

2012

84th Annual Report

2011

2010

2009

2008





Sri. Amitabha Guha
Chairman



Sri. Jose Alapatt
Independent Director



Sri. Paul Chalissery
Independent Director



Sri. Mathew L. Chakola
Independent Director



Dr. N. J. Kurian
Independent Director



Sri. Mohan E. Alapatt
Independent Director



Sri. K. Thomas Jacob
Independent Director



Sri. H. Suresh Prabhu
Non- Executive Director



Dr. V. A. Joseph
Managing Director & CEO

BOARD OF DIRECTORS

THE SOUTH INDIAN BANK LTD.

BOARD OF DIRECTORS

Sri Amitabha Guha, Chairman
Dr. V. A. Joseph, Managing Director &
Chief Executive Officer
Sri Jose Alapatt
Sri Paul Chaliserry
Sri Mathew L. Chakola
Dr. N. J. Kurian
Sri Mohan E. Alapatt
Sri K. Thomas Jacob
Sri H. Suresh Prabhu

TOP MANAGEMENT*

Executive Directors

Sri Abraham Thariyan
Sri Cheryan Varkey

General Managers

Sri M. S. Mani
Sri Joseph George Kavalam
Sri K. S. Krishnan
Sri A. G. Varughese

Deputy General Managers

Sri P. J. Jacob
Sri K. C. Francis
Sri Roy Alex Vilangupara
Sri C. J. Jose Mohan
Sri Thomas Joseph K.
Sri John Thomas
Sri N. A. Murali
Sri P. K. Kochanthony
Sri Abraham K. George
Sri T. J. Raphael
Sri Francis Antony P.
Sri Benoy Varghese
Sri Francis Chacko
Sri Vijayakumar N.
Sri Krishna Prasad R.

STATUTORY AUDITORS

M/s S. R. Batliboi & Associates
Chartered Accountants,
6th & 7th Floor –“A” Block
Tidel Park, (Module 601,701&702),
No.4, Rajiv Gandhi Salai, Taramani,
Chennai -600 113

CFO & COMPANY SECRETARY

Sri K. S. Krishnan, A.C.A., A.C.S.

REGISTRAR & SHARE TRANSFER AGENT

M/s BTS Consultancy Services Pvt. Ltd.
MS Complex, 1st Floor, No. 8, Sastri Nagar,
Near 200 Feet Road / RTO Kolathur
Kolathur , CHENNAI – 600 099.

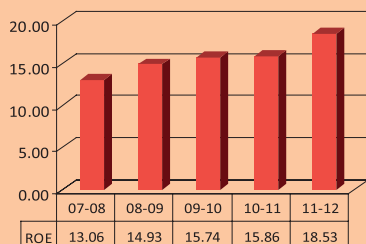
Tel : 044- 25565121
Fax : 044- 25565131
email : ramesh@btsindia.co.in
helpdesk@btsindia.co.in

REGISTERED OFFICE

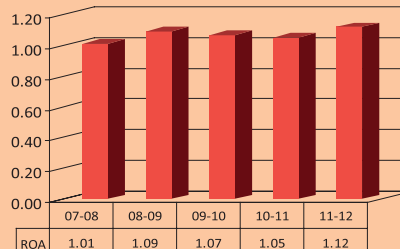
The South Indian Bank Ltd.
SIB House, T. B. Road,
Mission Quarters,
THRISSUR – 680 001,
Kerala, India.
Tel : +91 487 2420020
www.southindianbank.com
email: head@sib.co.in

GROWTH INDICATORS

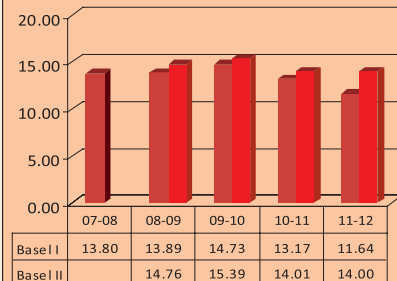
Return on Equity (%)



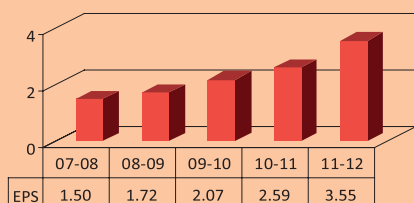
Return on Assets (%)



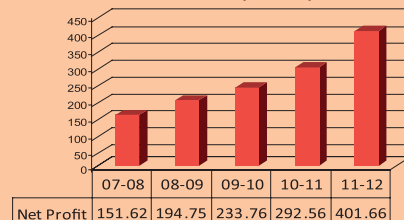
Capital Adequacy (%)



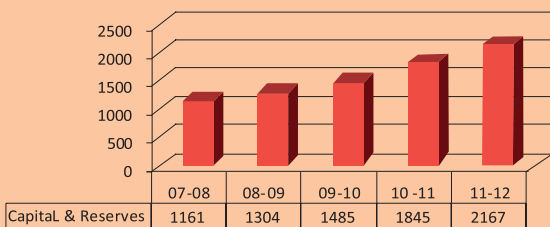
Earnings Per Share (in ₹)



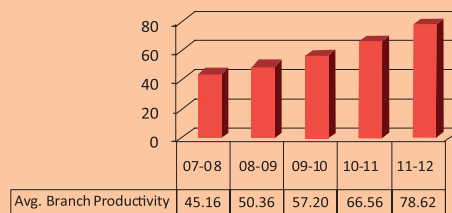
Net Profit (₹ in Cr)



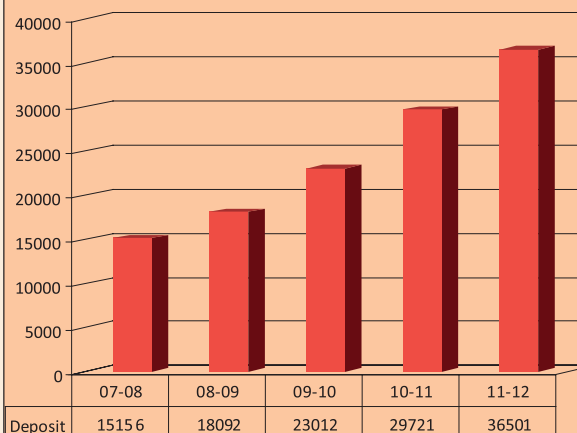
Capital & Reserves (₹ in Cr)



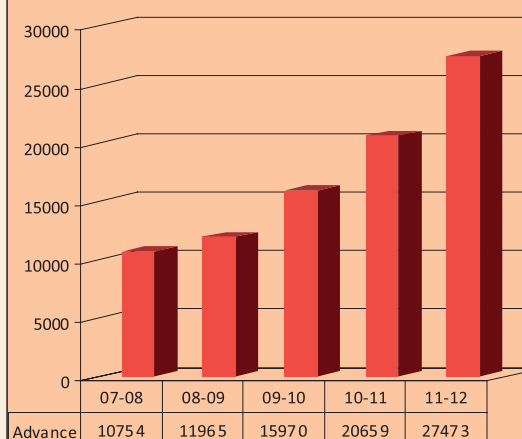
Branch Productivity (₹ in Cr)



Deposits (₹ in Cr)



Advances - Gross (₹ in Cr)



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DIRECTORS' REPORT TO THE SHAREHOLDERS

To the Members,

The Board of Directors are pleased to place before you, the 84th Annual Report of the Bank along with the Audited Balance Sheet as at March 31, 2012 and the Profit and Loss Account for the year ended March 31, 2012.

PERFORMANCE OF THE BANK

The performance highlights of the Bank for the financial year ended March 31, 2012 are as follows: -

| Key Parameters | ₹ in crore | |
|---|------------|----------|
| | 2011-12 | 2010-11 |
| Deposits | 36501.00 | 29721.00 |
| Gross Advances | 27473.00 | 20659.00 |
| Total Gross Business | 63974.00 | 50380.00 |
| Net Profit | 401.66 | 292.56 |
| Capital & Reserves | 2167.48 | 1845.16 |
| Capital Adequacy (%) - Basel-I | 11.64 | 13.17 |
| Basel-II | 14.00 | 14.01 |
| Earning Per Share (EPS) : | | |
| (a) Basic EPS (in ₹) [face value ₹ 1/-] | 3.55 | 2.59 |
| (b) Diluted EPS (in ₹) [face value ₹ 1/-] | 3.50 | 2.58 |
| Book Value per Share (in ₹) [face value ₹ 1/-] | 19.12 | 16.33 |
| Gross NPA as % of Gross Advances | 0.97 | 1.11 |
| Net NPA as % of Net Advances | 0.28 | 0.29 |
| Return on Average Assets (%) | 1.12 | 1.05 |

FINANCIAL PERFORMANCE

Profit

The Bank has achieved a record net profit of ₹401.66 crore during the year registering a growth of 37.29% over the previous year. The Bank could achieve this phenomenal growth in net profit essentially on account of higher scale of operations and better management of assets and liabilities of the Bank.

The Operating Profit for the year under review is ₹682.72 crore before depreciation, taxes and provisions. Net profit is ₹ 401.66 crore and the profit available for appropriation is ₹420.13 crore as per details given below:

| | ₹ in crore | |
|--|------------|--------|
| Profit before depreciation, taxes & provisions | | 682.72 |
| Less : Depreciation: | 31.20 | |
| Provision for NPA/NPLs: | 21.34 | |
| Provision for depreciation on investments: | 14.07 | |
| Provision for Income Tax/Wealth Tax: | 170.69 | |
| Provision for standard advances: | 39.75 | |
| Provision for restructured advances: | 4.01 | 281.06 |
| Net Profit: | | 401.66 |
| Brought forward from last year: | | 18.47 |
| Profit available for appropriation: | | 420.13 |

Appropriations

(₹ in crore)

| | |
|--|---------------|
| Transfer to Statutory Reserve | 100.42 |
| Transfer to Capital Reserve | 0.51 |
| Transfer to Revenue & Other Reserves | 211.52 |
| Transfer to Special Reserve u/s 36(i) (viii) of The Income Tax Act, 1961 | 14.00 |
| Transfer to/(from) Investment Reserve | (7.13) |
| Transfer to/(from) present value provision for ADWDRS | (1.52) |
| Proposed Dividend | 68.10 |
| Dividend Tax on Proposed Dividend | 11.05 |
| Carried over to Balance Sheet | 23.18 |
| Total | 420.13 |

Dividend

The Board of Directors has recommended a dividend of 60% (tax-free in the hands of shareholders), i.e., @ ₹0.60/- per Equity Share of face value of ₹1/- per share as against 50%, i.e. ₹0.50/- per share declared last year.

EXPANSION PROGRAMME / POLICY OF THE BANK

During the year, the Bank opened 58 new branches and 174 ATMs across the country. The Bank has been successful in widening its coverage across the country with 700 branches and 2 extension counters transforming it into a pan India institution. The branch network now covers 27 states/union territories and has a network of 663 ATMs.

The Bank plans to open more new branches and ATMs in the current financial year so as to reach the corporate goal of 750 Branches and 750 ATMs by March 31, 2013.

CAPITAL & RESERVES

The Bank was having an issued and paid up capital of ₹ 113.37 crore as on March 31, 2012. Capital & Reserves of the Bank has improved from ₹ 1,845.16 crore to a healthy level of ₹2,167.48 crore due to plough back of profits.

THE CAPITAL TO RISK WEIGHTED ASSETS RATIO (CRAR)– Basel I & Basel II

The Capital to Risk Weighted Assets Ratio (CRAR) of the Bank as on March 31, 2012 according to Basel I guideline is 11.64% as against the statutory requirement of 9%. Tier I CRAR constituted 9.60% while Tier II CRAR represented 2.04%.

The Capital to Risk Weighted Assets Ratio (CRAR) of the Bank as on March 31, 2012 according to Basel II guideline is 14.00%, as against the statutory requirement of 9%. Tier I CRAR constituted 11.54% while Tier II CRAR worked out to 2.46%.

Pursuant to Reserve Bank of India guidelines, the Bank migrated to new Capital Adequacy framework w.e.f. March 31, 2009. The Bank has adopted Standardized Approach for Credit Risk, Standardised Duration Approach for Market Risk and Basic Indicator Approach for Operational Risk while computing the Capital requirement under Basel II guidelines.

DIRECTORS' REPORT

LISTING AGREEMENT WITH STOCK EXCHANGES

The Bank's shares continue to be listed on The Cochin Stock Exchange Ltd., BSE Ltd., and The National Stock Exchange of India Ltd. The Bank confirms that it has paid the listing fees to all the Stock Exchanges for the year 2012-13.

BUSINESS ACHIEVEMENTS

The Bank achieved a total gross business of ₹63,974 crore, consisting of total deposit of ₹36,501 crore and gross advances of ₹27,473 crore as on March 31, 2012 registering a growth of 26.98% over the previous year.

In CASA segment, the Bank has achieved a year to year growth of 12.11%.

During the year 2011-12, 6.30 Lakh new SB A/cs were opened.

Deposits

The Bank could increase its total deposits to ₹ 36,501 crore from ₹ 29,721 crore last year, registering a growth of 22.81%.

The break up of the deposits as on March 31, 2012 is as under:-

| | Amount (₹ in crore) | % to total Deposits |
|------------------|------------------------|------------------------|
| Current Deposits | 1,261.82 | 3.46 |
| Savings Deposits | 5,917.49 | 16.21 |
| Term Deposits | 29,321.22 | 80.33 |
| Total | 36,500.53 | 100.00 |

Advances

Gross advances of the Bank registered an increase of 32.98%, to touch a gross figure of ₹ 27,473 crore. Total Priority sector advances as at the end of the financial year stood at ₹5,221.50 crore, constituting 25.27% of the Adjusted Net Bank credit (ANBC). Exposure to agricultural sector amounted to ₹1,993.16 crore, forming 9.65% of ANBC as at the end of the financial year.

Split up of exposure under Priority sector is furnished below :

| | Amount (₹ in crore) |
|---------------------------------|------------------------|
| Agriculture & Allied activities | 1,993.16 |
| Small Enterprises | 1,765.53 |
| Other Priority Sector | 1,462.81 |
| Total Priority Sector | 5,221.50 |

INVESTMENTS

Indian GDP growth slowed in the financial year 2011-12 on account of the higher interest rates as well as global

volatilities. Higher trade deficit of \$185 billion, and increase in external debt burden were putting pressure on INR. Headline Wholesale Price Index (WPI) inflation, which remained above 9 per cent during April-November 2011, moderated to 6.9 per cent by end-March 2012, consistent with the Reserve Bank's indicative projection of 7 per cent.

Liquidity conditions remained in a deficit mode throughout 2011-12. Average net injection of liquidity under the daily Liquidity Adjustment Facility (LAF) increased from around ₹50,000 crore during April-September 2011 to around ₹140,000 crore during February 2012 and further to ₹160,000 crore during March 2012, partly reflecting a build-up in government cash balances. In order to mitigate the liquidity tightness, the Reserve Bank of India conducted Open Market Operations (OMOs) aggregating around ₹130,000 crore between November 2011 and March 2012. Further, the Cash Reserve Ratio (CRR) was reduced by 125 basis points (50 basis points effective January 28, 2012 and 75 basis points effective March 10, 2012), injecting primary liquidity of about ₹80,000 crore. RBI continued hiking the LAF repo and reverse repo rates touching a peak of 8.50% and 7.50% respectively in the previous year. The Bond market and the equity market was trading in a range with negative bias throughout the financial year.

Our Bank's gross investment portfolio increased by 5.34% to ₹9,399.87 crore as against a deposit growth of 22.81% resulting in a healthy investment deposit ratio of 25.75% as on March 31, 2012.

NON-PERFORMING ASSETS (NPA) MANAGEMENT

During the year 2011-12, the Bank had taken focused steps for recovery of Non-Performing Assets by initiating prompt and effective measures for recovery under the Securities and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI), follow up of recovery cases filed before DRT and civil courts, one time settlement of accounts, conduct of recovery camps etc.

As a result of the various initiatives taken as above, Bank could recover NPAs to the tune of ₹ 176.86 crore during the year (up from ₹167.24 crore as on previous year) as against the target of ₹192 crore. The Gross and Net NPAs of the Bank as on March 31, 2012 were ₹ 267.16 crore and ₹ 76.51 crore as against ₹ 230.34 crore and ₹ 60.02 crore respectively as on March 31, 2011.

Percentage of Gross NPA to Gross Advance declined to 0.97% as on March 31, 2012 from 1.11% as at March 31, 2011 and percentage of net NPA to net Advances also came down from 0.29% as on March 31, 2011 to 0.28% as on March 31, 2012. Both the percentage of GNPA & NNPA are comparable with the best in the industry.

DIRECTORS' REPORT

During the year, with effect from quarter ended June 2011 onwards, Bank could smoothly switch over to fully automated NPA classification and provisioning of accounts, much ahead of the RBI stipulated date. As a prudent measure, with a view to build up provision and capital buffer, Bank has adopted a policy for additional provisioning in NPA accounts, which is effective from quarter ended March 31, 2012. NPA provisioning in percentage thus stood at 71.36%.

INFORMATION TECHNOLOGY (IT) AND IT ENABLED SERVICES

Information Technology and its adoption to offer innovative solutions has been paramount importance for sustenance of banks. The turnaround time for rolling out a technology product in banks has been visibly diminishing, which essentially calls for a robust system in place to articulate projects right from conception to execution.

The Bank, an early adopter of technology with a view to providing safe and convenient banking facilities to its customers, has introduced host of services and facilities for enhancing the customer satisfaction. The Bank has been successfully functional with Core Banking Solution (CBS) and achieved 100% roll out in CBS as on March 31, 2007. CBS has been the key component in introducing the following technology services by the Bank for the benefit of its customers.

- ❖ Real time on line ATMs having affinity with NFS (National Financial Switch), Master and VISA payment and settlement agencies.
- ❖ Global Debit Card operations with VISA and MAESTRO.
- ❖ Straight Through Processing (STP) for RTGS and NEFT Payment systems
- ❖ Internet Banking & E -Commerce
- ❖ Mobile Banking & M-Commerce
- ❖ ASBA (Application Supported by Blocked Amount)
- ❖ Foreign Inward Instantaneous remittance with own Payment Gateway System
- ❖ Demat & On Line Trading Facility
- ❖ Point of Sales (POS)
- ❖ Bullion Sales
- ❖ Portfolio Investment Scheme for NRI community

IT initiatives/Solutions embarked during the year

The Bank has launched following IT enabled services/Solutions during the year to serve its customers in a better and efficient way.

IMPS (Interbank Mobile Payment System): This facilitates instant interbank transfer of funds. This initiative is launched in association with NPCI (National Payment Corporation of India). Both JAVA based (application) and SMS based mode of operations are available. Transactions are validated through

registered mobile number and unique MMID (Mobile Money Identifier) with 24X7 availability and instant debit/credit intimation to both sender and receiver.

Point of Sale Solution (POS): Facilitates acceptance of VISA, MASTER and MAESTRO cards. Launched in association with M/s FIS Payment Systems Ltd.

Core Hardware Migration: In line with the capacity planning envisaged by the Bank, the Core hardware has been changed to the latest which can cater to Bank's needs for next 5 years.

Bullion Sales: 24 Carat pure gold of 999.9 purity. Manufactured in Switzerland by PAMP refineries, one of the renowned global gold refiners with purity being ASSAY certified. Currently launched in the states of Kerala, Tamil Nadu, Karnataka and Andhra Pradesh.

Portfolio Investment Solution for NRIs: Enables NRIs to purchase shares from secondary market. Partnering with M/s Geojit BNP Paribas Financial Services Ltd. for this initiative. Facility is offered both in online and offline mode.

Information Security and Risk Management

As banks embrace technology as part of their new strategic agenda to face competition in the emerging realities of banking, they are increasingly exposed to IT risks. It is therefore imperative for any bank to work out appropriate IT risk management strategies to secure its most vital information asset and ensure that related risk management systems and processes are strengthened on continual basis to secure both present and future banking activities. SIB's IS audit system has already factored these aspects into consideration and it includes the new supervisory initiatives in the form of Risk Based Supervision (RBS) and Risk Based Internal Audit (RBIA) under Basle II.

Bank has been providing awareness on e-threats to its customers and staff in an incessant basis so that both proactive and reactive measures can be instituted, as deemed appropriate to thwart risks associated with menace of e-threats.

Bank is in the process of implementing the stipulations and guidelines issued by RBI based on the working group recommendations on Electronic Banking, Technology Risk, Information Security and Cyber Frauds as part of the IT governance programme.

Upcoming Initiatives

Bank would like to introduce the following initiatives to augment the customer convenience in the related areas during the year.

- ✓ Online Debit Card Payments
- ✓ 2nd Factor Authentication for net banking
- ✓ Online Tax Payments
- ✓ Prepaid Travel Cards
- ✓ Automated Dataflow from Bank to RBI as per the RBI directions on the same

DIRECTORS' REPORT

IT Training

During the year under reporting, many IT training programmes in relevant areas were attended by the Bank's resource in premier institutions such as IDRBT, NIBM, IIM etc. to equip themselves abreast with the advancement and rapid changes in IT.

Awards and Accolades

During the year, the Bank bagged the Technology Excellence Award, instituted by IDRBT and the Bank has been designated for the Great Mind Challenge for Business award during the year, given away by IBM, a global IT solution company for implementation of innovative IT solutions.

RISK MANAGEMENT

Risk is an integral part of the banking business and the Bank aims at delivering superior value to shareholders by achieving an appropriate trade-off between risk and return. Sound risk management and balancing risk-return trade-off are critical to a Bank's success. Business and revenue growth have therefore to be weighed in the context of the risks embedded in the Bank's business strategy. Of the various types of risks the Bank is exposed to, the most important are credit risk, market risk (which includes liquidity risk and price risk) and operational risk. The identification, measurement, monitoring and mitigation of risks, continued to be a key focus area for the Bank. The risk management function attempts to anticipate vulnerabilities at the transaction level or at the portfolio level, as appropriate, through quantitative examinations of embedded risks. The risk management strategy of the Bank is based on a clear understanding of various risks, disciplined risk assessment, risk measurement procedures and continuous monitoring for mitigation. The policies and procedures established for this purpose are continuously benchmarked with the best practices followed in the Industry.

The Bank's risk management structure is overseen by the Board of Directors. Appropriate policies to manage various types of risks are approved by Risk Management Committee (RMC), which provides strategic guidance while reviewing portfolio behaviour. The senior level management committees like Credit Risk Management Committee (CRMC), Market Risk Management Committee (MRMC) and Operational Risk Management Committee (ORMC) develop the risk management policies and vet the risk limits. The Asset Liability Management Committee and Investment Committee ensure adherence to the implementation of the above risk management policies, develop Asset Liability Management Policy and Investment Policy within the above risk framework.

Compliance with Basel II framework

In tune with regulatory guidelines on Pillar I of Basel II norms, Bank has computed capital charge for credit risk as per the Standardized Approach, for market risk as per the Standardized

Duration Method and for operational risk as per the Basic Indicator Approach. To address the issues of Pillar II, the Bank has implemented ICAAP (Internal Capital Adequacy Assessment Process), integrating capital planning with budgetary planning and to capture residual risks which are not addressed in Pillar I like credit concentration risk, interest rate risk in the banking book, liquidity risk, earnings risk, strategic risk, reputation risk etc. Bank has adopted a common framework for additional disclosures under Pillar III for adhering to market discipline of Basel II guidelines. This requires the Bank to disclose its risk exposures, risk assessment processes and its capital adequacy to the market in a more consistent and comprehensive manner.

INTERNATIONAL BANKING

The total forex business turnover for the year ended 31st March, 2012 was ₹52,662.15 crore recording an increase of 47.67% as compared to the previous financial year and Bank earned an exchange profit of ₹31.88 crore showing a year on year increase of 59.87%.

The Bank has successfully implemented online remittance facility with M/s. UAE Exchange Centre, Abu Dhabi and UAE Exchange, Kuwait on Real time basis. This will ensure immediate credit to Bank's customers, with a unique feature of informing the beneficiaries and remitter through SMS within 60 seconds of remittance, branded as "SIB Flash". Bank will be extending this facility to few more exchange houses within a short span.

At present the Bank is having rupee inward remittance arrangement with 4 Banks and 32 Exchange Houses and turnover for the year ended March 2012 was ₹3,988.02 crore registering an increase of 37.48% as compared to the previous financial year. The Bank continued providing managerial support to M/s Hadi Express Exchange, UAE, with five branches.

NRI PORTFOLIO

The Bank has the unique distinction of opening the first exclusive NRI Branch in Kerala and still occupies the prime position with 7 exclusive NRI Branches in the state. The total NRI Deposit of the Bank as on March 31, 2012 constitutes 20% of the Bank's total retail deposit.

The NRI Division of the Bank has been setup to provide dedicated and personalized service to the Bank's NRI customers. In the FY 2011-12, the Division has successfully co-ordinated NRI Meets in Dubai-UAE, Doha-Qatar, and Jeddah & Riyadh in Saudi Arabia to reach out to Bank's customers in various GCC countries. To build up the momentum of NRI business growth and valued customer retention, the division has successfully co-ordinated NRI Meets with cultural events in all the Regions of the Bank in Kerala. The Bank has deputed officers to Bank's stall at Dubai Shopping Festival (DSF), Global Village to promote

DIRECTORS' REPORT

NRI services. NRI Division also extends support to the branches in their NRI related matters and closely monitors the growth of NRI business. In the FY 2011-12, the Bank has recorded a growth of 21.06% as against 6.47% in the FY 2010-11. NRI Newsletter, a quarterly publication from NRI Division continues to provide useful information to the Bank's NRI customers.

TRAINING

The Bank accords utmost importance to human resources development. Training programmes are conducted at SIB Staff Training College (SIBSTC), Thrissur and at 7 Regional Training Centers (RTCs) at ROs for enhancement of professional capabilities of the staff. The training programmes are designed for skill enhancement and also to imbibe SIB culture through an effective learning process. The success of these programmes reflects on the enhanced organizational productivity. SIBSTC and the RTCs identify gaps in skill of the personnel and provide learning to them for qualitative improvement. During the year 2011-12, the Bank imparted training to 2,151 officers, 1,454 clerks and 237 sub-staff in various aspects of banking operations. Thus, the Bank could provide training to a total of 3,842 of its personnel, which is about 65% of total staff strength of 5,879 as on March, 31 2012. This is in consonance with the Bank's vision towards continuous upgradation of skills to ensure that the staff members meet the rising expectations of customers and discharge services professionally covering the entire gamut of banking operations.

MARKETING

The Bank has a vibrant and evolving marketing strategy, designed to achieve the overall business objectives. By creating products and services fine tuned to match the varied interests of our patrons, the Bank has ensured customer retention on the one hand, while bringing in a large number of new customers on the other. As in the past, the early mover advantage in technology adoption has helped the Bank to roll out marketing campaigns in an aggressive manner.

Any Branch Banking

The Bank offers a wide range of SB & CD products with Any Branch Banking facility to suit the needs of various customer segments. Through Real Time Gross Settlement/National Electronic Fund Transfer (RTGS/NEFT), customers can transfer/receive funds to/from accounts with any other Banks in India, who are the members of this payment system. Customers can also send/receive funds to/from abroad through various online real-time remittance services provided by the Bank. The products such as CD Smart (introduced in FY 2011-12) and SIB-Mahila, Youth Plus etc. caters to specific segments of the customer base. The products have been well-received by the customers. Constant innovations are being done on the existing product lines to make it more attractive and customer friendly.

SIB Pure Gold

The Bank has launched bullion banking on September 6, 2011 for sale of gold coins/ingots of denomination 1, 3, 4, 8, 20, 50 & 100 gm, with 999.9 purity branded as "SIB Pure Gold", through Bank's branches in Kerala, Tamil Nadu, Andhra Pradesh and Karnataka. SIB Pure Gold, is packaged in a tamper-proof cover and is sourced from world's renowned refinery PAMP, Switzerland with purity being ASSAY certified.

TECHNOLOGY PRODUCTS

Internet Banking

SIBerNet – Internet banking service of the Bank offers Self, Third Party and External Fund Transfer (RTGS/NEFT), which enables our customers to do transaction on a round the clock basis. To facilitate online transaction for Internet Banking customers, Bank has arrangements with 5 leading online payment aggregators like Billdesk, Tech Process, CC Avenues, Times of Money Ltd (TOML) and Atom Technology Ltd. To enable online offering facility to SIBerNet customers, the Bank has established arrangements with famous temples like Attukal Bhagavathy Temple and Sri Padmanabha Swamy Temple, Trivandrum and Sri Krishna Temple, Guruvayur. In order to cater to the needs of Bank's customers in an instantaneous way the Bank introduced Instant Pin Mailers for SIBerNet which enables the customer to receive User Id and Password over the counter instantly when they are applying for internet banking facility. In addition to these the Bank is introducing Direct and Indirect Tax Payment facility for its Retail and Corporate Customers.

The Bank was successful in enrolling 44,314 SIBerNet registrations in the FY 2011-12 with 50% growth compared to 41.27% in FY 2010-11. The growth can be attributed to various campaigns launched round the year to increase the number of registrations.

Mobile Banking

Customers of the Bank enjoy the benefit of mobile banking service wherein the transaction alerts are sent to the customers (including the mobile nos. registered outside India) on a real time basis, using SMS technology. Last year the Bank has launched SIB M-Pay, the enhanced mobile banking services for the benefit of domestic customers which offers 24X7 instant inter/intra Bank fund transfers even on bank holidays. The fund transfer facility is facilitated using the IMPS (Interbank Mobile Payment Service) platform of NPCI. The facility also enables the registered user to enjoy the value added services like mobile recharge, DTH recharge, flight ticket booking, movie ticket booking etc. using their mobile phones. The Bank had planned exclusive marketing strategies for the new product, which resulted in 40,000 registrations in a short span of 2 months.

The SMS registration of the Bank were 1,28,517 in the FY 2011-12 with a growth percentage of 60% compared to

DIRECTORS' REPORT

34.78% in FY 2010-11. The Bank has been floating different campaigns to motivate the staff members to create customer awareness about mobile banking.

Debit Cards

The Bank is offering both Visa and Maestro debit cards to its customers. Using SIB debit cards Bank's customers can withdraw cash through ATMs of any Bank in India and also across the globe wherever Visa/Master logo is displayed. Visa cards have three variants namely Classic, Gold and Platinum which offers a wide variety of services such as enhanced cash withdrawal limits, online transaction, POS transaction limits etc. Recently the Bank has enabled its Visa cards for online transactions and Maestro cards will be enabled soon for the same. The Bank is also looking forward to launch travel card soon.

The Bank has issued 4,92,218 debit cards during the FY 2011-12, registering a growth of 30% over last year. The Bank was successful in increasing card base and card usage on account of innovative marketing campaigns such as Smart Shopper Contest.

THIRD PARTY PRODUCTS

Depository Services

The Bank offers Depository services for the benefit of its customers. Through this facility, customers can hold their securities in electronic form in demat account with Central Depository Services (India) Ltd. (CDSL). For e-trading, the Bank offers SIBer Trade – the online trading facility to buy/sell stocks for its domestic customers from stock exchanges in India through a tie-up with M/s Geojit BNP Paribas Financial Services Ltd. SEBI has also registered the Bank as Self Certified Syndicate Bank (SCSB) for accepting application under Application Supported by Blocked Amount (ASBA). ASBA enables the Bank's customers to apply for IPO/FPO, rights issues etc., by marking a lien on the account instead of actual debit at the time of applying, which is more beneficial for the customers. During the year, the Bank has also launched its Portfolio Investment Scheme (PIS) – an extensive share trading facility for its NRI customers through a tie-up with M/s Geojit. Under PIS, NRI customers can directly invest in the Indian securities market through recognized stock exchanges.

Demat services of the Bank has registered a growth of 5% over the year with 765 new registrations.

Insurance (Life/General)

Since June, 2009 the Bank has been acting as a corporate agent of Life Insurance Corporation of India for selling the life insurance products. This year, the Bank has been focusing more on non-single premium products, considering the fact that this is more beneficial for the Bank in terms of revenue on the one hand, while being complementary to Bank's core business growth strategy, on the other.

