

Information Memorandum

(This is a Disclosure Document prepared in conformity with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008)

Private and Confidential



STATE BANK OF MYSORE
(Associate of the State Bank of India)

Head Office: Mysore Bank Circle, K. G. Road, Bangalore – 560 254, Karnataka.

Tel No: 080 2235 3901- 3909 Fax: 080 22370284

Email: cmshares@sbm.co.in Website: www.mysorebank.com

**Private Placement Of Innovative Perpetual Debt Instruments For Inclusion As Tier I
Capital In The Nature Of Unsecured, Non-Convertible Promissory Notes For Cash
Aggregating Rs. 100 Crore**

GENERAL RISKS

For taking an investment decision the investor must rely on their examination of the Offeror and the Offer including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document.

OFFEROR'S ABSOLUTE RESPONSIBILITY

The Offeror, having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to the Offeror and the Offer, which is material in the context of the Offer, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. The Arranger is not required to file this document with SEBI/ROC as it is on private placement and not an Offer to the general Public.

CREDIT RATING

CRISIL Ltd. has assigned a AAA/Stable (pronounced Triple A/Stable) rating to the captioned debt programme of the Bank. This rating indicates Highest safety. It indicates fundamentally strong position. Risk factors are negligible. There may be circumstances adversely affecting the degree of safety but such circumstances, as may be visualised, are not likely to affect the timely payment of principal and interest as per terms.

CARE Ltd has assigned a rating of AAA (pronounced triple A) to the captioned debt program of the bank. This rating indicates that the instrument is considered to be of the best credit quality, offering highest safety for timely servicing of debt obligations. This instrument carries minimal credit risk.

The rating is not recommended to buy; sell or hold Securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating obtained is subject to revision at any point



of time in the future. The rating agencies have a right to suspend, withdraw the rating at any time on the basis of new information, etc.

LISTING

The IPD Instruments are proposed to be listed on Bombay Stock Exchange Ltd. (BSE).

BOND TRUSTEE

IDBI Trusteeship Services Ltd., have given their consent to the Bank vide their letter No.5137/ITSL/OPR/CL-2009-10-BT-342 dated November 13, 2009, for being appointed as Bond Trustee for the present private placement.

Sole Arranger to the Private Placement	Registrars to the Placement
	
Trust Investment Advisors Pvt. Ltd. 109/110, Balrama, Village-Parigkhari, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. Tel. : (022) 30681150 Fax.: 91-22-30681151	Canbank Computer Services Limited J.P.Roayale, 1 st Floor, # 218, 2 nd Main, Sampige Road, Malleswaram, Bangalore – 560 003 Tel: 080-23469661/62, 23469664/65. Fax: 080-23469667/68
Offer Opens on : 20-11-2009	Offer Closes on: 24-11-2009

Private Placement Of Innovative Perpetual Debt Instruments For Inclusion As Tier I Capital In The Nature Of Unsecured, Non-Convertible Promissory Notes Issued By State Bank Of Mysore

Dear Sir/ Madam,

State Bank of Mysore ("the Bank") is proposing to issue Bonds on a private placement basis as described in this Memorandum.

Investors are required to make payment through demand draft(s) / cheque(s) payable in favour of "**State Bank of Mysore A/c - IPDI Bonds Issue – Series II**" and crossed "Account Payee only". The full face value of the Bonds has to be paid up on application. Investors may also remit the application money through RTGS (if remitted from branches of other Banks), with instructions to credit the same to the above account **No. 64052660801** maintained at our Bangalore Branch, K.G.Road, Bangalore-560 009. The RTGS Code Number of Bangalore Branch is **SBMY0040007**.

The Bank reserves the right to reject in full or part any or all of the offers received by them to invest in these Bonds without assigning any reason for such rejections.

You are requested to confirm your acceptance to the terms and conditions outlined in this Memorandum of Private Placement by sending the Application Form along with the cheque(s)/demand draft(s)/remittances through RTGS to the Arrangers/Designated collection branches. For further details, Investors are advised to refer to the instructions given in the Application Form.

Your acceptance of the terms and conditions outlined in this Memorandum will constitute an offer to invest in the above – referred Private placement and will be subject to acceptance by the Bank. Please note that this Private Placement Memorandum is restricted for circulation only to the investors to whom the above has been addressed personally and this Memorandum cannot be transferred/circulated to others. The information contained herein is to be retained in strict confidence.

Should you require any further clarifications regarding the above-mentioned Private placement, we request you to contact the undersigned.

Yours Faithfully,

For **State Bank of Mysore**

-Sd-

K. Vijaya Kumar
General Manager(Treasury)
Authorised Signatory

Place: Bangalore
| Date: 18th November, 2009

DISCLAIMER

This Memorandum of Private Placement (“Memorandum”) is neither a prospectus nor a statement in lieu of prospectus and does not constitute an offer to the public to subscribe for or otherwise acquire the Bonds issued by State Bank of Mysore (the Bank/the Offeror). The document is for the exclusive use of the Person(s)/Institution(s) to whom it is delivered and it should not be circulated or distributed to third party (ies). Apart from this Information Memorandum, no Offer Document or Prospectus has been prepared in connection with this Bond Offer and that no Prospectus in relation to the Issuer or the Bonds relating to this Offer has been delivered for registration nor such a document is required to be registered under the applicable laws. The Arranger is not required to file this document with SEBI/ROC/RBI as it is on private placement and not an Offer to the general Public.

This Memorandum is issued by the Bank. The views contained in this Memorandum do not necessarily reflect the views of its Directors, employees, affiliates, subsidiaries or representatives and should not be taken as such. The Memorandum has been prepared by the Bank to provide general information on the Bank and does not purport to contain all the information a potential investor may require. Where this Memorandum summarizes the provisions of any other document, that summary should not be relied upon and the relevant document should be referred to for the full effect of the provisions. The information relating to the Bank contained in the Memorandum is believed by the Bank to be accurate in all respects as of the date hereof.

The Memorandum shall not be considered as a recommendation to purchase the bonds and recipients are urged to determine, investigate and evaluate for themselves, the authenticity, origin, validity, accuracy, completeness, adequacy or otherwise the relevance of information contained in this Memorandum. The recipients are required to make their own independent valuation and judgment of the Bank and the Bonds. It is the responsibility of potential investors to also ensure that they will sell these bonds in strict accordance with this Information Memorandum and other applicable laws, so that the sale does not constitute an offer to the public, within the meaning of the Companies Act 1956. The potential investors should also consult their own tax advisors on the tax implications relating to acquisition, ownership, sale or redemption of Bonds and in respect of income arising thereon. Investors are also required to make their own assessment regarding their eligibility for making investment(s) in the Bonds of the Bank. The Bank or any of its Directors, employees, advisors, affiliates; subsidiaries or representatives do not accept any responsibility and/ or liability for any loss or damage however arising and of whatever nature and extent in connection with the said information.

Neither the Arranger nor any of their respective affiliates or subsidiaries have independently verified the information set out in this Memorandum or any other information (written or oral) transmitted or made to any prospective lender in the course of its evaluation of the Offeror.

The Arrangers makes no representation or warranty, express or implied, as to the accuracy or completeness of the Information Memorandum, and the Arrangers do not accept any responsibility for the legality, validity, effectiveness, adequacy or enforceability of any documentation executed or which may be executed in relation to this Offer.

The recipients of this Memorandum agree that unless and until the definitive written agreements between the Bank and any such recipient with respect to a possible transaction have been executed and delivered and have become legally effective, and then only to the extent of the specified terms and provision of such definitive agreements, neither the Bank nor any of its Directors, employees, advisors, affiliates, subsidiaries or representatives shall be under any legal obligation of any kind what so ever with respect to any such transaction by virtue of the delivery of this Memorandum or its content or of any other written or oral expression by any of the Directors, employees, advisors, affiliates, subsidiaries or representatives of the Bank.

Force Majeure

The Bank reserves the right to withdraw the Offer prior to the earliest closing date in the event of any unforeseen development adversely affecting the economic and regulatory environment or otherwise. In such an event, the Bank will refund the application money, if any, along with interest payable on such application money, if any, without assigning any reason.

All the data mentioned for the date 30th September 2009 are un-audited and provisional data.

This Information Memorandum is issued by the Bank and signed by its authorized signatory.

For **State Bank of Mysore**

-Sd-

K. Vijaya Kumar
General Manager(Treasury)

Authorised Signatory

Date: 18th November, 2009

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1. Name and Address of the Registered Office of the Bank

Head Office: Mysore Bank Circle, K. G. Road, Bangalore – 560 254, Karnataka.

Tel No: 080 2235 3901 3909 Fax: 080 22370284

Email: cmshares@sbm.co.in Website: www.statebankofmysore.co.in.

2. Name and Address of the Directors of the Bank as on November 13,2009

Name & Address of Director	Appointed/ Co-opted to the Board Since	Qualifications/Specialisations
Shri O.P.Bhatt Chairman, State Bank of India Corporate Office, Mumbai – 400 021	01.07.2006	Chairman, Under Section 25(1)(a) of SBI(SB) Act, 1959, B.Sc., M.A., CAIIB
Shri Dilip Mavinkurve, Managing Director, State Bank of Mysore, Head Office, K.G.Road, Bangalore 560 254	20-04-2009	Managing Director Under Section 25(1)(aa) of SBI(SB) Act, 1959, BE-Mechanical
Smt. Rathna K.Makhija, 33,Shangrilla, S.R.Marg, J.V.P.D. Mumbai-400 049.	14.11.2007	Director, Representing RBI, Under Section 25 (1) (b) of SBI(SB) Act, 1959 M. A. , CAIIB
Shri S. A. Thimmiah General Manager, Associate Banks' Dept. State Bank of India , Corporate Centre, Mumbai – 400 021	08.07.2006	Director , Representing SBI, Under Section 25(1)(c) of SBI(SB) Act, 1959 M. Sc.(Chemistry)
Shri B.S.Gopalakrishna, Deputy General Manager (A&S), Associate and Subsidiaries Group, State Bank of India, Corporate Centre, Mumbai – 400 021	20.09.2009	Director , Representing SBI, Under Section 25(1)(c) of SBI(SB) Act, 1959 M. A.(Hons), CAIIB
Shri S.R.Powar, No. 52, 10 th A Main, 1 st Block, Jayanagar, Bangalore 560 011.	02.01.2007	Director , Representing Workmen Employees Under Section 25(1)(c a) of SBI(SB) Act, 1959 B.Com.
Shri D.S. Nagaraja, Vice Chairman, ABOA, Mysore Unit, SBM, Bangalore – 560 254.	19.03.2007	Director , Representing Non- Workmen Employees, Under Section 25(1)(c b) of SBI(SB) Act, 1959 B. Com.
Shri K. Sundaram, 35, Iind Main Road, Gandhi Nagar, Chennai – 600 020.	15.02.2007	Director , Representing Shareholders, Under Section 25(1)(d) of SBI(SB) Act, 1959, B. A.
Shri D.D. Mahehsuari, Under Secretary, Department of Financial Services, Government of India, Parliament Street, New Delhi 100 001	12-05-2009	Director , Representing Govt of India. Under Section 25(1)(e) of SBI(SB) Act, 1959
Shri K. Anand, No.7,Old Panchayat Office Road, 2 nd Floor,Behibd Anjaneya Temple, Yeshawantpur, Bangalore-560 022	16-09-2008	Director , Under Section 25(1)(c) of SBI(SB) Act, 1959 B.Com.

