

ORIENTAL BANK OF COMMERCE

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

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. 14.79 crore (*previous year Rs. 15.56 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, 2009 has been accounted for on declaration.

5) PROVISION FOR TAXATIONs

The provision for income tax net of MAT credit and write back, for the year Rs. 91.03 crores (previous year Rs. 264.71 crores) has been made as per the applicable enactments, judicial pronouncements and legal opinions.

Income Tax Liability was hitherto provided by the bank considering valuation of investments other than “Held to Maturity” category on bucket basis, the valuation whereof has been changed during the year to scrip wise with effect from the assessment year 2008-09. This has resulted in writing back income tax provision of Rs. 147.02 crore pertaining to previous year.

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. 97.53 crore (previous year Rs. 296.19 crore) 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

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balancing/reconciliation thereof. However, Inter-branch accounts have been reconciled up to the period specified by Reserve Bank of India.

7) CAPITAL

Items	Current Year	Previous Year
i) CRAR (%)		
Basel-I	12.00%	12.12%
Basel-II	12.98%	NA
ii) CRAR - Tier I capital (%)		
Basel-I	8.41%	9.34%
Basel-II	9.10%	NA
iii) CRAR - Tier II Capital (%)		
Basel-I	3.59%	2.78%
Basel-II	3.88%	NA
iv) Percentage of the shareholding of the Government of India in the bank.	51.10%	51.10%
v) Amount of Subordinated Debt raised as Tier-II capital - (Rs. in crore) *	500.00	500.00

* The Bank has raised the following Tier-II Bonds:

Raised during the year	Amount	Rate (%)
2007-08	500.00	9.95
2008-09	500.00	8.75

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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	28658.39	24009.28
b) Outside India,	-	-
ii) Provisions for Depreciation		
a) In India	169.44	58.59
b) Outside India,	-	-
iii) Net Value of Investments		
a) In India	28488.95	23950.69
b) Outside India.	-	-
2. Movement of provisions held towards depreciation on investments.		
i) Opening Balance	58.59	205.10
ii) Add: Provisions made during the year	169.44	58.59
iii) Less: Write-off/ write-back of excess provisions during the year	58.59	205.10
iv) Closing Balance	169.44	58.59

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 2009
Securities Sold Under Repos	157.50 (200.00)	3990.00 (3800.00)	701.90 (88.21)	1470.00 (3,800.00)
Securities Purchased under Reverse Repos	105.00 (21.00)	3150.00 (5,500.00)	227.62 (533.01)	Nil (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	540.67 (590.16)	467.48. (361.99)	0 (Nil)	18.53 (21.30)	68.53 (90.60)
ii)	FIs	959.57 (1,038.02)	874.46 (955.77)	0 (Nil)	0 (Nil)	88.77 (131.30)
iii)	Banks	474.01 (409.12)	439.09 (399.48)	0 (Nil)	5.00 (45.65)	0 (29.00)
iv)	Private Corporate	988.10 (797.12)	684.86 (579.73)	0 (Nil)	0 (0.72)	20.87 (23.38)
v)	Subsidiaries/ Joint Ventures	92.00 (46.00)	92.00 (46.00)	0 (Nil)	0 (Nil)	92.00* (46.00)
vi)	Others	523.21 (357.53)	434.58 (264.89)	0 (Nil)	0 (Nil)	0 (Nil)
vii)	Total (i to vi)	3577.56 (3,237.95)	2992.47 (2,607.86)	0 (Nil)	23.53 (71.67)	270.17 (320.28)
viii)	Less: Provision held towards depreciation	169.44 (57.75)	169.44 (57.75)	0 (Nil)	0 (1.06)	0 (18.89)
ix)	Total (vii-viii)	3408.12 (3,180.20)	2823.03 (2,550.11)	0 (Nil)	23.53 (70.61)	270.17 (301.39)

*exempted from unlisted category as per RBI guidelines.

