

ORIENTAL BANK OF COMMERCE

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE -18

NOTES TO ACCOUNTS

- 1) Registration / Execution of documents, in favour of the bank is yet to be completed, in respect of certain premises costing Rs.15.56 crore (*previous year Rs.17.45 crore*) for which adequate steps have been initiated.
- 2) In the absence of information as to the realizable value of securities in certain advances, the value as per records has been considered.
- 3) Interest accrued but not due on term deposits has been included under the relevant deposits.

4) PROPOSED DIVIDEND

Proposed Dividend for the year ended March 31, 2008 has been accounted for declaration.

5) PROVISION FOR TAXATION

The provision for income tax for the year Rs. 264.71 crores (previous year Rs.159.85 crores) has been made as per the applicable enactments, judicial pronouncements and legal opinions.

Pending final outcome of the appeals filed by the bank/income tax authorities, disputed tax liabilities (including interest), for various assessment years, amounting to Rs. 296.19 crores (previous year Rs. 343.98 crores) are shown in Schedule 12 under "Contingent Liabilities". The bank believes that these demands are largely unsustainable and will eventually be set aside. Accordingly, no provision has been made against the said disputed liabilities and payments/adjustments to the extent made against these demands have been included in Schedule 11 under "Other Assets" as Income Tax Recoverable.

- 6) Balancing of books, confirmation /reconciliation and clearance of outstanding entries in Suspense, Sundries, Clearing Adjustment, Demand Drafts, Bills for Collection, Accounts with other Banks including NOSTRO accounts, Exchange Houses Accounts and Inter Branch accounts are in progress. Impact, if any, shall be accounted / adjusted on balancing/reconciliation thereof. However, Inter-branch accounts have been reconciled up to the period specified by Reserve Bank of India.

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7) CAPITAL

Items		Current Year	Previous Year
i)	CRAR (%)	12.12%	12.51%
ii)	CRAR - Tier I capital (%) *	9.34%	10.05%
iii)	CRAR - Tier II Capital (%)	2.78%	2.46%
iv)	Percentage of the shareholding of the Government of India in nationalized banks.	51.10%	51.10%
v)	Amount of Subordinated Debt raised as Tier-II capital - (Rs. in crore) **	500.00	1475.50

* During the Financial year 2006-07 bank has raised Rs. 250 crores as perpetual bonds forming part of Tier I capital.

** During the Financial year 2007-08 bank has raised Rs.500 Crores Bonds as Tier- II Capital on 23.04.2007 @ 9.95% p.a. (Previous year Rs. 250.00 crores as perpetual Bonds forming part of Tier I Capital).

- During the year the Bank has redeemed the following Tier II bonds..

Particulars	Amount Rs. (in Crores)		Rate	
	Current Year	Previous Year	Current Year	Previous Year
Tier II	50.00	71.00	11.30 %	12.00%
Tier II	200.00	20.00	9.70%	17.50%

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8) INVESTMENTS

(Rs. In crore)

Items	Current Year	Previous Year
1. Value of Investments		
i) Gross Value of Investments		
a) In India	24009.28	20,013.46
b) Outside India,	-	-
ii) Provisions for Depreciation		
a) In India	58.59	205.10
b) Outside India,	-	-
iii) Net Value of Investments		
a) In India	23950.69	19,808.36
b) Outside India.	-	-
2. Movement of provisions held towards depreciation on investments.		
i) Opening Balance	205.10	72.24
ii) Add: Provisions made during the year	58.59	205.10
iii) Less: Write-off/ write-back of excess provisions during the year	205.10	72.24
iv) Closing Balance	58.59	205.10

a) Repo Transactions

(Rs. In crore)

Particulars	Minimum Outstanding During the Year	Maximum Outstanding During the Year	Daily Average Outstanding During the Year	As on March 31 2008
Securities Sold Under Repos	200.00 (300.00)	3,800.00 (300.00)	88.21 (1.64)	3,800.00 (Nil)
Securities Purchased under Reverse Repos	21.00 (55.00)	5,500.00 (8,380.00)	533.01 (1,903.79)	- (Nil)

(Figures in brackets are for the previous year)