3. Brief summary of the business/ activities of the issuer and its line of business

Main Objects of the Bank

The State Bank of India (Subsidiary Banks) Act, 1959(SBI (SB) Act for short) was enacted, for providing formation of State Bank of Mysore (SBM for short) among other Banks as a Subsidiary Bank of State Bank of India(SBI for short) and for the constitution, management and control of the subsidiary banks so formed and for matters connected there with or incidental thereto. Chapter II Section 4(3) of the SBI(SB) Act provides that the Bank shall carry on the business of banking and other business in accordance with the provisions of the Act and shall have the power to acquire and hold property whether moveable or immoveable for the purpose of its business and to dispose of the same.

Business of the Bank

Sections 36, 36(A), 37 and 38 of Chapter VI of the SBI (SB) Act provide that:

Subsidiary Bank to act as Agent of State Bank: 36 (1)

A Subsidiary Bank shall, if so required by the State Bank, act as Agent of the State Bank at any place in India for

- a) Paying, receiving, collecting and remitting money, bullion and securities on behalf of any government in India; and
- b) Undertaking and transacting any other business which the Reserve Bank may, from time to time, entrust to the State Bank.

Subsidiary Bank to act as Agent of Reserve Bank: Section 36(A)

A Subsidiary Bank shall, if so required by the Reserve Bank, act as Agent of the Reserve bank at all places in India where it has a branch for:

- a) Paying, receiving, collecting and remitting money, bullion and securities on behalf of any government in India; and
- b) Undertaking and transacting any other business which the Reserve Bank may, from time to time, entrust to it.

Section 36A (4)

A subsidiary bank may transact any business or perform any functions entrusted to it under sub-section (1) by itself or through any agent approved by the Reserve Bank.

Business Profile:

The aggregate deposits of the Bank as at the end of September 2009 was Rs. 33821crores and the total advances stood at Rs.27055 crores. The Bank's advances to priority sector stood at Rs.8911 crores and constituted 34.43 % of the adjusted net bank credit. While advances to agriculture stood at Rs.3807 crores, advances to export credit stood at Rs.1000 crores. Advances to SSI sector stood at Rs.1368 crores.

Deposits

(Rs. in crores)

As on	31-Mar-05	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-09	30-Sept-09
Deposits (Global)	13343	16179	21396	26781	32388	33821
Annual Growth – Amount	2483	2836	5217	5385	5607	1433
Annual Growth – Percent	22.86	21.25	32.25	25.17	20.94	4.42
Cost of Deposits (Global) (%)	4.96	4.66	5.30	6.49	6.92	6.52

The category-wise break-up of total Global deposits during last 5 years is presented below:

(Rs. In crores)

As on	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	Sept-30, 2009
Current Deposits	1164	1400	1596	2146	1967	2084
Savings Bank Deposits	3495	4258	5195	6241	7233	8131
Term Deposits	8684	10521	14605	18402	23188	23605
Bank Deposits	242	190	626	673	527	390
Total	13585	16369	22022	27462	32915	34211

Distribution of Deposits

The population group-wise break-up of aggregate Domestic deposits (excl. Bank) for the last five years is as given in the table below: (in %)

As on	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	Sept 30, 2009
<u>RURAL</u>	1322	1520	1765	2158	2676	2507
Semi-Urban	2458	2731	2693	3443	4140	4119
Urban	2355	2741	4065	5088	6223	6257
METROPO LITAN	7208	9187	12873	16092	19350	20938
Total	13343	16179	21396	26781	32388	33821

Advances

The population group-wise classification of the Bank's Gross Advances is as under:

(Rs. in crores)

As on	March 31 2005	March 31 2006	March 31 2007	March 31 2008	March 31 2009	30 th Sept 2009
Rural	1187	1428	1802	2146	2372	2478
Semi-Urban	1491	1838	1920	2318	2551	2803
Urban	1375	1810	2635	3421	3674	3905
Metropolitan	5071	6987	10415	13430	17122	17698
Total	9125	12063	16772	21315	25719	26884

Figures stated above exclude Receivables from Government under Agriculture Debt waiver and Debt Relief Scheme Rs.161 crores as on 31.03.2009.

Growth of Advances

The growth of the Bank's Gross advances during the past five years, both in India and Overseas is as follows:

(Rs. in crores)

Year ended	March 31 2005	March 31 2006	March 31 2007	March 31 2008	March 31 2009
<u>Gross Credit</u>	9124	12063	16772	21315	25880
<u>Annual Growth –</u>	2492	2939	4709	4543	4565
<u>Amount</u>					
<u>Annual Increase (%)</u>	37.57	32.21	39.03	27.09	21.42

Investments

The total investments of the Bank in Government, approved and other securities as at the end of March, 2009 was Rs.11, 476 Crores (Rs. 8,470 crores as at the end of March 2008)

Trading Profit on Investments

2006-07 - Rs. 38.87 Crores

2007-08 - Rs. 79.91 Crores

2008-09 - Rs.22.04 Crores

Interest Income on Investments

2006-07 - Rs. 498.36 Crores

2007-08 - Rs. 616.67 Crores

2008-09 – Rs.742.65 Crores

Yield on Investments

2006-2007 - 7.77%

2007-2008 – 8.00%

2008-09 –Rs. 8.00%

International Banking

The Foreign Exchange turnover increased from Rs.77, 272 Crores during 2007-2008 to Rs.1,01,804 Crores during 2008-2009 registering a growth of Rs.24,532crores (31.74%). The profit from Foreign Exchange business during 2008-09 was Rs.44.46 Crores as compared to Rs 28.66 Crores of the previous year.

The Bank's aggregate deposits and total advances in Karnataka state was Rs.20658 crores and Rs. 11,864 crores respectively and constitute 55.81% of the bank's total business.

The gross NPA ratio is 1.42% and net NPA ratio is 0.50%.

The Bank has made an operating profit of Rs. 653.52 crores net profit of Rs. 336.91 crores as at the end of March 2009.

Statistical Profile:

(Rs. In crores)

<u>Particulars</u>	March 31 2005	March 31 2006	March 31 2007	March 31 2008	March 31 2009
Deposits	13,342.98	16,178.53	21,395.49	26,781.16	32388.35
Advances	9,124.50	12,063.16	16,771.94	21,315.18	25880.44
C D ratio (%)	68.38	74.56	78.39	79.59	79.91
Priority sector advances	3,243.47	4,493.08	6,062.88	6,959.93	8688.36
% of PSA to Net Bank Credit	40.35	40.22	38.27	43.35	40.76
Agricultural credit	1,227.80	1,657.58	2,180.94	2,911.36	3838.79
Advances to SSI	644.59	808.21	1,057.18	1,086.00	1290.26
Export credit	753.00	805.91	1,026.95	1,015.95	1158.13

Key Financial And Performance Indicators:

(Rs. In crores)

<u>Particulars</u>	March 31 2005	March 31 2006	March 31 2007	March 31 2008	March 31 2009
Capital	36.00	36.00	36.00	36.00	36.00
Net worth	750.79	927.35	1,121.56	1,341.09	1619.44
Capital adequacy ratio (%)	12.08	11.37	11.47	11.73	12.99
Net NPA ratio (%)	0.92	0.74	0.45	0.42	0.50
Return on asset (%)	1.25	1.23	1.10	1.08	0.91
Earning per share (Rs)	572.94	602	692.30	885.72	93.59
Book value per share	2085.53	2575.97	3115.00	3,725.00	449.00
Operating profit	451.66	437.86	471.58	567.53	653.53
Net profit	206.26	216.72	249.23	318.86	336.91
Dividend %	75	90	100	100	100

Asset Classification of Performing and Non-Performing Assets for the last 5 years is given below:

(Rs. in crores)

Classification of assets as on	March 31 2005	March 31 2006	March 31 2007	March 31 2008	March 31 2009
Standard Assets	8709.13	11665.03	16,388.18	20,946.47	25,486.99
Sub Standard Assets	73.73	89.99	95.56	112.46	122.38
Doubtful Assets	316.10	262.33	239.04	211.22	206.16
Loss Assets	25.54	45.81	49.16	35.32	39.07
Gross NPAs	415.37	398.13	383.76	359.00	367.61
Gross Advances	9124.50	12063.16	16771.94	21305.47	25854.60

Advances given above are Gross Advances while the Balance Sheet indicates Net Advances after setting off provisions, interest suspense etc: Gross Advances – (Provisions, Interest Suspense and DICGC & ECGC claims) = Net Advances.

Asset Classification of Performing and Non-Performing Assets for the last 5 years is given below:

(As a % of Gross Advances)

Classification of assets (%) as on	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
Standard Assets	95.44	96.70	97.71	98.31	98.58
Sub Standard Assets	0.81	0.74	0.57	0.53	0.49
Doubtful Assets	3.47	2.18	1.43	0.99	0.80
Loss Assets	0.28	0.38	0.29	0.17	0.15
NPA	4.56	3.30	2.29	1.69	1.42
Total	100.00	100.00	100.00	100.00	100.00

Other business, which the Bank may undertake

Section 37(1): Subject to the other provisions contained in this Act, a subsidiary bank may carry on and transact the business of banking as defined in clause (b) of section 5 of the Banking Regulation Act, 1949, and may engage in one or more of the other forms of business specified in sub-section (1) of section 6 of that Act.

Clause (b) of Section 5 of the Banking Regulation Act, 1949, states-"Banking" means the accepting for the purpose of lending or investment, deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft or otherwise.