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 31.03.2009	Amount as at 31.03.2008
Opening Balance	89.73	103.39
Additions during the year since 1st April	Nil	7.27
Reductions During the above period	0.80	20.93
Closing Balance	88.93	89.73
Total Provisions Held	88.93	89.73

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, 2009				Position as on March 31, 2008			
	HTM	HFT	AFS	Total	HTM	HFT	AFS	Total
Govt. Securities	18702.09	24.10	6198.32	24924.51	12147.82	-	8439.67	20587.49
Other Approved Securities	-	-	156.31	156.31	-	-	183.84	183.84
Shares	30.66	0.08	532.78	563.52	30.66	-	467.68	498.34
Debentures /Bonds	-	-	2398.84	2398.84	50.00	-	2286.08	2336.08
Others- Commercial Paper, IVP, UTI, Mutual Funds etc.	59.90	-	463.31	523.21	61.12	-	296.41	357.53
Others (Jt. Venture – Insurance)	92.00	-	-	92.00	46.00	-	-	46.00
Total	18884.65	24.18	9749.56	28658.39	12335.60	-	11673.68	24009.28

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

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- d) The amount amortized during the year is Rs.14.70 crore (previous year Rs.10.99crore) and the same has been accounted for in Schedule No.13 under the head 'Interest Earned' as deduction from 'Income on Investments'.
- e) **Provision for Depreciation on Investments:**
Provision for depreciation on investments under 'Available for Sale' category as on March 31, 2009, is Rs. 169.44 crore (previous year Rs. 58.59 crore).
- f) The Bank has transferred SLR Securities aggregating to Rs. 1958.02 crore (*previous year Rs. 2047.93 crore*), from 'Available for Sale' category to 'Held to Maturity' category during the year in accordance with RBI guidelines. The Mark to Market depreciation of Rs. 122.07 crore (*previous year Rs. 210.00 crore*), has been debited to Profit and Loss Account.
- g) The bank has invested Rs. 92.00 crores (previous year 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 Investment although the holding is less than 25% as per the RBI norms. In the opinion of the management the impact in the value of the said investments on account of initial losses is not permanent in nature and hence no provision is considered necessary.
- h) Securities utilized under Liquidity Adjustment Facility with RBI are excluded from investments.

9) DERIVATIVES

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

10) CHANGES IN ACCOUNTING POLICIES

The bank hitherto has been accounting for interest on overdue deposits at the time of renewal. During the year the bank has changed the accounting of such Interest on Overdue Deposits by making a provision at the rate of savings bank deposits and the balance overdue interest is accounted for at the time of renewal. Due to this change the Bank has provided for Rs. 83 Crore and consequently the profit for the year is lower by Rs. 83 Crore.

- 11) During the year bank has revalued its premises including Freehold and lease hold land as at 30th September 2008 as per the valuation made by external valuers and an amount of Rs. 987.25 crore being the appreciation on revaluation has been credited to

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the revaluation reserve and the depreciation of Rs. 36.15 being the depreciation for the year on the revalued assets has been debited to the revaluation as at 31.03.2009. The amount of revaluation reserve has been considered for inclusion in the Tier II capital of the bank as prescribed.

12) ASSET QUALITY

a) Non-Performing Assets:

(Rs. in Crore)

Items	Current Year	Previous Year
I) Net NPAs to Net Advances (%)	0.65%	0.99%
II) Movement of NPAs (Gross)		
a) Opening Balance	1280.10	1454.05
b) Additions During the Year	495.70	579.75
c) Reductions During the Year	717.68	753.70
d) Closing Balance	1058.12	1280.10
III) Movement of Net NPAs		
a) Opening Balance	538.40	215.66
b) Additions During the Year	495.70	579.75
c) Reductions During the Year	591.67	257.01
d) Closing Balance	442.43*	538.40
IV) Movement of Provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	720.67	1224.58
b) Provisions Made During the Year	-	-----
c) Write-off/ write-back of Excess Provisions	126.02	503.91
d) Closing Balance	594.65	720.67

*The above figures include the effect of floating provisions of Rs. 72.00 crores, made by the bank towards NPA portfolio of the bank as on 31.3.2009.

Net NPA is arrived at after adjusting ECGC/DICGC claims settled and provisions on NPAs.

