



# Karnataka Bank Ltd.

Estd : 1924

CIN : L85110KA1924PLC001128

Regd. & Head Office  
P.B. No. 599, Mahaveera Circle  
Kankanady, Mangalore – 575 002

Phone : 0824 - 2228222 Fax : 0824-2225588  
Website : www.karnatakabank.com  
email : info@ktnbank.com

01.08.2016

## SECRETARIAL DEPARTMENT

HO:SEC:231 :2016-17

The Manager Listing Department National Stock Exchange Of India Limited Exchange Plaza,C-1, Block G Bandra-Kurla Complex Bandra (E) Mumbai-400051	The General Manager, BSE Limited Corporate Relationship Dept Phiroze Jeejeebhoy Towers Dalal Street Mumbai-400001
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Kind Attn: Listing Department

Dear Sir,

Sub: Regulation 34 of SEBI LODR-Annual Report of the Bank for the Financial Year 2015-16.

In terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Annual Report of the Bank for the Financial Year 2015-16 which was adopted in the 92<sup>nd</sup> Annual General Meeting of the members of the Bank held on 28.07.2016.

Thank You,  
Yours faithfully,

  
COMPANY SECRETARY

ANNUAL REPORT  
**2015-16**



**Karnataka Bank Ltd.**  
Your Family Bank. Across India.

# BOARD OF DIRECTORS

## ನಿರ್ದೇಶಕರ ಮಂಡಳಿ



SRI ANANTHAKRISHNA

ಶ್ರೀ ಅನಂತಕೃಷ್ಣ

NON-EXECUTIVE CHAIRMAN  
ಕಾರ್ಯನಿರ್ವಾಹಕೇತರ ಅಧ್ಯಕ್ಷರು



SRI P. JAYARAMA BHAT

ಶ್ರೀ ಪಿ. ಜಯರಾಮ ಭಟ್

MANAGING DIRECTOR  
ವ್ಯವಸ್ಥಾಪಕ ನಿರ್ದೇಶಕರು



SRI S.V. MANJUNATH

ಶ್ರೀ ಎಸ್.ವಿ. ಮಂಜುನಾಥ



SRI D. HARSHENDRA KUMAR

ಶ್ರೀ ಡಿ. ಹರ್ಷೇಂದ್ರ ಕುಮಾರ್



DR H. RAMAMOHAN

ಡಾ. ಎಚ್. ರಾಮಮೋಹನ್



SRI T.R. CHANDRASEKARAN

ಶ್ರೀ ಟಿ.ಆರ್. ಚಂದ್ರಶೇಖರನ್



SRI ASHOK HARANAHALLI

ಶ್ರೀ ಅಶೋಕ್ ಹಾರನಹಳ್ಳಿ



SMT. USHA GANESH

ಶ್ರೀಮತಿ ಉಷಾ ಗಣೇಶ್



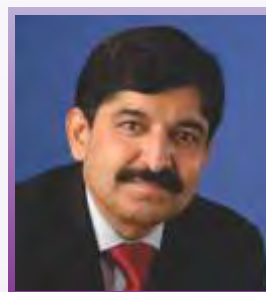
SRI RAMMOHAN RAO BELLE

ಶ್ರೀ ರಾಮಮೋಹನ್ ರಾವ್ ಬೆಳ್ಳೆ



SRI B.A. PRABHAKAR

ಶ್ರೀ ಬಿ.ಎ. ಪ್ರಭಾಕರ್



SRI ULLAL RAVINDRA BHAT

ಶ್ರೀ ಉಳ್ಳಾಲ ರವೀಂದ್ರ ಭಟ್



SRI KESHAV KRISHNARAO DESAI

ಶ್ರೀ ಕೇಶವ್ ಕೃಷ್ಣರಾವ್ ದೇಸಾಯಿ

**CHIEF GENERAL MANAGER**

Sri M.S. Mahabaleshwara

ಮುಖ್ಯ ಮಹಾಪ್ರಬಂಧಕರು

ಶ್ರೀ ಎಮ್.ಎಸ್. ಮಹಾಬಲೇಶ್ವರ

**GENERAL MANAGERS**

Sri N. Upendra Prabhu  
Dr. Meera Laetitia B. Aranha  
Sri Raghurama  
Sri Raghavendra Bhat M.  
Sri B. Chandrashekar Rao  
Sri Subhaschandra Puranik

ಮಹಾ ಪ್ರಬಂಧಕರು

ಶ್ರೀ ಎನ್. ಉಪೇಂದ್ರ ಪ್ರಭು  
ಡಾ|| ಮೀರಾ ಲೇಟಿಶಿಯಾ ಬಿ. ಅರಾನ್ಹ  
ಶ್ರೀ ರಘುರಾಮ  
ಶ್ರೀ ರಾಘವೇಂದ್ರ ಭಟ್ ಎಂ.  
ಶ್ರೀ ಬಿ. ಚಂದ್ರಶೇಖರ ರಾವ್  
ಶ್ರೀ ಸುಭಾಷ್‌ಚಂದ್ರ ಪುರಾಣಿಕ್

**DEPUTY GENERAL MANAGERS**

Sri I. Santhosh Kumar  
Sri Gajanan T. Hegde  
Sri S. Ramesh  
Sri K.V. Vijayashankar Rai  
Sri Muralidhar K. Rao  
Sri Nagaraja Rao B.  
Sri Nirmal Kumar K. Hegde  
Sri Manjunatha Bhat B.K.  
Sri Gokuldas Pai  
Sri Ananthapadmanabha B.  
Sri Suresh K.  
Sri Mahalingeshwara K.  
Sri Ranganatha  
Sri Ravishankar N.R.  
Sri Ravi S.  
Sri H. P. Ravindranath Hande

ಉಪ ಮಹಾ ಪ್ರಬಂಧಕರು

ಶ್ರೀ ಐ. ಸಂತೋಷ್ ಕುಮಾರ್  
ಶ್ರೀ ಗಜಾನನ ಟಿ. ಹೆಗಡೆ  
ಶ್ರೀ ಎಸ್. ರಮೇಶ್  
ಶ್ರೀ ಕೆ.ವಿ. ವಿಜಯಶಂಕರ ರೈ  
ಶ್ರೀ ಮುರಳೀಧರ ಕೆ. ರಾವ್  
ಶ್ರೀ ನಾಗರಾಜ ರಾವ್ ಬಿ.  
ಶ್ರೀ ನಿರ್ಮಲ್ ಕುಮಾರ್ ಕೆ. ಹೆಗ್ಡೆ  
ಶ್ರೀ ಮಂಜುನಾಥ ಭಟ್ ಬಿ.ಕೆ.  
ಶ್ರೀ ಗೋಕುಲದಾಸ್ ಪೈ  
ಶ್ರೀ ಅನಂತಪದ್ಮನಾಭ ಬಿ.  
ಶ್ರೀ ಸುರೇಶ್ ಕೆ.  
ಶ್ರೀ ಮಹಾಲಿಂಗೇಶ್ವರ ಕೆ.  
ಶ್ರೀ ರಂಗನಾಥ  
ಶ್ರೀ ರವಿಶಂಕರ ಎನ್.ಆರ್.  
ಶ್ರೀ ರವಿ ಎಸ್.  
ಶ್ರೀ ಎಚ್. ಪಿ. ರವೀಂದ್ರನಾಥ ಹಂದೆ

**DEPUTY GENERAL MANAGER  
& COMPANY SECRETARY**

Sri Y.V. Balachandra

ಉಪ ಮಹಾ ಪ್ರಬಂಧಕರು  
ಮತ್ತು ಕಂಪೆನಿ ಕಾರ್ಯದರ್ಶಿ

ಶ್ರೀ ವೈ.ವಿ. ಬಾಲಚಂದ್ರ

**LEGAL ADVISER**

Sri M.V. Shanker Bhat

ಕಾನೂನು ಸಲಹೆಗಾರರು

ಶ್ರೀ ಎಂ.ವಿ. ಶಂಕರ್ ಭಟ್

**AUDITORS**

M/s. Kamath and Rau, Mangaluru  
M/s. Abarna and Ananthan, Bengaluru

ಲೆಕ್ಕ ಪರಿಶೋಧಕರು

ಮೆ| ಕಾಮತ್ ಎಂಡ್ ರಾವ್, ಮಂಗಳೂರು  
ಮೆ| ಅಬರ್ನಾ ಎಂಡ್ ಅನಂತನ್, ಬೆಂಗಳೂರು

**REGISTRAR & SHARE TRANSFER AGENT**  
M/s. Integrated Enterprises (India) Ltd., Bengaluru

ನೋಂದಣಾಧಿಕಾರಿ ಮತ್ತು ಶೇರು ವರ್ಗಾವಣಾ ಪ್ರತಿನಿಧಿ  
ಮೆ| ಇಂಟಿಗ್ರೇಟೆಡ್ ಎಂಟರ್‌ಪ್ರೈಸಸ್ (ಇಂಡಿಯಾ) ಲಿ., ಬೆಂಗಳೂರು

**Regd. & Head Office: Mahaveera Circle, Mangaluru**

ನೋಂದಾಯಿತ ಮತ್ತು ಪ್ರಧಾನ ಕಛೇರಿ: ಮಹಾವೀರ ವೃತ್ತ, ಮಂಗಳೂರು

## Progress over a Decade

(Rupees in lakh)

Year	Capital & Reserves	Deposits	Advances	Gross Earnings	Net Profit	Dividend Paid %	No. of Branches	No. of Employees
2006-2007	123862.77	1403743.54	955267.99	143052.31	17703.44	35	410	4456
2007-2008	137960.33	1701619.23	1084197.46	179789.76	24174.10	50	431	4677
2008-2009	156702.70	2033328.53	1181004.50	227055.14	26670.50	60	447	4947
2009-2010	183274.93	2373064.88	1443568.33	235468.10	16711.97	40	464	5244
2010-2011	242908.10	2733644.63	1734807.09	266260.26	20461.13	30	478	5795
2011-2012	259821.05	3160832.43	2072069.83	344726.74	24607.02	35	503	6087
2012-2013	285708.14	3605622.13	2520767.88	416192.94	34808.21	40	550	6339
2013-2014	305219.76	4058282.87	2834548.95	469440.99	31103.43	40	600	7185
2014-2015	338906.05	4600860.55	3167998.76	520541.44	45145.02	50	675	7382
2015-2016	369058.42	5048820.95	3390244.84	553507.00	41529.14	50	725	7792

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**DIRECTORS' 92<sup>nd</sup> ANNUAL REPORT**

Your Directors have pleasure in presenting the Ninety Second Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2016 and the Auditors' Report.

**PERFORMANCE HIGHLIGHTS**

Your Directors are pleased to inform that during the year under report, your Bank has been able to achieve satisfactory growth in all the areas of operation. Performance highlights for the financial year in the key financial areas are as under: -

(₹ in crore)		
Particulars	As on / for the year ended 31.03.2016	As on / for the year ended 31.03.2015
Deposits	50488.21	46008.61
Advances	33902.45	31679.99
Investments	16256.65	14031.67
Gross Income	5535.07	5205.41
Operating Profit	854.53	773.38
<b>Net Profit</b>	<b>415.29</b>	<b>451.45</b>

The total business turnover of the Bank was ₹84390.66 crore as on 31<sup>st</sup> March 2016, an increase of 8.63 percent over the preceding year. The total assets of the Bank increased from ₹51836.60 crore to ₹56500.33 crore recording a growth of 8.99 percent for the year 2015-16.

The total deposits of the Bank grew from ₹46008.61 crore as on 31<sup>st</sup> March 2015 to ₹50488.21 crore as on 31<sup>st</sup> March 2016, registering a growth of 9.74 percent.

During the year, low cost deposits of the Bank, viz. Savings and Current Account Deposits have shown growth of 15.58 percent and constitute 26.26 percent of the total deposits of the Bank. The market share of the Bank in deposits was 0.527 percent.

The total advances grew from ₹31679.99 crore as on 31<sup>st</sup> March 2015 to ₹33902.45 crore as on 31<sup>st</sup> March 2016, an increase of 7.02 percent. The priority sector advances increased from ₹14344.96 crore to ₹16152.56 crore which, together with the Rural Infrastructure Development Fund (RIDF) exposure, formed 47.57 percent of Adjusted Net Bank Credit (ANBC) and agricultural advances increased from ₹5145.55 crore to ₹5838.07 crore which, together with eligible RIDF exposure, constituted 17.19 percent of ANBC. Lending under various socio-economic schemes has shown satisfactory progress. The market share of the Bank in loans and advances was 0.497 per cent.

As on 31<sup>st</sup> March 2016, the total investments of the Bank stood at ₹16256.65 crore as against ₹14031.67 crore as on 31<sup>st</sup> March 2015, an increase of 15.85 percent.

**ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ 92ನೇ ವಾರ್ಷಿಕ ವರದಿ**

ಬ್ಯಾಂಕಿನ 92ನೇ ವಾರ್ಷಿಕ ವರದಿ, 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ಅಂತ್ಯಗೊಂಡ ಆರ್ಥಿಕ ವರ್ಷದ ಪರಿಶೋಧಿಸಲ್ಪಟ್ಟ ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ ಮತ್ತು ಲಾಭ ನಷ್ಟ ತಖ್ತೆಯನ್ನು ಲೆಕ್ಕಪರಿಶೋಧಕರ ವರದಿಯೊಂದಿಗೆ ನಿಮ್ಮ ಮುಂದಿಡಲು ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಸಂತೋಷಪಡುತ್ತಾರೆ.

**ಸಾಧನೆಯ ಹೆಗ್ಗುರುತುಗಳು**

ಪ್ರಸ್ತುತ ವರದಿ ವರ್ಷದಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು, ತನ್ನ ಹೆಚ್ಚಿನ ವಿವಿಧ ಕ್ಷೇತ್ರಗಳಲ್ಲಿ ತೃಪ್ತಿಕರವಾದ ಸಾಧನೆ ಮಾಡಿದೆ ಎಂದು ತಿಳಿಸಲು ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಹರ್ಷಿಸುತ್ತಾರೆ. ಆರ್ಥಿಕ ವರ್ಷದ ಸಾಧನೆಯ ಪ್ರಮುಖ ಸೂಚಕಗಳು ಈ ಕೆಳಗಿನಂತಿವೆ:-

(₹ ಕೋಟಿಗಳಲ್ಲಿ)		
ವಿವರಗಳು	31.03.2016ಕ್ಕೆ/ ವರ್ಷಾಂತ್ಯದಂತೆ	31.03.2015ಕ್ಕೆ/ ವರ್ಷಾಂತ್ಯದಂತೆ
ಠೇವಣಿಗಳು	50488.21	46008.61
ಮುಂಗಡಗಳು	33902.45	31679.99
ಹೂಡಿಕೆಗಳು	16256.65	14031.67
ಒಟ್ಟು ಆದಾಯ	5535.07	5205.41
ನಿರ್ವಹಣಾ ಲಾಭ	854.53	773.38
<b>ನಿವ್ವಳ ಲಾಭ</b>	<b>415.29</b>	<b>451.45</b>

ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ವ್ಯವಹಾರವು 31 ಮಾರ್ಚ್, 2016ಕ್ಕೆ ₹84390.66 ಕೋಟಿಗೆ ಏರಿತು, ಇದು ಹಿಂದಿನ ವರ್ಷಕ್ಕಿಂತ ಶೇ. 8.63 ಹೆಚ್ಚಳವಾಗಿದೆ. ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಆಸ್ತಿಯು ₹51836.60 ಕೋಟಿಯಿಂದ ₹56500.33 ಕೋಟಿಗೆ ಏರಿತು, 2015-16ಕ್ಕೆ ಶೇ. 8.99 ಅಭಿವೃದ್ಧಿ ದಾಖಲಾಗಿದೆ.

ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಠೇವಣಿಯು 31 ಮಾರ್ಚ್ 2015ರಂದು ಇದ್ದ ₹46008.61 ಕೋಟಿಯಿಂದ 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ₹50488.21 ಕೋಟಿಗೆ ಏರಿತು, ಶೇ. 9.74 ವೃದ್ಧಿ ದಾಖಲಾಗಿರುತ್ತದೆ.

ಪ್ರಸ್ತುತ ವರ್ಷದಲ್ಲಿ ನಿಮ್ಮ ವೆಚ್ಚದ ಠೇವಣಿಗಳಾದ ಉಳಿತಾಯ ಮತ್ತು ಚಾಲ್ತಿ ಖಾತೆಗಳು ಶೇ. 15.58ರಷ್ಟು ಏರಿತು, ಇದು ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಠೇವಣಿಯ ಶೇ. 26.26 ಭಾಗವನ್ನು ರಚಿಸಿದೆ. ಒಟ್ಟು ಠೇವಣಿಯಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಮಾರುಕಟ್ಟೆಯ ಪಾಲು ಶೇ. 0.527 ಆಗಿರುತ್ತದೆ.

ಒಟ್ಟು ಮುಂಗಡವು 31 ಮಾರ್ಚ್ 2015ರಂದು ಇದ್ದ ₹31679.99 ಕೋಟಿಯಿಂದ, 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ₹33902.45 ಕೋಟಿಗೆ ಏರಿತು ಶೇ. 7.02ರಷ್ಟು ಹೆಚ್ಚಳಗೊಂಡಿದೆ. ಆದ್ಯತಾರಂಗದ ಮುಂಗಡವೂ ₹14344.96 ಕೋಟಿಯಿಂದ ₹16152.56 ಕೋಟಿಗೆ ಏರಿತು, ಆರ್‌ಐಡಿಎಫ್ ಪಾಲನ್ನು ಒಳಗೊಂಡಂತೆ ಸರಿದೂಗಿಸಲ್ಪಟ್ಟ ನಿವ್ವಳ ಮುಂಗಡದಲ್ಲಿ (ಎಎನ್‌ಬಿಸಿ) ಶೇ 47.57 ಭಾಗವನ್ನು ಹೊಂದಿದೆ ಮತ್ತು ಕೃಷಿರಂಗದ ಮುಂಗಡವು ₹5145.55 ಕೋಟಿಯಿಂದ ₹5838.07 ಕೋಟಿಗೆ ಏರಿತು, ಆರ್‌ಐಡಿಎಫ್ ಪಾಲನ್ನು ಒಳಗೊಂಡಂತೆ ಎಎನ್‌ಬಿಸಿಯಲ್ಲಿ ಶೇ. 17.19 ಪಾಲನ್ನು ಹೊಂದಿದೆ. ವಿವಿಧ ಸಾಮಾಜಿಕ-ಆರ್ಥಿಕ ಯೋಜನೆಗಳನ್ವಯ ವಿತರಿಸಲಾದ ಮುಂಗಡಗಳಲ್ಲಿ ತೃಪ್ತಿಕರವಾದ ಅಭಿವೃದ್ಧಿ ದಾಖಲಾಗಿರುತ್ತದೆ. ಒಟ್ಟು ಮುಂಗಡಗಳಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಮಾರುಕಟ್ಟೆಯ ಪಾಲು ಶೇ. 0.497 ಆಗಿರುತ್ತದೆ.

31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಹೂಡಿಕೆಯು ₹16256.65 ಕೋಟಿಯಷ್ಟಿದ್ದು, ಇದು 31 ಮಾರ್ಚ್ 2015ಕ್ಕೆ ₹14031.67 ಕೋಟಿಯಷ್ಟಿದ್ದು, ಇಲ್ಲಿ ಶೇ. 15.85 ವೃದ್ಧಿ ದಾಖಲಾಗಿದೆ.

### OPERATIONAL PERFORMANCE

In the backdrop of continued stress on the assets quality and the subdued credit off take during the year ended 31<sup>st</sup> March, 2016, the performance of your Bank can be considered satisfactory. The gross income of the Bank was ₹5535.07 crore and total expenditure (excluding provisions and contingencies) was ₹4680.54 crore. The net interest income was ₹1302.87 crore.

### PROFIT

Your Bank earned an operating profit of ₹ 854.53 crore for the year 2015-16 as against ₹773.38 crore for the previous year showing a growth of 10.49 percent. The net profit of the Bank decreased from ₹451.45 crore to ₹415.29 crore on account of the increase in provision for loan loss.

### APPROPRIATIONS

The net profit of ₹415.29 crore which along with a sum of ₹ 0.40 crore brought forward from the previous year, aggregating ₹415.69 crore, is appropriated as under. The corresponding figure for the previous year was ₹451.61 crore.

Appropriation	₹ in crore
Transfer to Statutory Reserve	230.00
Transfer to Capital Reserve	8.85
Transfer to Revenue, General & Special Reserves	67.24
Transfer to Investment Reserve	(3.84)
Transfer to Proposed Dividend (including tax)	113.41
Balance carried to Balance Sheet	0.03
<b>Total</b>	<b>415.69</b>

### DIVIDEND

Having regard to the overall performance of the Bank and the positive outlook for the future, the Board of Directors recommended a dividend of ₹5 per share i.e. 50 percent on the paid up capital (previous year 50 per cent) for the reporting year. The dividend payout ratio for the year works out to 22.69 percent.

### EARNINGS PER SHARE/BOOK VALUE

The earnings per share (basic) and the book value per share as on 31<sup>st</sup> March 2016 stood at ₹22.04 and ₹195.83 respectively.

### CAPITAL FUNDS AND CAPITAL ADEQUACY RATIO

During the year under report, the capital funds of your Bank increased from ₹3973.18 crore to ₹4185.24 crore, registering a growth of 5.34 percent. The Capital Adequacy Ratio stood at 12.03 percent as on 31<sup>st</sup> March 2016, as per BASEL III norms (Previous

### ವ್ಯವಹಾರಿಕ ನಿರ್ವಹಣೆ

ಮುಂದುವರೆದ ಆಸ್ತಿಯ ಗುಣಮಟ್ಟದ ಒತ್ತಡ ಹಿನ್ನೆಲೆಯಲ್ಲಿ ಮತ್ತು ಪ್ರಸ್ತುತ ವರದಿ ವರ್ಷದ ಮುಂಗಡದ ನೀರಸ ಬೇಡಿಕೆಯ ಹೊರತಾಗಿಯೂ, 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ನಿರ್ವಹಣೆ ತೃಪ್ತಿದಾಯಕ ವೆನ್ನಬಹುದಾಗಿದೆ. ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಆದಾಯವು ₹5535.07 ಕೋಟಿಯಾಗಿದ್ದು, ಒಟ್ಟು ವೆಚ್ಚವು (ಸವಕಳಿ ಮತ್ತು ಆಕಸ್ಮಿಕ ಮೀಸಲಿನ ಹೊರತಾಗಿ) ₹4680.54 ಕೋಟಿ ಆಗಿರುತ್ತದೆ. ನಿವ್ವಳ ಬಡ್ಡಿ ಆದಾಯವು ₹1302.87 ಕೋಟಿಯಾಗಿದೆ.

### ಲಾಭ

ನಿಮ್ಮ ಬ್ಯಾಂಕು 2015-16ರಲ್ಲಿ ₹854.53 ಕೋಟಿ ನಿರ್ವಹಣಾ ಲಾಭವನ್ನು ದಾಖಲಿಸಿದ್ದು, ಇದು ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ₹773.38 ಕೋಟಿಯಷ್ಟಿದ್ದು, ಶೇ. 10.49 ವೃದ್ಧಿ ದಾಖಲಾಗಿದೆ. ಬ್ಯಾಂಕಿನ ನಿವ್ವಳ ಆದಾಯವು ಹಿಂದಣ ವರ್ಷದ ₹451.45 ಕೋಟಿಯಿಂದ ₹415.29 ಕೋಟಿಗೆ ಇಳಿದಿದ್ದು, ಇದಕ್ಕೆ ಸಾಲನಷ್ಟದ ಹಂಚಿಕೆಗಾಗಿ ಇಟ್ಟ ಮೀಸಲಿನ ಹೆಚ್ಚಳವು ಕಾರಣವಾಗಿದೆ.

### ವಿನಿಯೋಗಗಳು

ನಿವ್ವಳ ಲಾಭ ₹415.29 ಕೋಟಿಯೊಂದಿಗೆ ಹಿಂದಣ ವರ್ಷದ ಸೇರ್ಪಡೆ ₹0.40 ಕೋಟಿಯೂ ಒಳಗೊಂಡಂತೆ ಒಟ್ಟು ₹415.69 ಕೋಟಿಯನ್ನು ಕೆಳಗೆ ಕಾಣಿಸಿರುವಂತೆ ವಿನಿಯೋಗಿಸಲಾಗಿದೆ. ಹಿಂದಣ ವರ್ಷದ ಅನುರೂಪ ಅಂಕಿ ಅಂಶ ₹451.61 ಕೋಟಿ ಆಗಿದೆ.

ವಿನಿಯೋಗಗಳು	₹ ಕೋಟಿಗಳಲ್ಲಿ
ಶಾಸನಾತ್ಮಕ ಕಾದಿಟ್ಟ ನಿಧಿಗೆ ವರ್ಗಾವಣೆ	230.00
ಬಂಡವಾಳ ಮೀಸಲಿಗೆ ವರ್ಗಾವಣೆ	8.85
ಕಂದಾಯ, ಸಾಮಾನ್ಯ ಮತ್ತು ವಿಶೇಷ ಕಾದಿಟ್ಟ ನಿಧಿಗೆ ವರ್ಗಾವಣೆ	67.24
ಹೂಡಿಕೆ ಮೀಸಲು ಖಾತೆಗೆ ವರ್ಗಾವಣೆ	(3.84)
ಪ್ರಸ್ತಾವಿತ ಲಾಭಾಂಶ ವಿತರಣೆಗಾಗಿ (ತೆರಿಗೆ ಸೇರಿದಂತೆ) ವರ್ಗಾವಣೆ	113.41
ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿಗೆ ಶೇಷಾಂಶ ಸೇರಿಕೆ	0.03
<b>ಒಟ್ಟು</b>	<b>415.69</b>

### ಲಾಭಾಂಶ

ಬ್ಯಾಂಕಿನ ಸರ್ವಾಂಗೀಣ ನಿರ್ವಹಣೆ ಮತ್ತು ಭವಿಷ್ಯದ ಧನಾತ್ಮಕ ದೃಷ್ಟಿಯನ್ನು ಗಮನದಲ್ಲಿ ಇರಿಸಿಕೊಂಡು, ಪ್ರಸ್ತುತ ವರ್ಷದಲ್ಲಿ ಶೇರು ಒಂದರ ₹5/- ಅಂದರೆ ಸಂದಾಯಿತ ಬಂಡವಾಳದ ಶೇ. 50ರಷ್ಟು (ಹಿಂದಣ ವರ್ಷ ಇದು ಶೇ. 50ರಷ್ಟು) ಲಾಭಾಂಶ ನೀಡಿಕೆಯನ್ನು ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯು ಶಿಫಾರಸು ಮಾಡಿರುತ್ತದೆ. ಪ್ರಸ್ತುತ ವರ್ಷದ ಪ್ರಸ್ತಾವಿತ ಲಾಭಾಂಶ ಹೊರಹರಿವಿನ ಪರಿಮಾಣವು ಶೇ. 22.69 ಆಗಿರುತ್ತದೆ.

### ಶೇರಿನ ತಲಾ ಆದಾಯ / ಪುಸ್ತಕ ಮೌಲ್ಯ

31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ಬ್ಯಾಂಕಿನ ಶೇರಿನ ಆದಾಯ (ಮೂಲಭೂತ) ಮತ್ತು ಪುಸ್ತಕ ಮೌಲ್ಯ ಅನುಕ್ರಮವಾಗಿ ₹22.04 ಮತ್ತು ₹195.83 ಆಗಿರುತ್ತದೆ.

### ಬಂಡವಾಳ ನಿಧಿ ಮತ್ತು ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಅನುಪಾತ

ಪ್ರಸ್ತುತ ವರದಿ ವರ್ಷದಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಬಂಡವಾಳ ನಿಧಿಯು ₹3973.18 ಕೋಟಿಯಿಂದ ₹4185.24 ಕೋಟಿಗೆ ಏರಿತು, ಶೇ. 5.34 ಅಭಿವೃದ್ಧಿ ದಾಖಲಾಗಿರುತ್ತದೆ. 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಅನುಪಾತವು ಬೇಸಲ್ III ರಲ್ಲಿ ಸೂಚಿಸಿದ ಮಾನದಂಡದಂತೆ ಶೇ. 12.03 ಆಗಿದೆ (ಹಿಂದಣ



year 12.41 percent). The Bank has been consistently maintaining the Ratio well above the minimum of 9.625 percent stipulated by the Reserve Bank of India. The market capitalisation as on March 31, 2016 was ₹1934.50 crore.

### FOREX BUSINESS

During the year under report, your Bank achieved a turnover of ₹14277.44 crore in foreign exchange business as against ₹15005.22 crore in the previous year. The outstanding advances to export sector stood at ₹1633.95 crore as on March 31, 2016.

### NON-PERFORMING ASSETS AND PROVISION COVERAGE RATIO

Your Bank has been focusing on containing the non-performing assets through better credit monitoring as well as intensified efforts to recover the impaired assets. However, in view of the continuing slow down in the economy and delinquencies in select sectors, the Bank's Gross NPAs as on March 31, 2016 have increased from ₹944.21 crore (2.95 percent) to ₹1180.40 crore by the year end (3.44 percent). The Net NPAs stood at ₹795.47 crore (2.35 percent) as against ₹623.55 crore (1.98 percent) as on 31<sup>st</sup> March 2015. The Provision Coverage Ratio (PCR) computed in accordance with the RBI guidelines works out to 48.39 percent as on March 31, 2016 (Previous year 50.54 percent).

### CREDIT RATING

ICRA Limited and Credit Analysis and Research Limited, ("CARE") who had rated the Unsecured Redeemable Non-Convertible Subordinated (Lower Tier-II) debt instruments issued during the earlier years aggregating ₹600 crore have retained the rating "ICRA A" and "CARE A" respectively for the aforesaid instruments. The instruments with these ratings are considered to have adequate/high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

### DISTRIBUTION NETWORK

During the year under report, your Bank has opened 50 new branches in 9 States – one each in the States of Andhra Pradesh, Chattisgarh, Haryana, Kerala and Chandigarh (U.T.), 34 in Karnataka, three in Maharashtra, four in Tamilnadu, two each in Uttar Pradesh and West Bengal. Out of the 34 new branches opened in Karnataka, 13 are in Unbanked Rural Centres under Financial Inclusion Initiatives of the Bank. Your Bank has opened two more Regional Offices at Udupi & Tumakuru during the year under report. Further, your Bank has added 275 ATM outlets at various locations during the year 2015-16. Your Bank has also 24x7 e-lobby facility at 25 locations.

ವರ್ಷ ಶೇ. 12.41). ಈ ನಿಟ್ಟಿನಲ್ಲಿ ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ನಿಗದಿಪಡಿಸಿದ ಕನಿಷ್ಠ ಮಿತಿ ಶೇ. 9.625ಕ್ಕಿಂತ ಹೆಚ್ಚಿನ ಮಟ್ಟವನ್ನು ನಿಮ್ಮ ಬ್ಯಾಂಕು ನಿರಂತರವಾಗಿ ಕಾಯ್ದುಕೊಂಡು ಬಂದಿರುತ್ತದೆ. 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ಮಾರುಕಟ್ಟೆ ಬಂಡವಾಳೀಕರಣ ₹1934.50 ಕೋಟಿ ಆಗಿರುತ್ತದೆ.

### ವಿದೇಶಿ ವಿನಿಮಯ ವ್ಯವಹಾರ

ವರದಿ ವರ್ಷದಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು ₹14277.44 ಕೋಟಿ ವಿದೇಶಿ ವಿನಿಮಯ ವ್ಯವಹಾರ ಸಾಧಿಸಿದ್ದು, ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ಇದು ₹15005.22 ಕೋಟಿಯಾಗಿತ್ತು. 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ರಫ್ತುರಂಗದ ಮುಂಗಡದ ಮಟ್ಟ ₹1633.95 ಕೋಟಿ ಆಗಿರುತ್ತದೆ.

### ಅನುತ್ಪಾದಕ ಆಸ್ತಿಗಳು ಮತ್ತು ಹಂಚಿಕಾ ಅಭಿರಕ್ಷೆ ಅನುಪಾತ

ಅನುತ್ಪಾದಕ ಮುಂಗಡಗಳನ್ನು ತಹಬಂದಿಗೆ ತರಲು ನಿಮ್ಮ ಬ್ಯಾಂಕು ಜಾಗೃತ ಮುಂಗಡ ನಿಗಾ ಪ್ರಕ್ರಿಯೆ ಮತ್ತು ದುರ್ಬಲಗೊಂಡ ಆಸ್ತಿಗಳ ವಸೂಲಾತಿಗಳಲ್ಲಿ ಕ್ಷಿಪ್ರ ಸ್ವರೂಪದ ಸಂಚಾಲನೆ ಕೈಗೊಂಡಿರುತ್ತದೆ. ಆದಾಗ್ಯೂ, ಒಟ್ಟಾರೆ ಆರ್ಥಿಕತೆಯ ದುರ್ಬಲತೆ ಮತ್ತು ಆಯ್ದು ವಲಯಗಳಲ್ಲಿನ ಸೂರಗುವಿಕೆ ಕಾರಣಗಳಿಂದಾಗಿ, ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಅನುತ್ಪಾದಕ ಆಸ್ತಿಯ ಮಟ್ಟ 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ₹944.21 ಕೋಟಿಗಳಿಂದ (ಶೇ. 2.95) ₹1180.40 ಕೋಟಿ (ಶೇ. 3.44)ಗಳಷ್ಟು ವರ್ಷಾಂತರದಲ್ಲಿ ಏರಿಕೆ ಕಂಡಿದೆ. ನಿವ್ವಳ ಅನುತ್ಪಾದಕ ಆಸ್ತಿಯ ಮಟ್ಟ, 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ₹795.47 ಕೋಟಿ (ಶೇ. 2.35) ಆಗಿದ್ದು, ಇದು 31 ಮಾರ್ಚ್ 2015ಕ್ಕೆ ₹623.55 ಕೋಟಿ (ಶೇ. 1.98) ಆಗಿತ್ತು. ಹಂಚಿಕಾ ಅಭಿರಕ್ಷೆ ಅನುಪಾತವನ್ನು ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ ಮಾರ್ಗದರ್ಶಿಕೆಯನ್ವಯ ಲೆಕ್ಕ ಹಾಕಲಾಗಿದ್ದು, ಅದು 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ಶೇ. 48.39 ಆಗಿದೆ (ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ಶೇ. 50.54).

### ವಿಶ್ವಾಸಾರ್ಹತೆ ಮೌಲ್ಯಮಾಪನ

ಹಿಂದಣ ವರ್ಷಗಳಲ್ಲಿ ಬಿಡುಗಡೆಗೊಳಿಸಿರುವ ಒಟ್ಟುಗೂಡಿದ ₹600ಕೋಟಿ ಮೊತ್ತದ ಭದ್ರತಾರಹಿತ ವಿಮೋಚನೀಯ ಪರಿವರ್ತನಾರಹಿತ ಆಧೀನ (ಕೆಳಸ್ತರ ಶ್ರೇಣಿ II) ಋಣಪತ್ರಗಳ ಮೇಲೆ ಉದರಿ ಮಾನದಂಡ ನಿರ್ಣಯಿಸುವ ಸಂಸ್ಥೆಯಾದ ಇಕ್ರಾ (ಐಸಿಆರ್ಎ) ಮತ್ತು ಕ್ರೆಡಿಟ್ ಅನಾಲಿಸಿಸ್ ಮತ್ತು ರಿಸರ್ಚ್ ಲಿಮಿಟೆಡ್ (ಸಿಎಆರ್ಇ)ಗಳು, 'ಇಕ್ರೆ-ಎ' ಮತ್ತು 'ಕೇರ್-ಎ' ಮೌಲ್ಯಾಂಕಗಳನ್ನು ಅನುಕ್ರಮವಾಗಿ ನೀಡಿದ್ದು, ಋಣ ಪತ್ರಗಳು ಈ ಮೌಲ್ಯಾಂಕಗಳನ್ನು ಕಾಯ್ದುಕೊಂಡಿವೆ. ಈ ಮೌಲ್ಯಾಂಕವು ಉನ್ನತ ಮಟ್ಟದ್ದಾಗಿದ್ದು, ಸಾಕಷ್ಟು ಸುರಕ್ಷತೆಗೆ ಉನ್ನತ ಸಂಕೇತವಾಗಿರುತ್ತದೆ. ಆರ್ಥಿಕ ಭದ್ರತೆಗೆ ಸಕಾಲಿಕ ಸೇವೆಯನ್ನು ನೀಡುವ ಸಾಮರ್ಥ್ಯವನ್ನು ಇವು ಬಿಂಬಿಸುತ್ತವೆ. ಇಂತಹ ಋಣ ಪತ್ರಗಳು ಕಡಿಮೆ ಮುಂಗಡ ಅಪಾಯವನ್ನು ಹೊಂದಿರುತ್ತದೆ.

### ವಿತರಣಾ ಕಾರ್ಯಜಾಲ ವ್ಯವಸ್ಥೆ

ಪ್ರಸಕ್ತ ವರದಿ ವರ್ಷದಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು 9 ರಾಜ್ಯಗಳಲ್ಲಿ ಒಟ್ಟು 50 ನೂತನ ಶಾಖೆಗಳನ್ನು ತೆರೆದಿದ್ದು ಅವುಗಳು ಇಂತಿವೆ - ಆಂಧ್ರಪ್ರದೇಶ, ಭತ್ತೀಸ್‌ಗಢ, ಹರಿಯಾಣ, ಕೇರಳ ಮತ್ತು ಚಂಡೀಗಢ (ಯು.ಟಿ) ರಾಜ್ಯಗಳಲ್ಲಿ ತಲಾ ಒಂದೊಂದು, ಕರ್ನಾಟಕದಲ್ಲಿ 34, ಮಹಾರಾಷ್ಟ್ರದಲ್ಲಿ 3, ತಮಿಳುನಾಡಿನಲ್ಲಿ 4, ಉತ್ತರಪ್ರದೇಶ ಮತ್ತು ಪಶ್ಚಿಮ ಬಂಗಾಳದಲ್ಲಿ ತಲಾ ಎರಡೆರಡು ಶಾಖೆಗಳು. ಕರ್ನಾಟಕ ರಾಜ್ಯದಲ್ಲಿ ತೆರೆಯಲಾದ 34 ಹೊಸ ಶಾಖೆಗಳಲ್ಲಿ 13 ಶಾಖೆಗಳು ಬ್ಯಾಂಕರಹಿತ ಗ್ರಾಮಕೇಂದ್ರಗಳಲ್ಲಿ ವಿತ್ತೀಯ ಸೇರ್ಪಡೆ ಯೋಜನೆಯನ್ವಯ ತೆರೆದ ಶಾಖೆಗಳಾಗಿವೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕು ಪ್ರಸ್ತುತ ವರದಿ ವರ್ಷದಲ್ಲಿ ಉಡುಪಿ ಮತ್ತು ತುಮಕೂರಿನಲ್ಲಿ ಹೊಸ ಪ್ರಾದೇಶಿಕ ಕಚೇರಿಗಳನ್ನು ತೆರೆದಿದೆ. ಇಷ್ಟೇ ಅಲ್ಲದೇ ನಿಮ್ಮ ಬ್ಯಾಂಕು 2015-16ನೇ ಸಾಲಿನಲ್ಲಿ 275 ಎಟಿಎಂ ಕೇಂದ್ರಗಳನ್ನು ವಿವಿಧ ಸ್ಥಳಗಳಲ್ಲಿ ಹೆಚ್ಚುವರಿಯಾಗಿ ತೆರೆದಿದೆ ಹಾಗೂ ನಿಮ್ಮ ಬ್ಯಾಂಕು 25 ಸ್ಥಳಗಳಲ್ಲಿ 24x7 ಇ-ಲಾಬಿ ಸೌಲಭ್ಯವನ್ನು ಕಲ್ಪಿಸಿದೆ.

As at 31<sup>st</sup> March 2016, your Bank had 2,003 Service Outlets i.e. 725 branches, 1,275 ATMs and 3 extension counters spread across 21 States and 2 Union Territories. Apart from the above, your Bank has 12 Regional Offices, an International Division, a Data Centre, a Customer Care Centre, 4 Service branches, 2 Currency Chests, 2 Central Processing Centres and 3 Asset Recovery management branches.

Further, for better ambience and improved customer service, your Bank shifted 15 branches/offices to new premises during the year 2015-16.

### EMPLOYEES STOCK OPTION SCHEME

During the year under report, a total of 9266 equity shares have been allotted to the employees of your Bank, pursuant to the exercise of options vested under the Employees Stock Option Scheme of the Bank. Disclosure in respect of Employee Stock Options Scheme pursuant to SEBI (Employees Stock Options Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 is given in Annexure II to this report.

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Macro-economic and industry Developments :

Macro-economic fundamentals have started to show some genuine uptick with CPI inflation declining to an average of 4.9 percent in the financial year ended March 31, 2016 and the current account deficit coming down from a peak of 6.7 percent of GDP to an estimated 0.9 percent in the financial year ended March 31, 2016. Since 2013-14, the economy has grown at 6.6 percent and 7.2 percent and is expected to reach 7.6 percent in the financial year ended March 2016, based on the new growth estimates.

Domestic economic activity is exhibiting signs of recovery, especially in the service sector with manufacturing sector also showing signs of good growth. Although Industrial Production growth is likely at around 2.6 percent, the industrial sector within GDP estimates has shown improved performance during the financial year ended 2016. Second advance estimates of the Ministry of Agriculture suggests that food grains production in 2015-16 may turn out to be better than previous year despite the second consecutive drought year. With Indian Meteorological Department's (IMD's) first monsoon forecast of 106 percent Long Period Average (LPA), hopes of an excellent Agriculture production in the coming year has gone up. This is likely to drive the rural consumption story and along with the implementation of 7<sup>th</sup> pay commission and One Rank One Pension (OROP), urban consumption is also likely to increase thus driving GDP growth in the financial year 2017.

The annual rate of inflation, based on monthly WPI and CPI stood at -2.50 percent and 4.9 percent respectively for the financial year 2016. It is estimated that for the financial year 2017 WPI inflation may be around 1.5

31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ನಿಮ್ಮ ಬ್ಯಾಂಕು 2,003 ಸೇವಾಕೇಂದ್ರಗಳನ್ನು ಹೊಂದಿದ್ದು ಅವುಗಳಲ್ಲಿ 725 ಶಾಖೆಗಳು, 1,275 ಎಟಿಎಂ ಕೇಂದ್ರಗಳು ಮತ್ತು 3 ವಿಸ್ತರಣಾ ಕೌಂಟರ್‌ಗಳು ದೇಶದ 21 ರಾಜ್ಯಗಳಲ್ಲಿ ಮತ್ತು 2 ಕೇಂದ್ರಾಡಳಿತ ಪ್ರದೇಶಗಳಲ್ಲಿ ವಿಸ್ತರಿಸಲ್ಪಟ್ಟಿವೆ. ಇವಲ್ಲದೇ ನಿಮ್ಮ ಬ್ಯಾಂಕು 12 ಪ್ರಾದೇಶಿಕ ಕಚೇರಿಗಳನ್ನು, ಒಂದು ಅಂತರಾಷ್ಟ್ರೀಯ ವಿಭಾಗವನ್ನು, ಒಂದು ದತ್ತಾಂಶ ಕೇಂದ್ರವನ್ನು, ಒಂದು ಗ್ರಾಹಕ ಸೇವಾ ನಿಗಾಕೇಂದ್ರವನ್ನು, 4 ಸೇವಾ ಶಾಖೆಗಳನ್ನು, 2 ಕರೆನ್ಸಿ ಕೋಶಗಳನ್ನು, 2 ಕೇಂದ್ರೀಯ ಸಂಸ್ಕರಣಾ ಕೇಂದ್ರಗಳನ್ನು ಮತ್ತು 3 ಮುಂಗಡ ವಸೂಲಾತಿ ನಿರ್ವಹಣಾ ಶಾಖೆಗಳನ್ನು ಹೊಂದಿದೆ.