Section 37(2): The Central Government may, after consultation with Reserve Bank and the State Bank, by order in Writing:

- (a) Authorise a subsidiary bank to do such other forms of business as the Central Government may consider necessary or expedient;
- (b) Direct that any form of business as is mentioned in the order, shall be carried on subject to such restrictions, conditions and safeguards as may be specified therein; or
- (c) Prohibit a subsidiary bank from carrying on or transacting any form of business which, but for this clause, it is lawful for the subsidiary bank to engage in.

Business, which the Bank may not transact: Section 37 (3)

Save as otherwise provided under sub-section (2) of section 37 of the SBI (SB) Act a subsidiary bank shall not engage in any form of business other than that referred to in sub-section (1) of Section 37 of the said Act.

Bank may acquire the Business of other Banks: Section 38 (1)

A subsidiary bank may, with the approval of the State bank, and shall, if the Reserve Bank, in consultation with State Bank, so directs, enter into negotiations for acquiring the business, including the assets and liabilities of any other banking institution.

Mission Statement of The Bank

A Premier commercial bank in Karnataka, with all India presence, committed to provide consistently superior and personalised customer service backed by employee pride and will to excel, earn progressively high returns for its shareholders and be a responsible corporate citizen contributing to the well being of the society.

Deposits Schemes:

- a. *Mybank Surakshana*: A unique deposit scheme with free Life Insurance cover.
- b. *Savings Plus*: A deposit scheme where above the minimum required balance will automatically transferred to fixed deposit to earn higher rate of interest..
- c. *Current account Plus*: A deposit product for businessmen with various concession in service charges.
- d. *Capital Gains Scheme 1988* : A deposit scheme for persons who wish to defer the capital Gains Tax upto 3 years, while earning interest on the amount.
- e. *Corporate Salary Package*: A savings bank account to suit Corporate employees.

Advances Schemes

C&I Segment

- a. *Corporate Loan*: A Demand/Term Loan for the Corporate Sector
- b. *Stand-by Line of Credit*: A life line for the emergency requirements of C&I and SSI borrowers.
- c. *Scheme for financing commission agents*: A scheme for C&I as well as Agricultural borrowers.
- d. *Liberalized Trade Finance*: To borrowers in Trade and Services sector who are willing to furnish mortgage of property.
- e. *JCB Machine*: A loan for the Tourism and Hospitality Industry.
- f. *Rent Plus*: Loans against Rent Receivables.
- g. *Mortgage Plus*: Term Loan / Overdraft to meet liquidity mismatch or any other purpose.

Personal Segment

- a. *Housing Loans*: Purchase or construct a house/flat, extend an existing house, renovate existing house/flat for individuals with steady source of income including persons engaged in agriculture and allied activities.
- b. *Car Loans*: Finance for purchase of new/used cars.
- c. *Personal Loan scheme*: To meet personal expenses like Marriages, Travel, Medical.
- d. *Two Wheeler Loans*: Loans to two wheelers at attractive rates/ margins.
- e. *Education Loan*: To deserving /meritorious students for pursuing higher education in India and abroad.
- f. *Mybank Arakshak*: Exclusively designed for helping the policemen
- g. *Mybank Adhyapak* : Finance to teaching and non-teaching staff.
- h. *Mybank Samachar* : To cater to the needs of journalists.
- i. *Sanjeevini* : Scheme for high cost medical treatment
- j. *Reverse Mortgage Scheme*: To provide a source of additional income for senior citizens who own self acquired house property in India.

Agriculture Segment

- a. Grameena Bhandaran Yojana
- b. Development of Vanilla crop
- c. Produce marketing loan scheme
- d. Advances to bio-fertilizer units
- e. Financing for combine harvestors
- f. Debt Swap Scheme .
- g. Financing for setting-up of agri clinics
- h. Tie up arrangement with NBHC
- i. Financing cultivation of gherkins under contract farming
- j. Swarnamitra Scheme – financing against gold ornaments
- k. Tie-up arrangements with major tractor dealers for promoting tractor finance
- l. General Credit Card .
- m. Financing Joint Liability Groups of Tenant Farmers.

Small Industries and Business Segment

- a. Mybank Doctor
- b. Mybank Professional Plus
- c. SME Credit Plus
- d. Artisan Credit Card (ACC) Scheme
- e. Stree Shakthi Package for Woman Enterprises
- f. Flexi (SSI) Term Loan
- g. Mybank Sanchari Suvidha
- h. Soorya Deepa – for solar power
- i. Stand by Line of Credit(Term Loan)
- j. Annapurna Scheme for financing women
- k. Laghu Udyami Credit Card Scheme
- l. SME Care
- m. Prime Minister's Employment Generation Programme (PMEGP)
- n. REMOTE (Coir Industry)
- o. SME-Help
- p. Rice Mill
- q. Micro Sector Collateral Free loan up to 5 lacs.

Loan Policy

State Bank of Mysore (SBM) Loan Policy (hereinafter referred to as “The Loan Policy” or “The Policy”) is aimed at accomplishing its mission of all-round growth with maximum profits, a position of pre-eminence in banking, committed to excellence in customer, shareholder and employee satisfaction, with continuing emphasis on its Development Banking role, achieved through a skilled and committed workforce and technological upgradation.

The Loan Policy of the bank has successfully withstood the test of time and with in-built flexibilities, has been able to meet the challenges in the market place. The policy exists and operates at both formal and informal levels. The formal policy is well documented in the form of circular instructions, periodic guidelines and codified instructions, apart from the Book of Instructions, where procedural aspects are covered in detail.

The policy, at the holistic level is an embodiment of the Bank's approach to sanctioning, managing and monitoring credit risk and aims at making the systems and controls effective. It is guided by the best practices of commercial prudence, the highest standards of ethical norms and the requirement of national priorities.

The Loan Policy also aims at striking a balance between underwriting assets of high quality, and customer oriented selling.

The basic tenets of SBM's Loan Policy are as follows:

- a. The Policy applies to all domestic lending, subject to the general or special directives of RBI/Government of India, as also the prudential guidelines applicable to all corporate credit exposures of the Bank.
- b. It aims at spotting and seizing opportunities and revamping our products and delivery mechanism as well as innovating new products ahead of competition.
- c. The Policy establishes a commonality of approach regarding credit basics, appraisal skills, documentation standards and awareness of institutional concerns and strategies, while leaving enough room for flexibility and innovation.
- d. It envisages an effective training system in all areas of "Credit Management" which reflects SBM's commitment to upgrade skills of all members of staff on a continuous basis.
- e. Computerisation, management information system based on a reliable database and development of faster communication as tools for better overall credit risk management are accorded due priority in the policy.
- f. Optimum/Maximum exposure levels are set out in the Policy to different sectors in order to ensure growth of assets in a balanced and orderly manner.
- g. The Policy provides for a comprehensive credit Risk Assessment system that sets out minimum scores/hurdle rates (in terms of credit Risk Assessment parameters) for new/additional exposures.
- h. Bank's general approach to Export Credit and Priority Sector Advances is set out in the Policy.
- i. The Policy lays down norms for take over of advances from other banks/FIs.
- j. Bank's stand on granting credit facilities to companies whose directors is in the defaulter's list of RBI is covered in the Policy.
- K The Policy aims at continued growth of assets while endeavoring to ensure that these remain performing and standard. It simultaneously also aims at continued improvement of overall quality of assets at the portfolio level.

The Board of the Bank is the apex authority in formulating all matters of policy in the Bank. A Credit Risk Management Committee (CRMC) has been set up, duly approved by the Board, of which the Top Management are members, to deal with issues relating to credit policy and procedures on a bank-wide basis. The CRMC and/or the Management Committee (MC) sets broad policies for managing credit risk including industrial rehabilitation, sets parameters for credit portfolio in terms of exposure limits, reviews credit appraisal systems, approves policies for compromises, write offs, etc. and general management of NPAs besides dealing with the issues relating to Delegation of Powers.

Cross selling:

Cross Selling includes the sale of the products of other organizations with whom we have tie-up arrangements. All Branches are authorized to do SBI Life and General Insurance Business. Accredited on is obtained from IRDA to impart bancassurance (life) training. State Bank of Mysore has adopted the Bancassurance model and entered into tie-ups with SBI Life Insurance Company Limited for marketing and distributing life insurance products and with National Insurance Company Limited for non-life insurance products and Health Insurance product 'Dhanvanthari' mediclaim policy exclusively for account holders of State Bank of Mysore.

State Bank of Mysore also entered into tie-up with SBI Mutual Funds and UTI Mutual Funds to market their investment products and with SBI Cards to source credit cards through designated branches, in order to deliver greater value to its clientele.

Community Services Banking: As a committed and responsible corporate citizen, the bank actively participates / associates with various community service activities, both banking and non-banking for the well being of needy.

Asset Classification, Income Recognition & Provisioning

Asset Classification

The Bank classifies its assets in compliance with RBI guidelines. Under these guidelines, an asset is classified as non-performing if any amount of interest/ principal remains overdue for more than 90 days in respect of term loans. In respect of overdraft/ cash credit, an asset is classified as non-performing if the account remains out of order for a period of more than 90 days and in respect of bills, if the account remains overdue for more than 90 days. In case of retail assets, the Bank classifies an asset as non-performing where any amount of interest/ principal remains overdue for more than 90 days, in respect of all loans.

NPAs are further categorized into three groups i.e. Substandard, Doubtful and Loss Asset depending upon the period of delinquency and availability of tangible security. The table below gives the criteria for asset classification viz. standard, sub-standard, doubtful and loss asset-

Category	Classification
Performing	
Standard Assets	An Asset which has not posed any problem and which does not carry more than the normal business risk
Non-Performing	
a) Sub-Standard Assets	An asset which has been non-performing for a period less than or equal to twelve months
b) Doubtful Assets	An asset, which has been non-performing for a period exceeding twelve months
c) Loss Assets	Asset where loss has been identified by the Bank or auditors/ RBI. The value of security is less than 10%

For this purpose, all advances are segregated into performing assets (standard assets) and non-performing assets. A borrowal account is classified as Non Performing Asset (NPA) when interest and/or instalment are overdue for more than 90 days. Borrowal accounts treated as NPA for not exceeding 12 months are classified as sub standard assets and borrowal accounts treated as NPA for more than 12 months are treated as doubtful assets. NPAs where securities are less than 10% and which are considered as irrecoverable are treated as loss assets.

When an account is classified as NPA, interest already debited to the account but not realised, is de-recognised and further interest accrued is recognised on cash basis.