Various campaigns had been launched during the year by the Bank & LIC to focus on increasing the Regular Premium Business.

General Insurance products such as health policy packages and policies to protect the assets and goods against various perils are also made available to customers. The Bank acts as a corporate agent for the distribution of insurance products of M/s Bajaj Allianz General Insurance Company.

General insurance business of the Bank has recorded growth of 11% over the year with around ₹11 crore Gross Premium collected during the year. The success can be attributed to the marketing activities of the Bank to generate more business.

New Pension System

The Bank was appointed as a Point of Presence to provide services to subscribers of New Pension System introduced by Pension Fund Regulatory and Development Authority (PFRDA). The Bank has been appointed as an Aggregator for NPS Lite and is the only major bank in this segment. All the branches are designated for collecting NPS Lite applications and contributions. In the last financial year, the Bank has acquired around 5,000 new customers for NPS Lite.

PAN Application Servicing

Based on the representations received from the customers, the Bank had made a direct arrangement with M/s UTI Technology Services Ltd. (UTITSL) for servicing the PAN card applications. This is in addition to the already launched KYC Certification services for the Mutual Fund Investors, in association with M/s CDSL Ventures Ltd. (CVL). On an average the Bank is processing 15,000 applications per year.

Mutual Funds

Mutual Funds are one of the preferred investment options for all those who wish to avoid direct investments in stock markets, yet earn more than what traditional savings avenues offer. The Bank is already having tie up with 13 leading Mutual fund companies to offer variety of mutual fund products to the Bank's customers. The Bank has revamped the services in mutual fund business and will be targeting SIP (Systematic Investment Plan) type products aggressively, in the coming year.

VISIBILITY ENHANCEMENT PROGRAMMES

The Bank has undertaken many brand promotion initiatives in various media like Newspaper, Television, Radio, outdoor and online media during the year 2011-12. The advertisements concentrated in major metros like Bangalore, Delhi, Mumbai, Kolkata, Chennai and Hyderabad and has enhanced the visibility of the Bank at these centres. The Bank was the Title Sponsor and official Bankers to the prestigious Grand Kerala Shopping Festival Season -5.

DIRECTORS' REPORT

PERSONNEL

Pacing with the Bank's significant growth, the Bank has engaged itself in major talent acquisition and articulation of retention policies in the FY 2011-12. The Bank is envisaging to have staff complement of 7,500 employees on its rolls by March 31, 2013. To achieve this target, Bank has embarked upon recruitment drive to acquire manpower of required skills. The total number of employees as at the year end was 5,879. This growth in personnel has been dovetailed with the business growth target of the Bank. Of the total 5,879 employees, there are 764 Postgraduates, 700 Management Graduates, 397 Engineers, 88 Law Graduates, 63 Chartered Accountants, 24 Cost Accountants and 2 Ph.Ds.

The major skill acquisition initiatives of the Bank include local/general recruitments and campus recruitments. During the year the Bank has recruited 294 officers and 346 clerks. Of the officers joined, 174 are MBA graduates, 60 Engineering graduates and 20 Chartered Accountants. The Bank also selected 400 persons through general recruitment as Clerks for the year 2012-13.

Staff position

As on March 31, 2012, the Bank had 5879 personnel on its rolls as against 5619 as on March 31, 2011. Cadre wise break up is as under:

| Cadre | Male | Female | Total |
|---------------------|-------------|-------------|-------------|
| Officers | 1925 | 753 | 2678 |
| Clerk | 1241 | 1154 | 2395 |
| Peon | 533 | 24 | 557 |
| Part-time employees | 96 | 153 | 249 |
| Total | 3795 | 2084 | 5879 |

The average age of employees of the Bank is 38 years as on March 31, 2012. Out of the total number of staff members, 46% comes below the age of 30 years.

Maintenance of staff records was streamlined under "HRMSS" (Human Resources Management System Software). The personnel data can be accessed by all controlling offices and various reports based on the data can be generated. To make HRMSS more comprehensive the Bank has included more modules like training, Gratuity, Deputation etc. in it.

Staff Motivation:

In order to motivate and enhance the level of ownership and loyalty of the Bank employees, the Bank has modified the existing service conditions like HRA, Conveyance allowance etc. of all cadres.

Staff Welfare Scheme (SWS) 2011 was introduced in the FY 2011-2012 offering job opportunities to the children of staff members in officers/clerical/subordinate cadres. 17 Probationary Officers, 35 Probationary Clerks and 21 Probationary Peons were selected under this scheme.

EMPLOYEE STOCK OPTION SCHEME (ESOS)

During the financial year 2008-09, the Bank instituted an Employee Stock Option Scheme to enable its employees to be a partner in the future growth and financial success of the Bank. The Banks' shareholders approved the plan on August 18, 2008 for the issuance of stock options to the employees. Compensation and Remuneration Committee of the Board on November 21, 2009 has recommended to the Board to grant options at a discount of 10% on the closing price of the shares quoted on NSE on November 20, 2009. Under SIB ESOS 2008 (1st Tranche) the Bank granted 3,07,25,000 options to eligible employees. Further, Compensation and Remuneration Committee of the Board on October 21, 2010 has recommended to the Board to grant options at a discount of 10% on the closing price of the shares quoted on NSE on October 20, 2010. Under SIB ESOS 2008 (2nd Tranche), the Bank granted 5,10,500 options to eligible employees. Further, Compensation and Remuneration Committee of the Board on February 16, 2012 has recommended to the Board to grant options at a discount of 10% on the closing price of the shares quoted on NSE on February 15, 2012. Under SIB ESOS 2008 (3rd Tranche), the Bank granted 9,42,000 options to eligible employees.

Till March 2012, 90,34,050 stock options vested, out of which 36,93,530 stock options were exercised by eligible employees. The money realized due to exercise of the said options was ₹4,77,57,342.90 and consequently 36,93,530 shares of ₹1/- each have been allotted to the concerned employees/legal heirs.

The total options granted under three phases of SIB ESOS 2008 works out to 2.84% of the paid up share capital of the Bank as at March 31, 2012. The scheme has generated intended motivation amongst the staff. With a view to maintain highest standards of personal ethics, all the Directors of the Bank including the Chairman and Managing Director & CEO have voluntarily decided not to accept any stock options, though the shareholders of the Bank were gracious enough to permit grant of stock options to all the Directors of the Bank during the 80th Annual General Meeting.

SIBLINK

'SIBLINK', Bank's corporate in-house magazine, has been functioning as an internal PR tool educating and motivating the staff for better performance and is published every quarter.

SIB-Executive Brief

"SIB-Executive Brief" - a daily news update on Banking, Finance, Economy, Industry, Market Rates etc. is being provided by SIBSTC. It is e-mailed on a daily basis to Board members and to the executives and it is also made available at SIB-Insight for access to all the staff members.

DIRECTORS' REPORT

E-Learning Tests

The Bank has completed 12 online tests through E-learning Application during the year 2011-12. There were various topics covered during these tests such as Banking procedures, Bank's Operations Manual etc. Prizes were awarded for the toppers in these tests. It is encouraging to know that the learning process is taken up with great enthusiasm and competitive spirit, the fruit of which is visible in the increasing number of branches/offices emerging as toppers. The E-learning platform will be utilized increasingly for improving the knowledge level of the staff members.

E-Circular

The Bank has since migrated to issuance of e-circulars in place of manual circulars. All the circulars of the Bank are uploaded using the 'e-circular software'. In e-circular, Bank's Policies, Guidelines and Forms are also uploaded so as to empower the branches with readily accessible pool of information/guidelines.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

The operations of the Bank are not energy intensive. However, the Bank has taken all possible measures to control and reduce consumption of energy. The Bank continues to undertake possible measures for innovation and absorption of technology in banking business.

The Company, being a banking company and an authorized dealer in Foreign Exchange, has taken all possible steps to encourage export credit.

PARTICULARS OF EMPLOYEES

During the year there were no employees in receipt of remuneration covered by Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended vide GSR 289 (E) dated March 31, 2011 [Companies (Particulars of Employees) Amendments Rules, 2011].

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank's CSR policy epitomizes active participation in the social and economic development of the society. The policy on Corporate Social Responsibility strictly conforms to the guidelines of RBI and Ministry of Corporate Affairs on CSR. The Bank necessarily focuses on major areas like Education, Health care, Sustainable Livelihood, Infrastructure Development and Social Causes and a specific budget is allocated for such activities.

Education

The Bank has provided financial assistance to the deserving students of low income family for professional studies. Bank has also supported the low income family students with various study aids and provided free school uniforms & books.

Healthcare

With the objective of supporting marginalized people to meet their diverse needs in healthcare, the Bank has collaborated with various charitable and healthcare institutions. The Bank's efforts included free food distribution to the poor patients of charitable organizations. The Bank has also associated with fund raising program of Lions Club International, Trivandrum 'Suhaani Raat 2011' for supporting the visually challenged and the poor people suffering from heart ailments. The Bank has also extended financial support for the poor and needy with serious heart problems and provided Home care for people who are crippled with terminal heart disease by associating with 'Carithas Heart Foundation'.

Sustainable Development

Sustainable development addresses the needs of the present without compromising the resources of future generations to meet their own needs. For this, it requires the balancing of environmental, social and economic demands. The Bank is committed in the integration of social & environmental concerns in its business operations & also in the interactions with our stakeholders. As a part of the Bank's social obligation, it has partnered with 'Lourdes Metropolitan Cathedral', at Sacred Heart Church, Chembukavu, Thrissur for 'Harithavalkaranam' project concentrating in the re-establishment of green cover, either naturally or artificially. The project will definitely help in the sustainable development of the society ensuring optimum utilization of resources like land & water. Bank has also supported Solar Electrification project in Thane-Raigad district.

Social Causes

The Bank has been supporting various charitable institutions. The Bank has associated with Chetanalaya a registered NGO working for the development of the marginalized section of the society since 1970 for celebrating the 'Ability Utsav'. The purpose of the event was to empower the disabled and to draw public attention towards their rights. The Bank has also supported in the ceiling work of building of 'Amala Care Centre' – Home for Mentally Challenged to resist summer heat. Housing projects for homeless were also undertaken.

Green Initiatives in Corporate Governance

As a responsible corporate citizen, the Bank supports and pursues the 'Green Initiative' of the Ministry of Corporate Affairs ("MCA"). In conformance with such initiatives, the Bank will effect electronic delivery of documents including the notice and explanatory statement of Annual General Meeting (AGM), Audited Financial Statements, Directors' Report, Auditors' Report etc. for the year ended March 31, 2012, to the email address which the Shareholders have previously registered with their Depository Participant (DP) as their valid email address. Investors desirous of refreshing / updating their email addresses are requested to do so immediately in their respective

DIRECTORS' REPORT

DP accounts. The email addresses indicated in respective DP accounts which will be periodically downloaded from NSDL / CDSL will be deemed to be their registered email address for serving notices / documents including those covered under Section 219 of the Companies Act, 1956.

Emails are being sent to available email addresses to enable investors to indicate their choice in case they desire to receive printed copies of documents/notices/annual reports. Shareholders holding shares in physical form desirous of availing electronic form of delivery of documents are requested to update their email addresses with our Registrar and Transfer Agents by a written request if they wish to avail this facility. A request format for registering e-mail ids with the Registrar is enclosed. Shareholders holding shares in demat segment are requested to inform their e-mail ids to their respective DPs.

SIB STUDENTS' ECONOMIC FORUM (SIBSEF)

Students' Economic Forum is a monthly publication from the SIB Staff Training College and it provides an analysis of contemporary themes relating to developments in Economy, Banking and Finance. So far, 244 themes have been published since the first publication which was launched in December 1991. In response to the requests from readers and well-wishers, the first 201 themes of this publication were compiled in 4 volumes and published. The objective of this venture is to kindle interest in economic affairs among the younger generation and also to empower the student community. The hard copies of the publication numbering 3000 are being sent to all the branches/offices, reputed schools/colleges/academic institutions, RBI offices, other Banks, government organizations and corporate offices. It has wide acceptance among students, bankers and academic community. The subjects discussed during the year 2011-12 include - Emerging Market Economies – EMES & BRICS; RBI Monetary Policy Statement 2011-2012; Internet Mobile Payment Service; Foreign Contribution (Regulation) Act; The New Pension System; The S&P Downgrade, CIBIL Credit Information Bureau (India) Limited; Deregulation of SB Interest; Entry of New Banks in Private Sector; FDI in Indian Retail Sector; Basel III: RBI's Draft Guidelines and Banks' Preparedness; and Financial Holding Company. The soft copy of this publication is being sent to all the "Youth Plus" account holders by e-mail and it is made available in the Bank's website.

FINANCIAL INCLUSION INITIATIVES

Inclusive growth of all sections of the people is a pre-requisite for the country to achieve the status of a developed country. Financial Inclusion (FI) is one of the major means to achieve all round growth. FI, inter-alia, aims at ensuring the availability of formal and basic banking services to all the households, including those residing in the un-banked/underbanked areas. For this purpose the Bank has introduced a smart card based FI project, where the basic banking services are being provided through Business Correspondents duly appointed by the Bank.

As per the Bank's Financial Inclusion plan, the Bank had to cover 39 villages and 5 urban locations by March 31, 2012. Meanwhile, various State Level Bankers' Committee had

allotted 42 villages (39 villages with population above 2,000 and 3 villages with population below 2000) to the Bank. These villages are attached to 25 base branches and spread across 4 States in the country – Kerala, Andhra Pradesh, Tamil Nadu and Chhattisgarh. As on March 31, 2012, the Bank has covered 5 urban centers and all the 42 villages allotted by various SLBCs. Out of the 42 villages, 39 villages are being covered through Business Correspondent (BC) model and the remaining 3 villages are being serviced by branches. The Bank has appointed 40 Business Correspondents and opened more than 2,000 Smart card based No-frill accounts through these BCs. As part of the implementation process, the Bank has provided onsite training to the branch officials as well as to the Business Correspondents. In order to popularize the BC model, Bank has also supplied promotional materials, brochures, posters etc. with "SWABHIMAAN" logo in Tamil Nadu and Kerala.

As a business continuity plan, the Bank has installed 'Master Terminals' in 5 base branches. With this facility, the customers can make smart card based transactions at the base branches, in case of non-availability of BC. The Bank proposes to install the Master Terminals at the other base branches in a phased manner. The Bank had extended a small over draft facility in Smart card accounts. In order to motivate the BCs, the Bank had also hiked the various remuneration/incentives payable to them.

As on date there are 2.66 lakh No-frill accounts opened through branches/Business Correspondents. The total no. of Students accounts stands at 9.33 lakh. These accounts are with very low minimum balance (₹0 to ₹ 150) and there is no non-commitment charge for not maintaining the minimum balance.

ANTI - MONEY LAUNDERING (AML)

The Bank has attached great importance to Anti-Money Laundering and the transactions of all the branches of the Bank have been brought under the ambit of AML software. The alerts generated from the AML software are monitored on a daily basis and suspicious transactions are reported to FIU-India.

During the year under review, the Bank has migrated to a newer version 4.0 of the AML Software whereby the first level of processing of alerts has been decentralized to the branches.

- In line with the RBI Guidelines, the Bank is strictly following the "Know Your Customer" norms at the time of opening New Accounts.

DIRECTORS

During the year, pursuant to the applicable provisions of the Banking Regulation Act, 1949, the provisions of the Articles of Association of the Bank and approval of RBI vide its letter DBOD.5473/08:51:001/2011-12 dated October 10, 2011 Dr. V. A. Joseph, has been re-appointed as Managing Director and CEO of the Bank for a further period of 3 years with effect from October 1, 2011 to September 30, 2014, on the terms and conditions as mentioned in the approval letter.

DIRECTORS' REPORT

Sri Jose Alapatt and Sri Mathew L. Chakola who retired at the 83rd Annual General Meeting held on July 15, 2011 were reappointed as Directors of the Bank. At the said meeting Sri K. Thomas Jacob and Sri H. Suresh Prabhu were appointed as Directors of the Bank, liable to retire by rotation.

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Bank, Sri Paul Chaliserry and Dr. N. J. Kurian are the Directors who retire by rotation at the ensuing Annual General Meeting, and being eligible for re-appointment, the Board recommends their re-appointment as the Directors of the Bank.

AUDITORS

The shareholders at its 83rd Annual General Meeting held on July 15, 2011, appointed M/s S R Batliboi & Associates, Chartered Accountants, Chennai, as the Central Auditors for the audit of Bank's accounts for the year 2011-12.

M/s S R Batliboi & Associates, Chartered Accountants, Chennai, vacate office at the end of the Annual General Meeting to be held this year but are eligible for re-appointment for the Financial Year 2012-13.

AUDIT AND INSPECTION

Regular Inspection of the Bank's branches is conducted at periodical intervals on the basis of Risk Based Internal Audit approach. Concurrent audit at branches by qualified Chartered Accountants/Retired Officers covering 59.8% of business of the Bank and concurrent audit of International Banking Division and Treasury Department by external auditors are also conducted. In addition to the above the Bank conducts Stock Audit, Credit Audit, Information System Audit of branches, Revenue Audit to check income leakages, Surprise Inspection and Exclusive Gold Loan Asset Verification etc. at branches. Information System Audit of CBS and major applications for the current year (2011-12) was done by an external approved agency. Besides, all the branches are subjected to statutory audit on yearly basis. In addition, RBI also conducts Annual Financial Inspection of the Bank. The Bank has also implemented online transaction analysis software to oversee the daily activities at branches.

EXPLANATION FOR AUDITORS' COMMENTS IN THE REPORT

The Auditors' Report for the year 2011-12 does not have any qualifications. Hence, no explanation is offered in this regard.

CORPORATE GOVERNANCE

A separate report on the status of implementation of Corporate Governance as required under Clause 49 of the Listing Agreement with Stock Exchanges, and a certificate from M/s S. R. Batliboi & Associates, Chartered Accountants, Statutory Auditors of the Bank, are annexed to the Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This has been dealt with in a separate section in the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956, the Board of Directors hereby declare that:

1. In the preparation of annual accounts for the financial year ended March 31, 2012, the applicable accounting standards have been followed and proper explanation has been furnished to the extent of departures from those standards.
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2011-12 and of the profit of the company for that period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and Banking Regulation Act, 1949 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the annual accounts for the financial year ended on March 31, 2012, on a going concern basis.

ACKNOWLEDGEMENTS

The Board of Directors places on record its gratitude to the Reserve Bank of India, Securities and Exchange Board of India, Government of India, Government of Kerala and all other state Governments where the Bank operates, other Government and Regulatory Authorities, including stock exchanges, where the Bank's shares are listed and correspondent Banks for their strong support and guidance, during the year. The Board also places on record its gratitude to the Bank's shareholders and customers for their continued support, patronage and goodwill. The Board further places on record its appreciation for the valuable services rendered by M/s S R Batliboi & Associates, Statutory Auditors, during their tenure. The single most important pillar of any Institution is its personnel, more so in the case of a service entity like a Bank. The Bank gladly acknowledges this fact and thank all of them for their diligence and loyalty towards the Bank. The Board expresses its sincere appreciation for the dedicated service rendered by officers and employees of the Bank at all levels.

By Order of the Board

Place : Thrissur
Date : May 7, 2012

(AMITABHA GUHA)
CHAIRMAN

DIRECTORS' REPORT

Annexure to Directors' Report for the year ended March 31, 2012

STATUTORY DISCLOSURES REGARDING ESOS

Details of the stock options granted, vested, exercised and forfeited & expired during the year under review are as under:

| Particulars | Tranche 1 | | Tranche 2 | | Tranche 3 | |
|--|-------------|--------------------|-----------|--------------------|-----------|--------------------|
| | Options | Exercise price (₹) | Options | Exercise price (₹) | Options | Exercise price (₹) |
| Options outstanding at the beginning of the year | 3,02,73,500 | 12.93 | 5,03,500 | 24.98 | - | - |
| Options granted during the year | - | - | - | - | 9,42,000 | 24.12 |
| Options exercised during the year | 36,93,530 | 12.93 | - | - | - | - |
| Options vested during the year | 90,34,050 | 12.93 | - | - | - | - |
| Forfeited/lapsed during the year | 2,60,300 | 12.93 | 27,000 | 24.98 | 9,000 | 24.12 |
| Options outstanding at the end of the year | 2,63,19,670 | 12.93 | 4,76,500 | 24.98 | 9,33,000 | 24.12 |
| Total Number of Options in force as on March 31,2012 | 2,77,29,170 | | | | | |

Other details are as under:

| Money realized by exercise of options | ₹ 4,77,57,342.90 | | | | | | | | | | | | | | | | |
|---|---|------|-----------------|----------------------|-----------|----------------------|----------|--------------------|----------|----------------|----------|--------------------|----------|---------------------------|----------|---------------------|----------|
| Pricing Formula for Tranche 1, Tranche 2 and Tranche 3 | At a discount of 10% to closing market price on Stock Exchange where there is highest trading volume on the immediately preceding trading day of the dates of grant. | | | | | | | | | | | | | | | | |
| Details of options granted to Senior managerial personnel. | <table> <tr> <th>Name</th><th>Options Granted</th></tr> <tr> <td>Mr. H. Suresh Prabhu</td><td>50000.00*</td></tr> <tr> <td>Mr. Abraham Thariyan</td><td>50000.00</td></tr> <tr> <td>Mr. Cheryan Varkey</td><td>42000.00</td></tr> <tr> <td>Mr. M. S. Mani</td><td>35000.00</td></tr> <tr> <td>Mr. K. S. Krishnan</td><td>36000.00</td></tr> <tr> <td>Mr. Joseph George Kavalam</td><td>36000.00</td></tr> <tr> <td>Mr. A. G. Varughese</td><td>36000.00</td></tr> </table> <p>*Granted while he was an employee of the Bank</p> | Name | Options Granted | Mr. H. Suresh Prabhu | 50000.00* | Mr. Abraham Thariyan | 50000.00 | Mr. Cheryan Varkey | 42000.00 | Mr. M. S. Mani | 35000.00 | Mr. K. S. Krishnan | 36000.00 | Mr. Joseph George Kavalam | 36000.00 | Mr. A. G. Varughese | 36000.00 |
| Name | Options Granted | | | | | | | | | | | | | | | | |
| Mr. H. Suresh Prabhu | 50000.00* | | | | | | | | | | | | | | | | |
| Mr. Abraham Thariyan | 50000.00 | | | | | | | | | | | | | | | | |
| Mr. Cheryan Varkey | 42000.00 | | | | | | | | | | | | | | | | |
| Mr. M. S. Mani | 35000.00 | | | | | | | | | | | | | | | | |
| Mr. K. S. Krishnan | 36000.00 | | | | | | | | | | | | | | | | |
| Mr. Joseph George Kavalam | 36000.00 | | | | | | | | | | | | | | | | |
| Mr. A. G. Varughese | 36000.00 | | | | | | | | | | | | | | | | |
| Other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year | None | | | | | | | | | | | | | | | | |
| Identified employees who were granted option during the year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant | None | | | | | | | | | | | | | | | | |
| Variation of terms of Options | Nil | | | | | | | | | | | | | | | | |
| Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) - 20 'Earnings Per Share' | ₹ 3.50 | | | | | | | | | | | | | | | | |

DIRECTORS' REPORT

| | |
|---|---|
| Weighted-average exercise prices of Options whose: <ul style="list-style-type: none"> • exercise price either equals market price • exercise price greater than market price • exercise price is less than the market price | <p style="text-align: center;">Nil</p> <p style="text-align: center;">Nil</p> <p style="text-align: center;">The price of the stock options granted is: Tranche 1 – ₹ 12.93 , Tranche 2 – ₹ 24.98 and Tranche 3 – ₹ 24.12</p> |
| Weighted-average fair value of Options whose: <ul style="list-style-type: none"> • exercise price either equals market price • exercise price greater than market price • exercise price is less than the market price | <p style="text-align: center;">Nil</p> <p style="text-align: center;">Nil</p> <p style="text-align: center;">The price of the fair value options granted is : tranche 1 – ₹ 8.57, tranche 2 – ₹ 17.03 & tranche 3 – ₹ 22.57</p> |

Impact of fair value method on the net profit and EPS:

Had compensation cost of the ESOS outstanding being determined based on the fair value approach instead of intrinsic value method, the Bank's net profit and earning per share would have been as indicated below:

| | |
|--|----------------|
| • Net profit as reported | ₹ 401.66 crore |
| • Proforma Net profit based on fair value approach | ₹ 398.23 crore |
| • Basic EPS as reported | ₹ 3.55 |
| • Basic EPS (Proforma) | ₹ 3.52 |
| • Diluted EPS as reported | ₹ 3.50 |
| • Diluted EPS (Proforma) | ₹ 3.48 |

Description of the method and significant assumptions used to estimate fair value:

The Securities Exchange Board of India (SEBI) has prescribed two methods to account for stock grants; (i) the intrinsic value method; (ii) the fair value method. The Bank adopts the intrinsic value method to account for the stock options it grants to the employees. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option: The fair value of the options are estimated on the date of grant using Black Scholes options pricing model with following inputs/assumptions:

| Particulars | Tranche 1 | Tranche 2 | Tranche 3 |
|--|--------------------|--------------------|--------------------|
| • Exercise Price Per Share (₹) | 12.93 | 24.98 | 24.12 |
| • Fair value of options granted (₹) | 8.57 | 17.03 | 22.57 |
| • Expected Volatility | 30.00% | 30.00% | 30.00% |
| • Historical Volatility | 43.50% | 31.33% | 29.23% |
| • Life of the options granted (Vesting & Exercise period) | 2.19 to 4.20 years | 2.28 to 4.28 years | 2.20 to 4.21 years |
| • Average Risk Free Interest Rate | 8.20% to 8.32% | 8.20% to 8.47% | 8.20% to 8.47% |
| • Expected Dividend Yield | 7.00% | 3.52% | 2.66% |
| • The Price of underlying share in market at the time of grant of option (₹) | 14.37 | 27.75 | 26.80 |

DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Scenario

The Indian Economy has moved to a slower growth phase reflecting the impact of continued monetary tightening. GDP growth during April – December 2011 has moderated to 6.9 percent. Global Economy on the whole has been on the path of recovery. US economy has shown signs of modest recovery which has reflected in improved consumer spending and fall in unemployment rate. However, as sustainable solution to the euro area debt crisis is yet to emerge.

Inflation continued to be the primary macroeconomic concern of the Indian economy. The Reserve Bank had raised the policy rate by 375 basis points during March 2010- October 2011 to contain inflation and anchor inflationary expectations. Corporates found it increasingly difficult to pass on this rise in input cost to the customers. This is evident from the fact that though corporate performance in the country was relatively robust during the year, earnings before depreciation, interest and tax (EBDITA) and Profit After Tax (PAT) margins showed a downward trend.

Headline Wholesale Price Index (WPI) inflation, which remained above 9 per cent during April-November 2011, moderated to 6.9 per cent by end-March 2012, consistent with the Reserve Bank's indicative projection of 7 per cent. While the moderation in inflation in December-January owed largely to softening of food prices, the moderation in February-March was largely driven by core non-food manufactured products inflation, which fell below 5 per cent for the first time after two years. The Central Bank after reviewing the improved inflationary conditions and to support growth, has reduced the policy rates in its annual monetary policy for the year 2012-13. This can be termed as a reversal of stance by the Central Government. However, scope for further reduction in policy rates in future will depend on how growth-inflation dynamics evolve.

Despite the slowdown in domestic growth and the recent oil price increase, Indian equity markets stayed upbeat in Q4 of 2011-12, conditioned by the revival in global markets, the surge in FII inflows and the decline in domestic inflation. Primary market sentiment remained cautious on account of lower risk appetite of investors in the primary market following the negative returns on initial public offers. Corporates too abstained from the primary market for resource mobilisation due to the uncertain macroeconomic environment and investor sentiments. Certain policy announcements made in the Union Budget 2012-13 may help to revive the primary market. These include simplification in the issuance process of IPOs and the introduction of the Rajiv Gandhi Equity Savings Scheme.

Banking Scenario

Rise in lending rates affected the credit growth of Banking sector. Non-food credit growth decelerated from 22.1 per cent at the beginning of 2011-12 to 15.4 per cent by February 2012 reflecting slower economic activity. However, it picked up to

16.8 per cent in March, higher than the indicative projection of 16 per cent. Disaggregated data up to February 2012 showed that the deceleration in credit growth was broad-based across agriculture, industry, services and personal loans. The pick-up in non-food bank credit towards the year-end was on account of increased credit flow to agriculture and industry. Net bank credit to the Central Government increased at a significantly higher rate of 15.7 per cent in 2011-12 as compared with 8.4 per cent in the previous year reflecting higher borrowings.

Deposit rates of scheduled commercial banks peaked in the first half of the financial year in tandem with the hike in policy rates. However it remained mostly unchanged during the last quarter. Lending rates marginally notched up and seem to have plateaued in second half of the financial year in line with the peaking of the policy rate cycle.

Money supply (M3) growth, which was 17 per cent at the beginning of the financial year 2011-12, reflecting strong growth in time deposits, moderated during the course of the year to about 13 per cent by end-March 2012, lower than the Reserve Bank's indicative trajectory of 15.5 per cent, mirroring both tightness in primary liquidity and lower credit demand during most part of the year.

The Financial Inclusion initiatives of the Reserve Bank of India yielded good results. Penetration of Banks in rural areas has deepened. The newly added banking outlets in rural area include brick and mortar branches and Business correspondent outlets. As per RBI data, No-frills accounts have increased to around 99 million with an outstanding balance of above ₹87 billion with the addition of about 50 million new no-frills accounts since April 2010. Going forward, financial inclusion plan will throw open more untapped business opportunities for Banks.

Mirroring tight liquidity conditions and higher cost of borrowings from banks, corporates increased their recourse to non-bank sources, especially Foreign Direct Investment (FDI) and commercial paper. Consequently, despite lower bank credit expansion (in absolute terms), the total flow of financial resources to the commercial sector was higher at ₹12.7 trillion during 2011-12 as compared with ₹12.4 trillion during the previous year.

Economic and Banking Outlook

The Global outlook for the year 2012-13 looks slightly better than expected earlier. Domestic growth outlook for 2012-13 is marginally better than 2011-12. Assuming a normal monsoon, agricultural sector is also expected to do better. Industry is expected to perform better than in last year as leading indicators of industry suggest a turnaround in Index of Industrial Production (IIP) growth. The RBI has projected the baseline GDP growth for the financial year 2012-13 at 7.3 per cent.

Inflation in the year 2011-12 has broadly evolved along the trajectory projected by the Reserve Bank of India. However, the inflation scenario remains challenging. Crude oil prices are expected to remain high and the pass-through of past price

DIRECTORS' REPORT

increases in the international market to domestic petroleum product prices remains significantly incomplete. Food inflation, after a seasonal decline, has risen again. Inflation in respect of protein-based items remains in double digits. Keeping in view the domestic demand-supply balance, the global trends in commodity prices and the likely demand scenario, the baseline projection for WPI inflation for March 2013 is placed at 6.5 per cent.

The slashing of the policy rate by RBI in its monetary policy signals a change in its stance with regard to inflation. If this stance of RBI is maintained, the credit growth of commercial banks for the financial year 2012-13 is going to be better than that of 2011-12.

Reserve Bank of India expects aggregate deposits of Scheduled Commercial Banks to grow by 16 per cent in 2012-13. Further growth in non-food credit of Scheduled Commercial Banks is projected at 17 per cent. Consistent with growth and inflation projections, M_3 growth for 2012-13, for policy purposes, is projected at 15 per cent.

The broad stance of the monetary policy of the Reserve Bank is intended to :

- Adjust policy rates to levels consistent with the current growth moderation.
- Guard against risks of demand-led inflationary pressures re-emerging.
- Provide a greater liquidity cushion to the financial system.