ಇಷ್ಟಲ್ಲದೇ, ಶಾಖೆಗಳ ಆಕರ್ಷಕ ಸುಶೋಭೆಗಾಗಿ ಮತ್ತು ಗ್ರಾಹಕ ಸೇವಾ ಸುಧಾರಣೆಯ ಆದ್ಯ ನೆಲೆಯಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು 2015-16ರಲ್ಲಿ 15 ಶಾಖೆ/ಕಚೇರಿಗಳನ್ನು ನೂತನ ಸುಸಜ್ಜಿತ ಆವರಣಗಳಿಗೆ ಸ್ಥಳಾಂತರಿಸಿದೆ.

### ನೌಕರರ ನಿಧಿಪತ್ರ ಆಯ್ಕೆ

ನೌಕರರ ನಿಧಿಪತ್ರ ಆಯ್ಕೆ ಪ್ರಕ್ರಿಯೆಯನ್ವಯ ಒಟ್ಟು 9266 ಇಕ್ವಿಟಿ ಶೇರುಗಳನ್ನು ನೌಕರರಿಗೆ ಬಿಡುಗಡೆಗೊಳಿಸಲಾಗಿದೆ. "ಸೆಬಿ" (ಎಂಪ್ಲಾಯೀಸ್ ಸ್ಟಾಕ್ ಆಪ್ಷನ್ ಸ್ಕೀಮ್ ಎಂಡ್ ಎಂಪ್ಲಾಯೀಸ್ ಸ್ಟಾಕ್ ಪರ್ಚೇಸ್ ಸ್ಕೀಮ್) ನಿಯಮಾವಳಿಯಂತೆ ನಿಧಿಪತ್ರ ಆಯ್ಕೆ ಕುರಿತಂತೆ ಮಾರ್ಗದರ್ಶಿ 1999ರ ಅನ್ವಯ ಪ್ರಕಟಿಸಲ್ಪಿಕ್ಕಿರುವ ಮಾಹಿತಿಗಳನ್ನು ಈ ವರದಿಯ ಅನುಬಂಧ IIರಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

### ಕಾರ್ಯಕಾರಿ ಮಂಡಳಿ ಕಲಾಪ ಮತ್ತು ವಿಶ್ಲೇಷಣೆ

#### ಸ್ಥೂಲ ಆರ್ಥಿಕತೆ ಮತ್ತು ಉದ್ಯಮ ಅಭಿವೃದ್ಧಿ :

ಸ್ಥೂಲ ಆರ್ಥಿಕತೆ ಮೂಲಭೂತಗಳಲ್ಲಿ ನೈಜ ಚೇತರಿಕೆ ಕಂಡುಬಂದಿರುವುದರಿಂದ, 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ಕೊನೆಗೊಂಡ ಆರ್ಥಿಕ ವರ್ಷದಲ್ಲಿ, ಹಣದುಬ್ಬರದ ಪರಿಮಾಣವು ಸರಾಸರಿ ಶೇ. 4.9ಕ್ಕೆ ಇಳಿಕೆಗೊಂಡಿದೆ ಹಾಗೂ ಚಾಲ್ತಿ ಖಾತೆಯ ಕೊರತೆಯು ತನ್ನ ಪರಮಾವಧಿಯಾದ ಜಿ.ಡಿ.ಪಿ.ಯ ಶೇ. 6.7 ರಿಂದ ಸುಮಾರು ಶೇ. 0.9ಕ್ಕೆ ಇಳಿಮುಖವಾಗುವುದೆಂದು ಅಂದಾಜಿಸಲಾಗಿದೆ. ನೂತನ ವೃದ್ಧಿ ಅಂದಾಜಿನಂತೆ ವರ್ಷ 2013-14ರಿಂದ ಆರ್ಥಿಕತೆಯ ಅಭಿವೃದ್ಧಿ ದರವು ಶೇ. 6.6 ರಿಂದ ಶೇ. 7.2 ರ ವರೆಗೆ ಇದ್ದು, ಇದು ಆರ್ಥಿಕ ವರ್ಷಾಂತಕ್ಕೆ ಮಾರ್ಚ್ 2016ಕ್ಕೆ ಶೇ. 7.6 ತಲುಪಬಹುದೆಂದು ನಿರೀಕ್ಷಿಸಲಾಗಿದೆ.

ದೇಶೀಯ ಆರ್ಥಿಕತೆ ಚಟುವಟಿಕೆಯಲ್ಲಿ ಉತ್ತಮ ಚೇತರಿಕೆಯ ಲಕ್ಷಣಗಳು ಕಂಡುಬಂದಿದ್ದು, ವಿಶೇಷವಾಗಿ ಸೇವಾ ವಿಭಾಗ ಮತ್ತು ಉತ್ಪಾದಕರಂಗಗಳು ಅಭಿವೃದ್ಧಿಯ ಉತ್ತಮ ಲಕ್ಷಣಗಳನ್ನು ತೋರಿವೆ. ಕೈಗಾರಿಕೋತ್ಪನ್ನಗಳ ಬೆಳವಣಿಗೆಯು ಸುಮಾರು ಶೇ. 2.6 ರಷ್ಟಿದ್ದರೂ ಜಿ.ಡಿ.ಪಿ.ಯ ಅಂದಾಜಿನಡಿಯಲ್ಲಿ 31 ಮಾರ್ಚ್ 2016 ವರ್ಷಾಂತಕ್ಕೆ ಕೈಗಾರಿಕಾ ರಂಗವು ಉತ್ತಮ ಬೆಳವಣಿಗೆ ಹೊಂದಿದೆಯೆಂದು ಹೇಳಬಹುದಾಗಿದೆ. ಕೃಷಿ ಮಂತ್ರಾಲಯದ ದ್ವಿತೀಯ ಅಂದಾಜಿನಂತೆ, ಸತತ ಬರಗಾಲದ ದ್ವಿತೀಯ ವರ್ಷವನ್ನು ದುರಿಸಿಯೂ 2015-16ರ ಆಹಾರಧಾನ್ಯ ಉತ್ಪನ್ನವು ಹಿಂದಣ ಆರ್ಥಿಕ ವರ್ಷಕ್ಕಿಂತ ಉತ್ತಮವಾಗಿರಬಹುದೆಂದು ನಿರೀಕ್ಷಿಸಲಾಗಿದೆ. ಭಾರತೀಯ ಪವಾಮಾನ ವಿಭಾಗ (ಐಎಂಡಿ)ದ ವಿಶ್ಲೇಷಣೆಯಂತೆ ಮುಂಗಾರು ಮಳೆಯು ದೀರ್ಘ ಕಾಲಾವಧಿ ಸರಾಸರಿಯ (ಎಲ್‌ಪಿಎ) ಶೇ. 106ರಷ್ಟು ಬೀಳಲಿದ್ದು, ಮುಂದಣ ವರ್ಷದಲ್ಲಿ ಅತ್ಯುತ್ತಮ ಕೃಷಿ ಉತ್ಪನ್ನ ಅಭಿವೃದ್ಧಿ ಅಂದಾಜಿಸಲಾಗಿದೆ. ಇದರಿಂದಾಗಿ ಗ್ರಾಮೀಣ ಪ್ರದೇಶಗಳ ಉಪಭೋಗ್ಯತೆಯು ಆರ್ಥಿಕಗೊಳ್ಳುವ ನಿರೀಕ್ಷೆ ಇದ್ದು, ಏಳನೇ ವೇತನ ಆಯೋಗದ ಶಿಫಾರಸ್ಸು ಮತ್ತು ಏಕ ಶ್ರೇಣಿ ಏಕ ಪಿಂಚಣಿ ಯೋಜನೆಗಳನ್ನು ಜಾರಿಗೊಳಿಸುವಿಕೆಯಿಂದ ಅಧಿಕಗೊಂಡ ಆದಾಯದ ಕಾರಣ ನಗರಪ್ರದೇಶಗಳ ಉಪಭೋಗ್ಯತೆಯೂ ಹೆಚ್ಚಳವಾಗಿ ಆರ್ಥಿಕ ವರ್ಷ 2017ರಲ್ಲಿ ಜಿ.ಡಿ.ಪಿ.ಯ ಬೆಳವಣಿಗೆಗೆ ಚಾಲನೆ ದೊರಕಲಿದೆ.

ಆರ್ಥಿಕ ವರ್ಷ 2016ಕ್ಕೆ, ವಾಸಿಕ ಡಬ್ಲ್ಯು.ಪಿ.ಐ ಮತ್ತು ಸಿಪಿಐ ಆಧಾರಿತ ವಾರ್ಷಿಕ ಹಣದುಬ್ಬರವು ಕ್ರಮವಾಗಿ ಶೇ. -2.50 ಮತ್ತು ಶೇ. 4.9ರಷ್ಟಿದೆ. 2017ನೇ ಆರ್ಥಿಕ ವರ್ಷಕ್ಕೆ ಡಬ್ಲ್ಯು.ಪಿ.ಐ ಉಬ್ಬರವು ಸುಮಾರು ಶೇ. 1.5 ಮತ್ತು ಸಿಪಿಐ

percent and CPI inflation around 4.5-5.0 percent which should enable further cuts in the policy rates during the year.

RBI cut Repo rate by 75 basis points in the financial year 2016 and by another 25 basis on April 5, 2016, taking the total rate cuts to 150 basis points since Jan 2015. Bond yield on 10 year gilts ended the year at 7.47 percent, 28 basis points lower than previous years closing of 7.75 percent. With good monsoon and the expected rate cut scenario, the benchmark yield may be around 7.0 percent by March 2017.

Current Account Deficit (CAD) remained comfortable in the financial year 2016. Lower crude price (and hence lower oil import) was one of the main reasons for improved CAD.

### Development in the banking sector

The overall growth in bank deposits and credit during the year remained sluggish. Credit expanded by 10.7 percent while deposits grew by 9.7 percent in the financial year 2016. Lower nominal interest rate was one of the main reasons for poor deposit growth while banking sector was embroiled in NPA issues which dissuaded growth of credit to industry (2.7 percent), while personal loan sector grew at 19.4 percent. Non-performing Assets of the banking system continued to increase. On the whole, the fresh accumulation to stressed assets is likely to reduce as it is expected that the issues with most sticky loans have largely been addressed.

Reserve Bank of India has issued in-principle licenses for 10 small Banks and 11 payment banks during the year ended 31<sup>st</sup> March, 2016. These banks are expected to further intensify the competition in the banking industry.

### Opportunities

The improvement in India's economic fundamentals has accelerated since the year 2015 with the combined impact of strong government reforms and RBI's inflation focus supported by benign global commodity prices. India has emerged as the fastest growing major economy in the world as per the Central Statistical Organization (CSO) and International Monetary Fund (IMF). CSO has projected the GDP growth rate at constant market prices at 7.6 percent for the year 2016. The focus of the Union Budget 2016-17 on reviving the rural economy and doubling rural income could support rural consumption demand more enduringly going forward which may ultimately lead to increased business opportunities for banks. Central Government's reform oriented initiatives such as

ಉಬ್ಬರವು ಶೇ.4.5-5.00 ಇರಬಹುದೆಂದು ಅಂದಾಜಿಸಲಾಗಿದ್ದು ಇದರಿಂದ ಪ್ರಸಕ್ತವರ್ಷದಲ್ಲಿ ವಿತ್ತೀಯ ನೀತಿ ದರವನ್ನು ಮತ್ತಷ್ಟು ಕಡಿತಗೊಳಿಸಲು ಸಾಧ್ಯವಾಗುತ್ತದೆ.

ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕು ರೇಪೋ ದರವನ್ನು ಆರ್ಥಿಕ ವರ್ಷ 2016ರಲ್ಲಿ 75 ಮೂಲಾಂಕದಷ್ಟು ಇಳಿಸಿದ್ದು, ಬಳಿಕ 5 ಎಪ್ರಿಲ್ 2016ಕ್ಕೆ ಮತ್ತೆ 25 ಮೂಲಾಂಕದಷ್ಟು ಇಳಿಸಿದ್ದು, ಜನವರಿ 2015ರಿಂದ ಒಟ್ಟು 150 ಮೂಲಾಂಕದಷ್ಟು ರೇಪೋ ದರವನ್ನು ಇಳಿಸಿದಂತಾಗಿದೆ. ಹತ್ತು ವರ್ಷಗಳ ಬಾಂಡ್‌ನ ಇಳುವರಿ ವರ್ಷಾಂತ್ಯಕ್ಕೆ ಶೇ. 7.47ಕ್ಕೆ ತಲುಪಿದ್ದು ಹಿಂದಣ ವರ್ಷದ ದರ ಶೇ. 7.75ಕ್ಕಿಂತ 28 ಮೂಲಾಂಕ ಕ್ಷೀಣಿಸಿತು. ಉತ್ತಮ ವರ್ಷಧಾರೆ ಮತ್ತು ಅಪೇಕ್ಷಿತ ಬಡ್ಡಿ ದರ ಕಡಿತದಿಂದಾಗಿ ತನ್ಮೂಲಕ, ಮಾರ್ಚ್ 2017ಕ್ಕೆ ಮಾನದಂಡ ಇಳುವರಿ ಶೇ. 7.0 ರ ಆಸುಪಾಸಿನಲ್ಲಿರಬಹುದೆಂದು ನಿರೀಕ್ಷಿಸಲಾಗಿದೆ.

2016ರ ಆರ್ಥಿಕ ವರ್ಷದಲ್ಲಿ ಚಾಲ್ತಿಯಲ್ಲಿ ಖಾತೆ ಕೊರತೆ (ಸಿಎಡಿ)ಯು ತೃಪ್ತಿಕರವಾಗಿ ಸುಸ್ಥಿರವಾಗಿದೆ. ಚಾಲ್ತಿಯಲ್ಲಿ ಖಾತೆ ಕೊರತೆ ಸುಧಾರಿಸುವಲ್ಲಿ ಇಳಿಮುಖಗೊಂಡ ಕಚ್ಚಾತ್ಯಲ ಬೆಲೆ (ಮತ್ತು ಕಡಿಮೆ ತೈಲ ಆಮದು) ಕಾರಣವಾಗಿದೆ.

### ಬ್ಯಾಂಕಿಂಗ್ ಕ್ಷೇತ್ರದಲ್ಲಿನ ಅಭಿವೃದ್ಧಿ

ಬ್ಯಾಂಕ್ ಠೇವಣಿ ಮತ್ತು ಮುಂಗಡಗಳ ಒಟ್ಟಾರೆ ವೃದ್ಧಿ ಪ್ರಸ್ತುತ ವರ್ಷದಲ್ಲಿ ಮಂದವಾಗಿಯೇ ಮುಂದುವರಿದಿದೆ. ಆರ್ಥಿಕ ವರ್ಷ 2016ರಲ್ಲಿ ಮುಂಗಡ ವೃದ್ಧಿಯು ಶೇ. 10.7 ಆಗಿದ್ದು, ಠೇವಣಿಗಳು ಶೇ. 9.7 ವೃದ್ಧಿಗೊಂಡಿವೆ. ಇಳಿಕೆ ಕಂಡ ಸಾಮಾನ್ಯ ಬಡ್ಡಿ ದರ ಠೇವಣಿ ವೃದ್ಧಿಗೆ ಪ್ರಮುಖ ತಡೆಯಾಗಿದ್ದು ಮತ್ತು ಅನುತ್ಪಾದಕ ಆಸ್ತಿಗಳ ಹೆಚ್ಚಳ ಬ್ಯಾಂಕಿಂಗ್ ವಲಯದ ಮುಂಗಡ ವೃದ್ಧಿಯ ಮೇಲೆ ಪ್ರಭಾವ ಬೀರಿದ್ದು ಒಟ್ಟು ಬ್ಯಾಂಕಿಂಗ್ ವಲಯದ ಮುಂಗಡ ವೃದ್ಧಿ (ಶೇ. 2.7) ನಿರಾಶಾದಾಯವಾಗಿದೆ. ಆದರೆ ವೈಯಕ್ತಿಕ ಸಾಲಗಳ ವೃದ್ಧಿ ಶೇ. 19.4 ತಲುಪಿದೆ. ಒಟ್ಟಾರೆಯಾಗಿ ವಸೂಲಾತಿ ಪ್ರಕ್ರಿಯೆಯು ಕಠಿಣವಾಗಿರುವ ಮುಂಗಡಗಳ ಹೆಚ್ಚಳಕ್ಕೆ ಕಾರಣವಾದ ಸಮಸ್ಯೆಗಳನ್ನು ಪರಿಹರಿಸುವ ನಿಟ್ಟಿನಲ್ಲಿ ಕೈಗೊಳ್ಳಲಾದ ಕ್ರಮಗಳಿಂದಾಗಿ ಅನುತ್ಪಾದಕ ಆಸ್ತಿಗಳಿಗೆ ಹೊಸ ಸೇರ್ಪಡೆಯು ಇಳಿಮುಖಗೊಳ್ಳುವುದೆಂದು ನಿರೀಕ್ಷಿಸಲಾಗಿದೆ.

ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕು 31 ಮಾರ್ಚ್ 2016ರಲ್ಲಿ ಅಂತ್ಯಗೊಂಡ ವರದಿ ವರ್ಷದಲ್ಲಿ 10 ಸಣ್ಣ ಬ್ಯಾಂಕುಗಳು ಮತ್ತು 11 ಪೇಮೆಂಟ್ ಬ್ಯಾಂಕುಗಳನ್ನು ತೆರೆಯಲು ತಾತ್ಕಿಕ ಪರವಾನಿಗೆ ನೀಡಿದೆ. ಈ ಬ್ಯಾಂಕುಗಳು ಬ್ಯಾಂಕಿಂಗ್ ರಂಗದಲ್ಲಿ ಸ್ಪರ್ಧಾತ್ಮಕ ಚಟುವಟಿಕೆಗಳಿಗೆ ಹೆಚ್ಚು ಸವಾಲು ಒಡ್ಡಬಹುದು ಎಂದು ನಿರೀಕ್ಷಿಸಲಾಗಿದೆ.

### ಅವಕಾಶಗಳು

ಸರ್ಕಾರದಿಂದ ಜಾರಿಗೊಳಿಸಲ್ಪಟ್ಟ ಆರ್ಥಿಕ ಸುಧಾರಣೆಗಳು, ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ ಹಣದುಬ್ಬರ ತಡೆಗಟ್ಟುವ ನಿಟ್ಟಿನಲ್ಲಿಯೂ ಆದ್ಯತೆಗಳು ಹಾಗೂ ಜಾಗತಿಕ ಸರಕು ಬೆಲೆಗಳ ಮೃದುತ್ವಗಳು ಇವೆಲ್ಲಾ ಕಾರಣಗಳಿಂದಾಗಿ ಭಾರತದ ಆರ್ಥಿಕ ಮೂಲಭೂತತ್ವಗಳು ಉತ್ತಮಗೊಳ್ಳುವ ಪ್ರಕ್ರಿಯೆಯು 2015ನೇ ಇಸವಿಯಿಂದ ಇನ್ನಷ್ಟು ವೇಗವನ್ನು ಪಡೆದುಕೊಂಡಿದೆ. ಕೇಂದ್ರೀಯ ಸ್ಟೇಟಿಸ್ಟಿಕಲ್ ಆರ್ಗನೈಸೇಶನ್ (ಸಿಎಸ್‌ಟಿ) ಮತ್ತು ಅಂತಾರಾಷ್ಟ್ರೀಯ ಹಣಕಾಸು ನಿಧಿ (ಐಎಂಎಫ್)ಗಳ ಅಭಿಪ್ರಾಯದಂತೆ ಜಗತ್ತಿನ ಪ್ರಮುಖ ಆರ್ಥಿಕತೆಯಲ್ಲಿ ಭಾರತವು ವೇಗವಾಗಿ ಬೆಳೆಯುತ್ತಿದೆ ಎನ್ನಲಾಗಿದೆ. 2016ಕ್ಕೆ ಸಿ.ಎಸ್.ಟಿ. ಪ್ರಕಾರ ಪ್ರಸ್ತುತ ಮಾರುಕಟ್ಟೆ ದರಗಳು ಸ್ಥಿರವಾಗಿದ್ದಲ್ಲಿ, ಜಿ.ಡಿ.ಪಿ.ಯು ಶೇ.7.6 ತಲುಪಲಿದೆ ಎಂದು ಅಂದಾಜಿಸಲಾಗಿದೆ. 2016-17ರ ಕೇಂದ್ರೀಯ ಬಜೆಟ್ ಸಹ ಗ್ರಾಮೀಣ ಆರ್ಥಿಕತೆಯ ಪುನಶ್ಚೇತನಕ್ಕೆ ಒತ್ತು ನೀಡುವ ನಿಟ್ಟಿನಲ್ಲಿ ಕೇಂದ್ರೀಕೃತವಾಗಿದ್ದು ಮತ್ತು ಇಮ್ಮಡಿಗೊಂಡ ಗ್ರಾಮೀಣ ಆದಾಯವು, ಗ್ರಾಮೀಣ ಬಳಕೆ ಬೇಡಿಕೆಗಳ ಪೂರೈಕೆಗೆ ಹೆಚ್ಚು ಸಹಕಾರಿಯಾಗಬಲ್ಲ ಅಂಶ ಬ್ಯಾಂಕುಗಳಿಗೆ ವ್ಯವಹಾರ ಉನ್ನತಿಗೆ ಹೆಚ್ಚು ಸಹಾಯಕವಾಗುವ ಸಾಧ್ಯತೆ ಇದೆ. ಕೇಂದ್ರ ಸರ್ಕಾರದ ಸುಧಾರಣೆ ಯೋಜನೆಗಳಾದ ಪ್ರಧಾನಮಂತ್ರಿ ಮೈಕೋ

“funding the unfunded” through Pradhan Mantri Micro Units Development and Refinance Agency (Mudra) Yojana, Skill Development scheme opening up job opportunities for a vast majority of young Indians, smart cities mission, 'Make in India' initiative to facilitate investment, foster innovation, enhance skill development, protect intellectual property & build best in class manufacturing infrastructure, determination to ease business environment etc. will augur well for the banking industry and your Bank is also poised to capture the opportunities to expand its business in the coming years.

### Outlook

The robust economic growth of the Indian economy will also lead to robust growth in the business of banks. GDP is poised to grow by around 7.9 percent in 2016-17. With the technological advancement sweeping the banking industry leading to steady migration to digital banking, the operational landscape of Banks is likely to change for the better enhancing cost effectiveness and productivity. With the expected slide in the inflation to multi year lows and the expected improvement in export momentum, coupled with the growing service industry, good monsoon etc, there are great opportunities for the banks to improve their business. However, the continued deterioration in assets quality is haunting the banks and your bank is hopeful of containing the NPAs through vigorous monitoring efforts. The recovery of NPAs is also expected to be faster and more cost effective with the Central Government proposing to strengthen the Debt Recovery Tribunals (DRTs) by focusing on improving the existing infrastructure including computerized processing of court cases to support reduction in the number of hearings and faster disposal of cases. Further the Central Government's proposal to improve the operating conditions for asset reconstruction companies (ARCs) will help attract more investors and expedite the resolution of bad assets and support asset quality in the banking sector. Passing of the Bankruptcy Bill by the Parliament is expected to defuse the crisis of the looming bad loans in the banking sector.

### SEGMENT REPORTING

Pursuant to the Guidelines issued by RBI on Accounting Standard 17 (Segment Reporting), the Bank has identified four business segments viz., Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations for the year ended 31<sup>st</sup> March 2016 as under:

#### Treasury Operations

During the year ended 31<sup>st</sup> March 2016, your Bank has earned total revenue of ₹1299.25 crore from Treasury operations with a contribution of ₹67.94 crore to profit before tax and un-allocable expenditure.

ಯೂನಿಟ್ಸ್ ಡೆವಲಪ್‌ಮೆಂಟ್ ಮತ್ತು ರೀಫೈನಾನ್ಸ್ ಎಜನ್ಸಿ (ಮುದ್ರಾ) ಯೋಜನೆ ಮೂಲಕ ಹಣಕಾಸು ರಹಿತರಿಗೆ ಹಣಕಾಸು ಪೂರೈಕೆ ಯೋಜನೆ, ಕೌಶಲ್ಯಾಭಿವೃದ್ಧಿ ಯೋಜನೆ, ಹೆಚ್ಚು ಹೆಚ್ಚು ಭಾರತದ ಯುವಜನರಿಗೆ ಉದ್ಯೋಗಾವಕಾಶವನ್ನು ಸೃಷ್ಟಿಸಲಿದ್ದು ಪ್ರಭಾವಶಾಲಿಯಾಗಿದೆ. ಅಲ್ಲದೇ ಸ್ಮಾರ್ಟ್ ಸಿಟಿ ಯೋಜನೆ, 'ಮೇಕ್ ಇನ್ ಇಂಡಿಯಾ' ಅಭಿಯಾನ, ನಿಧಿಹೂಡಿಕೆಗೆ, ಮಾರ್ಗಾನ್ವೇಷಣೆಗೆ, ಕೌಶಲ್ಯಾಭಿವೃದ್ಧಿಗೆ, ಬೌದ್ಧಿಕ ಆಸ್ತಿಯ ಕಾಪಾಡುವಿಕೆ ಮತ್ತು ಅತ್ಯುತ್ತಮ ಉತ್ಪಾದನಾ ಸಂರಚನೆ, ವ್ಯವಹಾರ ವಾತಾವರಣ ನಿರ್ಮಾಣದ ಗುರಿ ಇತ್ಯಾದಿಗಳು ಬ್ಯಾಂಕಿಂಗ್ ವಲಯದ ಬೆಳವಣಿಗೆಗೆ ಮುಂಬರುವ ವರ್ಷಗಳಲ್ಲಿ ವ್ಯಾಪಕವಾದ ಅವಕಾಶಗಳನ್ನು ಸೃಷ್ಟಿಸುತ್ತವೆ ಮತ್ತು ನಿಮ್ಮ ಬ್ಯಾಂಕು ಸಹ ಈ ಎಲ್ಲಾ ಅವಕಾಶಗಳನ್ನು ಪಂಥಾಹ್ವಾನವಾಗಿ ಸ್ವೀಕರಿಸಿ ಸರ್ವಾಂಗೀಣ ಅಭಿವೃದ್ಧಿಯತ್ತ ದಾಪುಗಾಲು ಹಾಕಲು ಸಿದ್ಧವಾಗಿದೆ.

### ಹೊರನೋಟ

ಭಾರತೀಯ ಆರ್ಥಿಕತೆಯ ಸದೃಢ ಬೆಳವಣಿಗೆಯು, ಬ್ಯಾಂಕುಗಳ ಸದೃಢ ವ್ಯವಹಾರ ಬೆಳವಣಿಗೆಗೆ ಕಾರಣೀಭೂತವಾಗಲಿದೆ. ಜಿಡಿಪಿಯು ಸಮತೋಲಿತ ಬೆಳವಣಿಗೆಯೊಂದಿಗೆ 2016-17ರಲ್ಲಿ ಶೇ. 7.9 ತಲುಪಬಹುದೆಂದು ಅಂದಾಜಿಸಲಾಗಿದೆ. ಬ್ಯಾಂಕಿಂಗ್ ಉದ್ಯಮಿಯು ತಂತ್ರಜ್ಞಾನಾವೃತವಾಗಿ ಡಿಜಿಟಲ್ ಬ್ಯಾಂಕಿಂಗ್‌ನತ್ತ ವಲಸೆ ಹೋಗುತ್ತಿರುವಂತೆ, ವ್ಯವಹಾರದ ಪರಿಧಿಯು ವಿಸ್ತರಣೆಗೊಳ್ಳುವುದರಿಂದಾಗಿ ಉತ್ಪಾದಕತೆಯಲ್ಲಿ ಹೆಚ್ಚಳ ಮತ್ತು ಪರಿಣಾಮಕಾರಿ ವೆಚ್ಚ ನಿರ್ವಹಣೆ ಸಾಧ್ಯವಾಗಲಿದೆ. ಹಣದುಬ್ಬರದ ಇಳಿಮುಖಿತೆ ಹಲವಾರು ವರ್ಷಗಳ ಬಳಿಕ ನಿರೀಕ್ಷಿತ ಅತ್ಯಂತ ಕನಿಷ್ಠ ಮಟ್ಟಕ್ಕೆ ಹೊರಳಿಕೊಂಡಿದ್ದು ಮತ್ತು ನಿರೀಕ್ಷಿತ ಅಭಿವೃದ್ಧಿ ರೆಪ್ಪರಂಗದಲ್ಲಿ ವೇಗಮಾನ ಪಡೆದದ್ದು, ಇಮ್ಮಡಿಗೊಂಡ ಅಭಿವೃದ್ಧಿ ಸೇವಾಕ್ಷೇತ್ರದಲ್ಲಿ ಆದದ್ದು, ಉತ್ತಮ ವರ್ಷಧಾರೆ ಇತ್ಯಾದಿಗಳಿಂದ ಬ್ಯಾಂಕುಗಳಿಗೆ ತಮ್ಮ ವ್ಯವಹಾರವನ್ನು ಅಭಿವೃದ್ಧಿಗೊಳಿಸಲಿಕ್ಕೆ ವಿಪುಲ ಅವಕಾಶವಿದೆ. ಅನುತ್ಪಾದಕ ಆಸ್ತಿಗಳ ನಿರಂತರ ಹೆಚ್ಚಳ ಬ್ಯಾಂಕಿಂಗ್ ರಂಗಕ್ಕೆ ಒಂದು ಪದೇ ಪದೇ ಕಾಡುವ ಸವಾಲಾಗಿದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕು ಈ ದಿಸೆಯಲ್ಲಿ ನಿಯಂತ್ರಣ ಮತ್ತು ಎಡೆಬಿಡದ ಕಣ್ಗಾವಲುಗಳ ಮೂಲಕ ಅನುತ್ಪಾದಕ ಮುಂಗಡಗಳನ್ನು ತಹಬದಿಗೆ ತರಲು ಶಕ್ತವಾಗುವುದೆಂಬ ಆಶಾಭಾವನೆ ಹೊಂದಿದೆ. ಅನುತ್ಪಾದಕ ಆಸ್ತಿಗಳ ವಸೂಲಾತಿಗಾಗಿ ತ್ವರಿತ ಮತ್ತು ವೆಚ್ಚಕ್ಕೆ ತಕ್ಕ ಪರಿಣಾಮಕಾರಿ ಫಲ, ಕೇಂದ್ರ ಸರ್ಕಾರ ಸೂಚಿಸಿದ ಡೆಬ್ಟ್ ರಿಕವರಿ ಟ್ರಿಬ್ಯೂನಲ್ (ಡಿಆರ್‌ಟಿ)ಗಳ ನೆರವಿನಿಂದ ವೇಗವರ್ಧನೆಗೊಳ್ಳಲಿದ್ದು, ಕಂಪ್ಯೂಟರ್ ಮೂಲಕ ಕೋರ್ಟ್ - ಕೇಸಿನ ನಿರ್ವಹಣೆಯಿಂದ ವಿಚಾರಣಾ ದಿನಾಂಕಗಳನ್ನು ಪಡೆಯುವ ಶ್ರಮ ಹಾಗೂ ಸಮಯದ ಉಳಿತಾಯ, ಕೇಸುಗಳ ತ್ವರಿತ ವಿಲೇವಾರಿ ಇತ್ಯಾದಿ ಸಾಕಾರಗೊಳ್ಳಲಿದೆ ಹಾಗೂ ಸದೃಢ ಸಂರಚನೆಯಲ್ಲಿ ಬಲವರ್ಧನೆ ಸಾಧ್ಯವಾಗಲಿದೆ. ಇದಲ್ಲದೇ ಕೇಂದ್ರ ಸರ್ಕಾರದ ಅನುಸೂಚನೆಯಂತೆ ಅಸೆಟ್ ರಿ-ಕನ್‌ಸ್ಟ್ರಕ್ಷನ್ ಕಂಪೆನಿಗಳ (ಎಆರ್‌ಸಿ) ನಿರ್ವಹಣಾ ಸಾಮರ್ಥ್ಯದ ಅಭಿವೃದ್ಧಿ ಹೆಚ್ಚಿನ ಹೂಡಿಕೆದಾರರನ್ನು ಸೆಳೆಯಲಿದ್ದು ಮತ್ತು ಕೆಟ್ಟ ಆಸ್ತಿಯ ವಿಲೇವಾರಿ ತನ್ಮೂಲಕ ಬ್ಯಾಂಕಿಂಗ್ ರಂಗದ ಆಸ್ತಿಗಳ ಗುಣವರ್ಧನೆಗೆ ಸಹಕಾರಿಯಾಗಲಿದೆ. ಇತ್ತೀಚೆಗೆ ಸಂಸತ್ತಿನಲ್ಲಿ ಅನುಮೋದನೆಗೊಂಡ “ದಿವಾಳಿಕೋರ” ಮಸೂದೆಯಿಂದಾಗಿ, ಕೆಟ್ಟ ಸಾಲಗಳ ಹೊರ ಬ್ಯಾಂಕಿಂಗ್‌ರಂಗದಿಂದ ನಿರ್ಗಮಿಸುವ ನಿರೀಕ್ಷೆ ಇಟ್ಟುಕೊಳ್ಳಲಾಗಿದೆ.

### ವರದಿ ಮಾಡಲಿಕ್ಕಿರುವ ಭಾಗಗಳು

ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ನಿರ್ದೇಶಿಸಿದ ಅಕೌಂಟಿಂಗ್ ಸ್ಟಾಂಡರ್ಡ್ 17 (ವರದಿ ಮಾಡಲಿಕ್ಕಿರುವ ಭಾಗಗಳು) ಮಾರ್ಗದರ್ಶಿಗಳಿಗೆ ಅನುಸಾರವಾಗಿ ಬ್ಯಾಂಕು ವರ್ಷಾಂತ್ಯ 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ಈ ಕೆಳಗಿನಂತೆ ನಾಲ್ಕು ವ್ಯವಹಾರ ಅಂಗಗಳನ್ನು ಗುರುತಿಸಿದ್ದು, ಅವುಗಳು ಖಜಾನೆ, ಸಾಂಸ್ಥಿಕ / ಸಗಟು ಬ್ಯಾಂಕಿಂಗ್, ಚಿಲ್ಲರೆ ಬ್ಯಾಂಕಿಂಗ್ ಮತ್ತು ಇತರ ಬ್ಯಾಂಕಿಂಗ್ ಚಟುವಟಿಕೆಗಳು ಆಗಿರುತ್ತವೆ.

#### ಖಜಾನೆ ವಹಿವಾಟು

ಪ್ರಸ್ತುತ ವರ್ಷಾಂತ್ಯ 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಖಜಾನೆ ವಹಿವಾಟಿನಿಂದ ಒಟ್ಟು ₹1299.25 ಕೋಟಿ ಆದಾಯ ಗಳಿಸಿದ್ದು, ಕರಪೂರ್ವ ಆದಾಯ ಮತ್ತು ಹಂಚಲಾಗದಿರುವ ವೆಚ್ಚಗಳ ಪಾಲು ₹67.94 ಕೋಟಿ ಆಗಿರುತ್ತದೆ.

**Corporate / Wholesale Banking**

The revenue earned by the Bank during year under report from this Segment was ₹1745.57 crore with a contribution of ₹169 crore to profit before tax and un-allocable expenditure.

**Retail Banking**

During the year 2015-16, this Segment has earned revenue of ₹2242.83 crore with a contribution of ₹349.20 crore to profit before tax and un-allocable expenditure.

**Other Banking Operations**

During the year ended 31<sup>st</sup> March 2016, this segment has generated revenues of ₹247.42 crore with a contribution of ₹ -15.90 crore to profit before tax and un-allocable expenditure.

**RISKS AND CONCERNS**

In the normal course of business banks are exposed to various risks, namely, Credit Risk, Market Risk and Operational Risk, besides other residual risks such as Liquidity Risk, Interest Rate Risk, Concentration Risk, Strategic Risk, Reputation Risk etc. With a view to efficiently manage such risks, your Bank has put in place various risk management systems and practices. In line with the guidelines issued by the Reserve Bank of India from time to time, your Bank continues to strengthen various risk management systems that include policies, tools, techniques, systems and other monitoring mechanisms.

Your Bank aims at enhancing and maximizing the shareholder value by achieving appropriate trade-off between risks and returns. Your Bank's risk management objectives broadly cover proper identification, assessment, measurement, monitoring, controlling, mitigation and reporting of the risks across various business segments of the Bank. The risk management strategy adopted by your Bank is based on a clear understanding of the risks and the level of risk appetite, which is dependent on the willingness of your Bank to take risks in the normal course of business. A Board level committee, viz., Integrated Risk Management Committee periodically reviews the risk profile, evaluates the overall risks faced by the Bank and develops policies and strategies for its effective management.

Various senior management committees such as Credit Policy Committee (CPC), Asset-Liability Management Committee (ALCO), Operational Risk Management Committee (ORMC) etc operate within the broad policy framework of the Bank to ensure and enhance the risk control and governance framework within the Bank.

**ಸಾಂಸ್ಥಿಕ / ಸಗಟು ಬ್ಯಾಂಕಿಂಗ್**

ಈ ಅಂಗದಲ್ಲಿ ಸದರಿ ವರ್ಷ ₹1745.57 ಕೋಟಿ ಆದಾಯ ಲಭ್ಯವಾಗಿದ್ದು ಇದರಲ್ಲಿ ₹169 ಕೋಟಿ ಕೊಡುಗೆ ಕರಪೂರ್ವ ಆದಾಯ ಮತ್ತು ಹಂಚಲಾಗದಿರುವ ವೆಚ್ಚಕ್ಕಾಗಿ ಆಗಿರುತ್ತದೆ.

**ಚಿಲ್ಲರೆ ಬ್ಯಾಂಕಿಂಗ್**

ಈ ಅಂಗದಲ್ಲಿ ಸದರಿ ವರ್ಷ 2015-16ರಲ್ಲಿ ₹2242.83 ಕೋಟಿ ಆದಾಯ ಉತ್ಪನ್ನಗೊಂಡಿದ್ದು ಇದರಲ್ಲಿ ₹349.20 ಕೋಟಿ ಕೊಡುಗೆ ಕರಪೂರ್ವ ಆದಾಯ ಮತ್ತು ಹಂಚಲಾಗದಿರುವ ವೆಚ್ಚಕ್ಕಾಗಿ ಆಗಿರುತ್ತದೆ.

**ಇತರ ಬ್ಯಾಂಕಿಂಗ್ ವಹಿವಾಟುಗಳು**

31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ಈ ಅಂಗದಲ್ಲಿ ₹247.42 ಕೋಟಿ ಆದಾಯ ಲಭಿಸಿದ್ದು ಇದರಲ್ಲಿ ₹-15.90 ಕೋಟಿ ಕೊಡುಗೆ ಕರಪೂರ್ವ ಆದಾಯ ಮತ್ತು ಹಂಚಲಾಗದಿರುವ ವೆಚ್ಚಕ್ಕಾಗಿ ಆಗಿರುತ್ತದೆ.

**ಸಂಭಾವ್ಯ ಅಪಾಯಗಳು ಮತ್ತು ಕಳಕಳಿಗಳು**

ಬ್ಯಾಂಕಿನ ದೈನಂದಿನ ವ್ಯವಹಾರಗಳಲ್ಲಿ ಸಾಮಾನ್ಯವಾಗಿ ಹಲವಾರು ಅಪಾಯಗಳಿಗೆ ಒಡ್ಡಿಕೊಳ್ಳಬೇಕಾಗಿರುವುದು ಅನಿವಾರ್ಯವಾಗಿದ್ದು, ಅವುಗಳಲ್ಲಿ ಪ್ರಮುಖವಾಗಿ ಮುಂಗಡ ಅಪಾಯ, ಮಾರುಕಟ್ಟೆ ಅಪಾಯ, ನಿರ್ವಹಣಾ ಅಪಾಯ ಮತ್ತು ಇತರ ಉಳಿಕೆ ಅಪಾಯಗಳಾದ ದ್ರವತ್ವದ ಅಪಾಯ, ಬಡ್ಡಿದರ ಅಪಾಯ, ಕೇಂದ್ರೀಕರಣ ಅಪಾಯ, ವ್ಯವಹಾರಾತ್ಮಕ ಅಪಾಯ, ಪ್ರತಿಷ್ಠೆಯ ಅಪಾಯ ಇತ್ಯಾದಿಗಳಾಗಿವೆ. ಇಂತಹ ಅಪಾಯಗಳನ್ನು ದಕ್ಷತೆಯಿಂದ ನಿರ್ವಹಿಸಲು ನಿಮ್ಮ ಬ್ಯಾಂಕು ಹಲವಾರು ಅಪಾಯ ನಿರ್ವಹಣಾ ವ್ಯವಸ್ಥೆಗಳನ್ನು ರಚಿಸಿ ಕಾರ್ಯರೂಪಕ್ಕೆ ತಂದಿರುತ್ತದೆ. ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ಆಗಿಂದಾಗ್ಗೆ ನೀಡಿದ ಮಾರ್ಗದರ್ಶಿಕೆಯಂತೆ ಹಲವಾರು ಅಪಾಯ ನಿರ್ವಹಣಾ ವ್ಯವಸ್ಥೆಗಳ ಮೂಲಕ ಧೋರಣೆ, ತಾಂತ್ರಿಕತೆ, ಪರಿಕರಗಳಿಂದ ಅತ್ಯುತ್ತಮ ನಿರ್ವಹಣೆಯನ್ನು ಬಲಿಷ್ಠಗೊಳಿಸಿದ್ದು, ಅದನ್ನು ಬ್ಯಾಂಕು ಮುಂದುವರಿಸಿಕೊಂಡು ಬರುತ್ತಿದೆ.

ನಿಮ್ಮ ಬ್ಯಾಂಕು ಶೇರುದಾರರ ಹಿತಾಸಕ್ತಿ ಮೌಲ್ಯವನ್ನು ಗರಿಷ್ಠವಾಗಿ ಕಾಪಾಡಿಕೊಂಡು ಬರುತ್ತಿದ್ದು, ಅಪಾಯ ಮತ್ತು ಆದಾಯಗಳ ನಡುವೆ ಸೂಕ್ತ ಸಮತೋಲನದ ಮೂಲಕ ಕಾಳಜಿ ವಹಿಸುತ್ತಿದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಅಪಾಯ ನಿರ್ವಹಣಾ ವಿಭಾಗವು ಪ್ರಮುಖವಾಗಿ ಅಪಾಯಗಳ ಸಕಾಲಿಕ ಗುರುತಿಸುವಿಕೆ, ಅಪಾಯಗಳ ಮಟ್ಟದ ತುಲನೆ, ಮೇಲ್ವಿಚಾರಣೆ ಹಾಗೂ ದಕ್ಷ ನಿರ್ವಹಣೆಯನ್ನು ಕೈಗೊಂಡು ವ್ಯವಹಾರದ ಪ್ರಕ್ರಿಯೆಯಲ್ಲಿ ಅಪಾಯ ತಗ್ಗಿಸುವಿಕೆಯನ್ನು ಸಮರ್ಥವಾಗಿ ನಿರ್ವಹಿಸುತ್ತಿದೆ. ಬ್ಯಾಂಕು ಅಳವಡಿಸಿಕೊಂಡ ಅಪಾಯ ಸಂಭಾವ್ಯತೆ ನಿರ್ವಹಣಾ ಧೋರಣೆಯು ಅಪಾಯಗಳ ಬಗ್ಗೆ ಸಂಪೂರ್ಣ ಅರಿವು ಮತ್ತು ಅಪಾಯ ಸಂಭಾವ್ಯತೆಯ ಮಟ್ಟದ ಪೂರ್ಣ ತಿಳುವಳಿಕೆ ಹೊಂದಿದ್ದು, ಅಂತಹ ಅಪಾಯ ಸಂಭಾವ್ಯತೆಯನ್ನು ಅಭಿವೃದ್ಧಿಯ ದೃಷ್ಟಿಯಿಂದ ಸ್ವೀಕರಿಸಲು ಬ್ಯಾಂಕು ಮುಂದಾಗಿದೆ. ನಿರ್ದೇಶಕರ ಮಂಡಳಿ ಮಟ್ಟದ ಸಂಕೀರ್ಣ ಸಮಗ್ರ ಅಪಾಯ ನಿರ್ವಹಣಾ ಸಮಿತಿ ಆಗಿಂದಾಗ್ಗೆ ಬ್ಯಾಂಕಿಗೆ ಎದುರಾಗುವ ಅಪಾಯ ಸಂಭಾವ್ಯತೆಯ ಬಗ್ಗೆ ಅವಲೋಕನ, ಬ್ಯಾಂಕು ಒಟ್ಟಾರೆ ಎದುರಿಸುತ್ತಿರುವ ಅಪಾಯಗಳ ಬಗ್ಗೆ ಸೂಕ್ತ ಪುನರಾವಲೋಕನ, ಸೂಕ್ತ ಮೌಲೀಕರಣ ಮತ್ತು ಅತ್ಯುತ್ತಮ ನಿರ್ವಹಣೆಗಾಗಿ ಧೋರಣೆ ಮತ್ತು ಅನುಷ್ಠಾನಗಳ ಕಡೆ ಆದ್ಯ ಗಮನ ಹರಿಸುತ್ತದೆ.