Provisioning and Write-Offs

As per RBI guidelines, provisions are arrived on all outstanding NPAs, as under:

Sub-Standard Assets	A general provision of 10 percent on total outstanding without making any allowance for DICGC/ECGC guarantee cover and securities available. Additional provision of 10 per cent, i.e., a total of 20 per cent on the outstanding balance for 'unsecured exposures', which are identified as 'substandard'.
Doubtful Assets	DA 1:- Above 12 months below 24 months. 20% for secured portion and 100% for the unsecured portion. DA 2:- Above 24 months below 48 months. 30% for secured portion and 100% for the unsecured portion. DA 3:- Above 48 months 100% for the outstanding balance after netting retainable or realisable amount of the guarantee claims already received/ lodged with DICGC/ECGC, if any.
Loss Assets	100% of the outstanding after netting retainable amount of the guarantee claims already received/lodged with DICGC/ECGC, if any
Standard Assets	A general provision of 0.40% for non agriculture advances & for agriculture advances 0.25%

NPA Management Strategy

Significant efforts by the Bank have resulted in reduction of Gross NPA level from Rs. Rs. 359 crores as on March, 2008 to Rs.367.61 crores as on March 2009, thus registering a net reduction of Rs. 24.76 crores during the year. The Gross NPA ratio declined from 1.68% in March 2008 to 1.42% in March 2009.

With the aim of improving asset quality, the following measures have been initiated:

- a) All high value accounts with outstanding of Rs.1.00 crores and above were reviewed periodically by the Management Committee and specific action plan drawn for up gradation / recovery.
- b) Separate targets for recovery, up gradation have been given to each module to endure achievement of 50% up gradation from substandard assets and 25% from doubtful assets.
- c) Bank Adalats have been organized at various centres for quick recovery.
- d) Integrated approach was adopted to review stressed assets to have focus on prevention of slippage of assts and restructuring in case of viable units on monthly basis at appropriate levels.
- e) Action under Securitisation Act is being initiated by Branch/Controllers/Modules effectively, by utilizing the services of enforcement agencies, etc.
- f) Extension of the flexible approach of relief's and concessions as available in Corporate Debt Restructuring (CDR) Mechanism to other potentially viable units not eligible under CDR.
- g) Holding seminar and spreading awareness through STCs during training programmes.

Financial Highlights of the Bank:

Balance sheet for last five years

Rs.crores)

	March 31, 2005	March 31, 2006	March 31, 2006	March 31, 2008	March 31, 2009
A. ASSETS					
1. Cash in hand	58.53	66.32	76.99	100.90	196.79
2. Balances with RBI	883.00	679.39	2018.64	2560.65	1538.26
3. Balances with Banks in					77.75
	55.14	35.11	44.35	47.38	
4. Balances with Banks e India	94.01	77.65	298.41	197.16	319.92
5. Money at Call and Short					10.00
	475.00	500.00	0	0	
6. Investments in India	5796.19	5693.52	6989.75	8402.76	11377.96
7. Investments Outside					
8. Advances in India	8781.26	11754.16	16465.54	21027.14	25616.05
9. Advances outside India					
10.Fixed Assets (Net of Reserve)	92.24	163.30	133.38	122.99	731.36
11.Other Assets	317.25	368.00	815.59	610.72	617.70
A. TOTAL OF (A)	16552.62	19337.45	26842.65	33069.70	40485.79
B. LIABILITIES					
1. Demand Deposits					
From Banks	189.62	154.44	245.85	364.85	307.08
From Others	1163.76	1399.58	1595.90	2146.10	1966.73
2. Savings Deposits	3494.53	4258.09	5195.00	6241.28	7233.09
3. Term Deposits					
From Banks	52.57	35.78	381.02	307.75	220.34
From Others	8684.69	10520.86	14604.58	18402.41	23188.53
4. Borrowings					
In India	60.84	46.79	858.97	1380.94	2662.66
Outside India	258.73	535.43	130.95	350.59	99.42
5. Other Liabilities and sions	1526.43	906.26	1904.05	1432.96	1471.80
6. Subordinated Debts	365.00	545.00	785.00	1065.00	1065.00
B. TOTAL OF (B)	15796.17	18402.23	25701.32	31691.90	38214.75
C. NET ASSETS (C=A-					2271.04
756.44	935.22	1141.33	1377.81		
Represented by:					
D. SHARE CAPITAL	36.00	36.00	36.00	36.00	36.00
E. RESERVES AND PLUS					
1. Statutory Reserve	307.17	476.67	677.68	920.69	1004.92
2. Capital Reserve	105.51	113.21	118.31	119.35	184.69
3. Investment Fluctuation ve	165.10		-	-	
4. Revenue and Other ve	142.66	309.34	309.34	301.77	1045.43
5. Balance of Profit and Account	-	-	-	-	
TOTAL (E)	720.44	899.22	1105.33	1341.81	2235.04
F. TOTAL (D+E)	756.44	935.22	1141.33	1377.81	2271.04 20

Profit and Loss Statement (Rs. crores)

		Year ended 31.03.2005	Year ended 31.03.2006	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009
I	INCOME					
	Interest Earned	1167.77	1346.76	1805.79	2494.40	3247.28
	Other Income	386.01	346.56	320.92	422.13	480.36
	TOTAL	1553.78	1693.32	2126.71	2916.53	3727.64
II	EXPENDITURE					
	Interest Expended	623.03	735.09	1092.90	1732.10	2409.02
	Operating Expenses	479.09	520.37	562.23	616.90	665.09
	Provisions and Contingencies	245.40	221.14	222.35	248.67	316.61
	TOTAL	1347.52	1476.60	1877.48	2597.67	3390.72
III	PROFIT/LOSS					
	C/f loss	-				
	Net Profit for the year	206.26	216.72	249.23	318.86	336.92
	Capital Reserve (Investment appreciation)					
	TOTAL	206.26	216.72	249.23	318.86	336.92
IV	APPROPRIATIONS					
	Transfer to					
-	Statutory Reserves	97.35	169.50	201.01	243.01	84.23
	Investment Fluctuation Reserve					
	(excess / short provision towards	9.10	0	0	0	
-	depn. on Investments net of taxes and Statutory Reserves)					
	Transfer to Capital Reserves (Profit on	68.02	7.70	5.10	1.04	
-	sale of Inv. under "HTM" Category					65.33
	Other reserve				31.19	143.74
	Redemption Reserve	-	1.58	0	0	
-	for Bonds					
-	Dividend	30.79	36.94	42.12	42.12	42.12
	(inclusive of Dividend Tax where applicable)					
	Contribution to retired employees medical fund	1.00	1.00	1.00	1.50	1.50

Balance carried over to Balance Sheet		-	-	-	
TOTAL	206.26	216.72	249.23	318.86	336.92
Earnings per share (Basic/Diluted)	573.00	602.00	692.00	886	94

4. A brief history of the issuer since its incorporation giving details of its activities including any reorganization, reconstruction or amalgamation, changes in its capital structure, (authorized, issued and subscribed) and borrowings, if any

Origin

“Bank of Mysore Ltd” was established on 2nd October 1913 under the aegis of the Government of Mysore on the recommendation of the Banking Committee headed by Sir M Visvesvaraya, the great Engineer Statesman. During 1953, the Bank was appointed as an agent of Reserve Bank of India to undertake Government Business and Treasury Operations. It became the Subsidiary of State Bank of India in March 1960 under the State Bank of India (Subsidiary Banks) Act 1959.

Promoters And Their Background

State Bank of India

The State Bank of India was constituted on 1st July 1955, pursuant to the State Bank of India Act, 1955 (the “SBI Act”) for the purpose of creating a state-partnered and state-sponsored bank integrating the former Imperial Bank of India. In 1959, the State Bank of India (Subsidiary Banks) Act was passed, enabling the Bank to take over eight former state-associated banks as its subsidiaries.

The Bank is India’s largest bank, with approximately 10,000 branches in India and 82 international offices. Its Associate Banks have a domestic network of around 5,100 branches, with strong regional ties. The Bank also has subsidiaries and joint ventures outside India, including Europe, the United States, Canada, Mauritius, Nigeria, Nepal, and Bhutan. The Bank has the largest retail banking customer base in India.

The Bank is engaged in corporate banking for many of India’s most significant corporates and institutions, including State-owned enterprises, as well as providing banking services to commercial, agricultural, industrial and retail customers throughout India. The Bank services its most important corporate customers, including certain state-owned enterprises, through its Corporate Banking Group, and its other customers, including other large corporations and State-owned enterprises, small scale industries, agriculture and personal banking customers through its National Banking Group. The National Banking Group also provides financial services to the Government and the state governments, including tax collection and payment services. The Bank is engaged in international banking and has foreign operations in 32 countries.

The Bank has a presence in diverse segments of the Indian financial sector, including asset management, factoring and commercial services, insurance, credit cards and payment services. The Bank’s corporate headquarters (“Corporate Centre”) is located at State Bank Bhavan, Madame Cama Road, Mumbai – 400 021.

The Bank is committed to using its effort to adopt technology to achieve efficiency in its business operations. The Bank is moving towards centralized database using enhanced

technology to credit it “CBS”. The CBS will enable on time, real time transaction processing and provide live interface to a multitude of technology delivery channels

Financial Profile

The Paid-up Capital of the Bank is Rs. 36 crores as on 31st March 2009, out of which State Bank of India holds 92.33% of shares and the rest is held by private shareholders / other institutions. The net worth of the Bank as on 31st March 2009 is Rs.1, 691.44 crores and the Bank has achieved a Capital Adequacy Ratio of 12.99% as at the end of March 2009. The Bank earned a Net Profit of Rs. 336.91 crores for the period ended March 2009 and Earning Per Share is at Rs. 93.59.

Bank enjoys excellent brand equity in the State and is well known for the quality of its Customer Service. The Bank follows prudent banking policies and has stood up to the challenges of Financial Sector Reforms. The Bank has the enviable record of earning uninterrupted profits and declaring dividends since inception. The bank plays a very proactive and dynamic role in the economic development of the State.

Milestones:

1913 – Established on 2nd October 1913 – Authorised Capital Rs.20.00 lakhs

1960 – “Bank of Mysore Ltd” was changed to “State Bank of Mysore” and Bank has become an Associate of State Bank of India

1969 – Became the Lead Bank in three districts – Mysore, Mandya and Tumkur. Currently lead bank in Mysore, Chamrajanagar and Tumkur districts.

1990-91 - Main frame computer was installed. Joined swift and Banknet of RBI. First Industrial Finance branch was opened

2003-04 – 100% computerization of the branches.

2005 (Dec) - Core Banking Solutions implemented in all branches of the bank

2007-08 – Authorised capital of the bank increased to Rs.500 crores.