Opportunities and Threats

Further adjustments in policy rates by the RBI in the FY 2012-13 will depend on how growth – inflation dynamics evolve. If the stance of RBI is going to continue, the liquidity position of Banks in the country will be better and it will translate into better credit growth in the current financial year.

The indicative projections of growth and inflation for 2012-13 are subject to a number of variables. Although US economy is showing signs of recovery, euro area sovereign crisis continue to weigh on the global economy. Growth prospects in 2012-13 will depend upon a solution to this crisis. Outlook for global commodity prices, especially of crude oil, is uncertain. Although upside risks to oil prices from the demand side are limited, geo-political tensions are a concern, and any disruption in supplies may lead to further increase in crude oil prices. This will have implications for domestic growth, inflation and the fiscal and current account deficits. The fiscal deficit of the Central Government has remained elevated since 2008-09. Any slippage in the fiscal deficit will have implication for inflation. Further, the large fiscal deficit also has led to large borrowing requirements by the Government. Such large borrowings have the potential to crowd out credit to the private sector. Crowding out of the more productive private credit demand will become more critical if there is fiscal slippage. From the perspective of vulnerabilities emerging from the fiscal and current account deficits, it is imperative for macroeconomic

stability that administered prices of petroleum products are increased to reflect their true costs of production.

Basel-III capital and liquidity standards for banks are in the process of being articulated. RBI is ready with the draft of Basel-III guidelines and it will provide for a roadmap for smooth implementation of Basel-III capital regulations in terms of the transitional arrangements (phase-in) of capital ratios and grandfathering (phase-out) of ineligible capital instruments. The implementation of Basel-III will further strengthen financial stability of Indian Banks. However, significantly higher requirement of capital to do the same amount of business will put pressure on return on equity of Banks.

RBI has taken certain prudential measures with regard to the business of NBFCs that are predominantly engaged in lending against collateral of gold jewellery. The measures include a loan-to-value (LTV) ratio not exceeding 60 per cent for loans against collateral of gold jewellery. Further, it is proposed that banks should reduce their regulatory exposure ceiling in a single NBFC, having gold loans to the extent of 50 per cent or more of its total financial assets, from the existing 10 per cent to 7.5 per cent of bank's capital funds. In the light of the above, though bank credit to NBFCs will be moderated, direct lending by Banks against collateral of gold jewellery is expected to grow.

The year 2011-12 witnessed de-regulation of savings bank interest rate. This move of the Central Bank will improve the competitiveness and quality of customer service of banks in general. Banks were on a recruitment spree to tackle the vacancy caused by retirement and expansion and the same is going to continue in the 2012-13 also.

Financial Performance Vs Operational Performance

For the first time in the history of the Bank, the Net Profit reached the level of ₹401.66 Crore as against ₹292.56 Crore last year. The total gross business of the Bank grew from ₹50380 Crore to ₹63974 Crore. While the deposits grew from ₹29721 Crore to ₹36501 Crore, gross advances grew from ₹20659 Crore to ₹27473 Crore. Food credit increased to ₹407.38 Crore from ₹362.02 Crore and non-food credit stood at ₹27065.62 Crore vis-à-vis ₹20296.77 Crore in the last year, posting an increase of ₹6768.85 Crore. The Board has recommended a dividend of 60% i.e. @ ₹0.60 per equity share of ₹1/- each, which is subject to approval of the shareholders.

The percentage of Gross NPA to Gross Advances stood at 0.97% and the Net NPA to Net Advances at 0.28% as on March 31, 2012. The Capital Adequacy Ratio of the Bank was 11.64% under Basel-I and 14.00% under Basel-II norms as on March 31, 2012 as against the RBI mandated level of 9%. Book value per share rose from ₹16.33 to ₹19.12 during the year 2011-12.

Internal Control Systems and their adequacy

Insider Trading Code

The Bank has articulated a Code for prevention of Insider Trading pursuant to Securities and Exchange Board of India (Insider

DIRECTORS' REPORT

Trading) (Amendment) Regulation 2002 to prevent practices of Insider Trading. The Chief Financial Officer has been designated as Compliance Officer for this purpose. The Chairman, Managing Director, Directors and Senior Management of the Bank have affirmed compliance with this Code.

Code of Conduct

The Bank has formulated a Code of Conduct for its Directors and Officers. This manual contains comprehensive regulations on ethical standards to be mandatorily observed by the Chairman, Managing Director, Directors and Core Management Team consisting of officers from Scale IV and above who have affirmed compliance with the Code of Conduct.

Whistle Blower Policy

The Bank has adopted a Whistle Blower Policy pursuant to which employees of the Bank can raise their concerns relating to fraud, malpractice or any other activity or event which is against the interest of the Bank or society as a whole.

Other Internal Controls

The Bank is having a full-fledged Inspection and Vigilance Department, which ensures adherence to the set rules and regulations by the Branches / Regional Offices / Departments at the Administrative Office. Internal inspectors conduct inspection at regular intervals and such reports are placed to Audit Committee of Executives (ACE)/Audit Committee of Board (ACB) as the case may be. ACE/ACB reviews the reports and ensures that corrective steps are taken to rectify the lapses/irregularities pointed out.

Risks and Concerns

It is imperative to have good risk management practices not only to manage risks inherent in the banking business but also the risks emanating from financial markets as a whole. The Bank has put in place a risk management architecture and practices that is overseen by a Committee of Directors. The Bank has in place a robust risk management structure which proactively identifies the risk faced by the Bank and helps in mitigating it, while maintaining proper tradeoff between risk and return thereby maximizing the shareholder value.

Business Continuity Plan has been formulated for all critical processes of the Bank. The Bank has also set up and operationalised Disaster Recovery Centre for its Core Banking Operations and also made use of the same during the year.

In furtherance of the goals of effective risk management, the Bank has strengthened its risk management processes by fine tuning its internal rating models, internal rating migration study and also through introduction of comprehensive upgraded policies for credit and operational risk. Credit monitoring system was further streamlined for focused attention on improvement in asset quality. The Bank has also introduced risk management processes like Risk Control and Self Assessment (RCSA) framework, Stress Testing framework and risk based pricing model linked to rating during the year. The market situations,

Bank's liquidity positions and the peer group performances are closely monitored for revising the various interest rates.

Mid-office of the Bank was strengthened and its functions were made broadbased further for effective monitoring of market risk.

Apart from the Risk Management Committee of the Board at apex level, the Bank has a strong Bank-wide risk management structure with Credit Risk Management Committee, Market Risk Management Committee and Operational Risk Management Committee at senior management level, operational risk management specialists in all Regional Offices and dedicated mid-office at Treasury Department/International Banking Division at operational level.

The Bank continued with the system of comprehensive risk profiling of the Bank in line with regulatory guidelines that will facilitate integrated risk management.

Human Resource Development / Industrial Relations

Human Resources policies and practices of the Bank focus on attracting, motivating and retaining qualified and skilled manpower. Concurrent with these objectives, steps are taken to improve manpower efficiency. Given the market challenges, there has been considerable focus on optimizing the existing resources - through internal job postings, transfers and skill development initiatives. Training and development has assumed significant importance. The Bank's Staff Training College identifies the gaps in resource capability of the personnel and train them for qualitative improvement. During the financial year, Bank could provide training to 2151 of its Officers, 1454 clerks and 237 sub staff in different facets of Bank's operations.

To motivate the employees further and to inculcate in them a sense of ownership, Employees' Stock Option Scheme (ESOS) was approved by the shareholders at the Annual General Meeting held on August 18, 2008. The Bank has introduced Tranche 1 of the scheme in 2009-10, Tranche 2 of the scheme in 2010-11 and Tranche 3 of the scheme in the current financial year subject to the regulatory guidelines in this regard. An aggregate of 36,93,530 options were exercised by the employees during the current financial year and equal number of shares have been allotted against those exercises.

Industrial relations in the Bank have been cordial and harmonious. The representatives of Workmen Union, Officers Association and Management have been working collectively for achieving all-round growth and prosperity of the Bank. On account of cordial industrial relations, Bank has achieved considerable growth over the years.

By Order of the Board

Place : Thrissur
Date : May 7, 2012

(AMITABHA GUHA)
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT

Report on Corporate Governance pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges and forming part of the report of the Board of Directors.

Corporate Governance ensures high standards of transparency, accountability, ethical operating practices, professional management thereby enhancing shareholders' value and protecting the interest of the stakeholders such as depositors, creditors, customers, suppliers and employees. The Bank is committed to highest standards of Corporate Governance by ensuring integrity in financial reporting, disclosure of material information, continuous improvement of internal controls and sound investor relations.

The required details on Corporate Governance are given hereunder:

1. BOARD OF DIRECTORS

Composition of Board

The composition and category of the Directors along with their attendance at Board Meetings and shareholdings in the Bank as on March 31, 2012 are given below:

| Sl. No. | Name of Director | Category of Director | No. of Board Meetings | | Attendance of last AGM held on 15/07/2011 | No. of Shares held | % of holding |
|---------|---------------------------------|----------------------|------------------------|----------|---|--------------------|--------------|
| | | | Held during the tenure | Attended | | | |
| 1. | Sri Amitabha Guha, Chairman | INE | 12 | 12 | Present | 2,000 | 0.000% |
| 2. | Dr. V. A. Joseph, M.D. & CEO | Whole Time Director | 12 | 12 | Present | 128,550 | 0.011% |
| 3. | Sri Jose Alapatt, Director | INE | 12 | 4 | Absent | 76,250 | 0.007% |
| 4. | Sri Paul Chalissery, Director | INE | 12 | 12 | Present | 124,390 | 0.011% |
| 5. | Sri Mathew L. Chakola, Director | INE | 12 | 9 | Present | 157,000 | 0.014% |
| 6. | Dr. N. J. Kurian, Director | INE | 12 | 12 | Present | 28,750 | 0.003% |
| 7. | Sri Mohan E. Alapatt, Director | INE | 12 | 11 | Absent | 62,000 | 0.005% |
| 8. | Sri K. Thomas Jacob, Director | INE | 12 | 12 | Present | 54,000 | 0.005% |
| 9. | Sri H. Suresh Prabhu, Director | NE | 12 | 12 | Present | 15,000 | 0.001% |

INE – Independent Non-Executive Director

NE – Non-Executive Director

Board Meetings

A total of 12 Board Meetings were held during the year and their dates are:

02/05/11, 21/05/11, 30/06/11, 14/07/11, 27/09/11, 17/10/11, 28/11/11, 28/12/11, 16/01/12, 16/02/12, 17/03/12 and 29/03/12.

ANNEXURE TO THE DIRECTORS' REPORT

Committee position of Directors in the Bank as on March 31, 2012

The Board has nominated each Director as chairman of one of the overseeing Committees, thereby ensuring wider participation of all the Directors in the Bank's functioning. The name of each Committee with the name of its respective Chairman as on 31.03.2012 is furnished below:

| | | |
|---|---|---------------------------------|
| 1. Management Committee | - | Chairman- Sri Amitabha Guha |
| 2. Audit Committee | - | Chairman- Sri K.Thomas Jacob |
| 3. Nomination Committee | - | Chairman- Dr. V. A. Joseph |
| 4. N P A Review Committee | - | Chairman- Sri H. Suresh Prabhu |
| 5. Compensation & Remuneration Committee | - | Chairman- Sri Amitabha Guha |
| 6. Customer Service Committee | - | Chairman- Dr. N. J. Kurian |
| 7. Shareholders / Investors Grievance Committee | - | Chairman- Sri Paul Chalisery |
| 8. Committee to Prevent and Review Frauds in the Bank | - | Chairman- Dr. V. A. Joseph |
| 9. Premises Committee | - | Chairman- Sri Mathew L Chakola |
| 10. Risk Management Committee | - | Chairman- Sri H. Suresh Prabhu |
| 11. Information Technology Committee | - | Chairman - Sri Mohan E. Alapatt |
| 12. Capital Planning & Infusion Committee | - | Chairman- Sri Amitabha Guha |

None of the Directors is a member of more than ten Board Committees or Chairman of more than five such Committees, as required under Clause 49 of the Listing Agreement.

Directorship of Directors in other Public Limited Companies and Public Institutions

Sri Amitabha Guha, Part-time Chairman, is a Director on the Board of Vijaysri Organics Limited, Hyderabad; Andhra Pradesh State Finance Corporation, Gangavaram Port Ltd., Hyderabad, Xpro India Ltd., New Delhi, BSCPL Infrastructure Ltd., Hyderabad and Member, Board of Governors, Asian Institute of Business Management, Bhubaneswar.

No other Director holds Directorship in any other Public Limited Company.

2. COMMITTEES OF BOARD

(A) MANAGEMENT COMMITTEE

Management Committee of Board has been constituted based on RBI guidelines vide its Circular No. DBOD. No. BP. BC.96/21.03.038/2004-05 dated 10th June, 2005 mainly to sanction credit proposals beyond the powers of MD & CEO and all other matters permitted by the Board from time-to-time. The members of the Committee as on March 31, 2012 are Sri Amitabha Guha, Chairman, Dr. V. A. Joseph, Sri Paul Chalisery, Sri K. Thomas Jacob and Sri H. Suresh Prabhu.

A total of 20 meetings were held during the year.

(B) AUDIT COMMITTEE

The Audit Committee of the Board is chaired by Sri K. Thomas Jacob, who is a Chartered Accountant. The other members of the committee are Sri Mohan E. Alapatt and Sri H. Suresh Prabhu as on March 31, 2012. The terms of reference of Audit Committee are harmonised with the requirements of Clause 49 of the Listing Agreement and responsibilities enjoined upon it by the RBI, which inter alia includes the following:

- a) Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, adequate and credible.

ANNEXURE TO THE DIRECTORS' REPORT

- b) Recommending to the Board, the appointment, re-appointment or, if required, the replacement of the statutory auditor together with the fixation of audit fees and approval of payment for any other services rendered by the statutory auditors.
- c) Reviewing with management the annual financial statements before submission to the Board with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements.
- d) Reviewing the adequacy of the Audit and Compliance functions, including their policies, procedures, techniques and other regulatory requirements.
- e) Review, as far as the situation necessitates all other reports including Risk Based Internal Audit Reports, which are presently being put up before the committee.
- f) Review of all reports as per the calendar of reviews stipulated by the RBI; and
- g) Any other terms of reference as may be included from time-to-time in Clause 49 of the listing agreement.

The Committee met 7 times during the year.

(C) NOMINATION COMMITTEE

This Committee was constituted by the Board for the specific purpose of scrutinising the declarations received from persons to be appointed as directors as well as from the existing directors seeking re-appointment and make references to the appropriate authority/persons to ensure compliance with the requirements indicated by Reserve Bank of India, vide their directive dated June 25, 2004 on 'Fit & Proper Criteria' of Directors of Banks. The members of the Committee as on March 31, 2012 are Dr. V. A. Joseph -Chairman, Sri Amitabha Guha, Sri Paul Chaliserry and Sri Mohan E. Alapatt.

During the year no meeting was held.

(D) N P A REVIEW COMMITTEE

This Committee has been constituted to review all NPA Accounts above ₹ 50.00 Lakh. The Committee meets once in a quarter. The members of the Committee as on March 31, 2012 are Sri H. Suresh Prabhu, Chairman, Dr. V. A. Joseph and Dr. N. J. Kurian.

During the year 4 meetings were held.

(E) COMPENSATION AND REMUNERATION COMMITTEE

Reserve Bank of India vide its Circular No. DBOD. No.BC.72/29.67.001/2011-12 dtd. 13/01/2012, directed all Private Sector and Foreign Banks to formulate and adopt a Comprehensive Compensation Policy covering all their employees by March 2012 for implementation from the financial year 2012-13 and to conduct annual review thereof. Taking into account of these guidelines, the Bank has formulated a Comprehensive Compensation Policy which was approved by the Board of Directors of the Bank at its meeting held on February 16, 2012. The terms of reference of the existing Compensation and Remuneration Committee was accordingly modified to that extent. The Members of the Committee as on March 31, 2012 are Sri Amitabha Guha, Chairman, Sri Paul Chaliserry and Sri Mohan E. Alapatt.

The Terms of reference of the Committee are harmonized with the provisions of Companies Act, 1956/AS-15, Listing Agreement/Banking Regulation Act and other RBI Guidelines, which inter-alia, includes the following:

- a) To oversee the framing, review and implementation of Bank's overall compensation structure and related policies on remuneration packages payable to the WTDs/CEO and other staff including performance linked incentives, perquisites, Stock option scheme etc. with a view to attract, motivate and retain employees and review compensation levels vis-a-vis other Banks and the industry in general.
- b) The Committee should work in close co-ordination with the Risk Management Committee of the Bank, in order to achieve effective alignment between remuneration and risks. The Committee should also ensure that the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.
- c) With respect to the Performance Linked Incentive Schemes, the Committee is empowered to:
 - i) Draw up terms and conditions and approve the changes, if any, to the Performance Linked Incentive schemes;
 - ii) Moderate the scheme on an ongoing basis depending upon the circumstances and link the same with the recommendations of Audit Committee;
 - iii) Co-ordinate the progress of growth of business vis-a-vis the business parameters laid down by the Board and Audit Committee and effect such improvements in the scheme as are considered necessary;
 - iv) On completion of the year, finalize the criteria of allotment of marks to ensure objectivity/equity.

ANNEXURE TO THE DIRECTORS' REPORT

- d) The Committee shall also function as the Compensation Committee as prescribed under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and is empowered to formulate detailed terms and conditions of the Scheme, administer, supervise the same and to allot shares in compliance with the guidelines and other applicable laws.
- e) To obtain necessary clearances and approvals from regulatory authorities, appoint Merchant Bankers and do such other things as may be necessary in respect of the Employees Stock Option Scheme.
- f) To oversee the administration of Employee benefits, such as, provident fund, Pension Fund, Gratuity, Compensation for absence on Privilege/Sick/Casual Leave etc., which are recognized in accordance with Accounting Standard-15 (revised) specified in the Companies (Accounting Standards) Rules, 2006.
- g) The Committee may suggest amendments to any stock option plans or incentive plans, provided that all amendments to such plans shall be subject to consideration and approval of the Board.
- h) Any other matters regarding remuneration to WTDs/CEO and other staffs of the Bank as and when permitted by the Board.
- i) To fulfill such other powers and duties as may be delegated to it by the Board.

The committee met 2 times during the year.

(F) CUSTOMER SERVICE COMMITTEE

The Committee is entrusted with the responsibility of monitoring the quality of services rendered to the customers and also ensuring implementation of directives received from RBI in this regard. The terms of reference of the Committee inter-alia, are to formulate comprehensive deposit policy incorporating the issues arising out of death of a depositor for operations of his account, the product approval process and any other issues having a bearing on the quality of customer services rendered.

The members of the Committee as on March 31, 2012 are Dr. N. J. Kurian, Chairman, Sri Amitabha Guha, Dr. V. A. Joseph and Sri K. Thomas Jacob.

Besides, in accordance with RBI guidelines, the Bank has been inviting two persons to the Committee as special invitees, one representing the customers of the Bank and the other an expert in customer services, with a view to strengthening the corporate governance structure in the banking system and also to bring about ongoing improvements in the quality of customer services provided by the Bank.

The committee met 4 times during the year.

(G) SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Committee looks into redressal of complaints from shareholders and investors like transfer of Shares, non-receipt of Annual Reports, non-receipt of declared dividends etc. The Committee also ratifies share transfers / transmission / name deletion cases etc. from time-to-time. The members of the Committee are Sri Paul Chalissery, Chairman, Sri Jose Alapatt, Sri Mathew L. Chakola and Dr. N. J. Kurian.

The terms of reference of Shareholders / Investors Grievance Committee have been expanded and the following agenda items are being placed before the committee:

- a) Consolidated statement of transfer of shares/transmission/deletion etc., duly approved by General Manager from time-to-time.
- b) Certificate issued by Practising Company Secretary (PCS) in connection with Reconciliation of share capital audit every quarter, physical share transfer audit half-yearly and Corporate Governance Report annually.
- c) Details of shareholder complaints received redressed, pending etc. during a particular quarter.
- d) List of Top 10/100 shareholders at the end of every quarter.
- e) Any other item with the permission of the Board.

During the year 4 meetings were held.

ANNEXURE TO THE DIRECTORS' REPORT

Status of Shareholder Complaints as on March 31, 2012

| Sl. No. | Items | No. of complaints | | |
|---------|---|-------------------|-----------|---------|
| | | Pending/Received | Redressed | Pending |
| 1 | Non-receipt of Refund Order/ Allotment credit | 6 | 6 | Nil |
| 2 | Non-receipt of Dividend Warrants | 100 | 100 | Nil |
| 3 | Request for issue of duplicate share Certificates | 70 | 70 | Nil |
| 4 | Complaints received from BSE/ NSE/SEBI/ROC | 10 | 10 | Nil |
| 5 | Other miscellaneous complaints | 31 | 31 | Nil |
| 6 | Non-receipt of Share Certificate after transfer | 4 | 4 | Nil |
| Total | | 221 | 221 | Nil |

(H) COMMITTEE TO PREVENT AND REVIEW FRAUDS IN THE BANK

In terms of Reserve Bank of India guidelines, this committee has been constituted by the Bank with a view to provide focused attention on preventing and monitoring of frauds involving amounts of Rupees One Crore and above. The members of the Committee as on March 31, 2012 are Dr. V. A. Joseph, Chairman, Sri Amitabha Guha, Sri H. Suresh Prabhu and Sri K. Thomas Jacob.

During the year 3 meetings were held.

(I) PREMISES COMMITTEE

A Premises Committee was constituted by the Board of Directors at its meeting held on December 28, 2007 to oversee and monitor the improvements to the Head Office building and a new Data Centre building at Rajagiri Valley, Kakkanad, Kochi. Its terms of reference include calling tenders from reputed architects and contractors, scrutinizing, shortlisting and negotiating their site plans, estimates, finalizing their appointment, fees and other terms and conditions and monitoring the progress of the project. The members of the Committee as on March 31, 2012 are Sri Mathew L. Chakola, Chairman, Dr. V. A. Joseph, Sri Paul Chalissery and Sri K. Thomas Jacob.

During the year 2 meetings were held.

(J) RISK MANAGEMENT COMMITTEE

In terms of the guidelines of Reserve Bank of India on the Asset Liability Management / Risk Management Systems, a Risk

Management Committee of Board has been constituted. The members of the committee as on March 31, 2012 are Sri H. Suresh Prabhu, Chairman, Sri Amitabha Guha and Dr. V. A. Joseph. The committee meets at least once in a quarter.

The committee inter-alia looks into the following aspects:

- Review and approve on a regular basis the risk management policies recommended by RMCs, ALCO, including policies concerning credit risk, market risk, and operational risk.
- Approve risk management governance structure of the Bank and deciding the allocation of resources.
- Define the risk appetite of the Bank.
- Approve the vendors for risk data warehouse and other risk management software requirements.
- Approve revisions in existing systems and policies to address risk management requirements and good practices.
- Consider the effectiveness of overall risk management framework in meeting sound corporate governance principles and identifying, managing and monitoring the key risks of the Bank.
- Oversee and monitor the Bank's compliance with regulatory requirements.
- Approve delegation of risk limits to management and approve any transactions exceeding those delegated authorities.
- Review risk mitigation plans on significant risks, which affects policy or procedure level changes for effective implementation.

During the year 4 meetings were held.

(K) INFORMATION TECHNOLOGY COMMITTEE

This Committee has been constituted w.e.f. March 2, 2010 to suggest improvement and monitor the implementation of modern technology in the Bank. The members of the Committee as on March 31, 2012 are Sri Mohan E. Alapatt, Chairman, Sri Amitabha Guha, Dr. V. A. Joseph and Sri Paul Chalissery.

During the year 6 meetings were held.

(L) Capital Planning & Infusion Committee

The Committee was constituted by the Board on May 21, 2011 to take all decisions with regard to issue of capital through the QIP route and to take all necessary steps to raise tier I capital upto the limit stipulated by the Board. The members of the Committee are Sri Amitabha Guha (Chairman), Dr. V. A. Joseph, Sri Paul Chalissery, Sri Mohan E. Alapatt, Sri K. Thomas Jacob and Sri H. Suresh Prabhu.

During the year 4 meetings were held.

ANNEXURE TO THE DIRECTORS' REPORT
COMPOSITION OF COMMITTEES OF DIRECTORS AND THE ATTENDANCE AT THE MEETINGS
MANAGEMENT COMMITTEE

| Name | No. of meetings | |
|----------------------|------------------------|----------|
| | Held during the tenure | Attended |
| Sri Amitabha Guha | 20 | 20 |
| Dr. V. A. Joseph | 20 | 20 |
| Sri Paul Chalissery | 20 | 20 |
| Sri K. Thomas Jacob | 20 | 19 |
| Sri H. Suresh Prabhu | 20 | 20 |

COMPENSATION AND REMUNERATION COMMITTEE

| Name | No. of meetings | |
|---|------------------------|----------|
| | Held during the tenure | Attended |
| Sri Amitabha Guha | 2 | 2 |
| Dr. V.A. Joseph # | 1 | 1 |
| Sri Paul Chalissery | 2 | 2 |
| Sri Mohan E. Alapatt | 2 | 2 |
| # Ceased to be a member w.e.f. 16.02.2012 | | |

AUDIT COMMITTEE

| Name | No. of meetings | |
|----------------------|------------------------|----------|
| | Held during the tenure | Attended |
| Sri K. Thomas Jacob | 7 | 7 |
| Sri Mohan E. Alapatt | 7 | 6 |
| Sri H. Suresh Prabhu | 7 | 7 |

CUSTOMER SERVICE COMMITTEE

| Name | No. of meetings | |
|---------------------|------------------------|----------|
| | Held during the tenure | Attended |
| Dr. N.J. Kurian | 4 | 4 |
| Sri Amitabha Guha | 4 | 4 |
| Dr. V. A. Joseph | 4 | 4 |
| Sri K. Thomas Jacob | 4 | 4 |

NOMINATION COMMITTEE

| Name | No. of meetings | |
|----------------------|------------------------|----------|
| | Held during the tenure | Attended |
| Dr. V. A. Joseph | | Nil |
| Sri Amitabha Guha | | Nil |
| Sri Mohan E. Alapatt | | Nil |
| Sri Paul Chalissery | | Nil |

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

| Name | No. of meetings | |
|-----------------------|------------------------|----------|
| | Held during the tenure | Attended |
| Sri Paul Chalissery | 4 | 4 |
| Sri Jose Alapatt | 4 | 1 |
| Sri Mathew L. Chakola | 4 | 4 |
| Dr. N. J. Kurian | 4 | 4 |

NPA REVIEW COMMITTEE

| Name | No. of meetings | |
|----------------------|------------------------|----------|
| | Held during the tenure | Attended |
| Sri H. Suresh Prabhu | 4 | 4 |
| Dr. V. A. Joseph | 4 | 4 |
| Dr. N. J. Kurian | 4 | 4 |

COMMITTEE TO PREVENT AND REVIEW FRAUDS IN THE BANK

| Name | No. of meetings | |
|----------------------|------------------------|----------|
| | Held during the tenure | Attended |
| Dr. V.A. Joseph | 3 | 3 |
| Sri Amitabha Guha | 3 | 3 |
| Sri H. Suresh Prabhu | 3 | 3 |
| Sri K. Thomas Jacob | 3 | 3 |

ANNEXURE TO THE DIRECTORS' REPORT
PREMISES COMMITTEE

| Name | No. of meetings | |
|-----------------------|------------------------|----------|
| | Held during the tenure | Attended |
| Sri Mathew L. Chakola | 2 | 2 |
| Dr. V.A. Joseph | 2 | 2 |
| Sri Paul Chaliserry | 2 | 2 |
| Sri K. Thomas Jacob | 2 | 2 |

RISK MANAGEMENT COMMITTEE

| Name | No. of meetings | |
|----------------------|------------------------|----------|
| | Held during the tenure | Attended |
| Sri H. Suresh Prabhu | 4 | 4 |
| Sri Amitabha Guha | 4 | 4 |
| Dr. V. A. Joseph | 4 | 4 |

INFORMATION TECHNOLOGY COMMITTEE

| Name | No. of meetings | |
|----------------------|------------------------|----------|
| | Held during the tenure | Attended |
| Sri Mohan E. Alapatt | 6 | 6 |
| Sri Amitabha Guha | 6 | 6 |
| Dr. V. A. Joseph | 6 | 6 |
| Sri Paul Chaliserry | 6 | 6 |

CAPITAL PLANNING & INFUSION COMMITTEE

| Name | No. of Meetings | |
|-------------------------|------------------------|----------|
| | Held during the tenure | Attended |
| Sri Amitabha Guha | 4 | 4 |
| Dr. V. A. Joseph | 4 | 4 |
| Sri H. Suresh Prabhu | 4 | 4 |
| Sri Mohan E. Alapatt | 4 | 2 |
| Sri K. Thomas Jacob | 4 | 3 |
| Sri Paul Chaliserry | 4 | 4 |
| Sri Jose Alapatt * | 1 | 1 |
| Sri Mathew L. Chakola * | 1 | 1 |
| Dr. N. J. Kurian * | 1 | 1 |

* Attended as special invitees at the Committee Meeting held on 30.06.2011

REMUNERATION PAID TO DIRECTORS DURING THE YEAR ENDED ON 31st MARCH, 2012

A) The Bank paid a total remuneration of ₹56.79 lakh during the year to Dr. V. A. Joseph, the Managing Director and Chief Executive Officer of the Bank.

B) Details of honorarium paid to Part-time Non-executive Chairman:

The Bank paid a honorarium of ₹10.10 lakh, during the year to Sri Amitabha Guha, Part-time Non-executive Chairman of the Bank.

C) Details of Remuneration paid to other Non-executive Directors:

(Paid in the form of sitting fees for Board/Committee Meetings attended by them)

Sri Jose Alapatt ₹ 60,000/-, Sri Paul Chaliserry ₹ 5,30,000/-, Sri Mathew L. Chakola ₹ 1,60,000/-, Dr. N. J. Kurian ₹ 2,50,000/-, Sri Mohan E. Alapatt ₹ 2,70,000/-, Sri K. Thomas Jacob ₹ 5,00,000/- and Sri H. Suresh Prabhu – ₹5,40,000/-.

Total amount paid ₹ 23,10,000/-.

3. BRIEF RESUME OF DIRECTORS SEEKING RE-APPOINTMENT

Resume of Directors retiring by rotation at the 84th Annual General Meeting are given below:

| | | |
|----|------------------|---|
| a) | Name | : Sri Paul Chaliserry |
| | Age | : 48 years |
| | Qualifications | : B.Com., PGDM |
| | Experience | : A former Director of the Bank for 8 years. Actively involved in agricultural and allied activities and looking after his family business. |
| | Present position | : Non-executive Director |
| | Sector | : Majority- Agriculture |

Sri Paul Chaliserry was appointed as an Additional Director on the Board on 30th September, 2006 and was elected as a Director at the 79th Annual General Meeting held on 29th June, 2007. He is not a Director in any other Public Limited Company. He holds 124390 shares in demat form. He is the Chairman of Shareholders/Investors Grievance Committee and member of the following committees of the Board:

ANNEXURE TO THE DIRECTORS' REPORT

Management Committee, Compensation & Remuneration Committee, Premises Committee, Nomination Committee, Information Technology Committee and Capital Planning and Infusion Committee.

- b) Name : Dr. N. J. Kurian
 Age : 68 years
 Qualifications : M.A., M.Sc., Ph.D.
 Experience : He has served the Govt. of India at various levels for about 38 years.
 Present position : Non-executive Director
 Sector : Majority - Economics

Dr. N. J. Kurian was appointed as an Additional Director on the Board on 23rd May, 2007 and was elected as a Director at the 79th Annual General Meeting held on 29th June, 2007. He is not a Director in any other Public Limited Company. He holds 28750 shares in demat form.