ವರಿಷ್ಠ ಮಟ್ಟದ ವಿವಿಧ ವ್ಯವಸ್ಥಾಪನಾ ಸಮಿತಿಗಳನ್ನು ರಚಿಸಲಾಗಿದ್ದು ಅವುಗಳಲ್ಲಿ ಮುಂಗಡ ಧೋರಣೆ ಸಮಿತಿ, ಆಸ್ತಿ-ಋಣ ಸಮಿತಿ, ನಿರ್ವಹಣಾ ಅಪಾಯ ವ್ಯವಸ್ಥಾಪನಾ ಸಮಿತಿ ಮುಂತಾದವುಗಳು ಬ್ಯಾಂಕಿನ ವಿಸ್ತೃತ ಧೋರಣಾ ಚೌಕಟ್ಟಿನಲ್ಲಿ ಕಾರ್ಯವೆಸಗುತ್ತಿದ್ದು, ಅಪಾಯ ನಿಯಂತ್ರಣಕ್ಕಾಗಿ ಬ್ಯಾಂಕಿನ ಪರಿಮಿತಿಯಲ್ಲಿ ಗರಿಷ್ಠ ಕ್ರಮ ನಿರ್ವಹಿಸುತ್ತಿವೆ. ಪ್ರಧಾನ ಕಚೇರಿಯ ಅಪಾಯ ನಿರ್ವಹಣಾ ವಿಭಾಗವು ಅಪಾಯ ನಿರ್ವಹಣೆಯ ಮತ್ತು

The Risk Management Department at Head Office oversees the overall implementation of various risk management initiatives across the Bank.

In line with the guidelines issued by RBI, your Bank has implemented the New Capital Adequacy Framework and is Basel II compliant with effect from March 31, 2009, by adopting the basic approaches available under the guidelines. While complying with all the requirements of the basic approaches under Basel II, your Bank has taken the necessary steps to move over to Basel II Advanced Approaches as per the Road Map approved by the Bank's Board in this regard. As a part of the Basel III, Pillar III – Market Disclosure requirement, your Bank has made a detailed Pillar III Disclosure, which is appended to this report as Annexure III. The Bank conforms to the Basel III guidelines from April 1, 2013 and has also assessed the future capital impacts.

In compliance with Basel guidelines, the Bank has put in place a policy document for Internal Capital Adequacy Assessment Process (ICAAP) to evaluate its capital adequacy relative to its risks. Stress testing framework for various stress scenarios is also put in place for better understanding of the likely impact of adverse market movements/events on the capital and earnings. The results of the ICAAP and Stress testing are reviewed periodically to assess the capital requirement for the projected business growth, keeping in view the risk appetite and risk profile of the Bank. A Board level committee, viz., Internal Capital Adequacy Assessment Committee (ICAAC), reviews the risk appetite, risk profile, business projections as well as capital assessment of your Bank at periodical intervals. To evaluate and review the performance of various business units/ products/customers, your Bank has introduced scientific Fund Transfer Pricing (FTP) and Customer Profitability Management System (CPMS) for better management of risk and return.

In line with guidelines issued by RBI, your Bank has nominated a Chief Information Security Officer (CISO), who is responsible for articulating and enforcing the policies that Bank uses to protect the information assets apart from coordinating security related issues in implementation of new systems under Information Technology in the Bank.

ನಿಯಂತ್ರಣ ಕ್ರಮದ ಸಕಾಲಿಕ ಅನುಷ್ಠಾನದ ವಿವಿಧ ಚಟುವಟಿಕೆಗಳ ಮೇಲ್ವಿಚಾರಣೆ ನಡೆಸುತ್ತಿದೆ.

ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ ಮಾರ್ಗದರ್ಶಿಕೆಯಂತೆ ನಿಮ್ಮ ಬ್ಯಾಂಕು ನೂತನ ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಚೌಕಟ್ಟಿನಲ್ಲಿ ಬೇಸಲ್ II ಅನುಸರಣೆಯನ್ನು 31 ಮಾರ್ಚ್ 2009ಕ್ಕೆ ಸಂಪೂರ್ಣ ಅನುಷ್ಠಾನಗೊಳಿಸಿರುತ್ತದೆ. ಬೇಸಲ್ II ಅನುಸರಣೆಯನ್ನು ಪೂರ್ಣವಾಗಿ ಕಾರ್ಯಗತಗೊಳಿಸುವಾಗಲೇ ನಿಮ್ಮ ಬ್ಯಾಂಕು, ಬೇಸಲ್ II ಮಾರ್ಗದರ್ಶಿಯ ಮುಂದುವರಿಕೆಯ ಅನುಸರಣೆಯನ್ನು ಬ್ಯಾಂಕಿನ ಆಡಳಿತ ಮಂಡಳಿಯ ಅನುಮೋದನೆಯೊಂದಿಗೆ ಕಾರ್ಯರೂಪಕ್ಕೆ ತರಲು ಸರ್ವ ಕ್ರಮಗಳನ್ನು ಕೈಗೊಂಡಿತ್ತು. ಈ ಕುರಿತಂತೆ ಬೇಸಲ್ III ಸ್ತಂಭಸೂಚಿ III - ಮಾರುಕಟ್ಟೆ ಪ್ರಕಟಣೆ ಅಗತ್ಯತೆ ಸಂಬಂಧಿಸಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಒಂದು ವಿವರಣಾತ್ಮಕ ಸ್ತಂಭಸೂಚಿ III ರ ಪ್ರಕಟಣೆಯನ್ನು ಮಾಡಿದ್ದು, ಅದನ್ನು ಅನುಬಂಧ III ರಲ್ಲಿ ಲಗತ್ತಿಸಿರಲಾಗಿದೆ. ಬೇಸಲ್ III ಗುಣಮಟ್ಟ ಅಳವಡಿಕೆಯ ಬಳಿಕ, ಭವಿಷ್ಯದಲ್ಲಿನ ಬಂಡವಾಳ ಪರಿಣಾಮವನ್ನು ವಿಶ್ಲೇಷಿಸಲೂ ಸಹ ಬ್ಯಾಂಕ್ ಎಪ್ರಿಲ್ 1, 2013ರಿಂದ ಪ್ರಾರಂಭಿಸಿದೆ.

ಬೇಸಲ್ ಮಾರ್ಗದರ್ಶಿಕೆಗಳ ಅನುಷ್ಠಾನದೊಂದಿಗೆ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಆಂತರಿಕ ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಮೌಲ್ಯಮಾಪನ - ಆದೇಶಿಕೆಯ ಧೋರಣಾ ದಾಖಲೆ (ಐಸಿಎಎಪಿ) ಪ್ರಕ್ರಿಯೆಯನ್ನು ಆರಂಭಿಸಿದ್ದು, ಇದು ಅಪಾಯಕ್ಕೆ ಸಂಬಂಧಿಸಿದ ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತೆಯ ಅಂದಾಜು ನಿಖರವಾಗಿರುವಲ್ಲಿ ಸಹಾಯ ಮಾಡುತ್ತದೆ. ಹಲವಾರು ಒತ್ತಡ ಪರೀಕ್ಷಣಾ ಚೌಕಟ್ಟುಗಳನ್ನು ಬ್ಯಾಂಕ್ ಸ್ಥಾಪಿಸಿದ್ದು, ಇದು ತೀವ್ರ ಒತ್ತಡ ಸಾಧ್ಯತೆಯ ಪರಿಣಾಮ ತಿಳಿಯುವಲ್ಲಿ ಸಹ ಸಹಕಾರಿಯಾಗಿದೆ. ಆಂತರಿಕ ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಮೌಲ್ಯಮಾಪನ ಆದೇಶಿಕೆ ಮತ್ತು ಒತ್ತಡ ಪರೀಕ್ಷಣೆಯ ಬಗ್ಗೆ ಆಗಿಂದಾಗ್ಗೆ ನಿಯಮಿತವಾಗಿ ಮೇಲ್ಮೊಟಕ ಹರಿಸುವುದರಿಂದ, ಯೋಜಿತ ವ್ಯವಹಾರಾಭಿವೃದ್ಧಿಗೆ ಅಗತ್ಯವಾದ ಬಂಡವಾಳ ಅಗತ್ಯತೆಯನ್ನು ಅಂದಾಜಿಸುವಲ್ಲಿಯೂ, ಬ್ಯಾಂಕಿನ ಅಪಾಯ ನಿರ್ವಹಣಾ ಸಾಮರ್ಥ್ಯ ಸುಧಾರಿಸುವಲ್ಲಿಯೂ ಸಹಕಾರಿಯಾಗಿದೆ. 'ಆಂತರಿಕ ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಮೌಲ್ಯಮಾಪನ ಸಮಿತಿ' (ಐಸಿಎಎಪಿ)ಯು ನಿರ್ದೇಶಕರ ಮಂಡಳಿ ಮಟ್ಟದ ಸಮಿತಿಯಾಗಿದ್ದು, ಇದು ಆಗಿಂದಾಗ್ಗೆ ಸೂಕ್ತ ಕಾಲಾವಧಿಯಲ್ಲಿ ಅಪಾಯದ ಅಭಿಲಾಷೆ, ಅಪಾಯದ ಬಾಹ್ಯರೂಪ, ವ್ಯವಹಾರ ಅಂದಾಜುಗಳೊಂದಿಗೆ ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಬಂಡವಾಳ ಮೌಲ್ಯಮಾಪನವನ್ನು ಸಮೀಕ್ಷಿಸುತ್ತದೆ. ವ್ಯವಹಾರಗಳ ಯೂನಿಟ್/ ಉತ್ಪನ್ನಗಳು / ಗ್ರಾಹಕ ನಿರ್ವಹಣೆಯ ಕುರಿತಂತೆ ಮೌಲೀಕರಣ ಮತ್ತು ಪರಾಮರ್ಶಿಸಲು ನಿಮ್ಮ ಬ್ಯಾಂಕು 'ಫಂಡ್ ಟ್ರಾನ್ಸ್‌ಫರ್ ಪ್ರೈಸಿಂಗ್' (ಎಫ್‌ಟಿಪಿ) ಮತ್ತು 'ಕಸ್ಟಮರ್ ಪ್ರಾಫಿಟಿಬಿಲಿಟಿ ಮ್ಯಾನೇಜ್‌ಮೆಂಟ್ ಸಿಸ್ಟಮ್' (ಸಿಪಿಎಂಎಸ್) ಇವುಗಳನ್ನು ಉತ್ತಮ ಅಪಾಯ ನಿರ್ವಹಣೆಗಾಗಿ ವೈಜ್ಞಾನಿಕ ರೀತಿಯಲ್ಲಿ ಜಾರಿಗೆ ತಂದಿದೆ.

ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ ಮಾರ್ಗದರ್ಶಿಕೆಯಂತೆ, ನಿಮ್ಮ ಬ್ಯಾಂಕು, ಬ್ಯಾಂಕಿನಲ್ಲಿ "ಚೀಫ್ ಇನ್‌ಫಾರ್ಮೇಶನ್ ಸೆಕ್ಯೂರಿಟಿ ಆಫೀಸರ್"ರನ್ನು (ಸಿಐಎಸ್‌ಒ) ನಾಮನಿರ್ದೇಶನಗೊಳಿಸಿದ್ದು, ಅವರು ಬ್ಯಾಂಕು ತನ್ನ ಮಾಹಿತಿ ತಂತ್ರಜ್ಞಾನ ಆಸ್ತಿಗಳ ರಕ್ಷಣೆಗಾಗಿರುವ ಧೋರಣೆಗಳನ್ನು ಜಾರಿಗೊಳಿಸುವಿಕೆಗೆ ಹೊಣೆಗಾರರಾಗಿರುವುದಲ್ಲದೆ, ಮಾಹಿತಿ ತಂತ್ರಜ್ಞಾನಾಧಾರಿತ ನೂತನ ವ್ಯವಸ್ಥೆಗಳನ್ನು ಜಾರಿಗೊಳಿಸುವಾಗ, ಅವುಗಳ ಮಾಹಿತಿ, ಗೌಪ್ಯತೆಗಳನ್ನು ಕಾಪಾಡಿಕೊಳ್ಳಲು ಬೇಕಾದ ಸಮನ್ವಯವನ್ನು ನಿರ್ಮಿಸುವ ಜವಾಬ್ದಾರಿ ಹೊಂದಿರುತ್ತಾರೆ.

## INTERNAL CONTROL SYSTEMS, THEIR ADEQUACY AND COMPLIANCE

Your Bank has put in place an effective and robust internal control apparatus, commensurate with its size, geographical spread and complexity of operations. At the apex level guidance and direction on the control aspects is vested with the Audit Committee of the Board of Directors which takes an overall view on the internal control aspects and formulates all the related policy guidelines. The Bank has put in place an independent Compliance Department in charge of the entire compliance functions of the Bank.

An effective and sound internal audit function provides independent assurance to the board of directors and senior management on the quality and effectiveness of Bank's internal control, risk management and governance systems and processes, thus helping the board and the senior management in protecting the organization and its reputation.

Historically, the internal audit system in the Bank has been concentrating on transaction testing, testing of accuracy and reliability of accounting records and financial reports, integrity, reliability and timeliness of control reports and adherence to legal and regulatory requirements. With the implementation of Risk-Based Internal Audit (RBIA), greater emphasis is placed on the internal auditor's role in mitigating various risks. While continuing with the traditional risk management and control methods involving transaction testing etc., the risk-based internal audit would, not only offer suggestions for mitigating current risks but also on potential future risks, thereby playing an important role in the risk management process of the Bank.

The risk assessment under RBIA would cover risks at various levels (corporate and branch; portfolio and individual transactions etc.) as also the processes in place to identify, measure, monitor and control the risks. The internal audit department is devising the RBIA risk assessment methodology, with the approval of the Board of Directors, keeping in view the size and complexity of the business undertaken by the Bank. The risk assessment process would include the identification of 'inherent business risks' in the various activities undertaken by the Bank, and evaluate the effectiveness of the control systems for monitoring the inherent risks of the business activities ('Control Risk') and then draw up a risk-matrix by taking into account both the factors viz., inherent business and control risks.

## ಆಂತರಿಕ ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಗಳು ಅವುಗಳ ಪರ್ಯಾಪ್ತ ಮತ್ತು ಅನುಸರಣೆ

ನಿಮ್ಮ ಬ್ಯಾಂಕು, ಬ್ಯಾಂಕಿನ ಗಾತ್ರ ಮತ್ತು ವ್ಯವಹಾರಗಳಲ್ಲಿನ ಸೂಕ್ಷ್ಮ ಹಾಗೂ ಭೌಗೋಳಿಕ ವ್ಯಾಪಕತೆಗೆ ಅನುಗುಣವಾಗಿ, ಪರಿಣಾಮಕಾರಿ ಆಂತರಿಕ ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಯನ್ನು ಪಾಲಿಸುತ್ತಿದೆ. ಅಗ್ರ ಮಟ್ಟದ ಮಾರ್ಗದರ್ಶನ ಮತ್ತು ನಿರ್ದೇಶನ, ನಿಯಂತ್ರಣ ಪರಿಣಾಮಕಾರಿತ್ವದ ಕುರಿತಾಗಿ ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ಲೆಕ್ಕಪತ್ರ ಸಮಿತಿ ಸಲಹೆ ನೀಡುತ್ತಿದ್ದು, ಇದು ಆಂತರಿಕ ನಿಯಂತ್ರಣದ ಸರ್ವಾಂಗೀಣ ಮೇಲ್ನೋಟ ಹಾಗೂ ಧೋರಣಾ ಮಾರ್ಗದರ್ಶಕಿಯ ಪರಾಮರ್ಶೆ ನಡೆಸುತ್ತದೆ. ಅಲ್ಲದೇ, ಬ್ಯಾಂಕು ಸ್ವತಂತ್ರವಾದ ಪರಿಪಾಲನಾ ವಿಭಾಗವನ್ನು ಸ್ಥಾಪಿಸಿದ್ದು ಇದು ಆಂತರಿಕ ಕಾರ್ಯಭಾರದ ವೀಕ್ಷಣೆಯನ್ನು ಸದಾಕಾಲ ಜಾಗೃತಿಯಿಂದ ಮಾಡುತ್ತಿರುತ್ತದೆ.

ಬ್ಯಾಂಕಿನ ಆಂತರಿಕ ನಿಯಂತ್ರಣ, ಅಪಾಯ ನಿರ್ವಹಣೆ, ಆಡಳಿತ ವ್ಯವಸ್ಥೆ ಮತ್ತು ಕಾರ್ಯವಿಧಾನಗಳ ಗುಣಮಟ್ಟ ಮತ್ತು ಪರಿಣಾಮಕಾರಿತ್ವದ ಕುರಿತಾದ ಸಂಪೂರ್ಣ ಪರಿಣಾಮಕಾರಿ ಆಂತರಿಕ ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಯು, ಸ್ವತಂತ್ರವಾದ ಆಶ್ವಾಸನೆಯನ್ನು ನಿರ್ದೇಶಕರ ಮಂಡಳಿ ಮತ್ತು ಬ್ಯಾಂಕಿನ ಉನ್ನತ ಆಡಳಿತಗಾರರಿಗೆ ಒದಗಿಸುತ್ತಿದ್ದು, ತನ್ಮೂಲಕ ಆಡಳಿತ ಮಂಡಳಿ ಮತ್ತು ಉನ್ನತ ಆಡಳಿತಗಾರರಿಗೆ, ಸಂಸ್ಥೆಯನ್ನು ಮತ್ತು ಅದರ ಪ್ರತಿಷ್ಠೆಯನ್ನು ಕಾಪಾಡಲು ಸಹಾಯಕವಾಗುತ್ತದೆ.

ಚಾರಿತ್ರಿಕವಾಗಿ, ಬ್ಯಾಂಕುಗಳ ಲೆಕ್ಕಪರಿಶೋಧನಾ ವ್ಯವಸ್ಥೆಯು, ಕಾರ್ಯ ಚಟುವಟಿಕೆಗಳ ಪರಿವೀಕ್ಷಣೆ, ನಿಖರತೆಯ ಪರೀಕ್ಷೆ, ವಿಶ್ವಾಸಾರ್ಹತೆಯ ಪರೀಕ್ಷೆ, ನಿಯಂತ್ರಕ ವರದಿಗಳ ಸಕಾಲಿಕ ಸಲ್ಲಿಕೆಯ ಪರಿವೀಕ್ಷಣೆ, ಕಾನೂನು ಮತ್ತು ನಿಯಂತ್ರಕ ಅಗತ್ಯಗಳಿಗೆ ಬದ್ಧವಾಗಿದೆಯೇ ಎನ್ನುವುದನ್ನು ಖಚಿತಪಡಿಸಿಕೊಳ್ಳುವುದನ್ನು ಒಳಗೊಂಡಿರುತ್ತದೆ. ವಿವಿಧ ಅಪಾಯಗಳನ್ನು ಮಿತಗೊಳಿಸುವುದರಲ್ಲಿ ಅಪಾಯ-ಆಧಾರಿತ ಆಂತರಿಕ ಲೆಕ್ಕಪರಿಶೋಧನೆಯಿಂದಾಗಿ, ಆಂತರಿಕ ಲೆಕ್ಕಪರಿಶೋಧಕರ ಪಾತ್ರ ಹೆಚ್ಚಿನ ಮಹತ್ವ ಹೊಂದಿದೆ. ವಹಿವಾಟಿನ ಸಾಚಾತನದ ಪರೀಕ್ಷೆ ಮುಂತಾದವುಗಳನ್ನೊಳಗೊಂಡ ಸಾಂಪ್ರದಾಯಿಕ ಅಪಾಯ ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಯನ್ನು ಮುಂದುವರಿಸುವುದಲ್ಲದೆ, ಅಪಾಯ ಸಂಭಾವ್ಯತಾ ಆಧಾರಿತ ಆಂತರಿಕ ಲೆಕ್ಕಪರಿಶೋಧನೆಯು ಚಾಲ್ತಿಯಲ್ಲಿ ಅಪಾಯಗಳನ್ನು ಮಿತಗೊಳಿಸುವುದರೊಂದಿಗೆ ವಿವಿಧ ಕ್ಷೇತ್ರಗಳಲ್ಲಿ ಬಂದೆರಗಬಹುದಾದ ಅಪಾಯ ಸಂಭಾವ್ಯತೆಯನ್ನು ನಿಖರವಾಗಿ ಅಂದಾಜಿಸುವ ಗುರುತರವಾದ ಹೊಣೆಯನ್ನು ಬ್ಯಾಂಕಿನ ಅಪಾಯ ನಿರ್ವಹಣಾ ವ್ಯವಸ್ಥೆಯು ಹೊಂದಿರುತ್ತದೆ.

ಅಪಾಯ ಸಂಭಾವ್ಯತೆ ಆಧಾರಿತ ಆಂತರಿಕ ಲೆಕ್ಕಪರಿಶೋಧನೆ (ಆರ್‌ಬಿಐಎ)ಯಲ್ಲಿ ಅಪಾಯದ ಮಾಪನವನ್ನು ವಿವಿಧ ಸ್ತರಗಳಲ್ಲಿ (ಸಾಂಸ್ಥಿಕ ಮತ್ತು ಶಾಖಾ ಹಂತಗಳಲ್ಲಿ, ಪೋರ್ಟ್‌ಫೋಲಿಯೋ ಮತ್ತು ಏಕವ್ಯಕ್ತಿ ಪರ ವಹಿವಾಟು ಇತ್ಯಾದಿ) ಕಾರ್ಯ ಜರಗಿಸುತ್ತಾ ಅಪಾಯದ ಗುರುತಿಸುವಿಕೆ, ಮೌಲ್ಯಮಾಪನ, ನಿಗಾ ಮತ್ತು ನಿಯಂತ್ರಣಕ್ಕೆ ಸಹಾಯವಾಗುತ್ತದೆ. ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ಅನುಮತಿಯೊಂದಿಗೆ ಆಂತರಿಕ ಲೆಕ್ಕಪರಿಶೋಧನಾ ವಿಭಾಗವು ಅಪಾಯ ಸಂಭಾವ್ಯತೆ ಆಧಾರಿತ ಆಂತರಿಕ ಲೆಕ್ಕಪರಿಶೋಧನೆಯನ್ನು, ಅಪಾಯಮಾಪನ ವ್ಯವಸ್ಥೆಯನ್ನು ಕಾರ್ಯರೂಪಕ್ಕೆ ತಂದು, ಬ್ಯಾಂಕು ನಡೆಸುವ ವ್ಯವಹಾರದ ಗಾತ್ರ ಮತ್ತು ಸಂಕೀರ್ಣತೆಗೆ ಅನುಸಾರವಾಗಿ ನಿರ್ವಹಿಸುತ್ತದೆ. ಈ ಅಪಾಯ ಮಾಪನಾ ಪ್ರಕ್ರಿಯೆಯು ಬ್ಯಾಂಕು ಕೈಗೊಳ್ಳುವ ವಿವಿಧ ವ್ಯವಹಾರಗಳಲ್ಲಿ 'ಅಂತರ್ಗತವಾದ ಆಪತ್ತು'ಗಳನ್ನು ಗುರುತಿಸುವ ಜವಾಬ್ದಾರಿಯನ್ನು ಹೊಂದಿರುವುದರೊಂದಿಗೆ, ಈ ಆಪತ್ತುಗಳನ್ನು ಗುರುತಿಸುವ ಹಾಗೂ ನಿಯಂತ್ರಣ ಮಾಡುತ್ತಿರುವ ವ್ಯವಸ್ಥೆಯ (ಅಂದರೆ ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಯಲ್ಲಿನ ವಿಪತ್ತು) ಮೌಲ್ಯಮಾಪನವನ್ನೂ ಸಹ ಮಾಡುತ್ತದೆ. ಇದರೊಂದಿಗೆ, "ಅಂತರ್ಗತವಾದ ವ್ಯವಹಾರದಲ್ಲಿನ ವಿಪತ್ತು" ಹಾಗೂ "ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಯಲ್ಲಿನ ವಿಪತ್ತು"ಗಳನ್ನು ಆಧರಿಸಿ "ಅಪಾಯದ ಮ್ಯಾಟ್ರಿಕ್ಸ್" ಅನ್ನು ರೂಪಗೊಳಿಸುವ ಕಾರ್ಯವನ್ನು ಸಹ ಮಾಡುತ್ತದೆ.

In pursuance of seeking periodic assurances on the adequacy and efficacy of internal control functions, the Bank causes periodic Regular Inspections and Information System (IS) Audit of all the branches and offices. Your Bank also covers select branches under concurrent audit, the aggregate turnover of which account for over 63.86 percent of the gross bank credit and over 50.21 percent of aggregate deposits of the Bank. Short Inspection of all the branches which are not subjected to concurrent audit is also caused besides, concurrent audit of treasury functions (both domestic and forex), International Division, Forex designated offices, Central Processing Centre, Currency Chests, Information Systems audit of Data Centre and DR Site etc. Besides, the Bank has also been causing Stock and Credit audits of large borrowal accounts by external, professional audit firms in furtherance of effective credit administration. The Bank has also taken prompt action on the implementation of the RBI Guidelines on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds.

To appraise the effectiveness of management at different levels in accomplishing the assigned tasks towards achieving the overall corporate objectives, Management Audit is also introduced by your Bank for Departments at Head Office & Regional Offices.

Your Bank has put in place the policies and procedures for ensuring orderly and efficient conduct of its business, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. The Audit Committee of the Board has assessed the effectiveness of the internal financial controls and their adequacy and directed the strengthening of the same wherever found necessary.

Considering the need for having a strong collection mechanism and to contain slippages of borrowal accounts into NPAs and improve asset(s) quality, Bank has set up a Credit Monitoring Department which *inter alia* ensures adherence of post sanction compliance requirements and follow up of advance through effective control and communication mechanisms.

## RISK BASED SUPERVISION (RBS)

In view of the growing complexities in the processes, product offerings and systems & procedures in the Indian banking sector, pursuant to the recommendation of the High Level Steering Committee, Reserve Bank of India has shifted supervisory stance to risk-based approach called Supervisory Assessment of Capital and Risk (SPARC) which is focusing on evaluating both present and future risks, identifying incipient problems and facilitating prompt intervention/ early corrective action. Your Bank has been included under the same and migrated to Risk Based Supervision for the position as on 31<sup>st</sup> March 2015.

ಇದರೊಂದಿಗೆ ಬ್ಯಾಂಕು ಕಾಲಕಾಲಕ್ಕೆ ಆಂತರಿಕ ನಿಯಂತ್ರಣ ಚಟುವಟಿಕೆಯ ದಕ್ಷತೆ ಮತ್ತು ಅನುರೂಪತೆ ಖಾತ್ರಿಗೊಳಿಸುವಾಗಲೂ ನಿಯಮಿತ ಪರಿವೀಕ್ಷಣೆ, ಮಾಹಿತಿ ವ್ಯವಸ್ಥೆ (ಐಎಸ್) ಪರಿವೀಕ್ಷಣೆ ಎಲ್ಲಾ ಶಾಖೆ ಮತ್ತು ಕಚೇರಿಗಳಲ್ಲೂ ನಡೆಸುತ್ತಿದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕು ಆಯ್ದ ಶಾಖೆಗಳಲ್ಲಿ (ಇವುಗಳ ವ್ಯವಹಾರದ ಮೊತ್ತ ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಮುಂಗಡದ ಶೇ. 63.86 ಹಾಗೂ ಠೇವಣಿಯ ಶೇ. 50.21ರಷ್ಟನ್ನು ಒಳಗೊಂಡಿರುತ್ತದೆ) ಸಹಗಾಮಿ ಲೆಕ್ಕಪರಿಶೋಧನೆ ಜರುಗಿಸುತ್ತಿದೆ. ಸಹಗಾಮಿ ಲೆಕ್ಕಪರಿಶೋಧನೆಯಿಂದ ಹೊರತಾದ ಶಾಖೆಗಳಲ್ಲಿ ಕಿರುಪರಿವೀಕ್ಷಣೆ ಜರುಗುತ್ತದೆ. ಅಲ್ಲದೇ ಖಜಾನೆ (ಆಂತರಿಕ ಮತ್ತು ವಿದೇಶಿ ವಿನಿಮಯ ಕೂಡಿ) ವಿಭಾಗದ ಸಹಗಾಮಿ ಲೆಕ್ಕಪರಿಶೋಧನೆಯೊಂದಿಗೆ ಅಂತಾರಾಷ್ಟ್ರೀಯ ವಿಭಾಗ, ವಿದೇಶಿ ವಿನಿಮಯ ವ್ಯವಹಾರಕ್ಕಾಗಿರುವ ಶಾಖೆಗಳು, ದತ್ತಾಂಶ ಕೇಂದ್ರ, ಮಾಹಿತಿ ವ್ಯವಸ್ಥೆ ವಿಭಾಗ, ಡಿ.ಆರ್. ಕೇಂದ್ರ, ಕೇಂದ್ರೀಯ ಸಂಸ್ಕರಣಾ ಕೇಂದ್ರಗಳು, ಕರೆನ್ಸಿ ಕೋಠಿ ಮುಂತಾದವುಗಳ ಪರಿವೀಕ್ಷಣೆ, ಸಹಗಾಮಿ ಪರಿವೀಕ್ಷಣೆಗಳು ಜರುಗುತ್ತವೆ. ಇದರೊಂದಿಗೆ ಬೃಹತ್ ಮುಂಗಡ ಖಾತೆಗಳ ಪರಿಶೀಲನೆಯನ್ನು ಬಾಹ್ಯ ವೃತ್ತಿಪರ ಲೆಕ್ಕಪರಿಶೋಧನಾ ಸಂಸ್ಥೆಗಳ ನೆರವಿನಿಂದ ಮುಂದುವರಿಸಿಕೊಂಡು ಬರುತ್ತಿದ್ದು, ಇದು ಮುಂಗಡಗಳ ಪರಿಣಾಮಕಾರಿ ನಿರ್ವಹಣೆಗೆ ಸಹಕಾರಿಯಾಗಿದೆ. ಬ್ಯಾಂಕು ಮಾಹಿತಿ ಭದ್ರತೆ, ಇಲೆಕ್ಟ್ರಾನಿಕ್ ಬ್ಯಾಂಕಿಂಗ್, ಟೆಕ್ನೋಲಜಿ ರಿಸ್ಕ್ ಮ್ಯಾನೇಜ್‌ಮೆಂಟ್ ಮತ್ತು ಸೈಬರ್ ಫ್ರಾಡ್‌ಗಳ ಬಗ್ಗೆ ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ ಮಾರ್ಗದರ್ಶಿಯನ್ನು ಪಾಲಿಸುವಲ್ಲಿ ಅಗತ್ಯವಾದ ಕ್ರಮಗಳನ್ನು ಕೈಗೊಂಡಿದೆ.

ಬ್ಯಾಂಕಿನ ಪ್ರಧಾನ ಕಚೇರಿಯ ಎಲ್ಲಾ ವಿಭಾಗಗಳಲ್ಲೂ ಮತ್ತು ಪ್ರಾದೇಶಿಕ ಕಚೇರಿಗಳಲ್ಲೂ ನಿಮ್ಮ ಬ್ಯಾಂಕು, ಆಡಳಿತ ಲೆಕ್ಕಪರಿಶೋಧನೆ ಜರಗಿಸುತ್ತಿದ್ದು, ಇದು ಬ್ಯಾಂಕಿನ ಒಟ್ಟಾರೆ ಸಾಂಸ್ಥಿಕ ಗುರಿಗಳನ್ನು ತಲಪುವಲ್ಲಿ ಹಾಗೂ ಕಾಲಕಾಲಕ್ಕೆ ವಿವಿಧ ಹಂತ, ಶ್ರೇಣಿಗಳ ದಕ್ಷತೆಯ ಮೌಲ್ಯಮಾಪನ ಹಾಗೂ ನೀಡಲ್ಪಟ್ಟ ಕಾರ್ಯಭಾರದ ಸಾಧನೆಯ ಬಗ್ಗೆ ಯಥಾವತ್ ಅವಿವೇಕ ಆಡಳಿತಕ್ಕೆ ದೊರಕುತ್ತಿದೆ.

ಬ್ಯಾಂಕಿನ ಧೈಯ ಧೋರಣೆ, ಅನುಷ್ಠಾನಗಳ ದಕ್ಷ ನಿರ್ವಹಣೆ ವ್ಯವಹಾರಿಕ ಮಟ್ಟದಲ್ಲಿ ಸತತ ಜರಗುವ ಬಗ್ಗೆ ನಿಗಾ, ಬ್ಯಾಂಕ್ ಆಫೀಸುಗಳ ಜೋಪಾನತೆ, ಮಂಚಿನಿಯ ಮತ್ತು ತಪ್ಪುಗಳ ಬಗ್ಗೆ ಎಚ್ಚರಿಕೆ ಮತ್ತು ಪತ್ತೆ ಹಚ್ಚುವಿಕೆ, ಖಚಿತತೆ ಮತ್ತು ಲೆಕ್ಕಪತ್ರಗಳ ಕರಾರುವಾಕ ನಿರ್ವಹಣೆ ಮತ್ತು ಕಾಲಕಾಲಕ್ಕೆ ಸರಿಯಾಗಿ ನಂಬಲರ್ಹ ಆರ್ಥಿಕ ಮಾಹಿತಿ ಮತ್ತು ಅದರ ಯಥೋಚಿತತೆಯ ಬಗ್ಗೆ ಬ್ಯಾಂಕು ಸಾಕಷ್ಟು ನಿಗಾ ಹೊಂದಿದೆ. ಆಡಳಿತ ಮಂಡಳಿಯ ಲೆಕ್ಕಪರಿಶೋಧನಾ ಸಮಿತಿ ಈ ದಿಶೆಯಲ್ಲಿ ಮೌಲ್ಯಮಾಪನ ಜರಗಿಸುತ್ತಿದ್ದು ಆಂತರಿಕ ವಿತ್ತೀಯ ನಿಯಂತ್ರಣ ಮತ್ತು ಅವುಗಳ ಪರ್ಯಾಪ್ತತೆಯ ಬಗ್ಗೆ ಪರಿಶೀಲಿಸಿ ಅವುಗಳನ್ನು ಅವಶ್ಯವಿದ್ದಲ್ಲಿ ಬಲಪಡಿಸಲು ನಿರ್ದೇಶಿಸಿದೆ.

ಕಟ್ಟುನಿಟ್ಟಿನ ಮುಂಗಡ ವಸೂಲಾತಿ ವ್ಯವಸ್ಥೆ ಮತ್ತು ಮುಂಗಡ ಖಾತೆಗಳು ಅನುತಾದಕ ಆಸ್ತಿಯ ಹಂತಕ್ಕೆ ಜಾರದಂತೆ ಕಟ್ಟುನಿಟ್ಟಿನ ಕಣ್ಗಾವಲು ನಡೆಸಬೇಕಾದ ಅಗತ್ಯವನ್ನು ಮನಗಂಡು ಬ್ಯಾಂಕು, ವಿಶೇಷವಾದ ಕ್ರೆಡಿಟ್ ಮಾನಿಟರಿಂಗ್ ವಿಭಾಗವನ್ನು ತೆರೆದಿದ್ದು, ಈ ವಿಭಾಗ ಎಚ್ಚರಿಕೆಯಿಂದ ಎಲ್ಲಾ ಮುಂಗಡಗಳ ಮೇಲೆ ಕಣ್ಗಾವಲನ್ನು ಇರಿಸಿದೆ. ಅಲ್ಲದೇ ಮುಂಗಡ ನೀಡಿದ ಬಳಿಕ ಮಂಜೂರಾತಿಯ ನಂತರ ಪಾಲಿಸಬೇಕಾದ ನಿಯಮಾವಳಿಗಳ ಅನುಷ್ಠಾನದ ಬಗ್ಗೆ ಪರಿಣಾಮಕಾರಿ ನಿಯಂತ್ರಣ ಮತ್ತು ಸಂಹವನ ಪ್ರಕ್ರಿಯೆಗಳ ಮೂಲಕ ಸತತ ನಿಗಾ ಹೊಂದಿದೆ.

## ಅಪಾಯ ಆಧಾರಿತ ಮೇಲ್ವಿಚಾರಣೆ (ಆರ್‌ಬಿಎಸ್)

ಭಾರತೀಯ ಬ್ಯಾಂಕಿಂಗ್ ರಂಗದ ಹೆಚ್ಚುತ್ತಿರುವ ಕಾರ್ಯ ವಿಧಾನಗಳ ಸಂಕೀರ್ಣತೆ, ಉತ್ಪನ್ನ ನೀಡಿಕೆ ಮತ್ತು ವ್ಯವಸ್ಥೆ ಹಾಗೂ ಕಾರ್ಯವಿಧಾನಗಳ ಮೇಲ್ವಿಚಾರಣೆ ನಡೆಸುವ ಅಗತ್ಯವನ್ನು ಮನಗಂಡ ಆರ್‌ಬಿಎಸ್ ಉನ್ನತ ಮಟ್ಟದ ನಿಯಂತ್ರಕ ಸಮಿತಿ ಅಪಾಯ ಆಧಾರಿತ ಮೇಲ್ವಿಚಾರಣೆ ನಡೆಸುವ ಪ್ರಕ್ರಿಯೆ "ಸೂಪರ್‌ವೈಸರಿ ಎಸ್‌ಎಮ್‌ಆರ್ ಆಫ್ ಕ್ಯಾಪಿಟಲ್ ಆಂಡ್ ರಿಸ್ಕ್" (ಎಸ್‌ಪಿಎಆರ್‌ಸಿ) ಪ್ರಾರಂಭಿಸಿದೆ. ಪ್ರಸ್ತುತ ಹಾಗೂ ಭವಿಷ್ಯದ ಅಪಾಯಗಳ ಬಗ್ಗೆ ಕೇಂದ್ರೀಕೃತ ಮೌಲ್ಯಮಾಪನ, ಸಮಸ್ಯೆಗಳ ಬಗ್ಗೆ ಲಕ್ಷ್ಯ ಹಾಗೂ ಸಕಾಲಿಕ ಮಧ್ಯಸ್ಥಿಕೆ, ಪ್ರಾರಂಭಿಕ ಹಂತದಲ್ಲಿಯೇ ಕ್ರಮಕೈಗೊಳ್ಳುವಿಕೆಯ ಮೂಲಕ ಸಮರ್ಪಕ ಮೇಲ್ವಿಚಾರಣೆ ಒಳಗೊಂಡಿದೆ. ಇದರಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕನ್ನು 31ನೇ ಮಾರ್ಚ್ 2015 ರಿಂದ ಜಾರಿ ಬರುವಂತೆ, ಈ ವ್ಯವಸ್ಥೆಗೆ ಒಳಪಡಿಸಲಾಗಿದೆ.



## Compliance Function

As an important element in Corporate Governance structure, the Bank has set up a robust Compliance function with sufficient independence supported by a healthy compliance culture within the Bank. The compliance function in the Bank ensures strict observance of all statutory provisions, guidelines from RBI & other regulators, standards and codes prescribed by regulatory bodies besides Bank's internal policies and fair practices code. Further, the compliance function includes interpretation/ dissemination of regulatory and statutory guidelines, observing proper standards of market conduct, managing conflicts of interest and treating customers fairly. The Bank's compliance function assists the top management in managing the Compliance Risk effectively. The risk-based compliance programme of the Bank, subject to the oversight by head of compliance, ensures appropriate coverage across businesses and co-ordination among risk management functions besides verifying the level of compliance through 'Compliance Testing' of branches. The Bank carries out an annual compliance risk assessment to identify and assess major compliance risks faced by it and takes steps to manage the risks effectively.

## MANAGEMENT INFORMATION SYSTEM

The growth of Bank's business, introduction of prudential norms and Basel requirements, increasing regulatory and internal reporting and the various business decision making requirements have necessitated the Bank to build a well coordinated information transmission system. Management Information System makes available information for various requirements of branches/offices, top management, regulators and external agencies, Balance sheet reporting, Capital computation, Risk based supervision, Internal business reviews etc. The Bank has also implemented a Centralised Data Repository for Automatic Data Flow to RBI.

## HUMAN RESOURCES

The Banking System in India has undergone a sea-change with the advent of deregulation, liberalization and globalization. As a consequence, it had to cope up with newer challenges posed by increased competition and changing business conditions on account of adopting higher financial standards and upgrading of technology while trying to retain its trained workforce.

