidy assistance provided by the Government for Housing Loans and Educational Loans. These included the 1% interest Subvention for Home Loan borrowers up to a limit of Rs.10 lac where the estimate/cost of construction should not exceed Rs.20 lac, (applicable to the loans disbursed from 01st October 2009 to 31st March 2011), Interest Subsidy for Housing Urban Poor (ISHUP) Scheme to provide home loans with interest subsidy to Economically Weaker Sections (EWS) / Low Income Groups (LIG) for acquisition/construction of house and Central Scheme to provide Interest Subsidy on Education Loan borrowers. Maximum permissible loan amount under ISHUP is Rs.1 lac for EWS and Rs.1.60 lac for LIG category of borrowers (maximum amount eligible for subsidy is Rs.1 lac).

The subsidy scheme for education loans is available to students belonging to Economically Weaker Sections whose

parental annual income does not exceed Rs.4.5 lac. Interest Subsidy will be provided by the Government during the moratorium period for the disbursements made on or after 01st April 2009.

2.13 Policies and Guidelines

A comprehensive Policy for lending to Micro Finance Institutions (MFIs)/Non Governmental Organisations (NGOs) has been formulated for regulating and standardising the Advances to the sector. The policy gives detailed guidelines to enable the Bank to increase the outreach by financing large number of SHGs/JLGs in a cost effective manner and supplement the efforts of the branches in financing SHGs/JLGs and enabling financial inclusion. The policy will also act as a precaution to pursue caution while funding micro finance institution (MFIs/NGOs) by adhering to the norms for funding.

Interest rate and charges on Bill Discounting under Inland Letter of Credit Scheme have been revised in line with the market condition to make the products the best in the market and to maintain the profitability.

The Policy on valuation of properties and empanelment of valuers has been revised comprehensively in order to improve smooth and quick delivery of credit and also to ensure speedy recovery of NPAs.

2.14 Introduction of Base Rate

The Bank has introduced Base Rate System effective on July 1, 2010, in conformity with RBI guidelines. Base rate was set at 7.75% on date, which has since been increased three times in tune with the market conditions. The Base rate of the Bank stands at 9% as at 31st March 2011.

2.15 Treasury Operations

The Gross investments of the Bank stood at Rs.17,956 crore as on 31st March 2011 as against Rs.15,881 crore as on 31st March 2010. The revenue from investment operations (interest and dividend) for the year was Rs.1,147 crore as against Rs.957 crore for the previous year. The average yield on investments was at 6.82% during the year as compared to 6.40% during the year ended 31st March 2010. The Bank earned a profit of Rs.98 crore from treasury operations during the period under report.

2.16 International Banking

The Bank's total forex turnover during the year for merchant transactions was Rs.16,746 crore compared to Rs.15,050 crore during the previous year. Inter Bank turnover was higher at Rs.4,34,520 crore as against Rs.3,66,210 crore during the previous year. The total profit from forex

operations during the year was Rs. 40.29 crore as against Rs.39.99 crore as on 31st March 2010. The Export Finance extended by the Bank stood at Rs. 1,101 crore, which was 15.13% higher over the level at the end of the previous year.

Moneytrans E Remit a state of the art, technologically advanced Speed Remittance Product developed in-house ensures speedy and safe remittance from the Gulf countries. Moneytrans E Remit has been extended to 27 of the 28 Exchange houses with which the bank has drawing arrangements. Remittances through Moneytrans E Remit (including credits through NEFT) numbered 32.73 lac aggregating to Rs. 14,207.69 crore during 2010-11 as against 24.51 lac and Rs. 9,892 crore respectively during the previous year. The Bank continues to be the leading Bank in Kerala both in terms of number and volume of remittances.

Xpress Money, instant cash transfer arrangement with UAE Exchange and Financial Services Limited operating through select branches has been extended to branches in Thiruvananthapuram, Kottayam, Ernakulam and Kozhikode Zone.

Other products like Xpress Remit, an online remittance facility from US and UK and Viswa Yatra Foreign Travellers Card providing an alternative to carrying foreign currency while travelling abroad continue to be much favoured by the public in general

2.17 Cross Selling

The Bank has been constantly endeavouring to meet the requirements of its customers by making available Life, Non life insurance products as well as other non-banking investment products like Mutual Funds to its customers.

Bank's Cross Selling products include SBI Life Insurance Company's life Insurance products, United India Insurance Company's Non Life (General Insurance) products, SBIMF's Mutual fund products and SBI Cards Credit cards which are being made available to the customers through the branch network. With auto debit facility in place SIP mode of investment in Mutual Funds is becoming popular amongst the Bank's customers. The Bank also has tie up arrangements with UTI Mutual Fund, Sundaram Mutual Fund, Franklin Templeton and Tata Mutual fund houses.

As against Rs. 12.19 crore income earned during the year 2009-10 income from the Cross Selling business during the current year has improved to Rs. 20.57 crores, which represents a YOY growth of 68.74%.

SBI Life Insurance with a share of over 83% continues to be the major contributor to Cross Selling Income followed by General Insurance and Mutual Fund at 10% and 7% respectively.

Our Bank has a tie up with United India Insurance Company Limited for marketing its Non life products through the branch network. Unisuraksha, a personal accidental Death and Total Permanent disability cover, Unihealth, a Health plan (Mediclaime) for resident account holders of the Bank and NRI care, a health cum accident plan for NRI customers of the Bank are some of the major non life products that are available for the customers of the Bank

Unisuraksha, the Personal Accidental Death and Total Permanent disability cover has gained wide acceptance. During the year under consideration more than 45 families, most of being poor and needy have benefited from these claims. Bank's Health plan "Unihealth" a co-branded product of the Bank and UIICO too is gaining acceptance fast.

Among the Mutual fund products Systematic Investment Plans, [SIPS] Fixed Maturity Plans [FMPs] debt and equity funds of SBIMF launched from time to time are also marketed through the branches.

SBI credit cards are also being sold to the Bank's customers through its branch network. Platinum Credit cards for high value customers, Secure Cards, SBI Gift Cards and Vishwa Yatra Cards for overseas travellers are some of SBI Cards products being marketed by us. Auto debit facility for SBI Credit Cards is expected to be in place soon and this will give a boost to Credit Cards in the coming fiscal.

Bank has as on date 1,003 Certified Insurance facilitators and 751 AMFI qualified employees, which form the Insurance and Mutual fund sales force of the Bank. Plans have been drawn out to double these numbers in 2011-12.

2.18 Asset Quality

The Bank continued to give special focus to improving the quality of Assets and containing NPAs. The percentage of Gross NPAs to Gross Advances stood at 1.80% on 31st March 2011 with the Gross NPA level at Rs. 835 crore. The percentage of Net NPA to Net Advances stood at 0.98% as on 31st March 2011 compared to 0.91%, a year ago.

Bank's approach to Asset Management includes revival of viable sick industrial units as an important strategy through appropriate rehabilitation packages. Rehabilitation/Restructuring packages are under implementation in respect of 37 units with a total exposure (Fund Based +Non Fund Based) of Rs.297.50 crore. Out of these 37 units,

10 units are under Corporate Debt Restructuring [CDR] scheme with exposure of Rs.175.87 crore, 27 units under BIFR scheme with exposure of Rs.121.63 crore. During the year, 12 accounts were referred to CDR scheme for restructuring. Out of these 12 accounts, restructuring packages for four accounts were approved, three accounts were withdrawn from the CDR mechanism and the others are under process.

2.19 Government Business

The Bank conducts State Government Business in 108 branches in Kerala and 2 branches in Tamil Nadu. Approval is awaited from Reserve Bank of India for linking 10 more Non-Banking Treasuries to the branches in Kerala. Further, 196 branches (136 branches in Kerala and 60 outside branches) are authorized for Central Board of Direct Taxes (CBDT) collection and 148 branches in Kerala are authorized for Central Board of Excise and Customs (CBEC) collection. 314 Post Offices are having drawing arrangements with the Bank and 43 Railway Stations have opened accounts with the branches.

The e-payment facility launched by the Bank for payment of commercial taxes for Kerala is well received by the Business Community. As many as 6.82 lac transactions amounting to Rs. 6,245 crore were collected under this Scheme. Proposal for introduction of e-payment of Motor Vehicle Taxes in Kerala State is in the final stages of implementation and will be launched from the beginning of the next financial year 2011-12. E-payment facility for Karnataka Commercial Taxes through the Bank is also expected to be introduced shortly.

The Bank became the exclusive Banker to 14 FRIENDS Centres promoted by IT Mission, Kerala, with 4 more FRIENDS Centres linked to the Bank during 2010-11. Around 2000 Akshaya Centres under IT Mission are also linked with the Bank. The number of Currency Chests maintained by the Bank stood at 127 after 5 unviable Currency Chests were surrendered to Reserve Bank of India during the year. The Bank successfully operationalised the Electronic Data Interchange (EDI) Project at the new Thiruvananthapuram International Airport Cargo Complex. The Bank is one among the 16 banks selected for introduction of e-payment of Customs on all-India basis, scheduled for FY 2011-12. The Bank has maintained a market share of 70% of Kerala State Government transactions during the financial year. Angamally Branch has been authorised by CBEC for collection of Customs Duty at Cochin International Airport, which was functioning as a sub-agency of State Bank of India since 1999.

2.20 Electronic Payment Systems

There was greater focus on migrating more remittance transactions to electronic modes. The Payment & Settlement Group functioning at Belapur, Mumbai attends to electronic remittances like RTGS/NEFT and GRPT transactions and the funds settlements between the bank and other Banks/ RBI. There has been increased awareness among the customers to use electronic mode of remittances. The total number of outward electronic messages (RTGS/NEFT/GRPT) emanating from the branches has increased from 12.18 lac during FY 2009-10 to 22.80 lac in FY 2010-11, registering an increase of 87% during the year.

3. Marketing Initiatives and Development of New Products

3.1 Bank has been nominated as authorised Bank for import of Gold by Reserve Bank of India. This is a pre-requisite for carrying out retail sale of Gold coin through the branches in tie up with State Bank of India. The sale of Gold Coins through the branches will be operationalised in the first quarter of financial year 2011-12.

3.2 As in the earlier years, the Bank continued its proven strategy of customer acquisition and retention and broadening the customer base by conducting massive marketing campaigns. These campaigns contributed to increase the business level significantly. 'Aishwaryotsav 2010', the retail loan campaign and 'SBT Mahotsav 2010', the Deposit Mobilization campaign conducted during the financial year 2010-11 were very successful and helped the Bank to reach out to the mass of the population in the country, especially in the State of Kerala.

3.3 Aishwaryotsav 2010, the retail loan campaign for the intensive marketing of Home Loans and Car Loans covered the whole festival season of Kerala State and other parts of the country. The campaign commenced just before ONAM, the National Festival of Kerala, run through Dusserah, Deepavali, Ramzan, Bakrid and Christmas and continued till the New Year Eve (from 01st August to 31st December 2010). Against the lending target of Rs.800 Crore the campaign recorded sanctions aggregating Rs. 1,706 Crore from 11,113 Car Loans and 11,170 Housing Loans.

3.4 The intensive Deposit Mobilization Campaign, SBT Mahotsav 2010, was conducted during October to December 2010. Against a targeted growth of Rs. 2,000 crore in Aggregate Deposits, the campaign saw opening of new accounts aggregating Rs. 2,950 crore including

1,13,288 new SB Accounts. Free *Unisuraksha* Accident Insurance coverage was offered to new SB Account customers who opened accounts with an initial Deposit of Rs.5,000/-.

3.5 A special Current Account campaign for the 3 special Current Accounts namely "SBT Biz, SBT Easy Biz and SBT Easy Biz Plus" accounts were conducted from 10th February 2011 to 31st March 2011, to enhance the share of Current Accounts in Deposit mix, through selected branches.

3.6 Project Finance Unit was set up in the Bank to develop project appraisal skills in-house, and also to avoid good proposals go past the bank for want of Techno Economic Viability (TEV) study. Bank undertakes Technical and Financial appraisal of small and medium sized projects, which have not been vetted by agencies of national/ international repute. During this year TEV study conducted on 37 projects, having total project cost of Rs. 2,093 crore.

3.7 Other Marketing initiatives included:

- Assisting Customers for obtaining of PAN Card by tie-up arrangement with UTI Technology Services Ltd. [UTITSL], the official agent for issuing Permanent Account Number. The Branches collect applications for PAN Card from customers and forward them to the Central Processing Unit of the Company at Chennai. Approximately 40,000 customers have utilised this facility so far.
- Arrangements were made with telecom companies – BSNL, Airtel, Vodafone and Idea to provide Ring Back Tone using the Bank's 'Signature Tune' in the Landlines and Mobile connections of the Bank for creating a new identity and image for the institution.
- As a step to reach out to the younger generation of the Society, Appreciation Letters were sent to 7,000 top ranking Students in the Common entrance test conducted by Government of Kerala with an invitation to open savings bank account with the Bank. Most of the students responded positively and the initiative served to broaden the customer base.
- National/International days of importance were celebrated for reaching out to different sections of the Society as a tool of customer acquisition and for better visibility. During such observations, selected products, which are appropriate for the occasion, were highlighted through advertisements in Newspapers.

3.8 Many New Products and services were designed and offered to ensure total satisfaction to the customer by anticipating customer needs and after collecting market

intelligence on the Bank's products as well as analyzing the offerings by the competitors. The new customer friendly products were added to the impressive basket of the Bank's products and schemes during the year include:

- Scheme for financing against the pledge of warehouse receipts issued by private warehouses to individual farmers, traders, commission agents, partnership firms, proprietorship concerns who have stored their agricultural commodities in the private warehouses was introduced during the year.
- Dairy Entrepreneurship Development Scheme (DEDS), in association with NABARD, a venture capital scheme with capital subsidy (25%). The scheme covers all districts in the state. This will help in mitigating the shortage of milk in Kerala.
- Finance for Solar Home Lighting System, launched under DRI scheme. Solar products provide reliable and cost effective electricity. There is a wide range of solar products in the market viz. lamps, portable lanterns, road lighting luminaries, single-phase energy meters etc. which are clean, reliable, noise free and pollution free, and free from electric tariff volatility.
- SBT Gold Loan Premium, a new gold loan product aimed at premium customers. The minimum and maximum amount of loan under the product is Rs.25,000/- and Rs.10 lac respectively for a period of 6 months.
- Banking Arrangement with the Kerala Non-Resident Keralites Welfare Board [KNRWVB] for the members of the Board, who are NRI's or Ex-NRI's to remit their monthly contribution to the scheme through the Bank's Branches.
- SBT School Special, a simplified loan product introduced for educational institutions which fall under service segment as per the classification under MSMED Act, for providing financial support to Education sector.

3.9 Several modifications/improvements have been effected in the existing schemes to meet customer expectations and to facilitate better customer service as shown hereunder:-

- The eligible finance for Home Decor Scheme has been enhanced to 25% of Housing loan amount or Rs. 5 lac whichever is less (from 15% of Housing loan or Rs.1.5 lac whichever is less).
- The Diamond Jubilee Open Term Loan has been simplified to enable SME manufacturing and service segment units with ratings of SB 7 and above eligible

for loan. Maximum loan for manufacturing segment is enhanced to Rs. 250 lac and for Service sector Rs. 100 lac.

- 'SME Easy Loan scheme', has been liberalised to enable Professional & Self Employed Individuals and Small Business Enterprises also eligible for loan under the scheme. The maximum loan amount is enhanced to Rs.300 lac for Small Enterprises and Rs.500 lac for Medium Enterprises. The eligibility for Micro Enterprises is however, restricted to Rs.25 lakh.
- Car Loan to MSME units: MSME Current Account holders of the Bank or their family members are also eligible for car loan under the modified scheme. Margin has been stipulated uniformly at 20% of the invoice price.
- The maximum loan limit under Prasanthi Elite Loan for pensioners enhanced to 18 months net pension to pensioners with a maximum of Rs.5 lac. The limit for family pensioners is 15 months of net family pension with ceiling of Rs.1.5 lac and the repayment period fixed at 60 months or completion of 75 years of age whichever comes earlier.
- The "Rent Plus" scheme variant introduced at reduced interest rate for limits sanctioned upto 31st March 2011, to select group of customers who rented out their building to Banks and MNCs, in order to canvass more quality loans.

4. Customer service

4.1 Customer service in the Bank is accorded top priority and every endeavour is made to improve the quality of service to the customers and redress their grievances. All efforts are made to improve the customer satisfaction by offering suitable products enhanced by quality value-added services.

4.2 A well-defined and full-fledged customer grievances redressal mechanism is functioning in the Bank. Reports on the number of complaints received / disposed / pending in the Bank as a whole are submitted to the Bank's Board and the Apex Level Customer Service Committee at Head Office. The Standing Committee on Customer Service constituted pursuant to Tarapore Committee recommendations also reviews the quality of customer service extended in the Bank at regular intervals.

4.3 An official of the rank of Assistant General Manager is placed as head of the Customer Service Department to give greater focus on complaints received from Customers and speedy redressal of the complaints. The Department

acts as a coordinator between the branch and the complainant and ensures quick disposal of complaints.

4.4 As a proactive measure, apart from acknowledging each complaint on the day on which it is received, senior officials at Customer Service Department endeavour to call the complainant personally wherever contact numbers are available. Many of the complaints get resolved on the same day itself. The average time taken for disposal of complaints at Head Office/Zonal Office level has been reduced significantly. The feedback being received from customers has been encouraging.

An SMS based facility (SMS SBT CARE) has been put in place whereby customers can send their grievances from anywhere by SMS to 98471 98471 from their mobile.

4.5 The updated version of Citizens Charter is made available in booklet form and also in the Bank's website which provides customers and the general public with the key information regarding the common areas of customer banker relationship. Similarly the details of service charges levied by the Bank are also published in the Bank's website for the information of the public.

4.6 Progress of implementation of Citizens Charters and the Fair Practices Code are also being monitored at Head Office and Zonal Office level customer Service Committee meetings. Inspecting officials are also examining the quality of customer service rendered at the branches.

4.7 Bank has also established a Call Centre with Toll free No. 1800425-5566 enabling the customers/ general public to clear their doubts/ complaints expeditiously. Adequate publicity of the aforesaid facilities available to public is in place both through print and visual media.

4.8 "Customer Day" is observed at all the offices of the Bank on the 15th of every month to enable the customers to voice their grievances or offer suggestions for the betterment of customer service.

4.9 Banking Codes & Standards Board of India (BCSBI) - The Bank is a member of the Banking Codes & Standards Board of India, which is a registered society, sponsored by Reserve Bank of India. The Code of Bank's Commitment to Customers is available on the Bank's website. This is a voluntary Code, which sets minimum standards of banking practices. The Deputy General Manager (Compliance) is the designated Principal Code Compliance Officer at Head Office. The relative Annual Statement of Compliance has also been submitted by the Bank to the BCSBI.

5. NRI Services

The Bank, the pioneer and market leader in NRI business in Kerala, has been continuously improving its products and services to NRIs. All technology based products and services have been made available to NRIs also, so that they can bank with their most preferred bank from any corner of the globe.

The Representative Office in Dubai, opened in August 2008, is acting as an interface between branches and NRIs to meet their banking needs. Bank's extended arms are available in UAE and Sultanate of Oman, the two vibrant and developing countries in the Gulf Cooperation Council (GCC), through its managed Exchange companies, viz., City Exchange LLC in UAE and Global Money Exchange in Sultanate of Oman. Bank has made available Relationship Managers at the door steps of NRIs in UAE, Qatar, Oman, and Bahrain.

A team headed by Chief General Manager participated in the Biennial Convention of Federation of Keralite Associations in North America (FOKANA) at Albany, USA during July 2010, which was well accepted by American Malayalees and paved way for establishing several new contacts.

The recently developed product, NRI PLATINUM account, has been well accepted by high net worth NRIs, as the product provides special identity to customers and a host of services free of cost. Personalized multicity cheque payable at all branches at par and SBT Gold Card (VISA) that provides complimentary insurance is the special features of the product.

Premium Rupee Account is a special product designed to provide NRIs the twin benefit of interest plus premium in the foreign exchange market. NRE funds invested in this product are absolutely tax-free and retain NRI status for the funds on maturity. The benefit derived from the scheme works out to 8-9% per annum, at present, depending on foreign exchange market conditions.

All transactions of Rs. 5,000 and above are acknowledged through SMS to NRIs. Internet banking facility offered by the bank enables the NRIs to effect transfer of funds within the Bank as well as to other banks in India and also third party transfers, carry out their standing instructions for various payments, rail bookings, fee payments, and also online shopping and opening Term Deposits and Recurring Deposits. It also enables them to view their accounts and transactions.

NRI News Channel, a monthly newsletter containing important news items and information regarding products and services, interest rates etc. useful to NRIs, is circulated

to all NRI constituents through the branches by email.

NRE account opening for new customers sourced by Exchange Companies are now centralized at the Liability Central Processing Centre [LCPC] functioning at Thiruvananthapuram, which facilitates immediate opening of accounts and issuance of Multicity chequebooks and ATM Card to NRIs.

Welcome Kit containing welcome letter, non-personalised chequebook, ATM card and brochures on various products and services are provided with Representative Office, Exchange Companies and Relationship Managers to facilitate issuance to NRIs who approach them for opening accounts. The account is subsequently activated to enable them to carry out the transactions.

The four NRI Branches at Attingal, Mavelikkara, Thiruvalla and Ernakulam and specialized NRI Cells in more than 50 branches in NRI centres provide very specialized and personalized services to the NRIs.

6. Lead Bank Scheme

6.1 The Bank is spearheading the Lead Bank activities in three districts of Kerala State viz. Alappuzha, Kottayam and Pathanamthitta. The District Credit Plans for the year 2010-11 was launched in the Bank's lead districts during March 2010 with 58 % increase in outlay over the previous year.

6.2 Considering the importance of District Level Review meetings of Lead Banks, academicians from various fields and successful entrepreneurs were invited as per the recommendation of the Thorat committee on Lead Bank Scheme. The Lead Banks also initiated several innovative activities like outreach programme in unbanked areas, where Banking Ombudsman RBI attended. Kissan Credit Card beneficiaries meetings, Counselling for students seeking educational loans, Financial Literacy seminars and EDPs for different target groups were also arranged in the lead districts.

6.3 The total outlay by all financial institutions in the three Lead Districts for 2010-11 was Rs. 13,801.79 crore of which the Bank's share was Rs. 3,270.93 crore (23.70%). The disbursement under Priority Sector Advances in the districts during the year 2010-11 by all financial institutions is Rs. 10,206.66 crore of which the Bank's share is Rs. 2,171.82 crore, which constitutes 21.22% of the outlay.

7. Financial Inclusion

7.1 Financial Inclusion is delivery of banking services at an affordable cost to the vast sections of the disadvantaged and low-income groups. The Bank has opened over One

Million No-frills accounts (Janapriya accounts). 89% of the 11.97 lac No-frills accounts were opened in the state of Kerala. Joint Liability Group (JLG) schemes, Biometric Smart Card Project, General Credit Cards to the Janapriya Account Holders etc. are other initiatives in this direction.

7.2 In conformity with the directions of Reserve Bank of India, the Bank has formulated a Financial Inclusion Plan, which has been rolled out during the year and is, expected to be streamlined by the next two years. This plan for Financial Inclusion will be an integral part of the business plan of the Bank.

7.3 The following steps/activities have been undertaken by the Bank as a part of fulfilling the Bank's commitment to Financial Inclusion.

- 29 villages having a population over 2,000 have been allocated to the Bank by SLBC Kerala for providing basic banking services through BF/BC route or by opening branches.
- Bank has decided to provide Basic banking in these villages through the BF/BC route except in Perumanna village in Calicut district, where a new branch was opened on 30th March 2011.
- An MoU has been signed between "Kudumbashree" and Bank for engaging "Kudumbashree" as Banking Correspondents for the Bank in the state of Kerala.
- An agreement has been signed between Bank and M/s. Bartronics India Limited, Hyderabad for engaging them as Technical Service Providers for Smart Cards and Financial Inclusion Project of the Bank.
- In Tamilnadu the Bank has been allocated 14 villages for providing basic Banking Services, which will also be covered through the BF/BC route.
- The Bank has set up Customer Service Points in all the 28 villages allocated to the Bank in Kerala and enrolments have started in 16 villages. The services were flagged off on 22nd February 2011 by the Managing Director and Banking Ombudsman, RBI in a very colourful function at Veeranakavu village in Thiruvananthapuram district and given much publicity by the print and electronic media.
- The products offered under the Product name "SBT-SAHAYA HASTHAM" consists of an SB Account (Zero balance), A Recurring Deposit account and an Overdraft (General Credit Card) for Maximum of Rs. 10,000/- for the rural poor.
- Two days training was imparted to 27 Customer Service Providers and their standbys. One day training was also imparted to Branch Managers of 25 Link Branches in Kerala.

- Trusts have been formed for 3 Financial Literacy and Credit Counselling Centres in the 3 districts where Bank has lead bank responsibility ie., Alappuzha, Kottayam and Pathanamthitta districts in Kerala
- An MoU has been signed between Bank and Unique Identification Authority of India (UIDAI) for the Bank to function as Registrars for UID Project of the Government of India on 23rd November 2010.
- M/s Tera Software Ltd, Hyderabad has been selected as the Enrolment Agency for the Bank's Unique Identification Project in Kerala.

7.4 Rural Self-Employment Training Institutes (RSETIs)

RSETIs have been started by the Bank in Wayanad, Pathanamthitta, Alappuzha and Kottayam for providing skill upgradation training to the rural youth with focus on BPL category. The 4 institutes had trained 9847 persons and 95% of the people are women beneficiaries, majority of the trainees are reported to be successful in starting self-employment ventures. The important courses includes beautician, electrical wiring, ornaments manufacturing, accounting, Computer hardware servicing, aluminium fabrication, kitchen gardening, mushroom cultivation with vegetable growing and off-site programmes like rubber tapping.

7.5 Financial Literacy And Credit Counselling Centre (FLCCs)

FLCC has been established in Bank's Lead Districts, along with RSETIs for providing financial literacy & credit counselling. Their major action point includes popularization of financial literacy activities, arranging seminars for counselling students aspiring for higher education.

8. Support to disadvantaged segments

8.1 Assistance to Scheduled Caste / Scheduled Tribes [SC/ST]

The Bank continues to give due importance in extending financial assistance to meet the credit requirements of the Scheduled Caste / Scheduled Tribes [SC/ST] borrowers. The advance to SC/ST borrowers under Priority sector aggregated to Rs. 1,991 crore. This works out to 11.47% of the bank's Priority sector Advances, compared to 10.77% of the bank's Priority sector lending at the end of the previous year. The Non Performing Asset position in respect of SC/ST borrowers under Priority Sector stood at about 3% of the outstanding as furnished above.

8.2 Minority Communities [MC] / Other Backward Communities [OBC] / Physically Handicapped [PH] / Ex Servicemen [EX-SER] Cell

The Bank has designated an Officer of General Manager rank as Chief Liaison Officer for OBC Cell and PH/Ex-Servicemen Cell. The Bank has also designated an Officer of Deputy General Manager rank as Chief Liaison Officer for Minority Community Cell assisted by Liaison Officers at Head Office, five Zonal offices, and two Regional Offices to protect the interests of the employees belonging to the respective sections.

The Cell ensures:

- Compliance by the Bank with orders and instructions pertaining to the reservation of vacancies in favour of Ex-Servicemen and Physically handicapped in the matter of recruitment/ promotions and other service benefits.
- Compliance by the Bank with orders and instructions pertaining to the reservation of vacancies in favour of MC/OBC in the matter of recruitment and other service benefits.
- The Bank takes appropriate steps to provide all help and co-operation to the Backward classes Development Corporation.

8.3 Assistance to Minority Communities [MC]

The Bank continues to give due importance in extending financial assistance to meet the credit requirements of the MC borrowers. The advance to MC borrowers under Priority sector aggregated to Rs. 5,908 crore. This works out to 34% of the Bank's Priority sector Advances for MC, compared to 22% of the Bank's Priority sector lending as at the end of the previous year.