Dr. Kurian holds a Doctorate in Economics. He is a postgraduate in Economics and Statistics. While he took his postgraduate degree (in Economics) and Doctorate from the University of Western Ontario, Canada, he took his post-graduate degree in Statistics from the University of Kerala, India. He has served the Government of India in various capacities right from the year 1968 and for about 10 years from the year 1994 to 2004, he was the Advisor (Financial Resources), Planning Commission, Government of India with the status of Additional Secretary to the Government of India. He has also served as consultant to World Bank, Asian Development Bank, UNDP, etc. He is the Chairman of Customer Service Committee and member of NPA Review Committee and Shareholders/Investors Grievance Committee of the Board.

4. DETAILS OF GENERAL BODY MEETINGS HELD IN THE LAST 3 YEARS

| Name of Meeting | Day, Date and Time | Venue | Whether any Special Resolution Passed |
|---|--|--|---|
| 81 st Annual General Meeting | Friday, 21 st August, 2009, at 10.00 a.m. | Casino Cultural Auditorium Ltd., T.B. Road, Thrissur | No |
| 82 nd Annual General Meeting | Wednesday, 14 th July, 2010, at 3.00 p.m. | Casino Cultural Auditorium Ltd., T.B. Road, Thrissur | No |
| 83 rd Annual General Meeting | Friday, 15 th July, 2011, at 10.00 a.m. | Casino Cultural Auditorium Ltd., T.B. Road, Thrissur | Yes. 1 Special Resolution passed for issue of shares through Qualified Institutional Placement (QIP) |

No resolution was passed by postal ballot during the financial year under review.

5. DISCLOSURES

Information supplied to the Board

The Board is regularly presented with all information under the following heads whenever applicable and materially significant. These are submitted either as a part of the agenda papers well in advance of the Board/Committee Meetings or are tabled in course of the Board/Committee Meetings.

Besides, all periodical returns and statements as prescribed by RBI are placed before the Board. All the policy documents relating to different aspects of Bank's functioning are also placed before the Board for their approval.

Among others, the following informations are also furnished to the Board:

- Review of annual operating plans of business, capital budgets, updates.
- Quarterly results of the Bank and its operating divisions or business segments.
- Minutes of meetings of Audit Committee and all other Committees.
- Any materially relevant default in financial obligations to and by the Bank.
- Significant developments in human resources and industrial relations fronts.
- Non-compliance of any regulatory or statutory provision or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.
- Materially important show cause, demand, prosecution and penalty notices.

6. MEANS OF COMMUNICATION

The unaudited/audited quarterly/annual financial results of the Bank are forwarded to the Cochin Stock Exchange Ltd., BSE Ltd., and National Stock Exchange of India Ltd., immediately after the Board meeting and are published in 2 newspapers, one a local Malayalam daily and the other a National newspaper. The result, Annual Report including Notice and Explanatory Statement and presentation made to investors and analyst during the year are also displayed on the Bank's Website at www.southindianbank.com.

ANNEXURE TO THE DIRECTORS' REPORT
7. GENERAL SHAREHOLDER INFORMATION

| | | |
|--|-------|---|
| 84 th Annual General Meeting | Date | 28 th June, 2012 |
| | Day | Thursday |
| | Time | 10.00 a.m. |
| | Venue | Casino Cultural Auditorium Ltd., T. B. Road, Thrissur |
| Financial year | | 2011-12 |
| Book Closure Date | | 22.06.2012 (Thursday) to 28.06.2012 (Thursday) (both days inclusive). |
| Dividend Payment Date | | 5 th July, 2012 |
| Name & designation of Compliance Officer | | K. S. Krishnan CFO & Company Secretary |
| Share Transfer Agents | | BTS Consultancy Services Pvt. Ltd. M S Complex, 1 st Floor, No. 8, Sastri Nagar, Near 200 Feet Road/RTO Kolathur, Kolathur CHENNAI – 600 099 Phone: 044-25565121 Fax No.: 044-25565131 E-mail : ramesh@btsindia.co.in helpdesk@btsindia.com Contact Person-Sri S Rameshbabu, Director |
| Bank's Address for Correspondence | | The South Indian Bank Ltd. "SIB House", Secretarial Department, P.B. No. 28, T.B. Road, Thrissur - 680 001, Kerala. Phone: 0487-2429333 Fax : 0487-2424760 |
| E-mail address | | ho2006@sib.co.in |
| Bank's Website | | http://www.southindianbank.com |

LISTING OF THE BANK'S EQUITY SHARES

Bank's shares are listed on the following Stock Exchanges in India and their Stock Codes are as under:

1. The Cochin Stock Exchange Ltd.
2. The BSE Ltd. – 532218
3. The National Stock Exchange of India Ltd. - SOUTHBANK

The listing fees payable to the Stock Exchanges for the financial year 2012-13 have already been remitted.

ANNEXURE TO THE DIRECTORS' REPORT

The Market Price Data of Bank's Shares

The monthly high and low prices of the Bank's shares traded on the National Stock Exchange of India Ltd. (NSE), Mumbai and The BSE Ltd. (BSE), Mumbai during the financial year are as under:

| MONTH | BSE | | NSE | |
|-----------|-------|-------|-------|-------|
| | HIGH | LOW | HIGH | LOW |
| April | 24.90 | 22.50 | 24.90 | 22.20 |
| May | 24.00 | 22.15 | 23.95 | 22.15 |
| June | 26.10 | 23.45 | 26.10 | 23.20 |
| July | 25.50 | 23.15 | 25.45 | 23.10 |
| August | 23.85 | 19.55 | 23.90 | 19.60 |
| September | 24.30 | 20.45 | 24.30 | 20.45 |
| October | 23.85 | 20.90 | 24.00 | 18.00 |
| November | 23.90 | 20.30 | 23.95 | 20.30 |
| December | 22.75 | 20.00 | 23.10 | 19.95 |
| January | 23.75 | 19.90 | 23.80 | 19.90 |
| February | 28.30 | 22.70 | 30.10 | 22.75 |
| March | 26.50 | 23.50 | 26.50 | 23.60 |

Distribution of shareholding as on March 31, 2012

| CATEGORY NO. OF SHARES) | PHYSICAL | | DEMAT | |
|----------------------------|----------------|------------------|----------------|-------------------|
| | NO. OF HOLDERS | SHARES | NO. OF HOLDERS | SHARES |
| UP TO — 100 | 3795 | 51610 | 62870 | 3961477 |
| 101 — 200 | 2880 | 351151 | 29322 | 5252247 |
| 201 — 500 | 3172 | 1131840 | 43699 | 17006146 |
| 501 — 1000 | 3235 | 2211002 | 26637 | 22800774 |
| 1001 — 5000 | 28358 | 52416725 | 39074 | 87947235 |
| 5001 — 10000 | 1627 | 12097100 | 5220 | 38485063 |
| 10001 — 50000 | 1137 | 21449040 | 4095 | 81734150 |
| 50001 & ABOVE | 131 | 17935350 | 696 | 768918520 |
| TOTAL | 44335 | 107643818 | 211613 | 1026105612 |
| % to total Shares | — | 9.49 | — | 90.51 |

Total number of shareholders both physical and electronic put together is 2,55,948.

ANNEXURE TO THE DIRECTORS' REPORT
MEMBERS' PROFILE AS ON MARCH 31, 2012 IS AS UNDER

| S.NO. | CATEGORY | SHARES | | TOTAL | % OF SHARE |
|-------|---------------------------------|------------------|-------------------|-------------------|---------------|
| | | PHYSICAL | DEMAT | SHARES | HOLDING |
| 1 | RESIDENT INDIVIDUALS | 88291728 | 302324642 | 390616370 | 34.45 |
| 2 | INDIAN FINANCIAL INSTITUTIONS | - | 42755170 | 42755170 | 3.77 |
| 3 | FOREIGN INSTITUTIONAL INVESTORS | - | 523182379 | 523182379 | 46.15 |
| 4 | NON-RESIDENT INDIANS | 14934730 | 19719898 | 34654628 | 3.06 |
| 5 | BODIES CORPORATES | 3772670 | 83129181 | 86901851 | 7.66 |
| 6 | DIRECTORS & RELATIVES | 644690 | 3155895 | 3800585 | 0.34 |
| 7 | MUTUAL FUNDS | - | 13855351 | 13855351 | 1.22 |
| 8 | TRUSTS | - | 44690 | 44690 | 0.00 |
| 9 | BANKS | - | 29994739 | 29994739 | 2.65 |
| 10 | CLEARING MEMBERS | - | 1550498 | 1550498 | 0.14 |
| 11 | HUF | - | 6393169 | 6393169 | 0.56 |
| | GRAND TOTAL | 107643818 | 1026105612 | 1133749430 | 100.00 |

SHARE TRANSFER SYSTEM

The Bank has appointed M/s. B T S Consultancy Services Private Limited, Chennai as its Share Transfer Agents and the share transfer/transmission, dividend payments and all other investor related matters are attended to and processed at the office of Share Transfer Agents of the Bank. The Share Transfer Agents, after processing the requests of investors, put up the same to the Bank's General Manager (Admin.), wherever necessary, for his approval and thereafter all such cases are put up to the Shareholders / Investors Grievance Committee of the Board of the Bank for its information.

Trading in the Bank's Shares are now compulsorily in dematerialised form. However, members with share certificates in physical form can transfer their shareholding by sending the share certificates along with a copy of PAN card of the transferee and duly executed and stamped transfer deed signed by the transferor (or on his/her behalf) and the transferee, either to the Registered Office of the Bank or to the Bank's Share Transfer Agents.

DEMATERIALISATION OF SHARES

The Equity shares of the Bank have been allotted International Securities Identification Number (ISIN) INE 683A01023. As at the end of March 2012, 1026105612 of the Bank's shares have been converted into dematerialised form.

The Shareholders of the Bank who have not dematerialised their shares so far may approach any of the Depository Participants of National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for dematerialising their shareholding.

UNPAID DIVIDEND

All dividends remaining unclaimed or unpaid including the balance in Dividend Account upto and including financial year 1993-94 have been transferred to the General Revenue Account of the Central Government. Any claim in respect of transferred amounts shall be made to the Registrar of Companies, Kerala, Company Law Bhavan, Bharath Matha College, P.O., Kochi - 682 021.

ANNEXURE TO THE DIRECTORS' REPORT

In terms of Section 205A of the Companies Act, 1956, the amount which has remained unclaimed/unpaid for a period of 7 years from the date of transfer to the Unpaid/Unclaimed Dividend Account has to be transferred to the "Investors' Education and Protection Fund" (The Fund) and thereafter, no claim can be made by any shareholder against the Bank or the fund for the dividend amount of that year. In terms of this section, the unclaimed dividend upto and including financial year 2003-04 and The unclaimed refund order amount of Right Issue held in the year 2004 have been transferred to the Fund.

EQUITY SHARES IN SUSPENSE ACCOUNT

As per Clause 5A (I) of the Listing Agreement, the company reports the following details in respect of Equity Shares lying in the suspense account which were issued pursuant to the Follow on Public Issue 2006 and Bonus Issue 2008:

| | No of cases | No. of Equity Shares* | | Total |
|--------------------------------------|-------------|-----------------------|------------|---------|
| | | FPO2006 | Bonus 2008 | |
| Opening Balance as on April 1,2011 | 51 | 141,650 | 35,280 | 176,930 |
| Request received during the year | 7 | 7,940 | 1,970 | 9,910 |
| Shares credited during the year | 7 | 7,940 | 1,970 | 9,910 |
| Closing Balance as on March 31, 2012 | 44 | 133,710 | 33,310 | 167,020 |

*Number of Equity shares are re-stated into shares of face value of ₹1/- each

The voting rights on the shares outstanding in the suspense account as on March 31,2012 shall remain frozen till the rightful owner of such shares claims the shares.

8. COMPLIANCE STATUS OF CLAUSE 49 OF THE LISTING AGREEMENT

The Bank has complied with all mandatory recommendations prescribed in Clause 49 of the Listing Agreement. A certificate to this effect from the Bank's Statutory Central Auditors, M/s. S. R. Batliboi & Associates, Chartered Accountants, is annexed.

9. AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT

I, V. A. Joseph, Managing Director and Chief Executive Officer of the Bank, hereby declare that the Bank's Code of Conduct has been accepted and has been complied with, by all Board Members and Core Management Personnel of the Bank, as required under Clause 49(1D) of the Listing Agreement "on Corporate Governance."

By Order of the Board

Place : Thrissur
Date : May 7, 2012

Dr. V. A. JOSEPH
MD & CEO

ANNEXURE TO THE DIRECTORS' REPORT

S. R. BATLIBOI & ASSOCIATES
Chartered Accountants

6th & 7th Floor, "A" Block
Tidel Park, (Module 601,701 & 702)
No. 4, Rajiv Gandhi Salai, Taramani,
Chennai – 600 113, India.
Tel +91 44 6654 8100
Fax +91 44 2254 0120

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members
The South Indian Bank Limited

We have examined the compliance of conditions of Corporate Governance by **The South Indian bank Limited**, for the year ended on March 31 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company 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 Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For S. R. Batliboi & Associates
Chartered Accountants
Firm Registration Number : 101049W

per Subramanian Suresh
Partner
Membership No.: 083673

Place : Chennai
Date : May 7, 2012

AUDITORS' REPORT

To the Members of The South Indian Bank Limited

1. We have audited the attached balance sheet of The **South Indian Bank Limited** (the 'Bank') as at March 31, 2012 and also the profit and loss account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit. Incorporated in these financial statements are the returns of 17 branches/offices audited by us and 685 branches audited by branch auditors.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The balance sheet and profit and loss account are drawn up in conformity with Forms A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949, read with Section 211 of the Companies Act, 1956.
4. We report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory;
 - b) In our opinion, the transactions of the Bank which have come to our notice have been within its powers;
 - c) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not audited by us. The Branch Auditors' Reports have been forwarded to us and have been appropriately dealt with;
 - d) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches;
 - e) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, in so far as they apply to the Bank;
 - f) On the basis of written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the Directors are disqualified from being appointed as a director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
 - g) Without qualifying our opinion, we draw attention to Note 18.B.6 to the financial statements which describes the deferment of pension and gratuity liability relating to existing employees of the Bank to the extent of ₹ 156.53 crores and the unamortized liability of ₹ 84.31 crores as at March 31, 2012 pursuant to the exemption granted by the Reserve Bank of India and made applicable to the Bank vide Letter No. DBOD No. BP.BC.15896/21.04.018/2010-11 dated April 8, 2011, from the application of the provision of the Accounting Standard (AS) 15, Employee Benefits.
 - h) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Banking Regulation Act, 1949 and Companies Act, 1956 in the manner so required for banking companies, and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i. in case of the balance sheet, of the state of the affairs of the Bank as at March 31, 2012;
 - ii. in case of the profit and loss account, of the profit for the year ended on that date; and
 - iii. in case of of cash flow statement, of the cash flows for the year ended on that date.

For **S. R. BATLIBOI & ASSOCIATES**
Chartered Accountants
Firm Registration Number: 101049W

per Subramanian Suresh
Partner
Membership No.: 83673

Place : Chennai
Date : May 7, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

| | Schedule No | As at 31.03.2012 ₹ ('000) | As at 31.03.2011 ₹ ('000) |
|--|----------------|---------------------------------|---------------------------------|
| CAPITAL AND LIABILITIES | | | |
| Capital | 1 | 1,133,749 | 1,130,065 |
| Share Application Money Received pending Allotment | | 129 | - |
| Employees' Stock Options (Grants) Outstanding | | 29,015 | 21,228 |
| Reserves and Surplus | 2 | 20,541,082 | 17,321,525 |
| Deposits | 3 | 365,005,348 | 297,210,752 |
| Borrowings | 4 | 5,881,921 | 2,903,468 |
| Other liabilities and Provisions | 5 | 11,109,342 | 9,615,167 |
| TOTAL | | 403,700,586 | 328,202,205 |
| ASSETS | | | |
| Cash and Balances with Reserve Bank of India | 6 | 15,718,416 | 18,281,911 |
| Balances with banks and money at call & short notice | 7 | 10,686,977 | 6,379,350 |
| Investments | 8 | 93,998,742 | 89,237,722 |
| Advances | 9 | 272,807,364 | 204,887,333 |
| Fixed Assets | 10 | 3,775,049 | 3,568,444 |
| Other Assets | 11 | 6,714,038 | 5,847,445 |
| TOTAL | | 403,700,586 | 328,202,205 |
| Contingent Liabilities | 12 | 54,580,532 | 24,319,781 |
| Bills for collection | | 4,258,942 | 2,681,342 |
| Significant Accounting Policies | 17 | | |
| Notes forming part of Accounts | 18 | | |

The Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date

For and on behalf of Board of Directors

For **S. R. Batliboi & Associates**
Chartered Accountants
Firm Registration No. 101049W

Abraham Thariyan
Executive Director

Amitabha Guha
Chairman

Dr. V. A. Joseph
MD & CEO

per **Subramanian Suresh**
Partner
Membership No. 083673

Cheryan Varkey
Executive Director

Jose Alapatt
Director

Paul Chalissery
Director

K. S. Krishnan
CFO & Company Secretary

Mathew L. Chakola
Director

K. Thomas Jacob
Director

Chennai
May 7, 2012

C. P. Gireesh
Dy. General Manager
Kochi
May 7, 2012

H. Suresh Prabhu
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2012

| | Schedule No | Year ended 31.03.2012 ₹ ('000) | Year ended 31.03.2011 ₹ ('000) |
|---|----------------|--------------------------------------|--------------------------------------|
| I. INCOME | | | |
| Interest Earned | 13 | 35,834,253 | 24,460,166 |
| Other Income | 14 | 2,470,700 | 1,966,940 |
| TOTAL | | 38,304,953 | 26,427,106 |
| II. EXPENDITURE | | | |
| Interest Expended | 15 | 25,616,857 | 16,549,152 |
| Operating Expenses | 16 | 6,172,921 | 4,625,323 |
| Provisions & Contingencies | 18.A.26 | 2,498,615 | 2,326,990 |
| TOTAL | | 34,288,393 | 23,501,465 |
| III. PROFIT/LOSS | | | |
| Net Profit for the year | | 4,016,560 | 2,925,641 |
| Profit brought forward from previous year | | 184,717 | 170,334 |
| Profit available for Appropriation: | | 4,201,277 | 3,095,975 |
| IV. APPROPRIATIONS | | | |
| Transfer to Statutory Reserves | | 1,004,200 | 731,500 |
| Transfer to Capital Reserves | | 5,112 | - |
| Transfer to Revenue and Other Reserves | | 2,115,171 | 1,500,000 |
| Transfer to Special Reserve u/s 36(i)(viii) of Income Tax Act | | 140,000 | 70,000 |
| Transfer to/(from) Investment Reserve | | (71,307) | (46,938) |
| Transfer to/(from) present value provision for ADWDRS | | (15,171) | - |
| Proposed Dividend | | 680,971 | 565,033 |
| Tax on Proposed Dividend | | 110,471 | 91,663 |
| Balance carried over to Balance Sheet | | 231,830 | 184,717 |
| TOTAL | | 4,201,277 | 3,095,975 |
| Significant Accounting Policies | 17 | | |
| Notes forming part of Accounts | 18 | | |
| Earning per share (Basic) (in ₹) | 18.B.2 | 3.55 | 2.59 |
| Earning per share (Diluted) (in ₹) | 18.B.2 | 3.50 | 2.58 |
| Face Value per share (in ₹) | | 1.00 | 1.00 |

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our report of even date

For and on behalf of Board of Directors

For **S. R. Batliboi & Associates**
Chartered Accountants
Firm Registration No. 101049W

Abraham Thariyan
Executive Director

Amitabha Guha
Chairman

Dr. V. A. Joseph
MD & CEO

per **Subramanian Suresh**
Partner
Membership No. 083673

Cheryan Varkey
Executive Director

Jose Alapatt
Director

Paul Chalissery
Director

K. S. Krishnan
CFO & Company Secretary

Mathew L. Chakola
Director

K. Thomas Jacob
Director

Chennai
May 7, 2012

C. P. Gireesh
Dy. General Manager
Kochi
May 7, 2012

H. Suresh Prabhu
Director

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2012

| | As at 31.03.2012 ₹ ('000) | As at 31.03.2011 ₹ ('000) |
|---|---------------------------------|---------------------------------|
| SCHEDULE 1 - CAPITAL | | |
| Authorised Capital | <u>1,600,000</u> | <u>1,250,000</u> |
| 160,00,00,000 Equity shares of ₹ 1/- each (Previous year | | |
| 125,00,00,000 equity shares of ₹ 1/-each) | | |
| Issued Capital | <u>1,133,749</u> | <u>1,130,065</u> |
| 113,37,49,430 Equity shares of ₹ 1/- each (Previous year | | |
| 113,00,64,900 equity shares of ₹ 1/-each) | | |
| Subscribed Capital | | |
| 113,37,49,430 Equity shares of ₹ 1/- each (Previous year | | |
| 113,00,64,900 equity shares of ₹ 1/-each) | <u>1,133,749</u> | <u>1,130,065</u> |
| Called up & Paid up Capital | <u>1,133,749</u> | <u>1,130,065</u> |
| 113,37,49,430 Equity shares of ₹ 1/- each (Previous year | | |
| 113,00,64,900 equity shares of ₹ 1/-each) | | |
| Notes: | | |
| 1) 22,60,12,980 Equity shares of ₹ 1/- each (Previous year 22,60,12,980 | | |
| Equity shares of ₹ 1/- each) were issued as fully paid up bonus | | |
| shares by capitalisation of corresponding value from Share Pre- | | |
| mium Account. | | |
| TOTAL | <u>1,133,749</u> | <u>1,130,065</u> |
| Employees' Stock Options (Grants) Outstanding | | |
| Employees' Stock Options Outstanding | <u>41,725</u> | <u>44,994</u> |
| Less: Deferred Employee Compensation Expense (unamortised) | <u>12,710</u> | <u>23,766</u> |
| TOTAL | <u>29,015</u> | <u>21,228</u> |

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2012

| | As at 31.03.2012 ₹ ('000) | As at 31.03.2011 ₹ ('000) |
|---|---------------------------------|---------------------------------|
| SCHEDULE 2 - RESERVES AND SURPLUS | | |
| I. Statutory Reserve | | |
| Opening Balance | 3,584,139 | 2,852,639 |
| Additions during the year | 1,004,200 | 731,500 |
| Sub total | 4,588,339 | 3,584,139 |
| II. Capital Reserve | | |
| Opening Balance | 365,261 | 365,261 |
| Additions during the year | 5,112 | - |
| Sub total | 370,373 | 365,261 |
| III. Asset Revaluation Reserve | | |
| Opening Balance | 1,516,215 | 180,724 |
| Additions during the year | - | 1,338,711 |
| | 1,516,215 | 1,519,435 |
| Deductions during the year: | | |
| Depreciation on Revaluation of Premises | 69,994 | 3,220 |
| Sub total | 1,446,221 | 1,516,215 |
| IV. Share Premium | | |
| Opening Balance | 5,112,902 | 5,112,902 |
| Additions during the year | 49,262 | - |
| Deductions during the year | - | - |
| Sub total | 5,162,164 | 5,112,902 |
| V. Revenue and Other Reserves | | |
| Opening Balance | 6,239,763 | 4,739,763 |
| Additions during the year by way of transfer from PV provision for ADWDRDS) | 15,171 | - |
| Additions during the year | 2,100,000 | 1,500,000 |
| Sub total | 8,354,934 | 6,239,763 |
| VI. Investment Reserve | | |
| Opening Balance | 155,728 | 202,666 |
| Additions during the year | - | - |
| Sub total | 155,728 | 202,666 |
| Transfer to Profit & Loss Appropriation A/c | 71,307 | 46,938 |
| Sub total | 84,421 | 155,728 |
| VII. Special Reserve u/s 36(i)(viii) of Income Tax Act | | |
| Opening Balance | 162,800 | 92,800 |
| Additions during the year | 140,000 | 70,000 |
| Sub total | 302,800 | 162,800 |
| VIII. Balance in Profit and Loss Account | 231,830 | 184,717 |
| TOTAL | 20,541,082 | 17,321,525 |

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2012

| | As at 31.03.2012 ₹ ('000) | As at 31.03.2011 ₹ ('000) |
|---|---------------------------------|---------------------------------|
| SCHEDULE 3 - DEPOSITS | | |
| A. I. Demand Deposits | | |
| (i) From Banks | 4,140 | 18,381 |
| (ii) From Others | 12,614,063 | 11,996,510 |
| II. Savings Bank Deposits | 59,174,865 | 52,026,126 |
| III. Term Deposits | | |
| (i) From Banks | 32,103,190 | 14,233,349 |
| (ii) From Others | 261,109,090 | 218,936,386 |
| TOTAL | 365,005,348 | 297,210,752 |
| B. (i) Deposits of branches in India | 365,005,348 | 297,210,752 |
| (ii) Deposits of branches outside India | Nil | Nil |
| TOTAL | 365,005,348 | 297,210,752 |
| SCHEDULE 4 - BORROWINGS | | |
| I. Borrowings in India | | |
| (i) Reserve Bank of India | - | - |
| (ii) Other Banks | - | - |
| (iii) Other Institutions and Agencies (refer note B.9 of Schedule 18) | 4,485,567 | 2,657,192 |
| II. Borrowings outside India - from other banks | 1,396,354 | 246,276 |
| TOTAL | 5,881,921 | 2,903,468 |
| Secured borrowings included in above | Nil | Nil |
| SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS | | |
| I. Bills Payable | 1,174,048 | 1,197,731 |
| II. Inter -Office adjustments (Net) | 186,389 | - |
| III. Interest Accrued | 2,046,516 | 1,357,667 |
| IV. Others (including provisions)* | 7,702,389 | 7,059,769 |
| TOTAL | 11,109,342 | 9,615,167 |

*Includes :-

- a) Provision for standard assets ₹ 119.48 Crore (previous year ₹ 79.73 crore)
- b) Proposed dividend amounting to ₹ 68.10 Crore (previous year ₹ 56.50 crore)
- c) Corporate Dividend Tax payable amounting to ₹ 11.05 Crore (previous year ₹ 9.17 crore)

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2012

| | As at 31.03.2012 ₹ ('000) | As at 31.03.2011 ₹ ('000) |
|--|---------------------------------|---------------------------------|
| SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA | | |
| I. Cash in hand (Including foreign currency notes) | 1,919,419 | 1,723,254 |
| II. Balances with Reserve Bank of India In Current Account | 13,798,997 | 16,558,657 |
| TOTAL | 15,718,416 | 18,281,911 |
| SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE | | |
| I. In India | | |
| i) Balances with Banks | | |
| (a) In Current Accounts | 220,078 | 291,710 |
| (b) In Other Deposit Accounts | 9,589,813 | 5,957,784 |
| ii) Money at call & short notice With Banks | - | - |
| Sub total | 9,809,891 | 6,249,494 |
| II. Outside India | | |
| (a) In Current Accounts | 783,985 | 129,856 |
| (b) In Other Deposit Accounts | - | - |
| (c) Money at call & short notice - with banks | 93,101 | - |
| Sub total | 877,086 | 129,856 |
| TOTAL | 10,686,977 | 6,379,350 |
| SCHEDULE 8 - INVESTMENTS | | |
| I. Investments in India in: | | |
| (i) Government Securities | 82,131,853 | 67,900,294 |
| (ii) Other Approved Securities | - | 126,808 |
| (iii) Shares | 1,678,437 | 1,013,174 |
| (iv) Debentures and Bonds | 1,649,906 | 660,586 |
| (v) Subsidiaries and/or Joint Ventures | - | - |
| (vi) Others (Certificate of deposits, RIDF etc.) | 8,538,546 | 19,536,860 |
| TOTAL | 93,998,742 | 89,237,722 |
| Gross Investments | 94,292,695 | 89,410,686 |
| Less: Depreciation | 243,662 | 102,923 |
| Provision for NPI | 50,291 | 70,041 |
| Net Investments | 93,998,742 | 89,237,722 |
| II. Investments outside India | Nil | Nil |
| TOTAL | 93,998,742 | 89,237,722 |

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2012

| | As at 31.03.2012 ₹ ('000) | As at 31.03.2011 ₹ ('000) |
|--|---------------------------------|---------------------------------|
| SCHEDULE 9 - ADVANCES (net of provisions) | | |
| A. (i) Bills Purchased and Discounted | 30,572,660 | 34,379,401 |
| (ii) Cash Credits, Overdrafts and Loans repayable on demand | 139,885,143 | 100,092,729 |
| (iii) Term Loans | 102,349,561 | 70,415,203 |
| TOTAL | 272,807,364 | 204,887,333 |
| B. (i) Secured by tangible assets (including advances against book debts) | 243,274,186 | 174,527,583 |
| (ii) Covered by Bank/Government Guarantees | 10,862,147 | 9,104,331 |
| (iii) Unsecured | 18,671,031 | 21,255,419 |
| TOTAL | 272,807,364 | 204,887,333 |
| C. I. Advances in India | | |
| (i) Priority Sectors | 51,182,655 | 61,978,252 |
| (ii) Public Sector | 14,456,346 | 14,002,278 |
| (iii) Banks | - | - |
| (iv) Others | 207,168,363 | 128,906,803 |
| TOTAL | 272,807,364 | 204,887,333 |
| II. Advances outside India | Nil | Nil |
| TOTAL | 272,807,364 | 204,887,333 |
| SCHEDULE 10 - FIXED ASSETS | | |
| I. Premises (including Land) | | |
| At cost as on 31 st March of the preceding year | 2,782,993 | 953,061 |
| Additions during the year | | |
| Due to revaluation of Premises | - | 1,338,711 |
| Purchases/Constructions | 204,690 | 494,538 |
| | 2,987,683 | 2,786,310 |
| Deductions during the year being depreciation on Revaluation of Premises adjusted from Asset Revaluation Reserve | 69,994 | 3,220 |
| Sales/write off during the year | - | 97 |
| | 2,917,689 | 2,782,993 |
| Depreciation to date | 200,826 | 147,114 |
| Sub total | 2,716,863 | 2,635,879 |
| II. Assets under construction | | |
| At cost as on 31 st March of the preceding year | 251,743 | 97,659 |
| Additions during the year | 130,788 | 213,958 |
| | 382,531 | 311,617 |
| Capitalisations during the year | 367,131 | 59,874 |
| | 15,400 | 251,743 |
| Depreciation to date | - | - |
| Sub total | 15,400 | 251,743 |
| III. Other Fixed Assets | | |
| At cost as on 31 st March of the preceding year | 1,979,112 | 1,691,906 |
| Additions during the year | 625,553 | 390,870 |
| | 2,604,665 | 2,082,776 |
| Deductions/adjustments during the year | 279,871 | 103,664 |
| | 2,324,794 | 1,979,112 |
| Depreciation/adjustments to date | 1,282,008 | 1,298,290 |
| Sub total | 1,042,786 | 680,822 |
| TOTAL | 3,775,049 | 3,568,444 |

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2012

| | As at 31.03.2012 ₹ ('000) | As at 31.03.2011 ₹ ('000) |
|---|---------------------------------|---------------------------------|
| SCHEDULE 11 - OTHER ASSETS | | |
| I. Inter -Office adjustments (Net) | - | 122,172 |
| II. Interest Accrued | 3,514,652 | 3,160,523 |
| III. Tax Paid in Advance/Tax Deducted at Source (Net) | 894,897 | 561,127 |
| IV. Deferred tax asset (net) | 543,241 | 277,341 |
| V. Deferred Employee Benefits (refer note B.6 of Schedule 18) | 843,100 | 1,252,200 |
| VI. Stationery and Stamps | 13,832 | 12,097 |
| VII. Non-Banking Assets acquired in satisfaction of claims | 18,064 | 2,916 |
| VIII. Others | 886,252 | 459,069 |
| TOTAL | 6,714,038 | 5,847,445 |

SCHEDULE 12 - CONTINGENT LIABILITIES

| | | |
|--|-------------------|-------------------|
| I. Claims against the Bank not acknowledged as debts: | | |
| (i) Income Tax disputes* | - | 1,160,500 |
| (ii) Service Tax disputes | 21,600 | 22,370 |
| (iii) Others | 60,289 | 37,756 |
| II. Liability on account of outstanding Forward Exchange Contracts ¹ | 33,050,905 | 8,784,798 |
| III. Guarantees given on behalf of constituents in India | 15,516,260 | 8,475,424 |
| IV. Acceptances, endorsements and other obligations | 5,920,861 | 5,734,949 |
| V. Other items for which the bank is contingently liable: Capital Commitments | 10,617 | 103,984 |
| TOTAL | 54,580,532 | 24,319,781 |

* Refer Note A. 23 (b) of Schedule 18

1. Represents notional amount

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

| | Year ended 31.03.2012 ₹ ('000) | Year ended 31.03.2011 ₹ ('000) |
|--|--------------------------------------|--------------------------------------|
| SCHEDULE 13 - INTEREST EARNED | | |
| I. Interest/Discount on Advances/Bills | 28,680,781 | 19,300,200 |
| II. Income on Investments | 6,211,058 | 4,815,132 |
| III. Interest on balances with Reserve Bank of India and Other Inter - Bank funds | 942,414 | 344,834 |
| TOTAL | 35,834,253 | 24,460,166 |
| SCHEDULE 14 - OTHER INCOME | | |
| I. Commission, Exchange and Brokerage | 384,152 | 354,051 |
| II. Profit on sale of Investments | 457,663 | 421,262 |
| Loss on sale of Investments | (49,855) | (27,546) |
| III. Profit on sale of land, buildings and other assets | 10,503 | 1,363 |
| Loss on sale of land, buildings and other assets | (2,246) | (10,997) |
| IV. Profit/(Loss) on Exchange transactions (net) | 256,111 | 190,703 |
| V. Miscellaneous Income | 1,414,372 | 1,038,104 |
| TOTAL | 2,470,700 | 1,966,940 |
| SCHEDULE 15 - INTEREST EXPENDED | | |
| I. Interest on Deposits | 25,188,321 | 16,213,561 |
| II. Interest on Reserve Bank of India/Inter-Bank Borrowings | 177,041 | 83,183 |
| III. Others | 251,495 | 252,408 |
| TOTAL | 25,616,857 | 16,549,152 |
| SCHEDULE 16 - OPERATING EXPENSES | | |
| I. Payments to and Provisions for Employees | 3,741,107 | 2,898,151 |
| II. Rent, Taxes and Lighting | 500,580 | 381,380 |
| III. Printing and Stationery | 168,025 | 61,850 |
| IV. Advertisement and Publicity | 129,391 | 86,406 |
| V. Depreciation | 382,017 | 231,374 |
| Less : Depreciation on revaluation of premises transferred from Asset Revaluation Reserve | 69,994 | 3,220 |
| VI. Directors fees, allowances and expenses | 2,311 | 2,858 |
| VII. Auditors' fees and expenses (incl. branch auditors) | 24,138 | 15,101 |
| VIII. Law charges | 19,935 | 14,887 |
| IX. Postage, telegrams, telephones, etc | 105,544 | 93,205 |
| X. Repairs and Maintenance | 113,962 | 97,615 |
| XI. Insurance | 314,152 | 230,277 |
| XII. Other Expenditure | 741,753 | 515,439 |
| TOTAL | 6,172,921 | 4,625,323 |

SCHEDULE - 17 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Forming Part Of Balance Sheet And Profit & Loss Account For The Year Ended March 31, 2012)

General

The South Indian Bank Limited (SIB) was incorporated on January 29, 1929 at Trichur as a private limited company and was later converted into a public limited company on August 11, 1939. SIB has a net work of 700 branches in India and provides retail and corporate banking, para banking activities such as debit card, third party product distribution, in addition to Treasury and Foreign Exchange Business. SIB is governed by Banking Regulation Act, 1949 and other applicable Acts / Regulations. Its shares are listed in leading stock exchanges in India.