Periodical training and re-skilling is very much essential to equip the workforce with the latest developments in

## ಪರಿಪಾಲನಾ ಕಾರ್ಯವಿಧಾನ

ಕಾರ್ಪೊರೇಟ್ ಆಡಳಿತ ಸಂರಚನೆಯ ಪ್ರಮುಖ ಅಂಗವಾಗಿ ಬ್ಯಾಂಕು, ಅನುಕರಣೀಯ ಪರಿಪಾಲನಾ ಕಾರ್ಯವಿಧಾನವನ್ನು ಆದ್ಯೋಪಾದಿಯಾಗಿ ಪೂರೈಸಿಕೊಂಡು ಬರುತ್ತಿದ್ದು, ಇದು ಸಾಕಷ್ಟು ಪರಿಮುಕ್ತ ವಾತಾವರಣದಲ್ಲಿ ಜರಗುತ್ತಿದ್ದು, ಬ್ಯಾಂಕಿನ ಸಕಲ ಚಟುವಟಿಕೆಗಳಲ್ಲಿ ಪರಿಪಾಲನೆಯೂ ಒಂದು ಉದ್ಯಮ ಸಂಸ್ಕೃತಿ ಆಗಿ ರೂಪುಗೊಂಡಿರುತ್ತದೆ. ಪರಿಪಾಲನಾ ಚಟುವಟಿಕೆಯು ಬಿಗು ಉಸ್ತುವಾರಿಯಲ್ಲಿ ಪರ್ಯಾಪ್ತ ಮೀಸಲು, ಆರ್‌ಬಿಐ ಮಾರ್ಗದರ್ಶಿಕೆ ಮತ್ತು ಇತರ ನಿಯಂತ್ರಕಗಳು, ಸ್ಟಾಂಡರ್ಡ್ ಮತ್ತು ಕೋಡ್ (ನಿಯಂತ್ರಕ ಸಂಸ್ಥೆಗಳ ಆದೇಶಿತ) ಮುಂತಾದವುಗಳ ಪರಿಪಾಲನೆಯನ್ನು ಜರಗಿಸುತ್ತದೆ. ಅಲ್ಲದೇ, ಪರಿಪಾಲನಾ ಚಟುವಟಿಕೆಯ ಪರ್ಯಾಪ್ತ ಮತ್ತು ನಿಯಂತ್ರಕಗಳ ಆದೇಶಿಕೆಗಳ ವಿವರಣಾತ್ಮಕತೆಯನ್ನು / ವಿಸ್ತಾರವನ್ನು ಒಳಗೊಂಡಿದ್ದು, ಮಾರುಕಟ್ಟೆ ನಡತೆಯ ಗುಣಮಟ್ಟ, ಗ್ರಾಹಕಸ್ನೇಹಿತ್ವ ಹಾಗೂ ಕುಂದುಕೊರತೆ ನಿವಾರಣೆ ಮುಂತಾದವುಗಳ ಬಗ್ಗೆ ನಿಗಾ ವಹಿಸಿ ಪರಿಪಾಲನೆಯನ್ನು ಪೂರೈಸುತ್ತದೆ. ಬ್ಯಾಂಕಿನ ಪರಿಪಾಲನಾ ಚಟುವಟಿಕೆಯು, ಉನ್ನತ ಆಡಳಿತಕ್ಕೆ ಪರಿಪಾಲನಾ ಅಪಾಯವನ್ನು ಸಮರ್ಥವಾಗಿ ನಿರ್ವಹಿಸುವಲ್ಲಿ ಬೆಂಬಲಿಸುತ್ತದೆ. ಬ್ಯಾಂಕಿನ ಅಪಾಯ ಆಧಾರಿತ ಮೇಲಣ ಪರಿಪಾಲನಾ ಕಾರ್ಯಕ್ರಮವು ಬ್ಯಾಂಕಿನ ಪರಿಪಾಲನಾ ಪ್ರಮುಖರ ಕಣ್ಗಾವಲಿನಲ್ಲಿ ನಡೆಯುತ್ತಿದ್ದು, ಶಾಖೆಗಳ 'ಪರಿಪಾಲನಾ ಪರೀಕ್ಷೆ' ಯಾದಿಯಾಗಿ, ಅಪಾಯ ನಿರ್ವಹಣೆ ಕಾರ್ಯವಿಧಾನ, ಪರಿಪಾಲನಾ ಮರುಪರೀಕ್ಷೆ - ತುಲನೆ ಮೂಲಕ ಸಾಕಷ್ಟು ಪರಿಪೂರ್ಣ ಹಾಗೂ ವ್ಯವಹಾರಗಳ ನಿಖರ ಮಾಹಿತಿ ಬಗ್ಗೆ ಆತ್ಮವಿಶ್ವಾಸ ತಾಳುವಂತೆ ಕಾರ್ಯ ನಿರ್ವಹಿಸುತ್ತದೆ. ಬ್ಯಾಂಕು ವಾರ್ಷಿಕ ಅಪಾಯ ಆಧಾರಿತ ಪರಿಪಾಲನಾ ಅಂದಾಜನ್ನು ಜರಗಿಸುತ್ತಾ ಅಪಾಯದ ಅಂದಾಜಿನ ಗುರುತಿಸುವಿಕೆ ಮತ್ತು ಪ್ರಮುಖ ಪರಿಪಾಲನಾ ಅಂದಾಜಿನ ಮೇಲುಸ್ತುವಾರಿ ನಡೆಸುತ್ತಾ, ಅಪಾಯಗಳ ಮಟ್ಟ ಮತ್ತು ನಿರ್ವಹಣೆ ಗ್ರಹಿಸುವಲ್ಲಿ ಮತ್ತು ಪರಿಹರಿಸುವುದರಲ್ಲಿ ಪ್ರಮುಖ ಮತ್ತು ಸಕಾಲಿಕ ಪ್ರಾತನ ವಹಿಸುತ್ತದೆ.

## ಆಡಳಿತ ಮಾಹಿತಿ ವ್ಯವಸ್ಥೆ

ಬ್ಯಾಂಕಿನ ವ್ಯವಹಾರ ಕಾರ್ಯಚಾಲನದ ವಿಸ್ತಾರ, ಬೇಸಲ್ ಅಗತ್ಯತೆಗಳ ಬಗ್ಗೆ ದೂರದೃಷ್ಟಿಯ ಮಾದರಿಗಳ ಅಳವಡಿಕೆ, ಹೆಚ್ಚುತ್ತಿರುವ ನಿಯಂತ್ರಕಗಳ ಮತ್ತು ಆಂತರಿಕ ವರದಿ ಸಲ್ಲಿಕೆ ಹಾಗೂ ವಿವಿಧ ವ್ಯವಹಾರ ಸಂಬಂಧಿತ ನಿರ್ಧಾರ ಕೈಗೊಳ್ಳುವಿಕೆಯ ಅಗತ್ಯತೆ ಇತ್ಯಾದಿಗಳು, ಬ್ಯಾಂಕು ಒಂದು ಅತ್ಯುತ್ತಮ ಸಮನ್ವಯಿತ ಮಾಹಿತಿ ರವಾನೆ ವ್ಯವಸ್ಥೆಯನ್ನು ರೂಪಿಸುವಂತೆ ಮಾಡಿದೆ. ಈ ದಿಸೆಯಲ್ಲಿ ಬ್ಯಾಂಕು ಆಡಳಿತ ಮಾಹಿತಿ ವ್ಯವಸ್ಥೆಯನ್ನು ರೂಪುಗೊಳಿಸಿದ್ದು, ತನ್ಮೂಲಕ ವಿವಿಧ ಶಾಖಾ ಅಗತ್ಯತೆ, ಕಚೇರಿಗಳ ಅವಶ್ಯಕತೆ, ನಿಯಂತ್ರಕರು ಮತ್ತು ಬಾಹ್ಯ ಏಜೆನ್ಸಿ, ಬ್ಯಾಲನ್ಸ್ ಶೀಟ್ ವರದಿ ಸಲ್ಲಿಕೆ, ಬಂಡವಾಳ ಗಣನೆ, ಅಪಾಯ ಆಧಾರಿತ ಮೇಲುಸ್ತುವಾರಿ, ಆಂತರಿಕ ವ್ಯವಹಾರ ಪುನರಾವಲೋಕನ ಇತ್ಯಾದಿಗಳಿಗೆ ಬೇಕಾಗುವ ಮಾಹಿತಿಗಳನ್ನು ಸಮರ್ಥವಾಗಿ ಪೂರೈಸಲ್ಪಡುತ್ತಿದೆ. ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿಗೆ ಅಗತ್ಯವಾದ ಮಾಹಿತಿ ಸಲ್ಲಿಕೆ ನೇರವಾಗಿ ತಂತ್ರಜ್ಞಾನದ ಮೂಲಕ ಸಲ್ಲುವಂತೆ ಆಗಲು ಬ್ಯಾಂಕು "ಸೆಂಟ್ರಲ್‌ಸೈಡ್ ಡೇಟಾ ರೆಪೋಸಿಟರಿ" ಎನ್ನುವ ತಂತ್ರಜ್ಞಾನವನ್ನು ಅಳವಡಿಸಿಕೊಂಡಿದ್ದು, ಇದರಿಂದ "ಅಟೋಮೇಟೆಡ್ ಡೇಟಾ ಫ್ಲೋ" ಆರ್‌ಬಿಐಗೆ ತಲಪುತ್ತಿದೆ.

## ಮಾನವ ಸಂಪನ್ಮೂಲ

ಜಾಗತೀಕರಣ, ಉದಾರೀಕರಣ ಮತ್ತು ಆರ್ಥಿಕ ನೀತಿಗಳ ಸಡಲಿಕೆಗಳಿಂದಾಗಿ ಭಾರತದಲ್ಲಿನ ಬ್ಯಾಂಕಿಂಗ್ ವ್ಯವಸ್ಥೆಯಲ್ಲಿ ಅಪಾರ ಬದಲಾವಣೆಗಳಾಗಿವೆ. ತತ್ಪರಿಣಾಮವಾಗಿ ಅದು ಉನ್ನತ ಆರ್ಥಿಕ ಗುಣಮಟ್ಟದ ಆವಿಷ್ಕರಣೆ ಮತ್ತು ತಂತ್ರಜ್ಞಾನಾಧಾರಿತ ಸೇವೆಗಳಲ್ಲಿನ ಸುಧಾರಣೆಗಳ ಅಳವಡಿಕೆಗಳ ಕಾರಣದಿಂದಾದ ನೂತನ ಪಂಥಾಹ್ವಾನಗಳನ್ನೂ ಮತ್ತು ಹೆಚ್ಚಿದ ಸ್ಪರ್ಧಾತ್ಮಕತೆಯನ್ನು ವಿಧಿಸುತ್ತಿರುವಂತೆಯೇ ನುರಿತ ಸೇವಾ ಪಡೆಯನ್ನು ಉಳಿಸಿಕೊಳ್ಳುವಲ್ಲಿ ಪ್ರಯತ್ನಶೀಲವಾಗಬೇಕಾಯಿತು.

ತನ್ನ ಸಿಬ್ಬಂದಿಗಳಿಗೆ ತಮ್ಮ ತಮ್ಮ ಕಾರ್ಯಕ್ಷೇತ್ರದಲ್ಲಿನ ಇತ್ತೀಚಿನ ಬದಲಾವಣೆಗಳ ಬಗ್ಗೆ ತಿಳಿಸಿಕೊಡುವುದು ಮತ್ತು ಅವರ

the field and enhance its efficiency. Your Bank has taken various steps to improve the quality of training provided at its Staff Training College like designing newer programmes to suit the need and enhancing the quality of inputs. Besides, your bank also deputed its employees to various training programmes, seminars, workshops and conferences conducted by various institutions of repute like Center For Advanced Financial Research and Learning (CAFRL), National Institute Of Bank Management (NIBM), Pune, College of Agricultural Banking (CAB), Pune, Institute for Development and Research in Banking Technology (IDRBT) Hyderabad, Southern India Banks' Staff Training College, Bengaluru, Indian Institute of Banking and Finance(IIBF) Mumbai among others. During the year your Bank has trained as many as 2884 of its personnel consisting of executives, officers, clerical and subordinate staff under various programmes.

Banking being a service industry, the quality of service offered by its workforce plays a major role in establishing good customer relationship and thereby enhancing the business growth prospects. Efficient management of human resources is essential to achieve this objective. Your Bank has embarked upon adopting a software solution 'Peoplesoft' for this purpose and the project is in an advanced stage of implementation. The adoption of this Human Resource Management System (HRMS) is expected to streamline various HR functions, assimilate various employee functions, ensure faster delivery of employee benefits/services and improve the efficiency of the workforce.

Your Bank was able to keep a very amiable industrial relationship during the year under report. The number of employees in the Bank stood at 7792 as on 31<sup>st</sup> March 2016. The Business per employee (excluding interbank deposits) has improved from ₹1051.78 lakh as on 31<sup>st</sup> March 2015 to ₹1082.78 lakh as on 31<sup>st</sup> March 2016.

Your Bank has put in place an institutional mechanism for protection of women employees at the workplace and adopted a policy pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, providing for protection of women employees against the sexual harassment at the workplace and redressal of such complaints. The details of the complaints received under the above Policy for the year under report are as under:

Number of complaints pending as at the beginning of the financial year	NIL
Number of complaints filed during the financial year	NIL
Number of complaints pending as on end of the financial year	NIL

ಕಾರ್ಯದಕ್ಷತೆಯನ್ನು ಹೆಚ್ಚಿಸುವ ನಿಟ್ಟಿನಲ್ಲಿ ಆಗಿಂದಾಗ್ಗೆ ತರಬೇತಿ ನೀಡುವುದು ಮತ್ತು ಕೌಶಲಾಭಿವೃದ್ಧಿಪಡಿಸುವುದು ಅತ್ಯವಶ್ಯವಾಗಿದೆ. ಈ ನಿಟ್ಟಿನಲ್ಲಿ ಕಾರ್ಯಪ್ರವೃತ್ತಿವಾದ ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ಅವಶ್ಯಕತೆಗಳಿಗನುಸಾರವಾಗಿ ನೂತನ ತರಬೇತಿ ಕಾರ್ಯಕ್ರಮಗಳನ್ನು ಆವಿಷ್ಕಾರಗೊಳಿಸುವುದು ಮತ್ತು ಬೋಧನಾ ವಿಷಯಗಳ ಗುಣಮಟ್ಟದ ಹೆಚ್ಚಳ ಇತ್ಯಾದಿ ಕ್ರಮಗಳ ಮೂಲಕ ಸಿಬ್ಬಂದಿಗಳಿಗೆ ಬ್ಯಾಂಕಿನ ಸಿಬ್ಬಂದಿ ತರಬೇತಿ ಕಾಲೇಜಿನಲ್ಲಿ ನೀಡುತ್ತಿದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕು ತನ್ನ ಸಿಬ್ಬಂದಿಗಳನ್ನು ವಿವಿಧ ತರಬೇತಿ ಕಾರ್ಯಕ್ರಮಗಳಿಗೆ, ಸೆಮಿನಾರ್‌ಗಳಿಗೆ, ಕಾರ್ಯಾಗಾರಗಳಿಗೆ ಮತ್ತು ಸಮ್ಮೇಳನಗಳಿಗೆ, ವಿವಿಧ ಹೆಸರಾಂತ ತರಬೇತಿ ಸಂಸ್ಥೆಗಳಾದ ಸೆಂಟರ್ ಫಾರ್ ಎಡ್ವಾನ್ಸ್‌ಡ್ ಫೈನಾನ್ಷಿಯಲ್ ರಿಸರ್ಚ್ ಆಂಡ್ ಲಿಂಗ್ (ಸಿಎಎಫ್‌ಆರ್‌ಎಎಲ್), ಎನ್.ಐ.ಬಿ.ಎಂ - ಪುಣೆ, ಕಾಲೇಜ್ ಆಫ್ ಎಗ್ರಿಕಲ್ಚರಲ್ ಬ್ಯಾಂಕಿಂಗ್ (ಸಿಎಬಿ) - ಪುಣೆ, ಇನ್‌ಸ್ಟಿಟ್ಯೂಟ್ ಫಾರ್ ಡೆವಲಪ್‌ಮೆಂಟ್ ಆಂಡ್ ರಿಸರ್ಚ್ ಇನ್ ಬ್ಯಾಂಕಿಂಗ್ ಟೆಕ್ನೋಲಜಿ (ಐಡಿಆರ್‌ಟಿಬಿ) ಹೈದರಾಬಾದ್, ಸದರ್ ಇಂಡಿಯಾ ಬ್ಯಾಂಕ್ಸ್ ಸ್ಟಾಫ್ ಟ್ರೈನಿಂಗ್ ಕಾಲೇಜ್ - ಬೆಂಗಳೂರು, ಇಂಡಿಯನ್ ಇನ್‌ಸ್ಟಿಟ್ಯೂಟ್ ಆಫ್ ಬ್ಯಾಂಕಿಂಗ್ ಆಂಡ್ ಫೈನಾನ್ಸ್ (ಐಐಬಿಎಫ್) ಮುಂಬೈ ಮುಂತಾದವುಗಳಿಗೆ ನಿಯೋಜಿಸುತ್ತಿದೆ. ಪ್ರಸಕ್ತ ವರ್ಷದಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು ವಿವಿಧ ಕಾರ್ಯಕ್ರಮಗಳಲ್ಲಿ ತನ್ನ 2884 ಮಂದಿ ಸಿಬ್ಬಂದಿಗಳನ್ನು ತರಬೇತಿಗೊಳಿಸಿದೆ. ಈ ಸಂಪನ್ಮೂಲ ವ್ಯಕ್ತಿಗಳಲ್ಲಿ ಕಾರ್ಯನಿರ್ವಾಹಕರು, ಅಧಿಕಾರಿಗಳು, ಗುಮಾಸ್ತರು ಮತ್ತು ಉಪಸಿಬ್ಬಂದಿಗಳು ಇದ್ದಾರೆ.

ಬ್ಯಾಂಕಿಂಗ್ ರಂಗ ಪ್ರಾಮುಖ್ಯ ಸೇವಾ ವಲಯವಾಗಿದ್ದು, ಇಲ್ಲಿಯ ಸಿಬ್ಬಂದಿಗಳು ತೋರುವ ದಕ್ಷತೆ, ಕೌಶಲ, ಅತ್ಯುತ್ತಮ ಗ್ರಾಹಕ ಸಂಬಂಧ ಬೆಳೆಸುವುದರಲ್ಲಿ, ತನ್ಮೂಲಕ ಬ್ಯಾಂಕಿನ ವ್ಯವಹಾರ ವೃದ್ಧಿಯಲ್ಲಿ ಅತ್ಯುನ್ನತ ಪಾತ್ರ ವಹಿಸುತ್ತದೆ. ಈ ಗುರಿಯನ್ನು ಸಾಧಿಸಲು ಮಾನವ ಸಂಪನ್ಮೂಲದ ಸದೃಶಕ ಮಾಡಬಲ್ಲ ದಕ್ಷತೆ ಬೇಕು. ಇದಕ್ಕಾಗಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು 'ಪೀಪಲ್ ಸಾಫ್ಟ್' ಎನ್ನುವ ತಂತ್ರಜ್ಞಾನಾಧಾರಿತ ಯೋಜನೆಯನ್ನು ಅಳವಡಿಸಿ ಕೊಳ್ಳುತ್ತಿದೆ. ಅದು ಅನುಷ್ಠಾನದ ಕೊನೆಯ ಹಂತದಲ್ಲಿದೆ. ಮಾನವ ಸಂಪನ್ಮೂಲ ನಿರ್ವಹಣಾ ವ್ಯವಸ್ಥೆ (ಎಚ್‌ಆರ್‌ಎಂಎಸ್) ಅಳವಡಿಕೆ ಯೊಂದಿಗೆ ಮಾನವ ಸಂಪನ್ಮೂಲ ವಿಭಾಗದ ಹಲವಾರು ಕಾರ್ಯ ವಿಧಾನಗಳಿಗೆ, ಸಿಬ್ಬಂದಿ ಕುರಿತಾದ ವಿವಿಧ ಕಾರ್ಯ ವಿಧಾನಗಳಿಗೆ, ಸಿಬ್ಬಂದಿಗೆ ಸಲ್ಲಬೇಕಾದ ಸವಲತ್ತುಗಳು ಶೀಘ್ರ ರವಾನೆ / ಸೇವೆ, ಮಾನವ ಸಂಪನ್ಮೂಲ ಪಡೆಯ ದಕ್ಷತೆಯ ಅಭಿವೃದ್ಧಿ ಮುಂತಾದವುಗಳ ಸುಗಮಗೊಳಿಸುವಿಕೆ ಈ ಸಾಫ್ಟ್‌ವೇರ್ ಬಳಕೆಯಿಂದ ಸಾಧ್ಯವಾಗಲಿದೆ.

ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ನೌಕರರ-ಆಡಳಿತ ಸಂಬಂಧ ಅನೂಚನವಾಗಿ ಸೌಹಾರ್ದಯುತವಾಗಿದ್ದು, ಪ್ರಸಕ್ತ ವರದಿ ವರ್ಷದಲ್ಲೂ ಅದು ಮುಂದುವರಿದಿದೆ. 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಸಿಬ್ಬಂದಿ ಸಂಖ್ಯೆ 7792 ಆಗಿದೆ. ತಲಾ ಉದ್ಯೋಗಿ ವ್ಯವಹಾರ (ಇಂಟರ್ ಬ್ಯಾಂಕ್ ಠೇವಣಿ ಹೊರತಾಗಿ) ಉನ್ನತಿಗೇರಿದ್ದು, 31 ಮಾರ್ಚ್ 2015ರಲ್ಲಿದ್ದ ₹1051.78 ಲಕ್ಷದಿಂದ 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ₹1082.78 ಲಕ್ಷಕ್ಕೆ ತಲಪಿದೆ.

'ಸೆಕ್ಸುವಲ್ ಹ್ಯಾರಾಸ್ಟ್‌ಮೆಂಟ್ ಆಫ್ ವಿಮೆನ್ ಎಟ್ ವರ್ಕ್ ಪ್ಲೇಸ್' (ಪ್ರತಿಬಂಧ, ನಿಷೇಧ ಮತ್ತು ನಿವಾರಣೆ) ಕಾಯಿದೆ 2013 ಹಾಗೂ ವಿಭಾಗ 22ಕ್ಕೆ ಅನುಸಾರವಾಗಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಅಗತ್ಯವಿರುವ ಕ್ರಮ ಹಾಗೂ ಸಾಂಸ್ಥಿಕ ರಕ್ಷಣಾತ್ಮಕ ಚೌಕಟ್ಟನ್ನು ನಿರ್ಮಿಸಿದ್ದು, ಮಹಿಳಾ ಉದ್ಯೋಗಿಗಳಿಗೆ ತಮ್ಮ ಕಾರ್ಯಸ್ಥಳಗಳಲ್ಲಿ ಉಂಟಾಗಬಹುದಾದ ಲೈಂಗಿಕ ಕಿರುಕುಳದ ವಿರುದ್ಧ ರಕ್ಷಣೆಗಾಗಿ ಮತ್ತು ಅಂತಹ ದೂರುಗಳ ವಿಲೇವಾರಿಗಾಗಿ ಆಡಳಿತಾತ್ಮಕ ಕ್ರಮಗಳನ್ನು ತೆಗೆದುಕೊಳ್ಳಲಾಗಿದೆ. ಮೇಲ್ಕಂಡ ಧೋರಣೆಯನ್ವಯ ವರದಿ ವರ್ಷದಲ್ಲಿ ಬಂದ ದೂರಿನ ವಿವರಗಳು ಈ ಕೆಳಗಿನಂತಿವೆ.

ಆರ್ಥಿಕ ವರ್ಷದ ಪ್ರಾರಂಭದಲ್ಲಿ ಬಾಕಿ ಉಳಿದಿರುವ ದೂರುಗಳ ಸಂಖ್ಯೆ	ಯಾವುದೂ ಇಲ್ಲ
ಆರ್ಥಿಕ ವರ್ಷದಲ್ಲಿ ಬಂದ ದೂರುಗಳ ಸಂಖ್ಯೆ	ಯಾವುದೂ ಇಲ್ಲ
ಆರ್ಥಿಕ ವರ್ಷದ ಅಂತ್ಯದಲ್ಲಿ ಬಾಕಿ ಉಳಿದಿರುವ ದೂರುಗಳ ಸಂಖ್ಯೆ	ಯಾವುದೂ ಇಲ್ಲ

**DIRECTORS**

As on March 31, 2016, your Bank had a total of twelve Directors, including a woman director. All of them, except Messrs U R Bhat and Keshav K Desai, Additional Directors and Mr. P Jayarama Bhat, Managing Director and CEO, are Independent Directors. The details of the criteria for appointment and remuneration of Directors are provided in the report on Corporate Governance forming part of this report.

**INDEPENDENT AND NON-EXECUTIVE DIRECTORS**

Pursuant to the provisions of Section 149(6) of the Companies Act, 2013, your Bank has received necessary declarations from all the non-executive directors confirming that they meet the criteria of independence for Independent Directors. Two Additional Directors have also furnished similar declarations and subject to their approval of their appointment at the ensuing Annual General Meeting, they also meet the criteria of independence for Independent Directors.

**MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER (MD & CEO)**

Mr. P Jayarama Bhat, MD & CEO of the Bank has been re-appointed by the Board for a further period of three years effective from July 14, 2015 as approved by the Reserve Bank of India vide their letter DBR.Appt. No. 18976/08.40.001/2014-15 dated June 15, 2015 and the members of the Bank at the Annual General Meeting held on July 16, 2015.

**OTHER CHANGES IN THE BOARD**

The Board of Directors has appointed Mr. U R Bhat, Mumbai a well known investment advisor and Mr. Keshav K Desai an entrepreneur from Hubballi as Additional Directors on February 19, 2016 and as per Section 161 of the Companies Act, 2013 they would hold office upto the date of ensuing Annual General Meeting. Bank has received necessary notices under Section 160 of the Companies Act, 2013 proposing their candidature for appointment as Independent Directors of the Bank at the ensuing Annual General Meeting. Having regard to their vast experience, rich knowledge and expertise, your Directors recommend their appointment. A brief resume and other details of the above Directors are furnished in the notice of the Annual General Meeting.

**NUMBER OF BOARD MEETINGS**

During the year under report the Board had met 13 times and the details thereof are provided in the report on Corporate Governance forming part of this report.

**ನಿರ್ದೇಶಕರು**

31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಒಟ್ಟು 12 ಮಂದಿ ನಿರ್ದೇಶಕರನ್ನು ಹೊಂದಿದ್ದು, ಈ ಪೈಕಿ ಒಬ್ಬರು ಮಹಿಳಾ ನಿರ್ದೇಶಕಿ ಆಗಿದ್ದಾರೆ. ಇವರಲ್ಲಿ ಸರ್ವಶ್ರೀ ಯು.ಆರ್. ಭಟ್ ಮತ್ತು ಕೇಶವ ಕೆ. ದೇಸಾಯಿ, ಹೆಚ್ಚುವರಿ ನಿರ್ದೇಶಕರಾಗಿದ್ದು ಮತ್ತು ಪಿ. ಜಯರಾಮ ಭಟ್ ಅವರು ವ್ಯವಸ್ಥಾಪಕ ನಿರ್ದೇಶಕ ಮತ್ತು ಪ್ರಧಾನ ಕಾರ್ಯನಿರ್ವಾಹಕ ಅಧಿಕಾರಿಯಾಗಿದ್ದು, ಉಳಿದಂತೆ ಎಲ್ಲರೂ ಸ್ವತಂತ್ರ ನಿರ್ದೇಶಕರುಗಳಾಗಿದ್ದಾರೆ. ಇವರ ನೇಮಕಾತಿಯ ಅರ್ಹತೆ ಮತ್ತು ನಿರ್ದೇಶಕರ ಸಂಭಾವನೆ ವಿವರಗಳನ್ನು ಈ ವರದಿಯ ಭಾಗವಾಗಿರುವ ಸಾಂಸ್ಥಿಕ ಪ್ರಶಾಸನ ವರದಿಯೊಂದಿಗೆ ನೀಡಲಾಗಿದೆ.

**ಸ್ವತಂತ್ರ ಮತ್ತು ಕಾರ್ಯನಿರ್ವಾಹಕೇತರ ನಿರ್ದೇಶಕರು**

ಕಂಪನಿ ಕಾಯ್ದೆ 2013, ವಿಭಾಗ 149(6) ಅನ್ವಯ, ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಸ್ವತಂತ್ರ ನಿರ್ದೇಶಕರಾಗಲು ಸೂಕ್ತ ಅರ್ಹತೆ ಉಳ್ಳವರಾಗಿದ್ದಾರೆ ಎಂಬ ದೃಢೀಕರಣ ಪತ್ರವನ್ನು ಎಲ್ಲಾ ಕಾರ್ಯ ನಿರ್ವಾಹಕೇತರ ನಿರ್ದೇಶಕರಿಂದ ಬ್ಯಾಂಕು ಪಡೆದಿರುತ್ತದೆ. ಇಬ್ಬರು ಹೆಚ್ಚುವರಿ ನಿರ್ದೇಶಕರು ಸಹ ಅದೇ ರೀತಿಯ ದೃಢೀಕರಣ ಪತ್ರ ನೀಡಿದ್ದು, ಅವರಿಬ್ಬರೂ ಸ್ವತಂತ್ರ ನಿರ್ದೇಶಕರಾಗಲು ಅರ್ಹತೆ ಹೊಂದಿದ್ದು, ಅವರಿಬ್ಬರ ಸೇರ್ಪಡೆಗೆ ಬರಲಿರುವ ವಾರ್ಷಿಕ ಮಹಾಸಭೆಯಲ್ಲಿ ಸರ್ವ ಸದಸ್ಯರ ಅನುಮೋದನೆ ಪಡೆಯಲಾಗುವುದು.

**ವ್ಯವಸ್ಥಾಪಕ ನಿರ್ದೇಶಕ ಮತ್ತು ಪ್ರಧಾನ ಕಾರ್ಯನಿರ್ವಾಹಕ ಅಧಿಕಾರಿ (ಎಂಡಿ ಮತ್ತು ಸಿಇಒ)**

ಶ್ರೀ ಪಿ. ಜಯರಾಮ ಭಟ್, ಬ್ಯಾಂಕಿನ ಎಂಡಿ ಮತ್ತು ಸಿಇಒ ಆಗಿದ್ದು ಜುಲೈ 14, 2015ರಿಂದ ಅನ್ವಯಗೊಳ್ಳುವಂತೆ ಮುಂದಣಿ 3 ವರ್ಷ ಕಾಲ ಅವರ ಪುನರ್ ನೇಮಕವನ್ನು ಬ್ಯಾಂಕಿನ ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯಲ್ಲಿ ಮಾಡಲಾಗಿದ್ದು, ಈ ನೇಮಕಾತಿಯನ್ನು ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ಅದರ ಪತ್ರ ಡಿಬಿಆರ್. ಎಪಿಪಿಟಿ. ನಂ. 18976/08.40.001/2014-15, ದಿನಾಂಕ ಜೂನ್ 15, 2015ರ ಅನ್ವಯ ಅನುಮೋದಿಸಿದೆ ಮತ್ತು ಜುಲೈ 16, 2015 ರಲ್ಲಿ ನಡೆದ ಸರ್ವ ಸದಸ್ಯರ ವಾರ್ಷಿಕ ಮಹಾಸಭೆಯಲ್ಲಿ ಈ ಮರುನೇಮಕಾತಿಗೆ ಅನುಮೋದನೆ ಪಡೆಯಲಾಗಿದೆ.

**ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯಲ್ಲಿ ಇತರ ಬದಲಾವಣೆಗಳು**

ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯು ಶ್ರೀ ಯು.ಆರ್. ಭಟ್, ಮುಂಬೈ ಇವರನ್ನು ಬ್ಯಾಂಕಿನ ಹೆಚ್ಚುವರಿ ನಿರ್ದೇಶಕರನ್ನಾಗಿ ನೇಮಕ ಮಾಡಿದೆ. ಇವರು ಪ್ರಖ್ಯಾತ ಹೂಡಿಕಾ ಸಲಹೆಗಾರರಾಗಿದ್ದಾರೆ. ಅಂತೆಯೇ ಶ್ರೀ ಕೇಶವ ಕೆ. ದೇಸಾಯಿ, ಹುಬ್ಬಳ್ಳಿ ಇವರನ್ನು ನಿಮ್ಮ ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯು ಬ್ಯಾಂಕಿನ ಹೆಚ್ಚುವರಿ ನಿರ್ದೇಶಕರನ್ನಾಗಿ ನೇಮಕ ಮಾಡಿದೆ. ಇವರು ಹುಬ್ಬಳ್ಳಿಯ ಖ್ಯಾತ ಉದ್ಯಮಪತಿಗಳಾಗಿದ್ದಾರೆ. ಇವರಿಬ್ಬರ ನೇಮಕಾತಿಯು ಫೆಬ್ರವರಿ 19, 2016ರಂದು ನಡೆದಿದ್ದು ಇದು ಕಂಪನೀಸ್ ಕಾಯಿದೆ 2013 ಸೆಕ್ಷನ್ 161 ಪ್ರಕಾರ ನಡೆದಿದ್ದು ಮುಂಬರುವ ವಾರ್ಷಿಕ ಮಹಾಸಭೆಯ ತನಕ ಇವರುಗಳ ನಿರ್ದೇಶಕತ್ವ ಇರಲಿದೆ. ಕಂಪನೀಸ್ ಕಾಯಿದೆ 2013, ಸೆಕ್ಷನ್ 160ರ ಅನ್ವಯ ಬ್ಯಾಂಕಿನ ಸ್ವತಂತ್ರ ನಿರ್ದೇಶಕತ್ವದ ಅಭ್ಯರ್ಥಿತನವನ್ನು ಸೂಚಿಸಿ ಅವರಿಬ್ಬರಿಂದ ಬ್ಯಾಂಕಿಗೆ ಅಗತ್ಯವುಳ್ಳ ಸೂಚನಾಪತ್ರ ಲಭಿಸಿದ್ದು ಅವರುಗಳ ನೇಮಕಾತಿಯ ಕುರಿತು ನಿರ್ಧಾರ ಬರಲಿರುವ ಸರ್ವ ಸದಸ್ಯರ ವಾರ್ಷಿಕ ಮಹಾಸಭೆಯಲ್ಲಿ ಇತ್ಯರ್ಥಗೊಳ್ಳಲಿರುವುದು. ಅವರುಗಳ ಸುದೀರ್ಘ ಅನುಭವ, ಅಪಾರ ಜ್ಞಾನ ಮತ್ತು ಪರಿಣಿತಿಯನ್ನು ಪರಿಗಣಿಸಿ ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಅವರ ನೇಮಕಾತಿಗೆ ಶಿಫಾರಸು ಮಾಡುತ್ತಾರೆ. ಇವರುಗಳ ಕಿರು ಪರಿಚಯ ಹಾಗೂ ಇತರ ವಿವರಗಳನ್ನು ವಾರ್ಷಿಕ ಮಹಾಸಭೆಯ ನೋಟೀಸಿನಲ್ಲಿ ಕೊಡಲಾಗಿದೆ.

**ಆಡಳಿತ ಮಂಡಳಿಯ ಸಭೆಯ ಸಂಖ್ಯೆ**

ವರದಿ ವರ್ಷದಲ್ಲಿ ಆಡಳಿತ ಮಂಡಳಿಯ ಸದಸ್ಯರು ಒಟ್ಟು 13 ಬಾರಿ ಸಭೆ ಜರಗಿಸಿದ್ದು, ವರದಿಯ ವಿವರಗಳನ್ನು ಈ ವರದಿಯ ಭಾಗವಾಗಿರುವ ಸಾಂಸ್ಥಿಕ ಪ್ರಶಾಸನ ಪರಿಚ್ಛೇದದಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

## COMMITTEES OF THE BOARD

The Bank has 12 Committees which were constituted to comply with the requirements of relevant provisions of the applicable laws and for operational efficiency.

Details of the meetings of the Board and the Committees, their composition, terms of reference, powers, roles etc are furnished in the report on Corporate Governance forming part of this report.

## CORPORATE GOVERNANCE

Your Bank is committed to follow the best practices of corporate governance to protect the interests of all the stakeholders of the Bank, viz. shareholders, depositors, other customers, employees and the society in general and maintain transparency at all levels. A detailed report on corporate governance practices is given as Annexure IV to this report.

## EXTRACT OF THE ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return of the Bank as on March 31, 2016 is annexed (Annexure V).

## PERFORMANCE EVALUATION OF THE BOARD

Your Board of Directors has laid down criteria for performance evaluation of Directors, Chairman, MD & CEO, Committees of the Board and Board as a whole and also the evaluation process for the same. The statement indicating the manner in which formal annual evaluation of the Directors, the Board and Committees of the Board etc., are given in detail in the report on Corporate Governance, which forms part of this Annual Report. In pursuance to the above, Independent Directors in their separate meeting held on March 18, 2016 have reviewed and evaluated the performance of Board as a whole, Chairman of the Board and the Managing Director and CEO.

Further, the Board also reviewed the performance of committees of the Board and that of individual Independent Directors at its Meeting held on March 18, 2016.

## DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with Section 134(3)(c), 134(5) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rule, 2014, your Directors state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as at the end of financial year March 31, 2016 and profit and loss account for that period.

## ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ಸಮಿತಿಗಳು

ಬ್ಯಾಂಕು 12 ಸಮಿತಿಗಳನ್ನು ಹೊಂದಿದ್ದು ಇವುಗಳು ಅತ್ಯುತ್ತಮ ಸಾಂಸ್ಥಿಕ ಸೇವಾ ನೀಡಿಕೆಗಾಗಿ ಮತ್ತು ಅನ್ವಯಿಸುವ ಕಾನೂನು ಅಗತ್ಯಗಳ ಪೂರೈಕೆ ಹಾಗೂ ಪರಿಪಾಲನೆಗಾಗಿ ರಚಿಸಲ್ಪಟ್ಟಿದೆ.

ಆಡಳಿತ ಮಂಡಳಿ ಸಭೆ ಮತ್ತು ಸಮಿತಿಗಳ ಸಭೆಯ ವಿವರಗಳು, ಅವುಗಳ ರಚನೆ, ಶರ್ತುಗಳು / ಉಲ್ಲೇಖಗಳ ಅಧಿಕಾರ, ಪಾತ್ರ ಇತ್ಯಾದಿಗಳನ್ನು ಈ ವರದಿಯ ಭಾಗವಾಗಿ ಸಾಂಸ್ಥಿಕ ಪ್ರಶಾಸನದಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

## ಸಾಂಸ್ಥಿಕ ಪ್ರಶಾಸನ

ನಿಮ್ಮ ಬ್ಯಾಂಕು ಅತ್ಯುತ್ತಮ ಸಾಂಸ್ಥಿಕ ಪ್ರಶಾಸನವನ್ನು ಪಾಲಿಸಲು ಬದ್ಧವಾಗಿದ್ದು ತನ್ನೂಲಕ ಬ್ಯಾಂಕಿನ ಸರ್ವ ಪಾಲುದಾರರಾದ ಶೇರುದಾರರು, ಕೇವಲದಾರರು, ಇತರ ಗ್ರಾಹಕರು ಮತ್ತು ನೌಕರರು ಹಾಗೂ ಸಮಾಜದ ಹಿತಾಸಕ್ತಿಯನ್ನು ಕಾಯ್ದುಕೊಂಡು, ನಿರ್ವಹಣೆಯ ಸರ್ವ ಸ್ವರದಲ್ಲೂ ಪಾರದರ್ಶಕತೆಯನ್ನು ಕಾಪಾಡುವ ಗುರಿ ಮತ್ತು ಬದ್ಧತೆಗಳನ್ನು ಹೊಂದಿರುತ್ತದೆ. ಸಾಂಸ್ಥಿಕ ಪ್ರಶಾಸನಕ್ಕೆ ಸಂಬಂಧಿಸಿದ ವಿವರವಾದ ವರದಿಯನ್ನು ಈ ವಾರ್ಷಿಕ ವರದಿಯ ಅನುಬಂಧ IVರಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

## ವಾರ್ಷಿಕ ಮಾಹಿತಿ ಸಲ್ಲಿಕೆ ಸಾರ

ಕಂಪನಿ ಕಾಯಿದೆ 2013, ವಿಭಾಗ 92(3) ಹಾಗೂ ಕಂಪನಿ (ಮ್ಯಾನೇಜ್‌ಮೆಂಟ್ ಮತ್ತು ಎಡಿನ್‌ಸೈಸೇಶನ್) ರೂಲ್ಸ್ 2014ರ ನಿಯಮ 12 (1)ರ ಅನುಸಾರವಾಗಿ, ಬ್ಯಾಂಕಿನ ವಾರ್ಷಿಕ ಮಾಹಿತಿ ಸಲ್ಲಿಕೆಯ ಸಾರವನ್ನು / ಪ್ರತಿಯನ್ನು 31, ಮಾರ್ಚ್ 2016ಕ್ಕೆ ಸಂಬಂಧಿಸಿದಂತೆ ನೀಡಲಾಗಿದೆ (ಅನುಬಂಧ V).

## ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ನಿರ್ವಹಣಾ ಮೌಲ್ಯಮಾಪನ

ನಿಮ್ಮ ನಿರ್ದೇಶಕ ಮಂಡಳಿಯು ನಿರ್ದೇಶಕ ಮಂಡಳಿಯ ಸದಸ್ಯರ, ಅಧ್ಯಕ್ಷರ, ವ್ಯವಸ್ಥಾಪಕ ನಿರ್ದೇಶಕ ಮತ್ತು ಪ್ರಧಾನ ಕಾರ್ಯನಿರ್ವಾಹಕ ಅಧಿಕಾರಿಗಳ, ನಿರ್ದೇಶಕ ಮಂಡಳಿಯ ಸಮಿತಿಗಳ ಮತ್ತು ಒಟ್ಟಾರೆಯಾಗಿ ನಿರ್ದೇಶಕರ ಮೌಲ್ಯಮಾಪನ ಮಾಡುವ ಪ್ರಕ್ರಿಯೆಯನ್ನು ನಿಗದಿಪಡಿಸಿದೆ. ಅದರಂತೆ ನಿರ್ದೇಶಕರುಗಳ, ನಿರ್ದೇಶಕ ಮಂಡಳಿಯ ಮತ್ತು ಸಮಿತಿಗಳ ಮೌಲ್ಯಮಾಪನ ಮಾಡಿ ಈ ಕುರಿತು ನೀಡಿದ ಹೇಳಿಕೆಯನ್ನು ಈ ವರದಿಯ ಭಾಗವಾಗಿ ಸಾಂಸ್ಥಿಕ ಪ್ರಶಾಸನ ಪರಿಚ್ಛೇದದಲ್ಲಿ ನೀಡಲಾಗಿದೆ. ಇದರೊಂದಿಗೆ ಮಾರ್ಚ್ 18, 2016ರಂದು ನಡೆದ ಸ್ವತಂತ್ರ ನಿರ್ದೇಶಕರುಗಳ ಸಭೆಯಲ್ಲಿ, ನಿರ್ದೇಶಕ ಮಂಡಳಿಯ ಅಧ್ಯಕ್ಷರ, ವ್ಯವಸ್ಥಾಪಕ ನಿರ್ದೇಶಕ ಮತ್ತು ಪ್ರಧಾನ ಕಾರ್ಯನಿರ್ವಾಹಕರವರ ಮತ್ತು ಒಟ್ಟಾರೆಯಾಗಿ ನಿರ್ದೇಶಕ ಮಂಡಳಿಯ ಸಮೀಕ್ಷೆ ಮತ್ತು ಮೌಲ್ಯಮಾಪನಗೈಯಲಾಗಿದೆ.

ಅಲ್ಲದೇ ನಿರ್ದೇಶಕ ಮಂಡಳಿಯು ಮಾರ್ಚ್ 18, 2016ರಂದು ಜರುಗಿಸಿದ ತನ್ನ ಸಭೆಯಲ್ಲಿ ನಿರ್ದೇಶಕ ಮಂಡಳಿಯ ಸಮಿತಿಗಳ ಮತ್ತು ಸ್ವತಂತ್ರ ನಿರ್ದೇಶಕರುಗಳ ಕಾರ್ಯ ನಿರ್ವಹಣೆಯ ಬಗ್ಗೆ ವಿಶ್ಲೇಷಣೆ ನಡೆಸಿದೆ.

## ನಿರ್ದೇಶಕರ ಜವಾಬ್ದಾರಿಗಳ ಬಗ್ಗೆ ಹೇಳಿಕೆ

ಕಂಪನಿ ಕಾಯಿದೆ 2013, ವಿಭಾಗ 134(3)(ಸಿ), 134(5) ಮತ್ತು ಕಂಪನಿ (ಅಕೌಂಟ್ಸ್) ರೂಲ್ಸ್ 2014ರ ನಿಯಮ 8ರ ಅನುಸಾರವಾಗಿ ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ತಿಳಿಸುವುದೇನೆಂದರೆ:

- ವಾರ್ಷಿಕ ಲೆಕ್ಕಪತ್ರಗಳನ್ನು ತಯಾರಿಸುವಾಗ, ಸೂಕ್ತವಾದ 'ಅಕೌಂಟಿಂಗ್ ಸ್ಟಾಂಡರ್ಡ್ಸ್' ಅನ್ನು ಬಳಕೆ ಮಾಡಿಕೊಂಡಿದ್ದು, ಸೂಕ್ತ ವಿಶ್ಲೇಷಣೆಗಳನ್ನು, ಆವಶ್ಯಕ ವಿವರಗಳನ್ನು ಸಲ್ಲಿಸಲಾಗಿದೆ.
- ನಿರ್ದೇಶಕರು ಸೂಕ್ತವಾದ ಅಕೌಂಟಿಂಗ್ ಧೋರಣೆಗಳನ್ನು ಅಂಗೀಕರಿಸಿದ್ದು, ಅವುಗಳನ್ನು ನಿಖರವಾಗಿ ಪ್ರಯೋಗಿಸಿ, ಅಂದಾಜು ಮತ್ತು ತೀರ್ಪುಗಳನ್ನು ಸೂಕ್ತವಾಗಿ ವಿಮರ್ಶಿಸಿ ಸಕಾರಣವಾಗಿದೆ ಎಂದು ತಿಳಿದು, 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ಬ್ಯಾಂಕಿನ ಸತ್ಯ ಮತ್ತು ನೈಜ ನೋಟದ ಲೆಕ್ಕಪತ್ರಗಳನ್ನು ಮತ್ತು ಲಾಭ ನಷ್ಟ ತಖ್ತೆಯನ್ನು ತಯಾರಿಸುವಲ್ಲಿ ಆದ್ಯ ಗಮನ ಹರಿಸಿರುತ್ತಾರೆ.

- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.
- (d) the directors have prepared the annual accounts on a going concern basis.
- (e) the directors have laid down the internal financial controls followed by the Bank and that such internal financial controls are adequate and are operating effectively.
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

- (ಸಿ) ನಿರ್ದೇಶಕರು, ಬ್ಯಾಂಕಿನ ಆಸ್ತಿಯನ್ನು ಸುಸ್ಥಿರವಾಗಿ ಕಾಪಾಡಿಕೊಂಡು ಬರುವಲ್ಲಿ ವಂಚನೆ ಹಾಗೂ ನಿಯಮಬಾಹಿರತೆ ಮುಕ್ತೆ ಕುರಿತು ಸಾಕಷ್ಟು ಎಚ್ಚರವಹಿಸಿ ಕಂಪನಿ ಕಾಯ್ದೆ 2013 ರ ಅನುಸಾರವಾಗಿ ಸೂಕ್ತವಾದ ಅಕೌಂಟಿಂಗ್ ದಾಖಲೆಗಳನ್ನು ನಿರ್ವಹಣೆ ಮಾಡಿರುತ್ತಾರೆ.
- (ಡಿ) ನಿರ್ದೇಶಕರು ವಾರ್ಷಿಕ ಲೆಕ್ಕಪತ್ರಗಳನ್ನು 'ಗೋಯಿಂಗ್ ಕನ್‌ಸರ್ನ್' ತಳಹದಿಯಲ್ಲಿ ರಚಿಸಿರುತ್ತಾರೆ.
- (ಇ) ಆಂತರಿಕ ಆರ್ಥಿಕತೆ ನಿಯಂತ್ರಣವನ್ನು ಧೋರಣಾತ್ಮಕವಾಗಿ ನಿರ್ದೇಶಕರು ಸ್ವೀಕರಿಸಿದ್ದು, ಅದನ್ನೇ ಬ್ಯಾಂಕು ಅನುಸರಿಸಿಕೊಂಡು ಬರುತ್ತಿದ್ದು, ಬ್ಯಾಂಕಿನ ಧೋರಣೆಯ ರೀತ್ಯಾ ಆಂತರಿಕ ನಿಯಂತ್ರಣಗೈದಿದ್ದು, ಅದು ಸಾಕಷ್ಟು ಮತ್ತು ಪರಿಣಾಮಕಾರಿಯಾಗಿ ನಿರ್ವಹಿಸಲ್ಪಡುತ್ತಿದೆ.
- (ಎಫ್) ನಿರ್ದೇಶಕರು ಸಂಬಂಧಪಟ್ಟ ಕಾನೂನುಗಳಿಗೆ ಸಂಬಂಧಿಸಿ ಪೂರೈಕೆಗೊಳಬೇಕಾಗಿರುವ ವಿವರಗಳನ್ನು ನೀಡುವಲ್ಲಿ ಸೂಕ್ತ ಹಾಗೂ ಸಕಾಲಿಕ ವ್ಯವಸ್ಥೆಗಳನ್ನು ಸಂಯೋಜಿಸಿದ್ದು, ಈ ವ್ಯವಸ್ಥೆಯು ಸೂಕ್ತವಾಗಿ, ಸಕಾಲಿಕವಾಗಿ, ಪರಿಣಾಮಕಾರಿಯಾಗಿ ಕಾರ್ಯ ನಿರ್ವಹಿಸುತ್ತಿದೆ.

**Management Discussion and Analysis**

The Management Discussion and Analysis Report for the year under review pursuant to Regulation 34(3) read with Schedule V of the SEBI(Listing Obligations and Disclosure Requirements) Regulations 2015 is presented in a separate section forming part of this report.

**WHISTLE BLOWER POLICY**

The Bank has implemented the Protected Disclosure Policy (Whistle Blower Policy) since the year 2007 intended to promote participation of employees at all levels and detection of corruption, misuse of Office, criminal offences, suspected /actual fraud, failure to comply with the rules and regulations prescribed by the Bank and any events /acts detrimental to the interest of the Bank, depositors and the public resulting in financial loss/operational risk, loss of reputation etc.

Further, the mechanism adopted by the Bank encourages the Whistle Blower to report genuine concerns or grievances and provides for adequate safeguards against victimization of Whistle Blower who avails such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases. There was no occasion when an employee was denied access to the Audit Committee for reporting any events under the aforesaid policy. The functioning of the Vigil mechanism is reviewed by the Audit Committee periodically. The details of Whistle Blower Policy is posted in our website and available at the link:

[www.karnatakabank.com/ktk/Protected Disclosure.jsp](http://www.karnatakabank.com/ktk/Protected Disclosure.jsp)

**CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All related party transactions that were entered into during the financial year were in the ordinary course of the business of the Bank and were on arm's length

**ಕಾರ್ಯಕಾರಿ ಮಂಡಳಿ ಕಲಾಪ ಮತ್ತು ವಿಶ್ಲೇಷಣೆ**

ಸಮೀಕ್ಷಿಸಲ್ಪಡುವ ಪ್ರಸ್ತುತ ವರ್ಷದಲ್ಲಿ ಕಾರ್ಯಕಾರಿ ಮಂಡಳಿ ಕಲಾಪ ಮತ್ತು ವಿಶ್ಲೇಷಣೆಯು ರೆಗ್ಯುಲೇಶನ್ 34(3) ಇದರೊಂದಿಗೆ ಶೆಡ್ಯೂಲ್ V ಸೆಬಿ (ಲಿಸ್ಟಿಂಗ್ ಒಪ್ಪಂದ ಮತ್ತು ಪ್ರಕಟಣೆ ಅಗತ್ಯತೆ) ರೆಗ್ಯುಲೇಶನ್ 2015 ಅನುಸಾರವಾಗಿ ವಿವರಗಳನ್ನು ಈ ವರದಿಯ ಭಾಗವಾಗಿ, ಬೇರೆಯೇ ಆದ ವಿಭಾಗದಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

**ಸೀಟಿ ಮೊಳಗು ಧೋರಣೆ**

2007ರಿಂದ ನಿಮ್ಮ ಬ್ಯಾಂಕು ರಕ್ಷಣಾತ್ಮಕ ಪ್ರಕಟಣಾ ಧೋರಣೆ (ಸೀಟಿ ಮೊಳಗು ಯೋಜನೆ) ಎನ್ನುವ ವಿಶಿಷ್ಟ ಸ್ವರೂಪದ ಯೋಜನೆಯನ್ನು ಅನುಸ್ಥಾನಕ್ಕೆ ತಂದಿದೆ. ಬ್ಯಾಂಕಿನ ಯಾವುದೇ ಸ್ವರದ ಸಿಬ್ಬಂದಿಯೂ ತಾನು ಕಂಡ ಭ್ರಷ್ಟಾಚಾರ/ಗಮನಕ್ಕೆ ಬಂದ ಭ್ರಷ್ಟಾಚಾರ, ಅಧಿಕಾರದ ದುರ್ಬಳಕೆ, ಕ್ರಿಮಿನಲ್ ಅಪರಾಧ, ಸಂಶಯಿತ/ನೈಜ ವಂಚನೆಗಳು, ಬ್ಯಾಂಕಿನ ನೀತಿ-ನಿಯಮ ಉಲ್ಲಂಘನೆ ಮತ್ತು ಬ್ಯಾಂಕಿನ ಹಿತಾಸಕ್ತಿಗೆ ಧಕ್ಕೆ ಬರುವ ಯಾವುದೇ ಘಟನೆ / ಸನ್ನಿವೇಶಗಳು - ಇದರಿಂದ ಬ್ಯಾಂಕ್, ಕೇವಲೇದಾರರು ಮತ್ತು ಸಮಾಜಕ್ಕೆ ಉಂಟಾಗುವ ಆರ್ಥಿಕ ನಷ್ಟ, ನಿರ್ವಹಣಾ ಅಪಾಯ, ಪ್ರತಿಷ್ಠಾಭಂಗ ಇತ್ಯಾದಿ ಯಾವುದೇ ಘಟನೆಗಳ ಸುಳಿವನ್ನು ಬ್ಯಾಂಕ್ ಆಡಳಿತಕ್ಕೆ ತಿಳಿಸುವ ಅವಕಾಶವನ್ನು ಈ ಯೋಜನೆಯ ಮೂಲಕ ಒದಗಿಸಿಕೊಡಲಾಗಿದೆ.

ಇದಲ್ಲದೇ ಸೀಟಿ ಮೊಳಗುವವರ ನೈಜ ಕಾಳಜಿಗಳನ್ನು ಪರಿಗಣಿಸಿ ದೂರುದಾರರ ಹಿತ ಕಾಯಲು ಅವಶ್ಯವಾದ ರಕ್ಷಣೆಯನ್ನು ನೀಡುವುದರ ಮೂಲಕ ಉತ್ತೇಜಿಸುವ ಉದ್ದೇಶವನ್ನು ಈ ವ್ಯವಸ್ಥೆ ಹೊಂದಿರುತ್ತದೆ. ಇದರಲ್ಲಿ ದೂರುದಾರರಿಗೆ ಕೆಲವು ವಿಶೇಷ ಸಂದರ್ಭಗಳಲ್ಲಿ ಲೆಕ್ಕಪತ್ರ ಸಮಿತಿಯ ಅಧ್ಯಕ್ಷರನ್ನು ನೇರವಾಗಿ ಸಂಪರ್ಕಿಸುವ ಅವಕಾಶವಿರುತ್ತದೆ. ಈ ಧೋರಣೆಯನ್ವಯ ಯಾವುದೇ ಸಿಬ್ಬಂದಿ ನೇರವಾಗಿ ಅಡಿಟ್ ಕಮಿಟಿಯ ಮುಂದೆ ವರದಿ ಸಲ್ಲಿಸುವ ಅವಕಾಶವನ್ನು ನಿರಾಕರಿಸುವ ಸಂದರ್ಭವೇ ಉದ್ಯವವಾಗಿರುವುದಿಲ್ಲ. ಈ ವ್ಯವಸ್ಥೆಯನ್ನು ಅಡಿಟ್ ಸಮಿತಿ ಆಗಿಂದಾಗ್ಗೆ ಪರಿಶೀಲಿಸುತ್ತದೆ. ಈ ನೀತಿಯ ಹೆಚ್ಚಿನ ವಿವರಗಳು ಬ್ಯಾಂಕಿನ ಜಾಲತಾಣದಲ್ಲಿ ಲಭ್ಯವಿದ್ದು, ವಿಳಾಸದ ಕೊಂಡಿ ಈ ಕೆಳಗಿನಂತಿದೆ:

[www.karnatakabank.com/ktk/Protected Disclosure.jsp](http://www.karnatakabank.com/ktk/Protected Disclosure.jsp)

**ಗುತ್ತಿಗೆ ಅಥವಾ ಸಂಬಂಧಿತರೊಂದಿಗೆ ವ್ಯವಸ್ಥೆ**

ಪ್ರಸ್ತುತ ಆರ್ಥಿಕ ವರ್ಷದಲ್ಲಿ ನಡೆದ ಎಲ್ಲಾ ಸಂಬಂಧಿತ ವ್ಯಕ್ತಿಗಳ ವಹಿವಾಟುಗಳು, ಸಾಮಾನ್ಯ ವ್ಯಾವಹಾರಿಕ ನೆಲೆಯಲ್ಲಿದ್ದು, ಅವುಗಳು ಸಂಬಂಧಿಸಿದ ವ್ಯಕ್ತಿ / ಪಕ್ಷಗಳಿಂದ ನಿರ್ದಿಷ್ಟ ದೂರವನ್ನು ಕಾಪಾಡಿಕೊಂಡು

basis. There were no materially significant related party transactions entered into by the Bank with Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Bank. As such disclosure in Form AOC-2 is not applicable.

The policy on dealing with Related Party Transactions as approved by the Audit Committee / Board has been placed in the website of the Bank.

### STATUTORY DISCLOSURES

The disclosures under sub-section (3) of Section 134 of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 are furnished below:

#### a) Conservation of Energy and technology absorption

Considering the nature of the Bank's business, the provisions of Section 134(3)(m) of the Companies Act, 2013 relating to conservation of energy and technology absorption are not applicable to your Bank. The Bank has, however, used information technology in its operations extensively.

#### b) Foreign Exchange Earnings and outgo: During the year ended March 31, 2016, the Bank has earned ₹53.69 crore and spent ₹17.24 crore in foreign currency.

#### c) There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Bank's operations in future.

#### d) Internal Financial Control Systems and their adequacy: Your Bank has laid down standards, processes and structure facilitating the implementation of internal financial control across Bank and ensure that same are adequate and operating effectively.

#### e) Key Managerial Personnel: Mr. P Jayarama Bhat, MD & CEO, Mr. Raghurama, CFO and Mr. Y V Balachandra, Company Secretary of the Bank were the Key Managerial Personnel of the Bank as on March 31, 2016 as per the provisions of the Companies Act, 2013. None of the Key Managerial Personnel has resigned. However, the Board has designated Mr. Chandrashekar Rao B as CFO in place of Mr. Raghurama w.e.f. April 23, 2016.

#### f) Remuneration of directors: Disclosures pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure VIII to this report.

#### g) Employees who are in receipt of remuneration exceeding rupees sixty lakhs etc.: Statement showing the particulars of employees who were in receipt of remuneration during the year 2015-16 requiring disclosure under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed.

ಬರುವ ನೀತಿಯ ತಳಹದಿಯಲ್ಲಿರುತ್ತದೆ. ಸದರಿ ಅವಧಿಯಲ್ಲಿ ಬ್ಯಾಂಕು ತನ್ನ ನಿರ್ದೇಶಕರುಗಳೊಂದಿಗಾಗಲೀ, ತನ್ನ ಪ್ರಮುಖ ಆಡಳಿತಾತ್ಮಕ ಹೊಣೆ ಹೊತ್ತಿರುವ ವ್ಯಕ್ತಿಗಳೊಂದಿಗಾಗಲೀ ಅಥವಾ ಇನ್ನಿತರ ವ್ಯಕ್ತಿಗಳೊಂದಿಗಾಗಲೀ ನಡೆಸಿದ ವಹಿವಾಟುಗಳಲ್ಲಿ ಬ್ಯಾಂಕಿನ ಹಿತಾಸಕ್ತಿಗಳಿಗೆ ವಿರೋಧವಾಗಬಲ್ಲ ಯಾವುದೇ ಪ್ರಮುಖಾಂಶಗಳು ಇರುವುದಿಲ್ಲ. ಹೀಗಿರುವಾಗ ನಮೂನೆ ಎಟಿಸಿ-2 ಮೂಲಕ ಪ್ರಕಟಣೆಗೊಳಿಸುವಿಕೆ ಅನ್ವಯವಾಗುವುದಿಲ್ಲ.

ಬ್ಯಾಂಕಿನ ಲೆಕ್ಕಪತ್ರ ಸಮಿತಿ/ನಿರ್ದೇಶಕ ಮಂಡಳಿ ಅನುಮೋದಿಸಿರುವ "ಸಂಬಂಧಿತ ವ್ಯಕ್ತಿಗಳೊಂದಿಗೆ ವಹಿವಾಟು ನಡೆಸುವ ಧೋರಣೆ"ಯನ್ನು ಬ್ಯಾಂಕಿನ ಜಾಲತಾಣದಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

### ಶಾಸನಬದ್ಧ ಪ್ರಕಟಣೆಗಳು

ಕಂಪೆನಿ ಕಾಯಿದೆ 2013 ವಿಭಾಗ 134, ಉಪವಿಭಾಗ (3) ಮತ್ತು ಕಂಪೆನೀಸ್ (ಅಕೌಂಟ್ಸ್) ರೂಲ್ಸ್ 2014, ನಿಯಮ 8(3)ರ ಅನ್ವಯ ಪ್ರಕಟಗೊಳಿಸಲಿಕ್ಕಿರುವ ಪ್ರಕಟಣೆಗಳು ಈ ಕೆಳಗಿನಂತಿವೆ.

#### ಎ) ಶಕ್ತಿಯ ಬಳಕೆ ಮತ್ತು ತಾಂತ್ರಿಕತೆ ಅಳವಡಿಕೆ

ಬ್ಯಾಂಕಿನ ವ್ಯವಹಾರ ಸ್ವರೂಪದ ದೃಷ್ಟಿಯಿಂದ ಶಕ್ತಿಯ ಬಳಕೆ ಮತ್ತು ತಾಂತ್ರಿಕತೆ ಅಳವಡಿಕೆ ಕುರಿತಾದ ಕಂಪೆನಿ ಕಾಯಿದೆ 2013 ವಿಭಾಗ 134(3) (ಎಂ) ಅನ್ವಯ, ಬ್ಯಾಂಕಿಗೆ ಇದು ಅನ್ವಯವಾಗುವುದಿಲ್ಲ. ಏನಿದ್ದರೂ ಬ್ಯಾಂಕು ತನ್ನ ಚಟುವಟಿಕೆಯ ಸರ್ವ ಅಂಗೋಪಾಂಗಗಳಲ್ಲಿ ಮಾಹಿತಿ ತಂತ್ರಜ್ಞಾನದ ವಿಪುಲ ಬಳಕೆ ಮಾಡುತ್ತಿದೆ.

#### ಬಿ) ವಿದೇಶಿ ವಿನಿಮಯ ಗಳಿಕೆ ಮತ್ತು ಹೊರಹರಿವು: ಪ್ರಸ್ತುತ ವರ್ಷಾಂತ್ಯ 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ಬ್ಯಾಂಕು ವಿದೇಶಿ ಕರೆನ್ಸಿ ರೂಪದಲ್ಲಿ ₹53.69 ಕೋಟಿ ಗಳಿಸಿದೆ ಮತ್ತು ₹17.24 ಕೋಟಿ ವ್ಯಯ ಮಾಡಿರುತ್ತದೆ.

#### ಸಿ) ಬ್ಯಾಂಕಿನ ಭವಿಷ್ಯದ ವಹಿವಾಟಿಗೆ ತಡೆಯಾಗಬಲ್ಲ ಯಾವುದೇ ಆಜ್ಞೆಗಳು, ವಿಧೇಯಕಗಳು ಬ್ಯಾಂಕಿಗೆ ಲಿಖಿತವಾಗಿ ಯಾವುದೇ ನಿಯಂತ್ರಣ ಕಚೇರಿಗಳಿಂದ, ಕೋರ್ಟುಗಳಿಂದ ಬಂದಿಲ್ಲ.

#### ಡಿ) ಆಂತರಿಕ ಆರ್ಥಿಕತಾ ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆ ಮತ್ತು ಅದರ ಪರ್ಯಾಪ್ತತೆ: ಆಂತರಿಕ ಆರ್ಥಿಕತಾ ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಯನ್ನು ಸಮರ್ಥವಾಗಿ ನಿರ್ವಹಿಸಲು ನಿಮ್ಮ ಬ್ಯಾಂಕು ಸೂಕ್ತವಾಗಿ ಹಾಗೂ ಸಮಗ್ರವಾಗಿ ಕೆಲವು ಮಾನದಂಡಗಳು, ಪ್ರಯೋಗಗಳು ಮತ್ತು ಸಂರಚನೆಗಳನ್ನು ಪಾಲಿಸಿಕೊಂಡು ಬಂದಿದ್ದು, ಈ ವ್ಯವಸ್ಥೆ ಸಾಕಷ್ಟು ಪರಿಪೂರ್ಣವಾಗಿದ್ದು ಚುರುಕಾಗಿ, ಪರಿಣಾಮಕಾರಿಯಾಗಿ ಕಾರ್ಯ ನಿರ್ವಹಿಸುತ್ತಿದೆ.

#### ಇ) ಪ್ರಮುಖ ವ್ಯವಸ್ಥಾಪನಾ ವ್ಯಕ್ತಿಗಳು: ಶ್ರೀ ಪಿ. ಜಯರಾಮ ಭಟ್, ಎಂಡಿ ಮತ್ತು ಸಿಇಒ, ಶ್ರೀ ರಘುರಾಮ, ಸಿಎಫ್‌ಒ ಮತ್ತು ಶ್ರೀ ವೈ.ವಿ. ಬಾಲಚಂದ್ರ, ಬ್ಯಾಂಕಿನ ಕಂಪೆನಿ ಸೆಕ್ರೆಟರಿ ಇವರುಗಳು ಮಾರ್ಚ್ 31, 2016ಕ್ಕೆ ಬ್ಯಾಂಕಿನ ಪ್ರಮುಖ ವ್ಯವಸ್ಥಾಪನಾ ವ್ಯಕ್ತಿಗಳಾಗಿದ್ದು, ಇದು ಕಂಪೆನಿ ಕಾಯಿದೆ 2013ರ ಅನುಸಾರವಾಗಿ ಆಗಿದೆ. ಈ ಪ್ರಮುಖ ವ್ಯವಸ್ಥಾಪನಾ ವ್ಯಕ್ತಿಗಳಲ್ಲಿ ಯಾರೊಬ್ಬರೂ ರಾಜೀನಾಮೆ ನೀಡಿರುವುದಿಲ್ಲ. ಆದರೆ ಶ್ರೀ ರಘುರಾಮ ಅವರ ಸ್ಥಾನದಲ್ಲಿ ದಿನಾಂಕ 23, ಎಪ್ರಿಲ್ 2016 ರಿಂದ ಅನ್ವಯವಾಗುವಂತೆ ಶ್ರೀ ಚಂದ್ರಶೇಖರ ರಾವ್ ಬಿ. ಇವರನ್ನು ಸಿಎಫ್‌ಒ ಆಗಿ ನಿರ್ದೇಶಕ ಮಂಡಳಿಯು ಹೆಸರಿಸಿದೆ.

#### ಎಫ್) ನಿರ್ದೇಶಕರ ಸಂಭಾವನೆ: ಕಂಪೆನಿ ಕಾಯಿದೆ 2013, ವಿಭಾಗ 197(12) ಮತ್ತು ಕಂಪೆನಿ (ವ್ಯವಸ್ಥಾಪನಾ ವ್ಯಕ್ತಿಗಳ ನೇಮಕಾತಿ ಮತ್ತು ಸಂಭಾವನೆ) ನಿಯಮಗಳು 2014ರ ನಿಯಮ 5ರ ಪ್ರಕಾರ ಪ್ರಕಟಿಸಬೇಕಾಗಿರುವ ವಿವರಗಳನ್ನು ಈ ವರದಿಯ ಅನುಬಂಧ VIIIರಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

#### ಜಿ) ₹60 ಲಕ್ಷ ಮೀರಿದ ವೇತನ ಪಡೆಯುವ ಉದ್ಯೋಗಿಗಳ ವಿವರ ಇತ್ಯಾದಿ: ಪ್ರಸಕ್ತ ವರ್ಷ 2015-2016ರಲ್ಲಿ ₹60 ಲಕ್ಷಕ್ಕೂ ಅಧಿಕ ವೇತನ ಪಡೆಯುವ ಉದ್ಯೋಗಿಗಳ ವಿವರ, ಕಂಪೆನಿ (ನಿಯುಕ್ತ ಮತ್ತು ವ್ಯವಸ್ಥಾಪನಾ ವ್ಯಕ್ತಿಗಳ ವೇತನ) ನಿಯಮಗಳು 2014ರ ನಿಯಮ 5(2)ರಂತೆ ಪ್ರಕಟಿಸಬೇಕಾಗಿದ್ದು, ಆ ಪ್ರಕಟಣೆಗಳನ್ನು ಅನುಬಂಧದಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

**AUDITORS**

**a. Statutory Auditors**

M/s. Kamath & Rau, Chartered Accountants, Karangalpadu, Mangaluru-575003 and M/s. Abarna & Ananthan, Chartered Accountants, # 521, 3<sup>rd</sup> Main, 6<sup>th</sup> Block, 2<sup>nd</sup> Phase, BSK 3<sup>rd</sup> Stage, Bengaluru-560085 would retire as joint Statutory Central Auditors of the Bank at the ensuing Annual Meeting of the members of the Bank and are eligible for re-appointment subject to the approval of Reserve Bank of India. The Bank has received consent from the above auditors and necessary confirmation from them that they are not disqualified to be appointed as auditors of the Bank pursuant to the provisions of the Companies Act, 2013 and the Rules made thereunder. Accordingly having regard to the provisions of the Companies Act, 2013, extant guidelines of Reserve Bank of India and as approved by the Reserve Bank of India, the Board of Directors of the Bank has recommended the re-appointment of aforesaid auditors.

**b. Secretarial Auditor and Secretarial Audit Report**

Pursuant to Section 204 of the Companies Act, 2013 and the rules thereunder, your Bank had appointed M/s. Ullas Kumar Melinamogaru, Practising Company Secretary, Mangaluru as Secretarial Auditors to conduct the Secretarial Audit for the year ended March 31, 2016. The audit report from the Secretarial Auditor is annexed to this report as Annexure VI.

**CORPORATE SOCIAL RESPONSIBILITY**

Businesses are an integral part of society and play a critical role in the sustenance and improvement of a healthy ecosystem, in fostering social inclusiveness and equity and in upholding the ethical practices and good governance. It is believed that integrating social, environmental and ethical responsibilities into governance of business ensures long term successes, competencies and sustainability. With this in mind, your Bank continues to fulfil its various social responsibilities. The Corporate Social Responsibility initiatives of the Bank are designed to ensure that the Bank adds social, environmental and economic value in all its activities to make a positive, sustainable impact on both society and business. In this direction, your Bank has been responding well over the years through various social initiatives and has identified some core areas of intervention like healthcare, education/livelihood enhancement, empowering women/socially and economically disadvantaged, environmental sustainability/green initiatives, protection of heritage/culture, promotion of sports, rural development etc. aimed at improving the overall development of the society. The Bank firmly believes that being an integral part of society, it is the inclusive growth of society which contributes ultimately to the growth of the Bank and in this direction, your Bank has been strengthening its rural orientation through initiatives aimed at imparting

**ಲೆಕ್ಕಪರಿಶೋಧಕರು**

**ಎ) ಪರಿನಿಯತ ಲೆಕ್ಕಪರಿಶೋಧಕರು:**

ಮೆ ಕಾಮತ್ ಮತ್ತು ರಾವ್, ಚಾರ್ಟೆಡ್ ಅಕೌಂಟೆಂಟ್‌ಗಳು, ಕರಂಗಲಪಾಡಿ, ಮಂಗಳೂರು-575003 ಮತ್ತು ಮೆ ಅಬರ್ನಾ ಮತ್ತು ಅನಂತನ್, ಚಾರ್ಟೆಡ್ ಅಕೌಂಟೆಂಟ್‌ಗಳು, #521, 3ನೇ ಮುಖ್ಯರಸ್ತೆ, 6ನೇ ಬ್ಲಾಕ್, 2ನೇ ಹಂತ, ಬನಶಂಕರಿ 3ನೇ ಘಟ್ಟ, ಬೆಂಗಳೂರು - 560085, ಇವರುಗಳು ಜಂಟಿ ಪರಿನಿಯತ ಕೇಂದ್ರೀಯ ಲೆಕ್ಕಪರಿಶೋಧಕರ ಹುದ್ದೆಯಿಂದ ಮುಂಬರುವ ಬ್ಯಾಂಕಿನ ವಾರ್ಷಿಕ ಮಹಾಸಭೆಯಂದು ನಿವೃತ್ತರಾಗಲಿರುವರು. ಅಲ್ಲದೇ, ಇವರು ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ ಅನುಮೋದನೆಯೊಂದಿಗೆ ಪುನರ್ನೇಮಕಗೊಳ್ಳಲು ಅರ್ಹತೆ ಹೊಂದಿರುತ್ತಾರೆ. ಮೇಲ್ಕಂಡ ಲೆಕ್ಕಪರಿಶೋಧಕರಿಂದ ಕಂಪೆನಿ ಕಾಯಿದೆ, 2013ರ ಅನ್ವಯ ಅವರುಗಳು ಬ್ಯಾಂಕಿನ ಲೆಕ್ಕಪರಿಶೋಧಕರಾಗಿ ಪುನರ್ನೇಮಕಗೊಳ್ಳಲು ಯಾವುದೇ ರೀತಿಯಲ್ಲಿ ಅನರ್ಹತೆಯನ್ನು ಹೊಂದಿಲ್ಲವೆನ್ನುವ ಸಮತಿ ಮತ್ತು ದೃಢೀಕರಣವನ್ನು ಬ್ಯಾಂಕಿಗೆ ನೀಡಿದ್ದು, ಅದು ನಿಯಮಾವಳಿಗೆ ಅನುಸಾರವಾಗಿ ಬ್ಯಾಂಕಿಗೆ ತಲುಪಿದೆ. ಅಂತೆಯೇ ಕಂಪೆನಿ ಕಾಯಿದೆ 2013ರಲ್ಲಿನ ಅವಕಾಶ ಮತ್ತು ಚಾಲ್ತಿಯಲ್ಲಿರುವ ಆರ್‌ಬಿಐ ಮಾರ್ಗದರ್ಶಿಕೆಯನ್ವಯ ಆಡಳಿತ ಮಂಡಳಿಯು, ಆರ್‌ಬಿಐ ಅನುಮೋದಿಸಿದಂತೆ ಮೇಲ್ಕಂಡ ಪರಿನಿಯತ ಲೆಕ್ಕಪರಿಶೋಧಕರನ್ನು ಬ್ಯಾಂಕಿನ ಪರಿನಿಯತ ಲೆಕ್ಕಪರಿಶೋಧಕರನ್ನಾಗಿ ಮರುನೇಮಕಾತಿಗೆ ಶಿಫಾರಸು ಮಾಡಲಾಗಿದೆ.

**ಬಿ) ಸೆಕ್ರೆಟರಿಯಲ್ ಅಡಿಟರ್ ಮತ್ತು ಸೆಕ್ರೆಟರಿಯಲ್ ಅಡಿಟ್ ವರದಿ:**

ಕಂಪೆನಿ ಕಾಯಿದೆ, 2013 ವಿಭಾಗ 204 ರ ಮತ್ತು ಅಲ್ಲಿ ಉಕ್ತಗೊಂಡ ನಿಯಮಾವಳಿಗನುಸಾರವಾಗಿ, ನಿಮ್ಮ ಬ್ಯಾಂಕು ಮೆ ಉಲ್ಲಾಸ ಕುಮಾರ್ ಮೇಲಿನಮೂಗರು, ವೃತ್ತಿನಿರತ ಕಂಪೆನಿ ಕಾರ್ಯದರ್ಶಿ, ಮಂಗಳೂರು ಇವರನ್ನು ಬ್ಯಾಂಕಿನ ಸೆಕ್ರೆಟರಿಯಲ್ ಅಡಿಟರ್ ಆಗಿ ನೇಮಿಸಿದ್ದು ಇವರು 31 ಮಾರ್ಚ್ 2016ರಂದು ಕೊನೆಗೊಂಡ ವರ್ಷದ ಸೆಕ್ರೆಟರಿಯಲ್ ಅಡಿಟನ್ನು ಕೈಗೊಂಡಿರುತ್ತಾರೆ. ಸೆಕ್ರೆಟರಿಯಲ್ ಅಡಿಟಿನ ಅಡಿಟ್ ವರದಿಯನ್ನು ಅನುಬಂಧ VI ರಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

**ಸಾಂಸ್ಥಿಕ ಸಾಮಾಜಿಕ ಹೊಣೆಗಾರಿಕೆ**

ವ್ಯವಹಾರವನ್ನುವುದು ಸಮಾಜದೊಂದಿಗಿನ ನಿಕಟ ಬಾಂಧವ್ಯದ ದ್ಯೋತಕವಾಗಿದ್ದು, ಬ್ಯಾಂಕು ಸಮಾಜದ ಅಭಿವೃದ್ಧಿ ಅಂಗವೂ ಹೌದು. ಸಾಮಾಜಿಕ ಅರ್ಥವ್ಯವಸ್ಥೆಯ ಉನ್ನತಿಗಾಗಿ ಸಾಮಾಜಿಕ ಒಗ್ಗೂಡಿಕೆ ಹಾಗೂ ಸಮಾನತೆಯನ್ನು ಎತ್ತಿ ಹಿಡಿಯುವುದು, ಸಂಕೀರ್ಣ ಪಾತ್ರದೊಂದಿಗೆ ಹಿತಾಸಕ್ತಿ ಘೋಷಣೆ, ನೇತೃತ್ವಕ ಸೇವೆ ಹಾಗೂ ಉತ್ತಮ ಆಡಳಿತ ಒಂದು ಸಂಸ್ಥೆಯ ಹೊಣೆಯಾಗಿರುತ್ತದೆ. ಸಮಾಜ, ಪರಿಸರಗಳ ಸಮಗ್ರ ಪರಿಕಲ್ಪನೆಯಲ್ಲಿ ವ್ಯವಹಾರ ಪ್ರಶಾಸನ ನಡೆಸುವುದು, ದೂರಗಾಮಿ ಯಶಸ್ಸು, ಅರ್ಹತೆ ಮತ್ತು ಬಾಳಿಕೆಗೆ ತಳಹದಿಯಾಗಿದೆ. ಇದರ ಸಂಪೂರ್ಣ ಅವಿವಿಧೋದ್ದಿಗಾಗಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು, ಸಾಮಾಜಿಕ ಹೊಣೆಗಾರಿಕೆಯನ್ನು ಸತತವಾಗಿ ಸ್ವೀಕರಿಸುವಲ್ಲಿ ನಿರಂತರವಾಗಿ ಶ್ರಮಿಸುತ್ತಿದೆ. ಹೀಗೆ ಸಾಂಸ್ಥಿಕ ಹೊಣೆಗಾರಿಕೆಯ ಬ್ಯಾಂಕಿನ ಉಪಕ್ರಮವು, ಸಮಾಜ, ಪರಿಸರ ಹಾಗೂ ಆರ್ಥಿಕ ಮೌಲ್ಯಗಳ ಉನ್ನತಿಗೆ ಧನಾತ್ಮಕ ಚಟುವಟಿಕೆಗಳಾಗಿ ಯೋಜಿತಗೊಂಡಿದ್ದು, ತನ್ಮೂಲಕ ಸಮಾಜ ವ್ಯವಹಾರ ಉನ್ನತಿಗೆ ಇದು ಸಹಕಾರಿಯಾಗುತ್ತದೆ. ಈ ದಿಶೆಯಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಸುದೀರ್ಘ ಕಾಲದಿಂದ ಸಾಮಾಜಿಕ ಉಪಕ್ರಮಗಳಲ್ಲಿ ತನ್ನನ್ನು ತೊಡಗಿಸಿಕೊಂಡಿದೆ. ಅನೇಕ ವಿನೂತನ ಉಪಕ್ರಮಗಳಾದ ಆರೋಗ್ಯ ರಕ್ಷಣೆ, ಶಿಕ್ಷಣ / ಜೀವನ ಕ್ರಮದಲ್ಲಿ ಉನ್ನತಿ, ಸ್ವೀಕರಣೀಕರಣ / ಮಹಿಳೆಯರ ಸಾಮಾಜಿಕ ಮತ್ತು ಆರ್ಥಿಕ ಕೋನ್ಯೆತಿ, ಪರಿಸರ ನೈರ್ಮಲ್ಯ / ಹಸಿರು ಕ್ರಾಂತಿ, ಚಾರಿತ್ರಿಕ ಐಸಿರಿಯ ಜೋಪಾನಿಕೆ / ಸಂಸ್ಕೃತಿ, ತೇಡಾ ಪೋಷಣೆ, ಸಮಗ್ರ ಗ್ರಾಮೀಣಾಭಿವೃದ್ಧಿ ಗಳಲ್ಲಿ ಬ್ಯಾಂಕು ತನ್ನನ್ನು ತೊಡಗಿಸಿಕೊಂಡಿದೆ. ಹೀಗೆ, ಸಮಾಜದ ಒಂದು ಭಾಗವೇ 'ತಾನು' ಎನ್ನುವುದನ್ನು ನಿಮ್ಮ ಬ್ಯಾಂಕು ದೃಢವಾಗಿ ನಂಬಿದ್ದು, ಸಮಾಜದ ಅಭಿವೃದ್ಧಿಯೇ ಬ್ಯಾಂಕಿನ ಸರ್ವತೋಮುಖ ಅಭಿವೃದ್ಧಿಗೆ ಪೂರಕವಾಗುತ್ತದೆ ಎನ್ನುವ ನಿಲುವನ್ನು ಸ್ಥಿರವಾಗಿ ನಂಬಿದೆ. ಈ ನಿಟ್ಟಿನಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಗ್ರಾಮೀಣ ಅಭಿಮುಖಿತೆಯ ಒಳಗೊಳ್ಳುವಿಕೆಯನ್ನು ತ್ರಿಶತಗೊಳಿಸಿದ್ದು, ಜನಸಾಮಾನ್ಯರಲ್ಲಿ ಕೂಡಾ ಆರ್ಥಿಕ ಸಾಕ್ಷರತೆಯನ್ನು ಮೂಡಿಸುವ ಭೇಗೇರಥ ಯತ್ನದಲ್ಲಿ ತೊಡಗಿದೆ. ಶಾಖಾರಹಿತ ಕುಗ್ರಾಮಗಳಲ್ಲಿ ಅತ್ಯಾಧುನಿಕ ಬ್ಯಾಂಕಿಂಗ್ ಸೇವೆಯನ್ನು ಪರಿಚಯಿಸುತ್ತಾ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಗ್ರಾಮೀಣ ಮಂದಿಯನ್ನು ಬ್ಯಾಂಕಿಂಗ್ ಕಕ್ಷೆಯೊಳಗೆ ತರಲು ಅತ್ಯುತ್ತಮ ಹಾಗೂ

financial literacy and extending banking services to the people in rural unbanked areas, in a fair and transparent manner, at an affordable cost. Towards this end, your Bank had opened 13 branches in unbanked rural centres during the financial year 2015-16 as part of its financial inclusion initiative, thus taking the total Financial Inclusion branches to 92.

Further, pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board has setup a Committee of Directors namely, 'Corporate Social Responsibility (CSR) Committee' and has also put in place a Policy on Corporate Social Responsibility (CSR Policy) to undertake projects/programmes in pursuance to the above Policy. The contents of the CSR Policy along with the report on amount spent on various projects/programmes during the financial year 2015-16 is detailed in Annexure VII to this report pursuant to Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

## CUSTOMER SERVICE

The customer has always been the focal point of our initiatives. We have been endeavoring to empower our customers by rolling out innovative products and services through optimal use of technology without compromising on the quality of service rendered across the counter and without losing sight of the safety and security aspects. During the year 2015-16, your Bank has introduced several technology based new products and solutions such as KBL mPassBook & KBL ApnaApp (two tailor made mobile Apps), KBL Direct Pay (Mobile Recharge/Utility Bill Payment Interface), Online Account Opening Facility and facility of e-Filing of Income Tax Return in association with M/s Clear Tax.

In pursuit of enhancing customer convenience, the Bank has introduced 'Online Account Opening' portal, which facilitates the customers to open an account Online. The process is quicker and easier to open an account through Online Account opening process from any where and any time at customers convenience.

Your Bank is actively involved in putting in place systems and procedures to comply with the recommendations of the Damodaran Committee on Customer Service, constituted by the Reserve Bank of India, to look into the banking services rendered to customers and the grievance redressal mechanism prevalent in banks. In this direction, the Bank has introduced the Online Customer Grievance Redressal System to ensure quick and speedy redressal of complaints of the customers in order to provide hassle free banking experience. Through this system, the customer can lodge a complaint and track the status of the complaint online, through the Bank's website. Most of the recommendations made by the said Committee have been complied with and the remaining few which require up-gradation of the Bank's Core Banking Solution are being pursued for early compliance.

ಪಾರದರ್ಶಕತೆಯ ತಂತ್ರಜ್ಞಾನವುತ ಸೇವೆಯನ್ನು ಕೈಗೆಟುಕುವ ಬೆಲೆಯಲ್ಲಿ ಜನಸಾಮಾನ್ಯರಿಗೆ ಒದಗಿಸುತ್ತಿದೆ. ಈ ದಿಸೆಯಲ್ಲಿ ಬ್ಯಾಂಕು 2015-16ನೇ ಆರ್ಥಿಕ ವರ್ಷದಲ್ಲಿ ಶಾಖಾರಹಿತ ಗ್ರಾಮೀಣ ಪ್ರದೇಶಗಳಲ್ಲಿ 13 ನೂತನ ಶಾಖೆಗಳನ್ನು ಸ್ಥಾಪಿಸಿ, ಆರ್ಥಿಕ ಸೇವಾ ವಿಸ್ತರಣೆಯ ತನ್ನ ಮಹತ್ವಾಕಾಂಕ್ಷಿ ಕಾರ್ಯಕ್ಕೆ ವೇಗೋತ್ಕರ್ಷ ನೀಡಿದೆ. ಇದರಿಂದಾಗಿ ವಿಶ್ವೀಯ ಸೇರ್ಪಡೆ ಯೋಜನೆಯ ಅನುಷ್ಠಾನಕ್ಕಾಗಿ ಬ್ಯಾಂಕು ತೆರೆದ ವಿಶೇಷ ಶಾಖೆಗಳ ಒಟ್ಟು ಸಂಖ್ಯೆ 92ಕ್ಕೆ ಏರಿತು.

ಅಲ್ಲದೇ, ಕಂಪೆನಿ ಕಾಯ್ದೆ 2013, ವಿಭಾಗ 135 ಮತ್ತು ಕಂಪೆನಿ (ಸಾಂಸ್ಥಿಕ ಸಾಮಾಜಿಕ ಜವಾಬ್ದಾರಿ ಧೋರಣೆ) ನಿಯಮ 2014ರ ಆಶಯಕ್ಕೆ ಅನುಸಾರವಾಗಿ ಬ್ಯಾಂಕಿನ ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ನಿರ್ದೇಶಕರ ಸಮಿತಿಯೊಂದನ್ನು 'ಸಾಂಸ್ಥಿಕ ಸಾಮಾಜಿಕ ಹೊಣೆಗಾರಿಕೆ ಸಮಿತಿ' ಎನ್ನುವ ನಾಮಧೇಯದಲ್ಲಿ ರಚಿಸಿದ್ದು, ಈಗಾಗಲೇ ಬ್ಯಾಂಕು ಇದಕ್ಕಾಗಿ ಧೋರಣಾತ್ಮಕ ಉಪಕ್ರಮಗಳನ್ನು ಸ್ಥಾಪಿಸಿದ್ದು, ಈ ಧೋರಣೆಯನ್ವಯ ಅತ್ಯಂತ ಸೂಕ್ತ ಪ್ರಾಜೆಕ್ಟ್‌ಗಳನ್ನು, ಕಾರ್ಯಕ್ರಮಗಳನ್ನು ಬ್ಯಾಂಕು ಜರಗಿಸುತ್ತಾ ಇದೆ. ಕಂಪೆನಿ (ಸಾಂಸ್ಥಿಕ ಸಾಮಾಜಿಕ ಹೊಣೆಗಾರಿಕೆ ಧೋರಣೆ) ನಿಯಮ 2014ರ ನಿಯಮ 8ರಂತೆ ಸಾಂಸ್ಥಿಕ ಸಾಮಾಜಿಕ ಹೊಣೆಗಾರಿಕೆಯನ್ವಯ ಪ್ರಸ್ತುತ ವರ್ಷ 2015-16ರಲ್ಲಿ ನಡೆಸಿದ ಉಪಕ್ರಮಗಳ ವಿವರ ಹಾಗೂ ವೆಚ್ಚವಾದ ಮೊತ್ತದ ವರದಿಯನ್ನು ವಿವರವಾಗಿ ಅನುಬಂಧ VIIರಲ್ಲಿ ಒದಗಿಸಲಾಗಿದೆ.