2008-09 – Total business crossed Rs.50,000 crores

Network Profile:

As on 30th September 2009 the Bank has 5 Zonal Offices and 22 Regional Offices, controlling 682 branches, 20 extension counters and 6 satellite offices spread all over India. This includes 3 Industrial Finance branches (Chennai, Hyderabad and New Delhi), 5 SME branches, an Asset Recovery branch (Bangalore), 4 treasury branches at Mysore, Bangalore, Mumbai and Bellary and 8 service branches at Bangalore, Mumbai, Chennai, Delhi, Hyderabad, Kolkata, Mysore and Hubli, three Corporate branches at Bangalore, Mumbai and Delhi.

Geographical Distribution of Branches is as under:

State/ Union Territory	Number of Branches	% Share of Total
Andhra Pradesh	23	3.37%
Delhi	13	1.90%
Goa	3	0.44%
Gujarat	3	0.44%
Haryana	1	0.15%
Karnataka	551	80.79%
Kerala	10	1.47%
Madhya Pradesh	2	0.29%
Maharashtra	24	3.52%
Orissa	1	0.15%
Puducherry	1	0.15%
Rajasthan	1	0.15%
Tamilnadu	37	5.42%
Uttar Pradesh	2	0.29%
West Bengal	10	1.47%
Total	682	100.00%

Specialised Branches

For customer satisfaction and to increase the business, the Bank has given thrust to single window service by opening Specialized Branches. The Bank has 29 Specialized Branches (excluding currency chest branches) and 33 Centralised Processing Centres as on September 30, 2009 that are engaged in financing our corporate borrowers, small-scale industries, specialized trading etc. The details are as given below:

Specialized Branches	Number of Branches
Asset Recovery Branch	1
Spl. Personal Banking Branches	4
Industrial Finance Banking	3
SME Branches	5
Specialised Treasury Branch	1
Treasury	4
Service Branches	8
Corporate Accounts Branches	3
Total	29
Central Processing Centres	33

Population-based network profile of the bank:

Population group	Number of branches	% to total branches
Metro	180	26.39%
Urban	148	21.70%
Semi-urban	140	20.53%
Rural	214	31.38%
Total	682	100.00%

Regional Rural Bank:

The Bank has sponsored one Regional Rural Bank (RRB), viz., Cauvery Kalpatharu Grameena Bank covering Mysore, Hassan, Chamarajanagar, Bangalore Urban, Bangalore Rural and Tumkur Districts. The RRB was formed by amalgamating Cauvery Grameena Bank and Kalpatharu Grameena Bank on 24.05.2006. The RRB has a network of 210 branches. Total deposits, advances and operating profit as at the end of September 2009 stood at Rs. 1,516.72 crores, Rs. 1325.00 crores and Rs. 10.97 crores respectively. The RRB has computerised all the 210 branches.

Lead Bank:

The Bank is the Lead Bank for Mysore, Chamarajanagar and Tumkur Districts

Organisational Set-Up And Management Structure:

The Managing Director, assisted by the Chief General Manager and 6 General Managers in the areas of Operations, Commercial & Institutional Banking, Planning & Development, Treasury, Inspection & Vigilance and Information & Technology form the management team of the Bank. The Bank has 5 Zonal Offices of which two Zonal Offices are situated in Bangalore and other three Zonal Offices are situated at Mysore, Hubli and Chennai all headed by Deputy General Managers. 2 Corporate Accounts branches at Bangalore, Mumbai and New Delhi, 2 Regional Offices at Mumbai and New Delhi and Bangalore Main Branch are also headed by Deputy General Managers.

Technological Initiatives

ATMs: As at the end of October, 2009 the bank has installed 488 ATMs covering major cities like Bangalore, Mumbai, Chennai, New Delhi, Kolkata and Hyderabad and at important centers in Karnataka. All the ATMs are networked and ATM card holders have access over 16,871 ATMs of State Bank Group as on 31-10-2009.

Core Banking Solution (CBS): As at the end of October 2009 Core Banking Solution has been successfully implemented in all 682 branches. The networked platform is being used for implementing Real Time Gross Settlement (RTGS), National Electronic Funds Transfer System (NEFT), STATE Bank Electronic Payment System (STEPS), Internet Banking & Networking of ATMs.

Business Process Re-engineering (BPR)

In view of the Technological changes and entry of private/foreign banks which offer world-class services, the expectations of the customers are increasing day by day. To respond to the competition, the Bank has been implementing various initiatives under Business Process Re-engineering (BPR) in consultation with State Bank of India. The objectives of BPR include increasing customer satisfaction and convenience, freeing the branch functionaries from routine duties and to focus on sales and marketing. BPR also aims at simplifying processes for employees to keep pace with technological changes and development of skills to improve quality of credit and turnaround time. Successful implementation of BPR initiatives will lead to world class processes which would support operating architecture in the Bank.

During the year Bank has been strengthening the existing BPR initiatives rolled out in the previous years besides roll out of other new initiatives. The following are the initiatives rolled out so far and to be rolled out during the financial year.

Sl. No.	Initiative	Rolled out	To be rolled out
01	Retail Asset Central Processing Centre	Bangalore	
02	Small and Medium Enterprises City Credit Centre	Bangalore	
03	Retail Asset And Small and Medium Enterprises City Credit Centre	Mysore, Hubli, Hyderabad, Chennai, Shimoga, Mumbai, Delhi & Kolkatta	
04	Trade Finance Central Processing Cell	Bangalore, Chennai, Delhi, Mumbai and Hyderabad	
05	Stressed Asset Resolution Centre	Bangalore, Mysore , Hubli, Hyderabad, Chennai, Delhi, Shimoga, Mumbai and Kolkatta	
06	Agriculture Central Processing Centre	Tumkur, Mandya, Mysore & Hassan	
07	Currency Administration Cell	Bangalore, Mysore, Chennai, Delhi & Mumbai	
08	Centralised Pension Processing Centre	Mangalore	
09	Multi Product Sales Team	Bangalore, Mysore, Chennai, Shimoga, Hyderabad, Mumbai and Kolkatta	Hubli and Delhi
10	Relationship Manager (Personal Banking)	44 Branches – 21 centres	
11	Relationship Manager (Medium Enterprises)	7 branches- 5 centres	
12	Grahakmitra	252 Branches at 104 centres	
13	Cheque Drop Box	All the Branches	
14	Centralised Clearing Processing Centre	Bangalore, Mysore, Chennai and Delhi	
15	Liability Central Processing Centre	Mangalore	
16	Contact Centre	Bangalore	
17	Branch Redesign	Four branches	26 branches
18	Micro Market Study	Bangalore Centre	
19	Rural Central Processing Centre		Tumkur, Mandya, Mysore and Hassan

All these initiatives have been well adapted by the customers. All these initiatives will make the bank a World class financial institution

Achievements & Awards:

The Bank has been awarded “Special Award for Excellence in Micro Enterprises for 2006-07” by Government of India, Department of MSME, New Delhi

The Bank is also awarded 2nd prize for SHG Finance in Karnataka by NABARD for the year 2006-07.

The Bank is awarded for the best performance in SHG Finance in 2007-08.

Our Bank bagged the 2nd Best Performance Award under SHG Bank Linkage Programme from NABARD for the Year 2007-08

Our Regional Rural Bank, Cauvery Kalpataru Grameena Bank has been awarded 1st prize for best performance in SHG Finance for the year 2006-07 among RRBs in Karnataka by NABARD.

Capital Structure Of The Bank (As on September 30, 2009)

No. Of Shares	Face Value (Rs.)	Issue Value (Rs.)
Authorised Capital		
50,00,00,000 Equity Shares of Rs. 10/- each	500,00,00,000	500,00,00,000
Issued, Subscribed and Paid-up Capital		
3,60,00,000 Equity Shares of Rs. 10/- each	36,00,00,000	36,00,00,000
Paid Up Capital after the Present Offer		
3,60,00,000 Equity Shares of Rs. 10/- each	36,00,00,000	36,00,00,000
Share Premium Account		
Pre Issue		60,00,04,000
Post Issue		60,00,04,000

Notes To Capital Structure:

Following is the capital history since 1985:

(No. of Shares -Face value of Rs.100/-)

Year ended March 31	Increase (Decrease) in capital	Mode	Cumulative Paid-up capital
Pre 1985	-	Opening Balance	104,421
16/06/1986	195,579	Issue of Shares at Face Value	300,000
24/09/1988	900,000	Issue of Shares at Face Value	1,200,000
18/03/1996	2,400,000	Issue of Shares at premium of Rs. 250/- per share	3,600,000
Face value of shares was sub divided into Rs.10/- on 22-01-2009			

5. Details of debt securities issued and sought to be listed including face value, nature of debt securities mode of issue i.e. public issue or private placement.

Issuer	State Bank of Mysore
Sole Arranger	Trust Investment Advisors Pvt. Ltd.
Issue Size	Rs. 100 crores.
Instrument	Innovative Perpetual Debt Instruments for inclusion as Tier I capital in the nature of Unsecured, Non-Convertible Promissory Notes
Credit Rating	CRISIL AAA/Stable CARE AAA
Face Value/ Issue Price	Rs. 10,00,000/- per Bond
Type of placement	Private
Minimum Application Size	10 Bonds and multiples of 1 bond thereafter
Tenor	Perpetual
Redemption	Bonds shall be perpetual. However , in case the bank exercises the call option, then bulleted redemption at par.
Coupon Rate	Coupon Rate 9.10% p.a. for the first 120 months subject to TDS as applicable
Interest Payment	Annual (subject to RBI norms)
Interest on Application Money	Interest on application money will be paid to Investors at the Coupon Rate applicable for the first 10 years 9.10 %) (subject to deduction of tax at source, as applicable) from the date of realisation of cheque(s)/demand draft(s)/RTGS realisation, upto but not including the Deemed Date of Allotment
Put option	None
Call Option	At the end of 120 months from the date of allotment, with the prior approval of RBI
Step-up Option	If call option is not exercised at the end of 120 months from the deemed date of allotment, the step up coupon rate will be 0.50 % p. a for all subsequent years i.e. Coupon Rate will become 9.60% p.a.
Lock-in-clause	Upper Tier II instruments shall be subjected to a lock-in clause in terms of which the issuing bank shall not be liable to pay either interest or principal, even at maturity, if (a) the bank's CRAR is below the minimum regulatory requirement prescribed by RBI, or (b) the impact of such payment results in bank's CRAR falling below or remaining below the minimum regulatory requirement prescribed by RBI.
Listing	Proposed listing at Wholesale Debt Segment(WDM) of the BSE
Depository	NSDL and CDSL
Issuance & Trading	Demat mode
Mode of Placement	Private Placement
Day Count Basis	Actual/365