9. Information Technology - Technology Upgradation & IT Initiatives

9.1 With Core Banking Solution (CBS) implemented across all the branches of the bank including the newly opened branches, ITS department is playing a key role in facilitating corporate innovation and growth. The Core Banking System has provided the Bank with state-of-the-art software that has greatly enhanced the efficiency of customer services, speeded up data processing capabilities, strengthened MIS, enabled efficient Asset Liability Management, reduced transaction cost and offered alternate channels to customers for transacting their business. The Corporate Data Centre (CDC) is at Belapur in Navi Mumbai. The Core system is a product-based system whereby new schemes of the bank can be introduced easily with global parameter setting

at CDC level. Global setting of parameters of various products, both deposits and loans, are done at CDC. The capacity of the servers and other equipments, and other performance parameters are periodically reviewed and upgradation / addition of new equipment is arranged as and when felt necessary.

9.2 Alternative Delivery Channels: The CBS facilitates effective implementation of Alternative Channels like Automated Teller Machines [ATMs], Internet Banking, and Mobile Banking for extending products and services to the customers. The ATM network was beefed up by adding more ATMs. The Internet Banking facility is recognised to be the best among its class. Mobile Banking Service, which was rolled out last year, is getting acceptance from customers.

9.3 ATMs: The Bank has a network of 833 ATMs, including 244 offsite ATMs. The network of 699 ATMs in Kerala is the largest in the state. All of the ATMs are networked with State Bank Group ATMs numbering over 25,000. 107 new ATMs and 40 Multi Function Kiosks (MFK) were installed during the year. The Bank's ATM-cum-Debit cards are accepted in all outlets having Master Card logo. Several facilities such as Visa Money Transfer (VMT), Money Send, SBI Credit Card payment, SBI Life Premium payment, Mobile recharge, Donation, Fee payment, JMET / GATE Application Fee payment, Mobile Banking registration, Cheque Book order etc. have also been enabled in the ATMs.

9.4 The Bank has a card base of 44.44 lac as on 31st March 2011, which translates into an increase of 20.92% over the card base as at the end of the previous year.

9.5 Internet Banking - The Bank offers a convenient and efficient Internet Banking (INB) facility through 256 bit EVSSL (Extended Validation Secured Socket Layer) encryption. This provides more security to Internet Banking customers against phishing / hacking threats.

9.6 Major initiatives in Internet Banking during the year are as follows:

- Site-to-site integration was done in March 2011, with NSDL, to enable the customers to view online, their Income Tax Annual Credit statement (Form 26AS) for the current assessment year and past five assessment years.
- Site-to-site integration was done in March 2011, with the University of Kerala, to facilitate e-payment of examination fees, for students and colleges. This procedure is the first of its kind in Kerala.

- e-TDR, e-STDR, and e-RD facilities which enables the customers to open fixed deposits and recurring deposits without branch intervention, were rolled out during the year.
- e-Payment of Kerala Water Authority bills was introduced in August 2010.
- Online Bill Payment facility for customer who does not have Internet Banking Facility was introduced in July 2010. The Branch INB officer can register the biller on behalf of the customer and initiate Autopay facility for payment of utility bills

9.7 Anti phishing measures: Several anti-phishing steps have been taken to protect the interest of the customers including:

- Introduction of mandatory high security SMS passwords for completing all online transactions above Rs. 10,000/- per day, other than to own accounts.
- A cooling period of 4 to 16 hours has been introduced for adding newly created beneficiary. A message will be sent to customer's mobile phone regarding creation of new beneficiary, as an alert against probable phishing attempt.
- A new facility called "Limited transaction and View" has been introduced, wherein the transaction rights of the customer can be restricted to own accounts opened under the same CIF (Customer Information File).
- A new option has been enabled where the customer can login to the site and register for SMS alerts, which will be updated in CBS.
- Mobile number has been made mandatory both in CIF and temporary address for INB registration.

9.8 Mobile Banking Service (MBS)

Mobile banking provides the customers with another safe, secure, fast and convenient channel for banking transactions. The services provided include enquiry services, funds transfer, demat account services, bills payment, mobile top up, m-commerce etc. The daily limit for MBS transaction is Rs. 50,000/- for aggregate of funds transfer & transactions involving purchase of goods & services, with an overall calendar month limit of Rs. 2,50,000/-. 32,519 new Mobile Banking registrations were activated during the year.

Our customers are having the option of using Mobile Banking Service over any of the following four channels viz.

- a) Application based
- b) WAP based
- c) USSD based
- d) SMS based.

9.9 A slew of value added applications were developed to make the system more useful to the customers. These include:

- ATM Complaint Management System software: An in house web based application for speedier ATM complaint resolution was implemented. Branches can directly lodge the ATM / POS (Point of Sale) related failed transaction complaints through a simple data entry menu provided in the software.
- Interface for ascertaining the status of Online Loan Applications from the Homepage: Applicants who have applied for loan online can verify the status of their loan application from the website.
- Collection of Customs Duty through e-payment – Software for electronic Data submission: A new interface Package has been developed for Dwarka Branch, which is identified as the e-FPB for Customs duty collection through Internet. The package helps to generate various electronic data required for the EASer-C (Electronic Accounting System for e-Receipts in Customs) system conceived by CBEC.
- Customization of “Paysys” application for Higher Education Department, Kerala State:
“Paysys”, a web based package which enables Corporates to make bulk payments to their customers through core banking and NEFT, was customized for use by the Higher Education Department for distribution of scholarship to students through Thiruvananthapuram Main and Fort branches.

10. Business Process Re-Engineering (BPR) Initiatives

10.1 With the objective of improving performance and enhancing customer service to global standards, the Bank has implemented various BPR initiatives by leveraging on its core competencies, state of the art technology and redesigned operating architecture.

10.2 Centralised Loan Processing Centres for appraisal, sanction and disbursement of loans in Retail, Small & Medium Enterprises segments have been set up at 8 major centres. This has enabled the Bank to reduce the response time in these centres, thereby, improving the level of customer satisfaction. It has also enabled standardization of internal processes leading to improved quality of assets and speeding the delivery time. Bank's Rural Central Processing Centre is set up at Palakkad covering all the branches in the District, which has improved the quality of lending at the Centre.

10.3 Multi Product Sales Teams have been established at 7 of the loan CPC centres to target specific markets, for canvassing business. Stressed Assets Resolution Centres (SARCs) have been rolled out at 7 centres for more focused attention on recovery, thereby releasing funds blocked in non-performing assets which can then be utilised for more productive purposes.

10.4 Pension processing has been centralized at the Centralised Pension Processing Centre set up at Thiruvananthapuram. This Centre covers all pensioners drawing pension from all the branches. The Centre ensures accuracy in pension calculations, timely disbursement of pension and quick settlement of transactions.

10.5 As a forerunner to setting up Centralised Clearing Processing Centres at MICR centres, the outward clearing work is centralized at the service branches at the MICR centres of Thiruvananthapuram, Ernakulam, and Kozhikode and Bengaluru. With the introduction of this initiative, the Bank is able to afford credit to the accounts in respect of local clearing instruments on the day following the day of deposit of the cheque.

10.6 Trade Finance Central Processing Centres, aimed at ensuring efficient and uniform handling of transactions related to inland and foreign trade and Bank Guarantees by experienced operating personnel, have been rolled out at Ernakulam and Chennai.

10.7 A Liability Central Processing Centre has been established in Thiruvananthapuram to provide back office support to branches, in opening and servicing of liability accounts such as Savings Bank and Current Deposit Accounts. The Centre provides pre-generated Welcome Kits to the linked branches consisting of ATM cards and cheque books. This facilitates the customers to operate the accounts immediately after opening the account.

10.8 Drop Boxes have been provided at the branches for hassle free and safe handling of instruments deposited. Grahak Mitras have been positioned at select branches to proactively guide the customers in conducting transactions. Relationship Managers have been posted at select branches to extend personalized services to the customers.

10.9 The above major BPR initiatives implemented by the Bank are contributing to improvement of the overall efficiency, service delivery, customers' convenience and business growth

11. Internal Control Systems & Supervision

11.1 Integrated Risk Management

The Bank's risk management philosophy is based on a clear and timely identification of various types of risks, accurate risk assessment and measurement procedures and continuous monitoring. The risk management architecture of the Bank consists of the Board of Directors at the top having overall responsibility to implement Risk Management System in the Bank. Subordinate to the Board, Risk Management Committee of the Board has been constituted to have an oversight on all the risks assumed by the Bank and to decide appropriate policy and strategy for risk management. In order to have focused attention on various risks, Credit Risk Management Committee (CRMC), Market Risk Management Committee (MRMC) and Operational Risk Management Committee (ORMC) are in place to manage Credit Risk, Market Risk and Operational Risk respectively at the granular level. The General Manager (P&D) is designated as the Chief Risk Officer (CRO). The Integrated Risk Management Department headed by Deputy General Manager is responsible for the overall daily management of risks at micro level.

Management of all the risks is governed by various policies such as Credit Risk Management Policy, Loan Policy, Market Risk Management Policy, Investment Policy, Operational Risk Management Policy, etc. As part of credit risk management, the Bank has a structured and standardised credit approval process, which includes comprehensive credit rating of proposals. The market risk is largely managed through adherence to various position limits, stop loss limits, Value at Risk [VaR] limits etc. The operational risk management framework comprises risk and controls self-assessment (RCSA) and identification, measurement and monitoring of various losses experienced by the Bank and mitigation of risks. The risk management objectives will be accomplished by leveraging technology.

The Bank is closely monitoring the roadmap for migration to advanced approaches of Basel-II with respect to all risks by striving to create sufficient and accurate database and ensuring involvement and awareness among all the staff members of the Bank.

During the financial year 2010-11, the following major risk management initiatives were taken:

- New Credit Rating models were introduced for NBFCs (Non Banking Financial Companies) and infrastructure

projects.

- Retail Pool Scoring Models were introduced for personal loans, housing loans, education loans, car loans and two wheeler loans.
- Credit Rating models for trading and manufacturing sector were modified.
- The Bank started computing Value at Risk for all investments in trading book as part of risk management.
- As part of spreading awareness and risk management culture all over the Bank, during the quarter October-December 2010, officials from risk management department conducted daylong workshops for the Controllers and the AGMs and Chief Managers heading branches in Thiruvananthapuram, Ernakulum and Kottayam zones and all Branch Managers and Controllers in Mumbai and Delhi regions.

11.2 Asset Liability Management

The Asset Liability Management System implemented effective from 1st April 1999 is functioning as per the guidelines prescribed by Reserve Bank of India. The Asset Liability Management Committee (ALCO), headed by Managing Director, meets regularly.

Liquidity and Interest Rate Risks are identified, measured and monitored by ALM Section through Duration Gap Analysis, Stress Testing on Liquidity and Interest Rate Risks etc. and put up to ALCO for discussion and decision making. ALCO also discusses in detail other statements of Structural Liquidity & Interest Rate Sensitivity, Short Term Dynamic Liquidity, Quarterly Review of Contingency Funding Plan, etc.

The ALM Section prepares the statements of Structural Liquidity & Interest Rate Sensitivity and Short Term Dynamic Liquidity which helps to monitor the liquidity levels vis-à-vis the benchmark levels fixed by RBI / as per Bank's ALM Policy and proposes corrective action wherever found necessary. Various interest rate revisions including the revisions of the Benchmark Prime Lending Rate (BPLR) and Base Rate (BR) of the Bank are discussed and decided by the ALCO.

The ALCO also discusses the current financial position of the country on an ongoing basis. The changes in the market are monitored continuously and decision support papers on the current economic developments are put up to the Top Management.

11.3 Inspection and Supervision

The Bank has put in place an effective institutional mechanism for Risk Based Supervision through RBS Cell in Inspection Department. As envisaged by the regulator, the Bank introduced Risk Focused Internal Audit (RFIA) under RBS w.e.f 1st April 2003, where business parameters have been de-linked from the Risk Parameters. With effect from 1st April 2010, score for Business Parameters has been taken out of RFIA

In addition to the regular internal inspection, IS Audit, Compliance Audit, Surprise Inspection, System Audit of Zonal Offices and Head Office departments, etc. are conducted by the Inspection Department.

Following the migration to the Core Banking System, RFIA was revamped by way of revision in Audit Report Formats, rating mechanism, grouping of branches, sampling norms and periodicity of Inspection. The Information System Audit (IS Audit) cell was formed within the Inspection Department

11.4 Credit Audit

The audit of high value credit accounts is undertaken by the Credit Audit Department, with the aim of improving the asset quality of the Bank. Accounts with total exposure of Rs. 2 crore and above are covered under Credit Audit. The Department conducted audit of 1,077 accounts during the year, covering the pre-sanction and post sanction aspects. This includes 14 AUC accounts and 73 accounts with exposure below Rs. 2 crore and above Rs. 1 crore on a random basis during the year.

With the integration of Credit Audit with Risk Focused Internal Audit (RFIA), the marks awarded by the credit auditor are normalized by the internal auditors under Credit Risk Management, wherever necessary. Monthly performance reports of the department are regularly submitted to the Audit Committee of the Executives and the review reports are being submitted to the Audit Committee of the Board at its next meeting for information.

11.5 Inter-Office Reconciliation

As per RBI guidelines, all high value debit entries of value Rs. 1 lac and above and 99.99% of debit amount need to be reconciled within a period of six months from the date of their origin. The Bank has completed reconciliation of Inter-branch accounts up to 30th September 2010 achieving 100% reconciliation of debit entries. The Bank is committed to perform better than the target set by RBI and shall aim at reconciling all entries within three months of their origin.

11.6 Compliance

The Bank ensures that GOI and RBI directives/instructions received are being complied with promptly. Quarterly review reports on the compliance status and performance of the department are regularly submitted to the Audit Committee of the Board for information.

11.7 KYC norms & AML/CFT measures

The Bank has put in place a Board approved revised policy and procedural guidelines on Know Your Customer (KYC)/ Anti Money Laundering (AML) /Combating of Financial Terrorism (CFT) measures in line with the master policy and subsequent guidelines issued by Reserve Bank of India. A dedicated KYC-AML Cell is functioning in the Head Office to oversee the compliance of KYC/AML/CFT measures. Deputy General Manager (Compliance) is the designated Principal Officer for KYC/AML in the Bank.

Monitoring of transactions is carried out to submit the required reports to Financial Intelligence Unit-India, (FIU-IND), as mandated by Prevention of Money Laundering Act 2002. With a view to implementing and supporting monitoring of transactions, the Bank has acquired appropriate software, which is processing all transactions handled by all branches of the Bank, on a day-to-day basis. Monthly Cash Transaction Reports (CTRs) are being generated by the system along with Suspicious Transaction alerts daily, for analysis by the KYC-AML Cell. After due analysis, suspicious transactions are reported to FIU-IND through STRs where ever necessary. Counterfeit Currency Reports (CCRs) are also being submitted to FIU-IND as and when detected.

Data cleansing of the existing database of customers is now under progress to update in the Core Banking System [CBS] all relevant customer data. The progress in the implementation is being reported to the Board periodically. KYC/AML Cell is publishing a quarterly newsletter and maintaining a web site to provide relevant and up to date information for Branches / Administrative Offices.

Training on KYC / AML is being imparted on an ongoing basis in the Bank. Staff awareness programmes are conducted regularly through seminars on Zonal/ Regional Office levels, Learning Centers and branch visits.

11.8 International Financial Reporting Standards (IFRS)

As per the Road Map laid down by Ministry of Finance, Government of India, all Scheduled Commercial Banks are to convert their opening Balance Sheet as on April 1, 2013 in compliance with the Converged IFRS (IND-AS). The

Bank being a member of State Bank Group will be taking a common group approach on convergence to IFRS. The IFRS cell at Head Office coordinates with relevant Departments for collection, compilation and submission of data as required by the parent Bank (State Bank of India) for preparation of Consolidated Financials by them under Converged IFRS. The Bank shares a common IT platform with the State Bank of India and any changes made in Core Banking System as per the requirement under IFRS will also be available to the Bank. The IFRS Cell had arranged a presentation on "Implementation of IFRS-Challenges for Indian Banks" by Shri. P.R. Ravi Mohan, Chief General Manager, Reserve Bank of India, to the Top Executives of the Bank to create awareness on the challenges and issues for the Bank on transition to Converged IFRS".

12. Security arrangements

12.1 The year under review was largely free from security incidents, except for ten attempts / security incidents this year (compared to 8 last year). However there was one major incident where Rs. 1 Crore cash was lost while in transit near Chennai. But the resultant loss was contained at Rs. 1.24 lacs, as most of the stolen cash was recovered soon after, thanks to quick action by the functionaries and police authorities. There were seven theft attempts on ATMs, a minor fire incident and minor attempts of break in on bank branches. None of them were successful and there were no loss of cash or gold.

12.2 Risk assessment of all bank branches due in 2010 was done and accordingly security guards have been deployed in vulnerable branches. Manning of currency chests by five security guards is being ensured by timely recruitment. Branches are in the process of installation of integrated fire and security alarm systems. Formal security audit of all currency chests has been carried out this year and corrective measures, where required, have been initiated. Head Office security has been strengthened by installation of CCTVs system with comprehensive coverage and establishment of a control room.

12.3 Mock fire evacuation drill was carried out twice this year at the Head Office. Chief Security Officer, fire officer and Zone / Region security officers through branch visits are reviewing security arrangements in branches constantly and corrective measures taken where required. Approximately 180 security guards were put through formal training capsules at the Learning Centre this year. Security and fire safety awareness were included in many training capsules for bank officers to inculcate security awareness

13. Information security

13.1 Information, one of the most important assets of a Bank, which is stored centrally and made available globally, needs to be protected and guarded at all costs. Protection of information assets is necessary to maintain the trust and the faith reposed by customers in the Bank, maintain compliance with the law and to protect the Bank from financial and reputation loss.

13.2 The Bank's approach to Information security has always been proactive. With the increased use of Information Technology in delivery of services and launching of alternate delivery channels, the Bank has also enhanced the Security of the Banks Information Systems. The Information Systems Security Cell functioning at the Head Office is in charge of creating, maintaining and disseminating information security strategy, plans and policies. The Cell acts as the coordinator for the Information Systems security activities. The formulation and periodic reviews of IS Security policies, vetting of software etc are some of the major functions of the IS Security cell.

13.3 The cell also undertakes spreading the Information Security awareness among the staff and customers of the Bank. More than 400 staff members have been trained in the Information Security activities during the year under review. Special campaigns were initiated to spread awareness about various threats faced by the customers like phishing, Skimming etc. Awareness campaigns have been conducted through emails, pamphlets, newsletter etc. The cell also keeps the staff members conscious of the security threats.

13.4 In the current year the IS Security Cell has formulated various policies relating to areas such as Third party access, prohibition on use of unauthorized software, etc. All the existing information security and internet banking security policies have also been reviewed in light of the latest developments in the IT field and changes have been made wherever required. The IS security cell activities ensures high information assurance within the Bank and also that the Bank meets all legal, statutory and regulatory requirements in information security

14. Vigilance Machinery and Frauds Monitoring

14.1 The vigilance climate of the Bank during the period under review was generally normal. But three instances of frauds, where staff members were involved, reported during the year have posed some concern. Regular Departmental Action has been initiated against erring officials.

14.2 Some of the major focus areas and activities of the vigilance machinery are

- Preventive Vigilance Measures - Vigilance mechanism initiated in the Bank created a positive impact on the functionaries from top to bottom regarding their attitude. Vigilance Department officials are handling sessions on Preventive Vigilance through Bank's training system especially for the benefits of newly recruited Probationary officers/ newly promoted officers highlighting the importance of adherence to systems and procedures and probity in public life.
- Preventive Vigilance committees have been set up in major branches and the Minutes of such meetings held at the branches are being monitored by the Vigilance Department. As per the directive of Reserve Bank of India (RBI), preventive vigilance committees have been formed in Central Processing Centres also. The Bank issues circulars every quarter stating the modus operandi of fraud cases so as to avoid recurrence of similar instances. Surprise inspections at branches are being conducted as part of Preventive Vigilance measures and the irregularities pointed out in the reports are getting rectified then and there. Wherever warranted, improvement in the system was brought to the knowledge of the top management for redressal.
- Structured meetings / conferences were held by the Chief Vigilance Officer (CVO) at various Zones of the Bank / branches to propagate and ensure the implementation of Preventive Vigilance mechanism in the Bank in its true spirit. As per the directive of Central Vigilance Commission (CVC), structured meetings are now being held with Chief Executive of the Bank for monitoring vigilance cases.
- Trainings / Seminars for members of staff - Seminars/ workshops etc. are being conducted in the Bank, where vigilance officials are invited to speak. These included, a presentation on Preventive Vigilance made at Learning Centre, Ernakulam, One Day Work Shop on 24th September 2010 at SLC, Thiruvananthapuram for the benefit of officers who deal with procurement of goods, services and works, and One-day seminar at Head Office, Thiruvananthapuram for officials from all the zones / Regions who deal with disciplinary matters. A Reverse Auction (e-auction), conducted by ITS Department on the day, was viewed by the CVC officials who suggested some improvements.
- Chief Technical Examiner [CTE] from CVC had conducted an audit on implementation of leveraging

technology in the Bank and has given certain suggestions for improvement. The Bank has started implementing the suggestions made by CTE.

- Access of complaints to CVO - In terms of directives of the CVC, the CVO is now scrutinising the complaints received through the Complaints Cell and also copies of complaints submitted by ZO/ ROs to ascertain whether any vigilance angle is discernible. The Bank has decided to introduce a suitable module to register complaints on line by 30th June 2011 as directed by the CVC. The gist of complaints received at Zonal/ Regional Offices are now being put up to the CVO for perusal, as an outcome of Vigilance Audit conducted by the CVC.
- Liaison with CBI officials - Close rapport is being maintained with CBI and Disciplinary Authorities (DA) for speedy disposal of cases. The Bank has provided the services of one official to CBI Office, Thiruvananthapuram on secondment basis, at the request of the CBI.
- Vigilance awareness week - Vigilance Awareness Week was observed in terms of CVC directives with wide publicity. The activities carried out during the period included Inter Collegiate Quiz Competition on "Vigilance & General Awareness" at Ernakulam, and Quiz competition for the members of staff of the Bank at the Bank's Head Office. On the concluding day, SBT Honesty Awards were conferred on seven students selected from various schools in and around the city to inculcate the idea of honesty in the minds of young citizens and also with an idea to 'catch them young' in the fight against corruption. The Honesty Awards were given away by Dr. Alexander Jacob IPS, Additional Director General of Police (Prisons), Kerala.

15. Right to Information Act

15.1 The Right to Information Act, 2005, has been implemented in the Bank since 2005-2006. In terms of the Act, Central Public Information Officers, Asst. Central Public Information Officers and Appellate Authorities were nominated and a system was put in place to receive the applications / queries from the public seeking information about the Bank and related matters and to furnish reply promptly within the stipulated time limit. The applications / queries received under the Act during the year were replied promptly. During the year, Bank received 726 applications under the Act and all the applications were disposed of promptly and within the timeframe.

16. Human Resources Development & Industrial Relations

16.1 Staff Resources & Recruitments - The Bank had on its rolls 12072 members of staff, comprising 4459 officers, 5381 clerical and cash department staff and 2232 subordinate staff inclusive of 337 Part Time Sweepers. The number of women employees in the Bank was 4395 and ex-services personnel constituting 1196 and Physically Challenged Persons 180. Out of the women employees, 1188 are officers, 2686 non-subordinate staff and 521 subordinate staff.

16.2 During the year, 278 staff were recruited, 214 in the officers' cadre, 18 in non-subordinate cadre (including 9 Sports persons) and 46 in the subordinate cadres

16.3 During the year 75 employees were promoted from Part Time Sweepers to non-subordinate, 249 employees were promoted from clerical cadre to the Officers cadre and 610 promotions within Officers' cadre were completed before 30th November 2010.

16.4 Staff Productivity - Business per employee improved from Rs. 7.58 crore as at the end of March 2010 to Rs. 8.88 crore as at March 2011. Net profit per employee also improved from Rs.5.80 lac to Rs. 6.20lac during the same period.

16.5 Training Programmes

Training programmes are conducted at the two Staff Learning Centres at Thiruvananthapuram and Ernakulam, with a view to updating the knowledge, awareness and skills of the staff members on an ongoing basis with particular reference to areas of corporate goals/concern areas.

During the year under review, 167 training programmes were conducted imparting training to 2123 officers, 2094 non-subordinate staff and 677 subordinate staff. These include Orientation Training Programmes imparted for newly recruited 205 Probationary Officers and to 249 officers promoted from clerical cadre.

In addition to in-house training programmes, 460 officers were deputed to other institutions in India like the State Bank Staff College, State Bank Academy, State Bank Institute of Rural Development, State Bank Institute of Information and Communication Management, College of Agricultural Banking, National Institute of Bank Management etc. 7 officers were deputed for foreign trainings/conferences.

16.6 Organisational Development Initiatives – Parivartan, Conclaves

During the year a Mass Internal Communication Programme called 'Parivartan' for Sub-staff was launched with the objective of bringing about a positive change in the mindset of employees, bringing greater togetherness among the staff and making them aware of the issues faced by the Bank. 50 Parivartan programmes were conducted within 39 days spread over 10 centres across the country covering 2000 employees.

In order to bring about greater cohesion, role clarity and awareness about larger organisational imperatives, conclaves of DGMs / AGMs were held at 5 centres covering 28 DGMs and 125 AGMs. These conclaves were conducted in the presence of members of the Management Committee and yielded valuable suggestions/feedback on the functioning of various units of the bank and served to draw up an action plan for future for the bank.

16.7 Reward and Recognition

Twenty three branches were selected for membership of MD's Club/CGM's Club for the year 2009-10. The winners were felicitated at a function, where members of the Top Management and spouses of the winners were present. 3 Assistant General Managers were also awarded Best AGM award in conformity with the scheme formulated as per guidelines of State Bank of India in this regard.

16.8 Staff – SC/ST/Minority Community (MC) / EX-SER./PH CELL

The Bank has a separate SC/ST Cell headed by Chief Liaison Officer in the rank of General Manager assisted by Liaison Officers at Head Office, five Zonal offices, and two Regional Offices at Mumbai and New Delhi to take care of the welfare and protect the interests of the SC/ST employees. The Cell at Head Office arranges periodic meetings of the representatives of the SBT SC/ST Staff Welfare Association with the Top Management to redress their grievances. The Bank has already provided a well-furnished office with telephone and computer to the Association. Check off facility for payment of subscription by the members to the Association is also provided. The Cell is also conducting meetings of Liaison officers of all the Zones/ Regional Offices at Mumbai and New Delhi at quarterly intervals. Such meetings chaired by the Chief Liaison Officer, review the functioning of the Liaison Officers and discuss issues, if any, pertaining to their respective areas. The action points emerged in the meeting are implemented meticulously.

The other tasks undertaken by the Cell are:

- Ensuring compliance by the Bank with orders and instructions pertaining to the reservation in favour of SCs/STs in the matter of recruitment/ promotions and other service benefits such as relaxations/ concessions admissible to them.
- Ensuring placing of Annual Review Report on the progress of implementation of reservation policy for SC/ST to the Board of Directors.
- Ensuring that while making reference to the Ministry of Finance (Banking Division) regarding de-reservation of reserved vacancies, the de-reservation proposal has been made with the full knowledge and concurrence of the Chief Liaison Officer.
- Ensuring that the Bank takes appropriate steps to provide all help and co-operation to the National Commission for SC/ST.
- Ensuring that GOI's directions are followed in respect of DPCs/ Selection Committees pertaining to SC/ST/ MC members.
- Ensuring proper implementation of the reservation orders by conducting annual inspection of the rosters maintained in the organization.
- Acting as Liaison Office between Bank and the Ministry of Finance, Govt. of India and National Commission for SCs, STs, OBCs and Minority Communities for supply of information, answering questions and queries and clearing doubts in regard to matters covered by the reservation orders.

Reservation policy has been introduced in the Bank for Scheduled Casts and Tribes from 1972 in direct recruitment and from 1978 in promotions.