## ಗ್ರಾಹಕರ ಸೇವೆ:

ಬ್ಯಾಂಕಿನ ಯಾವುದೇ ಉಪಕ್ರಮ ಅಥವಾ ಮೊದಲ ಹೆಜ್ಜೆಯ ಕೇಂದ್ರಬಿಂದು ಗ್ರಾಹಕರ ಸೇವೆಯೇ ಆಗಿದ್ದು, ಗ್ರಾಹಕರ ಪೂರ್ಣ ಸಂಕೈಷ್ಟಿಯೇ ಬ್ಯಾಂಕಿನ ಆಸಿಯಾಗಿದೆ. ನಾವು ಗ್ರಾಹಕರಿಗಾಗಿ ಮುಡಿಪಾಗಿದ್ದು, ನಮ್ಮ ನವನವೋದ್ದೇಶಶಾಲಿ ಬ್ಯಾಂಕಿಂಗ್ ಉತ್ಪನ್ನಗಳು ಮತ್ತು ಸೇವೆಗಳು, ತಂತ್ರಜ್ಞಾನದ ಗರಿಷ್ಠ ಬಳಕೆಯ ಸಾಧ್ಯತೆಯಿಂದ, ಸೇವೆಯಲ್ಲಿ ಯಾವುದೇ ಹೊಂದಾಣಿಕೆ ಮಾಡಿಕೊಳ್ಳದೇ ಕೌಂಟರಿನಲ್ಲಿ ಗ್ರಾಹಕರ ಮುಖಾಮುಖಿಯಾಗಿ ಒದಗಿಸುತ್ತಾ ಬಂದಿರುವುದು, ಸುರಕ್ಷತೆ ಮತ್ತು ಭದ್ರತೆಯ ಕುರಿತಾಗಿ ಗರಿಷ್ಠ ಕಾಳಜಿ ಹೊಂದಿರುವುದರ ದ್ಯೋತಕವೂ ಆಗಿರುತ್ತದೆ. 2015-16 ವರ್ಷದಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಹಲವಾರು ತಂತ್ರಜ್ಞಾನಾಧಾರಿತ ಉತ್ಪನ್ನಗಳನ್ನು /ಸೇವೆಗಳನ್ನು ಆವಿಷ್ಕರಿಸಿ ಅನುಷ್ಠಾನಿಸಿದೆ. ಅವುಗಳಲ್ಲಿ ಕೆಬಿಎಲ್ ಎಂಪಾಸ್ ಬುಕ್ ಮತ್ತು ಕೆಬಿಎಲ್ ಅಪ್ನಾ ಆಪ್ (ಎರಡೂ ಮೊಬೈಲ್ ಸೇವೆಗಳು), ಕೆಬಿಎಲ್ ಡೈರೆಕ್ಟ್ ಪೇ (ಮೊಬೈಲ್ ರೀಚಾರ್ಜ್ / ಯುಟಿಲಿಟಿ ಬಿಲ್ ಪೇಮೆಂಟ್) ಆನ್‌ಲೈನ್‌ನಲ್ಲಿ ಖಾತೆ ತೆರೆಯುವ ಸೌಲಭ್ಯ ಮತ್ತು ಆದಾಯ ಕರವನ್ನು ಇ-ಫೈಲಿಂಗ್ ಮೂಲಕ ಸಂದಾಯ ಮಾಡುವ ಸೌಲಭ್ಯ, ಮೆ ಕ್ಲಿಯರ್ ಟ್ಯಾಕ್ಸ್ ಸಂಸ್ಥೆಯ ಸಹಯೋಗಿತ್ವದಲ್ಲಿ ಪ್ರಮುಖವಾಗಿವೆ.

ಗ್ರಾಹಕರ ಅನುಕೂಲಕ್ಕಾಗಿ ಬ್ಯಾಂಕಿನ ಸತತ ಪ್ರಯೋಗಶೀಲತೆ ಪ್ರಯತ್ನದ ಫಲವಾಗಿ ಬ್ಯಾಂಕು ಆನ್‌ಲೈನ್‌ನಲ್ಲಿ ಖಾತೆ ತೆರೆಯುವ ಸೌಲಭ್ಯವನ್ನು ಕಲ್ಪಿಸಿದ್ದು, ಇದು ಬಹಳ ತ್ವರಿತವಾಗಿ ಹಾಗೂ ಗ್ರಾಹಕರ ಅನುಕೂಲದ ಯಾವುದೇ ಹೊತ್ತಿನಲ್ಲಿ ಯಾವ ಸ್ಥಳದಲ್ಲಿದ್ದರೂ ಈ ಚೌಕಟ್ಟು (ಪೋರ್ಟಲ್)ನ್ನು ಬಳಸಬಹುದಾಗಿದೆ.

ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ ಮಾರ್ಗದರ್ಶಿಕೆ ಹಾಗೂ ಗ್ರಾಹಕರ ಸೇವೆ ಬಗೆಗಿನ ದಾಮೋದರನ್ ಸಮಿತಿ ಅನುಮೋದನೆಗಳನ್ನು ನಿಮ್ಮ ಬ್ಯಾಂಕು ನಿಷ್ಠವಾಗಿ ಪಾಲಿಸಿಕೊಂಡು ಬರಲುಬೇಕಾದ, ಬ್ಯಾಂಕಿಂಗ್ ವ್ಯವಸ್ಥೆ ಮತ್ತು ನಡವಳಿಯನ್ನು ಪೂರೈಸುತ್ತಾ, ಅತ್ಯುತ್ತಮ ಗ್ರಾಹಕರ ಸೇವೆಯನ್ನು ವಿಸ್ತರಿಸುತ್ತಾ, ಕುಂದುಕೊರತೆ ಸುಧಾರಣಾ ವ್ಯವಸ್ಥೆಯ ಪ್ರಕ್ರಿಯೆಯನ್ನು ಬ್ಯಾಂಕು ಸಮರ್ಥವಾಗಿ ಅನುಷ್ಠಾನಿಸುತ್ತಾ ಬರುತ್ತಿದೆ. ಈ ನಿಟ್ಟಿನಲ್ಲಿ ಬ್ಯಾಂಕು 'ಆನ್‌ಲೈನ್ ಗ್ರಿವೇನ್ಸ್ ರಿಡ್ರೆಸ್‌ಲ್ ಸಿಸ್ಟಮ್'ನ್ನು ಅನುಷ್ಠಾನಿಸಿದ್ದು, ಗ್ರಾಹಕರ ದೂರು ಏನಾದರೂ ಇದ್ದರೆ ಅತ್ಯಂತ ಕ್ಷಿಪ್ರವಾಗಿ ಅದರ ಉಪಶಮನ/ಪರಿಹಾರಗೊಳಿಸುವ ನಿಟ್ಟಿನಲ್ಲಿ ಕ್ರಮ ಜರುಗಿಸುತ್ತದೆ. ತನ್ಮೂಲಕ ನಿರಂತರವಾಗಿ ಅಡತಡೆರಹಿತ, ದೋಷರಹಿತ, ಆತಂಕರಹಿತ ಸೇವೆ ನೀಡುತ್ತಾ ಇದೆ. ಈ ವ್ಯವಸ್ಥೆಯ ಮೂಲಕ ಅತ್ಯಪ್ಪ ಗ್ರಾಹಕರು ಆನ್‌ಲೈನ್‌ನಲ್ಲಿ ತಮಗಾದ ಕುಂದುಕೊರತೆ ಕುರಿತು ದೂರು ಸಲ್ಲಿಸಬಹುದಾಗಿದ್ದು, ದೂರಿನ ಸ್ಥಿತಿಗತಿಯ ಬಗ್ಗೆ ಮಾಹಿತಿಯನ್ನು ಬ್ಯಾಂಕಿನ ವೆಬ್‌ಸೈಟ್ ಮೂಲಕ ಪರಿವೀಕ್ಷಿಸಬಹುದು. ಮೇಲೆ ತಿಳಿಸಿದ ಸಮಿತಿ ಅನುಮೋದಿಸಿದ ಉಪಕ್ರಮಗಳಲ್ಲಿ ಹೆಚ್ಚಿನವುಗಳನ್ನು ನಿಮ್ಮ ಬ್ಯಾಂಕು ಈಗಾಗಲೇ ಕಾರ್ಯಗತಗೊಳಿಸಿದ್ದು, ಬಾಕಿ ಉಳಿದಿರುವ ಕೆಲವೊಂದು ಅಂಶಗಳ ಅನುಷ್ಠಾನಕ್ಕಾಗಿ ಬ್ಯಾಂಕಿನ 'ಕೋರ್ ಬ್ಯಾಂಕಿಂಗ್ ಸೊಲ್ಯೂಶನ್ಸ್' ವ್ಯವಸ್ಥೆ ಇನ್ನೂ ಉನ್ನತ ಮಟ್ಟಕ್ಕೆ ತಲಪಬೇಕಾದ ಅವಶ್ಯಕತೆಯಿರುವುದರಿಂದ ಅದನ್ನು ಅತೀ ಶೀಘ್ರದಲ್ಲಿ ಅನುಷ್ಠಾನಕ್ಕೆ ತರಲಾಗುವುದು.



Facility of Online application system and credit proposal tracking system for Micro, Small and Medium Enterprises (MSME) has also been put in place under which entrepreneurs/applicants can submit applications Online for credit facility from any branch of their choice and track the status of such applications besides tracking the status of their applications submitted directly at branches.

Your Bank has also established a special purpose vertical called IT enabled Business Solution Cell i.e "IT Bus Cell" which shall identify/provide/enable IT based solutions to the business and other units of the Bank by conceiving/conceptualizing new products, services and processes ultimately to enhance the customers satisfaction and their experience with the product / services offered by the Bank.

**FINANCIAL INCLUSION**

Financial Inclusion means making available the full range of banking services at an affordable cost to the people who do not have access to banking services. It mainly focuses on the section of society not having formal financial institutional support. Through the Financial Inclusion Plan, Bank aims at 'connecting people' with the Bank and not just opening accounts. This includes meeting the small credit needs of the rural public, giving them access to the payments system, providing remittance facility and life and health insurance. Efforts are being made to optimize the resources to achieve the goal of extending banking facilities to the unbanked areas/deprived sections.

All the branches of the Bank are under Core Banking Solution (CBS) and all the branches to be opened in future will also be under CBS. Out of 725 branches, Bank has 163 rural branches and all these branches are provided with CBS offering all banking facilities to the rural clientele in the gram panchayats or villages where these branches are located. All the rural branches are also acting as Financial Literacy Centers (FLCs) and imparting Banking literacy among the rural Populace.

In accordance with announcement of Prime Minister Jan Dhan Yojana (PMJDY) on August 15, 2014 revised Strategy & Guidelines of Department of Financial Services (DFS), Ministry of Finance, Govt. of India, has been considered for implementation of Financial Inclusion activity of the Bank. PMJDY takes in to account both rural sub service areas (SSAs) and urban wards for Financial Inclusion. Under the revised financial inclusion plan, in rural areas, Bank is allocated with 214 Gram Panchayats (GPs) for Financial Inclusion, covering 297 Sub service Areas (SSAs) consisting of 1039 villages in the states of Karnataka, Chattisgarh Maharashtra and Andhra Pradesh and in urban areas 313 wards are allocated in Karnataka and other States. The Gram Panchayats are being financially included through Brick and Mortar Branches and Business Correspondents (BC). Your Bank has been issuing RuPay PMJDY Debit Cards under the domestic card payment scheme launch by the National Payments Corporation of India (NPCI).

ಅತೀ ಸಣ್ಣ, ಸಣ್ಣ ಹಾಗೂ ಮಧ್ಯಮ ಉದ್ಯಮ (ಎಂಎಸ್‌ಎಂಇ)ಗಳಿಗಾಗಿ ಆನ್‌ಲೈನ್ ಅಪ್ಲಿಕೇಶನ್ ಸಿಸ್ಟಮ್ ಮತ್ತು ಕ್ರೆಡಿಟ್ ಪ್ರೋಸೆಸ್‌ಲ್ ಟ್ರಾಕಿಂಗ್ ಸಿಸ್ಟಮ್ ಈಗಾಗಲೇ ಅನುಷ್ಠಾನಕ್ಕೆ ಬಂದಿದ್ದು ಗ್ರಾಹಕರು ಆನ್‌ಲೈನ್ ಮೂಲಕ ಮುಂಗಡಕ್ಕೆ ಅರ್ಜಿ ಸಲ್ಲಿಸಬಹುದಾಗಿದೆ ಮತ್ತು ಅರ್ಜಿಯ ಸ್ಥಿತಿಗತಿಯನ್ನು ಸಿಸ್ಟಮ್‌ನಲ್ಲಿ ಪರಿವೀಕ್ಷಿಸಬಹುದು. ಆನ್‌ಲೈನ್ ಮೂಲಕ ಅರ್ಜಿ ಸಲ್ಲಿಸುವಾಗ ತಮ್ಮ ಅನುಕೂಲದ ಶಾಖೆಯನ್ನು ಆಯ್ಕೆ ಮಾಡಿಕೊಳ್ಳುವ ಸ್ವಾತಂತ್ರ್ಯ ಗ್ರಾಹಕರಿಗೆ ಇರುತ್ತದೆ. ಅಲ್ಲದೇ ಶಾಖೆಯ ಮೂಲಕ ಸಲ್ಲಿಸಿದ ಅರ್ಜಿಯ ಸ್ಥಿತಿಗತಿಯನ್ನು ಸಿಸ್ಟಮ್‌ನಲ್ಲಿ ಪರಿವೀಕ್ಷಿಸಬಹುದಾಗಿದೆ.

ನಿಮ್ಮ ಬ್ಯಾಂಕು ಐಟಿ ಎನೇಬಲ್ಡ್ ಬ್ಯುಸಿನೆಸ್ ಸೊಲ್ಯೂಶನ್ ಸೆಲ್ ಅಂದರೆ "ಐಟಿ ಬಸ್ ಸೆಲ್", ಎನ್ನುವ ವಿಶೇಷ ಉದ್ದೇಶದ ವರ್ಟಿಕಲ್‌ನ್ನು ಸ್ಥಾಪಿಸಿದ್ದು, ಇದು ಮಾಹಿತಿ ತಂತ್ರಜ್ಞಾನದ ಕುರಿತಾಗಿ ವಿಶೇಷ ಮಾಹಿತಿ ಬ್ಯಾಂಕಿನ ನವೀನ ಉತ್ಪನ್ನ ಬಗ್ಗೆ ಮಾಹಿತಿ, ಸೇವೆಯ ಕುರಿತಾಗಿ ಮಾಹಿತಿಯನ್ನು ಗ್ರಾಹಕರು ತೃಪ್ತಿ ಹೊಂದುವ ರೀತಿಯಲ್ಲಿ ನೀಡಿ ಬ್ಯಾಂಕ್ ಉತ್ಪನ್ನ, ಬ್ಯಾಂಕಿನ ವಿವಿಧ ಸೇವೆಗಳ ಬಗ್ಗೆ ಅವರು ಹೆಚ್ಚು ಅರಿಯುವಂತೆ ಮಾಡುತ್ತದೆ.

**ವಿತ್ತೀಯ ಸೇರ್ಪಡೆ**

ವಿತ್ತೀಯ ಸೇರ್ಪಡೆ ಎಂದರೆ, ಆಧುನಿಕ, ಸುಸಜ್ಜಿತ, ಪೂರ್ಣ ಸ್ವರದ ಬ್ಯಾಂಕಿಂಗ್ ಸೇವೆಯನ್ನು ಕೈಗೆಟುಕುವ ವೆಚ್ಚದಲ್ಲಿ, ಕಡಿಮೆ ಆದಾಯದ ಜನಸಾಮಾನ್ಯರಿಗೆ ಮತ್ತು ಬ್ಯಾಂಕಿಂಗ್ ಸೇವೆಯನ್ನು ಪಡೆಯುವಷ್ಟು ಸ್ಥಿತಿ, ಮಾಹಿತಿ ಇಲ್ಲದವರಿಗೂ ತಲುಪಿಸುವುದೇ ಆಗಿದೆ. ಯಾವುದೂದೂ ಸಾಮಾನ್ಯ ಆರ್ಥಿಕ ಸಂಸ್ಥೆಗಳ ಬೆಂಬಲವಿಲ್ಲದ ಸಮಾಜದ ದೀನಾತೀದೀನ ಮಂದಿಯ ಮನೆ ಬಾಗಿಲಿಗೆ ಬ್ಯಾಂಕಿಂಗ್ ಸೇವೆಯನ್ನು ತಲುಪಿಸುವುದು, ವಿತ್ತೀಯ ಸೇರ್ಪಡೆಯ ಮೂಲ ಉದ್ದೇಶ. ವಿತ್ತೀಯ ಸೇರ್ಪಡೆ ಯೋಜನೆಯು ಕೇವಲ ಖಾತೆಗಳನ್ನು ತೆರೆಸುವುದಕ್ಕಷ್ಟೇ ಪರಿಮಿತವಾಗಿರದೇ, ಜನರನ್ನು ಬ್ಯಾಂಕಿಗೆ ಆಕರ್ಷಿಸಿ ಅವರನ್ನು ಬ್ಯಾಂಕ್ ಪ್ರವಹಾರಗಳೊಂದಿಗೆ ನಿಕಟಗೊಳಿಸುವುದು ಇದರ ಪ್ರಮುಖ ಧ್ಯೇಯವಾಗುತ್ತದೆ. ಜನಸಾಮಾನ್ಯರ ಸಣ್ಣ ಸ್ವರೂಪದ ಆರ್ಥಿಕ ಬೇಡಿಕೆಯನ್ನು ತೃಕಣ ಪೂರೈಸುವುದು, ಬ್ಯಾಂಕಿನ ಪಾವತಿ ವ್ಯವಸ್ಥೆಯನ್ನು ಸದಾ ಅವರಿಗೆ ತಿಳಿಯಪಡಿಸುವುದು, ಹಣ ವರ್ಗಾವಣೆಯ ಸೌಲಭ್ಯವನ್ನು ಅವರಿಗೆ ಮನದಟ್ಟು ಮಾಡಿ ಪರಿಚಯಿಸುವುದು, ಆರೋಗ್ಯ ಮತ್ತು ಜೀವಮಾನ ಪಾಲಿಸಿಗಳ ಬಗ್ಗೆ ಅವರಿಗೆ ಮನದಟ್ಟಾಗಿಸುವುದು, ಒಗ್ಗೂಡಿಕೆಯ ಕೆಲವೊಂದು ಇತರ ಮಗ್ಗುಲಗಳಾಗಿವೆ. ಬ್ಯಾಂಕಿಂಗ್ ಸೇವಾ ವಂಚಿತರಿಗ/ಬ್ಯಾಂಕ್ ಶಾಖೆಗಳಿಲ್ಲದ ಹಳ್ಳಿಗಳಲ್ಲೂ ಬ್ಯಾಂಕ್ ಶಾಖೆಗಳನ್ನು ತೆರೆಯುವಲ್ಲಿ ಸಂಪನ್ಮೂಲ ಆಕರಣೆಯ ಸಾಕಷ್ಟು ಪ್ರಯತ್ನಗಳು, ಪ್ರಯೋಗಗಳು ಸಾಗಿವೆ.

ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಎಲ್ಲಾ ಶಾಖೆಗಳು 'ಕೋರ್ ಬ್ಯಾಂಕಿಂಗ್ ಸೊಲ್ಯೂಶನ್' ಅಧೀನ ಕಾರ್ಯ ನಿರ್ವಹಿಸುತ್ತಿದ್ದು ಮುಂದೆ ಸ್ಥಾಪಿಸಲ್ಪಡುವ ಎಲ್ಲಾ ಶಾಖೆಗಳು ಇದೇ ತಂತ್ರಜ್ಞಾನದಿಂದ ಆಧರಿಸಲ್ಪಡುತ್ತವೆ. ಪ್ರಸಕ್ತವಿರುವ 725 ಶಾಖೆಗಳಲ್ಲಿ 163 ಶಾಖೆಗಳು ಗ್ರಾಮಾಂತರ ಪ್ರದೇಶಗಳಲ್ಲಿದ್ದು, ಇವೆಲ್ಲವೂ 'ಸಿಬಿಎಸ್' ತಂತ್ರಜ್ಞಾನದಲ್ಲಿ ಕಾರ್ಯ ನಿರ್ವಹಿಸುತ್ತಿವೆ. ಇವುಗಳು ತಂತ್ರಜ್ಞಾನಾವೃತ ಅತ್ಯಾಧುನಿಕ ತ್ವರಿತ ಬ್ಯಾಂಕಿಂಗ್ ಸೇವೆಯನ್ನು ಗ್ರಾಮ ಪಂಚಾಯತ್‌ನಲ್ಲಿರುವ ಗ್ರಾಮಾಂತರ ಶ್ರೀಸಾಮಾನ್ಯರಿಗೂ ಒದಗಿಸುತ್ತವೆ. ಈ ಎಲ್ಲಾ ಶಾಖೆಗಳು ಆರ್ಥಿಕ ಸಾಕ್ಷರತೆಯನ್ನು ಬಿತ್ತರಿಸುವ ಪ್ರತಿನಿಧಿಗಳಾಗಿಯೂ ಕಾರ್ಯ ನಿರ್ವಹಿಸುತ್ತಿವೆ.

ಅಗೋಸ್ಟ್ 15, 2014ರಂದು ಉದ್ಘಾಟನೆಗೊಂಡಂತಹ ಕೇಂದ್ರ ಸರ್ಕಾರದ 'ಪ್ರಧಾನಮಂತ್ರಿ ಜನ್‌ಧನ್ ಯೋಜನೆ', ಆರ್ಥಿಕ ಮಂತ್ರಾಲಯದ, ವಿತ್ತೀಯ ಸೇವಾ ವಿಭಾಗದ ಮಹತ್ವಾಕಾಂಕ್ಷಿ ಯೋಜನೆ ಆಗಿದ್ದು, ಇದರ ರೂಪುರೇಷೆ, ಮಾರ್ಗದರ್ಶಿಕೆ, ಕಾರ್ಯೋನ್ಮುಖತೆಯು ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ವಿತ್ತೀಯ ಸೇರ್ಪಡೆ ಚಟುವಟಿಕೆಗಳಿಗೆ ಮತ್ತಷ್ಟು ವೇಗೋತ್ಕರ್ಷ ನೀಡಿದೆ. ಪ್ರಧಾನಮಂತ್ರಿ ಜನ್‌ಧನ್ ಯೋಜನೆಯು ಅರೆಸೇವಾ ಗ್ರಾಮೀಣ ಪ್ರದೇಶಗಳಲ್ಲಿ ಅಂತೆಯೇ ಅರ್ಬನ್ ವಾರ್ಡ್‌ಗಳಲ್ಲಿ ವಿತ್ತೀಯ ಸೇರ್ಪಡೆಗೆ ಜನಾಕರ್ಷಣೀಯ ಯೋಜನೆಯಾಗಿದೆ. ಈ ಪರಿಷ್ಕೃತ ವಿತ್ತೀಯ ಸೇರ್ಪಡೆ ಯೋಜನೆಯಲ್ಲಿ 214 ಗ್ರಾಮಪಂಚಾಯತ್‌ಗಳಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕಿಗೆ 297 ಅರೆಸೇವಾ ಗ್ರಾಮೀಣ ಕ್ಷೇತ್ರಗಳು ಹಂಚಲ್ಪಟ್ಟಿದ್ದು ಒಟ್ಟು 1039 ಹಳ್ಳಿಗಳು ಕರ್ನಾಟಕ, ಛತ್ತೀಸ್‌ಗಢ, ಮಹಾರಾಷ್ಟ್ರ ಮತ್ತು ಆಂಧ್ರ ರಾಜ್ಯಗಳಲ್ಲಿ, ಅಂತೆಯೇ ಅರ್ಬನ್ ವಾರ್ಡ್ ಕ್ಷೇತ್ರದಲ್ಲಿ 313 ವಾರ್ಡ್‌ಗಳು ಹಂಚಲ್ಪಟ್ಟಿದ್ದು ಇವು ಕರ್ನಾಟಕ ಮತ್ತು ಇತರ ರಾಜ್ಯಗಳಲ್ಲಿವೆ. ಗ್ರಾಮ ಪಂಚಾಯತ್‌ಗಳೂ ವಿತ್ತೀಯ ಸೇರ್ಪಡೆಯಲ್ಲಿ ಬ್ರಿಕ್ ಮತ್ತು ಮೋರ್ಟರ್ ಶಾಖೆಗಳಿಂದ ಮತ್ತು ವ್ಯವಹಾರ ಪ್ರತಿನಿಧಿಗಳಿಂದ ಬ್ಯಾಂಕಿಂಗ್ ಸೇವೆಗಳನ್ನು ಪಡೆಯುತ್ತಿವೆ ಹಾಗೂ ನಿಮ್ಮ ಬ್ಯಾಂಕು RuPay ಪಿಎಂಜಿಡಿವೈ ಡೆಬಿಟ್ ಕಾರ್ಡ್‌ನ್ನು ನ್ಯಾಶನಲ್ ಪೇಮೆಂಟ್ ಕಾರ್ಪೊರೇಶನ್ ಆಫ್ ಇಂಡಿಯಾ (ಎನ್‌ಪಿಸಿಐ) ಪ್ರಾರಂಭಿಸಿದ ದೇಶೀಯ ಕಾರ್ಡ್ ವ್ಯವಸ್ಥೆಯ ಅಡಿಯಲ್ಲಿ ವಿತರಣೆ ಮಾಡಿದೆ.

**Brick and Mortar Branches:**

As on March 31, 2016 Bank has covered 547 villages of 102 GPs through Brick & Mortar Branches.

**Business Correspondent Services (BC Services):**

Bank has entered into an agreement with M/s BASIX Sub-ki Transaction Ltd and M/s Integra Micro Systems Pvt. Ltd. to provide online transaction facility and as on March 31, 2016, 121 GPs with 149 SSAs covering 561 villages of Karnataka, Andhra Pradesh and Chhattisgarh States were covered under the above arrangement.

**Ultra Small Branches (USBs):**

As permitted by the Reserve Bank of India Bank had opened USBs where business correspondents (BCs) could conduct operations and thereby boost confidence of customers to use their financial services. As on 31<sup>st</sup> March 2016, your Bank has 37 USBs.

**Electronic Benefit Transfer (EBT) - Pilot Project of Govt. of Karnataka:**

Bank is participating in Govt. of Karnataka (GOK) EBT Pilot project for NREGA/SSP beneficiaries under - "One District - Many Bank Model" and is disbursing the payments under the above schemes to the beneficiaries using smart card and hand held machines at 5 Gram Panchayat locations in Chitradurga and Yadgir districts.

**Direct Benefit Transfer (DBT):**

Bank is actively participating in Direct Benefit Transfer (DBT) Programme of Govt. India, wherein, the Govt. would transfer benefits of various Schemes directly to the beneficiaries Aadhaar enabled bank accounts and also accounts seeded with LPG ID in case of transfer of subsidy for LPG. For this purpose, Bank has on boarded with NPCI for Aadhaar Payment Bridge System (APBS) under National Automated Clearing House (NACH). Revised DBTL was introduced on November 15, 2014 and launched throughout the country on January 1, 2015. Both the Aadhaar based and LPG ID based approaches are made available to customers across all branches of the Bank.

**Financial Literacy and Credit Counseling Centers (FLCCs)**

Bank has sponsored 5 FLCs at B.C Road, Tiptur, Hangal, Kundagol and Alur in a joint venture with M/s Jnana Jyothi Financial Literacy and Credit Counseling Trust, Manipal. During the financial year 5 FLCs sponsored by the Bank have conducted 1321 Financial Literacy campaigns and 58161 participants had been covered. In adherence to RBI guidelines all the rural branches of your Bank are also conducting financial literacy Camps.

**ಬ್ರಿಕ್ ಎಂಡ್ ಮೋರ್ಟರ್ ಶಾಖೆಗಳು:**

ಮಾರ್ಚ್ 31, 2016ಕ್ಕೆ ನಿಮ್ಮ ಬ್ಯಾಂಕು 102 ಗ್ರಾಮಪಂಚಾಯತ್‌ಗಳ 547 ಹಳ್ಳಿಗಳಲ್ಲಿ ಬ್ರಿಕ್ ಮತ್ತು ಮೋರ್ಟರ್ ಶಾಖೆಗಳ ಮೂಲಕ ಬ್ಯಾಂಕಿಂಗ್ ಸೇವೆ ನೀಡುತ್ತಿದೆ.

**ಬ್ಯುಸಿನೆಸ್ ಕರೆಸ್ಪಾಂಡೆಂಟ್ ಸರ್ವೀಸಸ್:**

ಮೆ ಬಾಸಿಕ್ ಸಬ್-ಕಿ ಟ್ರಾನ್ಸಾಕ್ಷನ್ ಲಿಮಿಟೆಡ್ ಮತ್ತು ಇಂಟೆಗ್ರಾ ಮೈಕ್ರೋ ಸಿಸ್ಟಮ್ಸ್ ಪ್ರೈವಿಟ್ ಲಿಮಿಟೆಡ್‌ಗಳೊಂದಿಗೆ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಒಪ್ಪಂದವನ್ನು ಏರ್ಪಡಿಸಿಕೊಂಡಿದ್ದು, 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ಆನ್‌ಲೈನ್ ಟ್ರಾನ್ಸಾಕ್ಷನ್ ಸೌಲಭ್ಯದ ಮೂಲಕ ಕರ್ನಾಟಕ, ಆಂಧ್ರಪ್ರದೇಶ ಮತ್ತು ಛತ್ತೀಸ್‌ಗಢ ರಾಜ್ಯಗಳಲ್ಲಿನ 121 ಗ್ರಾಮಪಂಚಾಯತ್‌ಗಳ 149 ಅರೆಸೇವಾ ಕೇಂದ್ರಗಳಲ್ಲಿ ಒಟ್ಟು 561 ಹಳ್ಳಿಗಳನ್ನು ವ್ಯಾಪ್ತಿಸುವಂತೆ ಅತ್ಯುತ್ತಮ ಸೇವೆ ನೀಡುತ್ತಿದೆ.

**ಅತೀ ಸಣ್ಣ ಶಾಖೆಗಳು:**

ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕು ನೀಡಿದ ಪರವಾನಿಗೆಯಂತೆ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಗ್ರಾಮಾಂತರ ಪ್ರದೇಶಗಳಲ್ಲಿ ಅತೀ ಸಣ್ಣ ಶಾಖೆಗಳನ್ನು ತೆರೆದಿದ್ದು, ಈ ಶಾಖೆಗಳು ವ್ಯವಹಾರ ಪ್ರತಿನಿಧಿಗಳ ಮೂಲಕ ಗ್ರಾಮಾಂತರ ಮಂದಿಗೆ ತಮ್ಮ ಆರ್ಥಿಕ ಚಟುವಟಿಕೆ, ವ್ಯವಹಾರ ನಡೆಸುವಂತೆ ಪ್ರೋತ್ಸಾಹಿಸಿದೆ. ಗ್ರಾಮಾಂತರ ಜನರಿಗೆ ಇದು ಹೆಚ್ಚಿನ ಆತ್ಮವಿಶ್ವಾಸ ಮೂಡಿಸಬಲ್ಲುದಾಗಿದೆ. 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ನಿಮ್ಮ ಬ್ಯಾಂಕು 37 ಅತೀ ಸಣ್ಣ ಶಾಖೆಗಳನ್ನು ಹೊಂದಿದೆ.

**ವಿದ್ಯುನ್ಮಾನ ಫಲ ವರ್ಗಾವಣೆ - ಕರ್ನಾಟಕ ಸರ್ಕಾರದ ಮಾರ್ಗದರ್ಶಿ ಯೋಜನೆ :**

ಕರ್ನಾಟಕ ಸರ್ಕಾರದ ಮಾರ್ಗದರ್ಶಿ ಯೋಜನೆ, ವಿದ್ಯುನ್ಮಾನ ಫಲ ವರ್ಗಾವಣೆಯಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಕೈ ಜೋಡಿಸಿದೆ. ಈ ಯೋಜನೆಯು 'ನ್ಯಾಶನಲ್ ರೂರಲ್ ಎಂಪ್ಲಾಯಿಮೆಂಟ್ ಗ್ಯಾರಂಟಿ ಆಕ್ಟ್ ಮತ್ತು 'ಸೋಶಿಯಲ್ ಸೆಕ್ಯೂರಿಟಿ ಪೆನ್ಷನ್' ಫಲಾನುಭವಿಗಳಿಗೆ ಓಂದು ಜೆಟ್ಲೆ - ಬಹು ಬ್ಯಾಂಕ್ ಮಾದರಿ' ಎನ್ನುವ ಶಿರೋನಾಮೆಯಡಿ ವಿದ್ಯುನ್ಮಾನ ಫಲ ವರ್ಗಾವಣಾ ಸೇವೆಗಳನ್ನು ನೀಡುತ್ತಿದೆ. ಚಿತ್ರದುರ್ಗ ಮತ್ತು ಯಾದಗಿರಿ ಜಿಲ್ಲೆಗಳ 5 ಗ್ರಾಮ ಪಂಚಾಯತ್ ವ್ಯಾಪ್ತಿಯಲ್ಲಿನ ಯಂತ್ರಗಳಿಂದ ಸರ್ವ ಫಲಾನುಭವಿಗಳಿಗೂ ಸಹ ವಿದ್ಯುನ್ಮಾನ ಫಲ ವರ್ಗಾವಣೆ ಸೇವೆ, 'ಸ್ಮಾರ್ಟ್ ಕಾರ್ಡ್' ಬಳಕೆಯ ಮೂಲಕ ನಡೆಯುತ್ತಿದೆ.

**ನೇರ ಫಲ ವರ್ಗಾವಣೆ:**

ಕೇಂದ್ರ ಸರ್ಕಾರದ 'ನೇರ ಫಲ ವರ್ಗಾವಣೆ' ಯೋಜನೆಯಲ್ಲಿ ಬ್ಯಾಂಕು ಭಾಗವಹಿಸಿದ್ದು, ವಿವಿಧ ಯೋಜನೆಗಳ ಫಲಾನುಭವಿಗಳ ಫಲವು ಬ್ಯಾಂಕಿನ ಖಾತೆಗಳ ಮೂಲಕ ನೇರವಾಗಿ ಆಧಾರ್ ಕಾರ್ಡ್ ಸಂಯೋಜಿತ ಬ್ಯಾಂಕ್ ಖಾತೆಗೆ ಜಮಾಗೊಳ್ಳುತ್ತದೆ. ಅಡುಗೆ ಅನಿಲ ಸಿಲಿಂಡರ್ ಮೇಲಣ ಸಬ್ಸಿಡಿ ಸಹ ಎಲ್‌ಪಿಜಿ-ಐಡಿ ಸಂಯೋಜನೆಯೊಂದಿಗೆ ನೇರವಾಗಿ ಖಾತೆಗೆ ಜಮಾಗೊಳ್ಳುತ್ತದೆ. ಈ ಉದ್ದೇಶಕ್ಕಾಗಿ ಬ್ಯಾಂಕು ಆಧಾರ್ ಕಾರ್ಡ್ ಬ್ರಿಡ್ಜ್ ಸಿಸ್ಟಮ್‌ಗಾಗಿ ಎನ್‌ಪಿಐಐ ಸಹಯೋಗದೊಂದಿಗೆ ನ್ಯಾಶನಲ್ ಅಟೋಮೋಟಿವ್ ಕ್ಲಿಯರಿಂಗ್ ಹೌಸ್‌ನೊಂದಿಗೂ ಒಪ್ಪಂದಕ್ಕೆ ಬಂದಿದೆ. ದಿನಾಂಕ 15 ನವಂಬರ್ 2014ರಂದು ಪರಿಷ್ಕೃತ ಡಿಬಿಟಿಎಲ್ ಜಾರಿಗೆ ಬಂದಿದ್ದು, ದೇಶಾದ್ಯಂತ ಇದು 1 ಜನವರಿ 2015ಕ್ಕೆ ಪ್ರತಿಷ್ಠಾಪನೆಗೊಂಡು ಆಧಾರ್ ಆಧಾರಿತ ಮತ್ತು ಎಲ್‌ಪಿಜಿ ಐಡಿ ಆಧಾರಿತ ಅಭಿಗಮನವು ದೇಶಾದ್ಯಂತ ಫಲಾನುಭವಿಗಳಿಗೆ ಲಭಿಸುವಂತಾಗಿದೆ.

**ವಿತ್ತೀಯ ಸಾಕ್ಷರತೆ ಮತ್ತು ಮುಂಗಡ ಸಮಾಲೋಚನಾ ಕೇಂದ್ರಗಳು**

ನಿಮ್ಮ ಬ್ಯಾಂಕು 5 ವಿತ್ತೀಯ ಸಾಕ್ಷರತೆ ಮತ್ತು ಮುಂಗಡ ಸಮಾಲೋಚನಾ ಕೇಂದ್ರಗಳನ್ನು ಮಣಿಪಾಲದ ಮೆ ಜ್ಞಾನ ಜ್ಯೋತಿ ವಿತ್ತೀಯ ಸಾಕ್ಷರತೆ ಮತ್ತು ಮುಂಗಡ ಸಮಾಲೋಚನಾ ಟ್ರಸ್ಟ್‌ನ ಜಂಟಿ ಸಹಯೋಗದಿಂದ ಬಿ.ಸಿ.ರೋಡ್, ತಿಪಟೂರು, ಹಾನಗಲ್, ಕುಂದಗೋಳ ಮತ್ತು ಆಲೂರಿನಲ್ಲಿ ಸ್ಥಾಪಿಸಿದೆ. ಪ್ರಸ್ತುತ ಆರ್ಥಿಕ ವರ್ಷದಲ್ಲಿ ಬ್ಯಾಂಕ್ ಪ್ರಾಯೋಜಿಸಿದ ಈ 5 ಕೇಂದ್ರಗಳಿಂದ ಒಟ್ಟು 1321 ವಿತ್ತೀಯ ಸಾಕ್ಷರತಾ ಕ್ಯಾಂಪುಗಳು ಜರಗಿದ್ದು ಒಟ್ಟು 58161 ಮಂದಿ ಭಾಗವಹಿಸಿ ಪ್ರಯೋಜನ ಹೊಂದಿದ್ದಾರೆ. ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ ಮಾರ್ಗದರ್ಶಿಕೆಯಂತೆ ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಎಲ್ಲಾ ಗ್ರಾಮಾಂತರ ಶಾಖೆಗಳು ವಿತ್ತೀಯ ಸಾಕ್ಷರತಾ ಕ್ಯಾಂಪುಗಳನ್ನು ಯಶಸ್ವಿಯಾಗಿ ಜರಗಿಸುತ್ತಿವೆ.

**SOCIAL SECURITY SCHEMES:**

Three Social Security Schemes- Prime Minister Jeevan Jyothi Bima Yojana (PMJJBY), Prime Minister Suraksha Bima Yojana (PMSBY) and Atal Pension Yojana (APY) have been launched by Hon'ble Prime Minister on 1<sup>st</sup> June 2015. All the branches of your Bank are actively providing the above schemes to the customers across the country.

- 1) PMJJBY provides Insurance coverage of ₹2,00,000/- by paying yearly premium of ₹330/-. A person aged between 18 to 50 years holding account in a bank is eligible for the scheme. A total of 1,42,647 lives have been covered till 31.03.2016.
- 2) PMSBY provides Accidental insurance coverage of ₹2,00,000 by paying year premium of ₹12/-. A person aged between 18 to 70 years holding account in a Bank is eligible for the scheme. A total of 2,07,053 lives have been covered till 31.03.2016
- 3) APY : This scheme was launched by the Government of India on 9<sup>th</sup> May, 2015 to address the old age income security needs of the citizen in an affordable manner linked to auto debit facility from the bank's savings account of the subscriber. Your Bank is actively participating in the scheme, with all branches being registered as Point of Presence - Service Provider (POP-SP) for APY.'

**Prime Minister Jan Dhan Yojana (PMJDY):**

In accordance with announcement of Prime Minister Jan Dhan Yojana (PMJDY) on August 15, 2014 revised Strategy & Guidelines of Department of Financial Services (DFS), Ministry of Finance, Govt. of India, has been considered for implementation of Financial Inclusion activity of the Bank. PMJDY takes in to account both rural semi urban, urban wards and metro for providing basic banking facilities to the unbanked populace. PMJDY also provides scope for RuPay debit card that is inclusive of ₹1 Lakh accidental insurance.

All the branches across the country have opened accounts under PMJDY and are issuing RuPay Debit Card under the domestic card payment scheme launched by the National Payments Corporation of India (NPCI).

A total of 15,60,754 accounts have been opened under PMJDY since 15.08.2014 till 31.03.2016, with outstanding balance of ₹1,266.42 crore. A total of 1,06,247 RuPay cards have been issued so far by the Bank.

**KBL VISION 2020**

During the financial year ended March 31, 2016, the Bank has unveiled its long term Vision document - KBL Vision 2020 reflecting the aspirations of all the stakeholders for achieving various targets taking

**ಸಾಮಾಜಿಕ ಭದ್ರತೆ ಯೋಜನೆಗಳು:**

ಮೂರು ಸಾಮಾಜಿಕ ಭದ್ರತೆ ಯೋಜನೆಗಳಾದ - 'ಪ್ರಧಾನಮಂತ್ರಿ ಜೀವನ್‌ಜ್ಯೋತಿ ಬಿಮಾ ಯೋಜನೆ', 'ಪ್ರಧಾನಮಂತ್ರಿ ಸುರಕ್ಷಾ ಬಿಮಾ ಯೋಜನೆ' ಮತ್ತು 'ಅಟಲ್ ಪಿಂಚಣಿ ಯೋಜನೆ' ಇವುಗಳು ಪ್ರಧಾನಮಂತ್ರಿಗಳಿಂದ 1 ಜೂನ್ 2015ರಂದು ಲೋಕಾರ್ಪಣೆಗೊಂಡವು. ನಿಮ್ಮ ಬ್ಯಾಂಕು ದೇಶಾದ್ಯಂತ ತನ್ನೆಲ್ಲಾ ಶಾಖೆಗಳ ಈ ಯೋಜನೆಗಳಿಗೆ ಚಾಲನೆ ನೀಡಿದೆ.

- 1) ಪ್ರಧಾನಮಂತ್ರಿ ಜೀವನ್‌ಜ್ಯೋತಿ ಬಿಮಾ ಯೋಜನೆಯನ್ವಯ ವಾರ್ಷಿಕ ₹330/- ಪ್ರೀಮಿಯಂ ಕಟ್ಟುವುದರ ಮೂಲಕ ₹2,00,000/- ವಿಮಾ ಭದ್ರತೆ ದೊರೆಯುತ್ತದೆ. ಒಬ್ಬ ವ್ಯಕ್ತಿ 18ರಿಂದ 50 ವರ್ಷ ಪ್ರಾಯದವರಾಗಿದ್ದು ಬ್ಯಾಂಕ್‌ನಲ್ಲಿ ಖಾತೆ ಹೊಂದಿದ್ದರೆ ಈ ಯೋಜನೆಗೆ ಸೇರಲು ಅರ್ಹರಾಗಿರುತ್ತಾರೆ. 31.03.2016ಕ್ಕೆ ಒಟ್ಟು 1,42,647 ವ್ಯಕ್ತಿಗಳಿಗೆ ಈ ಯೋಜನೆಯಡಿ ವಿಮಾ ಭದ್ರತೆ ದೊರಕಿದೆ.
- 2) ಪ್ರಧಾನಮಂತ್ರಿ ಸುರಕ್ಷಾಬಿಮಾ ಯೋಜನೆಯಲ್ಲಿ ಅಪಘಾತದ ಸಾವು ಸಂಭವಿಸಿದರೆ ₹2,00,000/- ವಿಮಾ ಭದ್ರತೆ ಸಿಗುತ್ತದೆ. ಈ ಯೋಜನೆಗೆ 18ರಿಂದ 70 ವರ್ಷಗಳ ವ್ಯಕ್ತಿಗಳಾಗಿದ್ದು, ಬ್ಯಾಂಕ್ ಖಾತೆ ಹೊಂದಿದ್ದರೆ ಈ ಯೋಜನೆಗೆ ಅರ್ಹರಾಗಿರುತ್ತಾರೆ. ವಾರ್ಷಿಕ ಪ್ರೀಮಿಯಂ ₹12/-, 31.03.2016ರ ತನಕ ಒಟ್ಟು 2,07,053 ವ್ಯಕ್ತಿಗಳಿಗೆ ಈ ಯೋಜನೆಯಡಿ ಭದ್ರತೆ ದೊರಕಿದೆ.
- 3) ಅಟಲ್ ಪಿಂಚಣಿ ಯೋಜನೆ: ಈ ಯೋಜನೆಯು ಕೇಂದ್ರ ಸರ್ಕಾರದಿಂದ ದಿನಾಂಕ 9 ಮೇ, 2015 ರಂದು ಆರಂಭಗೊಂಡಿತು. ವೃದ್ಧಾಪ್ಯದ ದಿನಗಳಿಗೆ ಆದಾಯ ಭದ್ರತೆ ನೀಡಬಲ್ಲ ಈ ಯೋಜನೆಗೆ ಬ್ಯಾಂಕಿನಲ್ಲಿ ಖಾತೆ ಹೊಂದಿದವರು, ಸಾಧ್ಯವಾದಷ್ಟು ಮಾಸಿಕ ಮೊತ್ತ ಕಡಿತಕ್ಕೆ ಬ್ಯಾಂಕ್ ಖಾತೆಗೆ ಆದೇಶ ನೀಡಬಹುದಾಗಿದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕು ಈ ಯೋಜನೆಯನ್ನು ನಾಗರಿಕರಿಗೆ ತಲುಪಿಸುವಲ್ಲಿ ಆದ್ಯ ಪ್ರಾಧಾನ್ಯ ನೀಡಿದ್ದು ಎಲ್ಲಾ ಶಾಖೆಗಳನ್ನು ಪಾಯಿಂಟ್ ಆಫ್ ಪ್ರೆಸೆನ್ಸ್-ಸರ್ವಿಸ್ ಪ್ರೊವೈಡರ್ (ಪಿಪಿಪಿ-ಎಸ್ಪಿ) ಅಟಲ್ ಪಿಂಚಣಿ ಯೋಜನೆಗಾಗಿ ಎಂದು ನೋಂದಾಯಿಸಲಾಗಿದೆ.