**Subject to TDS as applicable. Investors are advised to read the Information Memorandum for more details.*

Authority for the Placement

This private placement of Bonds is being made pursuant to the resolution passed by the Board of Directors of the Bank at their meeting held on 31-10-2009 permitting to raise Rs. 100 crores through Innovative Perpetual Debt Instruments. Further, State Bank of India, Corporate Centre, Mumbai has approved the issue of this Tier I Bonds vide their letter No. SBD/SH/2446 dated 15th October, 2009

The present private placement of Unsecured Non-Convertible Perpetual Tier I Bonds is being made in accordance with extant RBI guidelines vide its master circular no. RBI/2009-10/43 DBOD.No.BP.BC. 21/21.06.001/2009 - 10 dated July 1, 2009 on Prudential Norms on Capital Adequacy-Basel I Framework covering terms and conditions for issue of Innovative Perpetual Debt Instruments forming part of Tier I capital. The private placement of Bonds under the terms of this Disclosure Document is being made pursuant to the approval given by the Board of Directors of the Bank in their meeting held on 31st October 2009, for raising Perpetual Bonds aggregating upto Rs. 100 crores. The Bonds to be raised is within the overall borrowing powers of the Bank. This being a private placement of debt securities, the eligibility norms of SEBI (DIP) Guidelines, and 2000 shall not be applicable. Further the Bank, its promoter, its associates and companies with which the directors of the Bank are associated as directors or promoters are not prohibited from accessing the capital market/ debt securities market under any order or directions passed by SEBI. The Bank can undertake the proposed issue of bonds in view of the present approvals and no further approval from any government authority (ies)/ Reserve Bank of India (RBI) is required by the Bank in this connection.

6. Issue size

Aggregate amount of Rs.100 crores, comprising for inclusion as Tier I capital in the nature of Unsecured, Non-Convertible Promissory Notes bonds.

7. Details of utilization of the issue proceeds.

The utilization of the funds proposed to be raised through this private placement is entirely at the discretion of the Bank and no monitoring agency has been appointed to monitor the deployment of funds.

8.

Names Of Statutory Central Auditors With Addresses As On 30.09.2009		
SL. No.	Name Of The SCA	Address of the SCA
1	M/s. P.K.K.G. BALASUBRAMANYAM & ASSOCIATES.	CHARTERED ACCOUNTANTS, Flat No. 2 & 3, Door No. 68/38, Brindavan Street, West Mambalam, CHENNAI - 600 033.
2	M/s. DHAWAN & CO.	CHARTERED ACCOUNTANTS, 312, Wegmans Street. 21, Veer Savarkar Block, NEW DELHI - 110 092.
3	M/s. GROVER, LALLA & MEHTA	CHARTERED ACCOUNTANTS, 90/20, Malviya Nagar, NEW DELHI - 110 092.
4	M/s. GOPALAIYER AND SUBRAMANIAN	CHARTERED ACCOUNTANTS, New No. 4 (Old No. 28), Guru Govindsingh Road, R.S. Puram, COIMBATORE - 641 002.
5	M/s. RAMRAJ & CO.	CHARTERED ACCOUNTANTS, No. 17, 59th Cross, V Block, Rajajinagar, BANGALORE - 560 010.

9 **A statement containing particulars of the dates of, and parties to all material contracts, agreements involving financial obligations of the issuer**

Material Contracts and Documents

- Copy of latest audited Balance Sheet and Annual Report
- State Bank of India (Subsidiary Banks) Act, 1959
- Credit Rating Letters for the current Placement.
- Terms of Appointment of Managing Director.
- Board Resolution approving the proposed Bond placement.
- Consent letters of the Registrars, the Trustees to the Bondholders and the Lead arrangers
- Annual Reports of the Bank for the last five years.

10.Details of Borrowings, Tier-II Bonds and Deposits including any other issue of debt securities in past

In Crores		
Borrowings		
	As at 31.03.2009	As at 30.09.2009
1.Borrowings in India		
i.RBI		
ii..Other Banks/financial institutions in India	2206.66	757.01
iii. GOI Borrowings		
iv. Tier I Bond Issue		
v. Bonds Guaranteed by GOI		
vi. Perpetual Debt Instruments	160.00	160.00
vii. Others		
1. Borrowings outside India	99.42	94.02
2. Subordinated Tier II Bonds	1065.00	1065.00
3. Deposits	32388	33821

PREVIOUS PUBLIC/RIGHTS ISSUE

The previous issues of the bank during the last five years is as follows: **NIL**

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Cumulative no. of shares	Consideration (cash, bonus, consideration other than cash)	Reasons for allotment (bonus, swap etc.)

Previous issues by the Bank- Outstanding

Bonds issued by the Bank outstanding as on the date of Offer Document and terms of issue

Issue	Year of Placement	Size (Rs in lakhs)	Tenor (Months)	Credit Rating	Coupon (% p.a.)	Redemption Date
1	01-02-2005	17500	111	AAA	7.10	01-05-2014
2	01-12-2005	25000	113	AAA	7.45	01-05-2015
3	15-11-2006	30000	180	AAA	8.95	15-11-2021
4	30-11-2007	16000	Perpetual	AAA	9.80	NA
5	16-01-2008	34000	180	AAA	9.08	16-01-2023

List of outstanding FC(foreign currency) by the Bank (as on 30.09.2009) -NIL

Issue	Date of Placement	Lender/Paying agent	Amount Drawn	Amount outstanding	Last date of repayment	Coupon (% p.a.)

11.Any material event/ development or change at the time of issue or subsequent to the issue which may affect the issue or the investor's decision to invest / continue to invest in the debt securities

Rs. In Cores						
Sl. No.	Particulars	30,Sept 2008	30,Sept 2009	% increase	31,Mar 2008	31, March 2009
1	Deposits	29652	33821	14.06	25,117	32388
2	Advances	24059	27055	12.45	21,215	25880
3	Total (1+2)	53711	60876	13.34	46,332	58268
4	Total Income(5+6)	1620	1937	19.56	2917	3727
5	Interest Income	1489	1740	16.87	2495	3247
6	Other Income	131	197	49.78	422	480
7	Total Expenses(8+9)	1386	1557	12.35	2349	3074
8	Interest Expenses	1079	1223	13.36	1732	2409
9	Operating Expenses	307	334	8.79	617	665
10	Operating Profit (4-7)	234	380	62.11	568	653
11	Provisions/Tax	130	199	53.29	249	316
12	Net Profit (10-11)	104	181	22.13	319	337
13	Gross NPA	384	453	17.97	359	368
14	% Gross NPA to Gross Advances	1.59	1.68	-	1.68	1.42
15	Net NPA	150	1.96	30.67	88	129
16	% Net NPA to Net Advances	0.62	0.73	-	0.42	0.50
17	CRAR(Basel I)	11.50	12.18	-	12.34%	12.41
	CRAR (Basel II)	11.50	12.63	-	11.73%	12.99

12. Particulars of the debt securities issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option.

No such issue has been made by State Bank of Mysore.

13. List of Ten Top Share holders of Equity shares of the issuer as on 13-11-2009

Sr. No.	Name of the Shareholders	Category	Number of Equity Shares	Percentage
1	Promoter: State Bank of India	FI	3,32,40,060	92.33%
2	Life Insurance Corporation of India	FI	5,44,660	1.51%
3	United India Insurance Company Limited	FI	44,850	0.12%
4	Pavan & Co.Pvt.Ltd.,	Body Corporate	30,400	0.08%
5	Reliance Capital Trustee Co. Ltd A/c Reliance Banking Fund	FI	22,869	0.06%
6	Goldview Financial Services Ltd	Body Corporate	20,000	0.05%
7	Deep Fin. Consultants Pvt.Ltd	Body Corporate	16,500	0.05%
8	Gajendra Kumar Sobhagmal Patni		7,900	0.02%
9	Ashokkumar Sobhagmal Patni		7,900	0.02%
10	R.N. Shivapraksh Kumar		7,200	0.02%

List of Ten Top Bond holders of each class or kind of securities of the issuer as on 13-11-2009

Sl.	7.10% 01-05-2014 Lower Tier II	9.08% 16-01-2023 Upper Tier II	9.80% Perpetual	7.45% 01-05-2015 Lower Tier II	8.95% 15-11-2021 Upper Tier II
01	Coal Mines Provident Fund	CBT EPF EPS A/C Reliance Capital Amc Ltd	Chhattisgarh State Electricity Board Gratuity and Pension Fund Trust	CBT EPF EPS A/C HSBC AMC Ltd	Life Insurance Corporation Of India
02		Sahara India Financial Corporation Ltd	ONGC Ltd Employees Contributory Provident		Sahara India Financial Corporation Ltd
03		UCO Bank (Employees) Pension Fund	Air- India Employees Provident Fund		The Union Provident Fund
04		ONGC Gratuity Fund Trust	HDFC Standard Life Insurance Company Limited		Infrastructure Development Finance Company Limited
05		Corporation Bank (Employees') Pension Fund	Birla Sun Life Insurance Company Limited		The B. E. S. And T. Undertaking Provident Fund
06		General Insurance Corporation Of India	United India Insurance Company Limited		The Life Insurance Corporation Of India Provident Fund No 1
07		Punjab National Bank Employees Pension Fund	Indian Overseas Bank Employees' Pension Fund		Provident Fund Of Tata Steel Limited
08		The Cosmos Co-Op Bank Ltd	Corporation Bank		Union Bank Of India (Employees') Pension Fund
09		The Tata Engineering And Locomotive Company Ltd Provident Fund	Punjab National Bank Employees Provident Fund		Central Board Of Trustees Employees Providentfund
10		Corporation Bank Staff Provident Fund	ONGC Self Contributory Post Retirement And Death In Service Super		CBT EPF EPS A/C HSBC AMC Ltd

			Annuation Benefit Trust		
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14.Undertaking to use a common form of transfer

The Innovative Perpetual debt Instruments will be negotiable instruments in the nature of Promissory Notes, transferable by endorsement and delivery. The transfer of bonds in dematerialized form would be in accordance with the rules/procedures as prescribed by Depository/Depository Participant.

15.Redemption amount, period of maturity, yield

Bonds shall be perpetual. However, in case the bank exercises the call option, then bulleted redemption at par.

16.Information relating to Terms of Offer

Key Terms:

Tenor

The Bonds are perpetual in nature from the Date of Allotment, unless the Bank exercises the Call Option.