Reservation at 15% for SCs and 7.5% for STs are provided in direct recruitment for Officers cadre. In direct recruitment to Clerical and subordinate cadre where recruitment is state wise, the reservation percentage applicable in the respective states is followed. In promotion from Clerical cadre to Officers cadre 15% and 7.5% of the vacancies are reserved for SCs and STs respectively. The category-wise staff data as on 31st March 2011 is as under:

Category	Total	SC	%	ST	%	OBC	%
Officers	4459	626	14.04	143	3.21	285	6.39
Clerical	5381	731	13.58	170	3.16	611	11.35
Sub-Staff	1895	502	26.49	84	4.43	206	10.87
PTS	337	106	31.45	7	2.08	39	11.57
TOTAL	12072	1965	16.28	404	3.35	1141	9.45

Post based roster, which shows a clear picture of implementation of reservation rules is maintained in the Bank, in accordance with the Government of India guidelines. Such rosters are being verified by the Liaison Officer for SCs and STs annually.

Whenever backlog of reserved vacancies for SCs and STs occur, such vacancies are filled through special recruitment. Last such special recruitment was conducted during 2009-2010 and as on date there are no backlog vacancies under recruitment. Backlog of ST vacancies under promotion channel to Officer cadre is due to non-availability of candidates in the feeder cadre.

Relaxation of 5% of marks and 5 years in upper age limit is allowed to candidates belonging to SCs and STs. In recruitment the total number of vacancies and number of vacancies available for SCs and STs are advertised extensively in newspapers.

Special Training programmes were conducted for employees belonging to SC/ST category, appearing for promotion from non-subordinate cadre to officer cadre. Pre-examination training programmes were conducted for 1,522 candidates belonging to SC/ST/Minority/ex-servicemen category appearing for recruitment test for clerical staff and Probationary Officers in Associate Banks at Thiruvananthapuram and Ernakulam centres.

16.9 Industrial Relations

The time tested mechanism of bilateral negotiations at various levels of the organisation with the Employees' Union and the Officers' Association through periodical structured meetings and redressal of the issues ensured harmonious and cordial industrial relations in the Bank throughout the year. There was industry level strike by the employees on 7th September 2010.

Bipartite meetings were held with Employees' Union and Officers' Association at Head Office level and Zonal Offices at periodic intervals. The Bank hosted the Central Bipartite meeting with State Sector Bank Employees Association (SSBEA) on 21st February 2011 at Bangalore. Staff Welfare Committee and Sub committee meetings of Staff Welfare Fund (SWF) were held 6 times during the year.

Bank Fest, the Literary, arts and Sports competition for staff members was conducted at Zonal Headquarters centres in November-December 2010. Bank fest finals were conducted at Thiruvananthapuram from 10th December 2010 to 12th December 2010. More than 400 staff members participated from all the zones.

Improvements / amendments / activities under the various

staff welfare schemes that took place during the year include:

- Reimbursement of health check up charges for retired staff enhanced from Rs. 1,500/- to Rs. 1,700/-. 2,858 applications of retired staff and 3,707 applications of spouses of staff members were paid under the scheme during the year.
- Super-Suraksha Insurance Scheme for employees was renewed with the life cover of Rs. 5.00 lac per employee. 46 claims were settled under this scheme during the year.
- New Holiday Homes at Mookambika and at Madurai were opened, taking the total number of Holiday Homes to 23.
- Scholarships and tuition fees amounting to Rs. 187.13 lac was disbursed to staff members. Reimbursements amounting to Rs. 82.43 lac were paid during the year under the out-patient scheme. 33 applications were paid under the scheme of financial assistance for expenses incurred by Staff Members for physically/mentally challenged/retarded/spastic dependant wards.
- 46 claims amounting to Rs. 58.31 lac were paid under the scheme for part payment of outstanding in loan accounts in the event of death of an employee while in service. 132 claims were paid under the funeral expenses scheme during the year.

17. Legal Services

The Bank has a well-established Law Department with law officers placed at various centers, and it plays a significant role in the various activities of the bank. It performs diverse functions such as giving advice on legal issues, drafting of various documents, examination / scrutiny of loan documents, etc. The Law Department also plays an important role in the matter of recovery. Suits and DRT applications for recovery against the defaulters are followed up by the Law Officers. The Law Officers assist the branches and other operational functionaries in the actions initiated for enforcement of security under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. The petitions and claims against the Bank filed in various High Courts, Tribunals, Civil Courts, Consumer Forums, Ombudsman, emanating from the business activities undertaken by the Bank are handled with the assistance of the Law Officers. Similarly cases in various courts, tribunals and authorities

relating to service matters are also handled under the advice and guidance of the Law Department. It advises the Central Public Information Officers and the Appellate Authorities on the applications and appeals filed under the Right to Information Act, 2005. It is also involved in the training of the staff in matters involving law and practice. The Law Officers handle diverse legal matters and offer legal advice and suggestions to the branches and Administrative Offices and take steps to safeguard the interest of the Bank in its planning and operational functions.

18. Public Relations and Publicity

18.1 The Bank has been very active in all areas of Public relations and publicity during the year under review and maintained very close liaison with Government departments, Media, Commercial and Social organizations in particular and Public in general projecting Bank's corporate image in its operating environment among public at large, Government and other institutional bodies.

18.2 Extensive coverage given through the newspapers, hoardings, Internet and radio TV channels to popularize new products. The strategy of supplementing the marketing efforts at the branches by an intensive advertisement campaign all through the year at the corporate level yielded impressive results.

18.3 The Bank was one of the main sponsors of "The Hindu-Students Pre-counselling" Programme, Tourism Week Celebrations of Government of Kerala, Flower show 2010, All Kerala Agri-Horticulture Industrial exhibition, Haritha Vidyalayam project of IT@School, Nehru Trophy Boat race etc.

18.4 Apart from advertisement on Hoardings, Bank has advertised through innovative methods such as direction boards to Sabarimala Route, Rota sign boards at Kozhikode, Kannur, Trichur, Palghat Railway stations and advertisements on Luggage trollies at Thiruvananthapuram airport.

18.5 The Bank as a responsible corporate citizen sponsors and maintains the Poojappura Traffic Island Park, which is widely used by the residents of the city as a resting place.

18.6 The Bank's Calendar for 2011 with "Ravi Varma Paintings" theme and Diaries for the year were well received by customers as well as general public. Bank's internal house magazine "Mythri" still retains its eminence among other such publications.

18.7 The Bank opened pilgrim service centers at Pampa and Sannidhanam to cater to specific banking requirements of the pilgrims to Sabarimala, which generated tremendous publicity and goodwill for the Bank.

19. Progressive use of Hindi

19.1 The Bank complied with the provisions relating to the Official Languages Act, Rules and instructions and directives of Govt of India and Reserve Bank of India. During the year, various competitions were held for School level students in Hindi. Hindi Fortnight/Hindi Day was also celebrated in Head Office, Zonal Offices and Regional Offices. Weekly Hindi Workshop on Conversation in Hindi was introduced at Zonal Office, Thiruvananthapuram. Annual publication 'Swathi', the Bank's Hindi Magazine and 'Rajabhasha Sahayika' was also published. Zonal Office, Thiruvananthapuram, published 'Sitara' a Hindi Magazine during the year. Hindi Workshops, Functional Hindi Programme were conducted for the benefit of staff members to increase the knowledge of functional Hindi. Letter received in Hindi were replied in Hindi.

19.2 The Bank has sponsored P.G. Vasudev Puraskar for the propagandists and writers in the state and the Award was distributed to Hindi Writers of Kerala in the function held at Thiruvananthapuram. "S.B.T Hindi Sahitya Puraskar" was also distributed to Hindi Writers of Kerala at Thiruvananthapuram.

19.3 The Bank participated in the State Level Official Language Exhibition instituted by Kerala Hindi Prachar Sabha and won the shield for being the First Position for the implementation of Official Language Policy. Head Office, Thiruvananthapuram secured Shield (First Position) instituted by the Town Official Language Implementation Committee, Thiruvananthapuram in the implementation of Official Language Policy in Public Sector Banks situated in Thiruvananthapuram. The Kozhikode Zonal Office of the Bank received the Award for the implementation of Official Language Policy from the Government of India, Regional Implementation Office, (South-West), Ministry of Home Affairs, Department of Official Language, Cochin. The Zonal Office, Thiruvananthapuram secured shield from the Town Official Language Implementation Committee, Thiruvananthapuram.

19.4 The SBT Malayalam Sammelanam was conducted under the auspices of the Bank and Malayalam Sahitya

Awards for the best works in Malayalam Poetry, Short Story, Human Interest Story, Children Literature and Literary Criticism were distributed in a glittering function at Thiruvananthapuram. Prof. George Varghese, popularly known as Kakkanadan, noted Malayalam writer has been honoured with SBT "Suvama Mudra" Puraskaram.

20. Branch Network

20.1 The Bank has a network of 792 branches and 18 Extension Counters spread across 13 states and 3 union territories. The branch net work includes 10 Service Branches, 1 International Service Branch, 5 Commercial Network Branches, 5 Specialized SME Branches, 4 NRI branches, 4 Treasury Branches 14 Specialised Personal Segment Branches, 3 Asset Recovery Management Branches, 10 Specialised Agricultural Development Branches, 1 Micro Credit branch, 1 Specialised branch for women entrepreneurs, 1 Overseas branch, 1 MICR branch and 1 branch for State Government Transactions. Apart from this, the Bank has set up various Central Processing Centres under BPR initiatives, including 8 RASMECCCs, 1 RCPC, 1 CPPC, 5 SARC, 2 TFCPCs and 1 LCPC and 13 CACs. Also the Bank is having 2 Exchange bureaus at Airports; one at Calicut Airport and another at Cochin Airport.

20.2 As many as 44 branches were added to the branch network, including upgradation of an Extension counter to full-fledged branch. A new Regional Office has been opened at Coimbatore. Two Regional offices have been relocated to Alappuzha and Bangalore. 22 branches have been shifted to better premises during the year. The Bank has authorization for opening 130 branches (including 55 centres under General Permission)

21. Green Banking and Corporate Social Responsibility

21.1 The Bank has formulated a "Green Banking and Sustainable Development Policy" to play a pro-active role in environmental and social aspects and underscore the Bank's Corporate Social Responsibility. As per this policy, Bank will take effective steps to reduce its own carbon footprint by adopting environment friendly practices, including,

- Replacement of GLS Bulbs by CFLs.
- Rainwater harvesting in own premises, which are large enough

- Use of Solar Water-heating at Learning Centres [Already implemented at Learning Centre, Thiruvananthapuram]
- Ensuring energy efficiency for cooling and heating processes
- Minimise printing and consumption of paper.

Bank will also extend incentive to the borrowers who go for Green projects, i.e., those projects that reduce Carbon Emissions and promote Renewable Energy.

21.2 A new Savings Account Product, "SBT GREEN", has been formulated which encourages use of Alternative channels and dispenses with paper, adopting the spirit of "Green Banking & Sustainable Development Policy".

21.3 Community Services Banking

Social circles are voluntary organization formed by staff members working in branches and administrative offices for undertaking social services. They address themselves to the requirements of their area of operation and extend assistance, which are outside the purview of banking services. Voluntary participation by the staff members and independent assessment of the requirements of the society under the guidance of the parent institution are unique concept in the functioning of the social circles. There are 576 social circles functioning at various branches and administrative offices, spread all over India.

The activities carried out by the Social Circles include health care programs like - medical camps, eye camps, cancer detection camps, health awareness classes, rehabilitation measures for HIV affected people, Assistance to students - which includes distribution of uniforms, school bags, notebooks, umbrellas and other study materials, Assistance to poor homes, old age homes and orphanages, Welfare measures for disabled people.

The social circles also conduct socially relevant programs like observance of Independence Day, Republic Day, No-Tobacco Day, World Environment Day, World AIDS Day, National Blood Donation Day, World Palliative Care Day, World Disabled Day, World Alzheimer's Day, National Youth Day, National Day of Girl Child, Anti TB campaign etc. International Women's Day, World Health Day, Farmer's Day etc.

Bank has donated ambulances and vehicles to M/s Pazhassiraja Charitable Trust, Kozhikode, Bethany Trust,

Mumbai, Akshaya Patra Foundation, Bangalore, Bethsaida Rehabilitation and Training Centre, Nilamel, Devaki Warriar Memorial Women's Studies and Empowerment Centre, Thiruvananthapuram and Abhayam Tripunithura. Apart from these, Bank has donated funds for managing tribal schools, SOS Children's Villages of India, Aluva and M S Swaminathan Foundation, Chennai.

The social circles attached to branches provided bed sheets, blankets, dress materials, beds, pillow covers and other essential items to the inmates of poor homes, orphanages & geriatric centres. Apart from this, certain branches have donated washing machines, emergency lamps, grinders and other equipments to these organisations.

22. Sports and Games

22.1 The Bank enjoys the privilege of having many talented sportsmen in its rolls. The Bank has very active Cricket and Football teams which have brought laurels to it over the years. This year also Bank's Football and Cricket Teams won many matches/tournaments and generated wide media coverage for the Bank's name throughout the country. During the year 5 players each were recruited for the Bank's Football and Cricket teams

22.2 The Banks Cricket team has participated in various All India/All Kerala tournaments. The team won 7 Cups/ Tournaments. Many of the bank's players were selected to represent Kerala State in the Ranji Trophy.

22.3 The Senior Football Team won the Thiruvananthapuram District Super Division League by winning all the six matches it has played. The team finished second in the All-Kerala State Championship held at Thrissur. Six of the players were selected to the Kerala State Team to represent in the Santhosh Trophy. As a proactive measure to have a feeder line, the Bank supports a Junior Football Team, consisting of school/college going children, who won the Thiruvananthapuram District "D" division league matches and qualified for the "C" division matches during 2011.

23. Changes in the Board of Directors

23.1 During the course of the financial year 2010-11, there were 8 changes in the Board of Directors.

1. Shri P Pradeep Kumar, Managing Director appointed under Clause (aa) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959

with effect from 9th September 2010 in place of Shri A K Jagannathan, Managing Director, who retired on attaining superannuation, as at the close of business on 30th April 2010.

2. Shri K Muraleedharan Pillai, Workmen Director appointed under Clause (ca) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959, with effect from 19th July 2010.
3. The tenure of Dr Srinagi B Rao appointed under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 ended on 31st October 2010.
4. Shri C Rajkumar, Officer Employee Director appointed under Clause (cb) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959, with effect from 1st October 2010 in place of Shri P V Sivasankara Pillai, whose tenure expired on 29th September 2010.
5. Shri B Ramesh Babu, SBI Official Director appointed under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 with effect from 25th December 2010 in place of Shri S A Thimmiah, who resigned from the Board on 24th December 2010 on his transfer from Associate Bank's Department of State Bank of India, Corporate Centre, Mumbai to SBI, Local Head Office, Chennai.
6. Dr J Sadakkadulla, RBI nominee Director appointed under Clause (b) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959, with effect from 3rd January 2011 in place of Shri K C Bandyopadhyay.
7. Shri C N Venugopalan, Non-Official Director, nominated by State Bank of India, under clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959, with effect from 11th January 2011.
8. Shri T Balakrishnan and Shri K T Rajagopalan were elected as Directors under clause (d) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959, with effect from 1st February 2011, by the shareholders at the General Meeting held on 31st January 2011 in place of Shri K Thanu Pillai and Shri A Sethumadhavan, Directors whose tenure ended on 31st January 2011.

23.2 The Board of Directors welcome Shri. P Pradeep Kumar, Shri. K Muraleedharan Pillai, Shri. C Rajkumar, Shri. B Ramesh Babu, Dr. J Sadakkadulla, Shri. C N Venugopalan, Shri. T Balakrishnan and Shri. K T Rajagopalan as Directors of the Bank.

23.3 The Board of Directors place on record their appreciation and thanks for the valuable services rendered by Shri. A.K. Jagannathan, Shri. P.V. Sivasankara Pillai, Dr. (Smt.) Srinagi B Rao, Shri. S.A.Thimmiah, Shri. K.C.Bandyopadhyay, Shri. K.Thanu Pillai and Shri. A.Sethumadhavan during their tenure as Directors of the Bank.

24. STATUTORY AUDIT

M/s. Saha Ganguli & Associates, Kolkata, M/s. Ramanatham & Rao, Hyderabad, M/s Jain & Jain, Mumbai, M/s Jagdish Chand & Co, New Delhi, M/s B.V.Rao & Co, Vishakhapatnam and M/s Sridhar & Co, Thiruvananthapuram were appointed as Statutory Auditors of the Bank for the year 2010-11 by State Bank of India, with the approval of the Reserve Bank of India. The Board of Directors sincerely appreciate the valuable suggestions offered and the excellent support and cooperation extended by the Statutory Auditors for the completion of the audit well in time.

25. ACKNOWLEDGEMENTS

The Board of Directors gratefully acknowledge the valuable advice and support extended by the Ministry of Finance, Government of India, Reserve Bank of India, State Bank of India and the cooperation and support extended by the Financial Institutions, Stock exchanges and Correspondents. The Board also wishes to place on record its sincere appreciation of the excellent support, goodwill and patronage received from the esteemed customers and shareholders, the support and cooperation extended and contributions made by the members of staff - award and supervising. The Board also places on record its appreciation for the contribution made by the Employees' Union and Officers' Association.

By Order of the Board,

P PRADEEP KUMAR
Managing Director

STATE BANK OF TRAVANCORE
BALANCE SHEET AS AT 31st MARCH, 2011

(Rs. in thousand)

I. CAPITAL & LIABILITIES	Schedule	As at 31-Mar-2011	As at 31-Mar-2010
1. Capital	1	50 00 00	50 00 00
2. Reserves & Surplus	2	3413 54 89	2790 57 84
3. Deposits	3	58157 92 07	50883 38 63
4. Borrowings	4	5726 50 34	3250 14 64
5. Other Liabilities and Provisions	5	3628 78 04	2480 59 34
Total		70976 75 34	59454 70 45
II. ASSETS			
1. Cash and Balance with Reserve Bank of India	6	4709 57 19	3468 04 15
2. Balances with Banks and Money at Call & Short Notice	7	142 97 34	665 12 35
3. Investments	8	17926 98 71	15844 38 86
4. Advances	9	46044 22 65	38461 26 10
5. Fixed Assets	10	221 36 97	202 81 89
6. Other Assets	11	1931 62 48	813 07 10
Total		70976 75 34	59454 70 45
Contingent Liabilities	12	18733 54 93	13115 35 50
Bills for Collection		2283 28 58	1889 22 46
Principal Accounting Policies	17		
Notes to Accounts	18		

V Viswanathan
Deputy General Manager
(Finance and Accounts)

Saswata Chaudhuri
General Manager
(Treasury)

S Balachandran
Chief General Manager

P Pradeep Kumar
Managing Director

Pratip Chaudhuri
Chairman

DIRECTORS

J Sadakkadulla

B S Gopalakrishna

B Ramesh Babu

C N Venugopalan

K T Rajagopalan

Gyan Chand Pipara

T Balakrishnan

P Vinayagam

As per our report of even date

AUDITORS

For SaHa Ganguli & Associates

Chartered Accountants
Samir Kumar Saha
Partner

Membership No. 051392
FRN: 302191 E

For Jagadish Chand & Co.

Chartered Accountants
Praveen Kumar Jain
Partner

Membership No. 085629
FRN: 000129 N

For Ramanatham & Rao

Chartered Accountants
C. Kameswara Rao
Partner

Membership No. 024363
FRN: 002934 S

For BV Rao & Co.

Chartered Accountants
A R Unni
Partner

Membership No. 007447
FRN: 003118 S

For Jain & Jain

Chartered Accountants
Niranjan M Jain
Partner

Membership No. 101360
FRN: 103869 W

For Sridhar & Co.

Chartered Accountants
R Sridhar
Partner

Membership No. 026343
FRN: 003978 S

Mumbai, 27th April 2011

STATE BANK OF TRAVANCORE
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011
(Rs. in thousand)

	Schedule	For the year ended 31st March 2011	For the year ended 31st March 2010
I. INCOME			
1. Interest Earned	13	5228 76 10	4378 11 74
2. Other Income	14	581 24 43	527 96 08
Total		5810 00 53	4906 07 82
II. EXPENDITURE			
1. Interest Expended	15	3532 72 95	2977 93 88
2. Operating Expenses	16	1101 30 57	955 87 29
3. Provisions and Contingencies		448 24 48	287 99 74
Total		5082 28 00	4221 80 91
III. PROFIT/LOSS			
1. Net Profit for the Year		727 72 53	684 26 91
2. Profit brought forward		1 69 56	1 22 93
Total		729 42 09	685 49 84
APPROPRIATIONS			
1. Transfer to Statutory Reserves		181 93 13	171 37 00
2. Transfer to Capital Reserves (net of tax adjustments)		2 32 80	13 70 35
3. Transfer to Revenue & Other Reserves			
a) Special Reserve Derivatives (Hedging) (net of tax adjustments)		0	0
b) Reserve under Sec 36 of IT Act		47 00 00	30 00 00
c) General Reserves		390 00 00	365 00 00
d) Investment Reserve Account		0	10 13 40
4. Proposed Dividend		50 00 00	80 00 00
5. Tax on Dividend		8 11 13	13 59 53
6. Interim Dividend Paid		40 00 00	0
7. Tax on Interim Dividend		6 64 35	
8. Balance carried over to Balance Sheet		3 40 68	1 69 56
Total		729 42 09	685 49 84
Principal Accounting Policies	17		
Notes to Accounts	18		
Basic & diluted Earnings per Share (in Rupees)		145.55	136.85

V Viswanathan
Deputy General Manager
(Finance and Accounts)

Saswata Chaudhuri
General Manager
(Treasury)

S Balachandran
Chief General Manager

P Pradeep Kumar
Managing Director

Pratip Chaudhuri
Chairman

DIRECTORS

J Sadakkadulla
K T Rajagopalan

B S Gopalakrishna
Gyan Chand Pipara

B Ramesh Babu
T Balakrishnan

C N Venugopalan
P Vinayagam

As per our report of even date AUDITORS

For Saha Ganguli & Associates
Chartered Accountants
Samir Kumar Saha
Partner
Membership No. 051392
FRN: 302191 E

For Ramanatham & Rao
Chartered Accountants
C. Kameswara Rao
Partner
Membership No. 024363
FRN: 002934 S

For Jain & Jain
Chartered Accountants
Niranjan M Jain
Partner
Membership No. 101360
FRN: 103869 W

For Jagadish Chand & Co.
Chartered Accountants
Praveen Kumar Jain
Partner
Membership No. 085629
FRN: 000129 N

For BV Rao & Co.
Chartered Accountants
A R Unni
Partner
Membership No. 007447
FRN: 003118 S

For Sridhar & Co.
Chartered Accountants
R Sridhar
Partner
Membership No. 026343
FRN: 003978 S

Mumbai, 27th April 2011

**STATE BANK OF TRAVANCORE
SCHEDULES TO ACCOUNTS**

(Rs. in thousand)

Schedule - I CAPITAL	As at 31-Mar-2011	As at 31-Mar-2010
A) Authorised Capital (500 00 00 00 shares of Rs 10 each)	500 00 00	500 00 00
B) Issued, Subscribed & Paid up Capital (5000 00 00 shares of Rs 10 each)	50 00 00	50 00 00
Schedule - 2 RESERVES & SURPLUS		
I. Statutory Reserves		
Opening Balance	1028 19 46	856 82 46
Additions during the year	181 93 13	171 37 00
Deductions during the year	Nil 1210 12 59	Nil 1028 19 46
II. Capital Reserves		
Opening Balance	76 41 64	62 71 29
Additions during the year	2 32 80	13 70 35
Deductions during the year	Nil 78 74 44	Nil 76 41 64
III. Share Premium		
Opening Balance	142 50 00	142 50 00
Additions during the year	Nil	Nil
Deductions during the year	Nil 142 50 00	Nil 142 50 00
IV. Revenue and Other Reserves		
(a) Special Reserve Account for profit on Rupee-Yen Swaps		
Opening Balance	5 91 95	5 91 95
Additions during the year	Nil	Nil
Deductions during the year	Nil 5 91 95	Nil 5 91 95
(b) Reserves under Sec 36 of IT Act		
Opening Balance	60 00 00	30 00 00
Additions during the year	47 00 00	30 00 00
Deductions during the year	Nil 107 00 00	Nil 60 00 00
(c) General Reserves		
Opening Balance	1465 71 83	1100 71 83
Additions during the year	390 00 00	365 00 00
Deductions during the year	Nil 1855 71 83	Nil 1465 71 83
(d) Investment Reserve Account		
Opening Balance	10 13 40	Nil
Additions during the year	Nil	10 13 40
Deductions during the year	Nil 10 13 40	Nil 10 13 40
V. Balance in Profit & Loss account	3 40 68	1 69 56
Total	3413 54 89	2790 57 84

Schedule-3 DEPOSITS	As at 31-Mar-2011		As at 31-Mar-2010	
A. I. Demand Deposits				
From Banks	318 12 71		353 73 52	
From Others	2613 07 20	2931 19 91	2043 84 55	2397 58 07
II. Savings Bank Deposits	14701 74 87		13075 98 42	
III. Term Deposits				
From Banks	241 11 98		655 87 84	
From Others	40283 85 31	40524 97 29	34753 94 30	35409 82 14
Total	58157 92 07		50883 38 63	
B. I. Deposits of Branches in India	58157 92 07		50883 38 63	
II. Deposits of Branches outside India	-		-	
Total	58157 92 07		50883 38 63	
Schedule - 4 BORROWINGS				
I. Borrowings in India				
i) Reserve Bank of India	Nil		Nil	
ii) Other Banks	Nil		Nil	
iii) Other Institutions and Agencies	3670 74 08		1535 04 13	
Capital Instruments	1620 00 00	5290 74 08	1620 00 00	3155 04 13
II. Borrowings outside India	435 76 26		95 10 51	
Total	5726 50 34		3250 14 64	
III. Secured Borrowings included in above	Nil		Nil	
Schedule - 5 OTHER LIABILITIES & PROVISIONS				
I. Bills Payable	820 68 70		827 88 05	
II. Inter Office Adjustments (net)	1232 98 61		122 15 36	
III. Interest Accrued	670 19 66		523 08 07	
IV. Others (including provisions) #	904 91 07		1007 47 86	
Total	3628 78 04		2480 59 34	
# Includes				
a) Provision against Standard Assets	200 90 00		148 28 00	
Schedule - 6 CASH AND BALANCE WITH RBI				
I. Cash in hand (including foreign currency notes)	343 41 69		313 47 18	
II. Balances with Reserve Bank of India				
i) In Current Account	4366 15 50		3154 56 97	
ii) Other Accounts	Nil	4366 15 50	Nil	3154 56 97
Total	4709 57 19		3468 04 15	

Schedule - 7 BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE	As at 31-Mar-2011		As at 31-Mar-2010	
I. In India				
i) Balances with Banks				
a) in Current Accounts	7 30 12		35 52 35	
b) in Other Deposit Accounts	91	7 31 03	200 00 00	235 52 35
ii) Money at Call and Short Notice				
a) with Banks	Nil		250 00 00	
b) with other institutions	Nil	Nil	Nil	250 00 00
II. Outside India				
i) in Current Accounts	Nil		Nil	
ii) in Other Deposit Accounts	135 66 31		179 60 00	
iii) Money at Call and Short Notice	Nil	135 66 31	Nil	179 60 00
Total		142 97 34		665 12 35
Schedule - 8 INVESTMENTS				
A I. In India:				
i) Government Securities	14361 19 91		13593 22 17	
ii) Other Approved Securities	13 03 00		30 88 70	
iii) Shares	105 47 76		92 65 93	
iv) Debentures and Bonds	2120 95 34		1633 80 39	
v) Subsidiaries and/or Joint Ventures		Nil		Nil
vi) Others	1326 32 70		493 81 67	
A II. Outside India		Nil		Nil
Total	17926 98 71		15844 38 86	
B I. Investments in India				
i) Gross value of investments	17955 73 65		15880 75 04	
ii) Aggregate provision for Depreciation	28 74 94		36 36 18	
iii) Net Value of Investments	17926 98 71		15844 38 86	
B II. Investments outside India		Nil		Nil
Total	17926 98 71		15844 38 86	