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b) Non-SLR Investment Portfolio

i) Issuer composition of Non SLR investments

(Rs. 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	590.16 (715.67)	361.99 (690.97)	---- (Nil)	21.30 (43.40)	90.60 (114.12)
ii)	FIs	1,038.02 (963.23)	955.77 (934.55)	---- (Nil)	---- (Nil)	131.30 (268.88)
iii)	Banks	409.12 (424.80)	399.48 (415.95)	---- (Nil)	49.65 (85.90)	29.00 (48.98)
iv)	Private Corporate	797.12 (518.73)	579.73 (414.68)	---- (Nil)	0.72 (31.90)	23.38 (58.54)
v)	Subsidiaries/ Joint Ventures	46.00 (Nil)	46.00 (Nil)	---- (Nil)	---- (Nil)	46.00 (Nil)
vi)	Others	357.53 (505.38)	264.89 (115.31)	---- (Nil)	---- (Nil)	---- (Nil)
vii)	Total (i to vi)	3,237.95 (3,127.81)	2607.86 (2,571.46)	---- (Nil)	71.67 (161.20)	320.28 (490.52)
viii)	Less: Provision held towards depreciation	57.75 (48.50)	57.75 (Nil)	---- (Nil)	1.06 (Nil)	18.89 (Nil)
ix)	Total (vii-viii)	3,180.20 (3,079.31)	2550.11 (2,571.46)	---- (Nil)	70.61 (161.20)	301.39 (490.52)

Amounts reported under columns 4, 5, 6 and 7 are not mutually exclusive.
(Figures in brackets are for the previous year)

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ii) **Non performing Non-SLR investments**

(Rs. in crore)

Particulars	Amount as at 31.03.2008	Amount as at 31.03.2007
Opening Balance	103.39	157.60
Additions during the year since 1st April	7.27	67.03
Reductions During the above period	20.93	121.24
Closing Balance	89.73	103.39
Total Provisions Held	89.73	79.76

c) **CATEGORISATION OF INVESTMENTS**

In accordance with Reserve Bank of India guidelines and as stated in Accounting Policy No. 3, investment portfolio has been categorized as under:

(Rs. in crore)

Security	Position as on March 31, 2008				Position as on March 31, 2007			
	HTM	HFT	AFS	Total	HTM	HFT	AFS	Total
Govt. Securities	12147.82	-	8439.67	20587.49	6832.42	19.50	9795.57	16647.49
Other Approved Securities	-	-	183.84	183.84	62.49	-	175.67	238.16
Shares	30.66	-	467.68	498.34	30.66	-	275.10	305.76
Debentures /Bonds	50.00	-	2286.08	2336.08	303.93	-	2012.74	2316.67
Others- Commercial Paper, IVP, UTI, Mutual Funds etc.	61.12	-	296.41	357.53	33.91	-	471.47	505.38
Others (Jt. Venture – Insurance)	46.00	-	-	46.00	-	-	-	-
Total	12335.60		11673.68	24009.28	7263.41	19.50	12730.55	20013.46

HTM – Held to Maturity; HFT – Held for Trading; AFS – Available for Sale

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- d) As per Reserve Bank of India guidelines, the excess of acquisition cost over the face value of securities held under the category 'Held to Maturity' is amortized over the residual life of securities. The amount amortized during the year is Rs. 10.99 crore (previous year Rs. 8.31 crore) and the same has been accounted for in Schedule No.14 under the head 'Other Income' as deduction from Profit on Revaluation of Investments.
- e) **Provision for Depreciation on Investments:**
Provision for depreciation on investments under 'Available for Sale' category as on March 31, 2008, is Rs. 58.59 crore (previous year Rs. 205.10 crore).
- f) Pursuant to Reserve Bank of India circular No. DBOD No. BP.BC.37/21.01.0141/2004 dated 2nd September 2004, the Bank has transferred SLR Securities aggregating to Rs. 2047.93 crore (*previous year Rs. 1664.32 crore*), from 'Available for Sale' category to 'Held to Maturity' category during the year. The Mark to Market depreciation of Rs. 210.00 crore (*previous year Rs. 205.43 crore*), has been debited to Profit and Loss Account.
- g) During the year as permitted by RBI, the bank has invested Rs.46 crores as their 23% Capital contribution in joint venture company for Life Insurance Business with Canara Bank & HSBC under the name and style "Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited". The Bank has classified the same under 'Held to Maturity' category under the head Investment in Joint Ventures as the intention is to hold as Joint Venture although the holding is not more than 25% as per the RBI norms.