Basis of Preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of SIB used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time, the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and notified by the Companies (Accounting Standards) Rules, 2006 as amended to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows the accrual method of accounting, and the historical cost convention, except where otherwise stated.

The preparation of financial statements requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statement and the reported income and expenses during the reporting period. Management believes that the estimates and assumptions used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

Significant Accounting Policies

1. Revenue recognition

- a) Interest income from loans, advances and investments (including deposits placed with banks and other institutions) are recognised over the period of the loans, advances and investments on accrual basis, except in respect of income relating to advances/ investments, classified as non performing advances/ investments where

in accordance with RBI guidelines the income is recognised only on realization.

- b) Dividend on investments in shares and units of mutual funds are accounted on accrual basis when the bank's right to receive the dividend is established.
- c) Commission income on issuance of bank guarantee / letter of credit is recognised over the period of the guarantee/letter of credit.
- d) Processing fee/ upfront fee, handling charges or income of similar nature collected at the time of sanctioning or renewal of loan/ facility is recognized when it is due.
- e) All other amounts collected from customers as non interest income, locker rent or recovery of expenses towards provision of various services / facilities are accounted / recognised as and when these are due to the extent that there is no uncertainty over their ultimate collection.
- f) The Bank imports gold coins on a consignment basis for selling to its customers. Other income includes the profit / loss on sale of gold coin arrived at after reducing all direct and indirect costs.

2. Investments

A) Classification

- a) In accordance with the RBI guidelines, investments are categorized into "Held for Trading", "Available for Sale" and "Held to Maturity" and further classified under five groups, viz. Government Securities, Other Approved Securities, Shares, Debentures & Bonds and other investments for the purposes of disclosure in the Balance Sheet.
- b) Investments which are held for sale within 90 days from the date of purchase are classified as "Held for Trading".
- c) Investments which the bank intends to hold till maturity are classified as "Held to Maturity".
- d) Investments which are not classified in either of the above two categories are classified as "Available for Sale".

B) Valuation

The cost of investments is determined on the weighted average basis. Broken period interest

| |
|---|
| SCHEDULE - 17 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Forming Part Of Balance Sheet And Profit & Loss Account For The Year Ended March 31, 2012) |
|---|

on debt instruments is treated as a revenue item. The transaction cost, including brokerage, commission etc paid at the time of acquisition of investments are charged to revenue.

The valuation of investments is performed in accordance with the RBI Guidelines:

- a. Held for Trading/Available for Sale – Each security in this category is valued at the market price or fair value and the net depreciation of each group is recognised in the Profit and Loss account. Net appreciation, if any, is ignored. The market value of investments where current quotations are not available is determined as per the norms prescribed by RBI.
- b. Held to Maturity – These are carried at their acquisition cost. Any premium on acquisition of debt instruments is amortized over the remaining maturity of the security. Any diminution, other than temporary, in the value of such securities is provided for.
- c. Repurchase and reverse repurchase transactions These are accounted as collateralised borrowing and lending transactions respectively. The difference between the consideration amount of the first leg and the second leg of the repo / reverse repo is recognised as interest expense / interest income over the period of the transaction.

In respect of Repo transactions under Liquidity Adjustment Facility (LAF) with RBI, monies borrowed from RBI are credited to investment account and reversed on maturity of the transaction. Costs thereon are accounted for as interest expense. In respect of reverse Repo transactions under LAF, monies paid to RBI are debited to investment account and reversed on maturity of the transaction. Revenues thereon are accounted as interest income

- d. In respect of securities included in any of the three categories of investments where interest / principal is in arrears, for more than 90 days, income is not reckoned and appropriate provision for the depreciation in the value of the investments is made, as per prudential norms applicable to non-

performing investments. Debentures / Bonds in the nature of advances are subjected to usual prudential norms applicable to advances.

C) **Transfer Between Categories**

Transfer between categories is done at the lower of the acquisition cost / book value / market value on the date of the transfer and the depreciation, if any, on such transfer is fully provided for in accordance with RBI guidelines.

D) **Profit or Loss on sale / Redemption of Investments**

- a. Held for Trading and Available for Sale – Profit or loss on sale / redemption is included in the Profit and Loss account.
- b. Held to Maturity – Profit or loss on sale / redemption of investments is included in the Profit and Loss account. In case of profits, the same is appropriated to Capital Reserve after adjustments for tax and transfer to statutory reserve.

3. Advances

A) **Valuation / Measurement**

- a) Advances are classified into Standard, Sub-standard, Doubtful and Loss assets in accordance with the Reserve Bank of India guidelines and are stated net of provisions made towards non performing advances.
- b) Provision for non performing advances comprising Sub-standard, Doubtful and Loss assets is made in accordance with the Reserve Bank of India guidelines. In addition, the bank adopts an approach to provisioning that is based on past experience, evaluation of security and other related factors.
- c) Provision on assets restructured/rescheduled is made in accordance with the applicable RBI guidelines on restructuring of advances by Banks. Amounts recovered against debts written off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognised in the profit and loss account. In respect of non-performing loan accounts subjected to restructuring, the account is upgraded to standard only after the specified period i.e. a period of one year after the date when first payment of interest

SCHEDULE - 17 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES
(Forming Part Of Balance Sheet And Profit & Loss Account For The Year Ended March 31, 2012)

or of principal, whichever is earlier, falls due, subject to satisfactory performance of the account during the period. In accordance with the Reserve Bank of India guidelines, the bank creates general provisions in respect of standard assets as follows:

| Category of Advance | General Provision |
|--|-------------------|
| All Direct Advances to Agricultural and SME sector | 0.25% |
| All Advances to Commercial Real Estate Sector | 1.00 % |
| Teaser Rate Loans (SIB Shelter) | 2.00% |
| Restructured advances | 0.25% - 2.00% |
| All other Standard Advances | 0.40% |

B) Recording / presentation

- Provisions created against individual accounts as per RBI guidelines are not netted in the individual account. For presentation in financial statements, provision created is netted against gross amount of advance without adjusting the same at individual account level. Provision held against an individual account is adjusted against individual account's balance only at the time of write off /settlement of the account.
- Provision made against standard assets in accordance with RBI guidelines above is disclosed separately under Other Liabilities and is not netted off against Advances.

4. Fixed assets

- The Fixed Assets (other than those, which are revalued) are stated at historical cost less depreciation.
- The revalued assets are stated at the revalued amount less depreciation. The appreciation in value consequent to revaluation is credited to Asset Revaluation Reserve. Depreciation on assets revalued is charged on written down values including the additions made on revaluation, and an equivalent amount towards the additional depreciation provided on revaluation, is transferred from the Asset Revaluation Reserve to profit and loss account.
- Depreciation on fixed assets other than computers is provided on written down value method, at the

rates specified in Schedule XIV of the Companies Act, 1956. Computers are depreciated at 33.33% on straight-line method as per RBI Guidelines.

- Amount expended towards acquisition of softwares are fully written off in the year of acquisition itself. Annual Licence fee/ Maintenance Charges , if any , are accounted on accrual basis.
- Items costing upto Rs. 5,000 are depreciated fully in the year of acquisition.

5. Transactions involving foreign exchange

- Foreign Exchange contracts outstanding at the Balance Sheet date are revalued at rates notified by FEDAI and resulting profits or losses are included in the Profit and Loss Account.
- Forward Exchange contracts are translated to Indian Rupee equivalent at the exchange rate prevailing on the date of commitments. Gain/ Losses on outstanding forward exchange contracts are taken to revenue as per the FEDAI guidelines.
- Income and Expenditure in foreign currency are accounted for at the exchange rate prevailing on the date of transaction.
- Contingent liabilities as at the reporting date on account of outstanding foreign exchange contracts are restated at year end rates notified by FEDAI.

6. Employee benefits

The liability on employee benefits are recognised in accordance with Accounting Standard 15 (revised) specified in Companies (Accounting Standards) Rules, 2006.

- Provident Fund:**
The contribution made by the Bank to The South Indian Bank Ltd Employees Provident Fund, administered by the trustees is charged to Profit & Loss account. The fund is a defined contribution fund and the Bank has no further liability beyond the contribution made to the fund.
- Pension Fund**
The contribution towards The South Indian Bank Ltd Employees' Pension Fund, managed by trustees, is determined on actuarial basis on projected unit credit method as on the Balance Sheet date and is recognised in the profit and loss account. However, the liability arising on account of re-opening of pension option to

| |
|---|
| SCHEDULE - 17 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Forming Part Of Balance Sheet And Profit & Loss Account For The Year Ended March 31, 2012) |
|---|

existing employees who had joined prior to 29th September 1995 and not exercised the option earlier, is amortised over a period of five years as permitted by the Reserve Bank of India.

Employees who had joined the services of the Bank with effect from April 01, 2010 are covered under Defined Contributory Pension Scheme (DCPS). In respect of such employees the bank contributes 10% of the Basic Pay plus Dearness Allowance and the expenditure thereof is charged to Profit & Loss account and the Bank has no further liability beyond the contribution to the fund on this account.

c) Gratuity:

The bank makes annual contribution to The South Indian Bank Ltd Employees' Gratuity Trust Fund administered and managed by the trustees. The net present value of the bank's obligation towards the same is actuarially determined based on the projected unit credit method as at the balance sheet date. However, the liability arising on account of enhancement in gratuity limit pursuant to the amendment to the Payment of Gratuity Act, 1972, w.e.f 24th May 2010 is amortised over a period of five years as permitted by the Reserve Bank of India.

d) Compensation for absence on Privilege / Sick / Casual Leave

The employees of the bank are entitled to compensated absence on account of privilege / sick / casual leave as per the leave rules. The bank measures the long term expected cost of compensated absence as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuation and such costs are recognised in the profit and loss account.

e) Employees Stock Option Scheme (ESOS)

The Bank has formulated Employee Stock Option Scheme (ESOS) in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme) Guidelines, 1999. The Scheme provides for grant of options to Employees of the Bank to acquire Equity Shares of the Bank that vest in a graded manner and are to be exercised within a specified period. The Bank follows the intrinsic value method to account for its stock-based employee compensation

plans. In accordance with the SEBI Guidelines and the guidance note on "Accounting for Employee Share based payments" issued by the ICAI, the excess of the market price of the share preceding the date of grant of the option under ESOS over the exercise price of the option is amortised on a straight line basis over the vesting period.

7. Segment Reporting

Business Segments have been identified and reported taking into account, the target customer profile, the nature of product and services, the differing risks and returns, the organization structure, the internal business reporting system and guidelines issued by RBI vide notification dated April 18, 2007. The Bank operates in the following business segments;

a) Treasury

The treasury services segment primarily consists of interest earnings on investments portfolio of the bank, gains or losses on investment operations and earnings from foreign exchange business. The principal expenses of the segment consist of interest expense on funds borrowed and other expenses.

b) Corporate / Whole sale Banking

The Corporate / Whole sale Banking segment provides loans and other banking services to corporate segment identified on the basis of RBI guidelines. Revenues of this segment consist of interest earned on Loans made to Corporate customers and the charges / fees earned from other banking services. The principal expenses of the segment consist of interest expense on funds borrowed and other expenses.

c) Retail banking

The Retail Banking segment provides loans and other banking services to non corporate customers identified on the basis of RBI guidelines. Revenues of this segment consist of interest earned on Loans made to non corporate customers and the charges / fees earned from other banking services. The principal expenses of the segment consist of interest expense on funds borrowed and other expenses.

d) Other Banking Operations

This segment includes income from para banking activities such as debit cards, third party product distribution and associated costs.

SCHEDULE - 17 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES
(Forming Part Of Balance Sheet And Profit & Loss Account For The Year Ended March 31, 2012)

Geographic segment

The Bank operates only in India.

8. Earnings Per Share (EPS)

The Bank reports Basic and Diluted Earnings per Equity Share in accordance with Accounting Standard 20, specified in Companies (Accounting Standards) Rules, 2006. Basic EPS has been computed by dividing Net Profit for the year by the weighted average number of Equity Shares outstanding for the period. Diluted EPS has been computed using the weighted average number of Equity Shares and dilutive potential equity shares outstanding as on the Balance Sheet date except where the results are anti dilutive.

9. Taxes on income

The income tax expense comprises current tax and deferred tax. Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax asset is recognised subject to prudence and judgment that realization is more likely than not. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted before the balance sheet date. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the profit and loss account in the period of the change.

Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgement as to whether their realisation is considered as reasonably certain.

10. Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time

value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

11. Accounting for Provisions, Contingent Liabilities and Contingent Assets

In accordance with Accounting Standard 29, Provisions, Contingent Liabilities and Contingent Assets specified in Companies (Accounting Standards) Rules, 2006, the Bank recognizes provisions when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Provisions are determined based on management estimate required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements.

Contingent assets, if any, are not recognized or disclosed in the financial statements.

12. Net profit

Net Profit is arrived at after provisions for contingencies, which include Provision for:

- i) Depreciation on Investments.
- ii) Standard Assets and Non-Performing Advances and Investments;
- iii) Taxation in accordance with statutory requirements.

13. Lease

Rental payments for premises taken on cancellable operating lease agreements are recognized as an expense in the profit and loss account over the lease term.

14. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

A. DISCLOSURES IN TERMS OF THE RESERVE BANK OF INDIA GUIDELINES

1. Capital Adequacy

| Particulars | Basel II * | | Basel I | |
|---|------------|------------|------------|------------|
| | 31.03.2012 | 31.03.2011 | 31.03.2012 | 31.03.2011 |
| i) Capital to Risk weighted Asset Ratio (CRAR %) | 14.00 | 14.01 | 11.64 | 13.17 |
| ii) CRAR – Tier I Capital (%) | 11.54 | 11.27 | 9.60 | 10.60 |
| iii) CRAR – Tier II Capital (%) | 2.46 | 2.74 | 2.04 | 2.57 |
| iv) Percentage of the shareholding of the Government of India in nationalised banks | | | N A | N A |
| v) Amount of Innovative Perpetual Debt Instruments raised during the year as Tier II Capital [₹ in Crore] | | | N A | N A |
| vi) Amount of subordinated debt raised during the year as upper Tier II Capital [₹ in Crore] | | | Nil | Nil |

* As per Reserve Bank of India Guidelines, bank has migrated to new capital adequacy framework w.e.f. March 31, 2009. Bank has adopted Standardized Approach for Credit Risk, Standardized duration approach for Market Risk and Basic Indicator Approach for Operational Risk towards computing the capital requirement under Basel II. This has been compiled by the management and relied upon by the Auditors.

2. Business ratios / Information

| Particulars | 31.03.2012 | 31.03.2011 |
|---|------------|------------|
| (i) Interest Income as a percentage to Working Funds* | 9.99 % | 8.76 % |
| (ii) Non-interest income as a percentage to Working Funds* | 0.69 % | 0.70 % |
| (iii) Operating Profit as a percentage to Working Funds* | 1.82 % | 1.88 % |
| (iv) Return on Assets** | 1.12 % | 1.05 % |
| (v) Business (Customer Deposits plus Advances) per employee*** (₹ In Crore) | 10.79 | 9.18 |
| (vi) Profit per employee*** (₹ In Crore) | 0.07 | 0.05 |

*For the purpose of computing the ratio, Working Fund represent the average of total assets as reported in Form X to RBI under Section 27 of the Banking Regulation Act, 1949.

**For the purpose of computing the ratio assets represents average total assets as reported in Form X to RBI under Section 27 of the Banking Regulation Act, 1949.

*** For the purpose of computing the ratios number of employees (excluding part time employees) as on Balance Sheet date is considered.

3. Movement in provisions for depreciation on investments

[₹ in Crore]

| Particulars | Year ended 31.03. 2012 | Year ended 31.03. 2011 |
|--|---------------------------|---------------------------|
| a. Value of Investments | | |
| (i) Gross Value of Investments | | |
| (a) In India | 9429.27 | 8941.07 |
| (b) Outside India | – | – |
| (ii) Provisions for Depreciation | | |
| (a) In India | 24.37 | 10.29 |
| (b) Outside India | – | – |
| (iii) Provisions for NPI | | |
| (a) In India | 5.03 | 7.00 |
| (b) Outside India | – | – |
| (iv) Net Value of Investments | | |
| (a) In India | 9399.87 | 8923.78 |
| (b) Outside India | – | – |
| b. Movement of provisions held towards depreciation on investments | | |
| (i) Opening Balance | 10.29 | 1.93 |
| (ii) Provisions made during the year | 15.79 | 9.00 |
| (iii) Less: Write-off/ write back of excess provisions during the year | 1.71 | 0.64 |
| (iv) Closing Balance | 24.37 | 10.29 |
| c. Movement of provisions held towards Non Performing Investments | | |
| (i) Opening Balance | 7.00 | 6.75 |
| (ii) Provisions made during the year | 0.00 | 0.25 |
| (iii) Less: Write-off/ write back of excess provisions during the year | 1.97 | – |
| (iv) Closing Balance | 5.03 | 7.00 |

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

4. Investments held under the 3 categories viz. "Held for Trading (HFT)", "Available for Sale (AFS)", and "Held to Maturity (HTM)" are as under:

[₹ in Crore]

| Particulars | As at 31 st March 2012 | | | | As at 31 st March 2011 | | | |
|--------------------|-----------------------------------|---------------|-----------------|-----------------|-----------------------------------|-----------------|-----------------|-----------------|
| | HFT | AFS | HTM | Total | HFT | AFS | HTM | Total |
| Govt. Securities | 14.63 | 585.35 | 7,613.21 | 8,213.19 | 34.51 | 687.41 | 6,068.11 | 6,790.03 |
| Other Approved | – | – | – | – | 12.68 | – | – | 12.68 |
| Shares | 9.83 | 158.01 | 0.00 | 167.84 | 4.14 | 97.17 | – | 101.31 |
| Debentures & Bonds | – | 164.99 | – | 164.99 | – | 66.06 | – | 66.06 |
| Others* | 238.18 | – | 615.68 | 853.85 | 476.92 | 891.32 | 585.45 | 1,953.70 |
| Total | 262.64 | 908.35 | 8,228.89 | 9,399.87 | 528.25 | 1,741.96 | 6,653.56 | 8,923.78 |

*Includes Certificate of Deposits, RIDF etc.

5. Disclosure in respect of Non-SLR investments:

- (i) Issuer composition of Non-SLR investments as at 31st March 2012 :

[₹ in Crore]

| No. | Issuer | Amount | Extent of Private Placement | Extent of 'Below Investment Grade' Securities | Extent of Unrated Securities | Extent of Unlisted Securities* |
|-------|-------------------------------------|-----------------|-----------------------------|---|------------------------------|--------------------------------|
| [1] | [2] | [3] | [4]** | [5]** | [6]** | [7]** |
| (i) | PSUs | 18.47 | – | – | 14.16 | 0.04 |
| (ii) | Fls# | 665.79 | – | – | 3.36 | 20.28 |
| (iii) | Banks | 350.84 | 42.00 | – | 57.85 | – |
| (iv) | Private Corporate | 175.44 | 122.73 | – | 87.48 | 52.74 |
| (v) | Subsidiaries/ Joint Ventures | – | – | – | – | – |
| (vi) | Others | – | – | – | – | – |
| (vii) | Provision held towards depreciation | 23.86 | | | | |
| | Total | 1,186.68 | 164.73 | – | 162.85 | 73.06 |

*Does not include Certificate of Deposits Face Value ₹ 250.00 Crore.

**Column values in 4,5,6 & 7 are net of depreciation and NPI.

#Includes RIDF to the extent of ₹ 615.68 Crore, column 4,5,6 & 7 does not include RIDF deposit.

- (ii) Issuer composition of Non-SLR investments as at 31st March 2011:

[₹ in Crore]

| No | Issuer | Amount | Extent of Private Placement | Extent of 'Below Investment Grade' Securities | Extent of Unrated Securities | Extent of Unlisted Securities |
|-------|-------------------------------------|-----------------|-----------------------------|---|------------------------------|-------------------------------|
| [1] | [2] | [3] | [4] | [5] | [6] | [7] |
| (i) | PSUs | 52.61 | 9.92 | – | 15.22 | 9.93 |
| (ii) | Fls | 172.12 | 18.18 | – | 20.29 | 18.21 |
| (iii) | Banks | 1,272.79 | 16.87 | – | 22.36 | – |
| (iv) | Private Corporate | 47.96 | – | – | 38.45 | 0.01 |
| (v) | Subsidiaries/ Joint Ventures | – | – | – | – | – |
| (vi) | Others | 585.45 | 585.45 | – | 585.45 | 585.45 |
| (vii) | Provision held towards depreciation | (9.87) | | | | |
| | Total | 2,121.06 | 630.42 | – | 681.77 | 613.60 |

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

[₹ in Crore]

| | Particulars | 31.03.2012 | 31.03.2011 |
|----|------------------------------|------------|------------|
| a) | Shares | 167.84 | 101.31 |
| b) | Debentures & Bonds | 164.99 | 66.06 |
| c) | Subsidiaries/ joint ventures | - | - |
| d) | Others (includes RIDF) | 853.85 | 1,953.70 |

(iii) Non performing Non-SLR investments

[₹ in Crore]

| Particulars | 31.03.2012 | 31.03.2011 |
|----------------------------|------------|------------|
| Opening Balance | 7.00 | 6.75 |
| Additions during the year | - | 0.25 |
| Reductions during the year | 1.97 | -- |
| Closing balance | 5.03 | 7.00 |
| Total provisions held | 5.03 | 7.00 |

6. Details of Repo/ Reverse Repo (excluding LAF transactions for the year) deals:

a) Done during the year ended March 31, 2012:

[₹ in Crore]

| Particulars | Minimum outstanding during the year | Maximum outstanding during the year | Daily Average outstanding during the year | As on March 31, 2012 |
|--|-------------------------------------|-------------------------------------|---|----------------------|
| Securities sold under repos | NIL | NIL | NIL | NIL |
| Securities purchased under reverse repos | NIL | NIL | NIL | NIL |

b) Done during the previous year ended March 31, 2011

[₹ in Crore]

| Particulars | Minimum outstanding during the year | Maximum outstanding during the year | Daily Average outstanding during the year | As on March 31, 2011 |
|--|-------------------------------------|-------------------------------------|---|----------------------|
| Securities sold under repos | NIL | NIL | NIL | NIL |
| Securities purchased under reverse repos | NIL | NIL | NIL | NIL |

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

7. Lending to sensitive sectors:

A. Real Estate Sector

[₹ in Crore]

| Category | 31.03.2012 | 31.03.2011 |
|--|-----------------|-----------------|
| 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) | 1,147.02 | 1,132.19 |
| | 872.41 | 894.43 |
| (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 | 90.81 | 128.41 |
| (iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures – | | |
| a. Residential | NIL | NIL |
| b. Commercial Real Estate | NIL | NIL |
| b) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) | 421.78 | 355.55 |
| Total Exposure to Real Estate Sector | 1,659.61 | 1,616.15 |

B. Exposure to Capital Market Sectors

[₹ in Crore]

| Particulars | 31.03.2012 | 31.03.2011 |
|---|------------|------------|
| (i) Direct Investments in equity shares | 157.19 | 106.13 |
| (ii) Investments in convertible bonds/ convertible debentures | NIL | NIL |
| (iii) Investments in units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt | NIL | NIL |
| (iv) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), bonds and debentures, units of equity oriented mutual funds | NIL | NIL |
| (v) 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 |

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

[₹ in Crore]

| Particulars | 31.03.2012 | 31.03.2011 |
|---|---------------|---------------|
| (vi) 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 | NIL |
| (vii) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; | 3.74 | 0.25 |
| (viii) 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 |
| (ix) Bridge loans to companies against expected equity flows/issues | NIL | NIL |
| (x) 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 |
| (xi) Financing to stockbrokers for margin trading | NIL | NIL |
| (xii) All exposures to Venture Capital Funds (both registered and unregistered) | NIL | NIL |
| Total Exposure to Capital Market | 160.93 | 106.38 |

C. Risk category wise country exposure:

Country Risk exposure has been classified on the following basis:

[₹ in Crore]

| Risk Category | Exposure (net) as at 31.03.2012 | Provision held as at 31.03.2012 | Exposure (net) as at 31.03.2011 | Provision held as at 31.03.2011 |
|---------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Insignificant | 119.10 | – | 118.39 | – |
| Low | 67.27 | – | 73.68 | – |
| Moderate | 11.57 | – | 13.14 | – |
| High | – | – | – | – |
| Very High | – | – | – | – |
| Restricted | – | – | – | – |
| Off Credit | – | – | – | – |
| TOTAL | 197.94 | – | 205.21 | – |

As the Bank's net funded exposure with each country for the year in respect of foreign exchange transaction is less than 1% of the total assets of the Bank, no provision is considered necessary.

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

8. Movements in non-performing advances (funded) [₹ in Crore]

| Particulars | 31.03.2012 | 31.03.2011 |
|---|------------|------------|
| [i] Net NPAs to Net Advances [%] | 0.28 | 0.29 |
| [ii] Movement of NPAs (Gross) | | |
| (a) Opening Balance | 230.34 | 211.00 |
| (b) Additions during the year | 171.51 | 106.51 |
| (c) Reductions during the year | 134.69 | 87.17 |
| (d) Closing Balance | 267.16 | 230.34 |
| [iii] Movement of NPAs (Net) | | |
| (a) Opening Balance | 60.02 | 61.57 |
| (b) Additions during the year | 116.28 | 50.19 |
| (c) Reductions during the year | 99.79 | 51.74 |
| (d) Closing Balance | 76.51 | 60.02 |
| [iv] Movement of provisions for NPAs (excluding provisions on Standard Assets) | | |
| (a) Opening Balance | 158.41 | 135.43 |
| (b) Provisions made during the year | 84.30 | 56.32 |
| (c) Write off / write back of Excess provisions | 65.90 | 33.34 |
| (d) Closing Balance | 176.81 | 158.41 |

[₹ in Crore]

| Particulars | 31.03.2012 | 31.03.2011 |
|--|------------|------------|
| Non performing financial assets purchased / sold | NIL | NIL |

Provisions on Standard Assets: [₹ in Crore]

| Particulars | 31.03.2012 | 31.03.2011 |
|------------------------------------|------------|------------|
| Provisions towards Standard Assets | 119.48 | 79.73 |

9. Details of Financial Assets sold to Securitisation / Reconstruction company for asset reconstruction [₹ in Crore]

| Particulars | 31.03.2012 | 31.03.2011 |
|--|------------|------------|
| (i) No. of Accounts | NIL | NIL |
| (ii) Aggregate value (net of provisions) of accounts sold to SC/RC | NIL | NIL |
| (iii) Aggregate Consideration | NIL | NIL |
| (iv) Additional consideration realised in respect of accounts transferred in earlier years | NIL | NIL |
| (v) Aggregate gain/(loss) over net book value | NIL | NIL |

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

10. Details of Loan Assets subjected to restructuring during the year 2011-12:

Particulars of Accounts Restructured

[₹ in Crore]

| Particulars | | CDR Mechanism | SME Debt Restructuring | Others |
|------------------------------------|--|---------------|------------------------|--------|
| Standard advances restructured | No. of Borrowers | 04 | 03 | 05 |
| | Amount outstanding* | 86.10 | 0.91 | 453.34 |
| | Sacrifice (diminution in the fair value) | 5.63 | 0.00 | 0.02 |
| Sub Standard advances restructured | No. of Borrowers | NIL | NIL | NIL |
| | Amount outstanding | NIL | NIL | NIL |
| | Sacrifice (diminution in the fair value) | NIL | NIL | NIL |
| Doubtful advances restructured | No. of Borrowers | NIL | NIL | NIL |
| | Amount outstanding | NIL | NIL | NIL |
| | Sacrifice (diminution in the fair value) | NIL | NIL | NIL |
| TOTAL | No. of Borrowers | 04 | 03 | 05 |
| | Amount outstanding* | 86.10 | 0.91 | 453.34 |
| | Sacrifice (diminution in the fair value) | 5.63 | 0.00 | 0.02 |

Note:-

*Amount subjected to restructuring as on the date of approval of restructuring proposal.

Outstanding in the above restructured loans as at March 31, 2012 are ₹ 52.58 Crore, ₹ 1.52 Crore and ₹ 505.37 Crore under CDR mechanism, SME Debt restructuring and others respectively.