Schedule - 9 ADVANCES	As at 31-Mar-2011	As at 31-Mar-2010
A. i) Bills Purchased and Discounted	2985 38 36	2261 76 68
ii) Cash Credits, Overdrafts & Loans repayable on demand	18147 46 84	15065 49 10
iii) Term Loans	24903 80 66	21003 51 61
iv) Amount receivable from GOI under ADWS 2008	7 56 79	130 48 71
Total	46044 22 65	38461 26 10
B. i) Secured by Tangible Assets (includes advances against Book Debts)	36571 76 97	29928 47 17
ii) Covered by Bank /Government Guarantees	967 97 94	771 86 94
iii) Unsecured	8504 47 74	7760 91 99
Total	46044 22 65	38461 26 10
C. I. Advances in India		
i) Priority Sector	17254 09 60	14091 44 64
ii) Public Sector	2584 83 61	2898 59 02
iii) Banks	Nil	Nil
iv) Others	26205 29 44	21471 22 44
Sub-Total	46044 22 65	38461 26 10
C. II. Advances outside India		
i) Due from banks	Nil	Nil
ii) Due from others	Nil	Nil
a) Bills Purchased and Discounted	Nil	Nil
b) Syndicated loans	Nil	Nil
c) Others	Nil	Nil
Sub-Total	Nil	Nil
Total	46044 22 65	38461 26 10
Schedule - 10 FIXED ASSETS		
I. Premises		
i) At cost as on 31st March of the preceding year	78 61 35	65 30 93
ii) Additions during the year	2 06 02	13 32 66
iii) Deductions during the year	5 17	2 24
iv) Depreciation to date	30 71 84	49 90 36
27 90 29		50 71 06
II. Other Fixed Assets (including Furniture and Fixtures)		
i) At cost as on 31st March of the preceding year	486 75 84	430 86 34
ii) Additions during the year	79 79 33	72 84 61
iii) Deductions during the year	27 14 66	16 95 11
iv) Depreciation to date	367 93 90	171 46 61
334 65 01		152 10 83
III. Leased Assets		
i. At cost as on 31st March of the preceding year	4 67 38	4 67 38
ii. Additions during the year	Nil	Nil
iii. Deductions during the year	Nil	Nil
iv. Depreciation to date	4 67 38	Nil
4 67 38		Nil
Total	221 36 97	202 81 89

Schedule - I1 OTHER ASSETS	As at 31-Mar-2011	As at 31-Mar-2010
I. Inter Office Adjustments (Net)	Nil	Nil
II. Interest accrued	501 81 31	461 76 55
III. Tax paid in advance/tax deducted at source (net of provisions)	61 68 82	68 51 50
IV. Stationery and Stamps	3 34 52	3 42 78
V. Non banking assets acquired in satisfaction of claims	20 64	24 99
VI. Others #	1 364 57 19	279 11 28
Total	1 931 62 48	813 07 10
Includes: Deferred Expenditure- Pension 2nd Option & gratuity	537 53 04	Nil
Deferred Tax Assets (Net)	208 91 00	1 66 71 00
Schedule - I2 CONTINGENT LIABILITIES		
I Claims against the Bank not acknowledged as debts	5 25 36	5 12 42
II Liability for partly paid investments	Nil	Nil
III Liability on account of outstanding forward exchange contracts	1 01 85 11 04	6 754 17 96
IV Liability on account of outstanding single currency interest rate swap contracts	1 034 57 60	1 40 00 00
V Guarantees given on behalf of constituents		
i) In India	3 179 68 45	2 779 04 44
ii) Outside India	9 42 99	8 24 81
VI Acceptances, endorsements & other obligations	3 641 26 49	3 278 54 59
VII Disputed Income Tax liability	1 77 52 20	1 50 21 28
VIII Other items for which the Bank is contingently liable	Nil	Nil
Revaluation of FLCs	499 66 00	
Contingent for Capital Expenditure	1 04 80 500 70 80	Nil
Total	1 873 33 54 93	1 31 15 35 50
Bills for collection	2 283 28 58	1 889 22 46

Schedule - 13 INTEREST EARNED	For the year ended 31st March 2011		For the year ended 31st March 2010	
I Interest / Discount on Advances / Bills	4027 85 91		3363 07 47	
II Income on Investments	1 148 68 44		957 90 43	
III Interest on balances with Reserve Bank of India and other inter-bank funds	5 77 53		10 90 27	
IV Others	46 44 22		46 23 57	
Total	5228 76 10		4378 11 74	
Schedule-14 OTHER INCOME				
I. Commission, Exchange & Brokerage	369 15 10		336 32 07	
II. Profit on sale of investments	3577148		93 35 88	
Less: Loss on sale of Investments	2593992	98 31 56	14 37 02	78 98 86
III. Profit on revaluation of investments	Nil		Nil	
Less : Loss on revaluation of Investments	Nil	Nil	Nil	Nil
IV. Profit on sale of land, buildings & other assets	19 18		73 73	
Less : Loss on sale of land, buildings & other assets	56 04	(36 86)	52 06	21 67
V. Profit (net of loss) on exchange transactions	40 28 69		39 99 91	
VI. Income earned by way of dividends, etc. from subsidiaries/ companies and/or joint ventures abroad/in India	Nil		Nil	
VII. Miscellaneous Income	73 85 93		72 43 57	
Total	581 24 42		527 96 08	
Schedule - 15 INTEREST EXPENDED				
I Interest on Deposits	3122 99 40		2745 16 65	
II Interest on RBI / Inter-Bank Borrowings	165 19 81		9 87 57	
III Others	244 53 74		222 89 66	
Total	3532 72 95		2977 93 88	
Schedule -16 OPERATING EXPENSES				
I Payments to and Provisions for Employees	700 38 80		615 13 87	
II Rent, Taxes & Lighting	86 13 75		74 58 34	
III Printing & Stationery	8 83 77		7 67 78	
IV Advertisement and Publicity	7 87 51		8 59 95	
V Depreciation on Bank's Property	46 94 42		42 82 47	
VI Directors' Fees, Allowances and Expenses	42 55		38 83	
VII Auditors' Fees & Expenses	120135		8 78 23	
VIII Law charges	6 90 75		6 64 51	
IX Postage, Telegrams, Telephones, etc.	7 11 48		5 14 83	
X Repairs and Maintenance	13 69 54		11 75 27	
XI Insurance	51 66 71		45 67 46	
XII Other Expenditure	159 29 94		128 65 75	
Total	1 101 30 57		955 87 29	

SCHEDULE 17 - PRINCIPAL ACCOUNTING POLICY 2010-11

I. GENERAL

The accompanying financial statements have been prepared under the historical cost convention as modified for foreign currency transactions and they conform to Generally Accepted Accounting Principles (GAAP) in India, which comprise the statutory provisions, guidelines of regulatory authorities and Reserve Bank of India (RBI), Accounting Standards and guidance notes issued by the Institute of Chartered Accountants of India (ICAI) and the practices prevalent in the banking industry in India.

2. TRANSACTIONS INVOLVING FOREIGN EXCHANGE

- 2.1 Monetary assets and liabilities denominated in Foreign Currencies are translated at the Foreign Exchange Dealers Association of India (FEDAI) rates prevailing on the Balance Sheet date.
- 2.2 Guarantees / Standby Letters of Credit, Letters of Credit, Forward Rate Agreements, Foreign Currency Options and Forward Exchange Contracts are translated at FEDAI rates as on the Balance Sheet date.
- 2.2 Income and Expenses are translated at the market exchange rates prevailing on the date of the respective transactions. Interest earned but not due on foreign currency funds deployed abroad, are translated at the FEDAI rates as on the balance sheet date.
- 2.4 In accordance with the guidelines of FEDAI all outstanding forward exchange contracts in each currency are revalued on the Balance Sheet date at the corresponding forward rates for the respective maturity of the contract. The difference between revalued amount and the contracted amount is recognized as profit or loss, as the case may be.
- 2.5 Premium received / paid on outstanding currency options has been accounted for as per FEDAI guidelines.

3. INVESTMENTS - Domestic

Investments are accounted for in accordance with the extant regulatory guidelines. The Bank has changed (w.e.f.) 01.01.2011 the method of accounting of investments from 'Trade Date' to 'Settlement Date' method.

3.1 Classification

Investments are classified into three categories namely: Held to Maturity, Available for Sale and Held for Trading. Investments are further classified into the following six

groups in the balance sheet:

- (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Subsidiaries / Joint Ventures and (vi) Others (CPs, Mutual Funds, Units, etc.)

3.2 Basis of Classification

Investments that the Bank intends to hold till maturity are classified as Held to Maturity.

Investments that are held principally for resale within 90 days from the date of purchase are classified as Held for Trading.

Investments that are not classified in the above two categories are classified as Available for Sale.

An investment is classified as 'Held to Maturity', 'Available for Sale' or 'Held for Trading' at the time of its purchase and subsequent shift amongst categories is done in conformity with Regulatory Guidelines.

3.3 Valuations and Accounting

(i) In determining the cost of an investment:

- (a) Brokerage / commission received on subscription is reduced from the cost.
- (b) Brokerage / commission etc., paid in connection with the acquisition of investments is charged to revenue and not included in cost.
- (c) Broken period interest paid / received on debt instruments is treated as interest expended / income and is not included in cost / sale consideration.
- (d) Cost is determined on the weighted average cost method.
- (e) The transfer of a security amongst the above three categories is accounted for at the least of the acquisition cost / book value / market value on the date of transfer and the depreciation, if any, on such transfer is fully provided for.

(ii) Held to Maturity categories:

Each security is carried at acquisition cost or at amortized cost, if acquired at a premium over the face value. Any premium on acquisition is amortized over the remaining maturity period of the security on constant yield basis. Such amortization of premium is adjusted against income under the head "Interest on investments".

Profit on sale / redemption of securities is recognized as income and appropriated to Capital Reserve net of taxes and mandatory transfer to statutory reserves.

(iii) Available for Sale and Held for Trading categories:

- (a) The value of investments held under the Available For Sale category is determined as per Reserve bank of India guidelines as under:

- Central Government Securities: Marked to market on the basis of prices declared for the purpose of valuation jointly by Fixed Income Money Market and Derivatives Association of India (FIMMDA) and Primary Dealers Association of India (PDAI).
 - State Government Securities and Other Trustee Securities: Marked to market on the basis of prices derived out of the yield for respective maturities declared for the purpose of valuation jointly by FIMMDA and PDAI.
 - Shares: Wherever Stock Exchange quotations are available valuation is done as per lower of the quotations in Bombay Stock Exchange or National Stock Exchange. Wherever current quotations are not available and in respect of unquoted shares (i) Valuation is as per Book Value (without considering Revaluation Reserves, if any) ascertained from the latest Balance Sheet of the Company (which is not more than one year prior to the date of valuation) (ii) In case the latest Balance Sheet is not available, the shares are valued at Re. 1.00 per Company.
 - Bonds & Debentures: Valued on the YTM method for the respective maturity and rating put out by FIMMDA and PDAI.
 - Mutual Fund Units: Quoted Mutual Fund Units are valued as per Net Asset Value as declared by the Mutual Fund.
 - Treasury Bills, Certificates of Deposits and Commercial Papers are valued at carrying cost.
 - Preference Shares are valued at lower of market value determined on YTM basis and its redemption value.
- (b) Each security in the above two categories is revalued at the market price or fair value determined as per Regulatory Guidelines and only the net depreciation of each group for each category is provided for and net appreciation is ignored. On provision for depreciation, the book value of the individual securities remains unchanged after marking to market.
- (iv) Security receipts issued by an Asset Reconstruction Company (ARC) are valued in accordance with the guidelines applicable for Non-SLR investments.
- (v) Investments are classified as performing and non-performing based on the following guidelines issued by the RBI.
- (a) Interest / Instalment (including maturity proceeds) is due and remains unpaid for more than 90 days.
- (b) In the case of equity shares, in the event of the investment in the share of any company is valued at Re. 1.00 per company on account of the non-availability of the latest balance sheet, those equity shares would be reckoned as NPI.
- (c) If any credit facility availed by the issuer is NPA in the books of the Bank, investment in any of the securities issued by the same issuer would also be treated as NPI and vice versa.
- (d) The above would apply mutatis mutandis to preference shares where the fixed dividend is not paid.
- (e) The investments in debentures / bonds, which are deemed to be in the nature of advance, are also subjected to NPI norms as applicable to investments.
- (vi) The Bank has adopted the Uniform Accounting Procedure prescribed by the RBI for accounting of Repo and Reverse Repo transactions.

3.4 Interest Rate Swaps and Forward Rate Agreements

- (a) Interest Rate Swaps and Forward Rate Agreements have been undertaken for hedging purposes only and hence the cash flows are accounted on accrual basis and the balances are carried at Notional Principal Value.
- (b) When a hedge becomes naked in part or full owing to shrinking portfolio, and if allowed to continue till maturity, it is marked to market at regular intervals.
- (c) The periodical net cash flows arising out of Interest Rate Swaps in domestic currency are booked as income / expenditure.
- (d) The periodical net cash flows arising out of Interest Rate Swaps in foreign currency are booked as income / expenditure and form part of the exchange position in Forex transactions.
- (e) The Forward Rate Agreements in foreign currency are valued at FEDAI rate prevailing on the Balance Sheet date and the outstanding position is shown under Contingent liabilities.
- (f) Gain / Loss arising out of swap transactions in respect of Tier I / II bonds, is computed separately. Losses, if any, are fully provided for. Gains on reset or sale is recognized as Income and appropriated to Special Reserve net of taxes and mandatory transfer to statutory reserve.

3.5 Non-Performing Investments

All such securities where repayment of principal or interest not serviced within 90 days from the due date are classified as Non-performing Investments, except securities guaranteed by the Central Government, which is, treated as performing investments notwithstanding arrears of principal / interest payments. In respect of investments classified as Non-performing, appropriate provisions are made for the depreciation in the value. The depreciation requirement in respect of these securities is not set off against appreciation in respect of other performing securities.

4. ADVANCES

4.1 All advances have been classified under four categories i.e., (i) Standard Assets (ii) Sub-Standard Assets (iii) Doubtful Assets and (iv) Loss Assets as per RBI directives / guidelines.

4.2 Advances shown in the Balance Sheet are net of:

- (a) Provision made on Non-Performing Assets (NPA)
- (b) Uncollected Interest Income in respect of NPA
- (c) Bills rediscounted with IDBI / SIDBI
- (d) Claims received
- (e) Diminution in fair value of Restructured Assets
- (f) Technical write-off
- (g) Inter-Bank Participations with Risk sharing

4.3 Provision on advances have been made in accordance with RBI guidelines / directives as under:

- (a) For Standard Assets:
 - (i) 0.25% on direct advance to agriculture and SME sectors
 - (ii) 1.00% on advances to commercial real estate.
 - (iii) 2.00% on Teaser Home Loans
 - (iv) 0.40% on all other advances

(b) For all Non-Performing Assets (NPA):

(i) Sub-standard Assets:

(a) A general provision of 10%

(b) Additional provision of 10% for exposures, which are unsecured ab-initio (where realizable value of security is not more than 10% ab-initio)

(ii) Doubtful assets at 20%, 30% or 100% of the secured portion based on the number of years the account remained as "Doubtful Asset" and at 100% of the unsecured portion of the outstanding after netting retainable amount of the guarantee cover under the scheme of Export Credit and Guarantee Corporation (ECGC) / Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), wherever applicable and

(iii) Loss Assets at 100%.

4.4 Restructuring of Advances: In respect of restructured accounts, where the outstanding is Rs. 1.00 crore and above, the erosion in the fair value of the advance is computed as the difference between the fair value of the loan before and after restructuring.

Fair value of the loan before restructuring is computed as the present value of cash flows representing the interest at the existing rate charged on the advance before restructuring and the principal, discounted at a rate equal to the Bank's BPLR as on the date of

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

In respect of restructured accounts, where the outstanding is less than Rs. 1.00 crore, the amount of diminution in the Fair value has been computed at 5% of the outstanding.

4.5 In the case of suit filed accounts, legal expenses are charged to Profit & Loss account and credited to revenue expenditure, when recovered.

4.6 Financial assets sold to Asset Reconstruction Company (ARC) / Securitisation Company (SC) are recognized as under:

(a) In case the sale is at a price lower than the Net Book Value (NBV), the difference is charged to the Profit & Loss account.

(b) In the case the sale is at a price higher than the NBV, the surplus provision is not reversed but held separately for meeting the loss if any on future sale of financial assets.

5. DEPOSITS

Interest on deposits, with provision for re-investment of interest, is capitalized for every completed quarter and shown as principal.

6. FIXED ASSETS & DEPRECIATION

6.1 Premises and other fixed assets have been accounted for at historical cost. Pending registration, the land and buildings acquired by the Bank are capitalized, based on letters of allotment / agreement and the physical possession.

6.2 (a) Cost of mobile sets / phones up to Rs. 5000,

(b) Cost of furnishing items like curtains (including stitching charges) / carpets / mattresses and pillows irrespective of cost and

(c) Other individual items costing Rs. 1000 or less are charged to profit and loss account in the year of purchase.

6.3 Depreciation on premises and other fixed assets including system software is provided for on written down value method in the manner and at rates as per Income Tax Act / Rules except as under:

No.	Description of fixed assets	Method of charging depreciation	Depreciation/ amortisation rate
1.	Computers	Straight Line Method	33.33% every year
2.	Computer Software forming an integral part of hardware	Written Down Value Method	60%
3.	Computer Software which does not form an integral part of hardware	Straight Line Method	100% in the year of acquisition

6.4 In respect of assets acquired during the year, depreciation is charged for half year in respect of assets used for 182 days or less and for the full year in respect of assets used for more than 182 days, except depreciation on computers and software, which is charged for the full year irrespective of the period for which the asset was put to use. No depreciation is provided in the year of sale / disposal of an asset.

6.5 In respect of Leasehold Properties, the lease premium is amortized over the period of the lease.

7. EMPLOYEE BENEFITS

7.1 Short Term Employee benefits:

Amount of short-term employee benefits, such as casual leave and medical benefits, expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service.

7.2 Post Employment benefits:

(i) Defined Contribution Plan

The Bank operates a Provident Fund scheme, which is a defined contribution plan. All eligible employees are entitled to receive benefits under the Bank's Provident Fund scheme. The Bank contributes monthly at a determined rate (currently 10% of employee's basic pay plus eligible allowance). These contributions are made to a fund set up by the Bank and administered by a Board of Trustees. The Bank has no liability for future provident fund benefits other than its annual contribution, and recognizes such contributions as an expense in the year to which they relate.

(ii) Defined Benefit Plan

(a) The Bank operates gratuity, pension and resettlement schemes, which are defined benefit plans.

(b) The Bank provides for gratuity to all eligible employees.

The benefit is in the form of lump sum payments to vested employees on superannuation, on death while in employment or on termination of employment. The rate of gratuity payable to an employee is 15 days based on the rate of wages / salary last drawn by the employee as per the Payment of Gratuity Act, 1972 for every completed year of service. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for a period of not less than 5 years (on retirement, resignation, except death & disablement). To be eligible under SBT (Employees) Gratuity Regulations, 1972 minimum service required is 10 years. The Bank makes annual contribution to the Fund administered by the Board of Trustees based on independent actuarial valuation carried out annually. The maximum amount payable as per the Payment of Gratuity Act, 1972 is Rs.10.00 lakhs. The amount payable to the employees will be higher of the amount calculated as per SBT (Payment of Gratuity to Employees) Regulations and Payment of Gratuity Act, 1972, subject to deduction of Income Tax on amount in excess of Rs.10.00 lakhs.

(c) The Bank provides for pension to all eligible employees who have opted for pension and joined the services of the Bank on or before 31st March 2010. The benefit is in the form of monthly payments as per rules and regular payments to vested employees on retirement, on death while in employment, or on termination of employment. Vesting occurs at different stages as per rules. The Bank makes annual contributions to fund administered by Board of Trustees based on an independent external actuarial valuation carried out annually.

(d) The cost of providing defined benefits is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date. Actuarial gains / losses are immediately recognized in the statement of profit and loss and are not deferred.

(e) The bank has exercised the option of recognizing the transitional liability on adoption of Accounting Standard 15 (2005) for its defined benefit schemes against revenue and other reserves.

(f) Defined Contributory Pension Scheme: Employees, joining services of the Bank on or after 1st April 2010 are eligible for Defined Contributory Pension Scheme in line with the New Pension Scheme introduced for employees of Central Government.

(g) The additional liability on account of reopening of pension option for serving employees who had not opted for pension earlier as well as the enhancement in gratuity limits is being amortized over a period of five years beginning with the financial year ending March 31, 2011 as per the RBI notification.

- (h) The additional liability on account of reopening of pension option for retired employees who had not opted for pension earlier as well as the enhancement in gratuity limit is being charged to the profit and loss account.

(iii) Other Long Term Employee benefits:

- (a) All eligible employees of the bank are eligible to encash certain portion of their earned leave while in employment or on retirement, on death or on termination of employment, subject to a maximum amount. This is paid by the Bank as and when the liability arises.
- (b) The cost of providing other long-term benefits is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date. Past service cost is immediately recognized in the statement of profit and loss and is not deferred.

8. PROVISION FOR TAXATION

- (a) Income tax expense is the aggregate amount of current tax, deferred tax and wealth tax. Current year taxes are determined in accordance with the prevailing tax rates and tax laws. Deferred tax adjustments comprise of changes in the deferred tax assets or liabilities during the year.
- (b) Deferred tax assets and liabilities are recognized on a prudent basis for the future tax consequences of timing differences arising between the carrying values of assets and liabilities and their respective tax basis and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted prior to the balance sheet date. The impact of changes in the deferred tax assets and liabilities is recognized in the profit and loss account.
- (c) Deferred tax assets are recognized and reassessed at each reporting date, in accordance with Accounting Standard 22 and based upon Management's judgment as to whether realization is considered certain. Deferred tax assets are recognized only if there is virtual certainty that such deferred tax assets can be realized against future taxable income.

9. REVENUE RECOGNITION

- 9.1 Income: Interest and other income are recognized on accrual basis except for the following, which are recognized on cash basis:
 - (a) Interest and other income on NPA, projects under implementation with time over run and government guaranteed accounts where interest is not received regularly, as per Reserve Bank of India guidelines;
 - (b) Dividend on investment in shares and income distributed on units of Mutual Funds;

- (c) Locker Rent;
- (d) Exchange on demand bills purchased / commission on bills sent for collection;
- (e) Interest on Overdue bills on realization basis;
- (f) Income on cross selling products;
- (g) Interest on Non Performing Investments and
- (h) Insurance claims

9.2 Adjustment in respect of recoveries made in NPA accounts - the recoveries made are appropriated in the order of Charges, Interest and then to Principal in live NPA and in respect of protested bills accounts, the recoveries made are appropriated in the order of Principal, Charges and then to unrealized Interest.

9.3 Income from interest on refund of income tax is accounted for in the year the assessment order is passed by the concerned authority.

9.4 Expenditure: Revenue expenditure is accounted for on accrual basis except Property Taxes and Bank's liabilities in respect of disputes pertaining to additional rent / lease rent, which are accounted for on cash basis.

10. NET PROFIT

The net profit disclosed in the Profit and Loss account is arrived at, after making provisions for the following:

- (a) Provision for taxes on Income including Deferred Tax and Wealth Tax,
- (b) Provision for Non-performing Advances and / or Investments,
- (c) Provision on Standard Assets,
- (d) Interest sacrifice on restructured accounts,
- (e) Depreciation on Investments,
- (f) Transfers to contingencies and
- (g) Other usual and necessary provisions.

11. IMPAIRMENT OF ASSETS

Impairment loss, if any, on Fixed Assets is recognized in accordance with the Accounting Standard 28 issued in this regard by the Institute of Chartered Accountants of India.

12. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In conformity with Accounting Standard 29, "Provisions, Contingent Liabilities and Contingent Assets", the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligations, and when a reliable estimate of the amount of the obligation can be made.

SCHEDULE 18 – NOTES TO ACCOUNTS

I. CAPITAL

Capital Adequacy Ratio

The Capital to Risk-weighted Assets Ratio (CRAR) as assessed by the Bank on the basis of the financial statements and guidelines issued by the Reserve Bank of India (RBI) has been computed as below:

a. As per BASEL - I

Particulars	31.03.2011	31.03.2010
i) Capital to Risk-Weighted Assets Ratio (CRAR)	10.82%	11.89%
ii) Capital to Risk-Weighted Assets Ratio (Tier I)	7.77%	8.00%
iii) Capital to Risk Weighted Assets Ratio (Tier II)	3.05%	3.89%
iv) Percentage of share holding of the Government of India	Nil	Nil
v) Amount raised during the year by issue of IPDI	Nil	Nil
vi) Amount raised during the year by issue of Upper Tier II instruments	Nil	Nil

b. As per BASEL - II

As per the extant guidelines of RBI, Bank has migrated to New Capital Adequacy framework with effect from 31.03.2008. Bank has adopted Standardized Approach for Credit Risk, Standardized Duration Approach for Market Risk and Basic Indicator Approach for Operational Risk towards compounding the minimum Capital under BASEL - II.

Prudential Floor as on 31.03.2011

While migrating to BASEL - II framework, RBI has set out a Prudential Floor on minimum capital for the smooth transition from BASEL - I framework to BASEL - II framework. The Prudential Floor is higher of "minimum capital is required to be maintained as per BASEL - II framework or as a percentage (prescribed as 80% for the financial year ending 31st March 2011) of minimum capital requirement computed as per BASEL - I framework" for credit and market risks.

Prudential Floor Capital computation as on 31.03.2011 is given below:

(Rs. in crore)

S. No.	Particulars	31.03.2011
i)	Total Risk Weighted Assets as per BASEL - II	38932.39
ii)	Minimum Capital to be maintained as per BASEL - II [(i) * 9%]	3503.92
iii)	Total Risk Weighted Assets as per BASEL - I	45097.57
iv)	Minimum Capital to be maintained as per BASEL - I [(iii) * 9%]	4058.78
v)	80% of minimum capital requirement as per BASEL - I [(iv) * 80%]	3247.03
vi)	Actual Capital Funds maintained	4881.08
vii)	Prudential Floor [higher of (ii) or (v)]	3503.92
viii)	Excess capital maintained above the Prudential Floor [(vi) minus (vii)]	1377.16

The Bank has complied with the Prudential Floor stipulated by RBI as on 31.03.2011.