Coupon

The investors will receive interest at 9.10 % p.a. subject to TDS as applicable.

Face Value per Bond

Each Bond has a face value of Rs.10, 00,000/- and is issued at par at Rs.10, 00,000/-.

Minimum Application Size

The minimum investment shall be 10 (ten) bonds i.e. Rs.1, 00, 00,000/- and in multiples of 1(one) Bonds i.e. Rs.10, 00,000 thereafter.

Date of Allotment

25-11-2009 shall be the Date of Allotment of the Bonds. All the benefits under the bonds will accrue to the investor from this date even though the actual allotment may take place on a date other than the specified Date of Allotment.

Limits

The total amount raised by a bank through Innovative Perpetual Debt Instruments shall not exceed 15 percent of unimpaired non-innovative Tier-I capital of the previous financial year. The eligible amount will be computed with reference to the amount of Tier-I capital as on March 31 of the previous financial year, after deduction of goodwill and other intangible assets but before the deduction of investments. Investment by FII in IPDI raised in Indian rupees shall be outside the ECB limit for denominated corporate debt fixed for investment by FIIs in corporate debt instruments.

Credit Rating

CRISIL and CARE have assigned a AAA rating to the captioned debt programme of the Bank. This rating indicates highest safety. It indicates fundamentally strong position. Risk factors are negligible. There may be circumstances adversely affecting the degree of safety but such circumstances, as may be visualised, are not likely to affect the timely payment of principal and interest as per terms.

The rating is not recommended to buy; sell or hold Securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating obtained is subject to revision at any point of time in the future. The rating agencies have a right to suspend, withdraw the rating at any time on the basis of new information etc.

Listing

Application shall be made to Bombay Stock Exchange, Mumbai to list the bonds of the Bank now being offered through this Information Memorandum and for permission to deal in such Bonds.

If the permissions to deal in and for an official quotation of the Bonds is not granted by BSE the Bank shall forthwith repay, without interest all such moneys received from the applicants in pursuance of this Information Memorandum. If such monies are not repaid within eight days after the Bank becomes liable to repay them (i.e. from the date of refusal or within 70 days from the date of the closing of the subscription list, whichever is earlier), then the Bank will be liable to repay the monies, with interest, as prescribed under Section 73 of the Companies Act, 1956.

Underwriting

The Bonds offer is not underwritten.

Seniority of Claim:

The claims of the investors in 9.10% Unsecured, Non-convertible, Subordinated Perpetual Tier I (SBM) Bonds shall be

- a) Superior to the claims of investors in equity shares
- b) Subordinated to the claims of all other creditors

Book Closure (Record) Date

The Bank's Register of Bondholders will be closed for the purposes of payment of interest or redemption of Bonds, as the case may be, 30 days prior to the respective due date.

Interest on Application Money

Interest at the coupon rate applicable for the first 10 years 9.10 % (subject to deduction of tax at source) will be paid in respect of all valid applications including the refunds. Such interest shall be paid from the date of realisation of the cheques/demand drafts up to the date immediately preceding the Date of Allotment. Refund cheques/Warrants/Demand Drafts / RTGS realizations will be mailed within seven days of Date of Allotment. In case of an over subscription, the excess mobilisation that would be eventually refunded will also be applicable for application money.

However, in case of a rejected application, no interest would be paid on the application money. The Interest Cheque(s)/ Demand Draft(s) for Interest on Application Money shall be dispatched by the Bank along with allotment advice/ Regret letter / Rejection

letter, as the case may be, and will be dispatched by registered post to the sole/ first applicant, at the sole risk of the applicant.

Interest on the Bonds

The Bonds will carry interest at the rate of 9.10% p.a. for tenure of 120 months from the date of allotment. The interest will be paid from the Date of Allotment (subject to deduction of tax at source at the rates prevailing from time to time under the Income Tax Act, 1961 or any other statutory modification or re-enactment thereof) and is payable annually on April 1 each year during the tenure of the Bonds except for the last interest payment. In case the call option is not exercised by the Bank, the step-up coupon rate of 50 bps will be paid for the remaining tenor.

If any interest payment date falls on a day, which is not a business day in Bangalore, Karnataka ("Business Day" being a day on which Commercial Bank are open for business in the city of Bangalore, Karnataka), then payment of interest will be made on the next business day but without liability for making payment of interest for the delayed period. The interest payable shall be calculated by multiplying the coupon rate by the principal amount, multiplying such product by actual number of days in the interest period concerned dividing by 365 (a leap year would be considered as 366 days for the purpose of interest calculation).

Interest Period

- The first interest period is defined as the actual number of days falling between the Deemed Date of Allotment to 31st March 2010 including both the first date and the last date. The first interest payment would be made on 1st April, 2010.
- The second interest period is defined as the actual number of days between 1st April, 2010 to 31st March, 2011 including both the dates and so on.
- The last interest period is defined as the actual number of days falling between the Date of Redemption on account of exercising the Call option by the bank and the previous interest payment date.

Payment of Interest

The interest payment would be made by Electronic Clearing System/RTGS or by means of cheques/demand drafts/(Interest warrants payable at par at specified branches of the Bank) and will be mailed to the Bondholders. Payment of interest will be made to the holders of the Bonds whose names appear in the list of beneficiaries given by NSDL/CDSL to the Bank on Record Date.

Tax Deduction at Source

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. The investor(s) desirous of claiming exemption from deduction of income tax at source on the interest on application money are required to submit the necessary certificate(s), in duplicate, along with the application form in terms of Income Tax rules.

Interest payable subsequent to the Deemed Date of Allotment of Bonds will be treated as “Interest on Securities” as per Income Tax Rules. Bondholders desirous of claiming exemption from deduction of income tax at source on the interest payable on Bonds should submit tax exemption certificate/ document, under Section 193 of the Income Tax Act, 1961, if any, at the office of the Bank, at least 45 days before the payment becoming due.

Regarding deduction of tax at source and the requisite declaration forms to be submitted, prospective investor(s) are advised to consult his/their tax consultant.

Put Option

There is no Put Option available to the Bondholder(s) for redeeming the Bonds prior to maturity.

Call Option

At par at the end of 10th year from deemed date of allotment and thereafter on each anniversary date subject to RBI approval.

In terms of RBI master circular no. RBI/2009-10/43 DBOD.No.BP.BC. 21 /21.06.001/2009 - 10 dated July 1, 2009 on Prudential Norms on Capital Adequacy- Basel I Framework covering terms and conditions for issue Innovative Debt Instruments as Tier I Capital, Call Option shall be exercised by the Bank only with the prior approval of RBI.

Step-Up Option

The IPDI Tier I Bonds shall have a Step-up Option which shall be exercised only once during the whole life of the instrument, in conjunction with the Call Option, after the lapse of ten (10) years from the date of issue. The step-up shall be 50 bps over and above the agreed coupon rate of 9.10%, if the Bank does not exercise Call Option at the end of 10th year from the Deemed Date of Allotment. The Step-up Option shall not in any way alter other characteristics of the instruments, except the coupon rate of the instruments.

Lock-in Clause

IPDI Tier I instruments shall be subjected to a lock-in clause in terms of which the issuing bank shall not be liable to pay either interest or principal, even at maturity, if

- The bank's CRAR is below the minimum regulatory requirement prescribed by RBI, or
- The impact of such payment results in bank's CRAR falling below or remaining below the minimum regulatory requirement prescribed by RBI.

b. However, banks may pay interest with the prior approval of RBI when the impact of such payment may result in net loss or increase the net loss provided CRAR remains

above the regulatory norm. For this purpose 'Net Loss' would mean either (a) the accumulated loss at the end of the previous financial year; or (b) the loss incurred during the current financial year.

c. The interest amount due and remaining unpaid may be allowed to be paid in the later years in cash/ cheque subject to the bank complying with the above regulatory requirement. While paying such unpaid interest and principal, banks are allowed to pay compound interest at a rate not exceeding the coupon rate of the relative IPDI Tier I bonds, on the outstanding principal and interest.

d. All instances of invocation of the lock-in clause should be notified by the issuing banks to the Chief General Managers-in-Charge of Department of Banking Operations & Development and Department of Banking Supervision of the Reserve Bank of India, Mumbai.

Redemption

The bonds are perpetual in nature. However, the Bank has an option to exercise a call option, in which case the bonds will be redeemed at par (bullet redemption). Call option maybe exercised by the bank at the end of 10th year from the date of allotment and thereafter on each anniversary date (with prior approval of RBI). In case of the call option being exercised, the Bond will not carry any obligation, for interest or otherwise, after the date of redemption. The Bonds held in the Dematerialised Form shall be taken as discharged on payment of the redemption amount by the Bank on maturity to the registered Bondholders whose name appear in the Register of Bondholders on the record date.. Such payment will be a legal discharge of the liability of the Bank towards the Bondholders. On such payment being made, the Bank will inform NSDL/CDSL and accordingly the account of the Bondholders with NSDL/CDSL will be adjusted. The Bonds are negotiable instruments transferable by endorsement and delivery in the denomination of Rs.10,00,000/- each. The bonds will not be redeemable at the initiative of the holder or without the consent of Reserve Bank of India. *Hence, the consent of Reserve Bank of India will be taken before redemption of bonds on due date or on Call Option exercised by the Bank, as required in terms of their guidelines addressed to all Commercial Banks vide their notification RBI/2009-10/43 DBOD.No.BP.BC. 21/21.06.001/2009 - 10 dated July 1, 2009.*

Effect of Holidays

Should any of the dates defined above or elsewhere in the Information Memorandum, excepting the Date of Allotment, fall on a Sunday or a Public Holiday, the next working day shall be considered as the effective date(s).

In case any Interest Payment Date(s) and/or the Date of Redemption falls on a holiday, interest/redemption will be paid on the next working day (i.e. a day on which scheduled commercial banks are open for business). No additional interest will be paid as a result of the interest payment and/or Redemption being made on a day falling after the Interest Payment Date/ Date of Redemption under this condition.

Issue of Bonds in dematerialized form

The Bank will be issuing the Bonds in dematerialized form. The Bank will be opening the accounts with NSDL and CDSL for issuing these Bonds. Applicant should mention their Depository Participant's name, DP-ID and Beneficiary Account Number in the appropriate place in the Application Form. The Bank will take necessary steps to credit the Depository Account of the allottee(s) with the number of bonds allotted.

Responsibility for correctness of applicant's demographic details given in the application form vis-a-vis his/her depository participant would rest with the applicant and the bank would not be liable with regard to the above in any manner whatsoever.