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(Rs. In crore)

b) Particulars of Accounts Restructured

		CDR Mechanism	SME Debt Restructuring	Others
Standard advances restructured	No. of Borrowers	3	402	2275
	Amount Outstanding	93.76	218.14	2247.71
	Sacrifice (diminution in the fair value)	2.07	1.11	11.49
Sub Standard advances restructured	No. of Borrowers	0	68	415
	Amount Outstanding	0	13.36	51.97
	Sacrifice (diminution in the fair value)	0	0.668	2.60
Doubtful advances restructured	No. of Borrowers	0	0	40
	Amount Outstanding	0	0	3.83
	Sacrifice (diminution in the fair value)	0	0	0.19
Total	No. of Borrowers	3	470	2730
	Amount Outstanding	93.76	231.5	2303.51
	Sacrifice (diminution in the fair value)	2.07	1.78	14.28

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c) **Additional disclosures regarding restructured accounts**

S.No	Disclosures	Number	Amount (Rs in Crore)
1.	Application received up to March 31, 2009 for restructuring, in respect of accounts which were standard as on September 1, 2008.	3346	4094.52
2.	Of (1), proposals approved and implemented as on March 31, 2009 and thus became eligible for special regulatory treatment and classified as standard assets as on the date of the balance sheet.	3117	2335.27
3.	Of (1), proposals approved and implemented as on March 31, 2009 but could not be upgraded to the standard category.	3	0.05
4.	Of (1), proposals under process/implementation which were standard as on March 31, 2009.	226	1759.20
5.	Of (1), proposals under process/implementation which turned NPA as on March 31, 2009 but are expected to be classified as standard assets on full implementation of the package.	-	-

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d) 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	114	1
ii)	Aggregate value (Net of Provisions) of Accounts sold to SC/RC	20.73	50.75
iii)	Aggregate consideration	134.87*	56.04
iv)	Additional consideration realized in respect of Accounts transferred in earlier years	-	-
v)	Aggregate gain/loss over net book value	(+114.14**	(+5.29

* Aggregate net consideration represents the difference between negotiated purchase consideration from ARCIL (Rs. 153.00 crores) and amount of Rs. 18.13 crores, returned to ARCIL being recovered effected after the cut off date (i.e. 30.9.06) in the sold accounts.

**Out of the aggregate gain over net book value, Rs. 11.43 crore has been taken to Profit and Loss Account, being cash recovery in written off accounts.

e) Provisions on Standard Assets:

<i>(Rs. in crore)</i>		
Item	Current Year	Previous Year
Provisions towards Standard Assets	47.00	55.00

The cumulative provision towards Standard Assets held by the Bank as at the year end amounting to Rs.305.80 crore (*previous year Rs. 258.80 crore*) is included under Other Liabilities And Provisions in Schedule 5 to the Balance Sheet.

- f) Government of India has notified “Agricultural Debt Waiver and Debt Relief Scheme, 2008” (scheme) for giving debt waiver to marginal and small farmers and relief to other farmers who have availed direct agricultural loans. The claim for agricultural debt waiver amounting to Rs.375.90 crore, lodged by the Bank subject to certification by statutory auditors of the Bank, Rs.154.12 Crore being 41% of the claim lodged has been reimbursed by RBI during the year ended 31st March 2009.

In accordance with the scheme no effect has been given in the accounts in respect of the Debt relief scheme for the year ended 31st March 2009.

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13) Business Ratios

Items	Current Year	Previous Year
i) Interest Income as a percentage to Working Funds	8.58%	8.28%
ii) Non-interest income as a percentage to Working Funds	1.04%	0.74%
iii) Operating Profit as a percentage to Working Funds	1.63%	1.48%
iv) Return on Assets	0.88%	1.02%
v) Business (Deposits plus advances) per employee (Rs. in Lacs)	1142.43	924.38
vi) Profit per employee (Rs. in Lacs)	6.18	5.84

14) ASSET LIABILITY MANAGEMENT

Maturity Pattern of Certain Items of Assets and Liabilities as on 31.03.2009.

(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	1160.78	2083.25	2381.85	3496.01	8024.51	20042.69	32701.01	19163.43	2903.74	6411.58	98368.85
LOANS & ADVANCES	6369.42	1051.11	1129.94	3490.68	6323.89	6988.04	8733.32	14192.38	8097.22	12688.42	69064.42
INVESTMENTS	5.00	509.74	227.37	478.47	506.63	405.33	214.71	4559.37	5148.49	16433.84	28488.95
BORROWINGS	0.05	0.55	0.00	0.00	0.00	33.09	28.02	482.32	13.71	111.04	668.78
FOREIGN CURRENCY ASSETS	1255.34	18.53	0.00	7.72	210.20	123.22	8.91	0.00	2.20	207.90	1834.02
FOREIGN CURRENCY LIABILITIES	1311.71	4.18	0.28	23.32	84.66	58.07	184.23	45.81	2.17	0.70	1715.13

(Compiled by management and relied upon by the Auditors)