Particulars	31.03.2011	31.03.2010
i) Capital to Risk Weighted Assets Ratio (CRAR)	12.54%	13.74%
ii) Capital to Risk Weighted Assets Ratio (Tier I)	9.00%	9.24%
iii) Capital to Risk Weighted Assets Ratio (Tier II)	3.54%	4.50%

(As compiled by the Management and relied upon by the Auditors)

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

(Rs. in crore)

Details	Year of issue	Tenor	Int. Rate %	Amount 31.03.2011	Amount 31.03.2010
Subordinated Debt					
Series VI	2004-2005	111 months	7.05	195.00	195.00
Series VII	2005-2006	115 months	7.45	235.00	235.00
Series VIII	2005-2006	111 months	7.80	140.00	140.00
Series IX	2007-2008	120 months	9.20	125.00	125.00
Series X	2007-2008	120 months	9.18	125.00	125.00
Upper Tier II Bond	2006-2007	180 months	9.65	200.00	200.00
Upper Tier II Bond	2007-2008	180 months	10.25	300.00	300.00
Innovative Perpetual Debt Instrument (IPDI) - Tier I Capital					
Series I	2006-2007	Perpetual	9.34	200.00	200.00
Series II	2007-2008	Perpetual	9.95	100.00	100.00
	Total			1620.00	1620.00

2. INVESTMENTS

(Rs. in crore)

Particulars	31.03.2011	31.03.2010
Value of Investments		
Gross value of Investments	17955.74	15880.75
a) In India	17955.74	15880.75
b) Outside India	Nil	Nil
Less: Provisions for Depreciation	28.75	36.36
a) In India	28.75	36.36
b) Outside India	Nil	Nil
Net value of Investments	17926.99	15844.39
a) In India	17926.99	15844.39
b) Outside India	Nil	Nil
Movement of Provisions held towards Depreciation on Investments		
Opening Balance (as on 1st April)	36.36	72.10
Add: Provisions made during the year	6.62	Nil
Less: Write back of excess provisions during the year	0.00	20.47
Less: Write-off during the year	14.23*	15.27
Closing Balance (as on 31st March)	28.75	36.36

* Depreciation on account of shifting of securities Rs.14.03 crore and write off ARCIL (Core Health care Rs.0.20 crore)

2.1 In accordance with the RBI guidelines, the Bank's domestic gross investment portfolio has been classified into three categories. The classification as on 31.03.2011 is given hereunder:

(Rs. in crore)

Classification	31.03.2011		31.03.2010	
	Amount	%	Amount	%
Held to Maturity - HTM	15449.01	86.04	13727.24	86.43
Available for Sale - AFS	2017.52	11.24	2148.50	13.54
Held for Trading - HFT	489.21	2.72	5.01	0.03
Total	17955.74	100.00	15880.75	100.00

Domestic HTM securities (SLR) as a percentage of Net Demand and Time Liabilities works out to 21.57% as against a stipulated maximum level of 25%

2.2 Repo transactions during the year 2010-11

(Rs. in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on 31/03/2011
Securities sold under Repo				
Government Securities *	55.00 (Nil)	1950.00 (Nil)	423.00 (Nil)	1000.00 (Nil)
Corporate Debt Securities	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Securities purchased under reverse Repo				
Government Securities *	25.00 (15.00)	805.00 (787.00)	36.04 (73.79)	Nil (Nil)
Corporate Debt Securities	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

* Amount represents LAF. (Note: Figures in brackets relate to the previous year)

2.3 Non-SLR Investment Portfolio

i) Issuer composition of Non-SLR Investments as on 31.03.2011

(Rs. in crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Un-rated' Securities	Extent of 'Unlisted' Securities
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	PSUs	91.77 (114.30)	5.20 (24.93)	1.50 (1.50)	1.50 (26.64)	5.20 (5.20)
2	Financial Institutions	2537.05 (1789.04)	12.52 (1763.08)	Nil (Nil)	Nil (18.97)	12.52 (18.97)
3	Banks	590.60 (126.06)	52.55 (40.18)	Nil (Nil)	Nil(4.08)	0.00 (0.00)
4	Private Corporate	341.56 (206.53)	40.03 (45.39)	2.54 (2.76)	12.69 (167.68)	50.84 (49.40)
5	Subsidiaries & JVs	Nil(Nil)	Nil(Nil)	Nil(Nil)	Nil(Nil)	Nil(Nil)
6	Others	6.90 (2.40)	6.90 (2.40)	Nil(Nil)	Nil (2.40)	Nil(2.40)
7	Provision held towards Depreciation	15.12 (18.05)	Nil(Nil)	Nil(Nil)	Nil(Nil)	Nil(Nil)
8	Total *	3552.76 (2220.28)	117.20 (875.98)	4.04 (4.26)	14.19 (219.77)	68.56 (75.97)

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

ii. Non Performing Non-SLR Investments

(Rs. in crore)

Particulars	31.03.2011	31.03.2010
Opening balance	1.51	2.50
Additions during the year since 01.04.2010	2.98	Nil
Reductions during the above period	0.40	0.99
Closing balance	4.09	1.51
Total Provisions held	4.09	1.51

2.4 In compliance with RBI guidelines, the Bank has changed the Accounting Policy 3 with effect from 01.01.2011 regarding accounting of investments, from 'trade date' to 'settlement date' and this change has no impact on these financial statements.

3. DERIVATIVES

3.1. Interest Rate Swap / Forward Rate Agreement / Options

Rupee Based

(Rs. in crore)

Particulars	31.03.2011	31.03.2010
i. The notional Principal of Swap agreements - Interest Rate Swap	Nil	Nil
- Coupon only Swap	140.00	140.00
ii. Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	14.00	21.00
- Collateral required by the Bank upon entering into swaps	Nil	Nil
iii. Concentration of credit risk arising from the swaps	Nil	Nil
iv. The fair value of the swap book	(9.41)	(5.98)

Forex Based

(Rs. in crore)

Particulars	31.03.2011	31.03.2010
i. The notional Principal of Swap agreements - Interest Rate Swap	894.58	Nil
- Coupon only Swap	Nil	Nil
ii. Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	7.55	Nil
- Collateral required by the Bank upon entering into swaps	Nil	Nil
iii. Concentration of credit risk arising from the swaps	Nil	Nil
iv. The fair value of the swap book	(0.26)	Nil

(Derivative transactions are made based on the certificates obtained by the Management from the Exporters)

(a) The Bank has entered into (1) Interest Rate Swap (Coupon only swaps) for hedging the interest

rate risks of Tier II Bonds and (2) Interest Rate Swap for hedging the interest rate risks of FCNR (B) deposits. No swap transaction was undertaken for trading purpose during the year.

- (b) All the Interest Rate Swaps are within the counter party exposure limits.
- (c) The value and maturity of the hedge have not exceeded the underlying liabilities and no stand-alone transactions are initiated / outstanding.
- (d) The Coupon only swaps are done in Japanese Yen and Indian Rupees receiving Fixed Rate interest in Indian Rupee and paying Japanese Yen LIBOR for one year (plus a spread) with a cap of 1%.
- (e) Forex based Interest Rate Swaps are done in US Dollars receiving fixed and paying six month LIBOR – linked floating rate interest.
- (f) Carrying value of the Notional Principal amount of the outstanding swaps is same as the Notional Principal amount and outstanding Interest Rate Swaps arrived at RBI reference rate as on trade dates.
- (g) The Bank has not offered any collateral for undertaking the swaps.
- (h) There is no concentration of credit risks arising from Interest Rate Swaps undertaken during the year.
- (i) No Forward Rate Agreement transaction was undertaken during the year.

3.2 Exchange Traded Interest Rate Derivatives (Rupee & Forex)

(Rs. in crore)

S. No.	Particulars	Amount
i)	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year.	Nil
ii)	Notional Principal amount of exchange traded interest rate derivatives outstanding as on 31.03.2011.	Nil
iii)	Notional Principal amount of exchange traded interest rate derivatives and not "highly effective".	Nil
iv)	Marked-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective".	Nil

3.3 Options

- (a) Options offered to customers have been covered back to back in the market.

(b) The carrying value of the Notional Principal Amount of the outstanding options arrived at FEDAI rates and the fair value as on 31.03.2011 are:

(Rs. in crore)

Particulars	Carrying Value		Fair Value	
	31.03.2011	31.03.10	31.03.11	31.03.10
Option Contracts	Nil	936	Nil	028

3.4 Disclosures on risk exposure in derivatives

a) Qualitative Disclosure

(i) Bank has started trading in currency futures through MCX Exchange with IL&FS as Clearing

agent as per Board approved policy.

(ii) As risk measurement and monitoring, the hedge instrument is marked to the market at periodical intervals to ensure its effectiveness.

(iii) Identifying an underlying, employing a derivative to hedge the Rate Sensitive Gap and reviewing the effectiveness based on interest rate view are some of the processes in risk mitigation.

(iv) Hedge transactions are accounted on accrual basis and no marking to market is done. However, fair value and likely loss in the event of counter party default is disclosed. Credit Risk is mitigated through counter party exposure norms set internally.

b) Quantitative Disclosure

Rupee Based

(Rs. in crore)

S. No.	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
1	Derivatives (Notional Principal Amount)				
	a) For Hedging	Nil	Nil	140.00	140.00
	b) For Trading	Nil	Nil	Nil	Nil
2	Marked to Market Positions				
	a) Asset (+)	Nil	Nil	Nil	Nil
	b) Liability (-)	Nil	Nil	(9.41)	(5.98)
3	Credit Exposure	Nil	Nil	14.00	21.00
4	Likely impact of one percentage change in interest Rate (100*PV01)				
	a) On Hedging derivatives	Nil	Nil	0.12	0.01
	b) On Trading derivatives	Nil	Nil	Nil	Nil
5	Maximum and Minimum of 100*PV01 observed during the year				
	a) On Hedging	Nil	Nil	0.12 / 0.01	0.07 / 0.01
	b) On Trading	Nil	Nil	Nil	Nil

Forex Based

(Rs. in crore)

S. No.	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
1	Derivatives (Notional Principal Amount)				
	a) For Hedging	Nil	Nil	894.58	Nil
	b) For Trading	Nil	Nil	Nil	Nil
2	Marked to Market Positions				
	a) Asset (+)	Nil	Nil	Nil	Nil
	b) Liability (-)	Nil	Nil	(0.26)	Nil
3	Credit Exposure	Nil	Nil	7.55	Nil
4	Likely impact of one percentage change in interest Rate (100*PV01)				
	a) On Hedging derivatives	Nil	Nil	Nil	Nil
	b) On Trading derivatives	Nil	Nil	Nil	Nil
5	Maximum and Minimum of 100*PV01 observed during the year				
	a) On Hedging	Nil	Nil	Nil	Nil
	b) On Trading	Nil	Nil	Nil	Nil

(Disclosure is made based on the intimation received by the Management from the Counter party banks viz. State Bank of India, ICICI Bank, etc.)

4. ASSET QUALITY

4.1 Non-Performing Asset

(Rs. in crore)

Particulars	31.03.2011	31.03.2010
i) Net NPAs to Net Advances (%)	0.98%	0.91%
ii) Movement of NPAs (Gross)		
(a) Opening balance	641.98	526.00
(b) Additions during the year	745.06	570.83
(c) Reductions during the year	551.81	454.85
(d) Closing balance #	835.23	641.98
iii) Movement of Net NPAs		
(a) Opening Balance	350.40	187.54
(b) Additions during the year	499.93	489.36
(c) Reductions during the year	399.34	326.50
(d) Closing balance #	450.99	350.40
iv) Movement of Provisions for NPAs (Excluding provision on Standard Assets)		
(a) Opening balance @	290.81	337.62
(b) Provisions made during the year	245.50	81.47
(c) Write-off of excess provision (Utilized for write-off)	152.47	123.66
(d) Write back of excess provisions / reversal	0.11*	4.62
(e) Closing balance @	383.95	290.81

Note: For the purpose of arriving at Net NPA, claims received from ECGC are deducted from the Gross NPA.
Closing balance of Gross & Net NPA is net of Interest Not Collected (INCA) and Uncollected Interest Previous Year (UIPY).

* Includes Rs.0.95 lakhs written back in respect of interest sacrifice in restructured NPA accounts and Rs.1.06 crore relating to technical write off.

@ Includes Floating Provision of Rs.100 crore

4.2 Details of Loan Assets subjected to Restructuring during the year

(Rs. in crore)

Particulars of Accounts Restructured	CDR Mechanism		SME Debt Restructuring		Others	
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
Standard advances restructured						
Number of Borrowers	2	1	7	12	32	114
Amount outstanding	49.18	18.78	16.50	0.71	164.06	870.02
Sacrifice (Diminution in the fair value)	0.60	4.03	0.10	0.03	1.01	23.08
Sub-Standard advances restructured						
Number of Borrowers	0	0	1	19	0	20
Amount outstanding	0.00	0.00	0.06	0.52	0.00	0.27
Sacrifice (Diminution in the fair value)	0.00	0.00	0.00	0.03	0.00	0.01
Doubtful advances restructured						
Number of Borrowers	0	0	0	0	0	0
Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00
Sacrifice (Diminution in the fair value)	0.00	0.00	0.00	0.00	0.00	0.00
Total						
Number of Borrowers	2	1	8	31	32	134
Amount outstanding	49.18	18.78	16.56	1.23	164.06	870.29
Sacrifice (Diminution in the fair value)	0.60	4.03	0.10	0.06	1.01	23.09

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

(Rs. in crore)

Particulars	31.03.2011	31.03.2010
1. Number of accounts	Nil	Nil
2. Aggregate value (net of provisions) of accounts sold to SC / RC	Nil	Nil
3. Aggregate consideration	Nil	Nil
4. Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
5. Aggregate gain / loss over net book value	Nil	Nil

4.4 Details of Non-performing financial assets purchased / sold

A. Details of Non-performing financial assets purchased

(Rs. in crore)

Particulars	31.03.2011	31.03.2010
1. (a) Number of accounts purchased during the year	Nil	Nil
(b) Aggregate Outstanding	Nil	Nil
2. (a) Of these, number of accounts restructured during the year	Nil	Nil
(b) Aggregate Outstanding	Nil	Nil

B. Details of Non-performing financial assets sold

(Rs. in crore)

Particulars	31.03.2011	31.03.2010
1. Number of accounts sold	1	Nil
2. Aggregate outstanding	1.58	Nil
3. Aggregate consideration received	0.48	Nil

4.5 Provision on Standard Assets

(Rs. in crore)

Particulars	31.03.2011	31.03.2010
Provision made during the year towards Standard Assets	52.62	Nil
Cumulative Provision held for Standard Assets (Included under 'Other Liabilities & Provisions' in Schedule 5 to the Balance Sheet)	200.90	148.28

4.6 Sector-wise NPAs

S. No	Sector	Percentage of NPAs to Total Advances in that Sector	
		31.03.2011	31.03.2010
1	Agriculture & Allied Activities	0.83	0.78
2	Industry (Micro & Small, Medium and Large)	2.06	1.92
3	Services	1.65	2.03
4	Personal Loans	1.31	1.29

4.7 Movement of NPA

(Rs. in crore)

Particulars	2010-11	2009-10
Gross NPA as on 1st April of particular year (Opening balance)	641.98	526.00
Additions (fresh NPA) during the year	745.06	570.83
Sub - Total (A)	1387.04	1096.83
Less:		
i) Up gradations	176.50	159.10
ii) Recoveries (excluding recoveries made from upgraded accounts)	222.84	172.09
iii) Write-offs	152.47	123.66
Sub - Total (B)	551.81	454.85
Gross NPA as on 31st March of following year (Closing balance) (A-B)	835.23	641.98

4.8 Overseas Assets, NPAs and Revenue

(Rs. in crore)

Particulars	Amount
Total Assets	135.66
Total NPAs	Nil
Total Revenue	0.35

4.9 Provision Coverage Ratio (PCR)

Particulars	2010-11	2009-10
Provisioning to Gross Non-Performing Assets of the Bank	69.01%	69.67%

RBI has granted permission to the Bank for achieving the prescribed Provision Coverage Ratio (PCR) of 70% by 30.09.2011.

5. BUSINESS RATIOS

Particulars	31.03.2011	31.03.2010
i) Interest Income as a percentage of Working Funds	8.20	8.05
ii) Non-Interest income as a percentage of Working Funds	0.91	0.97
iii) Operating profit as a percentage to Working Funds	1.84	1.94
iv) Return on Assets	1.12	1.26
v) Business (Deposits plus Advances) per Employee (Rs. in crore)	8.88	6.96
vi) Profit per Employee (Rs. in crore)	0.08	0.06

6. ASSET LIABILITY MANAGEMENT

Maturity Pattern of Certain items of Assets and Liabilities as at 31.03.2011

(Rs. in crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	94.45 (160.55)	1468.85 (1300.39)	1018.27 (1250.30)	327.74 (464.82)	3791.94 (3154.97)	2955.51 (4464.86)	5924.17 (7339.82)	14014.50 (9813.66)	10911.97 (7847.35)	17650.52 (15086.66)	58157.92 (50883.38)
Advances	145.17 (141.62)	991.74 (706.43)	328.14 (485.81)	575.60 (790.72)	6507.41 (5838.87)	5710.04 (4467.40)	9363.78 (6412.84)	7173.47 (6109.25)	3704.96 (3242.98)	11543.91 (10265.34)	46044.22 (38461.26)
Investments	112.29 (67.88)	109.46 (80.67)*	Nil (Nil)	53.89 (320.94)	1226.12 (490.86)	391.13 (534.98)	549.81 (408.74)	2091.63 (2734.62)	4006.66 (2555.92)	9386.00 (8649.78)	17926.99 (15844.39)
Borrowings	22.63 (10.53)	256.27 (95.10)	Nil (Nil)	Nil (Nil)	1050.49 (3.80)	518.98 (654.89)	1209.10 (57.39)	876.49 (807.97)	378.40 (195.29)	1425.14 (1425.17)	5726.50 (3250.14)
Foreign Currency Assets	107.39 (44.57)	857.57 (267.45)	8.33 (312.03)	66.72 (79.63)	148.69 (388.52)	127.25 (537.52)	308.19 (30.96)	594.60 (Nil)	301.70 (Nil)	166.96 (Nil)	2687.40 (1660.68)
Foreign Currency Liabilities	16.69 (15.54)	270.65 (87.97)	16.96 (101.28)	37.05 (41.14)	132.54 (177.75)	386.60 (286.67)	1116.06 (437.59)	494.76 (463.99)	132.43 (48.66)	83.66 (0.09)	2687.40 (1660.68)

* Regrouped. (Figures in brackets relate to the previous year)

Note: In compiling the above data certain assumptions as per RBI guidelines and estimates have been made by the Management and relied upon by the Auditors.

7. EXPOSURES

7.1 Exposure to Real Estate Sector

(Rs. in crore)

Particulars	31.03.2011	31.03.2010
a. Direct Exposure		
i) Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (individual housing loans eligible for inclusion in priority sector advances may be shown separately)	7435.51 (PSA 4540.70)	6134.64 (PSA 4886.00)
ii) Commercial Real Estate Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.) Exposure would also include non-fund based (NFB) limits;	759.43	579.07
iii) Investments in Mortgage Based Securities (MBS) and other securitised exposures		
- Residential	0.00	0.00
- Commercial Real Estate	0.00	0.00

b. Indirect Exposure Fund and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1340.30	1194.76
Total Exposure to Real Estate Sector (As compiled by the Management and relied upon by the Auditors)	9535.24	7908.47

7.2 Exposure to Capital Market

(Rs. in crore)

Particulars	31.03.2011	31.03.2010
i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds, the corpus of which is not exclusively invested in corporate debt	175.49	145.32
ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	0.02	0.03
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	Nil	Nil
iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	Nil	10.00
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	70.01	116.15
vi) Loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	Nil	Nil
vii) Bridge loans to companies against expected equity flows / issues	Nil	Nil
viii) Underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil
ix) Financing to stockbrokers for margin trading	Nil	Nil
x) All exposures to Venture Capital Funds (both registered and unregistered) 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)	6.90	Nil
Total Exposure to Capital Market (As compiled by the Management and relied upon by the Auditors)	252.42	271.50

7.3 Risk Category-wise Country Exposure

(Rs. in crore)

Risk Category	Based on Bank's Country Risk Management Policy			
	Exposure (net) as at 31.03.2011	Provision Held as at 31.03.2011	Exposure (net) as at 31.03.2010	Provision Held as at 31.03.2010
Insignificant	1.43	Nil	2.62	Nil
Low	535.62	Nil	402.15	Nil
Moderate	45.52	Nil	35.03	Nil
High	1.09	Nil	14.98	Nil
Very High	25.44	Nil	13.43	Nil
Off Credit / Restricted	0.00	Nil	17.17	Nil
Total	609.10	Nil	485.38	Nil

For compiling the country-wise risk exposure, the Bank has used the Country Risk Management Policy last reviewed and approved by the Board at its meeting held on 28.12.2010. Since the Bank does not have net funded exposure of more than 1% of its total assets as on 31.03.2011 to any of the Countries, provision for Country risk is not necessary.

7.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Bank

In terms of the Loan Policy, the exposure to a single borrower should not exceed 15% of Bank's capital funds. In exceptional circumstances with the approval of the Executive Committee of Bank's Board, additional exposure to a borrower up to a maximum of 5% of capital funds may be considered subject to the borrower consenting to the Bank to make appropriate disclosures in its Annual Report.

Prudential norm at 15% of Capital funds as on 31.03.2010 for Single borrower is Rs.659.59 crore and 40% for Group borrowers is Rs.1758.89 crore. During the year Bank has not exceeded the exposure ceiling to individual / group borrowers.

7.5 Unsecured Advances

(Rs. in crore)

Particulars	31.03.11	31.03.10
Unsecured Advances against intangible securities such as charge over the rights, licenses, authority, etc. #	714.32	1279.29
Other Unsecured Advances	7790.16	6481.63

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

(Rs. in crore)

31.03.2011	31.03.2010
760.15	1642.04

8. MISCELLANEOUS

8.1 Amount of Provisions made for Taxes during the year:

(Rs. in crore)

Particulars	31.03.2011	31.03.2010
Income Tax including Deferred tax	153.80	258.00
Wealth Tax	0.50	0.10
Dividend Distribution Tax	14.75	13.60

8.2 Disclosures of Penalties imposed by Reserve Bank of India

During the year RBI has not imposed any penalty on the Bank.

DISCLOSURE AS PER ACCOUNTING STANDARDS (AS)

9.1 Accounting Standard 5:

Net Profit or Loss for the period, prior period items and changes in Accounting Policies

There are no material prior period income / expenditure items requiring disclosure under Accounting Standard 5.

9.2 Accounting Standard 6: Depreciation Accounting

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

Class of Assets	(Rs. in crore)	
	31.03.2011	31.03.2010
Premises	2.87	2.95
Other Fixed Assets	44.08	39.87
Leased Assets	Nil	Nil

9.3 Accounting Standard 9:

Revenue Recognition

Certain items of income are recognized on realization basis as per Accounting Policy number 9.1. These are considered not material in terms of RBI guidelines, and hence do not require disclosure.

9.4 Accounting Standard 15 (Revised): Employee Benefits

9.4.1. Significant changes in the Principal Accounting Policies

During the year, the Bank reopened the pension option for such of its employees who had not opted for the pension scheme earlier. As a result of exercise of which by 3720 continuing employees, the Bank has incurred a liability of Rs.558.35 crore. Further,

during the year, the limit of gratuity payable to the employees of the Bank was also enhanced pursuant to the amendment to the Payment of Gratuity Act, 1972. As a result the gratuity liability of the Bank has increased by Rs.113.56 crore.

In terms of the requirements of the Accounting Standard 15, Employee Benefits, the entire amount of Rs.671.91 crore (i.e. Rs.558.35 crore + Rs.113.56 crore) is required to be charged to the Profit and Loss Account. However, the RBI has issued a Circular No. DBOD.BP.BC.80 / 21.04.018 / 2010-11) on Re-opening of Pension Option to Employees of Public Sector Banks and Enhancement in Gratuity Limits – Prudential Regulatory Treatment, dated 09.02.2011. In accordance with the provisions of the said Circular, the Bank would amortize the amount of Rs.671.91 crore over a period of five years. Accordingly, Rs.134.38 crore (representing one-fifth of Rs.671.91 crore) has been charged to the Profit and Loss Account. In terms of the requirements of the aforesaid RBI circular, the balance amount carried forward, i.e., Rs.537.53 crore (Rs.671.91 crore – Rs.134.38 crore) does not include any employees relating to separated / retired employees and shown under 'Other Assets' – Schedule 11.

Had such a circular not been issued by the RBI, the profit of the Bank would have been lower by Rs.537.53 crore pursuant to application of the requirements of Accounting Standard 15.

9.4.2. Employee Benefits

i) Defined Benefit Pension Plan and Gratuity

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

(Rs. in crore)

Particulars	Pension Plan	Gratuity
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 01.04.2010	1003.80	267.16
Current Service Cost	47.52	16.39
Interest Cost	87.34	23.40
Actuarial Gains / (Losses)	376.75	(0.13)
Past Service Cost (Non-Vested Benefit)	Nil	Nil
Past Service Cost (Vested Benefit)	Nil	Nil
Benefits paid	(80.50)	(29.15)
Closing defined benefit obligation at 31.03.2011	1434.91	277.67
Change in Plan Assets		
Opening fair value of Plan Assets at 01.04.2010	837.80	257.68
Expected Return on Plan Assets	62.84	19.33
Contributions by Employer	25.02	Nil
Benefit paid	(80.50)	(29.15)
Actuarial Gains / (Losses)	445.10	7.10
Closing fair value of Plan Assets at 31.03.2011	1290.26	254.96
Reconciliation of present value of the obligation and fair value of the Plan Assets		
Present Value of Funded obligation at 31.03.2011	1434.91	277.67
Fair Value of the Plan Assets at 31.03.2011	1290.26	254.96
Deficit / (Surplus)	144.65	22.71
Experience adjustment on Plan Assets	Nil	Nil
Experience adjustment on Plan Liabilities	Nil	Nil
Unrecognized Past Service Cost	Nil	Nil
Net Liability / (Asset)	144.65	22.71
Amount Recognized in the Balance Sheet		
Liabilities	1434.91	277.67
Assets	1290.26	254.96
Net Liability / (Asset) recognized in Balance Sheet as at 31.03.2011	144.65	22.71
Net Cost recognized in the profit and loss account		
Current Service Cost	47.52	16.39
Interest Cost	87.34	23.40
Expected return on Plan Assets	(62.84)	(19.33)
Net actuarial losses (Gain) recognized during the quarter	(68.35)	(7.23)
Past Service Cost (Non-Vested Benefit) Recognized	Nil	Nil
Past Service Cost (Vested Benefit) Recognized	Nil	Nil
Total costs of defined benefit plans included in current year P&L under Schedule 16 'Payments to and Provisions for Employees'	3.67	13.23

Reconciliation of expected return and actual return on Plan Assets		
Expected Return on Plan Assets	62.84	19.33
Actuarial Gain / (Loss) on Plan Assets	445.10	7.10
Actual Return on Plan Assets	507.94	26.43
Reconciliation of opening and closing Net Liability recognized in Balance Sheet		
Opening Net Liability as at 01.04.2010	166.00	9.48
Expenses as recognized in profit and loss account	3.67	13.23
Employers' contribution	(25.02)	0.00
Net Liability / (Asset) recognized in Balance Sheet as at 31.03.2011	144.65	22.71
Expected Contribution in the next Financial Year (2011-12)	161.44	21.00

ii) Investments under Plan Assets of Gratuity Fund & Pension Fund (Other than accrued interest, bank balance and other assets) as on 31.03.2011 are as follows:

(Rs. in crore)

Category of Assets			
Gratuity Fund		Pension Fund	
Amount	% of Plan Assets	Amount	% of Plan Assets
239.13	93.79%	1138.62	88.24%

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

(Rs. in crore)

Category of Assets			
Gratuity Fund		Pension Fund	
Amount	% of Plan Assets	Amount	% of Plan Assets
72.00	30.11 %	52.00	4.03%

iii) All the actuarial gains and losses have been fully recognized in the statement of profit and loss.

iv) Brief description of type of plan:

Pension is paid to all eligible pension optees, on superannuation, voluntary retirement, etc. To be eligible for pension, the employee should have put in minimum ten years of service.

Gratuity is payable to all eligible employees on superannuation, voluntary retirement, etc. To be eligible for gratuity, the employee should have put in minimum five years of service.

v) The expected return on plan assets over the accounting period is based on an assumed rate of return. The assumed rate of return is 7.50% per annum.

vi) Principal assumptions considered in the actuarial report:

Particulars	Defined Benefit Pension Plans	Gratuity
Discount Rate as at 01.04.2010	7.00%	7.00%
Expected Rate of return on Plan Asset as at 01.04.2010	7.50%	7.50%
Salary Escalation as at 01.04.2010	6.00%	6.00%
Discount Rate as at 31.03.2011	8.50%	8.50%
Expected Rate of return on Plan Asset as at 31.03.2011	7.50%	7.50%
Salary Escalation as at 31.03.2011	6.00%	6.00%

vii) The estimates of future salary increase; considered in actuarial valuation, take into account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

9.4.3. Defined Contribution Plan

Amount of Rs.9.38 crore is recognized as an expense towards the Provident Fund scheme of the Bank included under the head 'Payments to and provisions for employees' in profit and loss account.

9.4.4. Other Long term Employee Benefits

Amount of Rs.20.42 crore is recognized as an expense towards Other Long term Employee Benefits included under the head 'Payments to and Provisions for Employees' in profit and loss account.

**9.5 Accounting Standard 17:
Segmental Reporting**

Part A: Business Segments

Pursuant to RBI guidelines, the Bank has re-classified the business segments in which the Bank operates into:

- a. Corporate / Wholesale Banking
- b. Retail Banking
- c. Treasury and
- d. Other Banking Operations

The classification has been done on the basis of following criteria:

- i) Corporate / Wholesale Banking: All loan and advance accounts with exposure of above Rs.5 crore are classified under wholesale / corporate Banking.
- ii) Retail: All loan and advance accounts which are not covered above will be taken as Retail Banking.
- iii) Treasury: Entire investment portfolios are classified under Treasury segment.
- iv) Other Banking Operations: The Bank does not have Other Banking Operations segment.