**ಪ್ರಧಾನಮಂತ್ರಿ ಜನ್‌ಧನ್ ಯೋಜನೆ (ಪಿಎಂಜಿಡಿವೈ):**

15 ಅಗೋಸ್ಟು 2014 ರಂದು ಘೋಷಣೆಯಾದ ಪ್ರಧಾನಮಂತ್ರಿ ಜನ್‌ಧನ್ ಯೋಜನೆಗೆ ವಿತ್ತೀಯ ಸೇವೆಗಳ ವಿಭಾಗ, ವಿತ್ತ ಸಚಿವಾಲಯ, ಭಾರತ ಸರ್ಕಾರದಿಂದ ಘೋಷಿಸಲ್ಪಟ್ಟ ಪರೀಕ್ಷಿತ ವ್ಯೂಹಾತ್ಮಕ ಅವಿಷ್ಕಾರ ಮತ್ತು ಮಾರ್ಗದರ್ಶಿಗಳ ಪ್ರಕಾರ ನಿಮ್ಮ ಬ್ಯಾಂಕಿನಲ್ಲಿ ಜಾರಿಗೆ ತರಲಾಗಿದೆ. ಗ್ರಾಮೀಣ, ಅರೆಪಟ್ಟಣ ಮತ್ತು ಮಹಾನಗರಗಳಲ್ಲಿನ ವಾರ್ಡಿನ ಜನಸಾಮಾನ್ಯರಿಗೆ ಬ್ಯಾಂಕಿಂಗ್ ಸೌಲಭ್ಯ ಒದಗಿಸುವುದು ಹಾಗೂ ಬ್ಯಾಂಕು ಸೌಲಭ್ಯ ವಂಚಿತರಾಗಿ ಗ್ರಾಮೀಣ ಪ್ರದೇಶಗಳಲ್ಲಿ ಬ್ಯಾಂಕ್ ಶಾಖೆಗಳು ತ್ವರಿತಗತಿಯಲ್ಲಿ ತೆರೆಯುವುದನ್ನು ಒಳಗೊಂಡಿರುತ್ತದೆ. ಈ ಯೋಜನೆಯು RuPay ಡೆಬಿಟ್ ಕಾರ್ಡ್‌ಗಳನ್ನು ಜನಸಾಮಾನ್ಯರಿಗೆ ನೀಡಿ ಅದು ₹1 ಲಕ್ಷ ಅಪಘಾತ ವಿಮಾ ಭದ್ರತೆಯನ್ನೂ ಒದಗಿಸುತ್ತದೆ.

ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಎಲ್ಲಾ ಶಾಖೆಗಳು ಈ ಯೋಜನೆಯಡಿ ಜನಸಾಮಾನ್ಯರ ಖಾತೆಗಳನ್ನು ತೆರೆದಿದ್ದು, RuPay ಪಿಎಂಜಿಡಿವೈ ಡೆಬಿಟ್ ಕಾರ್ಡ್‌ನ್ನು ನ್ಯಾಶನಲ್ ಪೇಮೆಂಟ್ ಕಾರ್ಪೊರೇಶನ್ ಆಫ್ ಇಂಡಿಯಾ ಪ್ರಾರಂಭಿಸಿದ ದೇಶೀಯ ಕಾರ್ಡ್ ವ್ಯವಸ್ಥೆಯ ಅಡಿಯಲ್ಲಿ ವಿತರಣೆ ಮಾಡಿದೆ.

15.08.2014ರಿಂದ 31.03.2016ರ ತನಕ ಒಟ್ಟು 15,60,754 ಖಾತೆಗಳು ಪಿಎಂಜಿಡಿವೈ ಅಡಿಯಲ್ಲಿ ತೆರೆಯಲ್ಪಟ್ಟಿದ್ದು, ಒಟ್ಟು ಜಮೆಯಾಗಿರುವ ಮೊತ್ತ ₹1,266.42 ಕೋಟಿ ಆಗಿದೆ. ಇದುವರೆಗೆ ಒಟ್ಟು 1,06,247 RuPay ಕಾರ್ಡ್‌ಗಳನ್ನು ಬ್ಯಾಂಕು ವಿತರಿಸಿದೆ.

**ಕೆಬಿಎಲ್ ವಿಶನ್ 2020**

31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ಬ್ಯಾಂಕು ವಿಶನ್ 2020 ಎನ್ನುವ ಮಹತ್ವಾಕಾಂಕ್ಷಿ ಮಾರ್ಗದರ್ಶಿಗಳನ್ನು ಅನಾವರಣಗೊಳಿಸಿದೆ. ಇದು 2020 ವರ್ಷದ ಒಳಗೆ ಸಾಧಿಸಬೇಕಾದ ಗುರಿಯ ಬಗ್ಗೆ ಪಥದರ್ಶನ ಹಾಗೂ ಕಾರ್ಯಮಿತಿಯ ಕಾರ್ಯಚಟುವಟಿಕೆಗಳ ಬಗ್ಗೆ ಬೆಳಕು ಬೀರಿದೆ. ಬ್ಯಾಂಕಿನ ಎಲ್ಲಾ ಭಾಗೀದಾರರ

advantage of emerging opportunities, upgrading IT infrastructure, strengthening audit, vigilance and risk management practices and compliance culture and taking steps to improve efficiency of people, processes and products by continuously evolving new strategies and policies and create value for our shareholders by optimally utilizing capital resources. As per the KBL Vision 2020 document, Bank's total business turnover is projected to increase in a progressive manner to touch ₹1,80,000 crore with deposits of ₹1,00,000 crore and advances of ₹80,000 crore by March 2020.

## AWARDS AND RECOGNITIONS

Your Bank bagged the following awards during the year under report in recognition of its achievement under technology initiatives, social banking, export performance etc.

- IBA Banking Technology Award 2014-15, Runner up in the category of Best Risk and Fraud Management Initiative, amongst Small Banks.
- ASSOCHAM Social Banking Excellence Awards 2015, under the following categories:
  - Winner - Urban Banking [Small Bank] Category.
  - Winner-Agricultural Banking [Small Bank] Category
  - Runner Up - Participation in government schemes [Small Bank] category
  - Runner Up - Overall Best Social Bank[ Small Bank] category
- MSME Banking Excellence Awards 2015 [Runner Up] for Eco -Technology "Emerging Banks", instituted by CIMSME [Chamber of Indian Micro Small & Medium Enterprises].
- Banking Technology Excellence Award - "Best Bank for Evangelising Technology Adoption" among Small Banks for the year 2014-15, instituted by IDRBT.
- "Export Excellence award for MSME" by the Federation of Indian Export Organisations - Western Region.
- "STP AWARD" from Bank of New York, Mellon in recognition to the improved payment formatting and straight - Through Processing success rate.
- "Outstanding Performance in MSME Funding" by the Federation of Industry, Trade and Services (FITS).

Further UKAS, Management Systems, a UK based accreditation certifying body has renewed ISO 27001:2013 certificate for our three IT set-ups viz. Data Centre, Near Line Site and Head Office-IT Department including Disaster Recovery Site.

Further, your Bank has been awarded with 'Sanman Patra' by the Central Excise & Service Tax Commissionerate, Mangaluru, for compliance to service tax provisions, at the Central Excise Day 2016.

ಹೆಚ್ಚುಕೆಲಸವನ್ನು ಪ್ರತಿಬಿಂಬಿಸುವುದರೊಂದಿಗೆ ವಿವಿಧ ಗುರಿಗಳನ್ನು ಹೆಚ್ಚುತ್ತಿರುವ ಅವಕಾಶಗಳ ಸಮರ್ಥ ಬಳಕೆ, ಮಾಹಿತಿ ತಂತ್ರಜ್ಞಾನ, ಸಂರಚನೆಯ ಉನ್ನತೀಕರಣ, ಅಡಿಟ್ ಮತ್ತು ವಿಜಿಲೆನ್ಸ ಬಲವರ್ಧನೆ ಅಂತೆಯೇ ಅಪಾಯ ನಿರ್ವಹಣೆಯ ಬಲವರ್ಧನೆ, ಅನುಸರಣೆ ಸಂಸ್ಕೃತಿ ಮೂಲಕ ಬ್ಯಾಂಕಿನ ನಿಗದಿಪಡಿಸಿದ ಉಳಿದ ಗುರಿಗಳನ್ನು ತಲುಪುವಲ್ಲಿ ಮತ್ತು ಬ್ಯಾಂಕ್ ಸಂಬಂಧಿತ ವ್ಯಕ್ತಿಗಳ ದಕ್ಷತಾಭಿವೃದ್ಧಿ, ಉತ್ಪನ್ನ ಮತ್ತು ಅನುಷ್ಠಾನಗಳಲ್ಲಿ ಹೊಸ ಆವಿಷ್ಕಾರಗಳ ತ್ವರಿತ ಸಂಶೋಧನೆ, ಶೇರುದಾರರ ನಿರೀಕ್ಷೆಯನ್ನು ಪೂರೈಸುವಲ್ಲಿ ಮುಂದುವರಿದ ದಕ್ಷತೆ ಮತ್ತು ಹೆಚ್ಚಿನ ಮೌಲ್ಯವರ್ಧನೆ ಮೂಲಬಂಡವಾಳದ ಸಮರ್ಥ ಮತ್ತು ಗರಿಷ್ಠ ಬಳಕೆಗಳನ್ನು ಬ್ಯಾಂಕು ವಿಶೇಷವಾಗಿ ಕೋಡಿಕರಿಸಿಕೊಂಡಿದೆ. ಕೆಬಿಎಲ್‌ಎಫ್‌ಎಸ್ 2020 ಮಾರ್ಗಸೂಚಿಯಂತೆ ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ವ್ಯವಹಾರವು ಹಂತ ಹಂತವಾಗಿ ಬೆಳೆದು ಮಾರ್ಚ್ 2020ಕ್ಕೆ ₹1,80,000 ಕೋಟಿಯನ್ನು ತಲುಪುವ ಗುರಿ ಹೊಂದಿದ್ದು, ಇದರಲ್ಲಿ ಶೇವಣಿಗಳು ₹1,00,000 ಕೋಟಿ ಮತ್ತು ಮುಂಗಡವು ₹80,000 ಕೋಟಿ ಆಗಿದೆ.

## ಪ್ರಶಸ್ತಿಗಳು ಮತ್ತು ಸನ್ಮಾನಗಳು

ಪ್ರಸ್ತುತ ವರದಿ ವರ್ಷದಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಈ ಕೆಳಗಿನ ಪ್ರಶಸ್ತಿ ಹಾಗೂ ಸನ್ಮಾನಗಳನ್ನು ತನ್ನ ಅತ್ಯುತ್ತಮ ತಾಂತ್ರಿಕ ಜಿನ್ನೆತ್, ಸಾಮಾಜಿಕ ಬ್ಯಾಂಕಿಂಗ್ ಮತ್ತು ರಫ್ತು ನಿರ್ವಹಣೆ ವಿಭಾಗಗಳಲ್ಲಿ ಪಡೆದುಕೊಂಡಿದೆ.

- ಐಬಿಎ ಬ್ಯಾಂಕಿಂಗ್ ಟೆಕ್ನೋಲಜಿ ಪ್ರಶಸ್ತಿ 2014-15, ಸಣ್ಣ ಬ್ಯಾಂಕುಗಳ ವಿಭಾಗದಲ್ಲಿ ಉತ್ತಮ ಅಪಾಯ ಮತ್ತು ವಂಚನೆ ವಿಭಾಗಗಳ ನಿರ್ವಹಣೆಯಲ್ಲಿ ತೋರಿದ ದಕ್ಷತೆಗಾಗಿ ರನ್ನರ್ ಅಪ್ ಪ್ರಶಸ್ತಿ.
- ಅಸೋಚಾಮ್ ಸಾಮಾಜಿಕ ಬ್ಯಾಂಕಿಂಗ್ ಅತ್ಯುತ್ತಮ ಪ್ರಶಸ್ತಿಗಳು 2015, ಈ ಕೆಳಗಿನ ವಿಭಾಗಗಳಿಗಾಗಿ:
  - ವಿಜಯಿ - ಅರ್ಬನ್ ಬ್ಯಾಂಕಿಂಗ್ (ಸಣ್ಣ ಬ್ಯಾಂಕ್) ವಿಭಾಗ
  - ವಿಜಯಿ - ಕೃಷಿ ಬ್ಯಾಂಕಿಂಗ್ (ಸಣ್ಣ ಬ್ಯಾಂಕ್) ವಿಭಾಗ
  - ರನ್ನರ್ ಅಪ್ - ಸರಕಾರಿ ಯೋಜನೆಗಳಲ್ಲಿ ಸಹಭಾಗಿತ್ವ (ಸಣ್ಣ ಬ್ಯಾಂಕ್) ವಿಭಾಗ
  - ರನ್ನರ್ ಅಪ್ - ಒಟ್ಟಾರೆ ಅತ್ಯುತ್ತಮ ಸಾಮಾಜಿಕ ಬ್ಯಾಂಕ್ (ಸಣ್ಣ ಬ್ಯಾಂಕ್) ವಿಭಾಗ
- ಎಂಎಸ್‌ಎಂಇ ಅತ್ಯುತ್ತಮ ಬ್ಯಾಂಕ್ ಪ್ರಶಸ್ತಿ 2015 (ರನ್ನರ್ ಅಪ್) ಇಕೋ - ಟೆಕ್ನೋಲಜಿ "ವಿಕಾಸಪಥದ ಬ್ಯಾಂಕ್" ಸಿಐಎಂಎಸ್‌ಎಂಇ - ಸಂಸ್ಥಾಪಿತ
- ಬ್ಯಾಂಕಿಂಗ್ ಟೆಕ್ನೋಲಜಿ ಎಕ್ಸಲೆನ್ಸ್ ಪ್ರಶಸ್ತಿ - ಅತ್ಯುತ್ತಮ ಬ್ಯಾಂಕ್ - ಟೆಕ್ನೋಲಜಿ ಅಳವಡಿಕೆ - ಸಣ್ಣ ಬ್ಯಾಂಕ್ ವಿಭಾಗದಲ್ಲಿ 2014-15, ಐಡಿಆರ್‌ಬಿಟಿ - ಸಂಸ್ಥಾಪಿತ
- ಎಂಎಸ್‌ಎಂಇ - ಅತ್ಯುತ್ತಮ ನಿಯಾತಕಕ್ಕಾಗಿ ಪ್ರಶಸ್ತಿ - ಫೆಡರೇಶನ್ ಆಫ್ ಇಂಡಿಯನ್ ಎಕ್ಸ್‌ಪೋರ್ಟ್ ಆರ್ಗನೈಸೇಶನ್ - ವೆಸ್ಟರ್ನ್ ರೀಜನ್
- "ಎಸ್‌ಟಿಪಿ" ಪ್ರಶಸ್ತಿ - ಬ್ಯಾಂಕ್ ಆಫ್ ನ್ಯೂಯಾರ್ಕಿನಿಂದ - ಉತ್ತಮ ಪೇಮೆಂಟ್ ನಿರ್ವಹಣೆಗಾಗಿ ಗುರುತಿಸುವಿಕೆ
- ಎಂಎಸ್‌ಎಂಇ - ಅತ್ಯುತ್ತಮ ನಿರ್ವಹಣೆ - ಫೆಡರೇಶನ್ ಆಫ್ ಇಂಡಸ್ಟ್ರಿ, ಟ್ರೇಡ್ ಮತ್ತು ಸರ್ವಿಸ್ ಇವರಿಂದ

ಹೆಚ್ಚುವರಿಯಾಗಿ ಯು.ಕೆ.ಎ.ಎಸ್. ಮ್ಯಾನೇಜ್‌ಮೆಂಟ್ ಸಿಸ್ಟಮ್ - ಯುನೈಟೆಡ್ ಕಿಂಗ್‌ಡಮ್‌ನ ನಾಮಾಂಕಿತ ಮೌಲ್ಯಮಾಪನ, ಪ್ರಮಾಣೀಕರಣ ಮತ್ತು ದೃಢೀಕರಣ ಸಂಸ್ಥೆ, ಐಎಸ್‌ಒ 27001:2013 ದೃಢೀಕರಣ ಪತ್ರವನ್ನು ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಮಾಹಿತಿ ತಂತ್ರಜ್ಞಾನದ 3 ಅಂಗಗಳಾದ ದತ್ತಾಂಶ ಕೇಂದ್ರ, ನಿಯರ್ ಲೈನ್ ಸೈಟ್ ಮತ್ತು ಪ್ರಧಾನ ಕಚೇರಿಯ ಏಟಿ ವಿಭಾಗದ ವಿಪತ್ತು ನಿವಾರಣಾ ಸೈಟ್‌ನ ಉತ್ತಮ ನಿರ್ವಹಣೆಗಾಗಿ ನವೀಕರಿಸಿದೆ.

ಅಲ್ಲದೇ, ಮಂಗಳೂರಿನ ಸೆಂಟ್ರಲ್ ಎಕ್ಸೈಸ್ ಮತ್ತು ಸರ್ವಿಸ್ ಟ್ಯಾಕ್ಸ್ ಕಮಿಷನರೇಟ್‌ನಿಂದ ಸರ್ವಿಸ್ ಟ್ಯಾಕ್ಸ್ ಪ್ರಾವಿಲೆನ್ಸಿನ ಉತ್ತಮ ಅನುಸರಣೆಗಾಗಿ ಸೆಂಟ್ರಲ್ ಎಕ್ಸೈಸ್ ಡೇ 2016ರಂದು ಬ್ಯಾಂಕಿಗೆ ಸನ್ಮಾನ ಪತ್ರ ಲಭಿಸಿದೆ.

**ACKNOWLEDGEMENTS**

Your Directors would like to place on record their sincere gratitude to the Reserve Bank of India, other government and regulatory authorities, financial institutions and correspondent banks for their continued guidance and support. Your Directors also place on record their gratitude to the Bank's shareholders, depositors and other customers for their continued support, patronage and goodwill. Your Directors express their deep sense of appreciation to all the staff members, for their contribution in your Bank's quest for sustained growth and profitability and look forward to their continued contribution in scaling greater heights.

**For and on behalf of the Board of Directors**

Place : Bengaluru  
Date : June 21, 2016

Sd/-  
**Ananthkrishna**  
Chairman

**ಕೃತಜ್ಞತೆಗಳು**

ನಿಮ್ಮ ನಿರ್ದೇಶಕರು, ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ, ಇತರ ಸರಕಾರಿ ನಿಯಂತ್ರಣ ಪ್ರಾಧಿಕಾರದ, ಆರ್ಥಿಕ ಸಂಸ್ಥೆಗಳ, ಸಹಭಾಗಿ ಬ್ಯಾಂಕುಗಳ ನಿರಂತರ ಮಾರ್ಗದರ್ಶನ ಮತ್ತು ಬೆಂಬಲಗಳಿಗಾಗಿ ತಮ್ಮ ಹೃತ್ಪೂರ್ವಕ ಕೃತಜ್ಞತೆಗಳನ್ನು ದಾಖಲಿಸಲು ಇಚ್ಛಿಸುತ್ತಾರೆ. ಬ್ಯಾಂಕಿನ ಶೇರುದಾರರ ಠೇವಣಿದಾರರ ಮತ್ತು ಸರ್ವ ಗ್ರಾಹಕರ ನಿರಂತರ ಬೆಂಬಲ, ಸಹಕಾರ ಮತ್ತು ವಿಶ್ವಾಸಗಳಿಗಾಗಿ ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಚಿರಋಣಿಗಳಾಗಿದ್ದಾರೆ. ಬ್ಯಾಂಕಿನ ಎಲ್ಲಾ ಉದ್ಯೋಗಿ ಸದಸ್ಯರು ನೀಡಿದ ಸಕ್ರಿಯ ಬೆಂಬಲ, ಬ್ಯಾಂಕಿನ ನಿರಂತರ ಪ್ರಗತಿ ಮತ್ತು ಆದಾಯಕ್ಕಾಗಿ ನೀಡಿದ ಸಹಕಾರಕ್ಕಾಗಿ ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಹೃತ್ಪೂರ್ವಕ ಮೆಚ್ಚುಗೆಯನ್ನು ದಾಖಲಿಸುತ್ತಾ ಮತ್ತು ಮುಂಬರುವ ದಿನಗಳಲ್ಲಿ ಬ್ಯಾಂಕನ್ನು ಇನ್ನೂ ಎತ್ತರಕ್ಕೆ ಕೊಂಡೊಯ್ಯುವಲ್ಲಿ ಇವರೆಲ್ಲರ ನಿರಂತರ ಸಹಕಾರವನ್ನು ನಿರೀಕ್ಷಿಸುತ್ತಾರೆ.

**ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ಪರವಾಗಿ ಮತ್ತು ಅಪ್ಪಣೆಯೊಂದಿಗೆ**

ಸ್ಥಳ : ಬೆಂಗಳೂರು  
ದಿನಾಂಕ : ಜೂನ್ 21, 2016

ಸಹಿ/-  
ಅನಂತಕೃಷ್ಣ  
ಅಧ್ಯಕ್ಷರು

**ANNEXURE I**

Statement showing the information required to be furnished pursuant to Section 134 of the Companies Act, 2013 read with Rule 5(2) of Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 forming part of the Directors' Report for the year ended 31<sup>st</sup> March 2016.

Name & Designation of the employee	Remuneration received	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment	Age	The last employment held before joining the company	The percentage of shares held	Whether related to any director or manager, name of such director or manager
(i) Employed throughout the financial year and was in receipt of remuneration for that year which in aggregate was not less than sixty lakh rupees								
Mr P Jayarama Bhat Managing Director and CEO	72.95* lakh	Contractual	MSc, CAIIB	14.7.2009	64	Government Higher secondary School, Mulki	0.00	No
(ii) Employed for a part of the financial year and was in receipt of remuneration for any part of that year at a rate which in the aggregate was not less than five lakh rupees per month.								
N I L								

\*includes contribution to provident fund and variable pay of the year 2014-15 received during the year 2015-16.

## ANNEXURES FORMING PART OF DIRECTORS' REPORT

ANNEXURE II**Disclosure in respect of Employee Stock Options Scheme pursuant to SEBI (Employees Stock Options Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.**

In the year 2006, shareholders of the Bank had approved a stock options scheme to be implemented in the Bank. Under the Scheme a total of 15,00,000 stock options were available for grant. The Bank is yet to implement the second stock options scheme as approved by the shareholders at the Annual General Meeting held on August 8, 2009.

The status of the options outstanding under the Employee Stock Options Scheme (ESOS - 2006) as at March 31, 2016 is as under:

Total grants authorized under the Scheme	15,00,000 shares		
	Series 1	Series 2	Series 3
Number of Options outstanding at the beginning of the year	73517	252	72868
Number of Options granted during the year	Nil	Nil	Nil
Pricing formula-After adjustments for the rights issue	₹ 46.20 per option/share	₹ 46.20 per option/share	₹ 46.20 per option/share
Number of Options vested during the year	Nil	Nil	Nil
Number of Options exercised during the year	3565	0	5701
Total Number of shares arising as a result of exercise of options during the year	3565	0	5701
Options lapsed / forfeited / cancelled (nos)	69952	252	31246
Variation of terms of options	Nil	Nil	Nil
Money realized by exercise of options, including premium (₹)	164703	0	263386.20
Total Number of Options in force as on March 31, 2016	0	0	35921
Grant to Senior Managerial Personnel during the year	Nil	Nil	Nil
Employees receiving 5 percent or more of the total number of options granted during the year	Nil	Nil	Nil
Employees granted options equal to or exceeding 1 percent of the issued capital	Nil	Nil	Nil

The Bank had followed the intrinsic value method for valuing the stock options. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. As all the cost on the basis of intrinsic value of options granted has already been accounted in the earlier year itself, there is no charge to the profit and loss account during this year and therefore there is no impact on the Earnings per share on account of Bank following intrinsic value method of accounting vis-a-vis the fair value method of accounting.

### ANNEXURE III

#### DISCLOSURE UNDER PILLAR III OF BASEL III ACCORD

##### 1. SCOPE OF APPLICATION

The Karnataka Bank Limited, a premier private sector Bank, was incorporated on 18<sup>th</sup> February 1924 in Mangaluru. The Bank does not have any subsidiary/Associate companies under its Management.

The Bank presently is not involved in insurance business. However, Bank has entered into a Joint venture agreement and holds equity investments to the extent of 15 percent in M/s Universal Sompo General Insurance Company Limited. The financials of the joint venture company are not consolidated with the balance sheet of the Bank. The investment in the joint venture is not deducted from the capital funds of the Bank but is assigned risk weights as an investment.

##### 2. CAPITAL STRUCTURE

(₹ in crore)

Sl. No.	Particulars	No. of equity Shares	Face value per share	Amount
1	Authorized Capital	500000000	10	500.00
2	Issued Capital	188478649	10	188.48
3	Subscribed Capital	188472571	10	188.47
4	Called up/Paid up Capital	188456021	10	*188.47

\*inclusive of forfeited shares

The Bank's shares are listed on the National Stock Exchange of India Ltd and BSE Ltd.

During the year ended March 31, 2016 the Bank has allotted 9266 equity shares to employees under its Employees Stock Option Plan. Apart from the above, Bank has not raised any capital by IPO, rights or by Public offer during the year ended 31<sup>st</sup> March, 2016.

##### a. Breakup of Capital Funds:

###### The Tier I Capital of the Bank comprises of

(₹ in crore)

1	Paid up Capital (Including forfeited shares)	188.47
2	Reserves	3486.71
	<b>Total</b>	<b>3675.18</b>

###### The Tier II Capital of the Bank comprises of

(₹ in crore)

1	Undisclosed reserves	17.15
2	General Provisions and Loss Reserves	232.91
3	Subordinated debts eligible for inclusion in Lower Tier 2 Capital	260.00
	<b>Total</b>	<b>510.06</b>

###### The Total Capital comprises of

(₹ in crore)

1	Tier I Capital	3675.18
2	Tier II Capital	510.06
	<b>Total</b>	<b>4185.24</b>



Details of the aggregate amounts of the Bank's total interests in insurance entities, which are risk-weighted: (₹ in crore)

Name of the insurance entities / country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of Bank's holding in the total equity / proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method
Universal Sampo General Insurance Co Ltd/India	General Insurance	350	15	CRAR is reduced by 0.08%

### b. Assessment of Capital Adequacy

An assessment of the capital requirement of the Bank is carried out through comprehensive projections of future business that takes cognizance of the strategic intent of the Bank, profitability of particular business and opportunities for growth. The proper mapping of credit, operational and market risks to this projected business growth enables assignment of capital that not only adequately covers the minimum regulatory capital requirements but also provides headroom for growth. The calibration of risk to business is enabled by a strong risk culture in the Bank aided by effective, technology based risk management systems.

A summary of the Bank's Capital requirement under Basel III for credit, market and operational risk and the capital adequacy ratio is detailed below.

(₹ in crore)

A	Capital requirement for Credit Risk	
	- Portfolios subject to Standardized approach	2668.75
	- Securitization exposures	-
B	Capital requirement for Market Risk	
	Standardized duration approach	207.83
	- Interest Rate Risk	136.53
	- Foreign Exchange Risk	1.52
	- Equity Risk	69.78
C	Capital requirement for Operational Risk	
	- Basic Indicator approach	254.28
D	Total Capital requirement	3130.86
E	Total eligible Capital Funds of the Bank as per Basel III	4185.24
F	Total Risk Weighted Assets	34787.34
G	Common Equity Tier I ratio (CET1) (%)	10.56%
H	Tier I CRAR (%)	10.56%
I	Tier II CRAR (%)	1.47%
J	Total CRAR (%)	12.03%

### 3. RISK MANAGEMENT: OBJECTIVES AND ORGANIZATION STRUCTURE

The various risks taken by the Bank during the course of the business development are identified, assessed, measured, controlled, monitored, mitigated and reported effectively. The key components of the Bank's risk management rely on the risk governance architecture, comprehensive processes and internal control mechanism. The Bank's risk governance architecture focuses attention on key areas of risk such as credit, market and operational risk and quantification of these risks wherever possible for effective and continuous monitoring.

#### a. Objectives and Policies

The Bank's risk management processes are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring through the sub-committees of the Board of Directors. The Bank has a well documented Board approved 'Risk Management Policy' in place. The Board sets the overall risk appetite and philosophy for the Bank. The Board of Directors, the Integrated Risk Management Committee and the Audit Committee of the Board review various aspects of risk arising from the businesses of the Bank.

#### b. Structure and Organization

The Bank has a risk management system that is centralized with a three track committee approach. The committees are- Credit Policy Committee (CPC), Asset Liability Management Committee (ALCO) and Operational Risk Management Committee (ORMC). An Integrated Risk Management Committee (IRMC) evaluates the overall risk factors faced by the Bank and directly reports to the Board of directors.

CPC deals with credit policies and procedures, ALCO deals with Asset Liability Management (ALM) and Investment Policy of the Bank and ORMC formulates policies and procedures for managing operational risk.

### 4. CREDIT RISK MANAGEMENT

Bank has developed an online comprehensive credit risk rating system for all borrower accounts. Risk rating of borrowers intended to help banks in quantifying and aggregating the credit risk across various exposures. The Bank has validated its existing rating models and refined/revised the corporate models, besides introduction of Specialized lending rating models, Retail score card models [Pool based approach] and Facility rating. Accordingly, Bank is rating its credit portfolio as per the criteria laid down for rating in the Loan Policy of the Bank. The rating serves as a single point indicator of diverse risk factors of counter-party and for taking credit decisions. The risk rating system is drawn up in a structured manner, incorporating different factors such as borrower and industry specific characteristics. The Bank also undertakes periodic validation exercise of its rating models and also conducts migration and default rate analysis to test robustness of its rating models.

The Bank has formulated a comprehensive Loan Policy by incorporating various parameters and prudential limits to manage and control default, transaction and intrinsic/concentration risk. The credit exposures are taken after subjecting the proposals to analysis of various risk factors such as financial risk, industry risk, management risk, business risk, transaction risk etc.

The Bank analyses the migration of borrowers in various risk rating categories to gauge the quality of the loan portfolio. The Bank also conducts periodical review of the loan assets to ascertain conduct of the accounts. The Bank conducts periodical Credit Audit and Stock Audit of large credit exposures to limit the magnitude of credit risk and interest rate risk.

#### Credit sanction and related processes

Know Your Customer is a leading principle for all business activities. The other components of the credit processes are:

1. Sound credit approval process with well laid credit sanctioning criteria.
2. The acceptability of credit exposure, primarily based on the sustainability and adequacy of borrower's normal business operations and not based solely on the availability of security.
3. Portfolio level risk analysis and reporting to ensure optimal spread of risk across various rating classes to prevent undue risk concentration across any particular industry segments and monitor credit risk migration.
4. Sector specific studies at periodic intervals to highlight risks and opportunities in those sectors.
5. Adoption of rating linked exposure norms.
6. Industry-wise exposure ceilings based on the industry performance, prospects and the competitiveness of the sector.
7. Separate risk limits for credit portfolios like advances to NBFC and unsecured loans that require special monitoring.

#### Review and Monitoring

1. All credit exposures, once approved, are monitored and reviewed periodically against the approved limits. Borrowers with lower credit rating are subject to more frequent reviews.
2. Credit monitoring involves independent review of credit risk assessment, compliance with internal policies of the Bank and with the regulatory framework, compliance with the sanction terms and conditions and effectiveness of loan administration.
3. Customers with emerging credit problems are identified early and classified accordingly. Remedial action is initiated promptly to minimize the potential loss to the Bank.

### Concentration Risk

The Bank controls concentration risk by means of appropriate sectoral limits and borrowers limits based on creditworthiness. The Bank also captures the Concentration risk by monitoring the geographical exposure.

### Large exposures to individual clients or group

The Bank has individual borrower-wise exposure ceilings based on the internal rating of the borrower as well as group-wise borrowing limits. The Bank monitors the level of credit risk (Low/Moderate/High/Very High) and direction of change in credit risk (increasing /decreasing/ stable) at the portfolio level.

### Definition of Non-Performing Assets

Bank has adopted the definition of the past due and impaired assets (for accounting purposes) as defined by the regulator for income recognition and asset classification norms.

### Exposures

#### Total gross credit exposure including geographic distribution of exposure

(₹ in crore)

	Domestic	Overseas	Total
Fund Based	36519.97	-	36519.97
Non Fund based	5494.42	-	5494.42
Total	42014.39	-	42014.39

#### Geographic distribution of credit exposure

(₹ in crore)

Sl.No.	State / Union Territory	Funded Exposure	Non Funded Exposure	Total Exposure
1	Andaman and Nicobar	0.03	0.00	0.03
2	Andhra Pradesh	1683.06	236.44	1919.50
3	Arunachal Pradesh	0.03	0.00	0.03
4	Assam	64.20	62.69	126.89
5	Bihar	4.23	0.08	4.31
6	Chandigarh	53.25	50.62	103.87
7	Chhattisgarh	464.30	44.72	509.02
8	Delhi	3264.08	417.93	3682.01
9	Goa	194.07	25.03	219.10
10	Gujarat	588.44	71.30	659.74
11	Haryana	1158.83	325.83	1484.66
12	Himachal Pradesh	2.31	0.87	3.18
13	Jammu and Kashmir	0.08	0.00	0.08
14	Jharkhand	99.24	1.76	101.00
15	Karnataka	15327.58	1895.45	17223.03
16	Kerala	482.78	13.93	496.71
17	Madhya Pradesh	354.15	8.59	362.74
18	Maharashtra	4917.16	776.04	5693.20
19	Orissa	555.74	51.05	606.79
20	Pondicherry	42.65	3.11	45.76
21	Punjab	744.54	54.22	798.76
22	Rajasthan	231.76	59.14	290.90
23	Tamil Nadu	3294.94	418.19	3713.13
24	Telangana	1203.17	567.35	1770.52
25	Uttar Pradesh	627.66	175.94	803.60
26	Uttarakhand	89.05	6.16	95.21
27	West Bengal	1072.64	227.98	1300.62
	<b>Total</b>	<b>36519.97</b>	<b>5494.42</b>	<b>42014.39</b>

While determining level and direction of credit risk, parameters like percentage of low- risk credit (investment grade and above) to credit risk exposure and migration from investment to non-investment grade (quantum as percentage of credit risk exposure) are also considered. The Bank monitors the rating-wise distribution of its borrowers also.

### Exposure to Industries

Industry analysis plays an important part in assessing the concentration risk within the loan portfolio. Particular attention is given to industry sectors where the Bank believes that there is a high degree of risk or potential for volatility in the future. The Bank has fixed internal limits for aggregate commitments to different sectors so that the exposures are evenly spread over various sectors.

The credit policy deals with short term as well as long term approach to credit risk management. The policy of the Bank embodies in itself the areas of risk identification, risk measurement, risk grading techniques, reporting and risk control systems /mitigation techniques, documentation practice and the system for management of problematic loans.

### Distribution of Credit Exposure by Industry sector

(₹ in crore)

Sl. No.	Industry	Fund based	Non Fund based	Total
1	Infrastructure advances	2001.10	159.72	2160.82
2	All Other Industries	963.93	256.50	1220.43
3	Other Textiles	1077.46	119.96	1197.42
4	Cotton Textile	1016.44	106.86	1123.30
5	Other Engineering	628.61	280.53	909.14
6	Iron and Steel	618.82	78.94	697.76
7	Automobiles	590.83	41.31	632.14
8	Gems and Jewellery	528.14	76.89	605.03
9	Metal and Metal Products	354.34	176.06	530.40
10	Rice, Flour, Dhal Mills	401.46	23.61	425.07
11	Wood Based Industries	186.11	192.31	378.42
12	Plastic and Plastic Products	249.95	88.86	338.81
13	Paper and Paper Products	279.37	48.92	328.29
14	Cement and Cement Products	296.26	20.96	317.22
15	Food & Food Products	256.96	16.19	273.15
16	Drugs and Pharmaceuticals	139.56	71.04	210.60
17	Petroleum Products	176.40	3.00	179.40
18	Coal and Mining	132.65	2.67	135.32
19	Chemicals, Dyes	104.80	20.84	125.64
20	Kandasari and Sugar	97.38	2.00	99.38
21	Leather and Leather Products	51.04	16.66	67.70
22	Tea Industry	46.77	0.31	47.08
23	Distilleries, Breweries including soft drinks	23.33	20.13	43.46
24	Computer Software and Computer Hardware	21.13	16.37	37.50
25	Jute Textile	19.81	8.41	28.22
26	Rubber and Rubber Products	18.65	7.29	25.94
27	Cashewnut Processing	18.11	0.00	18.11
28	Electronics	9.30	3.84	13.14
29	Vegetable Oil	8.51	0.00	8.51
30	Tobacco and Tobacco Products	1.07	0.00	1.07
31	Marine Products / Processing	0.11	0.00	0.11
	<b>Total Industrial Advance</b>	<b>10318.40</b>	<b>1860.18</b>	<b>12178.58</b>

The details of the Industry wherein the Bank's exposure in the related Industry has exceeded the 5 percent of total gross credit exposure is furnished below.

Sl. No.	Industry / sectors classification	Percentage of the total credit exposure
1	Infrastructure advances	5.14

#### Residual Contractual Maturity of Advances and Investments

(₹ in crore)

Sl. No.	Maturity Buckets	Investments	Advances
1	1 Day	13.36	803.99
2	2 to 7 Days	365.41	237.24
3	8 to 14 Days	469.86	387.80
4	15 to 28 Days	74.60	270.60
5	29 Days and upto 3 Months	1405.82	2512.19
6	Over 3 Months and upto 6 Months	355.92	2364.13
7	Over 6 Months and upto 1 Year(s)	517.38	3621.97
8	Over 1 Year(s) and upto 3 Year(s)	1798.92	14771.35
9	Over 3 Year(s) and upto 5 Year(s)	1721.37	3389.68
10	Over 5 Year(s)	9534.01	5543.50
	<b>Total</b>	<b>16256.65</b>	<b>33902.45</b>

#### Classification of Non Performing Advances

(₹ in crore)

Sl.No.	Particulars	31.03.2016
<b>A</b>	<b>Amount of NPA's ( Gross)</b>	1180.40
	- Substandard	595.18
	- Doubtful 1	219.61
	- Doubtful 2	276.47
	- Doubtful 3	35.12
	- Loss	54.02
<b>B</b>	<b>Net NPAs</b>	
	Amount of Net NPA	795.47
<b>C</b>	<b>NPA Ratios</b>	
	Gross NPAs to Gross Advances ratio (%)	3.44
	Net NPAs to Net Advances ratio (%)	2.35

#### Movement of NPAs (Gross)

(₹ in crore)

Sl.No.	Particulars	31.03.2016
1.	Opening Balance as on 01.04.2015	944.21
2.	Additions	1125.07
3.	Reductions	888.88
4.	Closing Balance as on 31.03.2016	1180.40

**Movement of Provisions for NPAs**

(₹ in crore)

Sl.No.	Particulars	31.03.2016
1.	Opening Balance	315.35
2.	Provision made during the period	267.18
3.	Write off	211.69
4.	Write back of excess provisions	0.00
5.	Closing balance	370.84

**Non Performing Investments and movement of provision for depreciation on Investments**

(₹ in crore)

Sl.No.	Particulars	31.03.2016
A	Amount of Non performing Investments	160.69
B	Amount of Provision held for Non performing Investments	33.45
C	Movement of provisions for depreciation on Investments	
	a) Opening balance	29.68
	b) Add: Provisions made during the year	35.63
	c) Less: Write off/write back of excess provisions	12.86
	d) Closing balance	52.45

**Disclosure for portfolios subject to the standardized approach**

Large corporate borrowers and Public Sector Enterprises are being encouraged to solicit ratings from approved external rating agencies and wherever such ratings are available the Bank uses the same in assigning risk weights. Bank has approved 6 domestic credit rating agencies identified by RBI i.e. CRISIL, CARE, India Ratings and Research Private Limited (earlier FITCH India), ICRA, Brickwork and SMERA Ratings Limited. The ratings available in public domain are mapped according to risk profile and specific risk characteristics of each rating grade of respective agencies as envisaged in RBI guidelines.

The credit exposure [fund based & non fund based] after risk mitigation (subject to the standardized Approach) in different risk buckets are as under:

(₹ in crore)

Sl. No.	Risk weight	Exposure Outstanding
1	Below 100%	14283.75
2	100%	11559.50
3	More than 100%	5309.18
	<b>Total</b>	<b>31152.43</b>

**Credit Risk Mitigation: Disclosures for Standardized Approach**

As stipulated by the RBI guidelines, the Bank uses the comprehensive approach for collateral risk mitigation. Under this approach, the Bank reduces its credit exposure to counterparty when calculating its capital requirements to the extent of risk mitigation provided by the eligible financial collateral as specified in the Basel guidelines.

**Types of eligible financial collateral / Guarantors:**

The Bank recognizes only specified types of financial collateral and guarantees (counter-guarantors) for providing capital relief in line with Basel II guidelines on credit risk mitigation.

This includes cash, Bank own deposits, gold (including bullion and jewellery, subject to collateralized jewellery being notionally converted/benchmarked to 99.99 percent purity), securities issued by the Central and State Governments, Kisan Vikas Patra, National Savings certificates, life insurance policies with a declared surrender value which is regulated by IRDA, certain debt securities rated by a recognized credit rating agency, certain debt securities not rated but issued by Banks and listed on a recognized exchange and are classified as senior debt, certain mutual fund units where daily Net Assets Value (NAV) is available in public domain .

**Eligible Guarantors (counter-guarantors):**

Credit protection given by the following entities is recognized:

- (i) Sovereigns, sovereign entities (including BIS, IMF, European Central Bank and European Community as well as permitted MDBs, ECGC, CRGFTLIH and CGTMSE), banks and primary dealers with a lower risk weight than the counterparty.
- (ii) Other entities that are externally rated except when credit protection is provided to a securitization exposure. This would include credit protection provided by parent, subsidiary and affiliate companies when they have a lower risk weight than the obligor.
- (iii) When credit protection is provided to a securitization exposure, other entities that currently are externally rated BBB- or better and that were externally rated A- or better at the time the credit protection was provided. This would include credit protection provided by parent, subsidiary and affiliate companies when they have a lower risk weight than the obligor.