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15) 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;	515.63	449.92
(ii) advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	0.53	2.62
(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;	0.0026	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;	0.07	21.17
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	260.45	406.85
(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;	-	-
(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)	173.66	158.62
Total Exposure to Capital Market	950.34	1039.67

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b) Exposure to Real Estate Sector:

(Rs. in crore)

Category	Current Year	Previous Year
<p><i>a.) 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>3469.58</p> <p>5647.51</p> <p>-</p> <p>-</p>	<p>3382.23</p> <p>2620.36</p> <p>-</p> <p>-</p>
<p><i>b) Indirect Exposure</i></p> <p>Fund Based and Non-fund Based Exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).</p>	<p>4109.81</p>	<p>3159.64</p>

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c) Risk Category wise Country Exposure:

(Rs. in crore)

Risk Category*	Exposure (net) as at March 09 (Current Year)	Provision held as at March 09 (Current Year)	Exposure (net) as at March 08 (Previous Year)	Provision held as at March 08 (Previous Year)
Insignificant	956.67	-	677.05	-
Low	907.15	-	744.59	-
Moderate	81.49	-	82.39	-
High	4.83	-	20.52	-
Very High	16.80	-	13.05	-
Restricted	0.33	-	-----	-
Off-credit	1.00	-	-----	-
Total	1968.27	-	1537.60	-

Bank's net funded exposure for risk category-wise country exposures for each country is less than 1% of bank's total assets as on 31.3.2009 and as such no provision is required in terms of RBI Circular No. DBOD.BP.BC.96/21.04.103/2003-04 dated 17.6.2004.

Details of Single Borrower Limit (SGL), exceeded by the Bank:

(Rs. in crores)

Sr. No.	Name of the Borrower	Exposure Ceiling	Limit Sanctioned	Outstanding as on 31.3.2009
1.	M/s. National Aviation Corp. Ltd.	1151.20	1530.00	1213.67
2.	M/s. HDFC	1151.20	1171.33	1156.20

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16)

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

(Rs. in crore)

	Current Year	Previous Year
Provision for Income Tax net of MAT credit and write back	91.03	264.71
Provision for Deferred Tax	154.00	143.80
Provision for Fringe Benefits Tax	9.00	12.17

b) **Disclosure of Penalties imposed by RBI:**

During the year no penalties were imposed on the Bank.

17) The Bank has made an adhoc provision of Rs. 110 crore during the year towards wage revision pending outcome of ongoing negotiations at industry level.

18) **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 is following AS-15 (revised 2005) 'Employee Benefits'. 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.

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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 bank and is managed by a separate trust. The liability for the same is recognized on the basis of actuarial valuation.

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:

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V) Disclosures for Defined benefit plans on actuarial reports as on 31.03.2009:							
		FUNDED				UNFUNDED	
		Gratuity		pension		Leave encashment	
		2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
a)	Changes in the Defined Benefit Obligation:						
	Opening defined benefit obligation	220.22	184.36	691.23	576.35	93.95	73.94
	Current Service Cost	13.39	12.20	45.89	31.24	6.40	5.05
	Interest Cost	16.52	14.75	51.84	44.67	7.05	5.92
	Actuarial loss/gain	23.32	16.91	6.30	51.65	18.88	21.94
	Benefits paid	-9.91	-8.00	-14.73	-12.68	-10.84	-12.90
	Closing defined benefit obligation	263.54	220.22	780.53	691.23	115.44	93.95
b)	Changes in Fair value of Plan Assets:						
	Opening fair value of Assets	208.69	158.12	662.04	604.54	N.A.	
	Expected return on plan assets	16.70	13.27	48.26	45.68		
	Actuarial (gain)/loss	2.41	6.68	2.64	-52.69		
	Contributions by employer	60.00	25.74	10.21	77.19		
	Contributions made during the year for the due pertaining to the immediate previous year	11.53	12.88	29.70			
	Benefits paid	-9.91	-8.00	-14.73	-12.68		
	Closing fair value of assets	289.42	208.69	738.12	662.04		
c)	Amount recognised in the Balance Sheet:						
	Present Value of Obligation - as at the year end - (i)	263.54	220.22	780.53	691.23	115.44	93.95
	Fair value off the Assets - as at the year end- (ii)	289.42	208.69	738.12	662.04	0.00	0.00
	Difference (ii) - (i)	25.88	-11.53	-42.41	-29.19	-115.44	-93.95
	Net asset/(liability) recognised in the Balance Sheet	25.88	-11.53	-42.41	-29.19	-115.44	-93.95
d)	Expenses recognised in the Profit and Loss account::						
	Current Service cost	13.39	12.20	45.89	31.24	6.40	5.05
	Interest on defined benefit obligation	16.52	14.75	51.84	44.67	7.05	5.92
	Expected return on plan assets	-16.70	-13.27	-48.26	-45.68	0.00	0.00
	Net actuarial loss/(gain) recognised in the current year	20.91	23.59	3.66	-1.04	18.88	21.94
	Expenses recognised in the P&L a/c	34.12	37.27	53.13	29.19	32.33	32.91