Particulars of Accounts Restructured during 2010-11

[₹ in Crore]

| Particulars | | CDR Mechanism | SME Debt Restructuring | Others |
|------------------------------------|--|---------------|------------------------|--------|
| Standard advances restructured | No. of Borrowers | NIL | 2 | 21 |
| | Amount outstanding | NIL | 0.42 | 28.06 |
| | Sacrifice (diminution in the fair value) | NIL | NIL | 0.05 |
| Sub Standard advances restructured | No. of Borrowers | NIL | NIL | NIL |
| | Amount outstanding | NIL | NIL | NIL |
| | Sacrifice (diminution in the fair value) | NIL | NIL | NIL |
| Doubtful advances restructured | No. of Borrowers | NIL | NIL | NIL |
| | Amount outstanding | NIL | NIL | NIL |
| | Sacrifice (diminution in the fair value) | NIL | NIL | NIL |
| TOTAL | No. of Borrowers | NIL | 2 | 21 |
| | Amount outstanding | NIL | 0.42 | 28.06 |
| | Sacrifice (diminution in the fair value) | NIL | NIL | 0.05 |

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

11. Asset quality

| Particulars | 31.03.2012 | 31.03.2011 |
|--|------------|------------|
| Percentage of net NPAs to net advances | 0.28% | 0.29% |
| Provision Coverage Ratio | 71.36% | 73.64% |

Provision for Non-Performing Advances and unrealised interest thereon are deducted from various categories of advances except the Provision for Standard Assets, which is included under "Other Liabilities"

12. Concentration of Deposits, Advances, Exposures and NPAs
Concentration of Deposits

[₹ in Crore]

| Particulars | 31.03.2012 | 31.03.2011 |
|---|------------|------------|
| Total Deposits of twenty largest depositors | 5,829.14 | 5,324.53 |
| Percentage of Deposits of twenty largest depositors to Total Deposits of the bank | 15.97% | 17.91% |

Concentration of Advances

[₹ in Crore]

| Particulars | 31.03.2012 | 31.03.2011 |
|--|------------|------------|
| Total Advances to twenty largest borrowers | 4,405.97 | 4,085.06 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the bank | 16.04% | 19.64% |

Concentration of Exposures

[₹ in Crore]

| Particulars | 31.03.2012 | 31.03.2011 |
|---|------------|------------|
| Total Exposure to twenty largest borrowers/customers | 4,410.09 | 4,089.03 |
| Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the bank on borrowers/customers | 11.96% | 12.58% |

Concentration of NPAs

[₹ in Crore]

| Particulars | 31.03.2012 | 31.03.2011 |
|---|------------|------------|
| Total Exposure to top four NPA accounts | 89.81 | 61.04 |

The bank has compiled the data for the purpose of this disclosure from its internal MIS system and has been furnished by the management, which has been relied upon by the auditors

13. Sector-wise NPAs
Gross NPA

| Sl. No. | Particulars | 31.03.2012 | 31.03.2011 |
|---------|--|---|---|
| | Sector | Percentage of Gross NPAs to Total Advances in that Sector | Percentage of Net NPAs to Total Advances in that Sector |
| 1 | Agriculture & Allied Activities ¹ | 0.83 | 0.31 |
| 2 | Industry (Micro & Small, Medium and Large) | 1.79 | 3.60 |
| 3 | Services | 5.20 | 10.07 |
| 4 | Personal Loans ² | 0.21 | 1.17 |

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

Net NPA

| Sl. No. | Particulars | 31.03.2012 | 31.03.2011 |
|---------|--|---|---|
| | Sector | Percentage of Net NPAs to Total Advances in that Sector | Percentage of Net NPAs to Total Advances in that Sector |
| 1 | Agriculture & Allied Activities ¹ | 0.20 | 0.12 |
| 2 | Industry (Micro & small, Medium and Large) | 0.69 | 0.88 |
| 3 | Services | 0.87 | 1.42 |
| 4 | Personal Loans ² | 0.02 | 0.21 |

1. Represents loan towards agriculture and allied activities that qualify for priority sector lending.

2. Excludes retail loans towards agriculture and allied activities that qualify for priority sector lending.

The bank has compiled the data for the purpose of this disclosure from its internal MIS system and has been furnished by the management, which has been relied upon by the auditors

14. Movement of NPAs

[₹ in Crore]

| Particulars | 31.03.2012 | 31.03.2011 |
|--|------------|------------|
| Gross NPAs as on the beginning of the Financial Year | 230.34 | 211.00 |
| Additions (Fresh NPAs) during the year | 171.51 | 106.51 |
| Sub-total (A) | 401.85 | 317.51 |
| Less: (i) Upgradation | 44.96 | 41.44 |
| (ii) Recoveries (excluding recoveries made from upgraded accounts) | 87.08 | 40.97 |
| (iii) Write Offs | 2.65 | 4.76 |
| Sub Total (B) | 134.69 | 87.17 |
| Gross NPAs as on the end of the Financial Year | 267.16 | 230.34 |

15. Overseas Assets, NPAs and Revenue

[₹ in Crore]

| Particulars | 31.03.2012 | 31.03.2011 |
|---------------|------------|------------|
| Total Assets | – | – |
| Total NPAs | – | – |
| Total Revenue | – | – |

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

| Name of the SPV sponsored | |
|---------------------------|----------|
| Domestic | Overseas |
| NIL | NIL |

17. Unsecured Advances

[₹ in Crore]

| Particulars | 31.03.2012 | 31.03.2011 |
|---|------------|------------|
| Total Advances for which intangibles securities such as charge over the rights, licenses, authority etc. has been taken as collateral | NIL | NIL |
| Estimated value of such intangible collateral | NIL | NIL |

18. Letter of Comfort (LoCs) issued by banks:

[₹ in Crore]

| Particulars | 31.03.2012 | 31.03.2011 |
|---|------------|------------|
| Letter of Comfort issued during the year | 1,746.80 | 1,672.32 |
| Assessed financial impact | 180.90 | 52.99 |
| Assessed cumulative financial obligations | 976.11 | 323.53 |

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

19. Bancassurance Business

[₹ in Crore]

| Particulars | 2011-12 | 2010-11 |
|--|---------|---------|
| Fees/remuneration received from bancassurance business | 4.32 | 4.55 |

20. Maturity Pattern of key assets and liabilities:

As at 31st March, 2012:

[₹ in Crore]

| Particulars | Day 1 | 2-7 days | 8-14 days | 15-28 days | 29 days and upto 3 months | Over 3 months and upto 6 months | Over 6 months and upto 1 year | Over 1 year and upto 3 years | Over 3 year and upto 5 years | Over 5 years | Total |
|------------------------------|--------|----------|-----------|------------|---------------------------|---------------------------------|-------------------------------|------------------------------|------------------------------|--------------|-----------|
| Deposits | 198.34 | 1,064.59 | 1,370.76 | 1,359.04 | 7,805.70 | 4,512.43 | 8,237.65 | 10,828.64 | 715.36 | 408.02 | 36,500.53 |
| Loans & Advances | 671.20 | 226.28 | 304.76 | 582.37 | 4,538.62 | 4,068.04 | 7,373.45 | 3,484.30 | 2,555.51 | 3,476.21 | 27,280.74 |
| Investments | 1.37 | 271.59 | 158.06 | 64.67 | 378.47 | 113.00 | 315.11 | 993.32 | 1,805.81 | 5,298.47 | 9,399.87 |
| Borrowings | 88.79 | - | - | - | 50.93 | 18.36 | 18.42 | 138.45 | 73.24 | 200.00 | 588.19 |
| Foreign Currency-Assets | 251.21 | - | 48.06 | 17.08 | 118.93 | 93.02 | 20.48 | 108.00 | - | - | 656.78 |
| Foreign Currency-Liabilities | 176.96 | 8.79 | 6.33 | 11.29 | 109.81 | 91.16 | 132.38 | 64.92 | 45.33 | - | 646.97 |

In computing the above information, certain estimates and assumptions have been made by the management, which have been relied upon by the auditors.

As at 31st March, 2011:

[₹ in Crore]

| Particulars | Day 1 | 2-7 days | 8-14 days | 15-28 days | 29 days and upto 3 months | Over 3 months and upto 6 months | Over 6 months and upto 1 year | Over 1 year and upto 3 years | Over 3 year and upto 5 years | Over 5 years | Total |
|------------------------------|--------|----------|-----------|------------|---------------------------|---------------------------------|-------------------------------|------------------------------|------------------------------|--------------|-----------|
| Deposits | 152.32 | 1,171.88 | 963.10 | 433.84 | 3,639.23 | 2,865.94 | 6,584.86 | 11,214.99 | 557.06 | 2,137.86 | 29,721.08 |
| Loans & Advances | 403.28 | 209.31 | 316.08 | 508.91 | 3,029.17 | 2,839.51 | 6,636.55 | 3149 | 1,347.16 | 2,049.76 | 20,488.73 |
| Investments | 7.59 | 455.83 | 284.31 | 100.64 | 1,140.51 | 161.68 | 124.20 | 625.14 | 1,377.11 | 4,646.76 | 8,923.77 |
| Borrowings | 24.67 | - | - | - | 0.06 | 0.06 | 0.11 | 65.45 | - | 200.00 | 290.35 |
| Foreign Currency-Assets | 12.99 | - | 37.54 | 0.48 | 17.14 | 91.04 | 56.78 | 216.00 | - | - | 431.97 |
| Foreign Currency-Liabilities | 44.65 | - | - | 0.36 | 0.04 | 2.17 | 1.74 | - | - | - | 48.96 |

21. Derivatives

The bank uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The bank has not entered into any derivative instruments for trading / speculative purposes either in Foreign Exchange or domestic treasury operations. Bank does not have any Forward Rate Agreement or Interest Rate Swaps

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

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

22. Details of Single Borrower Limit (SGL), Group Borrower Limit (GBL) exceeded by the bank

During the year the bank had sanctioned credit limits, with the approval of the Board, to the following borrowers which were in excess of 15% of capital funds as indicated hereunder.

As on 31.03.2012

[₹ in Crore]

| Sl. No. | Name of Borrower/Group | Total Exposure Limit | Maximum Exposure during the year | Percentage of Capital Funds |
|---------|------------------------|----------------------|----------------------------------|-----------------------------|
| | NIL | -- | -- | -- |

As on 31.03.2011

[₹ in Crore]

| Sl. No. | Name of Borrower/Group | Total Exposure Limit | Maximum Exposure during the year | Percentage of Capital Funds |
|---------|------------------------|----------------------|----------------------------------|-----------------------------|
| | NIL | -- | -- | -- |

23. (a) Provision for taxes during the year

[₹ in Crore]

| | 31.03.2012 | 31.03.2011 |
|---------------------|---------------|---------------|
| Current Tax | 197.26 | 146.49 |
| Deferred Tax (net)* | (26.59) | 6.44 |
| Wealth Tax | 0.02 | 0.01 |
| Total | 170.69 | 152.94 |

* includes net credit of ₹ 14.49 Crores in respect of earlier years (previous year -Nil)

(b) Disputed Tax for earlier years

The following deductions under the Income Tax Act, 1961 are considered in computing the income chargeable to tax

- Bad Debts written off u/s 36 (1) (vii) pertaining to non rural branches.
- Provision for Bad and Doubtful debts u/s 36(1)(viii) subject to limits prescribed under the Act.

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

The above deductions were under dispute before the Supreme Court through Special Leave Petition (SLP). The earlier decision of Division Bench of Kerala High Court in favour of the Bank, have been reversed by the Full Bench of the Kerala High Court subsequently and the matter was pending before the Supreme Court. The total estimated liability on account of this dispute has been disclosed as contingent liability (refer Schedule 12) for the year ended 31.03.2011. During the current year, Honorable Supreme Court upheld the decision of the Division Bench in respect of that matter, relating to Bad Debts written off u/s 36(1)(iii) and accordingly, the contingent liability stands extinguished. Management continues to be confident of a favorable outcome in respect of the issues relating to Sec 36(1)(viii) and Sec 14A pending before the Supreme Court.

24. Penalties Levied by the Reserve Bank of India

No penalties were levied by the Reserve Bank of India during the financial years ended March 31, 2012 and March 31, 2011.

25. Status of Complaints

a. Shareholder complaints:

| | Particulars | 31.03.2012 | 31.03.2011 |
|-----|--|------------|------------|
| (a) | No. of complaints pending at the beginning of the year | – | – |
| (b) | No. of complaints received during the year | 221 | 157 |
| (c) | No. of complaints redressed during the year | 221 | 157 |
| (d) | No. of complaints pending at the end of the year | – | – |

b. Customer complaints:

| | Particulars | 31.03.2012 | 31.03.2011 |
|-----|--|------------|------------|
| (a) | No. of complaints pending at the beginning of the year | 15 | 19 |
| (b) | No. of complaints received during the year | 394 | 339 |
| (c) | No. of complaints redressed during the year | 405 | 343 |
| (d) | No. of complaints pending at the end of the year | 4 | 15 |

c. Status of Awards passed by the Banking Ombudsman:

| | Particulars | 31.03.2012 | 31.03.2011 |
|-----|---|------------|------------|
| (a) | No. of unimplemented Awards at the beginning of the year | – | – |
| (b) | No. of awards passed by the Banking Ombudsman during the year | – | – |
| (c) | No. of Awards implemented during the year | – | – |
| (d) | No. of unimplemented Awards at the end of the year | – | – |

The above details are as furnished by the Management and relied upon by the auditors.

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

26. Provisions and Contingencies debited to Profit and Loss Account [₹ in Crore]

| Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account | 31.03.2012 | 31.03.2011 |
|--|---------------|---------------|
| Provision for NPA/ NPLs | 20.35 | 28.00 |
| Provision for taxes (Net) * | 197.28 | 146.50 |
| Deferred Tax (net) | (26.59) | 6.44 |
| Provision for Standard Assets | 39.75 | 21.60 |
| Provision for Restructured Advances | 4.01 | (0.05) |
| Provision for depreciation in the value of investments | 14.07 | 9.37 |
| Provision towards FERA dispute | 0.00 | 20.00 |
| Others | 0.99 | 0.84 |
| TOTAL | 249.86 | 232.70 |

* Includes Wealth Tax ₹ 0.02 Crore (₹ 0.01 Crore)

27. Draw Down from reserves

In accordance with Reserve Bank of India guidelines, an amount net of taxes and net of transfer to statutory reserves of ₹ 7.13 Crore (Previous Year ₹ 4.69 Crore), has been drawn from Investment Reserve Account and credited to Profit and Loss account to the extent of provisions made during the year towards depreciation in investments in AFS and HFT categories.

28. Floating Provisions [₹ in Crore]

| Particulars | Current Year | Previous Year |
|--|--------------|---------------|
| (a) Opening balance in the floating provisions account | NIL | NIL |
| (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 | NIL | NIL |

B : OTHER DISCLOSURES

1. Fixed Assets

Premises of the Bank were revalued as on 31.03.2011 in accordance with the policy formulated by the Bank based on RBI guidelines by professionally qualified independent valuers empanelled by the Bank using the indices based on current market price. The written down value of the premises has been increased from ₹192.31 crore to ₹ 326.18 crore and the resultant appreciation in the value amounting to ₹ 133.87 crore has been credited to revaluation reserve during 2010-11.

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

2. Earnings Per Share

The bank reports basic and diluted EPS in accordance with the Accounting Standard – 20 on “Earnings per Share”

| Particulars | 31.03.2012 | 31.03.2011 |
|--|---------------|---------------|
| Weighted average number of equity shares used in computation of basic earnings per share | 113,05,36,733 | 113,00,64,900 |
| Potential equity shares arising out of the Employees Stock Option Scheme [ESOS 2008] | 1,23,21,917 | 32,45,955 |
| Weighted average number of equity shares used in computation of diluted earnings per share | 114,28,58,650 | 113,33,10,855 |
| Earnings used in the computation of basic earnings per share (₹ in Crore) | 401.66 | 292.56 |
| Earnings used in the computation of diluted earnings per share (₹ in Crore) | 400.45 | 292.40 |
| Nominal Value of share (in ₹) | 1.00 | 1.00 |
| Basic earnings per share (in ₹) | 3.55 | 2.59 |
| Effect of potential equity shares for ESOS | 0.05 | 0.01 |
| Diluted earnings per share (in ₹) | 3.50 | 2.58 |

3. Accounting for Employee Share Based Payments

The company has provided various share based payment schemes to its employees. As on March 31, 2012, the following schemes were in operation;

| Particulars | Tranche 1 | Tranche 2 | Tranche 3 |
|--------------------------------|---|---|---|
| Date of grant | 21.11.2009 | 21.10.2010 | 16.02.2012 |
| Date of Board approval | 21.11.2009 | 21.10.2010 | 16.02.2012 |
| Date of Share holders approval | 18.08.2008 | 18.08.2008 | 18.08.2008 |
| Number of options granted | 307,25,000 | 5,10,500 | 9,42,000 |
| Method of settlement | Equity | Equity | Equity |
| Vesting period | 21.11.2011 to 21.11.2013 | 21.10.2012 to 21.10.2014 | 16.02.2014 to 16.02.2016 |
| Exercise period | Eligible to exercise the options during any one of the four specific periods (i.e., within 30 days after the end of each quarter) within one year from the date of vesting. | Eligible to exercise the options during any one of the four specific periods (i.e., within 30 days after the end of each quarter) within one year from the date of vesting. | Eligible to exercise the options during any one of the four specific periods (i.e., within 30 days after the end of each quarter) within one year from the date of vesting. |
| Vesting condition | In a graded manner over a 4 year period with 30%, 30% and 40% of the grants vesting in each year commencing from the end of 24 months from the grant date. | In a graded manner over a 4 year period with 30%, 30% and 40% of the grants vesting in each year commencing from the end of 24 months from the grant date. | In a graded manner over a 4 year period with 30%, 30% and 40% of the grants vesting in each year commencing from the end of 24 months from the grant date. |

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

The Bank had elected to use intrinsic value method to account the compensation cost of ESOS. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option.

Activity in the options outstanding under the ESOS

| Particulars | 31.03.2012 | | 31.03.2011 | |
|--|-------------|-------------------------------------|-------------|-------------------------------------|
| | Options | Weighted average exercise price (₹) | Options | Weighted average exercise price (₹) |
| Options outstanding at the beginning of the year | 3,07,77,000 | 13.13 | 3,04,40,000 | 12.93 |
| Options granted during the year | 9,42,000 | 24.12 | 5,10,500 | 24.98 |
| Options exercised during the year | 36,93,530 | 12.93 | — | — |
| Forfeited / lapsed during the year | 2,96,300 | 14.37 | 1,73,500 | 13.42 |
| Options outstanding at the end of the year | 2,77,29,170 | 13.51 | 3,07,77,000 | 13.13 |
| Options Exercisable | 53,85,120 | 12.93 | — | — |

The weighted average share price at the date of exercise of the options was ₹27.48

Details of exercise price for stock options outstanding as at 31.03.2012

| Particulars | Exercise price per share | Number of options outstanding | Remaining contractual life of options |
|-------------|--------------------------|-------------------------------|---------------------------------------|
| Tranche 1 | 12.93 | 2,63,19,670 | 1.81 |
| Tranche 2 | 24.98 | 2,76,500 | 2.84 |
| Tranche 3 | 24.12 | 9,33,000 | 4.08 |

Details of exercise price for stock options outstanding as at 31.03.2011

| Particulars | Exercise price per share | Number of options outstanding | Remaining contractual life of options |
|-------------|--------------------------|-------------------------------|---------------------------------------|
| Tranche 1 | 12.93 | 3,02,73,500 | 2.81 |
| Tranche 2 | 24.98 | 5,03,500 | 3.84 |
| Tranche 3 | - | - | - |

The weighted average fair value of stock options granted during the year was ₹ 8.28 (previous year – ₹ 8.08)

Fair Value methodology

The fair value of the options is estimated on the date of grant using Black Scholes options pricing model with following inputs

| Particulars | Year ended 31.03.2012 | | | Year ended 31.03.2011 | | |
|--|-----------------------|----------------|----------------|-----------------------|----------------|-----------|
| | Tranche 1 | Tranche 2 | Tranche 3 | Tranche 1 | Tranche 2 | Tranche 3 |
| Exercise Price per share (₹) | 12.93 | 24.98 | 24.12 | 12.93 | 24.98 | - |
| Weighted Average Share Price per share (₹) | 8.57 | 17.03 | 22.57 | 8.57 | 17.03 | - |
| Expected Volatility | 30.00% | 30.00% | 30.00% | 43.50% | 31.33% | - |
| Historical Volatility | 43.50% | 31.33% | 29.23% | 43.50% | 31.33% | - |
| Life of the options granted (Vesting and Exercise period in years) | 2.19 to 4.20 | 2.28 to 4.28 | 2.20 to 4.21 | 2.19 to 4.20 | 2.28 to 4.28 | - |
| Average Risk Free Interest rate | 8.20% to 8.32% | 8.20% to 8.47% | 8.20% to 8.47% | 6.30% to 6.89% | 7.30% to 7.66% | - |
| Expected Dividend Yield | 7.00% | 3.52% | 2.66% | 4.67% | 2.35% | - |

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

Effect of the ESOS on the profit and loss account and on its financial position: (₹ in Crore)

| Particulars | Year ended 31.03.2012 | Year ended 31.03.2011 |
|--|-----------------------|-----------------------|
| Opening ESOS Liability | 4.50 | 4.37 |
| Liability on account of ESOS issued | 0.25 | 0.14 |
| Reversal on account of Exercise | (0.53) | - |
| Reversal on account of lapse / forfeiture | (0.05) | (0.01) |
| Total Employee compensation cost pertaining to ESOS | 4.17 | 4.50 |
| Opening Deferred Compensation cost | 2.38 | |
| Deferred Compensation cost on ESOS issued | 0.25 | 0.14 |
| Compensation Cost pertaining to ESOS amortised during the year | (1.31) | (1.55) |
| Reversal on account of lapse / forfeiture | (0.05) | (0.01) |
| Deferred compensation cost | 1.27 | 2.38 |

Impact of fair value method on net profit and on EPS:

Had compensation cost for the ESOS outstanding being determined based on the fair value approach instead of intrinsic value method, the Bank's net profit and earnings per share would have been as indicated below:

| Particulars | Year ended March 31 2012 | Year ended March 31 2011 |
|---|--------------------------|--------------------------|
| Net Profit as reported(₹ in Crore) | 401.66 | 292.56 |
| Proforma Net profit based on fair value approach (₹ in Crore) | 398.23 | 289.62 |
| Basic EPS as reported (₹) | 3.55 | 2.59 |
| Basic EPS (Proforma)(₹) | 3.52 | 2.56 |
| Diluted EPS as reported(₹) | 3.50 | 2.58 |
| Diluted EPS (Proforma)(₹) | 3.48 | 2.54 |

In computing the above information, certain estimates and assumptions have been made by the management which have been relied upon by the auditors.

4. Segment reporting

In accordance with RBI guidelines in regard to business segments of banks, the bank has determined the business segments and the required disclosures are as follows: (₹ in Crore)

| Business Segments | Treasury | | Corporate/ Wholesale Banking | | Retail Banking | | Other Banking Operations | | Total | |
|----------------------------|--------------|---------------|------------------------------|---------------|----------------|---------------|--------------------------|---------------|--------------|---------------|
| Particulars | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| Revenue | 784.38 | 573.66 | 1,338.03 | 882.08 | 1,660.22 | 1,147.94 | 47.87 | 39.02 | 3,830.50 | 2,642.70 |
| Result | (11.87) | (38.48) | 77.25 | 142.75 | 467.81 | 329.87 | 39.15 | 31.35 | 572.34 | 465.49 |
| Unallocated Expenses | | | | | | | | | 0.00 | 20.00 |
| Operating profit | | | | | | | | | 572.34 | 445.49 |
| Income Taxes | | | | | | | | | 170.69 | 152.94 |
| Extraordinary Profit/ Loss | — | — | — | — | — | — | — | — | — | — |
| Net Profit | | | | | | | | | 401.65 | 292.56 |
| Other Information: | | | | | | | | | | |
| Segment Assets | 10,076.55 | 9,671.99 | 15,515.19 | 10,805.81 | 13,729.41 | 11,400.83 | — | — | 39,321.15 | 31,878.63 |
| Unallocated Assets | | | | | | | | | 1048.91 | 941.59 |
| Total Assets | | | | | | | | | 40,370.06 | 32,820.22 |
| Segment Liabilities | 9,504.46 | 9,105.48 | 14,799.82 | 10,294.43 | 13,096.38 | 10,861.29 | — | — | 37,400.66 | 30,261.20 |
| Unallocated Liabilities | | | | | | | | | 801.90 | 713.86 |
| Total Liabilities | | | | | | | | | 38,202.56 | 30,975.06 |

Since the Bank operates only in domestic segment, disclosure regarding geographical segment is not applicable.

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

In computing the segment information certain estimates and assumptions have been made by the management which have been relied upon by the auditors.

5. Deferred Tax Assets (net)

a) Deferred Tax Assets : [₹ in Crore]

| Timing Difference | 31.03.2012 | 31.03.2011 |
|---|--------------|--------------|
| Fixed Assets : Impact of difference between tax depreciation and depreciation charged for the financial reporting | 2.76 | 0.10 |
| Provisions for Loans/Investments/ others | 61.38 | 27.63 |
| Total | 64.14 | 27.73 |

b) Deferred Tax Liabilities [₹ in Crore]

| Timing Difference | 31.03.2012 | 31.03.2011 |
|---|-------------|------------|
| Fixed Assets : Impact of difference between tax depreciation and depreciation charged for the financial reporting | - | - |
| Special Reserve created U/S 36(i)(viii) of I T Act | 9.82 | - |
| Total | 9.82 | - |

6. Related party disclosure:

a) Key Management Personnel

Dr. V A Joseph, Managing Director & Chief Executive Officer.

b) Gross Remuneration paid ₹56.79 Lakhs (Previous year Gross ₹.54.15 Lakhs).

Note: - The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits as they are determined on an actuarial basis for the bank as a whole

7. Employee Benefits

a) Retirement Benefits.

The bank has recognized the following amounts in the Profit and loss account towards employee benefits as under: [₹ in Crore]

| Particulars | 31.03.2012 | 31.03.2011 |
|---|------------|------------|
| Pension Fund | 82.93 | 52.16 |
| Gratuity Fund | 32.72 | 11.71 |
| Compensation for absence on privilege/sick/casual leave | (2.55) | 0.69 |

The employee benefits on account of pension, gratuity and Leave have been ascertained on actuarial valuation in accordance with Accounting Standard - 15 (revised).

During the year ended 31.03.2011, the Bank had re-opened the pension option for those employees who had joined the Bank prior to 29th September 1995 and had not opted for the pension scheme earlier. Consequently, 2217 employees had exercised their option for the pension scheme and the bank has incurred an extra liability of ₹ 135.13 crore. Further, during the year ended 31.03.2011, the limit of gratuity payable to the employees of the bank was also enhanced from ₹ 3.50 lakh to ₹ 10.00 Lakh, pursuant to the amendment to the Payment of Gratuity Act, 1972. As a result, the gratuity liability of the Bank has increased by ₹ 21.40 crore. The extra cost of pension and gratuity to employees works out to ₹ 156.53 crore.

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

In terms of the requirements of the Accounting Standard (AS) 15, Employee Benefits, the entire amount of ₹ 156.53 crore is required to be charged to the Profit and loss account for the year ended 31.03.2011. However, in accordance with the circular issued by Reserve Bank of India vide reference number DBOD.BP.BC.80/21.04.018/2010-11 dated February 9, 2011, and made applicable to our bank vide DBOD No.BP.BC.15896/21.04.018/2010-11 dated April 8, 2011, the Bank would amortise the amount of ₹ 156.53 crore over a period of five years. Accordingly, ₹ 31.31 crore (representing one-fifth of ₹ 156.53 crore) has been charged to the profit and loss account of the previous year and the balance amount of ₹ 125.22 crore has been carried forward for write off in next four years. During the current year 2011-12, bank has amortised an amount of ₹ 40.91 crores (₹ 34.23 Crore towards pension and ₹ 6.68 towards gratuity) and balance unamortized amount to be carried forward as on 31.03.2012 is ₹ 84.31 Crore. Accordingly, as a consequence of the above circular, profit of the Bank for the year is lower by ₹ 40.91 crores and the reserves are higher by ₹ 84.31 Crore.

b) Changes in the defined benefit obligations [₹ in Crore]

| Particulars | Gratuity Plan 31.03.12 | Gratuity Plan 31.03.11 | Pension Plan 31.03.12 | Pension Plan 31.03.11 |
|--|---------------------------|---------------------------|--------------------------|--------------------------|
| Projected defined benefit obligation, beginning of the year | 122.12 | 98.57 | 330.72 | 74.59 |
| Current Service Cost | 5.39 | 5.53 | 13.12 | 249.72 |
| Interest Cost | 10.17 | 8.09 | 26.20 | 3.87 |
| Actuarial gain/ (loss) | 17.44 | 22.13 | 32.32 | 65.78 |
| Benefits paid | (18.25) | (12.20) | (78.72) | (63.24) |
| Projected defined benefit obligation, end of the year | 136.88 | 122.12 | 323.64 | 330.72 |
| Liability (Net) of fair value of plan asset at the end of the year | 43.16 | 28.83 | 156.80 | 160.27 |

c) Changes in the fair value of plan assets [₹ in Crore]

| Particulars | Gratuity Plan 31.03.12 | Gratuity Plan 31.03.11 | Pension Plan 31.03.12 | Pension Plan 31.03.11 |
|--|---------------------------|---------------------------|--------------------------|--------------------------|
| Fair value of plan assets, beginning of the year | 93.29 | 86.41 | 170.46 | 54.97 |
| Expected return on plan assets | 7.23 | 7.56 | 13.95 | 9.27 |
| Employer's contributions | 11.71 | 12.16 | 52.17 | 160.06 |
| Actuarial gain/ (loss) | (0.27) | (0.64) | 8.99 | 9.40 |
| Benefits paid | (18.25) | (12.20) | (78.72) | (63.24) |
| Fair value of plan assets, end of the year | 93.72 | 93.29 | 166.84 | 170.46 |

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

d) Net Employee benefit expense (recognized in payments to and provisions for employees)

[₹ in Crore]

| Particulars | Gratuity Plan 31.03.12 | Gratuity Plan 31.03.11 | Pension Plan 31.03.12 | Pension Plan 31.03.11 |
|---|---------------------------|---------------------------|--------------------------|--------------------------|
| Current Service Cost | 5.39 | 5.53 | 13.12 | 109.28 |
| Interest defined benefit obligation | 10.17 | 8.09 | 26.20 | 3.87 |
| Expected return on plan assets | (7.23) | (7.56) | (13.95) | (9.27) |
| Net actuarial gain/ (loss) recognized in the year | 17.71 | 22.77 | 23.33 | 56.38 |
| Past service cost | - | - | - | - |
| Employee cost | 26.04 | 28.83 | 48.70 | 160.26 |
| Amortisation cost | 6.68 | - | 34.23 | - |
| Total | 32.72 | 28.83 | 82.93 | 160.26 |
| Actual return on plan assets | 6.96 | 6.92 | 22.95 | 18.44 |

e) Categories of plan assets as a percentage of the fair value of total plan assets

| Particulars | Gratuity Plan 31.03.12 | Gratuity Plan 31.03.11 | Pension Plan 31.03.12 | Pension Plan 31.03.11 |
|-----------------------------------|---------------------------|---------------------------|--------------------------|--------------------------|
| Government of India Securities | 35% | 37% | 53% | 0% |
| State Government Securities | 11% | 11% | | |
| High quality Corporate Bonds | 46% | 46% | 3% | 0% |
| Equity Shares of Listed Companies | 0% | 0% | 0% | 0% |
| Funds Managed by Insurer * | 0% | 0% | 0% | 75% |
| Others (With Fund and Bank) | 8% | 6% | 44% | 25% |
| Total | 100% | 100% | 100% | 100% |

* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

f) Experience adjustments

(i) Gratuity

| Particulars | 31.03.12 | 31.03.11 | 31.03.10 | 31.03.09 |
|--|----------|----------|----------|----------|
| Defined Benefit Obligations | 136.88 | 122.12 | 98.57 | 84.29 |
| Plan Assets | 93.72 | 93.29 | 86.41 | 72.49 |
| (Surplus)/Deficit | 43.16 | 28.83 | 12.16 | 11.80 |
| Unamortised | 10.44 | 17.12 | - | - |
| Net Benefit expense | 32.72 | 11.71 | 12.16 | 11.80 |
| Experience adjustments on Plan Liabilities | 17.44 | 22.13 | * | * |
| Experience Adjustments on Plan Assets | (0.27) | (0.64) | * | * |

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

(ii) Pension

| Particulars | 31.03.12 | 31.03.11 | 31.03.10 | 31.03.09 |
|--|----------|----------|----------|----------|
| Defined Benefit Obligations | 323.64 | 330.72 | 74.59 | 77.16 |
| Plan Assets | 166.84 | 170.46 | 54.97 | 63.43 |
| Surplus/Deficit | 156.80 | 160.26 | 19.62 | 13.73 |
| Unamortised | 73.87 | 108.10 | - | - |
| Net Benefit expense | 82.93 | 52.16 | 19.62 | 13.73 |
| Experience adjustments on Plan Liabilities | 32.32 | 65.79 | * | * |
| Experience Adjustments on Plan Assets | 8.99 | 9.40 | * | * |

*Not available

g) Assumptions used by the actuary in accounting for gratuity and Pension

| Particulars | Gratuity Plan 31.03.12 | Gratuity Plan 31.03.11 | Pension Plan 31.03.12 | Pension Plan 31.03.11 | Compensation for absence 31.03.12 | Compensation for absence 31.03.11 |
|--|---------------------------|---------------------------|--------------------------|--------------------------|--------------------------------------|--------------------------------------|
| Discount rate | 9.00% | 8.00 % | 9.00% | 8.00 % | 9.00% | 8.00 % |
| Expected rate of return on plan assets | 8.00% | 8.00 % | 8.00% | 8.00 % | * | * |
| Increase in compensation cost | 4.00% | 5.00 % | 4.00% | 5.00 % | 4.00% | 5.00 % |

*Not available

Notes:

- Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.
- Expected rate of return on plan assets is based on the average long term rate of return expected on investments of the funds during the estimated term of the obligations.
- The estimates of future salary increases, considered in actuarial valuation, take account the inflation, seniority, promotion and other relevant factors.

h) Compensation for absence on Privilege / Sick / Casual Leave

The charge on account of compensation for privilege / sick / casual leave, has been actuarially determined and excess provision of ₹ 2.55 crore (Previous year charge of ₹ 0.69 Crore) has been credited to Profit and Loss account.