Transfer Of Bonds

The transfer of bonds in dematerialized form would be in accordance with the rules/procedures as prescribed by Depository/Depository Participant.

Terms of Payment

Applications should be for a minimum of 10 Bonds and in multiples of 1 bond thereafter. All cheques/drafts should be in favour of “**State Bank of Mysore A/c – Innovative Perpetual Debt Instruments Issue – Series II**” and crossed Account Payee only. The entire amount of Rs. 10 lacs (Rs. Ten Lacs only) per bond is payable on application. Investors may also remit the Application Money through RTGS, with instructions to credit the same to the above account **A/c No. 64052660801** maintained at our **Bangalore Branch, K.G.Road, Bangalore 560 009 (RTGS Code No. SBMY0040007)**. As an abundant precaution, the investors are advised to send by fax the particulars of the remittances made through RTGS [like i) Name of the Investor ii) Number of Bonds applied for iii) Amount of Application Money remitted iv) Date of the remittance v) Bank and Branch through which the remittance is made etc.] to any of the Advisors, on the fax number mentioned elsewhere in the Document/Application Form. **For further details, investors are advised to refer to the instructions given in the Application Form.**

Who Can Apply

The issue of Private Placement IPDI issue is being offered to various categories of investors as mentioned below:

- i. Provident Funds/ Superannuation/Pension Fund, Gratuity Funds
- ii. Commercial Banks, Financial Institutions, Insurance Companies
- iii. State/ Central Co-operative Banks, Development Co-operative Banks, Land Development Banks, Regional Rural Banks and Primary Co Operative Banks subject to their internal and other appropriate approvals
- iv. Mutual Funds, Port Trusts
- v. Trust and Association of Person which are authorised to invest in Bonds
- vi. Body Corporates, Companies, and Societies authorised to invest in Bonds
- vii. Individuals (excluding minors and NRIs) to whom this Information Memorandum is specifically addressed
- viii. Scientific and/or Industrial Research Organisations authorised to invest in the Bonds
- ix. Other Government / Non Government agencies/Board/Institutions etc

Although above investors are eligible to apply; only those persons, who are individually addressed through direct communication by the Bank, are eligible to apply for the Bonds. No other person may apply. Posting of Information Memorandum on the Designated Stock Exchange website should not be construed as an offer to issue and has been posted only as it is stipulated by SEBI.

Investors should check about their eligibility before making any investment.

The Applications must be accompanied by certified true copies of (1) Memorandum and Articles of Association/constitution/Bye-laws (2) Resolution authorising investment and

containing operating instructions (3) Specimen signatures of authorised signatories and (4) Necessary forms for claiming exemption from deduction of tax at source on the interest income / interest on application money, wherever applicable.

17. Discount at which the offer is being made and effective price for the investor

The Bonds are to be issued in the form of Unsecured, Non-Convertible, and Innovative Perpetual Debt Instruments Tier I Bonds in the nature of Promissory Notes for inclusion as Tier-I capital.

18. Debt Equity Ratio (before & after the proposed issue)-

(Rs. Crores)

Particulars	Before Issue	After Issue
Loan Funds		
-Subordinated Bonds.	1065.00	1065.00
-Other Long Term Borrowings	491.17	591.17
Total Debt (A)	1556.17	1656.17
Shareholders Funds		
-Share Capital	36.00	36.00
-Reserves	2411.85	2411.85
Total shareholders Funds (B)	2447.85	2447.85
Long Term Debt/Equity Ratio	1 :1.57	1:1.48

Notes:

- Borrowings exclude deposits but include Upper and Lower Tier II capital and Innovative Perpetual Debt.

19. Debt Servicing Track Record

The Bank has a consistent record of paying principal installments and interest on all loans, bonds and deposits on due dates. No default has been committed by the Bank in servicing of its debt liabilities.

20. Permission and Consent from the creditors

The Bank is not required to obtain consent of the creditors for any issue to be made under this document.

21. Trustees to the Bondholders

IDBI Trusteeship Services Ltd., Mumbai, has been appointed as Trustees for the proposed issue of unsecured bonds.

The Bank and the Trustees will enter into a Trustee Agreement specifying inter alia, the powers, authorities and obligations of the Trustees and the Bank.

By applying for the Bonds, the Bondholders shall without further action or deed, be deemed to have irrevocably given their consent to and authorised the Trustees or any of their agents or authorised officials to do inter alia all acts, deeds, matters and things in respect of or relating to the Bonds. All the rights and remedies of the Bondholders shall vest in and shall be exercised by the Trustees without reference to the Bondholders. No

Bondholder shall be entitled to proceed directly against the Bank unless the Trustees, having become so bound to proceed, failed to do so. The Trustees will endeavour to protect the interest of the Bondholders in the event of default in regard to timely payment of interest and principal by the Bank.

22.Credit Rating

CRISIL and CARE have assigned AAA rating to the captioned debt programme of the Bank. This rating indicates Highest safety. It indicates fundamentally strong position. Risk factors are negligible. There may be circumstances adversely affecting the degree of safety but such circumstances, as may be visualised, are not likely to affect the timely payment of principal and interest as per terms.

The rating is not recommended to buy; sell or hold Securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating obtained is subject to revision at any point of time in the future. The rating agencies have a right to suspend, withdraw the rating at any time on the basis of new information etc.

23. Listing with Stock Exchanges

Applications have been made to the Bombay Stock Exchange Limited, Mumbai for permission to deal in and for an official quotation of the Bonds now being issued by the Bank and offered in terms of this Information Memorandum.

24. Annexure 12

Summary Statement

Issuer	State Bank of Mysore
Issue Size	Rs. 100 crores.
Instrument	Innovative Perpetual Debt Instruments for inclusion as Tier I capital in the nature of Unsecured, Non-Convertible Promissory Notes
Credit Rating	CRISIL AAA/Stable CARE AAA
Face Value/ Issue Price	Rs. 10,00,000/- per Bond
Type of placement	Private
Minimum Application Size	10 Bonds and multiples of 1 bond thereafter
Tenor	Perpetual
Redemption	Bonds shall be perpetual. However , in case the bank exercises the call option, then bulleted redemption at par.
Coupon Rate	Coupon Rate 9.10% p.a. for the first 120 months subject to TDS as applicable
Interest Payment	Annual (subject to RBI norms)
Interest on Application Money	Interest on application money will be paid to Investors at the Coupon Rate applicable for the first 10 years 9.10 %) (subject to deduction of tax at source, as applicable) from the date of realisation of cheque(s)/demand draft(s)/RTGS realisation, upto but not including the Deemed Date of Allotment
Put option	None
Call Option	At the end of 120 months from the date of allotment, with the prior approval of RBI
Step-up Option	If call option is not exercised at the end of 120 months from the deemed date of allotment, the step up coupon rate will be 0.50 % p. a for all subsequent years. i.e. the coupon rate will become 9.60%
Lock-in-clause	IPDI Tier I instruments shall be subjected to a lock-in clause in terms of which the issuing bank shall not be liable to pay either interest or principal, even at maturity, if (a) the bank's CRAR is below the minimum regulatory requirement prescribed by RBI, or (b) the impact of such payment results in bank's CRAR falling below or remaining below the minimum regulatory requirement prescribed by RBI.
Listing	Proposed listing at Wholesale Debt Segment(WDM) of the BSE
Security	9.10% SBM Perpetual Bonds
Depository	NSDL and CDSL
Issuance & Trading	Demat mode
Issue Opening Date	20-11-2009
Issue Closing Date	24-11-2009
Pay-in Dates	20-11-2009 to 24-11-2009 (inclusive of both the days)
Deemed Date of Allotment	25-11-2009

DECLARATION

All the relevant provisions of the State Bank of India (Subsidiary Banks) Act , 1959 as amended from time to time and the legal requirements connected with this placement as also the guidelines, instructions, etc. issued by SEBI, Government and any other competent authority in this behalf have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the said Acts/Regulations/ Guidelines and rules there under.

The Issuer accepts no responsibility for the statement made otherwise than in the Information Memorandum or in the advertisement or any other material issued by or at the instance of the Issuer and that any one placing reliance on any other source of information would be doing so at his own risk.

For **State Bank of Mysore**

-Sd-

K. Vijaya Kumar
General Manager(Treasury)
Authorised Signatory

Place: Bangalore
Date: 18th November 2009

STATE BANK OF MYSORE

(Associate of the State Bank of India)

Head Office: Mysore Bank Circle, K. G. Road, Bangalore – 560 254, Karnataka.

Tel No: 080 2235 3901 3909 Fax: 080 22370284

Email: cmshares@sbm.co.in Website: www.mysorebank.com

Application Form Sr. No.

Dear Sirs,

Having read and understood the contents of the Memorandum of Private Placement, we apply for allotment to us of the Unsecured, Non-Convertible, Innovative Perpetual Debt Instruments. The amount payable on application as shown below is remitted herewith. On allotment, please place our name on the Register of Bond holders. We bind ourselves to the terms and conditions as contained in the Information Memorandum for Private Placement. We note that the Bank is entitled in its absolute discretion to accept or reject this application whole or in part without assigning any reason whatsoever.

(PLEASE READ THE INSTRUCTIONS CAREFULLY BEFORE FILLING THIS FORM)

Form in which certificate is to be issued

<input type="checkbox"/> Demat	
DP NAME: NSDL <input type="checkbox"/>	CDSL <input type="checkbox"/>
DPID: <input type="text"/>	CLIENT ID: <input type="text"/>

We understand that in case of allotment of Bonds to us / our Beneficiary Account as mentioned above would be credited to the extent of Bonds allotted. In case the Bonds allotted to us cannot be credited to our Beneficiary Account for any reason whatsoever, we will accept physical Bonds certificates.

The application shall be for a minimum of 10 (Ten) Bonds and in Multiples of 1 (One) Bonds thereafter

No. of Bonds applied for (In words)		
No. of Bonds applied for (In figures)		
Amount (Rs.) (in words)		
Date	Cheque / Demand Draft drawn on	Cheque /Demand Draft No.

Remittance through STEPS/RTGS

No. of Bonds applied for (In figures)		
No. of Bonds applied for (In words)		
Amount (Rs.) (in words)		
Remittance Particulars		
Mode of Remittance	Date of Remittance	Name of the Remitting Bank and Branch
STEPS		
RTGS		

We are applying as {Tick (✓) whichever is applicable}

1	Company Body Corporate	2	Commercial Bank	3	Regional Rural Bank
4	Co-operative Banks	5	Financial Institution	6	Insurance Companies
7	Mutual Fund	8	Provident/Superannuation/Gratuity	9	Port Trusts