9) DERIVATIVES

The Bank has not undertaken any derivative transactions during the year except Foreign Exchange Forward Contracts.

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10) CHANGES IN ACCOUNTING POLICIES

- a) The Bank hitherto has been following the policy of making provisions for non performing advances in Sub-standard and Doubtful categories in excess of the requirement under the prudential norms of RBI. During the year, the bank has decided to make provisioning on non-performing advances as per prudential norms of RBI. Had the bank followed the earlier policy, the provision for the non-performing advances would have been higher by Rs. 247.45 crores and consequently the profit would have been lower and the net advances would have been lower by the said amount.
- b) The Bank hitherto has been measuring the liability for employee retirement benefits as per the erstwhile AS – 15 (1995), ‘Accounting for retirement Benefits’. The Bank has adopted the AS – 15 (Revised) ‘Employee Benefits’, from 1st April,2007. Consequently, an additional obligation of Rs.51.09 crore accrues towards long term employee benefits (Leave Encashment – Rs. 7.39 crore, Leave Travel Concession – Rs. 17.51 crore , Sick Leave – Rs. 24.36 crore, relocation of Officers Rs. 1.53 crore and post retirement medical benefit to CMD & ED Rs. 0.30 crore.
- Out of the above the transitional liability of Rs. 24.86 crore has been adjusted from the Revenue and Other Reserves (Net of Tax Expenses of Rs. 12.80 Crore).The impact of the above change on defined benefit plans is not ascertained.

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11) ASSET QUALITY

a) Non-Performing Assets:

(Rs. in Crore)

Items	Current Year	Previous Year
14) Net NPAs to Net Advances (%)	0.99%	0.49%
14) Movement of NPAs (Gross)		
a) Opening Balance	1454.05	2116.31
b) Additions During the Year	579.75	379.27
c) Reductions During the Year	753.70	1041.53
d) Closing Balance	1280.10	1454.05
14) Movement of Net NPAs		
a) Opening Balance	215.66	162.98
b) Additions During the Year	579.75	379.27
c) Reductions During the Year	257.01	326.59
d) Closing Balance	538.40	215.66
14) Movement of Provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	1224.58	1940.81
b) Provisions Made During the Year	-----	-----
c) Write-off/ write-back of Excess Provisions	503.91	716.23
d) Closing Balance	720.67	1224.58

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b) Details of Loan Assets Subjected to Restructuring:

(Rs. in crore)

Item	Current Year	Previous Year
i) Total amount of loan assets subjected to restructuring, rescheduling, re-negotiation;	463.35	548.97
- of which under CDR.	11.22	15.78
- of which under SME's	13.36	24.86
ii) The amount of Standard assets subjected to restructuring, rescheduling, renegotiation;	456.55	515.77
- of which under CDR.	11.22	-
- of which under SME's	10.17	24.86
iii) The amount of Sub-Standard assets subjected to restructuring, rescheduling, renegotiation;	0.22	0.31
- of which under CDR.	-	-
- Of which under SME's	0.22	-
iv) The amount of Doubtful/loss loan assets subjected to restructuring, rescheduling, renegotiation;	6.58	32.89
- of which under CDR.	-	15.78
- Of which under SME's	2.97	-
Note: [(i) = (ii)+(iii)+(iv)]		

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c) Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction .

Amt. Rs in Crore			
S.No.	Item	Current Year	Previous Year
i)	No. of Accounts	1	1
ii)	Aggregate value (Net of Provisions) of Accounts sold to SC/RC	50.75	-
iii)	Aggregate consideration	56.04	22.58
iv)	Additional consideration realized in respect of Accounts transferred in earlier years	-	-
v)	Aggregate gain/loss over net book value	(+)5.29	(+)22.58

d) Provisions on Standard Assets:

<i>(Rs. in crore)</i>		
Item	Current Year	Previous Year
Provisions towards Standard Assets	55.00	80.44

The cumulative provision towards Standard Assets held by the Bank as at the year end amounting to Rs. 258.80 crore (*previous year Rs. 203.80 crore*) is included under Other Liabilities And Provisions in Schedule 5 to the Balance Sheet..

e) Pending issuance of guidelines in respect of Agricultural Debt Waiver and One Time Settlement scheme envisaged in the Union Budget 2008-09 the bank has continued to follow the Prudential Norms for Income Recognition and Asset Classification prescribed by RBI.

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12) Business Ratios

Items	Current Year	Previous Year
i) Interest Income as a percentage to Working Funds	8.28%	7.55 %
ii) Non-interest income as a percentage to Working Funds	0.74%	0.88 %
iii) Operating Profit as a percentage to Working Funds	1.48%	1.90 %
iv) Return on Assets	1.02%	1.21 %
v) Business (Deposits plus advances) per employee (Rs. in Lacs)	924.38	742.64
vi) Profit per employee (Rs. in Lacs)	5.84	5.61

13) ASSET LIABILITY MANAGEMENT

Maturity Pattern of Certain Items of Assets and Liabilities as on 31.03.2008 .

(Rs. in crore)

MATURITY PATTERN	1 Day	2-7 Days	8 - 14 Days	15 - 28 Days	29 Days To 3 Months	Over 3 Months To 6 Months	Over 6 Months To 1 Year	Over 1 Year To 3 Years	Over 3 Years To 5 Years	Over 5 Years	TOTAL
DEPOSITS	1644.34	2213.37	3056.23	4384.45	12065.67	13673.56	18647.59	12304.31	6667.29	3199.88	77856.70
LOANS & ADVANCES	1646.14	647.48	1142.94	2776.85	4734.30	4403.92	6493.12	14326.33	8013.01	10381.74	54565.83
INVESTMENTS	590.39	657.60	770.95	4014.69	2707.55	3242.87	4066.25	3271.97	2329.55	2298.86	23950.68
BORROWINGS	360.00	260.18	0.00	20.06	640.57	0.00	200.62	0.00	1.59	356.82	1839.84
FOREIGN CURRENCY ASSETS	818.00	0.00	0.00	297.00	2203.00	1407.00	458.00	NIL	NIL	NIL	5183.00
FOREIGN CURRENCY LIABILITIES	620.00	0.00	0.00	124.00	3090.00	1110.00	462.00	20.00	4.00	NIL	5430.00

(Compiled by management and relied upon by the Auditors)

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14) EXPOSURE

a) Exposure to Capital Market

(Rs. In crore)

Particulars	Current Year	Previous Year
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	449.92	437.05
(ii) advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	2.62	4.61
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0.49	-
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	21.17	40.36
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	406.85	329.75
(vi) loans sanctioned to corporates 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;	-	-
(vii) bridge loans to companies against expected equity flows/issues;	-	-
(viii) underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix) financing to stockbrokers for margin trading;	-	0.02
(x) all exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	158.62	110.54
Total Exposure to Capital Market	1039.67	922.33

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b) Exposure to Real Estate Sector:

(Rs. in crore)

Category	Current Year	Previous Year
<p>a.) <i>Direct Exposure</i></p> <p>i) Residential Mortgages: Lendings fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.</p> <p>ii.) Commercial Real Estate: Lendings 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.</p> <p>iii.) Investments in Mortgage Backed Securities (MBS) and other Securitised Exposures: a) Residential b) Commercial Real Estate</p>	<p>3382.23</p> <p>2620.36</p> <p>-</p>	<p>3,115.51</p> <p>1,743.69</p> <p>-</p>
<p>b) <i>Indirect Exposure</i></p> <p>Fund Based and Non-fund Based Exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).</p>	<p>3159.64</p>	<p>2743.68</p>

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c) Risk Category wise Country Exposure:

(Rs. in crore)