Allocation of Income and Expenses and Assets / Liabilities:

- (a) Income and Expenses and Assets / Liabilities directly attributed to particular segment are allocated to the relative segment.
- (b) Items that are not directly attributable to segments are allocated to retail and wholesale segments in proportion to the business managed / ratio of number of employees / ratio of directly attributable income.
- (c) The Bank has certain common assets / liabilities and income / expense that cannot be attributed to any particular segment and hence the same are treated as unallocated.

Part B: Business segments

(Rs. in crore)

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking @		Other Banking Operations		Total	
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
Particulars										
Revenue	1252.77	1047.80	1843.40	1722.72	2713.83	2135.56	0.00	0.00	5810.00	4906.08
Result	54.27	17.36	334.83	388.73	492.93	481.89	0.00	0.00	882.03	887.98
Unallocated expenses									0.00	0.00
Operating profit *									882.03	887.98
Income taxes									154.30	203.71
Extraordinary profit / loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net profit									727.73	684.27
Other Information:										
Segment assets	22769.53	19966.96	19966.60	17718.46	27970.02	21534.06	0.00	0.00	70706.15	59219.48
Unallocated assets									270.60	235.22
Total assets									70976.75	59454.70
Segment liabilities	6017.61	3474.87	26275.97	23888.13	38683.17	32091.70	0.00	0.00	70976.75	59454.70
Unallocated liabilities									0.00	0.00
Total liabilities									70976.75	59454.70

* Operating profit is arrived at after deduction of provisions & contingencies of Rs.293.94 crore (previous year Rs.167.86 crore)

@ Cross Selling income is included under 'Retail Banking' segment

Part C: Geographic Segment

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

9.6 Accounting Standard 18:**Related Party Disclosures**

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

Name	Designation	Period	Salary & Allowances	Perquisites
Shri A K Jagannathan	Managing Director	01.04.2010 to 30.04.2010	1588928	72410
Shri S Balachandran	Managing Director (In-charge)	01.05.2010 to 08.09.2010	936733	174527
Shri P Pradeep Kumar	Managing Director	09.09.2010 to 31.03.2011	690543	107797

Note: As all the other related parties are State Controlled Enterprises as defined in Accounting Standard 18 issued by the Institute of Chartered Accountants of India, transactions with them are not disclosed.

9.7 Accounting Standard 19: Leases

The properties taken on lease / rental basis are renewable / cancelable at the option of the Bank. The Bank's liabilities in respect of disputes pertaining to additional rent / lease rent are recognized on settlement or on renewal.

9.8 Accounting Standard 20:**Earnings Per Share**

Earnings per share has been computed as under:

Particulars	31.03.2011	31.03.2010
Net Profit (Rs. in crore)	727.73	684.27
Weighted Average Number of Equity Shares	5,00,00,000	5,00,00,000
Earnings per share in Rupees - Basic	145.55	136.85
Earnings per share in Rupees - Diluted	145.55	136.85

9.9 Accounting Standard 22:

Accounting for Taxes and Income

The breakup of the Deferred Tax Assets (DTA) and Deferred Tax Liabilities (DTL) as on 31.03.2011 into major components of the respective balances are as under:

Tax effects of timing differences	Opening balance as on 1.4.2010	Adjustment during the year in P&L	Closing balance as on 31.3.2011
Deferred Tax Assets (DTA)			
Provision for Bad & Doubtful debts and Provision on Standard Assets	50.40	-50.40	0.00
Provision on Employee Benefits	104.41	-41.30	63.11
Depreciation & Amortization of Investments	13.46	140.84	154.30
Total Deferred Tax Assets	168.27	49.14	217.41
Deferred Tax Liabilities (DTL)			
SBT Special HL Insurance Premium	0.00	3.37	3.37
Depreciation on Fixed Assets	1.56	3.57	5.13
Total Deferred Tax Liabilities	1.56	6.94	8.50
Net Deferred Tax Assets / (Liabilities)	166.71	42.20	208.91

9.10 Accounting Standard 28:

Impairment of Assets

In the opinion of the Management, there is no impairment to the assets to which Accounting Standard 28 on "Impairment of Assets" applies.

9.11 Accounting Standard 29:

Statement of Provisions, Liabilities and Contingent Liabilities

a) Movement in Provision for Contingent liabilities

Particulars	(Rs. in crore)	
	31.03.2011	31.03.2010
Balance as on 1st April	1.72	1.72
Additions during the year	Nil	Nil
Utilized / Reversed during the year	Nil	Nil
Balance as on 31st March	1.72	1.72

b) Contingent liabilities

Liabilities at Item - I, VI and VII of Schedule 12 of the Balance Sheet are dependent upon the outcome of court / arbitration / out of court settlement, disposal of appeals, the amount being called up, terms of contractual obligations, development and raising of demand by concerned parties, respectively.

c) Claims against the Bank, not acknowledged as debts

Total claims against the Bank, which is not acknowledged as debt comprise tax demands in respect of which the Bank is in appeal of Rs.177.52 crore and the cases sub-judice is Rs.5.25 crore of which, as per estimates, Bank may result in an outgo of Rs.1.72 crore and this has been fully provided for.

d) Amount of capital contract to be executed net of advances has been estimated to Rs.1.05 crore

FIXED ASSETS

- a) Depreciation on flats has been provided on the actual cost of acquisition, as land value is not separately available
- b) Gross value of Fixed Assets (other than Premises) jointly owned by State Bank of India and other Associate Banks amounts to Rs.699.57 crore (previous year Rs.634.32 crore). The share of the Bank is Rs.69.95 crore (previous year Rs.63.43 crore).

RECONCILIATION

Inter-Branch transactions, ATM balances, Accounts with State Bank of India and Associate Banks, Government (Central & State) transactions accounts, Draft Payable account, Nostro accounts, System Suspense account, Clearing and other Adjusting accounts are at various stages of reconciliation. In the opinion of the Management there will not be any material impact of such reconciliation on the financial statements.

OTHER / ADDITIONAL DISCLOSURES

12.1 Details of Provisions and Contingencies

(Rs. in crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit & Loss account	2010-11	2009-10
Provision for Depreciation on Investment	6.62	(20.47)
Provision towards NPA	245.50	80.53
Provision towards Standard Asset	52.62	0.00
Provision made towards Income Tax	196.00	202.96 *
Other Provision and Contingencies (with details)		
a) Provision for interest sacrifice on restructured NPA accounts	(0.95)	(4.62)
b) Provision for interest sacrifice on restructured Standard Assets	(7.45)	26.59
c) Provision for other Miscellaneous items	(2.40)	2.25
d) Deferred Tax	(42.20)	0.65
e) Wealth Tax	0.50	0.10
TOTAL	448.24	287.99

* Net of excess provision written back of Rs.55.04 crore during 2009-10 pertaining to previous years.

12.2 Floating Provision

(Rs. in crore)

Particulars	2010-11	2009-10
a) Opening Balance in the floating provisions account	100.00	100.00
b) The quantum of floating provisions made in the accounting year	Nil	Nil
c) Amount of draw down made during the accounting year	Nil	Nil
d) Closing balance in the floating provisions account	100.00	100.00

12.3 Disclosure of Complaints

A. Customer Complaints

S. No.	Particulars	Nos.
1.	Number of Complaints pending at the beginning of the year	38
2.	Number of Complaints received during the year	1282
3.	Number of Complaints redressed during the year	1307
4.	Number of Complaints pending at the end of the year	13

B. Award passed by the Banking Ombudsman

S. No.	Particulars	Nos.
1	Number of Unimplemented Awards at the beginning of the year	Nil
2	Number of Awards passed by the Banking Ombudsmen during the year	Nil
3	Number of Awards implemented during the year	Nil
4	Number of Unimplemented Awards at the end of the year	Nil

12.4 Disclosure of Letter of Comforts (LoCs) issued by the Bank

The Bank has not issued any Letter of Comforts (LoCs) during the year.

12.5 Fees / Remuneration received in respect of Banc-assurance business undertaken by the Bank

The Bank has received the following fees / remuneration in respect of the Banc-assurance business undertaken by the Bank:

(Rs. in crore)

S. No	Nature of income	2010-11	2009-10
1	For selling Life Insurance Policy	17.16	8.73
2	For selling Non-Life Insurance Policy	2.01	2.39
3	For selling Mutual Fund products	1.39	1.06
4	Others - SBI Cards etc.	0.01	0.01

12.6 Concentration of Deposits, Advances, Exposures and NPAs

A. Concentration of Deposits

(Rs. in crore)

Particulars	2010-11	2009-10
Total Deposits of twenty largest Depositors	2909.02	2864.82
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	5.00%	5.63%

B. Concentration of Advances

(Rs. in crore)

Particulars	2010-11	2009-10
Total Advances to twenty largest Borrowers	7417.64	7121.25
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	16.11%	18.52%

C. Concentration of Exposures

(Rs. in crore)

Particulars	2010-11	2009-10
Total Exposure to twenty largest Borrowers/Customers	10104.75	9062.09
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	18.93%	20.35%

D. Concentration of NPA

(Rs. in crore)

Particulars	2010-11	2009-10
Total Exposure to Top four NPA accounts	187.71	112.93

12.7 Off-Balance Sheet SPVs sponsored

Name of the SPV sponsored	
Domestic	Overseas
Nil	Nil

12.8 Forward Exchange Contracts

Outstanding as on 31.03.2011	Rs.10185.11 crore
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12.9 Others

a) The Bank implemented the Agriculture Debt Waiver and Relief Scheme (ADWDRS), 2008 as per the directives of Government of India. The eligible amount receivable under the Debt Waiver Scheme and Debt Relief Scheme is Rs.328.17 crore and Rs.15.18 crore respectively. The Bank has submitted audited claims for Rs.324.23 crore under Debt Waiver (SF / MF) and Rs.11.55 crore under Debt Relief (OTS) schemes respectively and the same have been received from the Government in full.

The claim for the balance amount of Rs.3.94 crore under Debt Waiver and Rs.3.63 crore under Debt Relief on account of grievances admitted by the Grievance Redressal Officers / relief paid to other farmers on payment of their share of 75% up-to the extended last date for such payment i.e. from 01.01.2010 to 30.06.2010 will be submitted to RBI before June 2011 as advised by them.

The Government of India has also decided to pay interest on the installments payable by them. The Bank has recognized a sum of Rs.8.08 crore on account of such interest receivable under the scheme and booked in Profit & Loss account for the financial year 2010-11.

Provision for the loss in Present Value (PV) terms for moneys receivable from the Government of India, for the accounts covered under the Debt Waiver Scheme and the Debt Relief Scheme, an amount of Rs.1.17 crore has been reversed to the Profit and Loss account in accordance with Para 21.1 of RBI Circular No. DBOD.NO.BP.BC.21/21.04.048/2010-11

- b) The Bank has not received the necessary information from the suppliers / service providers covered under Micro, Small and Medium Enterprises Development Act, 2006, with regard to their registration with the appropriate authority. Hence the information, to be disclosed under section 22 of the said Act, is not given.

- c) General Reserves as on 31.03.2011 includes an amount of Rs.6.50 crore transferred during 2009-10 being the amount of individual credit entries of value less than USD 2500 or equivalent, originated up-to March 2002 and outstanding in the Nostro accounts, in terms of RBI Circular No. DBOD.BP.BC.No.133/21.04.018/2008-09 dated 11.05.2009.

12.10 The Bank has implemented a Special Home Loan Scheme for the period December 2008 to June 2009, arising out of which one time insurance premium has been paid covering the life of the borrowers over the tenure of the home loan availed. The total premium paid amounting to Rs.12.69 crore on account of such scheme is being charged off over the average loan period and accordingly 1/10th of the premium has been charged to profit and loss account.

12.11 Bank has entered into an Inter-Bank participation contract with risk sharing basis as an issuing bank. In terms of the scheme of Inter-Bank Participants-Guidelines issued by RBI vide DBOD.No.BP.BC.57/62-82 dated 31.12.1988, the aggregate amount of participation of Rs.1000 crore outstanding as on 31.03.2011 has been reduced from the aggregate advances including from the sub-classifications.

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

V Viswanathan Deputy General Manager (Finance and Accounts)	Saswata Chaudhuri General Manager (Treasury)	S Balachandran Chief General Manager	P Pradeep Kumar Managing Director	Pratip Chaudhuri Chairman
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DIRECTORS

J Sadakkadulla K T Rajagopalan	B S Gopalakrishna Gyan Chand Pipara	B Ramesh Babu T Balakrishnan	C N Venugopalan P Vinayagam
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As per our report of even date

AUDITORS

For Saha Ganguli & Associates

Chartered Accountants
Samir Kumar Saha
Partner
Membership No. 051392
FRN: 302191 E

For Jagadish Chand & Co.

Chartered Accountants
Praveen Kumar Jain
Partner
Membership No. 085629
FRN: 000129 N

For Ramanatham & Rao

Chartered Accountants
C. Kameswara Rao
Partner
Membership No. 024363
FRN: 002934 S

For BV Rao & Co.

Chartered Accountants
A R Unni
Partner
Membership No. 007447
FRN: 003118 S

For Jain & Jain

Chartered Accountants
Niranjan M Jain
Partner
Membership No. 101360
FRN: 103869 W

For Sridhar & Co.

Chartered Accountants
R Sridhar
Partner
Membership No. 026343
FRN: 003978 S

Mumbai, 27th April 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011	STATE BANK OF TRAVANCORE	
	(Rs. in thousands)	
	For the year ended 31-03-2011	For the year ended 31-03-2010
A. CASH FLOW FROM OPERATING ACTIVITIES	1033 46 00	2110 80 75
B. CASH FLOW FROM INVESTING ACTIVITIES	(65 49 50)	(74 06 02)
C. CASH FLOW FROM FINANCING ACTIVITIES	(248 58 48)	(358 24 09)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	719 38 03	1678 50 64
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4133 16 50	2454 65 86
E. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D)	4852 54 53	4133 16 50
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit for the year	727 72 53	684 26 90
Add: Provision for Income Taxes & Fringe Benefit Tax	196 00 00	202 96 01
Provision for other Taxes	50 00	10 00
Deferred taxes	(42 20 00)	65 00
Net Profit before Taxes	882 02 53	887 97 91
Adjustment for :		
Depreciation charges	46 94 42	42 82 47
Provision for NPAs	245 49 76	80 53 20
Provision on standard assets	52 62 00	0
Provision on Restructured standard assets	(7 45 02)	25 65 35
Provision on Restructured NPA	(94 50)	(3 67 74)
Depreciation on Investments	6 62 06	(20 46 96)
Amortisation of Investments	110 21 00	138 42 78
Other provisions	(2 39 81)	85 84 89
Deferred Revenue Expenditure written off during the year	0	0
Dividend from subsidiaries (investing activity)	0	0
Interest paid on Innovative Perpetual Debt Instruments	28 63 00	28 63 00
Interest paid on Upper Tier II Bonds	50 05 00	50 05 00
Interest paid on SBT Bonds	65 15 00	65 96 56
Less : Direct Taxes	189 67 32	150 22 04
SUB-TOTAL	405 25 58	343 56 52
Adjustment for :		
Increase / (Decrease) in Deposits	7274 53 44	8841 46 96
Increase / (Decrease) in Borrowings	2476 35 70	822 38 33
(Increase) / Decrease in Investments	(2199 42 90)	(2730 64 00)
(Increase) / Decrease in Advances	(7820 06 79)	(5852 83 97)
Increase / (Decrease) in Other Liabilities	1097 96 51	(224 62 30)
(Increase) / Decrease in Other Assets	(1083 18 06)	23 51 30
NET CASH PROVIDED BY OPERATING ACTIVITIES	1033 46 00	2110 80 75
B. CASH FLOW FROM INVESTING ACTIVITIES		
Investments in Subsidiaries and/or Joint Ventures	0	0
Income earned on such Investments	0	0
Fixed Assets	(65 49 50)	(74 06 02)
NET CASH USED IN INVESTING ACTIVITIES	(65 49 50)	(74 06 02)

(Rs. in thousand)

	For the year ended 31-03-2011	For the year ended 31-03-2010
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital	0	0
Share Premium	0	0
Issue of Innovative Perpetual Debt Instruments	0	0
Issue of Upper Tier II Bonds	0	0
Issue of Subordinated Bonds	0	0
Redemption of IPDI Bonds	0	0
Redemption of Upper Tier II Bonds	0	0
Redemption of Subordinated Bonds	0	(120 00 00)
Interest Paid on IPDI Bonds	(28 63 00)	(28 63 00)
Interest Paid on Upper Tier II Bonds	(50 05 00)	(50 05 00)
Interest Paid on Subordinate Bonds	(65 15 00)	(65 96 56)
Dividends Paid	(104 75 48)	(93 59 53)
NET CASH PROVIDED BY FINANCING ACTIVITIES	(248 58 48)	(358 24 09)
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
i) Cash in hand (including foreign currency notes and gold)	313 47 18	220 62 71
ii) Balances with Reserve Bank of India	3154 56 97	2108 09 81
iii) Balances with Banks and Money at Call and Short Notice	665 12 35	125 93 34
	4133 16 50	2454 65 86
E. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
i) Cash in hand (including foreign currency notes and gold)	343 41 69	313 47 18
ii) Balance with Reserve Bank of India	4366 15 50	3154 56 97
iii) Balances with Banks and Money at Call and Short Notice	142 97 34	665 12 35
	4852 54 53	4133 16 50

V Viswanathan
Deputy General Manager
(Finance and Accounts)

Saswata Chaudhuri
General Manager
(Treasury)

S Balachandran
Chief General Manager

P Pradeep Kumar
Managing Director

Pratip Chaudhuri
Chairman

DIRECTORS

J Sadakkadulla

B S Gopalakrishna

B Ramesh Babu

C N Venugopalan

K T Rajagopalan

Gyan Chand Pipara

T Balakrishnan

P Vinayagam

As per our report of even date AUDITORS

For Saha Ganguli & Associates

Chartered Accountants

Samir Kumar Saha

Partner

Membership No. 051392

FRN: 302191 E

For Ramanatham & Rao

Chartered Accountants

C. Kameswara Rao

Partner

Membership No. 024363

FRN: 002934 S

For Jain & Jain

Chartered Accountants

Niranjan M Jain

Partner

Membership No. 101360

FRN: 103869 W

For Jagadish Chand & Co.

Chartered Accountants

Praveen Kumar Jain

Partner

Membership No. 085629

FRN: 000129 N

For B V Rao & Co.

Chartered Accountants

A R Unni

Partner

Membership No. 007447

FRN: 003118 S

For Sridhar & Co.

Chartered Accountants

R Sridhar

Partner

Membership No. 026343

FRN: 003978 S

Mumbai, 27th April 2011

AUDITORS' REPORT TO STATE BANK OF INDIA

We, the undersigned auditors of State Bank of Travancore, appointed under section 41(1) of the State Bank of India (Subsidiary Banks) Act, 1959 do hereby report that:

1. We have audited the accompanying financial statements of State Bank of Travancore as at 31st March 2011, which comprise the Balance Sheet as at March 31, 2011, Profit and Loss Account and the Cash Flow Statement for the year then ended, and the Principal Accounting Policies and other explanatory information. Incorporated in these financial statements are the returns of Zonal Offices, various departments of Head Office and 20 branches audited by us and 705 branches audited by branch auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also incorporated in the Balance Sheet and the Profit and Loss Account are the returns from 64 branches which have not been subjected to audit. These unaudited branches account for 0.36 percent of advances, 0.67 percent of deposits, 0.09 per cent of interest income and 0.20 per cent of interest expenses.
2. Management is responsible for the preparation of these financial statements in accordance with the applicable laws of India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.
3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. Without qualifying our opinion, we draw attention to
 - i) Note 9.4.1 to the financial statements, which describes deferment of pension and gratuity liability of the bank in respect of continuing employees to the extent of Rs. 537.53 lakhs pursuant to the exemption granted by the Reserve Bank of India to the public sector banks from application of the provisions of Accounting Standard (AS) 15, Employee Benefits vide its circular no. DBOD. BP.BC/80/21.04.018/2010-11 dated Feb 9, 2011 on Re-opening of pension option to employees of Public Sector Banks and enhancement in gratuity limits – Prudential Regulatory Treatment; and
 - ii) Note No.11 regarding status of Reconciliation of various items.
7. In our opinion, as shown by the books of Bank, and to the best of our information and according to the explanations given to us:
 - i) the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at 31st March 2011 in conformity with accounting principles generally accepted in India;
 - ii) the Profit and Loss Account, read with the notes thereon shows a true balance of profit in conformity with accounting principles generally accepted in India, for the year covered by the account; and

- iii) the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.
8. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act, 1949.
9. Subject to the limitations of the audit indicated in paragraph 1 to 5 above and as required by the State Bank of India (Subsidiary Banks) Act, 1959, and subject also to the limitations of disclosure required therein, we report that:
- a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory.
- b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
- c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
10. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable Accounting Standards.

For Saha Ganguli & Associates

Chartered Accountants
Samir Kumar Saha
Partner
Membership No. 051392
FRN: 302191 E

For Jagadish Chand & Co.

Chartered Accountants
Praveen Kumar Jain
Partner
Membership No. 085629
FRN: 000129 N

For Ramanatham & Rao

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C. Kameswara Rao
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For BV Rao & Co.

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Membership No. 007447
FRN: 003118 S

For Jain & Jain

Chartered Accountants
Niranjan M Jain
Partner
Membership No. 101360
FRN: 103869 W

For Sridhar & Co.

Chartered Accountants
R. Sridhar
Partner
Membership No. 026343
FRN: 003978 S

Mumbai, 27th April 2011

REPORT ON CORPORATE GOVERNANCE

I. The Bank's philosophy on Corporate Governance

State Bank of Travancore is committed to the best practices in the area of corporate governance, in letter and in spirit. The Bank believes that good corporate governance is much more than complying with legal and regulatory requirements. Good governance facilitates effective management and control of business, maintaining a high level of business ethics and optimising the value for all its stakeholders. The objectives can be summarised as;

- To enhance shareholder value.
- To protect the interests of shareholders and other stakeholders including customers, employees and society at large.
- To ensure transparency and integrity in communication and to make available full, accurate and clear information to all concerned.
- To ensure accountability for performance and to achieve excellence at all levels.
- To provide corporate leadership of highest standard for others to emulate.

The Bank is committed to;

- Ensuring that the Bank's Board of Directors meets regularly, provides effective leadership, exercises control over management and monitors executive performance.
- Establishing a framework of strategic control and continuously reviewing its efficacy.
- Establishing clearly documented and transparent management processes for policy development,

implementation and review, decision-making, monitoring, control and reporting.

- Providing free access to the Board to all relevant information, advice and resources as are necessary to enable it to carry out its role effectively.
- Ensuring that the Managing Director has responsibility for all aspects of executive management and is accountable to the Board for the ultimate performance of the Bank and implementation of the policies laid down by the Board. The roles of the Managing Director and the Board of Directors are also guided by the State Bank of India (Subsidiary Banks) Act, 1959, and Subsidiary Banks General Regulations, 1959 with all amendments.
- Ensuring that a Senior Executive is made responsible in respect of compliance issues with all applicable statutes, regulations and other procedures, policies as laid down by the GOI/RBI and other regulators and the Board, and report deviation, if any.

A report on the implementation of the provisions of Corporate Governance in our Bank is furnished below:

2. Board of Directors

- (i) The Board of Directors consists of the Chairman, Managing Director, four Directors nominated by SBI, of whom two are Officers of SBI, two elected independent Directors, one nominee each from Reserve Bank of India and Government of India, an Officer Employee Director and a workmen Director as on 31.03.2011.

(ii) a) Attendance of each Director at the Board meetings and the last AGM:

Sl. No.	Name of Director	No. of Meetings		
		Held during his/her tenure	Present	AGM
1	Shri O P Bhatt, Chairman	10	3	P
2	Shri A K Jagannathan	2	2	NA
3	Shri P Pradeep Kumar	5	5	NA
4	Shri K C Bandyopadhyay	8	7	P
5	Dr J Sadakkadulla	2	2	NA
6	Dr. Srinagi B. Rao	7	4	P
7	Shri S A Thimmiah	7	5	P
8	Shri B S Gopalakrishna	10	5	NP
9	Shri B Ramesh Babu	3	2	NA
10	Shri C N Venugopalan	2	2	NA

11	Shri P V Sivasankara Pillai	6	4	P
12	Shri C Rajkumar	4	4	NA
13	Shri Thanu Pillai K	9	6	P
14	Shri Sethumadhavan A	9	6	P
15	Shri Gyan Chand Pipara	10	9	P
16	Shri T Balakrishnan	1	1	NA
17	Shri K T Rajagopalan	1	1	NA
18	Shri P Vinayagam	10	7	P

(P = Present, NP = Not Present, NA = Not Applicable)

(ii) b) Total number of memberships / Chairmanships held by the Directors on the Boards / Board Level Committees of the Bank / other Companies as on 31.03.2011:

Sl

No.	Name of Director	Occupation & Address	Appointed to Board since	Number of Companies (including the Bank)
1.	Shri O P Bhatt	Chairman State Bank of India Corporate Centre Mumbai – 400 021	01.07.2006	Chairman: 20 Director: 2 President: 1 Member/ Member of the Governing Board: 14
2.	Shri P Pradeep Kumar	Managing Director State Bank of Travancore, Head Office, Poojapura Thiruvananthapuram	09.09.2010	Director: 1 Chairman of Committee: 4 Member of Committee: 2
3.	Dr J Sadakkadulla	Principal, Reserve Bank Staff College, Chennai	03.01.2011	Director: 1 Chairman of Committee: Nil Member of Committee: 4
4.	Shri P Vinayagam	Deputy Secretary Ministry of Finance Dept of Financial Services Govt of India, New Delhi	27.01.2010	Director: 1 Chairman of Committee: Nil Member of Committee: 4
5.	Shri B S Gopalakrishna	General Manager (A&S) State Bank of India Corporate Centre Mumbai – 400 021	20.09.2009	Director: 6 Chairman of Committee: Nil Member of Committee: 4
6.	Shri B Ramesh Babu	Deputy General Manager (A&S) State Bank of India Corporate Centre Mumbai – 400 021	25.12.2010	Director: 5 Chairman of Committee: Nil Member of Committee: 4
7.	Shri C N Venugopalan	Retired Bank Officer Nandanam, Kesari Junction North Paravoor, Kerala – 683 513	11.01.2011	Director: 1 Chairman of Committee: Nil Member of Committee: 4

8.	Shri Gyan Chand Pipara	Chartered Accountant M/s Pipara & Co. Pipara Corporate House, Near Gruh Finance, Netaji Marg, Law Garden, Ahmedabad – 380 006	15.05.2009	Director: 4 Chairman of Committee: 1 Member of Committee: 3
9.	Shri T Balakrishnan	Retired Bank Executive 2/1784, Adrta PO. Civil Station Kozhikode – 673 020	01.02.2011	Director: 1 Chairman of Committee: 1 Member of Committee: 4
10	Shri K T Rajagopalan	Retired Bank Executive Sayujyam, E 65, Kattachal Road, Thirumala Thiruvananthapuram – 695 006.	01.02.2011	Director: 1 Chairman of Committee: Nil Member of Committee: 6
11.	Shri C Rajkumar	Bank Officer President Associate Banks' Officers' Association Unit – State Bank of Travancore P B No.290 – BNI Building Statue, Thiruvananthapuram 695 001	01.10.2010	Director: 1 Chairman of Committee: Nil Member of Committee: Nil
12.	Shri K Muraleedharan Pillai	Bank Service General Secretary, SBT Employees Union, TKV Smarakam, PB No. 157, Thiruvananthapuram 695 001	19.07.2010	Director: 1 Chairman of Committee: Nil Member of Committee: Nil

(ii) c) Attendance of Directors, category-wise, at Board Meetings:

Date of the Meeting	No. of Directors Attended		
	Non-Executive/RBI/ GOI Nominees	Whole-time	including Chairman Total
23.04.2010	7	2	9
26.04.2010	4	1	5
29.05.2010	8	1	9
25.06.2010	5	Nil	5
16.07.2010	7	Nil	7
27.09.2010	6	1	7
20.10.2010	7	1	8
28.12.2010	8	1	9
17.01.2011	7	1	8
23.03.2011	10	2	12

(iii) Resume of Directors

1. Shri O P Bhatt - Chairman of the State Bank Group - Chairman of the Board under clause (a) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959.
2. Shri P Pradeep Kumar - Managing Director – Director under Clause (aa) of sub-section (1) of Section 25 of the SBI (Subsidiary Banks) Act, 1959.
3. Dr J Sadakkadulla – Principal, Reserve Bank Staff College, Chennai - Director under clause (b) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959.
4. Shri B S Gopalakrishna - General Manager (A&S), State Bank of India, Corporate Centre, Mumbai - Director under clause (c) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959.
5. Shri B Ramesh Babu – Deputy General Manager (A&S), State Bank of India, Corporate Centre, Mumbai - Director under clause (c) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959.
6. Shri C N Venugopalan - Independent Director nominated under clause (c) of sub-section (1) of Section 25 of the SBI (Subsidiary Banks) Act, 1959. He is a retired Bank Officer.
7. Shri K Muraleedharan Pillai - Workmen Employee Director nominated under clause (ca) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959, presently working as CTO, State Bank of Travancore, Puthenchanthai Branch.
8. Shri C Rajkumar - Officer Employee Director nominated under clause (cb) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959, presently working as Chief Manager, State Bank of Travancore, Zonal Office, Thiruvananthapuram.
9. Shri Gyan Chand Pipara - Independent Director nominated under clause (d) of sub-section (1) of Section 25 of the SBI (Subsidiary Banks) Act, 1959. He is a practicing Chartered Accountant based in Ahmedabad.