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		FUNDED				UNFUNDED	
		Gratuity		pension		Leave encashment	
		2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
e)	Movements in the Liability recognised in the Balance Sheet						
	Opening Net Liability	11.53	26.24	29.19	-28.19	93.95	73.94
	Net Benefit Expense	34.12	23.91	53.13	134.57	21.49	20.01
	Less:						
	Contribution paid	71.53	38.62	39.91	77.19	0.00	0.00
	Closing Net liability/(asset)	-25.88	11.53	42.41	29.19	115.44	93.95
f)	Details of Plan Assets:						
	Government Securities	121.34	80.91	421.70	390.90	N.A.	
	Corporate Bonds/debentures	72.25	37.50	180.20	171.00		
	Deposit in banks	88.99	84.42	103.52	72.63		
	Others	6.84	5.86	32.70			
	Total	289.42	208.69	738.12	634.53		
	Of the above, investment in OBC Bond/deposits	103.49	30.80	109.32	70.61		
g)	Weighted Average rate of return on plan assets during the year	8.81	6.73%	8.65%	8.07%		
h)	Principal actuarial assumptions used:						
	Method used	PUC		PUC			
	Discount rate (p.a.)	7.50%	8.00%	7.50%	8.00%	7.50%	8.00%
	Expected rate of return on plan assets (p.a.)	8.00%	7.50%	7.00%	7.00%	0.00%	0.00%
	Futury Salary increase	5.50%	6.00%	5.50%	6.00%	5.50%	6.00%
i)	Other Long Term Employee Benefits – unfunded						
		Sick leave		Medical Aid			
		2008-09	2007-08	2008-09	2007-08		
		Rs.	Rs.	Rs.	Rs.		
	Opening defined benefit obligation	24.36	20.96	0.30	0.00		
	Current Service Cost	1.60	1.35	0.18	0.30		
	Interest Cost	1.83	1.68	0.02	0.00		
	Actuarial loss/gain	1.09	0.37	-0.08	0.00		
	Closing defined benefit obligation	28.88	24.36	0.42	0.30		

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j)	Principal actuarial assumptions used:	Sick leave		Medical Aid	
		2008-09	2007-08	2008-09	2007-08
	Discount rate (p.a.)	7.50%	8.00%	7.50%	-
	Future Salary increase	5.50%	6.00%	5.50%	-

Note:

- 1 The estimates of future salary increases considered in actuarial valuation, taken into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market
- 2 During the year provision has been made for LFC at Rs.19.24 Crore (previous year Rs.8.20 crores) and Staff settlement expenses at Rs. 1.62/- crores previous year Rs. 1.53 crores), which are as per Actuarial Certificate.
- 3 The effect of one percentage point change has not been disclosed since the material costs trend rates are not available.
- 4 Impact of Employee benefits on the provision of Wage Revision has not been considered in the Actuarial Valuation . However ad-hoc provision of Rs. 40 Crores on this account has been made for the year 2008-09..

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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.

- 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.

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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	2637.85	2052.29	5975.01	3898.10	2712.67	2294.22	1041.08	1099.70	12366.61	9344.22
Result	-77.59	79.39	423.35	435.22	192.20	256.15	622.12	491.14	1160.08	1261.90
Unallocated Expenses									0.00	0.00
Operating Profit									1160.08	1261.90
Income Taxes									254.66	420.97
Extraordinary Profit/ Loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	487.72
Net Profit									905.42	353.21
Other Information:										
Segment Assets	29160.86	24537.50	49285.18	35509.91	22375.60	20899.31	39729.83	10037.96	140551.48	90984.70
Unallocated Assets									686.08	482.25
Total Assets									141237.56	91466.95
Segment Liabilities	29160.86	567.68	4148.43	3161.39	1883.40	1860.63	105358.79	85395.00	140551.48	90984.70
Unallocated Liabilities									686.08	482.25
Total Liabilities									141237.56	91466.95