Risk Category*	Exposure (net) as at March 08 (Current Year)	Provision held as at March 08 (Current Year)	<i>Exposure (net) as at March 07 (Previous Year)</i>	<i>Provision held as at March 07 (Previous Year)</i>
Insignificant	677.05	-	1031.01	-
Low	744.59	-	712.04	-
Moderate	82.39	-	69.02	-
High	20.52	-	8.14	-
Very High	13.05	-	32.49	-
Restricted	-----	-	0.14	-
Off-credit	-----	-	0.76	-
Total	1537.60	-	1853.60	-

d) Details of Single Borrower Limit (SGL), Group Borrower Limit (GBL) Exceeded by the Bank:

i) Credit Exposure:

During the year ended 31.03.2008, the bank has not exceeded the normal prudential exposure limits prescribed by RBI in any single/group borrower account.

ii) Investment Exposure:

Bank exposure in the unlisted non-SLR securities as on March 31, 2008, is 9.89% of the total non-SLR investments of the Bank as against the RBI requirements of 10%.

15) MISCELLANEOUS

a) Amount of Provisions made for Income-tax during the year:

(Rs. in crore)

	Current Year	Previous Year
Provision for Income Tax	264.71	159.85
Provision for Deferred Tax	143.80	53.00
Provision for Fringe Benefits Tax	12.17	13.20

b) Disclosure of Penalties imposed by RBI:

During the year no penalties were imposed on the Bank.

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16) COMPLIANCE WITH ACCOUNTING STANDARDS (AS) ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA.

a) **Accounting Standard AS-5 – Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies:**

As Prior period items are not material, the same have been charged/accounted for in respective heads of accounts.

b) **Accounting Standard AS-9 – Revenue Recognition:**

As per Accounting Policy No. 1(b), certain items of income are recognized on cash basis on account of statutory requirements or materiality.

c) **Accounting Standard AS-15 – Employee Benefits:**

The Bank has adopted AS-15 (revised 2005) 'Employee Benefits' during the financial year 2007-2008. The defined employee benefit schemes are as under:-

I. Provident Fund

The Bank pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the profit & loss account. The obligation of the Bank is limited to such fixed contribution.

II. Gratuity

(a) The Bank has a defined benefit gratuity plans for Officers who have joined / become Officer before 01/01/1983,

(b) Other Officers and

(c) Workman.

Every Officer / workman who have rendered continuous services of five years or more is eligible for Gratuity, subject to a maximum of 20 months on superannuation, resignation, termination, disablement or on death. The scheme is funded by the company and is managed by a separate trust. The liability for the same is recognized on the basis of actuarial valuation.

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III. Pension.

The bank has a defined benefit pension Plan .The plan applies to existing employees of the bank as on 29/09/1995 who have opted for the pension scheme and to all employees joining, thereafter. The scheme is managed by a separate trust and the liability for the same is recognized on the basis of actuarial valuation.

IV) Other Defined Retirement Benefits (ODRB)

Other Defined Retirement Benefits (ODRB) include settlement at home town for employees and dependents and post retirement medical benefit for CMD & ED .These are unfunded and are recognized on the basis of actuarial valuation.

The summarized position of various defined benefits recognized in the profit and loss account and balance sheet along with the funded status are as under:

Expenses recognized in Profit & Loss Account.

	Rs. In crore	
	GRATUITY	PENSION
Current Service Cost	12.20	31.24
Interest cost on benefit obligation	14.75	44.67
Expected return on plan assets	(13.27)	(45.68)
Net actuarial gain/(loss) recognized in the year	23.59	(1.04)
Expenses recognized in the Profit & Loss A/c	37.27	29.19

	Gratuity	Pension
B) Weighted average rate of return on plan assets during the year	6.73%	8.07%

C) The amount recognized in the Balance Sheet

	Rs. in Crore	
	GRAUITY	PENSION
Present Value of obligation as at 31.3.2008 (i)	220.22	691.23
Fair value of plan assets as at 31.3.2008 (ii)	182.95	662.04
Difference (ii)-(i)	(37.27)	(29.19)
Net asset/(liability)recognized in the Balance Sheet	(37.27)	(29.19)

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D) Changes in the present value of the defined benefit obligations:

Particulars	Rs. in Crore	
	GRAUITY	PENSION
Present value of obligation as at 1.4.2007	184.36	576.35
Interest cost	14.75	44.67
Current Service Cost	12.20	31.24
Benefits paid	(8.00)	(12.68)
Net actuarial gain/(loss) on obligation	16.91	51.65
Present value of the defined benefit obligation as at 31.3.2008	220.22	691.23

E) Change in the fair value of plan assets:

	Rs in Crore	
	GRAUITY	PENSION
Fair value of plan assets as at 1.4.2007	158.12	604.54
Expected return on plan assets	13.27	45.68
Contributions by employer	12.88	77.19
Benefit paid	(8.00)	(12.68)
Actuarial gain/(loss)	6.68	(52.69)
Fair value of plan assets as at 31.3.2008	182.95	662.04

- f) During the year, the Bank has provided liability towards contribution to the Gratuity Trust of Rs.37.27 crore, to Pension trust of Rs. 29.19 Crore and to ODRB of Rs. 1.84 crore. The effect of one percentage point change has not been disclosed since the medical costs trend rates are not available on the first adoption of AS 15 (revised 2005).

V. Other Employee Benefits

Provision for Leave Encashment (Earned leave), sick leave and leave fare concession amounting to Rs. 69.27 Crore for the year have been made on the basis of actuarial valuation at the year end and charged to the Profit & Loss account. In terms of the transitional provision of AS 15 (revised), liability towards such benefits as on 1st April 2007 amounting to Rs.37.66 Crore has been adjusted against opening balance of General Reserve. Further Rs.31.61 Crore has been charged to the profit and Loss Account for the year towards additional employee benefits due to implementation of AS 15 (revised 2005).

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VI.) Details of the Plan Asset

The details of the plan assets (at cost) as on 31st March, 2008 are as follows:

(Rs in Crore)

		Gratuity	Pension
i)	Government securities	80.91	390.90
ii)	Corporate Bonds/debentures	37.50	171.00
iii)	Deposit in banks	84.42	72.63
iv)	Others	5.86	-
	Total	208.69	634.53
	Out of the above, investment in OBC Bond / Deposits.	30.80	70.61

VII. Actuarial Assumptions.

Principal assumptions used for actuarial valuation are:

	Pension	Gratuity
i) Method used	Project Unit Credit Method	Project unit credit method
ii) Discount rate	8%	8%
iii) Expected rate of return on assets.	7%	7.5%
iv) Future salary increase	6%	6%

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

d) Accounting Standard AS-17 – Segment Reporting:

i) The Bank has recognized Business segments as primary reporting segment and Geographical segments as secondary segment in line with RBI guidelines on compliance with Accounting Standard 17.

I. Primary Segments: *Business segments.*

- a) Treasury Operations
- b) Corporate / Wholesale Banking
- c) Retail banking
- d) Other banking business operations

II. Secondary Segments: *Geographical segments.*

As the Bank is not carrying on any foreign operations, the only reportable geographical segment is of Domestic operations.

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- a. Treasury Operations: Treasury operations consist of dealing in securities and Money Market Operations
- b. Corporate / Wholesale Banking : Includes all advances to trusts, partnership firms, companies and statutory bodies which are not included under “Retail Banking”
- c. Retail Banking : The exposure upto Rs. 5.00 Crore to individual , HUF, Partnership firm ,Trust, Private Ltd. Companies, public ltd. Companies , Co-operative societies etc. or to a small business is covered under retail banking .Small business is one where average of last three years annual turnover (Actual for existing & projected for new entities) is less than Rs.50 crore.
- d. Other banking business operations: Includes all other Banking operations not covered under Treasury, Wholesale Banking and Retail banking Segments. Other banking business is the residual category.