10. Shri T Balakrishnan - Director elected by shareholders under clause (d) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959. He is a retired Deputy General Manager of State Bank of Travancore. Rendered his services as Deputy General Manager of State Bank of Mysore and State Bank of Saurashtra also.

11. Shri K T Rajagopalan - Director elected by shareholders under clause (d) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959. He is a retired General Manager of State Bank of Travancore.

12. Shri. P Vinayagam - Government of India nominee and Deputy Secretary, Department of Financial Services, Ministry of Finance, New Delhi - Director under clause (e) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959.

(iv) Board meets at least six times in a year and at least once in a quarter. During the year, ten meetings of the Board of Directors were held, on the following dates:

23.04.2010	27.09.2010
26.04.2010	20.10.2010
29.05.2010	28.12.2010
25.06.2010	17.01.2011
16.07.2010	23.03.2011

The quorum for the Board Meeting is four Directors of whom one shall be the Chairman or an Officer of State Bank being a Director nominated by the State Bank of India under clause (c) of sub-section (1) of Section 25 of the SBI (Subsidiary Banks) Act, 1959.

(v) The details of the remuneration paid to the Directors

(i) Remuneration paid to the Managing Director for the financial year 2010-11:

Salary and Allowance paid to the Managing Director for the financial year	Rs. 26,66,204
Perquisites (inclusive of EPF, leave encashment, incentive and housing)	Rs. 9,04,734

(ii) Sitting fee paid to other Directors.

Directors are paid sitting fee, as shown below:

For attending meeting of the Board of Directors:
Rs. 5000

For attending meetings of various Board Level Committees: Rs. 2500

Sitting fee is not paid to the Managing Director, SBI Official Directors, Government of India Nominee Director and Reserve Bank of India Nominee Director.

(vi) All the Non-Executive Directors have declared that they do not have any pecuniary relationship vis-à-vis the Bank and that they have not entered into any other transaction with the Bank, except those in the usual course of employment, wherever applicable.

3. Executive Committee of the Board of Directors

In terms of section 35 (1) of the State Bank of India (Subsidiary Banks) Act 1959, an Executive Committee of the Board of Directors has been constituted to consider various business matters viz. sanctioning of credit proposals, approval of capital and revenue expenditure, investments, donation, administrative matters etc., falling beyond the powers of the Managing Director.

The Committee comprises the Managing Director, three Directors nominated by SBI, of whom two are SBI Officials, and one elected Director. The Committee meets at least once in a month; during the year 2010-11 it met 14 times.

4. Audit Committee of the Board

Audit Committee has been constituted to provide direction as also to oversee the operation of the total audit and compliance functions in the Bank. It reviews the inspection reports of specialized and extra large branches and all branches with unsatisfactory ratings. It also specially focuses on the operations of the total audit function in the Bank viz. organisation, operationalisation, and quality control of internal audit and inspection and follow-up of the statutory/external audit of the Bank and inspection by RBI.

The Committee interacts with the Statutory Central Auditors before the finalization of the annual / half-yearly / quarterly financial accounts and reports and also follows up the inspection reports of RBI. The Committee also reviews compliance report in respect of Long Form Audit.

The committee comprises SBI nominee Director, RBI nominee Director, one Shareholder Director elected under Section 25 (1) (d) of the State Bank of India (Subsidiary Banks) Act, 1959 and a Non-Official Director, who is a Chartered Accountant and heads the Committee. The Committee meets at least once in a quarter; during the financial year 2010-11 it met 6 times.

Attendance of each Director at the meetings of the Audit Committee of the Board:

Sl. No.	Name of Director	No. of Meetings Held during his tenure	Present
1.	Shri Gyan Chand Pipara	6	6
2.	Shri S A Thimmiah/ Shri B S Gopalakrishna/ Shri B Ramesh Babu (Any one of the SBI Official Director)	6	6
3.	Shri K C Bandyopadhyay	4	4
4.	Dr J Sadakkadulla	2	2
5.	Shri A Sethumadhavan	5	3
6.	Shri K T Rajagopalan	1	1

5. Special Committee of the Board for Monitoring Large Value Frauds

The Special Committee of the Directors for Monitoring Large Value Frauds has been constituted as per the instruction from the Reserve Bank of India to monitor and review each fraud of Rs 1 crore or more, so as to identify systemic lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same, and also to identify the reasons for delay in detection, if any, in reporting to the Top Management of the Bank and RBI. The committee monitors the progress of CBI / Police investigation, and recovery position and also ensures that staff accountability is examined at all levels in all

the cases of fraud, and staff-side action, if required, is completed quickly, without loss of time.

The committee comprises the Managing Director, two Non-Official Directors and two Shareholder Directors. The Committee met thrice during the financial year 2010-11.

6. Risk Management Committee of the Board

Risk Management Committee of the Board has been constituted in accordance with the Reserve Bank of India guidelines to oversee the policy and strategy for integrated risk management relative to various risk exposures of the Bank including Credit Risk, Market Risk and Operational Risk. The committee comprises the Managing Director, SBI nominee Director, a Non-Official Director and two Shareholder Directors. The Committee meets at quarterly intervals and it met 6 times during the financial year 2010-11.

7. Shareholders' / Investors' Grievances Committee

As per the provisions of Clause 49 VI (C) of the Listing Agreement with the Stock Exchanges regarding Corporate Governance, a Board Committee has been constituted to look into the redressal of shareholder and investor complaints relating to delay, if any, in transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends etc. The Committee comprises the Managing Director and two Shareholder Directors elected under Section 25 (1) (d) of the State Bank of India (Subsidiary Banks) Act, 1959. The Committee meets at least once in a quarter and during the year 2010-11, it met 4 times.

Details of Investor Complaints for the year ended 31st March 2011

Pending at the beginning of the year	Nil
Received during the year	87
Disposed of during the year	87
Lying unresolved at the end of the year	Nil

8. Customer Service Committee of the Board

The main function of the Committee is to oversee the functioning of the Apex Level Customer Service Committee and enhance the quality of customer service and improve the level of customer satisfaction for all categories of clientele.

The Committee comprises the Managing Director, a Non-Official Director and one Shareholder Director elected under Section 25 (1) (d) of the State Bank of India (Subsidiary Banks) Act 1959. The Committee meets at least once in a quarter and it met 4 times during the financial year 2010-11.

9. Remuneration Committee of the Board.

The committee was constituted as per the Govt. of India guidelines regarding payment of Performance Linked Incentive to the Whole Time Directors of Public Sector Banks. The scheme has since been extended to Chief General Managers also from the financial year 2010-11. The Committee evaluates the performance of the Managing Director and the Chief General Manager based on the broad quantitative parameters and the eligible incentive is paid. A copy of the evaluation report will be placed before the Board of Directors for information and a copy of the same will be sent to the Department of Financial Services, Ministry of Finance, for information. The committee comprises the Govt. of India nominee Director, RBI nominee Director, and two other Independent Directors. The committee met once during the financial year 2010-11.

10. Nomination Committee of the Board.

Nomination Committee was constituted as per the RBI guidelines for determining the 'Fit and Proper' criteria for elected Directors on the Boards of Associate Banks of State Bank of India and also persons to be elected as a Director under Clause (d) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959. The committee comprises the SBI nominee Director, Govt. of India nominee Director and two Non-Official Directors nominated under Clause (c) or Clause (d) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959. The Committee met once during the financial year 2010-11.

11. General Body Meetings

Location and time of the last three Annual General Meetings:

Year	AGM No.	Date & Time	Location
2007-08	48th	24.05.2008 10.00 A.M.	Thiruvananthapuram
2008-09	49th	27.05.2009 4.00 P.M.	Thiruvananthapuram
2009-10	50th	29.05.2010 11.30 A.M.	Thiruvananthapuram

12. Disclosures

The Bank has not entered into any materially significant related party transactions with its promoters, Directors, or Management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Bank at large.

Vigilance guidelines of the Bank provide that the Bank's staff may have direct access to the Bank's Chief Vigilance Officer. The guidelines also protect any staff acting as the 'informer' from any punitive action for being a whistleblower.

The Bank has complied with applicable rules and regulations prescribed by Stock Exchanges, SEBI, RBI or any other statutory authority relating to the capital markets during the last three years. They have imposed no penalties or strictures on the bank. The bank has complied in all respects with the requirements of Clause 49 of the listing Agreement with the Stock Exchanges, to the extent that the requirements of the clause do not violate the provisions of the State Bank of India (Subsidiary Banks) Act, 1959, the rules and regulations made thereunder, and guidelines or directives issued by the Reserve Bank of India. Mandatory requirements of clause 49 as to the composition of the Board of Directors, composition and quorum of the Audit Committee, Non-executive directors' compensation, the appointment, re-appointment of the Statutory Auditors and fixation of their fees are not binding on the Bank, as separate provisions in the State Bank of India (Subsidiary Banks) Act 1959, the Subsidiary Banks General Regulations 1959 or the Reserve Bank of India guidelines deal with the same.

The Bank has complied with all applicable non-mandatory requirements of Clause 49, except for sending half-yearly declaration of financial performance and summary of significant events to the households of shareholders, since detailed information on the same is posted on the website of the Bank.

13. Means of Communication

The Bank wants all its shareholders to have complete access to information on its activities, performance and products. The annual, half-yearly and quarterly results of the Bank were published in all the leading newspapers of the country and also displayed on the Bank's website (www.statebankoftravancore.com). The Annual Report is sent to all the shareholders of the Bank. The Bank's website displays, inter alia, the various products and services offered, service charges, FEDAI Rates, other disclosures, the Bank's Annual Report, etc. Every year, after the annual results are declared, a Press Meet is held, in which a presentation is made and the queries of the media are answered. After declaring the quarterly results, press notifications are issued.

14. General Shareholder Information

Annual General Meeting:

Date : 28th May 2011

Time : 12.00 Noon (Standard Time)

Venue: A K G Memorial Hall,
Gas House Junction
Thiruvananthapuram-695 034

Financial

Calendar: 1st April 2010 to 31st March 2011

Date of Book Closure: 5th to 7th May 2011

Dividend Payment date: 12th May 2011

Listing of Stock Exchanges:

Listed on National, Mumbai, Chennai and Kochi Stock Exchanges.

Stock Exchange (BSE): 532191

Stock Exchange (NSE): SBT

ISIN No. INE654A01024 (NSDL)

Market Price Date: High, Low (in Rupees) during each month of last financial year.

2010-11		National Stock Exchange (NSE)		
Month / Year	High	Date	Low	Date
April 2010	690.00	26/04/2010	592.20	19/04/2010
May 2010	660.00	26/05/2010	580.00	25/05/2010
June 2010	660.00	04/06/2010	600.00	29/06/2010
July 2010	679.00	16/07/2010	605.00	02/07/2010
August 2010	1083.00	25/08/2010	627.00	12/08/2010
September 2010	924.60	13/09/2010	788.00	01/09/2010
October 2010	962.00	07/10/2010	880.00	29/10/2010
November 2010	919.00	08/11/2010	751.00	26/11/2010
December 2010	905.00	02/12/2010	720.00	10/12/2010
January 2011	835.00	03/01/2011	681.00	03/01/2011
February 2011	840.75	24/02/2011	620.40	10/02/2011
March 2011	769.40	23/03/2011	660.00	15/03/2011

2010-11		Mumbai Stock Exchange (BSE)		
Month / Year	High	Date	Low	Date
April 10	686.00	26/04/2010	592.05	19/04/2010
May 2010	654.00	26/05/2010	578.05	25/05/2010
June 2010	660.00	04/06/2010	597.00	30/06/2010
July 2010	678.05	16/07/2010	574.00	14/07/2010
August 2010	1080.00	24/08/2010	627.00	04/08/2010
September 2010	925.10	13/09/2010	790.00	01/09/2010
October 2010	965.35	07/10/2010	875.50	19/10/2010
November 2010	915.45	05/11/2010	750.00	26/11/2010
December 2010	909.10	02/12/2010	745.50	10/12/2010
January 2011	842.00	04/01/2011	690.00	31/01/2011
February 2011	840.70	24/02/2011	633.00	10/02/2011
March 2011	799.85	21/03/2011	664.80	14/03/2011

There were no transactions in Chennai and Kochi during the period.

- i) Performance in comparison to broad based indices such as BSE, SENSEX, CRISIL Index etc.
A comparison is not attempted in view of the limited movement of the shares.
- ii) Registrar & Transfer Agents:
M/s Integrated Enterprises (India) Ltd., 2nd Floor, "Kences Towers", No. 1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai – 600 017
Tel. No. (044) 28140801, 28140803
Fax : (044) 28142479 Email: corpserv@iepinidia.com
- iii) Share Transfer System:
Processing by Share Transfer Agent and approval by the Share Transfer Committee at fortnightly intervals / Executive Committee of the Board of Directors.
- iv) Dematerialisation of shares and liquidity: As per the State Bank of India (Subsidiary Banks) Act 1959, as amended by the State Bank of India (Subsidiary Banks Laws) Amendment Act, 2006, restriction on maximum holding of the Bank's shares have been lifted. The Bank has dematerialized the equity shares from 22nd April 2008. The ISIN No. allotted by NSDL is INE654A01024.
The Bank has sub divided the shares from Rs. 100/- to

- Rs. 10/- with effect from 20th Dec. 2008. The information and split option letter for sub division of shares are available in the Bank's website.
- v) Interim dividend @ Rs. 8/- per share was paid to all shareholders on 13th October 2010.
 - vi) In the General Meeting of the shareholders of the Bank held on 31st January 2011, Shri. T. Balakrishnan and Shri. K.T. Rajagopalan were elected as the two Shareholder Directors for a period of three years with effect from 1st February 2011.
 - vii) Reserve Bank of India and State Bank of India have given permission for augmenting the Capital by Rights Issue of Rs. 500 crore SBI has also agreed to take their share of Rs. 375 crore and any unsubscribed portion of the issue.
 - viii) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity: NIL
 - ix) Plant locations: Not Applicable.
 - x) Address for correspondence:
The Chief Manager (Shares & Bonds),
State Bank of Travancore, Head Office,
Poojappura P.O., Thiruvananthapuram – 695 012
Tel: (0471) 2359975; 2351244 Extn. 2201, 2202
Fax No. (0471) 2351861 Email: cmsb@sbt.co.in

15. Shareholding pattern

(I) (a) STATEMENT SHOWING SHAREHOLDING PATTERN

Name of the Company : State Bank of Travancore

Scrip Code : BSE : 532191

Class of Security: Equity Shares

As on : 31/03/2011

Category Code	Category of shareholder(s)	No. of Share holders	Total No. of shares	No. of shares held in demat form	Total No. of shareholding as a percentage of Total No. of shares		Shares Pledged or otherwise encumbered	
					As % of (A)+(B)	As % of (A)+(B)+(C)	No. of shares (VIII)	As a %age (IX)=VIII/IV
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=VIII/IV
A	SHAREHOLDING OF PROMOTER & PROMOTER GROUP							
(1)	Indian							
a	Individual/Hindu Undivided Family							
b	Central Government/State Governments							
c	Bodies Corporate							
d	Financial Institutions / Banks	1	37500780	37500780	75.00	75.00	Nil	Nil
e	Any other (Specify)				-	-		
	Sub Total A(1)	1	37500780	37500780	75.00	75.00	Nil	Nil
(2)	Foreign							
a	Individual (Non resident Individuals/Foreign individuals)							
b	Bodies Corporate							
c	Institutions							
d	Any other (Specify)							
	Sub Total A(2)	0	-	0	0.00	0.00	0.00	0.00
	Total shareholding of Promoter and Promoter Group (A)= (A)(1) + (A)(2)	1	37500780	37500780	75.00	75.00	Nil	Nil
B	Public Shareholding							
(1)	Institutions							
a	Mutual Funds/ UTI	2	42000	42000	0.08	0.08	Nil	Nil
b	Financial Institutions / Banks	18	162600	145400	0.33	0.33	Nil	Nil
c	Central Government/ State Governments	1	525,000	525,000	1.05	1.05	Nil	Nil
d	Venture capital Funds				-	-		
e	Insurance Companies	3	435,620	35,620	0.87	0.87	Nil	Nil
f	Foreign Institutional Investors	23	1643650	1643500	3.29	3.29	Nil	Nil
g	Foreign Venture Capital Investors				-	-		
h	Any other (Foreign Banks)				-	-		
	Sub Total B(1)	47	2808870	2791520	5.62	5.62	Nil	Nil
(2)	Non-Institutions							
a	Bodies Corporate (Indian/Foreign/Overseas)	647	1608781	1478741	3.22	3.22	Nil	Nil
b	Individuals (Resident/NRI/Foreign National)							
(i)	Individual Shareholders holding Nominal Share Capital upto Rs. 1 Lakh	59404	7803488	3063365	15.61	15.61	Nil	Nil
(ii)	Individual Shareholders holding Nominal Share Capital in excess of Rs. 1 Lakh	7	243682	243682	0.49	0.49	Nil	Nil
c	Any other							
	- Clearing Members	127	33935	33935	0.07	0.07	Nil	Nil
	- Trusts	2	464	464	0.00	0.00	Nil	Nil
	Sub Total B(2)	60187	9690350	4820187	19.38	19.38	Nil	Nil
	Total Public Shareholding (B)= (B)(1)+(B)(2)	60234	12499220	7611707	25.00	25.00	Nil	Nil
	TOTAL (A) + (B)	60235	50000000	45112487	100.00	100.00	Nil	Nil
C	Shares held by Custodians and against which Depository Receipts have been issued							
1	Promoter and Promoter Group							
2	Public							
	Grand Total (A) + (B) + (C)	60235	50000000		100.00	100.00	Nil	Nil

(I) (b) Statement showing shareholding of persons belonging to the Category PROMOTER and PROMOTER GROUP:

Sl No	Name of the Shareholder	No. of Shares	As a %age of Grand No. Total (A+B+C)	Shares Pledged otherwise encumbered		
				Number	As a %age	As a %age of grand total (A+B+C) of sub clause (I) (a) (VII)
(I)	(II)	(III)	(IV)	(V)	(VI)=V/III*100	(VII)
1	State Bank of India	37500780	75.00	-	-	-
	Total	37500780	75.00	-	-	-

(I) (c) Statement showing Shareholding of persons belonging to the Category "Public" and Holding more than 1% of the total No. of shares

Sl No	Name of the Shareholder	No. of Shares	Shares as a percentage of Total No. of shares {i.e. Grand Total (A)+(B)+(C) indicated in statement at para I(a) above}			
1	India Capital Fund Limited	1000000	2.00	-	-	-
2	Governor of Kerala	525000	1.05	-	-	-
	Total	1525000	3.05	-	-	-

(I) (d) Statement showing details of Locked-in shares

Sr.No.	Name of the shareholder	Category of shareholder	Number of Locked-in Shares	Locked in Shares as a percentage of Total No. of shares {i.e. Grand Total (A)+(B)+(C) indicated in statement at para I(a) above}		
	Nil	0	0			
	Total	0	0	0.00	-	-

(I) (e) Statement showing details of Depository Receipts (DRs)

Sr.No.	Type of Outstanding DR (ADRs/GDRs/SDRs etc.)	No. of Outstanding DRs	Number of shares underlying Outstanding DRs	Shares underlying outstanding DRs as a percentage of Total No. of shares {i.e. Grand Total (A)+(B)+(C) indicated in statement at para I(a) above}		
	Nil	0	0	0	-	-
	Total	0	0	0	-	-

(II) (b) Statement showing Holding of Depository Receipts (DRs), where underlying shares held by 'promoter/promoter group' are in excess of 1% of the total number of shares

Sl.No.	Name of the DR Holder	Type of DR	No. of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of Total No. of shares {i.e. Grand Total (A)+(B)+(C) indicated in statement at para (I)(a) above}		
	Nil	0	0	0	-	-
	Total	0	0	0	-	-

Compliance with Bank's Code of Conduct

The Directors on the Bank's Board and Senior Management have affirmed compliance with the Bank's Code of Conduct for the Financial Year 2010-11. Declaration to this effect signed by the Managing Director is placed below. The Code is posted on the Bank's website.

Declaration - Affirmation of Compliance with the Bank's Code of Conduct

I declare that all Board Members and Senior Management have affirmed compliance with the Bank's Code of Conduct for the Financial Year 2010-11.

P. Pradeep Kumar
Managing Director

Dated 27th April 2011

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the shareholders of State Bank of Travancore

We have examined the compliance of conditions of corporate governance by State Bank of Travancore, for the year ended on 31st March 2011, as stipulated in clause 49 of the listing Agreement of the State Bank of Travancore with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanation given to us, we certify that the State Bank of Travancore has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month as per the records maintained by the Shareholders / Investor Grievance Committee.

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

For Saha Ganguli & Associates
Chartered Accountants
Samir Kumar Saha
Partner
Membership No. 051392
FRN: 302191 E

For Jagadish Chand & Co.
Chartered Accountants
Praveen Kumar Jain
Partner
Membership No. 085629
FRN: 000129 N

For Ramanatham & Rao
Chartered Accountants
C. Kameswara Rao
Partner
Membership No. 24363
FRN: 002934 S

For B V Rao & Co.
Chartered Accountants
A R Unni
Partner
Membership No. 007447
FRN: 003118 S

For Jain & Jain
Chartered Accountants
Niranjan M Jain
Partner
Membership No. 101360
FRN: 103869 W

For Sridhar & Co.
Chartered Accountants
R Sridhar
Partner
Membership No. 026343
FRN: 003978 S

Mumbai, 27th April 2011

Disclosures under Pillar III of Basel II

TABLE DF - I

SCOPE OF APPLICATIONS

CAPITAL OF SUBSIDIARIES NOT CONSOLIDATED

- a) Qualitative Disclosures: The Bank has no subsidiaries
 b) Quantitative Disclosures: The Bank has no subsidiaries

TABLE DF - 2

CAPITAL STRUCTURE

Qualitative Disclosures

(a) Summary:

Type of Capital	Features	
Equity (Tier-I)	Shares issued to:	Holding(%)
	Shares issued to:	Holding (%)
	1. State Bank of India	75.0016%
	2. Individuals	16.0943%
	3. Foreign Institutional Investors	3.2873%
	4. Body Corporate	3.2176%
	5. Central/State Governments	1.0500%
	6. Insurance Companies	0.8712%
	7. Financial Institutions/Banks	0.3252%
	8. Mutual Funds/UTI	0.0840%
	9. Others	0.0688%
	Total	100.0000%

Innovative Instruments (Tier-I)

The Bank has raised Innovative Perpetual Debt Instruments (IPDI) for Rs.200.crore during FY 2006-07 and Rs.100 crore during 2007-08. The entire IPDI amount of Rs.300 crore is shown as Tier-I Capital.

Tier-II Capital Instruments

1) Subordinated Debt Instruments - Unsecured, Redeemable, Non-convertible Bonds

- (i) Period range: Ranges from 63 months to 120 months
 (ii) Unconditional Put/Call Option embedded: No

2) Upper Tier-II Bonds (Unsecured, Redeemable, Non-convertible Bonds)

- (i) Period range: 180 months
 (ii) Unconditional Put/Call Option embedded: Yes

Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of innovative, complex or hybrid capital instruments are as under:

Type of capital	Main features				
Equity	Paid up capital: Rs.50.00 crore				
Innovative Perpetual Debt Instruments (IPDI)	Date of issue	Amount (in crore)	Tenure	Coupon	Rating
	31/10/06	200.00	Perpetual	9.34%	AAA stable
	27/03/08	100.00	Perpetual	9.95%	AAA stable

Upper Tier-II Bonds

Type of instrument: Unsecured, Redeemable Non-convertible Upper Tier-II Bonds in the nature of Promissory Notes.

Special features:

- No Put Option by the investors
- Call Option by the Bank after 10 years
- Step up option after 10 years, if Call Option is not exercised by the Bank.
- Bank is not be liable to pay either interest on principal or even principal at maturity, if CRAR of the Bank is below the minimum regulatory CRAR prescribed by RBI.
- The claims of the investors in Innovative instruments are (1) superior to the claims of investors in equity shares and (2) subordinated to the claims of all other creditors.
- The instruments are fully paid-up, unsecured and free of any restrictive clauses.

Date of issue	Amount (in crore)	Tenure	Coupon	Rating
01/03/07	200.00	15 years	9.65%	AAA stable
18/05/07	300.00	15 years	10.25%	AAA stable

Lower Tier-II Subordinated Debt

Type of Instrument: Unsecured, Redeemable Non-convertible Subordinated Bonds in the nature of Promissory Note.

Special features: Plain vanilla bond with no special features like Put or Call option.