(Note: The above information is as certified by Actuary and relied upon by Auditors.)

- The Bank has not received any intimation from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the said Act have not been given.

9. Tier II Bonds

Lower Tier II Bonds outstanding as at March 31, 2012 is ₹ 265.00 Crore (Previous Year ₹ 265.00 Crore).

Amount reckoned for Tier II Capital as per RBI guidelines is ₹ 213.00 Crore (Previous Year ₹. 226.00 Crore).

**SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

10. Description of contingent liabilities

| Sl. No. | Contingent liability * | Brief Description |
|---------|---|---|
| 1 | Claims not acknowledged as debts | This includes liability on account of Service tax, and other legal cases filed against the bank. The bank is a party to various legal proceedings in the ordinary course of business and these are contested by the Bank and are therefore subjudice. The Bank does not expect the outcome of these proceedings to have a material adverse impact on the bank's financial position. |
| 2 | Liability on account of outstanding forward contracts | The Bank enters into foreign exchange contracts with inter bank participants on its own account and for its customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contract rate. |
| 3 | Guarantees on behalf of constituents in India | As a part of banking activities, the Bank issues Letter of Guarantees on behalf of its customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of customer failing to fulfill its financial or performance obligations. |
| 4 | Acceptances, endorsements and other obligations | As a part of banking activities, the Bank issues documentary credit on behalf of its customers. Documentary credits such as letters of obligations, enhancing the credit standing of the customers of the bank which generally represent irrevocable assurances that the bank will make payments in the event of customer failing to fulfill its financial obligations |
| 5 | Other items for which the bank is contingently liable | These include amounts which may become payable in respect of capital commitments. |

* Also refer schedule – 12

11. The figures of previous year were audited by a firm of Chartered Accountants other than S.R. Batliboi & Associates.
12. Figures of the previous year's have been regrouped to confirm to the current year presentation wherever necessary.

As per our report of even date

For and on behalf of Board of Directors

For **S. R. Batliboi & Associates**
Chartered Accountants
Firm Registration No. 101049W

per **Subramanian Suresh**
Partner
Membership No. 083673

Chennai
May 7, 2012

Abraham Thariyan
Executive Director

Cheryan Varkey
Executive Director

K. S. Krishnan
CFO & Company Secretary

C. P. Gireesh
Dy. General Manager

Kochi
May 7, 2012

Amitabha Guha
Chairman

Jose Alapatt
Director

Mathew L. Chakola
Director

H. Suresh Prabhu
Director

Dr. V. A. Joseph
MD & CEO

Paul Chalissery
Director

K. Thomas Jacob
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

| | Year Ended March 31st 2012 ₹ ('000) | Year Ended March 31st 2011 ₹ ('000) |
|---|---|---|
| Cash flow from operating activities | | |
| Net Profit As Per Profit and Loss Account | 4,016,560 | 2,925,641 |
| Adjustments for: | | |
| Provision for taxes(Net) | 1,706,850 | 1,529,424 |
| Depreciation | 312,023 | 228,154 |
| Unrealised Gain on Forward Contracts | (35,411) | (34,829) |
| Deferred Employee Cost Amortized | 409,100 | - |
| Net Loss on Revaluation of Investments | 156,919 | 158,300 |
| Provision for Depreciation / Non Performing Investments | 133,790 | 96,276 |
| General Provisions against Standard Assets | 397,500 | 216,000 |
| Provision for contingencies | - | 200,000 |
| Provision for Non Performing Assets | 210,452 | 277,448 |
| Other Provisions | 50,024 | 7,841 |
| ESOS Employee Compensation expense amortised | 13,106 | 15,483 |
| Interest on Subordinated bonds | 251,211 | 252,409 |
| (Profit)/Loss on sale of land, buildings and other assets | (8,257) | 9,634 |
| Operating profit before working capital changes | (A) 7,613,867 | 5,881,781 |
| Changes in working capital: | | |
| Increase / (Decrease) in Deposits | 67,794,596 | 67,095,511 |
| Increase / (Decrease) in Borrowings | 2,978,453 | 243,832 |
| Increase / (Decrease) in Other liabilities | 559,919 | 1,998,688 |
| (Increase) / Decrease in Investments | 10,272,491 | (3,673,552) |
| (Increase) / Decrease in Advances | (68,172,425) | (46,935,059) |
| (Increase) / Decrease in Other Assets | (231,514) | (1,301,615) |
| | (B) 13,201,520 | 17,427,805 |
| Cash flow from operating activities before taxes | (A+B) 20,815,387 | 23,309,586 |
| Direct Taxes Paid | (2,306,520) | (1,887,387) |
| Net cash flow from operating activities | (C) 18,508,867 | 21,422,199 |
| Cash flow from investing activities: | | |
| Purchase of Fixed Assets/CWIP | (961,032) | (1,099,366) |
| Sale of Fixed Assets | 380,667 | 154,003 |
| (Purchase)/Sale of Investments (Held To Maturity) | (15,324,220) | (14,262,618) |
| Net cash flow from investing activities | (D) (15,904,585) | (15,207,981) |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

| | | Year Ended March 31st 2012 ₹ ('000) | Year Ended March 31st 2011 ₹ ('000) |
|---|----------------|---|---|
| Cash flow from financing activities: | | | |
| Subordinated Debt repaid | | - | (650,000) |
| Proceeds from issue of share capital including Share Application Money pending Allotment | | 47,757 | - |
| Dividend paid including Corporate Dividend Tax | | (656,695) | (527,275) |
| Interest on Subordinated bonds | | (251,211) | (252,409) |
| Net cash flow from financing activities | (E) | (860,149) | (1,429,684) |
| Net increase in cash and cash equivalents | (C+D+E) | 1,744,133 | 4,784,534 |
| Cash and cash equivalents as at beginning of the year <i>(Refer note below)</i> | | 24,661,261 | 19,876,727 |
| Cash and cash equivalents as at the end of the year <i>(Refer note below)</i> | | 26,405,394 | 24,661,261 |
| Note: | | | |
| Cash and Balance with Reserve Bank of India (As per Schedule 6) | | 15,718,416 | 18,281,911 |
| Balance with Banks and Money at Call and Short Notice (As per Schedule 7) | | 10,686,978 | 6,379,350 |
| Cash and cash equivalents as at the end of the year | | 26,405,394 | 24,661,261 |

As per our report of even date

For and on behalf of Board of Directors

For **S. R. Batliboi & Associates**
Chartered Accountants
Firm Registration No. 101049W

per **Subramanian Suresh**
Partner
Membership No. 083673

Kochi
May 7, 2012

Abraham Thariyan
Executive Director

Cheryan Varkey
Executive Director

K. S. Krishnan
CFO & Company Secretary

C. P. Gireesh
Dy. General Manager

Amitabha Guha
Chairman

Jose Alapatt
Director

Mathew L. Chakola
Director

H. Suresh Prabhu
Director

Dr. V. A. Joseph
MD & CEO

Paul Chalissery
Director

K. Thomas Jacob
Director

**ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II
REQUIREMENTS AS ON 31.03.2012**

TABLE DF – 1
CAPITAL OF SUBSIDIARIES NOT CONSOLIDATED
QUALITATIVE DISCLOSURES

The Bank has no subsidiaries.

QUANTITATIVE DISCLOSURES

The Bank has no subsidiaries.

TABLE DF – 2
CAPITAL STRUCTURE
QUALITATIVE DISCLOSURES

(a) Summary:

| Type of Capital | Features | % of Share holding |
|-------------------------------|---|--|
| Equity (Tier – I) | Shares issued to: Foreign Institutional Investors Resident Individuals Body Corporate Indian Financial Institutions Non Resident Individuals Banks Mutual Funds Directors & Relatives Trusts Others (Clearing members, HUF etc) | 46.15 34.45 7.66 3.77 3.06 2.65 1.22 0.34 0.00 0.70 |
| Tier – II Capital Instruments | Subordinated Debt Instruments: (Unsecured, redeemable, Non Convertible Bonds) Unconditional Put/Call Option embedded: Yes/ No Period ranges from 92 months to 128 months | |

QUANTITATIVE DISCLOSURES

[₹. in Crore]

| | | |
|---|---|---------|
| (b) Tier – I Capital | | 1960.09 |
| <ul style="list-style-type: none"> • Paid up Capital • Reserves • Innovative Instruments • Other Capital Instruments • Amount deducted from Tier I Capital | 113.37 1,901.04 0.00 0.00 (54.32) | |
| (c) Total Eligible Tier – II Capital (Net of Deductions) | | 417.71 |
| (d) Debt Instruments eligible for inclusion in Upper Tier – II Capital | | |
| <ul style="list-style-type: none"> • Total amount outstanding • Of which amount raised during current year • Amount eligible to be reckoned as capital | 0.00 0.00 0.00 | |
| (e) Subordinated Debt eligible for inclusion in Lower Tier – II Capital | | |
| <ul style="list-style-type: none"> • Total amount outstanding • Of which amount raised during current year • Amount eligible to be reckoned as capital | 265.00 0.00 213.00 | |
| (f) Other deductions from Capital, if any | 0.00 | |
| (g) Total Eligible Capital | | 2377.80 |

**ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II
REQUIREMENTS AS ON 31.03.2012**
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 framework for assessing capital requirement for estimated future business levels has been made YES
- CAR has been worked out based on Basel I and Basel II Guidelines and CAR estimated to be above the regulatory minimum level of 9% YES

Quantitative Disclosures

(₹ in Crore)

(b) Capital requirements for Credit Risk:

- Portfolios subject to Standardised Approach 1359.44
- Securitisation Exposure 0.00

(c) Capital requirements for Market Risk

- Standardised Duration Approach 44.33

(d) Capital requirements for Operational Risk

- Basic indicator approach 125.14

Total capital requirement under the regulatory minimum of 9%

1528.91

(e) Total, Tier I & Tier II Capital Adequacy Ratio

| | |
|--------------|---------|
| CRAR -Total | 14.00 % |
| CRAR Tier I | 11.54 % |
| CRAR Tier II | 2.46 % |

TABLE DF – 4
CREDIT RISK : GENERAL DISCLOSURES (INCLUDING EQUITIES)
Qualitative Disclosures

| | | |
|----|--|-----|
| a) | General Qualitative Disclosures | |
| | Definition of Past Due and Impaired Assets (whether the extant RBI instructions for definitions of these categories for accounting purpose is being followed or not) | YES |

The definitions used are given in Annexure - I

Discussion of Bank 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 limit 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, deviation , flexibility with proper authority | YES |

**ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II
REQUIREMENTS AS ON 31.03.2012**

Quantitative Disclosures

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

| | Exposure | Amount | Total |
|--|--|---------------|-----------------|
| Fund Based | Loans & Advances | 27473.19 | |
| | Others (Fixed Assets, Other Assets etc.) | 4187.35 | 31660.54 |
| Non Fund Based | LC/BG etc. | 2143.71 | |
| | Forward Contracts | 3336.58 | |
| | Others | 590.25 | 6070.54 |
| Investments (Banking Book only) | | 8229.14 | 8229.14 |
| Grand total of Credit Risk Exposure | | | 45960.22 |

- c) Geographic Distribution of Credit Risk Exposure (₹ in Crore)

| | |
|----------|----------|
| Domestic | 45960.22 |
| Overseas | NIL |

- d) Industry-type distribution of gross advances (₹ in Lakhs)

| Code | Industry | Standard Asset | Gross NPA | Gross Advance |
|-------------|------------------------------------|-----------------------|------------------|----------------------|
| 1 | Coal | 236.84 | – | 236.84 |
| 2 | Mining | 1660.93 | 24.39 | 1685.32 |
| 3 | Iron and Steel | 32611.83 | 1271.90 | 33883.73 |
| 4 | Other Metal and Metal Products | 11174.56 | 11.04 | 11185.60 |
| 5 | All Engineering | 7040.91 | 27.36 | 7068.27 |
| 5.1 | Of which (005) Electronics | 998.14 | 26.49 | 1024.63 |
| 6 | Electricity | 134647.26 | – | 134647.26 |
| 7 | Cotton Textiles | 55014.45 | 850.13 | 55864.58 |
| 8 | Jute Textiles | 6.57 | 57.44 | 64.01 |
| 9 | Other Textiles | 32248.39 | 188.58 | 32436.97 |
| 10 | Sugar | 1668.64 | – | 1668.64 |
| 11 | Tea | 545.59 | – | 545.59 |
| 12 | Food Processing | 22141.96 | 24.41 | 22166.37 |
| 13 | Vegetable Oils and Vanaspati | 2344.62 | 89.87 | 2434.49 |
| 14 | Tobacco and Tobacco Products | 0.00 | 1.40 | 1.40 |
| 15 | Paper and Paper Products | 3303.35 | 316.14 | 3619.49 |
| 16 | Rubber and Rubber Products | 25966.23 | 0.45 | 25966.68 |
| 17 | Chemicals, Dyes, Paints, etc. | 27017.10 | 235.98 | 27253.08 |
| 17.1 | Of which Fertilizers | 100.67 | 0.11 | 100.78 |
| 17.2 | Of which Petro- chemicals | 96.11 | 2.78 | 98.89 |
| 17.3 | Of which Drugs and Pharmaceuticals | 23972.12 | 232.50 | 24204.62 |
| 18 | Cement | 38092.79 | 1.87 | 38094.66 |
| 19 | Leather and Leather Products | 3358.81 | 4.47 | 3363.28 |
| 20 | Gems and Jewellery | 14558.47 | 0.84 | 14559.31 |
| 21 | Construction | 4070.85 | 20.59 | 4091.44 |

**ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II
REQUIREMENTS AS ON 31.03.2012**

| Code | Industry | Standard Asset | Gross NPA | Gross Advance |
|------|------------------------------|-------------------|-----------------|-------------------|
| 22 | Petroleum | 40069.22 | – | 40069.22 |
| 23 | Automobiles including trucks | 6296.19 | 2.79 | 6298.98 |
| 24 | Computer Software | 1388.08 | 4.10 | 1392.18 |
| 25 | Infrastructure | 117613.75 | 239.88 | 117853.63 |
| 25.1 | Of which Power | 9302.15 | – | 9302.15 |
| 25.2 | Of which Telecommunications | 15408.91 | 239.23 | 15648.14 |
| 25.3 | Of which Roads & Ports | 80946.45 | 0.25 | 80946.70 |
| 26 | NBFCs | 156757.59 | 1.06 | 156758.65 |
| 27 | Trading | 206967.34 | 3758.39 | 210725.73 |
| 28 | Other Industries | 68040.68 | 352.54 | 68393.22 |
| 29 | Residuary Other Advances | 1705759.80 | 19230.87 | 1724990.67 |
| | Total | 2720602.80 | 26716.49 | 2747319.29 |

(₹ in Crore)

| | | |
|-----|--|--------|
| (e) | Amount of Gross NPAs | 267.16 |
| | • Substandard | 93.66 |
| | • Doubtful-1 | 21.44 |
| | • Doubtful-2 | 12.03 |
| | • Doubtful-3 | 20.18 |
| | • Loss | 119.85 |
| (f) | Net NPA | 76.51 |
| (g) | NPA ratios | |
| | • Gross NPA to Gross Advance | 0.97% |
| | • Net NPA to Net Advance | 0.28% |
| (h) | Movement of NPA (Gross) | |
| | • Opening Gross NPA | 230.34 |
| | • Additions to Gross NPA | 171.51 |
| | • Reductions to Gross NPA | 134.69 |
| | • Closing Balance of Gross NPA | 267.16 |
| (i) | Movement of NPA Provisions | |
| | • Opening balance of NPA Provisions held | 158.41 |
| | • Provisions made during the period | 84.30 |
| | • Deductions during the period | 65.90 |
| | • Closing Balance of NPA Provisions | 176.81 |
| (j) | Amount of Non Performing Investments (Gross) | 5.03 |
| (k) | Amount of Provisions held NP Investments | 5.03 |
| (l) | Movement of Provisions for Depreciation on Investments | |
| | • Opening Balance of Provisions for Depreciation | 10.29 |
| | • Provisions made during the period | 15.79 |
| | • Write-offs / Write-back of excess provisions during the period | 1.71 |
| | • Closing Balance of Provisions for Depreciation | 24.37 |

**ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II
REQUIREMENTS AS ON 31.03.2012**

TABLE DF – 5
CREDIT RISK : DISCLOSURE FOR PORTFOLIOS SUBJECT TO STANDARDISED APPROACH
Qualitative Disclosures

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

External Credit Rating Agencies have been approved for the purpose of credit rating of borrower account for the purpose of computing risk weight under Standardized 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

- Reason for changes

No changes

- Type of exposure for which each agency has been used

Both Fund based
and Non fund based

- Brief description of the process used /proposed to be used for converting Public Issue rating into comparable Assets in the Banking Book

(Additional qualitative disclosures are given in Annexure II)

Quantitative Disclosure

For exposures amounts (as defined for Disclosure in item (b) of Table DF-4), after Risk Mitigation subject to Standardised Approach, amount of outstanding (rated and unrated together) in the following three risk buckets as well as that are deducted, if any :

| | (₹ in Crore) |
|----------------------------|--------------|
| Below 100% Risk Weight | 24654.38 |
| Risk Weight at 100% | 10301.04 |
| More than 100% Risk Weight | 599.49 |
| Amount deducted if any | NIL |

**ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II
REQUIREMENTS AS ON 31.03.2012**
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
 - Whether the policy provides for policies and procedures for collaterals that can be accepted, method and frequency of their valuation and management YES

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

- (ii) List of main type of Collateral taken by the Bank

Financial Collaterals

- 1 Cash, Bank deposits, CDs.
- 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 Unrated Debt Securities issued by banks, listed in Stock Exchange.
- 8 Units of Mutual Funds regulated by securities regulator.

Guarantor

- 1 Individual 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 Inventory of goods.
- 3 Landed Residential & Commercial Properties.

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

| Financial Risk Mitigants | Outstanding amount of Risk Mitigants (₹ in Crore) | Risk Concentration% |
|--------------------------|---|------------------------|
| 1. Gold | 6861.62 | 81.90 |
| 2. Cash & Bank Deposits | 1511.90 | 18.05 |
| 3. KVP/IVP/NSC/LIC | 4.04 | 0.05 |
| Total | 8377.56 | 100.00 |

Note: (1) Loans and Advances to staff members may be excluded.

(2) If more than one mitigant is taken for one exposure, the outstanding divided equally amongst the mitigant.

ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II REQUIREMENTS AS ON 31.03.2012

Quantitative Disclosure

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

- | | |
|--|---------|
| i) Eligible Financial Collateral (Excluding Staff Loan) | 8377.56 |
| ii) Other eligible Collateral (after Hair cuts) | NIL |

TABLE DF – 7

SECURITISATION: DISCLOSURE FOR STANDARDISED APPROACH

Not Applicable since bank does not undertake securitisation activity.

TABLE DF – 8

MARKET RISK IN THE TRADING BOOK

Strategies and processes

- 1) The Bank has put in place a comprehensive Market risk management Framework to address the Market risks (bank wide) including that of the Trading Book.
- 2) Within the above Framework, various policies of the Bank prescribes Limits like Value at Risk (VaR) for Central Government securities & Currencies, maximum holding period, duration, holding of liquid assets, defeasance period , exposure limits, Forex open position limits (day light/over night), Stop loss limits etc .
- 3) Risk profiles are analyzed and the effectiveness of risk mitigants are regularly monitored.
- 4) The Bank's Board/ Market Risk Management Committee (MRMC)/ Investment Management Committee (IMC) approves the volume composition holding/ defeasance period etc of the trading book.

The Scope and nature of Risk reporting and /or measurement system

Risk Reporting

Adherence to limits are being monitored by dedicated mid office, reporting exceptions to Chief Risk Officer (CRO), independent of Treasury /IBD operational units.

Risk Measurement

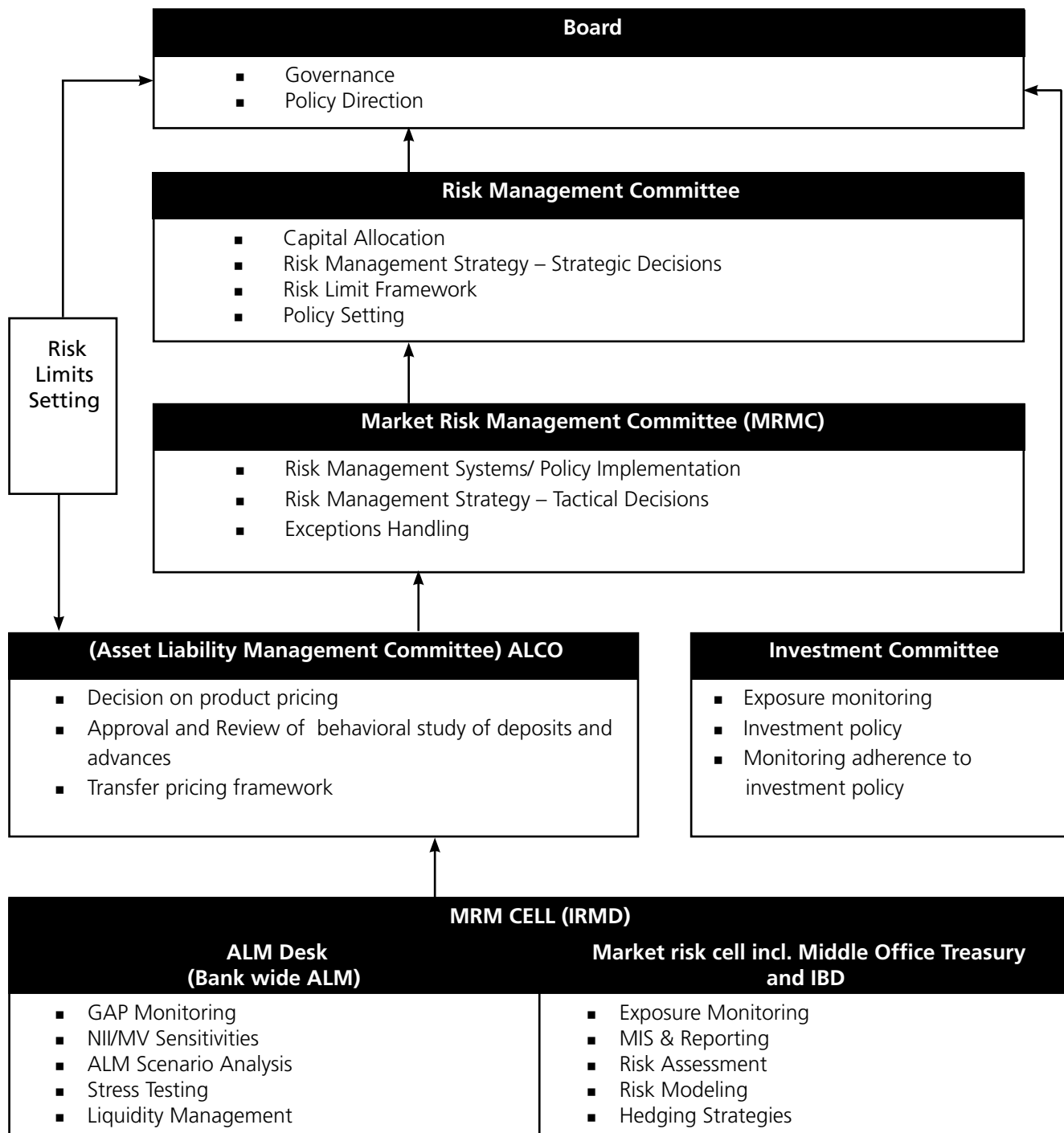
- 1) Value at Risk (VaR) numbers are arrived for Trading book Central Government securities, T Bills and Currencies.
- 2) The positions are marked to market at stipulated intervals. The Duration/Modified Duration are computed and its adherence to the prescribed duration limits are ensured.
- 3) The Bank is computing capital charge on "Held for Trading" and "Available for Sale" categories using Standardized Duration approach as required under RBI guidelines for Basel II.
- 4) Stress testing analysis are done by applying rate shocks for parallel shift in the yield curve under current economic and political scenario.

Quantitative Disclosures

| Sl. No. | Capital Requirements | Capital Charge (₹ in lacs) |
|---------|----------------------|--------------------------------|
| 1 | Interest Rate Risk | 1950.01 |
| 2 | Equity Position Risk | 2392.61 |
| 3 | Forex Risk | 90.00 |

ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II REQUIREMENTS AS ON 31.03.2012

The Structure and organisation of relevant Risk Management Functions Market Risk Management Cell Organization (Composition, Roles & Responsibility)



**ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II
REQUIREMENTS AS ON 31.03.2012**

TABLE DF – 9
OPERATIONAL RISK
Qualitative Disclosure

| | |
|---|--------------------------|
| Operational Risk Policy is in place | YES |
| RCSA has been/is being rolled out to Zones/Branches | YES |
| ORMC has been constituted | YES |
| Disaster Recovery Policy & Business Continuity Plan has been put in place | YES |
| Risk Reporting Design and Framework for Operational Risk has been Finalised | YES |
| 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; it establishes an explicit Operational risk management process of identification, analysis, monitoring and mitigation of operational risk at the business level and also establishes a reporting line to the senior management to ensure their knowledge as to the current operational risk profile. The Bank has started the Risk Control and Self Assessment (RCSA) and loss data collection, and at the same time identified the data gaps to be filled, to facilitate a step by step migration into the Advanced approaches.

Quantitative Disclosure

Capital Charge on Operational Risk : ₹ 125.14 Crore

TABLE DF – 10
INTEREST RATE RISK IN THE BANKING BOOK
Strategies and processes-

- 1) The Bank has put in place a comprehensive Market risk management Framework to address Market risks including that of the Banking Book. The above Framework, prescribes various methodologies like Earning at Risk and Duration Gap model to assess the impact on Market Value of Equity (MVE).
- 2) The framework for managing Interest rate risk in the Banking Book under pillar II of Basel II is also put in place by the Internal Capital Adequacy Assessment Process Policy (ICAAP).

The scope and nature of Risk reporting and /or Measurement systems

The assessment of interest rate risk in the Banking Book takes into account, the earnings perspective and economic value perspective of interest rate risk.

- a) The bank calculates the impact on the earnings by gap analysis with the assumed change in yield over one year. Bank has put in place prudential limits for probable reduction in Net interest income (NII) for buckets below one year due to adverse change in interest rates. Earnings at risk is being calculated using Traditional Gap analysis as per ALM guidelines of RBI.
- b) The bank calculates the impact on the Market value of equity by duration gap method and the impact is calculated by applying a notional interest rate shock of 200 basis points as per ALM guidelines of RBI.

Risk evaluation and adherence to Risk limits are reported to Market Risk Management Committee/ALCO through Chief Risk Officer.

**ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II
REQUIREMENTS AS ON 31.03.2012**
Quantitative disclosures

| Particulars | As on 31.03.12 |
|--|--------------------|
| Change in NII Probable impact on Net Interest income for 100 Bps upward movement in interest rate | ₹ 35.05 Crore |
| Change in MVE Probable impact on Market Value of Equity (MVE) for a 200 Bps upward movement in interest rates. | 5.73% of Net-worth |

TABLE DF – 4
ANNEXURE I
CREDIT RISK: GENERAL DISCLOSURES

| Qualitative Disclosures | Remarks |
|-------------------------------------|---|
| (I) Definition of past due impaired | <p>2.1 Non Performing Assets</p> <p>2.1.1 An asset including a leased asset, becomes non-performing when it ceases to generate income for the bank.</p> <p>2.1.2 A non-performing asset (NPA) is a loan or an advance where;</p> <ul style="list-style-type: none"> (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 <p>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.</p> |
| | <p>2.2 'Out of Order' status</p> <p>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 on 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.</p> |
| | <p>2.3 'Overdue'</p> <p>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.</p> |

**ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II
REQUIREMENTS AS ON 31.03.2012**

| | | |
|-------|--|---|
| (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). |
| (III) | Risk Governance Structure is in place | Yes |
| (IV) | Principal Committees that review credit risk management | Credit Risk Management Committee (CRMC) is in place. |
| (V) | Changes in the credit risk management structure since prior period disclosure. | No |
| (VI) | 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
ANNEXURE II
CREDIT RISK: DISCLOSURE FOR PORTFOLIOS SUBJECT TO STANDARDISED APPROACH

| Qualitative Disclosures | | Remarks |
|-------------------------|--|---|
| (I) | Names of credit rating agencies used | Domestic Credit Rating Agencies (DCRA): CRISIL Ltd., ICRA Ltd., CARE and FITCH India. International Credit Rating Agencies: Fitch, Moodys and Standard & Poor's. |
| (II) | Changes if any, since prior period disclosure in the identified rating agencies and reasons for the same | No Change |
| (III) | Types of exposure for which each agency is used | Ratings of 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 DCRA 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 International Credit Rating Agency 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. |

**ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II
REQUIREMENTS AS ON 31.03.2012**

- | | |
|--|--|
| <p>(IV) Description of the process used to transfer public issue rating on to comparable assets in the banking book.</p> | <ul style="list-style-type: none"> (i) If an issuer has a long- term exposure with an external long term rating that warrants a risk weight of 150 percent, all unrated claims on the same counter-party, whether short term or long-term, should also receive a 150 percent risk weight, unless the bank uses recognized credit risk mitigation techniques for such claims. (ii) If an issuer has a short-term exposure with an external short term rating that warrants a risk weight of 150 per cent, all unrated claims on the same counter-party, whether long-term or short-term, should also receive a 150 per cent risk weight, unless the bank uses recognized credit risk mitigation techniques for such claims. (iii) The unrated short term claim of counterparty will attract a risk weight of at least one level higher than the risk weight applicable to the rated short term claim on that counter-party. If a short-term rated facility to counterparty attracts a 20 per cent or a 50 per cent risk weight, unrated short-term claims to the same counter-party cannot attract a risk weight lower than 30 per cent or 100 per cent respectively. (iv) In circumstances where the borrower has a specific assessment for an issued debt - but the bank's claim is not an investment in this particular debt - the rating applicable to the specific debt (where the rating maps into a risk weight lower than that which applies to an unrated claim) may be applied to the bank's unassessed claim only if this claim ranks pari passu or senior to the specific rated debt in all respects and the maturity of the unassessed claim is not later than the maturity of the rated claim, except where the rated claim is a short term obligation. If not, the rating applicable to the specific debt cannot be used and the unassessed claim will receive the risk weight for unrated claims. (v) If either the issuer or single issue has been assigned a rating which maps into a risk weight equal to or higher than that which applies to unrated claims, a claim on the same counterparty, which is unrated by any chosen credit rating agency, will be assigned the same risk weight as is applicable to the rated exposure, if this claim ranks pari passu or junior to the rated exposure in all respects. |
|--|--|

TABLE DF – 6
ANNEXURE III
CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACH

| (a) Qualitative Disclosures | | Remarks |
|--|---|----------------|
| (i) Policy for collateral valuation and management is in place | Yes | |
| (ii) Main types of credit risk mitigation techniques | Credit risk mitigation by way of collateralized transaction, on balance sheet netting and guarantees. | |

**ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II
REQUIREMENTS AS ON 31.03.2012**

- | | |
|--------------------------------------|---|
| (iii) Eligible financial collaterals | <ul style="list-style-type: none"> (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. (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: <ul style="list-style-type: none"> 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); <li style="text-align: center;">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: <ul style="list-style-type: none"> a) Issued by a 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) Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the Bank's operation mutual funds where <ul style="list-style-type: none"> a) a price for the units is publicly quoted daily i.e., where the daily NAV is available in public domain, and b) Mutual fund is limited to investing in the instruments listed in this paragraph. |
|--------------------------------------|---|

**ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II
REQUIREMENTS AS ON 31.03.2012**

| (b) Qualitative Disclosures | Remarks |
|---|---|
| (i) On-balance sheet netting | <p>Where the Bank</p> <p>(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,</p> <p>(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</p> <p>(c) Monitors and controls the relevant exposures on a net basis.</p> |
| (ii) Guarantees | Where guarantees are direct, explicit, irrevocable and unconditional. |
| (iii) Main types of guarantor counter- party and their creditworthiness | <p>Range of recognized Guarantors (Counter guarantors)</p> <p>(a) sovereigns, sovereign entities (including BIS, IMF, European Central Bank and European Community as well as the eligible MBDs, ECGC and CGTSI), banks and primary dealers with a lower risk weight than the counter-party;</p> <p>(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.</p> |

NOTICE

NOTICE is hereby given that the 84th Annual General Meeting of the shareholders of The South Indian Bank Ltd. will be held at Casino Cultural Auditorium Ltd., T. B. Road, Thrissur, on Thursday, the 28th day of June, 2012 at 10 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Bank's Audited Balance Sheet as at 31st March, 2012 and the Profit & Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint Statutory Central Auditors for the year 2012-13 and to authorize the Board to fix their remuneration. The present Statutory Central Auditors, M/s. S. R. Batliboi & Associates, Chartered Accountants, Chennai, vacate office at this Annual General Meeting. They are eligible for re-appointment subject to RBI approval and they have given their consent for the same.
4. To appoint a Director in the place of Sri Paul Chalissery (Director in the Majority Sector), who retires by rotation under Section 256 of the Companies Act, 1956, and being eligible offers himself for re-appointment.
5. To appoint a Director in the place of Dr. N. J. Kurian (Director in the Majority Sector), who retires by rotation under Section 256 of the Companies Act, 1956, and being eligible offers himself for re-appointment.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
 "RESOLVED THAT in terms of Sec. 228 of the Companies Act 1956, the Board of Directors be and is hereby authorised to appoint from time to time in consultation with the Bank's Statutory Central Auditors, one or more persons qualified for appointment as branch auditors to audit the accounts for the financial year 2012-13, of such of the branch offices of the Bank as are not proposed to be audited by the Bank's Statutory Central Auditors on such remuneration and subject to such terms and conditions as may be fixed by the Board of Directors."
7. To consider and if thought fit, to pass, with or without modification, the following resolution as Special Resolutions:
 "RESOLVED THAT pursuant to the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956, Banking Regulation Act, 1949, Foreign Exchange Management Act, 1999 ("FEMA"), as amended, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 (the "SEBI ICDR Regulations"), applicable listing agreements and in accordance with the relevant provisions of the Memorandum and Articles of Association of the Bank and subject to all necessary approvals, consents, permissions and / or sanctions of the Ministry of Finance (Department of Economic Affairs) and of Ministry of Industry (Foreign Investment Promotion Board/Secretariat for Industrial Assistance) Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Stock Exchanges (SEs), financial institutions, lenders and all other appropriate and/or relevant / concerned authorities in India and other applicable countries (herein after referred to as the "Requisite Approvals") and subject to such conditions and modifications as may be prescribed by any of them while granting any such approvals and sanctions and which may be agreed to by the Board of Directors of the Bank (the "Board") (which term shall be deemed to include any Committee which the Board may have constituted or hereafter may constitute for exercising the powers conferred on the Board under this resolution), the consent, authority and approval of the Bank, be and is hereby accorded to the Board to offer, issue and allot from time to time in one or more tranches with or without a green shoe option, by way of a rights issue to the existing members of the Bank whether resident or non-resident or rights -cum-public issue or public issue or Qualified Institutional Placement (QIP) in Indian and/or International markets further equity shares and/or securities convertible into equity shares and/or Global Depository Shares (GDSs)/ Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) / Foreign Currency Convertible Bonds (FCCBs) representing Equity Shares and/or Debentures or Bonds convertible into equity shares whether fully or partly and whether compulsorily or at the option of the Bank or the holders thereof and/or any security linked to equity shares and/or all or any of the aforesaid securities

NOTICE

with or without detachable or non-detachable warrants, (hereinafter collectively referred to as the "Securities") to resident Indian individuals, bodies corporate, societies, trusts, non-residents, Qualified Institutional Buyers (QIBs), stabilisation agents, foreign investors (whether institutions and/or incorporated bodies and/or individuals and/or trusts and/or otherwise), Foreign Institutional Investors (FIIs), Foreign Corporate Bodies (FCBs)/Companies/Mutual funds/ Pension Funds/ Venture Capital Funds/ Banks, whether Indian or foreign and such other persons or entities, whether or not such investors are members of the Bank, to all or any of them, for amount in nominal value not exceeding in the aggregate ₹20 crores (Rupees Twenty crore only) or its equivalent amount in such foreign currencies as may be necessary with any premium and Green Shoe Option attached thereto, in one or more tranches, as may be deemed appropriate by the Board or Committee of Directors in such form and manner and on such terms and conditions like price or prices, premium, interest or additional interest, number of securities to be issued, face value, number of equity shares to be allotted on conversion/redemption/extinguishment of debt(s), rights attached to the warrants, period of conversion, fixing of record date or book closure and all other connected matters".

"RESOLVED FURTHER THAT the securities issued in foreign markets shall be deemed to have been made abroad and/or in the market and/ or at the place of issue of the Securities in the international market and may be governed by applicable foreign laws".

RESOLVED FURTHER THAT in case of issue and allotment of Securities by way of Qualified Institutions Placement ("QIP") to Qualified Institutional Buyers ("QIBs") in terms of Chapter VIII of the SEBI ICDR Regulations:

- i. the relevant date for the purpose of pricing of the Equity Shares to be issued, if issued pursuant to Chapter VIII of the SEBI ICDR Regulations and/or other applicable regulations, shall be the date of the meeting in which the Board or Committee of Directors duly authorized by the Board decides to open the proposed issue of Equity Shares, subsequent to the receipt of members' approval in terms of Section 81 (1A) and other applicable laws, rules, regulations and guidelines in relation to the proposed issue of the Equity Shares;
- ii. the issue and allotment of Equity Shares shall be made only to QIBs within the meaning of SEBI Regulations, such Equity Shares shall be fully paid-up on its allotment, which shall be completed within 12 months from the date of this resolution approving the proposed issue or such other time as may allowed by the SEBI Regulations, from time to time;
- iii. the allotment to each Qualified Institutional Buyer (QIB) in the proposed QIP issue will not exceed 5% of the post issue paid-up capital of the Bank.
- iv. The Equity Shares shall not be eligible to be sold for a period of 1 year from the date of allotment, except on a recognized stock exchange, except as may be permitted from time to time by the SEBI Regulations;
- v. The total amount raised in such manner should not, together with the over allotment option exceed five times the net worth of the Bank as per the audited Balance Sheet of the previous financial year".

"RESOLVED FURTHER THAT without prejudice to the generality of the above and subject to applicable laws and subject to Requisite Approvals including any conditions as may be prescribed while granting such approval or permissions by such governmental authority or regulatory institution, the aforesaid Securities may have such features and attributes or any terms or combination of terms that provide for the tradability and free transferability thereof in accordance with the prevailing practices in the capital markets including but not limited to the terms and conditions for issue of additional Securities."

"RESOLVED FURTHER THAT for the purpose of giving effect to the foregoing and without being required to seek any further consent or approval of the members of the Bank, the members shall be deemed to have given their approval thereto expressly by the authority of this resolution to the Board or Committee of Directors and the Board or Committee of Directors be and is hereby authorized for and on behalf of the members of the Bank:

- a) to appoint, enter into and execute all such agreements as the case may be with any lead managers, merchant bankers, managers, underwriters, bankers, financial institutions, solicitors, advisors, guarantors, depositories, registrars, transfer agents, custodians, trustees, lawyers, chartered accountants, company secretaries, experts in banking industry, consultants, book runners and such other intermediaries ("the Agencies") as may be necessary and to remunerate any of the agencies in any manner including payment of commission, brokerage or fee for their services or otherwise and reimburse expenses that may be incurred by them in relation to their services to the Bank.

NOTICE

- b) To issue, directly or through any agency duly authorised depository receipt(s) / certificates of shares or other securities to afford a proper title to the holder thereof and to enable such holder to trade in the securities or underlying securities as such person may require to the extent lawfully permitted in India or in any other country where the securities have been issued subject to statutory regulations in India or in any other country and in accordance with the norms and practices prevailing in India or any other country.
- c) To issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of the offering, all such further equity shares ranking pari passu with the existing equity shares of the Bank in all respects except provided otherwise under the terms of issue of such securities and in the offer document.
- d) to approve offer document, circulars, notice and such other documents (including amending, varying or modifying the same, as may be considered desirable or expedient) as finalized in consultation with the lead managers, underwriters, and/or advisors in accordance with applicable laws, rules, regulations and guidelines and to take decisions to open the issue, decide bid opening and closing date, the issue price, the number of Equity Shares to be allotted and the basis of allotment of Shares;
- e) To dispose of the unsubscribed portion of the shares or securities to such person(s) and in such manner and on such terms as the Board may in its absolute discretion think most beneficial to the Bank, including offering or placing them with resident or nonresident/foreign investor(s) (whether institutions and/or incorporated bodies and/or individuals and/or trusts and/or otherwise) / Foreign Institutional Investors (FIIs) / Mutual Funds / Pension Funds / Venture Capital Funds / banks and/or Employees and business associates of the Bank or such other person(s) or entity(ies) or otherwise, whether or not such investors are members of the Bank .
- f) To retain over subscription upto such percentage as may be permitted by the applicable regulations and by relevant authorities.
- g) To obtain listing of all or any of its new shares / existing shares or other securities in any stock exchange in India or elsewhere in the world including the New York Stock Exchange, London Stock Exchange, Dubai International Financial Exchange, Singapore Stock Exchange, Luxembourg Stock Exchange, NASDAQ or any other Stock Exchanges subject to such statutory compliances as may be necessary in India or in such other country and further subject to such conditions as the stock exchanges may require.
- h) To do such acts, deeds, matters and things as it/they may at its/their discretion deem necessary or desirable for such purpose, including without limitation, if required, filing a Registration Statement and other relevant documents with United States Securities and Exchange Commission, or such other regulatory authority as may be necessary for listing the Securities on the Luxembourg Stock Exchange or New York Stock Exchange ("NYSE") and/or NASDAQ or such other international stock exchanges and the entering into of depository arrangements in regard to any such issue or allotment.
- i) To agree to and make and accept such conditions, modifications and alterations stipulated by any of the relevant authorities while according approvals, consents or permissions to the issue as may be considered necessary, proper and expedient.
- j) To do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the terms thereof, for entering into arrangements for managing, underwriting, marketing, listing and trading, banking and custodian arrangements and to sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Bank to settle all questions, difficulties, doubts that may arise in regard to such offer(s) or issue(s) or allotment(s), as it may, in its, absolute discretion, deem fit and with power on behalf of the Bank to settle any questions, difficulties or doubts that may arise in regard to any such issue(s) /offer(s) or allotment(s) or otherwise.
- k) To delegate from time to time, all or any of the powers conferred herein upon the Board or Committee of Directors or the Director/s or any other Officer/s of the Bank"

By Order of the Board of Directors

Place : Thrissur
Date : May 22, 2012

(K. S. KRISHNAN)
CFO & COMPANY SECRETARY

NOTICE**NOTES :**

1. A MEMBER ENTITLED TO ATTEND THE MEETING AND VOTE THERE AT IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY NEED NOT BE A MEMBER OF THE BANK.
2. PROXY FORM SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE BANK ATLEAST 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING. A FORM OF PROXY IS APPENDED FOR THE CONVENIENCE OF MEMBERS.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed in respect of Item Nos. 6 to 7.
4. The Register of Members and share transfer books of the Bank will remain closed from Friday the 22nd day of June, 2012, to Thursday the 28th day of June, 2012, (both days inclusive). Dividend, if declared, will be paid to those members whose names appear in the Register of Members on Thursday the 28th day of June, 2012 and to beneficial owners whose names appear in the Register of Beneficial Owners on Thursday the 21st day of June, 2012. Transfers received during book closure will be considered only after reopening of the Register of Members.
5. All documents referred to in the notice are open for inspection at the Registered Office of the Bank on all working days between 10.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
6. All dividends remaining unclaimed or unpaid including the balance in Dividend Account upto and including financial year 1993-94 have been transferred to the General Revenue Account of the Central Government. Any claim in respect of transferred amounts shall be made to the Registrar of Companies, Kerala, Company Law Bhavan, Bharath Matha College P.O, Kochi – 682 021. Members may kindly note that the unclaimed/unpaid dividend amounts for the years from 1994-95 to 2003-2004 have already been transferred to the Investors' Education and Protection Fund (the Fund) as required under Section 205(A)(5) of the Companies Act, 1956 and that no claim can be made against the dividend amounts of the above mentioned years.
7. Polling if needed, in respect of any resolution will take place within 48 hours of the time when the demand for poll was made, details of which will be announced by the Chairman.
8. Members may please note that there is a facility for nomination, in the prescribed form, of any person to whom shares in the Bank held by such Member shall vest in the event of his / her death.
9. Shares of the Bank are traded in dematerialized form. Members may opt for availing the benefits of electronic holding/transfer of shares held by them.
10. Members should notify the changes in their address immediately to the Transfer Agents/Depository Participants as the case may be, giving full details in block letters with Pin Code and Post Office along with address proof and photo identity proof.
11. Members may please note that, a copy of the PAN card of the transferee must mandatorily be submitted along with the transfer deed for registering transfer of physical shares.
12. Members described as "Minors" in the address but who have attained majority of age, may get their status in Register of Members corrected by producing proof of age.
13. Members should produce the attendance slip at the venue of the meeting.
14. Members holding (physical) shares in identical order of names in more than one folio are requested to write to the Share Transfer Agents to facilitate consolidation of their holdings in one folio.
15. A brief profile of the Directors, who are retiring by rotation and eligible for re-appointment, is furnished in the report under "Corporate Governance".
16. All communications/correspondence with regard to equity shares and dividend may be forwarded to the Share Transfer Agents at the address given below:

M/s BTS Consultancy Services Pvt. Ltd.
M S Complex, 1st Floor,
No.8, Sastri Nagar, Near 200 feet road/RTO Kolathur,
Kolathur CHENNAI – 600 099
Phone- 044-25565121
Fax No. 044-25565131
E-mail: ramesh@btsindia.co.in
helpdesk@btsindia.co.in

NOTICE

17. The Bank is concerned about the environment and utilization of natural resources in a sustainable way. The Ministry of Corporate Affairs (MCA), Government of India, has by its Circular Nos.17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, permitted Companies to send official documents to their shareholders electronically as part of its green initiatives in Corporate Governance.

Recognizing the spirit of the circular issued by the MCA, we are sending documents like the Notice convening the General Meetings, Financial Statements, Directors' Report, Auditors' Report etc. to the email address provided by the Shareholders with their Depositories.

We request you to update your email address with the depository participants/share transfer agents as the case may be to ensure that the annual report and other documents reach you on your preferred email account.

By Order of the Board of Directors

Place : Thrissur
Date : May 22, 2012

(K. S. KRISHNAN)
CFO & COMPANY SECRETARY

Explanatory Statement as required by Section 173(2) of the Companies Act, 1956

ITEM No. 6

As per Section 228 of the Companies Act, 1956, Branch offices of the Bank have to be audited by Statutory Auditors or by other qualified auditors. It is proposed to appoint Branch Auditors in consultation with the Statutory Auditors to audit the branch offices of the Bank, on such remuneration and on such terms and conditions, as may be fixed by the Board of Directors. Such of those branches, which are not proposed to be audited by the auditors of the Bank alone, would fall under this category. Section 228 of the Act requires a resolution of the shareholders of the Bank to empower the Board of Directors to appoint branch auditors and to fix their remuneration.

None of the Directors is interested or concerned in this Resolution.

ITEM No. 7

The Present Authorised capital of the Bank is ₹160 crores and the Issued and Paid up Capital is ₹113.37 crores divided in to 113,37,49,430 Equity shares of ₹1/- each. The Bank has implemented SIB Employees Stock Option Scheme (SIB ESOS 2008) for issue of 4.5 crore Equity shares of ₹1/- each to eligible employees of the Bank which when fully granted and exercised would increase the issued, subscribed and paid up capital to ₹117,50,64,900 divided into 117,50,64,900 Equity shares of ₹1/- each.

The Bank's Capital to Risk weighted Assets Ratio (CRAR) as on 31.03.2012 stood at 11.64% under Basel I and 14.00% under Basel II which was 13.17% and 14.01% respectively as on 31.03.2011 against the regulatory requirement/prescribed minimum of 9%. Owing to the growth in asset base during the year 2011-12, the CRAR has come down. Without infusing additional capital by March, 2013 the CRAR is to be expected to come down below 12%. Our business projection for the current year is ₹78000 crore and we propose to maintain a capital adequacy ratio of above 12%.

As you may be aware, a banking Company requires adequate capital not only to meet the needs of growing business, but also to meet the regulatory requirements that apply. As business grows, capital requires to be augmented. The objective of every commercial enterprise is to grow. Added to the economic and regulatory factors, innovative technological banking methods have to be introduced and such methods have to be not only updated, but also have to be upgraded from time to time.

The bank is continuing to grow organically and has shown steady growth during the last few years. The Bank foresees rise in demand for credit in various sectors and in Retail Banking market and success in availing a strong share in this business opportunity rests on the ability of the Bank to raise funds by way of Equity during the financial year. As a proactive move to leverage the

NOTICE

available business opportunities and for maintaining appropriate regulatory capitalization levels, the Bank proposes to increase the issued and paid up capital up to the extent of ₹20 Crore by issue of further Equity Shares of face value of ₹1/- each with such premium as the Board may decide.

The exact nature, proportion, size and timing of the issue of Securities will also be decided by the Board based on an analysis of the specific requirements after consulting all concerned.

The Bank had initiated the process for raising capital by way of a Qualified Institutional Placement (QIP) during the Month of July, 2011 after obtaining the approval of shareholders at the 83rd Annual General Meeting and approval of RBI. However, due to the adverse market conditions the issue process was cancelled.

Globalization has created a favourable investment climate and investors in the international markets look forward for good and viable investment opportunities. Thus it is considered prudent to raise additional funds through an issue of securities by way of a rights issue or rights cum public issue or a public issue or Qualified Institutional Placement (QIP) in Indian and/or International markets, of further equity shares and/or securities convertible into equity shares, including Global Depository Shares (GDSs) / Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) / Foreign Currency Convertible Bonds (FCCBs) and / or Debentures or Bonds convertible into equity shares whether fully or partly and whether compulsorily or at the option of the Bank or the holders thereof and/or any security linked to equity shares with or without detachable or non-detachable warrants.

Section 81 of the Companies Act, 1956, provides, inter alia, that where it is proposed to increase the subscribed share capital of the Bank by issue and allotment of further shares, such further shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the Bank, in proportion to the capital paid-up on those shares as of that date. Such issue is generally known as the Rights Issue. The Listing Agreements also stipulate a Rights Issue. Unless the shareholders in a general meeting decide by way of a special resolution, shares cannot be issued except by way of a Rights Issue. The Special Resolution under this item seeks the consent of the shareholders to make an issue of securities.

The proposal also seeks to confer upon the Board absolute discretion to determine the mode, structure, price, number of shares to be issued and timing of the issue(s). The Board will fix the detailed terms of the final size of the offering, mode, exact timing, pricing of the issue and other related aspects after careful analysis and in consultation with the merchant/investment bankers, book runners and/ or lead manager(s) and/or underwriter(s) and/or advisor(s) and/or such other person(s), keeping in view of the prevailing market conditions and in line with the extant guidelines issued by SEBI, RBI or any other statutory and/or other regulatory authorities.

The proposed offer is in the interests of the Company and the Directors recommend the passing of the resolution under this item as a special resolution.

The Directors of the Bank may be deemed to be interested in the aforesaid resolution to the extent of shares, if any, they may apply and get allotted.

Memorandum of Interest:

The Directors who seek re-appointment may be deemed to be interested in the respective resolutions.

By Order of the Board of Directors

Place : Thrissur
Date : May 22, 2012

(K. S. KRISHNAN)
CFO & COMPANY SECRETARY

ATTENDANCE

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

I hereby record my presence at the 84th Annual General Meeting held at Casino Cultural Auditorium Ltd., T. B. Road, Thrissur, on Thursday, the 28th day of June 2012 at 10.00 a.m.

Name and Address of the Member

Folio No. / Client ID No.

Signature of the Member / Proxy

THE SOUTH INDIAN BANK LTD.

Regd. Office : SIB House, T. B. Road, Mission Quarters, Thrissur - 680 001

Client ID/

Folio No : _____

No. of Shares : _____

PROXY

I/We.....
ofin the district of
being a Member/Members of The South Indian Bank Ltd., hereby appoint of
..... in the district of or
failing him/her of in
the district of..... as my/our proxy to vote for me/us on my/our
behalf at the 84th Annual General Meeting of the Company to be held on Thursday, the 28th day of June 2012 and
at any adjournment thereof.

Signed this..... day of 2012.

Affix
15 Paise
Revenue
Stamp

Signature

ECS MANDATE FORM

To

M/s BTS Consultancy Services Pvt Ltd.
Unit: South Indian Bank Ltd.
MS Complex, 1st Floor, No. 8, Sastri Nagar,
Near 200 Feet Road/RTO Kolathur
Kolathur , CHENNAI – 600 099.
Tel: 044- 2556 5121
Fax: 044- 2556 5131
email: helpdesk@btsindia.co.in

FOR SHARES HELD IN PHYSICAL MODE

Please complete this form and send it to
M/s BTS Consultancy Services Pvt. Ltd., Chennai

SHAREHOLDERS HOLDING SHARES IN DEMAT MODE

Should inform their DPs directly

I hereby consent to have the amount of dividend on my equity shares credited through the Electronic Clearing Service (Credit Clearing) – (ECS). The particulars are :

- 1) Folio No. : _____
- 2) Name of the 1st Registered Holder : _____
- 3) Bank Details :
 - Name of the Bank : _____
 - Full Address of the Branch : _____

 - Complete Account Number : _____
 - Account Type : (Please tick the relevant box for Savings Bank A/c, Current A/c or Cash Credit A/c)

| | | |
|-------------------------------------|-------------------------------------|---|
| <input type="checkbox"/> 10-Savings | <input type="checkbox"/> 11-Current | <input type="checkbox"/> 12-Cash Credit |
|-------------------------------------|-------------------------------------|---|
 - 9 Digit Code Number of the Bank and Branch appearing on the MICR Cheque issued by the Bank (Please attach a photocopy of a cheque for verifying the accuracy of the code number).

| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I will not hold the company responsible.

Signature of the 1st Registered holder as per
the specimen signature with the Company

Name : _____

Date: __/__/2012

Address: _____

Note:

1. This form should be submitted to our Share Transfer Agents at the address given above to reach them on or before 21/06/2012 for receipt of dividend declared, if any, for the financial year 2011-12.
2. This form is meant for shareholders holding shares in physical mode.
3. Shareholders holding shares in demat mode should register their ECS particulars with their Depository Participants (DPs) directly.

**SHARE NOMINATION FORM
FORM 2B**

(See rules 4CC and 5D)

(To be filled by individual(s) applying singly or jointly)

I/We _____ and
_____ and
_____ the

Member(s) of **The South Indian Bank Ltd.** Thrissur – 680001 Kerala, holding shares bearing

| Folio No(s). | Share Certificate No(s). | Distinctive No(s). | No. of shares |
|--------------|--------------------------|--------------------|---------------|
| | | | |

wish to make a nomination and do hereby nominate the following person in whom all rights of transfer and/or amount payable in respect of shares shall vest in the event of my or our death.

Name and Address of Nominee

| | | |
|---------------|---|-------------------------|
| Name | : | Mr./Mrs./Miss |
| S/o-D/o-W/o | : | |
| Address | : | |
| Date of Birth | : | (if nominee is a Minor) |

Guardian of the Minor (to be furnished only if nominee is a minor)

| | | |
|---------|---|--|
| Name | : | |
| Address | : | |

SHAREHOLDERS' INFORMATION

| | | | |
|----------|-----------|---|--|
| Holder 1 | Signature | : | |
| | Name | : | |
| | Address | : | |
| | Date | : | |

| | | | |
|----------|-----------|---|--|
| Holder 2 | Signature | : | |
| | Name | : | |
| | Address | : | |
| | Date | : | |

| | | | |
|----------|-----------|---|--|
| Holder 3 | Signature | : | |
| | Name | : | |
| | Address | : | |
| | Date | : | |

Name, Address and Signature of two Witnesses

| Name and Address | Signature with Date |
|------------------|---------------------|
| 1. _____ | _____ |
| 2. _____ | _____ |

Encl: Photo Id proof(s) of shareholder(s): Please mark tick and write Id Registration No(s).

| Driving License | Electoral Voter Id | PAN Card | Passport | Bank Passbook (with Photo) | Bank / Govt. Employee Id Card | Others (Specify) |
|-----------------|--------------------|----------|----------|----------------------------|-------------------------------|------------------|
| | | | | | | |

(For instructions see overleaf)

INSTRUCTIONS:

1. Please read the instructions given below very carefully and follow the same. If the form is not filled as per instructions, the same will be rejected.
2. The Nomination can be made by Individual/s holding shares on their own behalf singly or jointly. Non-individuals including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, Holder of Power of Attorney cannot nominate. If the Shares are held jointly, all Joint holders shall sign (as per the specimen registered with the Company) the nomination form.
3. A Minor can be nominated by a holder of shares and in that event, the name and address of the Guardian should be provided.
4. The Nominee shall not be a Trust, Society, Body Corporate, Partnership firm, Karta of Hindu Undivided Family or a Power of Attorney Holder. A Non-Resident Indian can be a nominee on re-patriable basis.
5. Nomination stands rescinded upon transfer of shares.
6. Transfer of shares in favour of Nominee shall be valid discharge by the Company against the Legal heir.
7. Only one person can be nominated for a given Folio.
8. Details of all holders in a Folio need to be filled; else the request will be rejected.
9. The nomination will be registered only when it is complete in all respects including the signature of all registered holders (as per specimen lodged with the company).
10. Whenever the Shares in the given Folio are entirely transferred, transpositioned or dematerialised with some other Folio, then this nomination will stand rescinded.
11. The Nomination form shall be filed in duplicate with the Share Transfer Agents **M/s. BTS Consultancy Services Pvt. Ltd. Unit: SIB, M S Complex, 1st Floor, No.8, Sastri Nagar, Near 200 Feet Road/RTO Kolathur, Kolathur, Chennai – 600 099, Tamilnadu**, who will return one copy thereof to the Shareholders.
12. Upon receipt of a duly executed nomination form, the Company / Share Transfer Agent of the Company will register the form and allot a registration number. The registration number and Folio no. should be quoted by the nominee in all future correspondence.
13. The nomination can be varied or cancelled by executing fresh nomination form.
14. This form is meant for shareholders holding shares in physical mode.
15. Shareholders holding shares in dematerialized mode, nomination is required to be filed with the Depository Participants (DPs) in their prescribed form.

FOR OFFICE USE ONLY

Nomination Registration Number and Date :

Share Registrar/Company Seal :

To

Email : helpdesk@btsindia.co.in

M/s.BTS Consultancy Services Pvt. Ltd., Chennai

Should inform their DPs directly

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LAUNCH OF SIB PORTFOLIO INVESTMENT SCHEME (PIS)



Dr.V.A.Joseph, MD & CEO of the Bank and Mr.C.J.George, MD, Geojit BNP Paribas Financial Services Ltd. jointly launch “SIB Portfolio Investment Scheme (PIS)” for NRIs in Dubai, in the presence of Mr.Amitabha Guha, Chairman of the Bank and Mr.Mohamed S. Al Hadi, Chairman, Hadi Express Exchange.

SOUTH INDIAN BANK LAUNCHES SIB PURE GOLD



South Indian Bank launched gold coins and ingots with 999.9 purity under the brand name “SIB Pure Gold”. Brand ambassador of South Indian Bank, Dr. Padmasree Bharath Mammooty inaugurated “SIB Pure Gold” by handing over gold coins to eminent film actress Ms.Kavya Madhavan.

DUN & BRADSTREET AWARD FOR THE BEST BANK IN ASSET QUALITY



Dr.V.A.Joseph, MD & CEO of the Bank receiving the Dun & Bradstreet award for the Best Private Sector Bank in Asset Quality at a colorful function held at Mumbai.

INAUGURATION OF NEW TREASURY & INTERNATIONAL BANKING DIVISION AT MUMBAI



Padmabhushan Captain C.P. Krishnan Nair, Chairman, Leela Group, inaugurating our new office in own premises at Parinee Crescenzo, Bandra Kurla Complex, Mumbai in presence of Dr.V.A.Joseph, MD & CEO, Mr. Amitabha Guha, Chairman and other directors and executives of the Bank.

INAUGURATION OF OUR 700TH BRANCH AT THAMPANNOOR



Our 700th branch was inaugurated at Thampannoor, Thiruvananthapuram by lighting
10 traditional lamps by 10 eminent septuagenarians from Kerala.

"Permitted to post on prepayment of postage in cash in Mail Business Centre, Manipal - 576 104 under P.M.G., S.K. Region, Bangalore - 560 001 Vide license No. KT/SK/BD/2/125647/2012-2013/31-05-2012 to 03-06-2012 with a postage of ₹ 13/- (Rupees Thirteen only)."

BOOK - POST



THE SOUTH INDIAN BANK LTD.,
Regd. Office: SIB House
T.B. Road, Mission Quarters, Thrissur 680 001, Kerala, India
Telephone Nos: +91-487-2420020, 2420058, 2420113
Email: ho2006@sib.co.in
www.southindianbank.com