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	Current Year	Previous Year	Current Year	Previous Year*	Current Year	Previous Year*	Current Year	Previous Year*	Current Year	Previous Year
Revenue	2052.29	1824.70	3898.10		2294.22		1099.70	5360.35	9344.22	7185.05
Result	79.39	30.32	435.22		256.15		491.14	1022.79	1261.90	1053.11
Unallocated expenses									0.00	0.00
Operating profit									1261.90	1053.11
Income taxes									420.97	226.30
Extraordinary profit/ loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	487.72	246.00
Net profit									353.21	580.81
Other Information:										
Segment assets	24537.50		35509.90		20899.30		10037.96		90984.70	73184.82
Unallocated assets									482.25	751.45
Total assets									91466.95	73936.27
Segment liabilities	567.68		3161.39		1860.63		85395		90984.7	73936.02
Unallocated liabilities									482.25	0.25
Total liabilities									91466.95	73936.27

(* In view of the enlargement of segments, previous years figures are not given)

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Accounting Standard AS-18 – Related Party Transactions:

- i) Details pertaining to Related Party Transactions in respect of key managerial personnel of the Bank are as follows:-
1. Shri Alok K. Misra - [Chairman & Managing Director]
 2. Shri Allen C. A. Pereira - [Executive Director]
- ii) Remuneration paid to Chairman & Managing Director and Executive Director is Rs 5.11 lacs and Rs.11.28 lacs respectively (*previous year Rs. 5.80 lacs and Rs. 5.18 lacs respectively*).
- iii) The Bank has not entered into any transactions with any relative of key managerial personnel.
- e) **Accounting Standard AS-19 – Leases:**
- a. Finance Lease:

Total of assets given under finance lease prior to 1-4-2001, costing Rs. 35.98 crore and accumulated depreciation thereon amounting to Rs. 8.69 crore have been included in Schedule No 10 - 'Fixed Assets' under 'Other Fixed Assets'.

An office equipment under lease, whose fair value is Rs. 1.14 crore, acquired during the year 2003-04 has been included in Schedule No.10 - 'Fixed Assets' under 'Other fixed assets'.

(Rs. in crore)

	Current Year	Previous Year
a) Carrying Value	0.20	0.46
b) Minimum Lease Payments	0.26	0.60
c) Present Value of (b) above.	0.23	0.53
d) Minimum Lease Payments payable not later than 1 year.	0.26	0.34
e) Present Value of (d) above.	0.23	0.31
f) Minimum Lease Payments payable later than 1 year but not later than 5 years.	Nil	0.26
g) Present Value of (f) above.	Nil	0.22

The bank has got an option to purchase the asset at the end of the lease term of 60 months on December 31, 2008 and upon a terminal payment of 5% of the face value of the asset amounting to Rs 0.06 crore.

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b. Operating Lease:

The bank has taken various premises under operating lease with varying lease periods.

f) Accounting Standard AS-20 - Earnings per Share (EPS):

S. No.	Particulars	Current Year	Previous Year
i)	Basic/Diluted EPS.	14.10	23.18
ii)	Calculation of Basic/Diluted EPS.		
	a) Net Profit after Extraordinary Items and after Tax (Rs. Crore)	353.22	580.80
	b) Weighted Average No. of Equity Shares	25,05,39,700	25,05,39,700
	c) Basic Earning per Share (a/b)	14.10	23.18
	d) Nominal value per Share	10.00	10.00

There are no potential equity shares (convertible bonds) outstanding and as such the Diluted Earning per Share is same as Basic Earning per share.

g) Accounting Standard 22 – Accounting for Taxes on Income:

The bank has complied with the requirements of AS 22 on “Accounting for Taxes on Income” issued by ICAI and accordingly deferred tax assets and liabilities are recognized. The net balance of deferred tax assets as on 31.03.2008 amounting to Rs. 110.00 crores (Previous year DTA of Rs. 241.00 crores) consists of following:

(Rs. in crore)

Particulars	Current Year	Previous Year
A. Deferred Tax Assets:		
Provisions for NPAs	46.91	218.90
Additional Provision on Loans & Advances	131.20	83.27
Provision for Leave Encashment	38.75	15.22
Depreciation on Fixed Assets	8.50	13.93
Depreciation on investments	32.63	32.63
Others	63.11	43.14
Total of A	321.10	407.09
B. Deferred Tax Liabilities:		
Interest Accrued but not due on Investments	-198.50	-153.63
Broken Period Interest	-12.24	-12.24
Total of B.	-210.74	-165.87
Net Deferred Tax Asset	110.36	241.22
Deferred Tax Asset (Rounded off)	110.00	241.00