Date of issue	Amount (in crore)	Tenure	Coupon	Rating
19/01/05	195.00	111 months	7.05%	LAAA
06/10/05	235.00	114 months	7.45%	LAAA
12/02/06	140.00	111 months	7.80%	AAA Stable
31/07/07	125.00	120 months	9.20%	AAA Stable
08/01/08	125.00	120 months	9.18%	AAA Stable

Quantitative Disclosures

(Rupees in crore)

b)	Tier-I Capital *	3502.85
	Paid up Share Capital	50.00
	Reserves/Retained Profit	3361.76
	Innovative Instruments	300.00
	Other Capital Instruments	0.00
	Amount deducted from Tier-I Capital	208.91
c)	Total Eligible Tier-2 Capital (Net of deduction) **	1378.03
	(Refer (d) and (e) below)	
ci)	Total Tier-3 Capital (if any)	0.00
d)	Debt Instruments eligible for inclusion in Upper Tier-2 Capital	
	Total amount outstanding	500.00
	Of which raised during Current Year	0.00
	Amount eligible to be reckoned as Capital	500.00
e)	Subordinated Debt Instruments eligible for inclusion in Lower Tier-2 Capital	
	Total amount outstanding	820.00
	Of which raised during Current Year	0.00
	Amount eligible to be reckoned as Capital	667.00
f)	Other Deductions from Capital, if any.	0.00
g)	Total Eligible Capital (net of deductions from Tier-I & Tier-2 capital)	4880.88
	(Should equal total of (b),(c) and (ci) minus (f) if any)	

* Details of Tier-I Capital are given below:

(Rupees in Crores)

1	Paid up Capital	50.00
2	Reserves and Surplus	
	a) Statutory Reserves	1210.13
	b) Share Premium	142.50
	c) Capital reserve	78.74
	d) Other Reserves and Surplus	
	1) General Reserves	1855.72
	2) Reserve under Sec 36 of IT Act	71.46
	3) Balance of Profit	3.21
	e) Innovative Perpetual Debt Instrument	300.00
	Total	3711.76
	Less: Deferred Tax Assets	208.91
	TOTAL TIER I CAPITAL FUNDS	3502.85

** Details of Tier-II Capital are given below:

(Rupees in Crores)

1	a) Provision for Standard Assets	200.90
	b) Interest Sacrifice on restructured Standard Asset	0.00
	c) Investment Reserve Account	10.13
2	IPDI eligible to be included in Tier-2	0.00
3	Subordinated Debt - Bonds(Max: 50% of Tier I)	667.00
4	Upper Tier-2 Bonds	500.00
	Total Tier-II Capital	1378.03
	TOTAL CAPITAL FUNDS (Tier-I +Tier-II)	4880.88

TABLE DF-3

CAPITAL ADEQUACY

Qualitative Disclosures

(a) Summary

Indicate

- ICAAP Policy has been put in place YES
- Capital requirement for current business levels and estimated future business levels has been made: YES
- CAR has been worked out based on Basel-I & Basel-II guidelines and CAR is estimated to be above the Regulatory Minimum level of 9%. YES

Quantitative Disclosures		(Rupees in crore)
(b)	Capital requirements for Credit Risk: Portfolios subject to Standardised Approach Securitisation Exposure	3169.68 0.00
(c)	Capital requirements for Market Risk Standardised Duration Approach	80.07
(d)	Capital requirements for Operational Risk Basic Indicator Approach	254.17
	Total Capital requirement at Regulatory Minimum of 9%	3503.92
(e)	Total and Tier-I Capital Adequacy Ratio • Total CAR • Tier-I CAR (Estimated at Capital level of Rs.4880.88 crore and Tier-I Capital of Rs.3502.85 crore as per Table-2 above)	12.54% 9.00%

TABLE DF-4

CREDIT RISK: GENERAL DISCLOSURES (INCLUDING EQUITIES)

Qualitative Disclosures

(a) General Qualitative Disclosures	
Definitions of "Past Due" and "Impaired Assets" (whether the extant RBI instructions for definitions of these categories for accounting purposes is being followed or not)	Yes
The definition used are given in Annexure-I	
Discussion of Bank's Credit Risk Management Policy	
Bank has a proper Credit Risk Management Policy	Yes
Bank has a Loan/Credit Policy which is periodically reviewed	Yes
The above policies take into account the need for better Credit Risk Management and avoidance of Risk Concentration	Yes
Exposure limits for Single Borrower, Group Entities, Categories of Borrowers, Specific Industry/Sector etc have been stipulated	Yes
Specific norms and policy for appraising, sanctioning, documentation, inspections & monitoring, renewals, maintenance, Rehabilitation and Management of Assets have been stipulated, with sufficient room for innovation, deviations, flexibility with proper authority.	Yes

Quantitative Disclosures

(b) Total Gross Credit Exposures (Fund Based and Non-Fund Based separately), without taking into account the effect of Credit Risk Mitigation techniques, e.g Collaterals and Netting.

(Rupees in crore)			
	Exposure	Amount	Total
Fund Based	Loans & Advances	46044.23	53049.77
	Others (Fixed Assets, Other Assets etc)	7005.54	
Non Fund Based	LC/BG etc	7332.34	24351.97
	Forward Contracts	11399.20	
	Others	5620.43	
Grand Total of Credit Risk Exposure			77401.74

(c) Geographic Distribution of Credit Risk Exposure : (Rupees in crore)

- Domestic: Rs. 77401.74
- Overseas: Rs. 0.00

d) Industry Type Distribution of Exposures

Industry-type distribution - Fund Based & Non Fund Based Exposures

Code	Industry	Fund Based Outstandings			Non Fund
		Standard Asset	NPA	Total	Based Outstandings
1	Coal	48.04	0	48.04	3.28
2	Mining	53.52	0	53.52	7.44
3	Iron & Steel	2462.39	54.13	2516.52	707.52
4	Metal Products	216.67	0.44	217.11	16.77
5	All Engineering	409.83	17.95	427.78	359.07
51	Of which Electronics	31.37	0.18	31.55	92.54
6	Electricity	410.66	0.63	411.29	839.21
7	Cotton Textiles	1262.54	9.06	1271.6	87.45
8	Jute Textiles	0.49	0.01	0.5	0
9	Other Textiles	811.1	3.78	814.88	114.14
10	Sugar	108.59	0	108.59	1.35
11	Tea	5.46	0.56	6.02	0
12	Food Processing	701.94	8.47	710.41	144.99
13	Vegetable Oils & Vanaspati	114.66	56.98	171.64	200.2
14	Tobacco / Tobacco Products	11.45	0.01	11.46	0
15	Paper / Paper Products	191.78	1.65	193.43	22.76
16	Rubber / Rubber Products	141.09	7.78	148.87	24.11
17	Chemicals / Dyes / Paints etc.	1029.44	1.31	1030.75	294.19
171	Of which Fertilizers	158.88	0	158.88	69.16
172	Of which Petrochemicals	60.66	0.18	60.84	2.12
173	Of which Drugs & Pharmaceuticals	363.76	0.97	364.73	48.49
18	Cement	194.3	0	194.3	82.4
19	Leather & Leather Products	81.92	0.14	82.06	23.71
20	Gems & Jewellery	553.43	50.52	603.95	26.57
21	Construction	1072.33	91.32	1163.65	1252.54
22	Petroleum	309.56	0	309.56	3.32
23	Automobiles & Trucks	50.74	0	50.74	40.32
24	Computer Software	79.23	0.54	79.77	13.16
25	Infrastructure	3668.66	9.65	3678.31	1006.16
251	Of which Power	1811.47	8.96	1820.43	767.05
252	Of which Telecommunication	118.96	0	118.96	112.27
253	Of which Roads & Ports	938.89	0	938.89	3.4
26	Other Industries	3215.10	91.32	3306.42	868.68
27	NBFCs & Trading	9550.63	193.41	9744.04	1028
28	Res. Adv to bal. Gross Adv	18453.45	235.57	18689.02	165
	TOTAL	45209.00	835.23	46044.23	7332.34

(e) Residual Contractual Maturity Break Down of Assets

	1-14 Days	15-28 Days	29 days & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
1. Cash	343.42								343.42
2. Balance with RBI	769.11	154.89	19.66	227.52	177.33	355.45	840.87	1821.32	4366.15
3. Balance with other Banks		142.97							142.97
4. Investments	221.75	53.89	1226.12	391.13	549.81	2091.63	4006.66	9386	17926.99
5. Advances	1465.05	575.6	6507.41	5710.04	9363.78	7173.47	3704.96	11543.91	46044.23
6. Fixed Assets								221.36	221.36
7. Other Assets	360.56	477.25	497.18	333.82	0.69		22.15	239.98	1931.64
Total	3159.89	1404.6	8250.37	6662.51	10091.61	9620.55	8574.64	23212.6	70976.76

		(Rupees in crore)
(f)	Amount of Gross NPA	835.23
	Substandard	362.70
	Doubtful - 1	288.49
	Doubtful - 2	152.04
	Doubtful - 3	30.50
	Loss	1.50
(g)	Net NPA (Net of DICGC Claims received)	450.99
(h)	NPA Ratios	
	Gross NPA to Gross Advance	1.80%
	Net NPA to Net Advance	0.98%
(i)	Movement of NPA (Gross)	
	Opening Gross NPA @	641.98
	Additions to Gross NPA	745.06
	Reductions to Gross NPA	551.81
	Closing Balance of Gross NPA	835.23
(j)	Movement of NPA Provision	
	Opening balance of NPA provisions held	290.81
	Provisions made during the period	245.50
	Write-offs during the period	152.47
	Write-back of excess provisions during the period	0.11
	Closing Balance of NPA Provisions	383.95
	@ Opening Gross NPA has been re-cast based on RBI guidelines by netting INCA.	
(k)	Amount in Non Performing Investments (Gross)	4.09
(l)	Amount of Provisions held NP Investments	4.09
(m)	Movement of Provisions for Depreciation on Investments	
	Opening balance of provisions for Depreciation	36.36
	Provisions made during the period	6.62
	Write-offs during the period	14.23
	Write-back of excess provisions during the period	0
	Closing Balance of Provisions for Depreciation	28.75

TABLE DF - 5

CREDIT RISK : DISCLOSURES FOR PORTFOLIOS SUBJECT TO STANDARDISED APPROACH

Qualitative Disclosures

State whether External Credit Rating Agencies have been approved for the purposes and if so the names of the ECRA's:

External Credit Rating Agencies have been approved for the purpose of credit risk rating of borrowal account for the purpose of computing risk weight under Standardised Approach. The following are the approved ECRA's:

1. Credit Analysis and Research Limited (CARE)
2. CRISIL Limited
3. Fitch India
4. ICRA Limited

If not yet approved, reasons therefore and proposed action to be indicated briefly :

Not Applicable

(a) For portfolios under Standardised Approach:

Names of ECRA's used:

1. Credit Analysis and Research Limited (CARE)
2. CRISIL Limited
3. Fitch India
4. ICRA Limited

Reasons for changes

No changes

Types of exposures for which each agency has been used:

Both, Fund Based and Non Fund Based credit exposures.

Brief descriptions of the process used / proposed to be used for converting Public Issue ratings into comparable Assets in the Banking Book.

(Additional qualitative disclosures are given in Annexure-II)

Quantitative Disclosures

For exposure amounts (as defined for Disclosure in item (b) of Table-DF4), after Risk Mitigation subject to Standardised Approach, amount of outstanding (rated and unrated together) in the following three risk buckets as well as those that are deducted, if any: (Rupees in crore)

Below 100% Risk Weight	71705.33
Risk Weight at 100%	18779.99
More than 100% Risk weight	6274.98
Amount deducted, if any. (On account of IBPC)*	1000.00

* Out of the deduction on account of IBPC of Rs.1000 crores 20.61 crores belongs to 100% riskweight category and 979.39 crores belongs to below 100% riskweight category.

TABLE DF-6

CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACH

Qualitative Disclosures

- (i) Policies and Processes for Collateral Valuation and Management
- Has Credit Risk Mitigation and Collateral Management Policy been put in place Yes / ~~No~~
- Whether the policy provides for policies and procedures for Collaterals that can be accepted, method and frequency of their valuation and management Yes/~~No~~

[Note : Other salient features of policies and procedures for Collateral Valuation and Management are given in Appendix-III]

(ii) List of main types of Collaterals taken by the Bank:

Financial Collaterals

1. Cash, Bank Deposits, CDs etc 2. Gold, including bullion and Jewellery 3. Government Securities 4. NSCs, IVPs etc 5. LIC Policies restricted to their surrender value. 6. Debt securities rated by an approved Rating Agency 7. Un-rated Debt Securities issued by banks, listed in stock exchange 8. Equity and Convertible Bonds those are listed.

Guarantor & Counter Parties

1. Individuals of adequate worth 2. Corporates- Public Sector & Private Sector 3. Governments/Sovereign 4. Other third parties of acceptable worth

Other Non-Financial Collateral

1. Book Debts/Receivables 2. Mortgage of Landed Residential & Commercial Properties

(iii) Information about (credit or market) concentration within the mitigation taken:

Financial Risk Mitigants	Outstanding amount of Risk (Rs. in Crore)	Risk Concentration %
Cash & Bank Deposit	1357.36	27.46
Gold	3189.24	64.52
LIC	3.51	0.07
NSCs, KVP, IVP	8.05	0.16
Shares and Debentures	0.04	0.00
Margin Money from LC / BG	384.47	7.78
Guarantors & Counter Parties	0.00	0.00
Government Securities Excluding NSC	0.00	0.00
Mutual Funds	0.03	0.00
Others	0.00	0.00
TOTAL	4942.70	100.00

This has to agree with item (i) under quantitative disclosures below.

Note : (i) Loans & advances to staff members may be excluded, if needed

(ii) If more than one mitigant is taken for one exposure, the outstanding may be divided equally amongst the mitigants.

Quantitative Disclosures

For the disclosed Credit Risk portfolio under the Standardised Approach, the total exposure that is covered by :
(Rupees in crore)

(i) Eligible Financial Collateral (excluding Staff Loan) : Rs.4942.70

(ii) Other eligible Collateral (after Haircuts) : 0.00

[Note: This should show the total credit portfolio covered by Financial Mitigants and should agree with Total in the preceding Table under qualitative disclosure marked (#)]

TABLE DF-7

SECURITISATION: DISCLOSURE FOR STANDARDISED APPROACH

Qualitative Disclosures

(a) The general qualitative disclosure requirement with respect to securitisation including a discussion of: The Bank does not have securitisation exposure

- the bank's objectives in relation to securitisation activity, including the extent to which these activities transfer credit risk of the underlying securitised exposures away from the bank to other entities.
- the nature of other risks (e.g. liquidity risk) inherent in securitised assets;
- the various roles played by the bank in the securitisation process (For example: originator, investor, servicer, provider of credit enhancement, liquidity provider, swap provider[®] protection provider[#]) and an indication of the extent of the bank's involvement in each of them;
- [®] A bank may have provided support to a securitisation structure in the form of an interest rate swap or currency swap to mitigate the interest rate/currency risk of the underlying assets, if permitted as per regulatory rules.
- [#] A bank may provide credit protection to a securitisation transaction through guarantees, credit derivatives or any other similar product, if permitted as per regulatory rules.
- a description of the processes in place to monitor changes in the credit and market risk of securitisation exposures (for example, how the behaviour of the underlying assets impacts securitisation exposures as defined in para 5.16.1 of the Master Circular on NCAF dated July 1, 2010).
- a description of the bank's policy governing the use of credit risk mitigation to mitigate the risks retained through securitisation exposures;

- (b) *Summary of the bank's accounting policies for securitisation activities, including:*
- *whether the transactions are treated as sales or financings;*
 - *methods and key assumptions (including inputs) applied in valuing positions retained or purchased*
 - *changes in methods and key assumptions from the previous period and impact of the changes;*
 - *policies for recognising liabilities on the balance sheet for arrangements that could require the bank to provide financial support for securitised assets.*
- (c) *In the banking book, the names of ECALs used for securitisations and the types of securitisation exposure for which each agency is used.*

The Bank does not have securitisation exposure

The Bank does not have securitisation exposure

Qualitative Disclosures: Banking Book

- (d) *The total amount of exposures securitised by the bank.*
- (e) *For exposures securitised losses recognised by the bank during the current period broken by the exposure type (e.g. Credit cards, housing loans, auto loans etc. detailed by underlying security)*
- (f) *Amount of assets intended to be securitised within a year*
- (g) *Of (f), amount of assets originated within a year before securitisation.*
- (h) *The total amount of exposures securitised (by exposure type) and unrecognised gain or losses on sale by exposure type.*
- (i) *Aggregate amount of:*
- *on-balance sheet securitisation exposures retained or purchased broken down by exposure type &*
 - *off-balance sheet securitisation exposures broken down by exposure type*
- (j) *Aggregate amount of securitisation exposures retained or purchased and the associated capital charges, broken down between exposures and further broken down into different risk weight bands for each regulatory capital approach*
- *Exposures that have been deducted entirely from Tier I capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type).*

The Bank does not have securitisation exposure

Qualitative Disclosures: Trading Book

- (k) *Aggregate amount of exposures securitised by the bank for which the bank has retained some exposures and which is subject to the market risk approach, by exposure type.*
- (l) *Aggregate amount of:*
- *on-balance sheet securitisation exposures retained or purchased broken down by exposure type; &*
 - *off-balance sheet securitisation exposures broken down by exposure type.*
- (m) *Aggregate amount of securitisation exposures retained or purchased separately for:*
- *securitisation exposures retained or purchased subject to Comprehensive Risk Measure for specific risk; and*
 - *securitisation exposures subject to the securitisation framework for specific risk broken down into different risk weight bands.*
- (n) *Aggregate amount of:*
- *the capital requirements for the securitisation exposures, subject to the securitisation framework broken down into different risk weight bands.*
 - *securitisation exposures that are deducted entirely from Tier I capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type).*

The Bank does not have securitisation exposure

Quantitative Disclosures

The Bank does not have any securitisation exposure.

TABLE DF-8

MARKET RISK IN TRADING BOOK

Qualitative Disclosures

(i)	Market Risk Management Policy has been framed and put in place	Yes
(ii)	Trading Policy with risk monitoring & mitigation measures in place	Yes
(iii)	MRMC has been constituted	Yes
(iv)	Standardised Duration Approach is applied for calculation of Market Risk for:	
	Securities under HFT category	Yes
	Securities under AFS category	Yes
	Derivatives entered into for AFS securities	No
	Derivatives entered into for Trading	No
(v)	Risk Management and reporting is based on parameters such as Modified Duration, PV01, Exposure and Gap Limits, VaR etc in line with the global best practices	Yes
(vi)	Risk profiles are analysed and mitigating strategies/ hedging process are suggested by the Mid-Office. Their effectiveness is monitored on an ongoing basis.	Yes
(vii)	Forex Open Position limits (Daylight/Overnight), deal-wise cut-loss limits, stop-loss limit, Profit/Loss in respect of Cross Currency trading are properly monitored and exception reporting is regularly carried out.	Yes

Quantitative Disclosures

The Capital requirement for:

(Rupees in crore)

- Interest Rate Risk : 34.91
- Equity Position Risk : 40.66
- Forex Risk : 4.50

TABLE DF-9

OPERATIONAL RISK

Qualitative Disclosures

Operational Risk Policy is in place	Yes
RCSA has been/is being rolled out to Zones/Branches/Other relevant offices.	Yes
ORMC has been constituted	Yes
Disaster Recovery Policy & Business Continuity Plan have been put in place	Yes
Risk reporting Design and Framework for Operational Risk has been finalized	No
Operational Risk Capital Assessment has been worked out on the basis of:	Basic Indicator Approach

Brief write up on steps taken for migration to Advanced Approach:

The Operational Risk Management Policy of the Bank is in place, which is intended to establish a risk framework that will guide the Bank in the management of Operational Risk and allocation of capital for potential losses. The Policy envisages to establish explicit and consistent Operational Risk Management framework in the Bank that would result in the systematic and proactive identification, assessment, measurement, monitoring, mitigation and reporting of the Operational Risks. The Bank has drawn up a Roadmap, which enunciates time bound action points for migration to Advanced Approach.

Quantitative Disclosures

(Rupees in crore)

Capital charge on Operational Risk : 254.17

TABLE DF-10

INTEREST RATE RISK IN BANKING BOOK (IRRBB)

Qualitative Disclosures

Change in Bank's Net Interest Income (NII):

- Indicate whether NII is measured as per ALM guidelines of RBI using Traditional Gap Analysis method or not. Bank is calculating NII using Traditional Gap Analysis method.
- Indicate whether Earnings at Risk (EaR) is arrived at under the above analysis or not. Yes.
- Change in Bank's Market Value of Equity (MVE):
(Indicate whether the impact of change in Interest Rates on MVE is measured using Duration Gap Analysis method as per RBI guidelines)
Duration Gap Analysis Method being used as per RBI guidelines.

Quantitative Disclosures

(i) Change in NII:

Indicate the likely increase/decrease in NII, in rupees crore, as the present level of Assets and Liabilities, for a 1% (assuming parallel change on both Assets and Liabilities) movement in Interest Rate.

NII is likely to increase/ decrease by Rs.62.41 crore, in case of 1% movement in Interest Rate.

(ii) Change in MVE:

Indicate the likely change in MVE, in rupees crore, for a 1% change in Interest Rate.

MVE is likely to change by Rs.5.91 Crore for a 1% change in Interest Rate.

Table DF - 4

Appendix - I

Credit Risk : General Disclosures

4 (I) Qualitative Disclosures

I. Definition of past due impaired

Remarks

2.1 Non Performing Assets

2.1.1 An asset including a leased asset, becomes non performing when it ceases to generate income for the bank.

2.1.2 A non performing asset (NPA) is a loan or an advance where ; (i) interest and/ or installment 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 case of bills purchased and discounted, (iv) the installment of principal or interest thereon remains overdue for two crop seasons for short duration crops, (v) the installment of principal or interest thereon remains overdue for one crop season for long duration crops.

2.1.3 Banks should, classify an account as NPA only if the interest charged during any quarter is not serviced fully within 90 days from the end of the quarter.

2.2 'Out of Order' status

An account should be treated as 'Out of Order' if the outstanding balance remains continuously in excess of the sanctioned limit/ drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit / drawing power, but there are no credits continuously for 90 days as in the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts should be treated as out of order.

2.3 'Overdue'

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.

II. Definition of Credit Risk

(i) inability or the unwillingness of the counter party to pay interest, repay principal or otherwise to fulfill their contractual obligations under loan agreements or other credit facilities

(ii) Downgrading of counter parties whose credit instruments the Bank may be holding, causing the value of those assets to fall.

(iii) Settlement risk (possibility that the Bank may pay a counter party and fail to receive the corresponding settlement in return)

(i) Risk Governance Structure is in place	Yes
(ii) Principal Committees that review credit risk management	Credit Risk Management Committee (CRMC) is in place.
(iii) Changes in the credit risk management structure since prior period disclosure.	No
Approved policies with regard to credit risk	
(i) Credit Risk Management Policy	Yes
(ii) Credit Risk Mitigation and Collateral Management Policy	Yes
(iii) Stress Testing Policy	Yes
List any other relevant policies	Nil

Table DF - 5

Appendix - II

Credit Risk : Disclosure for portfolios subject to Standardised Approach

5 Qualitative Disclosures

- (I) Names of credit rating agencies used
Remarks: Domestic Credit Rating Agencies: CRISIL Ltd., ICRA Ltd., CARE and FITCH India.
- (II) Changes if any, since prior period disclosure in the identified rating agencies and reasons for the same .
Remarks: No Change
- (III) Types of exposure for which each agency is used
Remarks: All the above identified Rating Agency ratings are used for various types of exposures as follows :
 (i) For Exposure with a contractual maturity of less than or equal to one year (except Cash Credit , Overdraft and other Revolving Credits) , Short -Term Rating given by ECAIs will be applicable.
 (ii) For Domestic Cash Credit , Overdrafts and other Revolving Credits (irrespective of the period) and (or Term Loan exposures of over one year, Long Term Rating will be applicable.
 (iii) For Overseas exposures, irrespective of the contractual maturity, Long Term Rating given by IRAs will be applicable.
 (iv) Rating assigned to one particular entity within a corporate group cannot be used to risk weight other entities within the same group.
- (IV) Description of the process used to transfer public issue rating on to comparable assets in the banking book. Long -term Issue Specific (our own exposures or other issuance of debt by the same borrower-constituent/counter-party) Ratings or Issuer(borrower-constituent/counter-party) Ratings can be applied to other unrated exposures of the same borrower-constituent/counter-party in the following cases :
 (i) If the Issue Specific Rating or Issuer Rating maps to Risk Weight equal to or higher than the unrated exposures , any other unrated exposure on the same counter-party will be assigned the same Risk Weight , if the exposure ranks paripassu or junior to the rated exposure in all aspects.
 (ii) In cases where the borrower-constituent/counter-party has issued a debt (which is not a borrowing from our Bank), the rating given to that debt may be applied to Bank's unrated exposures if the Bank's exposure ranks pari-passu or senior to the specific rated debt in all respects and the maturity of unrated Bank's exposure is not later than maturity of rated debt.

Table DF - 6

Appendix- III

Credit Risk Mitigation : Disclosures for Standardised Approach

6(a) Qualitative Disclosures

- (i) Policy for collateral valuation and management is in place
Remarks: Yes
- (ii) Main types of credit risk management techniques:
 Eligible financial collaterals
Remarks: (i) Cash (as well as certificates of deposit or comparable instruments, including fixed deposit receipts, issued by the lending bank) on deposit with the bank which is incurring the counterparty exposure.
 (ii) Gold : Gold would include both bullion and jewellery. However, the value of the collateralized jewellery should be arrived at after notionally converting these to 99.99% purity.
 (iii) Securities issued by the Central and State Governments
 (iv) Kisan Vikas Patra and National Savings Certificates provided no lock-in period is operational and if they can be encashed within the holding period.

- (v) Life Insurance policies with a declared surrender value of an insurance company which is regulated by an insurance sector regulator.
- (vi) Debt securities rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity where these are either:
 - a) Attracting 100% or lesser risk weight i.e. rated at least BBB(-) when issued by Public sector entities and other entities (including banks and Primary Dealers) ; or
 - b) Attracting 100% or lesser risk weight i.e. rated at least PR3/ P3/ F3/ A3 for short-term debt instruments.
- (vii) Debt securities not rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity where these are:
 - a) Issued by the bank; and b) listed on a recognized exchange; and c) Classified as senior debt; and d) All rated issues of the same seniority by the issuing Bank are rated at least BBB(-) or PR3/P3/F3/A3 by a chosen Credit Rating Agency; and e) the bank holding the securities as collateral has no information to suggest that the issue justifies a rating below BBB(-) or PR3/ P3/ F3/ A3 (as applicable); and f) Banks should be sufficiently confident about the market liquidity of the security.
 - (viii) Equities (including convertible bonds) that are listed on a recognized stock exchange and are included in the following indices : 'BSE SENSEX' and 'BSE-200' of the Bombay Stock Exchange' ; 'S&P CNX NIFTY and 'Junior NIFTY' of the National Stock Exchange and the main index of any other recognized stock exchange, in the jurisdiction of Bank's operation.
 - (ix) Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the Bank's operation mutual funds where :
 - a price for the units is publicly quoted daily i.e. , where the daily NAV is available in public domain; and
 - mutual fund is limited to investing in the instruments listed in this paragraph .

6(b) Qualitative Disclosures

- (i) On-balance sheet netting
 - Remarks:** Where the Bank
 - (a) has a well founded legal basis for conducting that the netting or offsetting agreement is enforceable in each relevant jurisdiction regardless of whether the counter-party is insolvent or bankrupt.
 - (b) Is able at any time to determine the loans/advances and deposits with the same counter-party that are subject to the netting agreement; and
 - (c) Monitors and controls the relevant exposures on a net basis.
- (ii) Guarantees
 - Remarks:** Bank will take guarantees for Credit Risk Mitigation purpose in calculating capital requirements, where guarantees are direct , explicit, irrevocable and unconditional.
- (iii) Main types of guarantor counter-party and their creditworthiness
 - Remarks:** Range of recognized Guarantors (Counter-guarantors)
 - (a) Sovereigns, Sovereign entities (including BIS,IMF, European Central Bank and European Community , ECGC and CGTSI), banks and primary dealers with a lower risk weight than the counter-party;
 - (b) Other entities rated AA(-) or better. This would include guarantee cover provided by parent, subsidiary and affiliate companies when they have 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.

"This Report has been printed separately in 3 languages, viz. Hindi, Malayalam and English. The copy now in your hands is in English. If you require the report in any of the other 2 languages, kindly write to Chief Manager [Public Relations], State Bank of Travancore, Head Office, Poojappura P.O., Thiruvananthapuram – 695 012, by post or e-mail to cmp@sbtc.co.in, quoting your name and Folio Number / Demat Account Number. Arrangements will be made to mail the copy of the report to your recorded address. The soft copy of the Report will also be available in our website, www.statebankoftravancore.com, in all 3 languages, separately."

THE LAST THREE YEARS...

(Rs. in crore)

	March 2009	March 2010	March 2011
1. Paid up Capital & Reserves	2,250	2,841	3,463
2. Deposits	42,042	50,883	58,158
3. Advances	32,711	38,461	46,044
4. NRI Deposits	10,893	10,848	11,562
5. Export Finance	925	956	1,101
6. Priority Sector Lendings	13,352	14,504	17,353
7. Gross Investment	13,304	16,060	17,956
8. Total Income	4,696	4,906	5,810
9. Total Expenses	3,640	3,850	4,634
10. Operating Profit	1056.27	972.27	1175.97
11. Net Profit	607.84	684.27	727.73
12. Business Per Employee	6.86	7.58	8.88
13. Credit Deposit Ratio (%)	77.81	75.59	79.17
14. Number of Employees (Actuals)	11365	12192	12072



STATE BANK OF TRAVANCORE

(Associate of the State Bank of India)

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