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

(Compiled by management and relied upon by the Auditors)

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 H.Rathnakara Hegde - [Executive Director]

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3. Shri S.C. Sinha - [Executive Director]
- ii) Remuneration paid to Chairman & Managing Director and Executive Directors is Rs 18.33 Lacs and Rs 16.84 Lacs respectively (*previous year Rs. 5.11 Lacs and Rs.11.28 Lacs respectively*).
- iii) Details of Related Party Disclosures transactions are as under:

<i>Items/Related Party</i>	<i>Parent (as per ownership or control)</i>	<i>Subsidiaries</i>	<i>Associates/ Joint ventures</i>	<i>Key Management Personnel @</i>	<i>Relatives of Key Management Personnel</i>	<i>Total</i>
Borrowings	-	-	-	-	-	-
Deposit as at the end of the year	-	-	-	0.27	-	0.27
Maximum during the year	-	-	-	0.28	-	0.28
Deposit	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-
Advances	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Non-funded commitments	-	-	-	-	-	-
Leasing/HP arrangements availed	-	-	-	-	-	-
Leasing/HP arrangements provided	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-
Interest received	-	-	-	0.01	-	0.01
Rendering of services *	-	-	-	-	-	-
Receiving of services *	-	-	-	-	-	-
Management contracts	-	-	-	-	-	-

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e) Accounting Standard AS-19 – Leases:

a. Finance Lease:

The finance lease given prior to 1-4-2001 by the Bank costing Rs. 34.84 as at 1-4-2008 ceased to exist upon one time settlement of dues by the lessees during the year.

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.	36.14	14.10
ii)	Calculation of Basic/Diluted EPS.		
	a) Net Profit after Extraordinary Items and after Tax (Rs. Crore)	905.42	353.22
	b) Weighted Average No. of Equity Shares	25,05,39,700	25,05,39,700
	c) Basic Earning per Share (a/b)	36.14	14.10
	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 liability as on 31.03.2009 amounting to Rs 44.00 crores (Previous year DTA of Rs. 110.00 crores) consists of following:

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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. in crore)

Particulars	Current Year	Previous Year
A. Deferred Tax Assets:		
Provisions for NPAs	0	46.91
Additional Provision on Loans & Advances	152.62	131.20
Provision for Leave Encashment/LFC etc	48.27	38.75
Depreciation on Fixed Assets	0	8.50
Depreciation on securities transferred from AFS to HTM	32.63	32.63
Others	115.91	63.11
Total of A	349.43	321.10
B. Deferred Tax Liabilities:		
Interest Accrued but not due on Investments	-223.65	-198.50
Broken Period Interest	-9.52	-12.24
Depreciation of Investment	-121.24	-
Others	-39.04	-
Total of B.	-393.45	-210.74
Net Deferred Tax Asset	-44.02	110.36
Deferred Tax Liability/Asset (Rounded off)	-44.00	110.00

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.

k) Floating provisions

The bank has made a floating provision of Rs. 72.00 crore at its discretion as per RBI guidelines.

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

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.

20) 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	233.57	64.50
(ii) Provision towards NPA	170.58	(-)189.50
(iii) Provisions towards Standard Assets	47.00	55.00
(iv) Provision made towards Income Tax (including FBT , & Deferred Tax	254.03	420.68
(v) Other Provisions and Contingencies (with details)		
(a) Wealth Tax	0.60	0.28
(b) Non Performing Investments	-0.79	9.97
(c) Others	74.56	17.17
TOTAL	779.55	378.10

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21) (A) Customer Complaints

i)	No. of complaints pending at the beginning of the year	349
ii)	No. of complaints received during the year	7635
iii)	No. of complaints redressed during the year	7637
iv)	No. of complaints pending at the end of the year	347

(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	3
iii)	No. of Awards implemented during the year	3
iv)	No. of unimplemented Awards at the end of the year	NIL

22) Disclosure of Letter of Comforts

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

(Rs in crore)

1	Letter of comforts issued during the year 2008-09	3076
2	Letter of comforts matured/cancelled during the year 2008-09	862
3	Letter of comforts outstanding as on 31.03.2009	2214

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