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h) Accounting Standard – 28 Impairment of Assets:

The bank's assets substantially comprise of financial assets, which are not covered by AS-28 'Impairment of Assets'. In the opinion of bank's management there is no impairment in the value of its non financial assets in terms of said Accounting Standard.

i) Accounting Standard – 29 on Provisions, Contingent Liabilities and Contingent Assets:

Contingent Liabilities as stated in Schedule 12 to the accounts are dependent on the outcome of court cases / disposal of appeals filed before various authorities / out of court settlement and other development if any. No reimbursement is expected in respect of items Nos. (i) and (iv) of said schedule.

j) Floating provisions

The bank does not have any floating provision.

17) Amalgamation of erstwhile Global Trust Bank Ltd. with Oriental Bank of Commerce:

a) The erstwhile Global Trust Bank Ltd. (eGTB) was amalgamated with the Bank as per the scheme of amalgamation notified by the Government of India, Ministry of Finance, Dept. of Economic Affairs (Banking Division) "the Scheme". As per the Scheme, the business, properties, assets and liabilities of eGTB stand transferred to the Bank with effect from August 14, 2004, the prescribed date.

The Bank has incorporated gross "Not Readily Realisable" Advances of Rs. 1,285.26 crore, a provision of Rs. 821.16 crore there against and "Not Readily Realisable" Assets comprising of Income-tax paid amounting to Rs 41.21 crore against disputed demands, in the books of the Bank along with assets and liabilities of eGTB as valued and determined in terms of the Scheme. The Bank has decided to maintain memorandum records for ascertaining the ultimate realization against the Not Readily Realizable Assets taken over. In the event of the ultimate realization from the Not Readily Realizable Assets, over and above the value at which they are taken over, exceeding the Excess of liabilities over assets taken over, the surplus after adjustment of expenses, etc. will be distributed to the erstwhile shareholders of eGTB after a period of twelve years or earlier as prescribed under the scheme.

b) The excess of liabilities over assets taken over amounting to Rs. 1,225.72 crore has been considered as Goodwill under the Purchase Method on amalgamation. The Bank has been writing off the Goodwill 1/5th each year with effect from 2004-05. Accordingly, a sum of Rs. 738 crore was written off up to 31st March 2007. The Bank has decided to write off the entire residual balance of Rs. 487.72 crores lying in "Amalgamation Adjustment Account" as against Rs.246 crores required to be written

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off during the year ended 31.03.2008 , their by writing off Rs. 241.72 crore in advance by one year

18) Share issue expenses amounting to Rs. 22.35 crore were incurred during the financial year 2004-05 which are being written off @ Rs.4.47 crore per annum w.e.f. 2005-06. The Bank has decided to write off the entire balance of Rs. 8.94 crores during the current Financial Year 2007-08.

19) Break up of Provisions and contingencies shown under the head expenditure in Profit and Loss Account (Amount Rs. Crore)

	Current Year	Previous Year
(i) Provisions for depreciation on Investment	64.50	339.80
(ii) Provision towards NPA	(-)189.50	(-) 199.10
(iii) Provisions towards Standard Assets	55.00	80.44
(iv) Provision made towards Income Tax (including FBT , & Deferred Tax	420.68	226.05
(v) Other Provisions and Contingencies (with details)		-
(a) Wealth Tax	0.28	0.25
(b) Non Performing Investments	9.97	26.44
(c) Others	17.17	(-) 4.00
TOTAL	378.10	469.88

20) (A) Customer Complaints

i)	No. of complaints pending at the beginning of the year	36
ii)	No. of complaints received during the year	2604
iii)	No. of complaints redressed during the year	2336
iv)	No. of complaints pending at the end of the year	304

(B) Awards passed by the Banking Ombudsman

i)	No. of unimplemented Awards at the beginning of the year	NIL
ii)	No. of Awards passed by the Banking Ombudsman during the year	02
iii)	No. of Awards implemented during the year	02
iv)	No. of unimplemented Awards at the end of the year	NIL

21) Previous year's figures have been re-grouped/re-arranged/recast wherever considered necessary.