The extent of total credit exposure (under the standardized approach) covered by eligible financial collaterals after application of haircuts are furnished below:

	(₹ in crore)
Eligible financial collaterals after haircuts	4518.09
Eligible guarantees	777.57

**5. MARKET RISK & LIQUIDITY RISK**

The Bank has put in place Board approved Integrated Treasury Policy and Asset Liability Management (ALM) policy for effective management of market risk in the Bank. The objective of Integrated Treasury Policy is to assess and minimize risks associated with treasury operations by extensive use of various risk management tools. Broadly, it encompasses Policy prescriptions for managing systemic risk, credit risk, market risk, operational risk and liquidity risk in treasury operations.

For market risk arising out of various products in treasury and its business activities, the Bank has set regulatory / internal limits and ensures the adherence thereof. Migration of ratings is tracked regularly. Limits for exposures to counter-parties, industries and countries are monitored and the risks are controlled through Stop Loss Limits, Overnight limit, Daylight limit, Aggregate Gap limit, Individual gap limit, Value at Risk (VaR) limit for Forex, Inter-Bank dealing and various investment limits. For the Market Risk Management the Bank has a Mid Office. The functions of Mid Office are handled by Integrated Risk Management Department.

The Board, IRMC & ALCO are overseeing the market risk management of the Bank, procedures thereof, implementing risk management guidelines issued by regulator, best risk management practices followed globally and ensures that internal parameters, procedures, practices/policies and risk management prudential limits are adhered to.

The policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigates are discussed in ALCO and based on views taken by / mandates of ALCO, hedge deals are undertaken.

Liquidity risk of the Bank is assessed through daily gap analysis for maturity mismatch based on residual maturity in different time buckets as well as various liquidity ratios and management of the same is done within the prudential limits fixed thereon. Advance techniques such as Stress testing, simulation, sensitivity analysis etc. are conducted on regular intervals to draw the contingency funding plan under different liquidity scenarios.

**Market Risk in Trading Book**

Bank has adopted the Standardized Duration Approach as prescribed by RBI for computation of capital charge for market risk and is fully compliant with such RBI guidelines. Bank is now preparing itself for the Advanced Approach based on a Value at Risk (VaR) model, which is under implementation.

The capital requirements for market risk are detailed below:

(₹ in crore)

SI. No.	Risk Category	Capital Charge
I	Interest Rate	136.53
II	Equity	69.78
III	Foreign Exchange, Gold and Derivatives	1.52
IV	Total Capital Charge for market Risk (I+II+III)	<b>207.83</b>

## 6. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

The interest rate risk is viewed from two perspectives i.e. 'Earnings Perspective' and 'Economic Value Perspective'. Generally, the former is measured using Earnings-at-Risk (EaR) under Traditional Gap Analysis (TGA) and the latter is measured through changes in the Market value of Equity (MVE) under Duration Gap Analysis (DGA).

- **Earnings-at-Risk (EaR):** All the Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) maturing/re-pricing up to 1 year are bucketed as per Traditional Gap Analysis (TGA) and EaR analysis is conducted by applying various shocks on product-wise weighted average interest rates in each time band. EaR is quantified by changes in the NII and NIM in comparison with the previous financial year end.
- **Impact on Market Value of Equity (MVE):** Impact on Market Value of Equity (MVE) is analyzed through Duration Gap Analysis (DGA) which involves bucketing of market value of all Rate Sensitive Assets and Rate Sensitive Liabilities as per residual maturity/ re-pricing in various time bands and computing Modified Duration Gap. Accurate method is adopted for computing the market value by discounting each cash flow of all Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) with various discount curves as suggested by RBI. Notional interest rate shocks are applied on the resultant Modified Duration Gap to arrive at the changes in the Market Value of Equity (MVE).
- Prudential limits have been fixed for changes in NIM and MVE for 200 bps shock in the interest rates and monitored on a monthly basis.
- Earning at Risk for 200 bps interest rate shock is estimated at ₹46.32 crore and change in the Market value of Equity for 200 bps interest rate shock is +26.44%

## 7. OPERATIONAL RISK

### Strategies and Processes

Bank has initiated several measures to manage operational risk through identification, assessment and monitoring of inherent risks in all its business processes. A framework has been laid to capture loss data which can be mapped to operational risk events to measure the impact quantitatively. Bank has put in place a hierarchical structure to effectively manage operational risk through the formation of internal committee viz., Operational Risk Management Committee (ORMC).

### Scope and Nature of Operational Risk Reporting and Measurement Systems

A systematic process for reporting risk events, loss events, "near misses" and non-compliance issues relating to operational risks have been developed and implemented. The information gathered will be used to develop triggers to initiate corrective actions to improve controls. All critical risks and potential loss events are reported to the senior Management/ORMC/IRMC as appropriate for their directions and suggestions.

An Operational Risk Management Policy approved by the Risk Management Committee of the Board details the framework for hedging and/or mitigating operational risk in the Bank. As per the policy, all new products are vetted by the New Product Approval Committee to identify and assess potential operational risks involved and suggest control measures to mitigate the risks.

### Approach for Operational Risk Capital Assessment

As per the RBI guidelines, the Bank has adopted Basic Indicator Approach for computing capital charge for Operational Risk. Steps have been initiated to migrate to the Advanced Measurement Approach.

## 8. EXPOSURE RELATED TO COUNTERPARTY CREDIT RISK

Counterparty Credit Risk exposures for banks are assessed based on Bank's business requirements and considering counterparty bank's parameters such as CRAR, net worth, NPA level etc. Counterparty exposures for other entities are assessed subject to exposure ceilings as per the Loan Policy of the Bank. Capital for Counterparty Credit Risk exposure is assessed based on Standardized Approach.



The Bank does not recognize bilateral netting. The credit equivalent amount of derivative exposure is calculated using Current Exposure Method and the balance outstanding as on 31<sup>st</sup> March 2016 is as under:

(₹ in crore)

Particulars	Notional Amount	Current Exposure
Foreign exchange contracts	3026.04	86.17
Interest rate contracts	Nil	Nil
<b>Total</b>	<b>3026.04</b>	<b>86.17</b>

#### 9. COMPOSITION OF CAPITAL

Disclosures pertaining to composition of capital, including the capital disclosure templates, main features of equity and debt capital instruments and the terms and conditions of equity and debt capital instruments have been disclosed separately on the Bank's website under 'Regulatory Disclosures Section'. The link to this section is <http://ktkbank.com/ktk/BaselDisclosures.jsp>

#### 10. DISCLOSURES ON REMUNERATION

Necessary disclosures have been furnished in the Notes on Accounts and also available in the above link of our website

#### 11. OTHER DISCLOSURES

Other disclosures like Leverage Ratio (LR), Liquidity Coverage Ratio (LCR) etc. are available in the above link of Bank's website.

## ANNEXURE IV

### CORPORATE GOVERNANCE

Corporate Governance broadly refers to the set of systems, principles and processes by which a company is governed while fulfilling the goals and objectives of the company and also protecting the interest of all the stakeholders in the long run. It is based on principles such as conducting the business with integrity and fairness, being transparent in all transactions, making all the necessary disclosures and complying with all the applicable laws, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner. Your Directors' present below the Bank's Report on compliance of Corporate Governance requirements as prescribed under Regulation 17-27 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### Philosophy of Corporate Governance

The basic philosophy of Corporate Governance in the Bank is the application of the best management practices that provide stability and growth to the enterprise, transparency, accountability, disclosures and value creation. Your Bank believes that good governance practices ultimately secure the goal of turning the Bank into a value driven organization. Your Bank's philosophy of Corporate Governance has been embedded in its Mission statement which reads as under:

"To be a technology savvy, customer centric progressive Bank with a national presence, driven by the highest standards of Corporate Governance and guided by sound ethical values".

The bank has also adopted a Vision Statement which reads as under:

***To be a progressive, prosperous and well governed Bank***

The Core values and guiding principles to be followed by all working in the Bank include:

- i) Sincere, Honest and Trustworthy
- ii) Unshakable Integrity
- iii) Professional and Smart Banker
- iv) Committed to protect Bank's interests through legitimate and sustainable business
- v) 'Bank first' attitude always

#### Board of Directors:

**Composition of the Board:** The Board of Directors of the Bank consists of 12 directors including the Managing Director. The constitution of the Board conforms to the provisions of Section 10 B of the Banking Regulation Act, 1949, Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board consists of eminent persons drawn from specialized fields such as banking, finance, accountancy, law, agriculture & rural economy, cooperation & SSI and other areas as specified in the Banking Regulation Act, 1949. Mr. P. Jayarama Bhat is the Managing Director & CEO of the Bank. Messrs Ullal Ravindra Bhat (U R Bhat) and Keshav Krishnarao Desai (Keshav K Desai) are the Additional Directors on the Board w.e.f. 19.02.2016 who hold office upto the date of the ensuing Annual General Meeting. All other directors on the Board are independent and non-executive directors. Newly appointed directors have been provided with familiarization programme and other Directors also undergo training in specialized areas such as IT Governance, Risk Management, Corporate Governance etc. details of which are posted in the website of the Bank at the URL [www.karnatakabank.com](http://www.karnatakabank.com)

Name of the Director (Messrs/Mrs.)	Type of Director
Ananthakrishna	Independent
P Jayarama Bhat	Executive, Non-Independent
S V Manjunath	Independent
D Harshendra Kumar	Independent
Dr. H Ramamohan	Independent
T R Chandrasekaran	Independent
Ashok Haranahalli	Independent
Usha Ganesh	Independent
Rammohan Rao Belle	Independent
B A Prabhakar	Independent
U R Bhat #	Non-Independent, Non-Executive
Keshav K Desai #	Non-Independent, Non-Executive

#Appointed as Additional Directors w.e.f. 19.02.2016

#### BOARD MEETINGS:

During the financial year ended March 31, 2016 the Board met 13 times on the following dates:

Sl. No.	Date of the meeting	Sl. No.	Date of the meeting
1	07.05.2015	8	16.11.2015
2	22.05.2015	9	18.12.2015
3	27.06.2015	10	16.01.2016
4	17.07.2015	11	19.02.2016
5	21.08.2015	12	18.03.2016
6	21.09.2015	13	19.03.2016
7	30.10.2015		

Details of the attendance of directors at the Board meetings during the year under report and at the last Annual General Meeting and directorships/ committee positions held in other companies were as under:

Name of the Director (Messrs/Mrs.)	No. of meetings attended	Whether attended the last AGM	Directorship in other public Limited	Committee positions in other Public Limited Companies
Ananthakrishna	11	YES	01	01
P Jayarama Bhat	13	YES	NIL	NA
S V Manjunath	13	YES	NIL	NA
D Harshendra Kumar	12	YES	NIL	NA
Dr. H Ramamohan	13	YES	NIL	NA
T R Chandrasekaran	12	YES	01	01
Ashok Haranahalli	11	YES	NIL	NA
Usha Ganesh	12	YES	NIL	NA
Rammohan Rao Belle	13	YES	NIL	NA
B A Prabhakar	13	YES	05	04
U R Bhat	01	NA	04	03
Keshav K Desai	01	NA	NIL	NIL

**Note:** As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the purpose of Committee positions held in other public limited companies, only Audit Committee and Stakeholders Relationship Committee have been considered.

None of the Directors of the Board serve as members of more than ten Committees or they act as Chairpersons of more than five Committees across all companies. None of the Directors are related inter-se.

#### Remuneration of Directors:

Pursuant to the Compensation Policy of the Bank, the Directors of the Bank were paid remuneration during the year under report. All the non executive directors including Mr. Ananthakrishna, the part-time Chairman of the Bank were paid sitting fees for attending meetings of Board/Committees besides reimbursing travelling expenses wherever applicable and halting allowance at the rates fixed by the Board.

Mr. P. Jayarama Bhat, Managing Director & CEO, has been paid salary and other allowances as approved by the Reserve Bank of India vide their letter DBR. Appt. No.3631/08.40.001/2015-16 dated September 10, 2015 and approved by the members at the 91<sup>st</sup> Annual General Meeting held on July 16, 2015. The details of the remuneration paid to Mr. P. Jayarama Bhat during the year ended March 31, 2016 were as under:

Break up of remuneration	₹ in lakh
Basic Salary	44.58
Dearness Allowance	8.91
House Rent Allowance	6.69
<b>Total</b>	<b>60.18</b>

In addition to the above, 12 percent of the Basic pay amounting to ₹5.35 lakh was also contributed towards Provident Fund. Other benefits such as use of car, telephone at residence, LFC etc. were also provided to Mr. P Jayarama Bhat during the reporting period. Further, a variable pay of ₹7.42 lakh for the financial year 2014-15 was also paid during the year under report as permitted by Reserve Bank of India vide their letter DBR.Appt.No.6624/08.40.001/ 2015-16 dated November 10, 2015.

Non-executive and Independent Directors of the Bank were paid sitting fees at the rate of ₹40,000/- for attending Board meetings, ₹30,000 for attending meetings of Audit Committee, Executive Committee and Integrated Risk Management Committee meetings and ₹20,000/- for attending the meetings of other Committees of the Board during the year under report. The details of the sitting fees paid to the Directors for the year ended 31<sup>st</sup> March 2016 were as under:

(₹ in lakh)

Name of the Director (Messrs/Mrs.)	Sitting fees paid for the year 2015-16
Ananthakrishna	8.60
S V Manjunath	6.60
D Harshendra Kumar	6.30
Dr. H Ramamohan	9.10
T R Chandrasekaran	10.40
Ashok Haranahalli	5.00
Usha Ganesh	8.60
Rammohan Rao Belle	13.60
B A Prabhakar	11.90
U R Bhat	0.40
Keshav K Desai	0.40

The Bank has not granted any Stock Options to its Directors so far.

#### COMMITTEES OF THE BOARD:

In compliance with the regulatory requirements and for the operational convenience, the following committees were functioning in the Bank as on March 31, 2016.

##### 1. Executive Committee of the Board of Directors (EC)

In order to facilitate the Board to concentrate on policy matters and strategic planning, etc., the Board has delegated lending and non- lending powers upto the limits decided by the Board from time to time to the Executive Committee of

Board of Directors. The Committee was headed by Mr. P Jayarama Bhat, Managing Director. The other members of the Committee were Messrs Dr. H Ramamohan, Rammohan Rao Belle and B A Prabhakar. During the year under report, nine meetings of the EC were held during the financial year on 08.05.2015, 12.06.2015, 09.07.2015, 20.08.2015, 28.09.2015, 17.11.2015, 28.12.2015, 02.02.2016 and 19.03.2016. Details of the attendance at the meetings were as under:

### Meetings record

Name of the Director (Messrs)	No. of meetings attended
P Jayarama Bhat	09
Dr H Ramamohan	09
Rammohan Rao Belle	08
B A Prabhakar	09

## 2. Audit Committee of the Board of Directors (ACB)

The Bank had constituted an Audit Committee of the Board (ACB) in 1995 as per the directions of the Reserve Bank of India to look into the matters specified by RBI. The terms of reference of the ACB which include the following:

1. Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Bank.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section (3) of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Modified opinion(s) in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the Bank with related Parties.
9. Valuation of undertakings or assets of the Bank, wherever it is necessary.
10. Evaluation of internal financial controls and risk management systems.
11. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
12. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
13. Discussion with internal auditors of any significant findings and follow up there on.

14. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
15. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
17. To review the functioning of the whistle blower mechanism.
18. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.
19. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Apart from the above, the ACB also considers such other matters as are prescribed by RBI either in the form of calendar of reviews or by separate circulars.

The ACB was headed by Mr T R Chandrasekaran, an Independent Director. The members of the ACB consisted of Mrs Usha Ganesh, Mr Rammohan Rao Belle and Mr B A Prabhakar and all the members of the ACB were financially literate. The Company Secretary acted as the secretary to the Committee. The Chief Financial Officer, Chief Compliance Officer and the Head of the Inspection & Audit Department of the Bank were also invited to attend the meetings of the committee. The Statutory Central Auditors were also invited to attend the meetings whenever interim/annual financial reports were considered. During the financial year under review nine meetings of ACB were held on 07.05.2015, 21.05.2015, 24.06.2015, 17.07.2015, 20.08.2015, 30.10.2015, 28.11.2015, 16.01.2016 and 28.03.2016.

#### Meetings record of the ACB

Name of the Director (Messrs/Mrs.)	No. of meetings attended
T R Chandrasekaran	08
Usha Ganesh	08
Rammohan Rao Belle	09
B A Prabhakar	09

### 3. Stakeholders Relationship Committee

A sub-committee of the Board constituted during the year 2002 to specifically look into the grievances of shareholders/investors continued its functioning during the year ended March 31, 2016 also. The Committee was rechristened to align with the requirements of Companies Act, 2013 and the listing agreement entered into with the Stock Exchanges. The Committee was headed by Mr. D Harshendra Kumar. The other members of the Committee were Mr. Ashok Haranahalli and Mr. Rammohan Rao Belle. The Committee met twice during the financial year under report on 21.09.2015 and 19.03.2016 and reviewed all the complaints received from the shareholders and the investors.

#### Name & designation of the Compliance Officer:

Y.V. Balachandra, Company Secretary.

A total of 43 complaints were received from the Investors/Share holders and all of them have been redressed satisfactorily. As required under the Listing Agreement a separate Email ID - investor.grievance@ktkbank.com had been maintained exclusively for the purpose of registering complaints by the investors. Bank was also prompt in uploading the Action Report in SEBI's on line complaint redressal portal "SCORES".

### 4. Special Committee for Monitoring and Investigation of Large Value Frauds

As per the directions of the Reserve Bank of India, the Board had constituted a Special Committee on 17.02.2004 exclusively to monitor, investigate and follow up cases of fraud involving amounts of ₹1 crore and above. The terms of reference of the Committee were as under:

- a. Identify the systems lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same.
- b. Identify the reasons for delay in detection, if any, in reporting to top management of the Bank and RBI.
- c. Monitor progress of CBI/Police investigation, and recovery position.

- d. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.
- e. Review the efficacy of the remedial action taken to prevent recurrence of frauds such as strengthening of internal controls.
- f. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

The Committee meets quarterly to review and follow up all cases and also immediately on detection of any fraud involving amount of ₹1 crore and above.

The Committee consisted of Messrs Ananthakrishna (Chairman of the Committee), P Jayarama Bhat, S V Manjunath, T R Chandrasekaran and B A Prabhakar. During the year financial under report, four meetings of the Committee were held on 27.06.2015, 28.09.2015, 28.12.2015 and 28.03.2016.

#### 5. Integrated Risk Management Committee (IRMC)

A Board level sub-committee called the Integrated Risk Management Committee (IRMC) which was constituted on 24.12.2004 to devise a policy and strategy for integrated risk management containing various risk exposures of the Bank including credit risk and market risk continued its functioning during the year under report. The Committee was headed by Mr. Ananthakrishna and other members of the Committee were Messrs P Jayarama Bhat, T R Chandrasekaran and Mrs. Usha Ganesh.

The functions of the Committee include the review of risk profile of the Bank, evaluation of the overall risks faced by the Bank, develop policies and strategies for integrating risk management containing the credit, market and operational risk exposures etc., and to ensure a smooth transition to the new Capital Adequacy Framework. IRMC met four times during the financial year on 24.06.2015, 21.08.2015, 17.11.2015 and 19.02.2016.

#### 6. Nomination and Remuneration Committee (N&RC)

Pursuant to the Companies Act, 2013, SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 and the extant guidelines of Reserve Bank of India, Bank has constituted "Nomination & Remuneration Committee (N&RC)" w.e.f. 30.09.2014. The Committee consisted of Messrs Ananthakrishna, S V Manjunath (Chairman of the Committee), Dr. H Ramamohan, T R Chandrasekaran and Rammohan Rao Belle. During the financial year under report two meetings of the Committee were held on 08.07.2015 and 19.02.2016. The attendance record at the meeting is as under:

Name of the Director (Messrs)	No. of meetings attended
Ananthakrishna	02
S V Manjunath	02
Dr H Ramamohan	02
T R Chandrasekaran	02
Rammohan Rao Belle	02

#### The terms of reference of the Committee include:

- i. Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down.
- ii. Undertake the due diligence of candidates before their appointment/re-appointment as directors.
- iii. Recommend to the Board, appointment of directors and senior management personnel and removal.
- iv. Formulate the criteria for determining qualification, positive attributes and independence of a director, key managerial personnel and other employees.
- v. Recommend to the Board, the policy for evaluation of performance of directors.
- vi. Recommend to the Board on the remuneration of Whole Time Directors/Chief Executive Officers, etc.
- vii. To administer the Employee Stock Option Scheme of the Bank.

In deference to the above, the Committee has laid down Policy on determination of the qualifications, positive attributes and independence of a director for appointment as Directors and also a policy on remuneration of Directors.

#### Remuneration Policy

The Bank has adopted a policy on compensation of Whole Time Directors/Chief Executive Officers etc. which aims at attracting and retaining the right candidates in the Bank. The policy is designed to support key business strategies and provide reasonable remuneration commensurate with the performance of the Bank taking into account alignment of compensation with prudent risk taking etc.

### Remuneration of Whole Time Director/ Managing Director & CEO

The remuneration of the Managing Director & CEO of the Bank is recommended by the Nomination and Remuneration Committee to the Board for approval in accordance with the aforesaid policy. The Board of Directors considers the recommendation of the Nomination and Remuneration Committee and approves the remuneration, subject to approvals from Reserve Bank of India and shareholders. The remuneration comprises of fixed pay and variable pay linked to the achievement in financial and non-financial areas duly aligning it to the risk, cost to income ratio etc. In case the variable pay is substantial i.e. 50 percent or more of the fixed pay, the provision of deferment is also applicable. As a Policy, prudential limit for variable pay is also envisaged as it is limited to 70 percent of the fixed pay.

### Remuneration of Non-Executive Directors

The Non-Executive Directors including Chairman of the Board are paid sitting fees for attending each meeting of the Board/Committee as approved by the Board subject to limits prescribed under the Companies Act, 2013. The Bank does not pay any compensation in the form of profit related commission to the Non-Executive Directors.

### 7. Customer Service Committee

With a view to strengthen the corporate governance structure and also mount innovative measures for enhancing the quality of customer service and improving the level of customer satisfaction for all categories of clientele at all times, the Reserve Bank of India has suggested Banks to constitute a Customer Service Committee of the Board in compliance with the recommendations of Committee on Procedures and Performance Audit on Public Service (CPPAPS). Accordingly, Customer Service Committee was constituted on 25.09.2004. The role of the Committee is to address the formulation of a comprehensive deposit policy, product approval process, annual survey of depositor satisfaction, tri-annual audit of such services and to review the performance of the Ad-hoc committee periodically. The Committee continued its functioning during this year also. The Committee consisted of Mr. Ananthakrishna, Chairman and other members of the Committee were Messrs P. Jayarama Bhat, D. Harshendra Kumar and Dr. H. Ramamohan. The Committee met twice on 08.05.2015 and 26.02.2016 during the financial year under report. The Committee also invites customers to the meetings to get their feedback about the customer services in the Bank.

### 8. Internal Capital Adequacy Assessment Committee (ICAAC)

In order to review and recommend to the Board, the capital plan of the Bank and lay down the capital planning process and responsibilities as well as contingency planning for dealing with deviations and unexpected events and matters incidental thereto, ICAAC had been constituted in the Bank. The Committee consisted of Mr. Ananthakrishna, Chairman and the other members of the committee were Messrs P Jayarama Bhat, T R Chandrasekaran and Rammohan Rao Belle. Mr Mahabaleshwara M S, Chief General Manager, who is the head of the ICAAP Function Committee, was also a member of the Committee. Four meetings of the Committee were held during the financial year under report on 24.06.2015, 21.08.2015, 31.12.2015 and 26.02.2016.

### 9. Committee for IT Strategy and Governance

To study the issues arising out of the increased dependency on Information Technology in Banks, RBI constituted a working Group under the Chairmanship of Shri G Gopalakrishna, Executive Director, RBI. Based on the recommendations of the Gopalakrishna Committee, RBI issued detailed circular vide DBS.CO.ITC. BC.No.6/31.02.008/2010-11 dated 29.04.2011 advising the commercial banks to implement the recommendations of the Committee. The recommendations covered nine major areas of IT such as IT Governance, Information Security, Information System Audit, IT Operations, IT Services Outsourcing, Cyber Fraud, Business Continuity Planning, Customer Awareness Programmes and Legal issues.

The implementation of recommendations need to be Risk based, commensurate with the nature and scope of activities engaged by banks, the technology environment prevalent in the Bank and Support rendered by technology to the business processes. Implementation of the RBI guidelines will enhance safety, security, efficiency in banking processes leading to benefits for banks and the customers.

As envisaged in the above guidelines, a Board level Committee on IT Strategy and Governance constituted on 29.11.2011 to oversee the above areas continued its functioning during the year under report. The Committee consisted of Messrs Ananthakrishna, Chairman, P Jayarama Bhat and Rammohan Rao Belle.

Some of the roles and responsibilities of this Committee include:

- Approving IT strategy and policy documents
- Ensuring that the management has put an effective strategic planning process in place
- Ratifying that the business strategy is indeed aligned with IT strategy
- Ensuring that the IT organizational structure complements the business model and its direction



- Ascertaining that management has implemented processes and practices to ensure that the IT delivers value to the business
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources
- Ensuring proper balance of IT investments for sustaining bank's growth
- Becoming aware about exposure towards IT risks and controls and evaluating effectiveness of management's monitoring of IT risks
- Assessing Senior Management's performance in implementing IT strategies
- Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks)
- Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT
- Overseeing the aggregate funding of IT at a bank-level, and ascertaining if the management has resources to ensure the proper management of IT risks

The main objective of IT Governance is to achieve outcome viz., "Value Delivery by IT to business" and "IT Risk Management". The drivers of this outcome are "IT Strategic Alignment", "IT Resource Management" and "IT Performance Measurement".

Four meetings of the Committee were held during the financial year under report on 08.07.2015, 28.09.2015, 28.12.2015 and 29.03.2016.

#### 10. Corporate Social Responsibility (CSR) Committee

Pursuant to Section 135 of the Companies Act, 2013, a separate Committee has been constituted by the Board on 24.03.2014 to formulate and recommend to the Board a CSR policy, recommend the amount of expenditure to be incurred on the CSR activities and monitor the CSR Policy of the Bank from time to time, monitor & regulate the expenditure incurred by the Bank in corporate social responsibilities and to formulate policy on CSR activities. The said Committee continued its functioning during the year under report.

Besides Mr P Jayarama Bhat, who was the head of the Committee, the Committee consisted of Mr. D Harshendra Kumar and Mr Rammohan Rao Belle as its members. During the year the Committee met twice on 21.09.2015 and 29.03.2016. Necessary disclosure pursuant to sub section 4 of Section 135 of the Companies Act, 2013 read with Companies (CSR) Rules, 2014, has been furnished in Annexure VII and also posted in our website.

#### 11. Review Committee for identification of Wilful Defaulters:

As per the RBI Guidelines, the Bank has constituted a Review Committee for Identification of Wilful defaulters on 19.02.2015 for considering the representation from the borrowers and review the order of the internal committee constituted for identification of wilful defaulters. The Committee consisted of Mr P Jayarama Bhat, MD & CEO, as Chairman and Mr. Ashok Haranahalli and Mr. B A Prabhakar, Independent Directors of the Bank as Members. During the financial year the Committee met once on 19.02.2016.

The Bank had also constituted a Review Committee for Non-Cooperative borrowers and there was no occasion for the aforesaid committee to meet during the reporting period.

#### BOARD LEVEL PERFORMANCE EVALUATION

As required under the Companies Act, 2013 and the listing agreement entered into with the Stock Exchanges, the performance review/evaluation of the Board as a whole, Committees of the Board, Chairman of the Board, all Directors including independent directors and Managing Director & CEO of the Bank was carried out as per the Performance Evaluation Policy adopted by the Bank. The process of Performance evaluation is as under:

Independent Directors in a separate meeting shall evaluate the performance of non-independent directors (i.e. Managing Director & CEO of the Bank), Chairman of the Board and Board as a whole taking into account the views of the Executive Director.

Board shall review the performance of all Independent Directors as well as the Committees of the Board.

#### EVALUATION CRITERIA

##### Board:

The criteria of evaluation of performance of the Board include composition of the Board, periodicity of the meetings, management and human resources, strategy determination, monitoring and acting, policies and procedures including Risk management policy, understanding the regulatory requirements, reporting to the stakeholders, compliance with all applicable laws, requirements etc.

##### Committees of the Board:

The performance of the Committees of the Board was evaluated taking into consideration the terms of reference of each Committee, periodicity of meetings, collective judgement and contribution by each committee in meeting their objectives.

**Chairman of the Board:**

The evaluation criteria for the performance of the Chairman of the Board *inter-alia* included leadership qualities demonstrated by him, ability to synthesize discussion and divergent views to lead to consensus after listening to all directors, his working relationship with the Managing Director and CEO etc.

**Managing Director & CEO:**

While evaluating the performance of the Managing Director & CEO, performance in key financial and non-financial areas such as achieving the business targets, meeting stakeholders expectations and maintaining harmonious relationship with the labour associations and recognition and rewards secured by the Bank under his leadership, relationship with the Board, ability to execute the strategies etc., were considered.

**Independent Directors:**

The review of the performance of Independent Directors has been undertaken by the Board having regard to their experience and expertise in the specified area of their specialisation, attendance record at the meetings of the Board and the Committees thereof, value addition in the decision making process in the meeting, their ability to get updated their knowledge about the business and regulatory environment in which the Bank is functioning, leading to bringing in independent judgements and safeguarding the interest of stakeholders, etc.

**COMMITTEES OF EXECUTIVES:**

Apart from the Board Committees, the Bank has also constituted other committees of executives such as Asset and Liability Management Committee (ALCO), Investment Management Committee (IMC), Credit Management Committee (CMC), Credit Policy Committee (CPC), Operational Risk Management Committee (ORMC), Committee for Scrutiny of Frauds, Staff Accountability Committee, New Product & Process Approval Committee, IT Steering Committee, ICAAP Function Committee, Management Security Forum etc. The Committees meet regularly to take decisions on respective matters.

**GENERAL BODY MEETINGS:**

Venue and the date of the last three annual general meetings were as under:

Year	Venue	Date	Day	Time	Whether any Special resolution/s passed
2015	Registered Office of the Bank, Mangaluru	16.07.2015	Thursday	11.30 a.m.	Yes, Special resolutions in relation to the following were passed 1) Amendment of Article 3A of Articles of Association. 2) Amendment to the various clauses in the Articles of Association 3) Consent for raising capital through QIP
2014	Registered Office of the Bank, Mangaluru	09.08.2014	Saturday	11.30 a.m.	No
2013	Registered Office of the Bank, Mangaluru	06.07.2013	Saturday	11.30 a.m.	Yes, Special resolution in relation to the following was passed 1) Consent for raising capital through QIP

\* No special resolution was passed in the previous year through postal ballot.

**DISCLOSURES:**

There were no materially significant transactions entered into by the Bank with its directors, management, or relatives conflicting with the interest of the Bank at large during the year ended March 31, 2016. Further it is declared that all the directors and senior management personnel have affirmed the compliance to the code of conduct laid down by the Bank.

**STATUTORY COMPLIANCE, PENALTIES AND STRICTURES:**

There were no instances of non-compliances by the Bank, levy of penalties and strictures imposed by Stock Exchanges, RBI and SEBI /other regulatory authorities on any matter during the year under report.

**MEANS OF COMMUNICATION:**

The quarterly/ half yearly/ annual results are published in the leading national English dailies such as Business Standard, The Hindu, Business Line, Financial Express, Economic Times etc. and vernacular news papers such as Udayavani etc. The results were also posted on our web site www.karnatakabank.com. In view of this, no separate half-yearly declaration of financial performance to the shareholders has been made.

**SHAREHOLDERS' INFORMATION:****A. Annual General Meeting:**

Date : July 28, 2016  
 Day : Thursday  
 Time : 11.30AM  
 Venue : The Karnataka Bank Ltd.  
 Regd. & Head Office  
 Mahaveera Circle, Kankanady  
 Mangaluru-575002.

**B. Book closure:** July 22, 2016 to July 28, 2016 (both days inclusive)

**C. Financial Calendar:** The financial year of the Bank is April to March. The financial results for the quarter/half year/year are generally published as under:

- Quarter ending June, 30 2016 : July, 2016
- Quarter ending Sept. 30, 2016 : October, 2016
- Quarter ending Dec. 31, 2016 : January, 2017
- Quarter ending March 31, 2017 : May, 2017

**D. Dividend:** The Board of Directors has recommended a dividend of 50 percent on the paid up capital of the Bank for the year ended March 31, 2016 (i.e. ₹5/- per share) and subject to approval by the AGM to be held on July 28, 2016, the same will be paid to the shareholders holding shares as on July 28, 2016 in respect of shares held in physical form and to the beneficial holders of shares as on July 21, 2016 in electronic form.

Dividend Payment Date: Between July 29, 2016 to August 4, 2016.

As per the provisions of Section 205A of the Companies Act, 1956, the unclaimed dividend for the financial year ended March 2007-2008 of ₹33,83,485/- has been transferred to the Investor Education and Protection Fund established by the Central Government. The following Table gives the position of unclaimed dividend from the year 2008-2009 as on 31.03.2016.

Year	Unclaimed dividend (₹)	Date of declaration	Last date for claiming dividend
2008-2009	4827210	08.08.2009	07.09.2016
2009-2010	4058684	31.07.2010	30.08.2017
2010-2011	4154868	23.07.2011	22.08.2018
2011-2012	6067700	30.08.2012	29.09.2019
2012-2013	7100380	06.07.2013	05.08.2020
2013-2014	8476108	09.08.2014	08.09.2021
2014-2015	11623030	16.07.2015	15.08.2022

**Unclaimed shares suspense account:** Pursuant to Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, after sending three reminder letters in respect of unclaimed shares to the shareholders at the addresses available, the Bank had transferred these unclaimed shares to a separate demat suspense account. The summary of shares transferred and released in favour of shareholders is furnished below:

The Voting rights on these shares shall remain frozen till such shares are claimed by the rightful owner.

Particulars	No. of shareholders	Total Number of shares
Number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year.	2097	199944
Shareholders who approached us for transfer of shares from suspense account during the year	15	3177
Shareholders to whom shares were transferred from suspense account during the year:	15	3177
Number of shareholders and the outstanding shares in the suspense account lying at the end of the year.	2082	196767

**E. Listing of shares:**

The shares of the Bank are listed on the following Stock Exchanges.

Name of the Stock Exchange	Address
National Stock Exchange of India Ltd.	Regd Office: Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai- 400051
BSE Ltd.	Regd Office: Floor 25, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400001

The Bank has paid the annual listing fees for the year 2015-2016 to the above Stock Exchanges.

**Compliance with Corporate Governance requirements:** The Bank has been complying with requirements of Corporate Governance as stipulated under Regulations 17-27 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (formerly under Clause 49 of the Listing Agreement entered into with the National Stock Exchange of India Ltd and the BSE Ltd upto 30.11.2015) and a report on corporate Governance in the prescribed format has been submitted to the Stock Exchanges every quarter.

**Stock Code:**

Trading symbol on the NSE : KTKBANK  
 Scrip code on BSE : 532652  
 ISIN at NSDL/CDSL : INE614B01018

**Share transfer procedure:**

The shares of the Bank being traded in dematerialized form are transferable through the depository system. The share transfers in physical form are processed by the Share Transfer Agent- M/s Integrated Enterprises (India) Ltd and approved by the Managing Director at least once in a fortnight. There are no share transfer requests pending for transfer as on March 31, 2016.

**Stock Market Data**

The shares of the Bank are traded on the Stock Exchanges only in dematerialized form as per the directives issued by Securities and Exchange Board of India (SEBI). The shares are regularly traded on National Stock Exchange of India Ltd (NSE) and BSE Ltd. (BSE). The monthly high & low prices along with the volumes traded from 01.04.2015 to 31.03.2016 on the above Stock Exchanges are given below together with bench mark indices.

**Trading statistics on NSE**

Month	Share Price		No. of Shares Traded	CNX NIFTY	
	High	Low		High	Low
Apr 2015	135.60	122.10	25067734	8834.00	8181.50
May 2015	141.50	119.65	40536989	8458.95	8057.30
June 2015	147.65	127.85	50807123	8433.40	7965.35
July 2015	154.95	134.75	62946729	8633.50	8328.55
Aug 2015	146.75	121.20	32646392	8588.65	7791.85
Sep 2015	126.60	109.55	32512368	7981.90	7558.80
Oct 2015	132.05	123.75	23726305	8295.45	7950.90
Nov 2015	128.25	121.30	17706641	8060.70	7731.80
Dec 2015	129.30	117.70	16154485	7954.90	7610.45
Jan 2016	124.80	94.70	34849250	7963.20	7276.80
Feb 2016	98.25	85.95	30350690	7555.95	6970.60
Mar 2016	102.65	90.45	30569819	7738.40	7222.30

## Trading statistics on BSE

Month	Share Price		No. of Shares Traded	S&P BSE Sensex	
	High	Low		High	Low
Apr 2015	135.80	122.10	2748242	29094.61	26897.54
May 2015	141.45	119.70	4637019	28071.16	26423.99
June 2015	147.70	127.75	5836544	27968.75	26307.07
July 2015	155.00	134.80	5963725	28578.33	27416.39
Aug 2015	146.60	121.05	3383425	28417.59	25298.42
Sep 2015	126.60	109.15	4223280	26471.82	24833.54
Oct 2015	131.90	123.80	2238249	27618.14	26168.71
Nov 2015	128.15	121.30	2153645	26824.30	25451.42
Dec 2015	123.80	117.75	1694982	26256.42	24867.73
Jan 2016	120.95	94.90	4093302	26197.27	23839.76
Feb 2016	96.40	85.90	3460975	25002.32	22494.61
Mar 2016	102.35	93.80	4375611	25479.62	23133.18

## Major shareholders

As on 31<sup>st</sup> March 2016 the following shareholders were holding more than 1% of the paid up capital of the Bank.

Name of the shareholder	No of shares	% to total
Life Insurance Corporation of India	10203485	5.41
B Sumanth Kumar Reddy	6257662	3.32
Government Pension Fund Global	3035001	1.61
LSV Emerging Markets Equity Fund LP	2625600	1.39
Kotak Equity Savings Fund	2580000	1.37
Chirag Dilipkumar Lakhi	2459328	1.30
Goldman Sachs (Singapore) PTE	2293495	1.22
Dimensional Emerging Markets Value Fund	2171417	1.15
Religare Finvest Ltd.	2154510	1.14
Credit Suisse (Singapore) Limited	2109785	1.12
<b>TOTAL</b>	<b>35890283</b>	<b>19.03</b>

**Shareholdings of Directors as on 31<sup>st</sup> March 2016.**

Name of the Directors (Messrs/Mrs.)	Number of shares
Ananthakrishna	10000
P Jayarama Bhat	3000
S V Manjunath	62117
D Harshendra Kumar	3983
Dr H Ramamohan	11632
T R Chandrasekaran	301
Ashok Haranahalli	6000
Usha Ganesh	2520
Rammohan Rao Belle	200
B A Prabhakar	150
U R Bhat	4523
Keshav K Desai	4280

**Distribution of shareholding as on 31<sup>st</sup> March 2016.**

Shares holding of nominal value of ₹ (1)	Share holders		Share Amount	
	Number (2)	% to Total (3)	₹ (4)	% to Total (5)
Upto 5,000	99394	77.93	141011920	7.48
5,001 - 10,000	12682	9.94	96897030	5.14
10,001 - 20,000	7483	5.87	110742990	5.88
20,001 - 30,000	2698	2.12	67645590	3.59
30,001 - 40,000	1372	1.08	47893170	2.54
40,001 - 50,000	975	0.76	44764150	2.38
50,001 - 1,00,000	1649	1.29	117259360	6.22
1,00,001 and above	1293	1.01	1258346000	66.77
<b>Total</b>	<b>127546</b>	<b>100.00</b>	<b>1884560210</b>	<b>100.00</b>

**Dematerialization of shares:**

As per the directives of SEBI, the equity shares of the Bank are compulsorily traded in dematerialized form by all categories of investors with effect from 26.02.2001. The Bank had entered into tripartite agreement with the depositories viz. National Securities Depository Ltd. and Central Depository Services (India) Ltd. and share transfer agent, for dematerialization of shares. The ISIN allotted for the shares of the Bank is INE614B01018. In view of the obvious benefits of holding the shares in demat form, over the period of time shareholders have converted their physical shares into electronic form. 91.76 percent of the equity shares of the Bank are in demat form as on 31.03.2016.

**Registrar & Share Transfer Agent:**

The Bank has appointed M/s Integrated Enterprises (India) Ltd. as common Share Transfer Agent for both physical and electronic shares. Therefore, all communications relating to share transfer, dividend, change of address for shares held in physical form and dematerialisation of shares etc are to be addressed to the Registrar and Share Transfer Agent at the following address:

**Integrated Enterprises (India) Ltd.**  
30, Ramana Residency, 4<sup>th</sup> Cross  
Sampige Road, Mallechwaram, Bengaluru- 560003  
Tel: (080) 23460815-818 Fax: (080) 23460819  
Email: alfint@vsnl.com or irg@integratedindia.in

**Debenture Trustee :**

In respect of the sub-ordinated debt instruments issued in the previous years and outstanding as on 31<sup>st</sup> March 2016, the Bank has appointed M/s IDBI Trusteeship Services Ltd as the Debenture Trustee and their contact details are as follows.

**IDBI Trusteeship Services Ltd**  
Asian Building, Ground Floor,  
17, R.Kamani Marg, Ballard Estate, Mumbai-400001  
Tel: 91 022 4080 7001 Fax: 91 022 6631 1776  
Email: itsl@idbitrustee.co.in  
website: www.idbitrustee.com

**Non-mandatory (Discretionary) requirements**

The compliance status of Non-mandatory requirements were as under

Requirements	Compliance status
The Board - A non-executive Chairman may be entitled to maintain a Chairman's office at the company's expense and also allowed reimbursement of expenses incurred in performance of his duties.	Complied with.
Shareholders Rights: A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders.	In view of wider publication of results in newspapers and posting the same in the web site of the Bank, no separate communication was sent to each household of shareholders.
Modified opinion(s) in audit report: Company may move towards a regime of unqualified financial statements.	There were no audit qualifications.
Separate posts of Chairperson and chief executive officer: The company may appoint separate persons to the post of Chairman and Managing Director/CEO.	Pursuant to the extant guidelines of RBI, the Bank has appointed separate persons to the post of Chairman and Managing Director/CEO since 14.07.2009.
Reporting of Internal Auditor (The Internal auditor may report directly to the Audit Committee)	Bank follows Risk Based Internal Audit as per the extant guidelines of Reserve Bank of India and periodical report thereof is submitted to the Audit Committee of the Board.

## COMPLIANCE WITH THE CODE OF CONDUCT

I confirm that all Directors and members of the Senior Management have affirmed compliance with the Bank's Code of Conduct for the year ended March 31, 2016.

**P. Jayarama Bhat**  
Managing Director & CEO

Place : Mangaluru  
Date : May 20, 2016

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of The Karnataka Bank Limited

We have examined the records of The Karnataka Bank Ltd., concerning the compliance of conditions of Corporate Governance as stipulated under Regulations 17 to 27 and clauses 46(2) (b) to (i) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (formerly under Clause 49 of the Listing Agreement entered into with the National Stock Exchange of India Ltd and the BSE Ltd upto 30.11.2015) in relation to the listing of shares on the aforesaid stock exchanges for the financial year ended 31<sup>st</sup> March 2016.

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

We have conducted our examination on the basis of the relevant records and documents maintained by the Bank and furnished to us for our review and the information and explanations given to us by the Bank.

Based on such examination, in our opinion, the Bank has complied with the conditions of Corporate Governance, as stipulated in aforesaid Regulations.

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

**For Kamath & Rau**  
Chartered Accountants  
Firm Regn. No. 001689S

**For Abarna & Ananthan**  
Chartered Accountants  
Firm Regn. No. 000003S

Sd/-  
**(Srinivas S Kamath)**  
Partner - M. No.201716

Sd/-  
**(C S Gopalakrishna)**  
Partner - M. No.014706

Place : Mangaluru  
Date : May 20, 2016



## ANNEXURE V

## EXTRACT OF THE ANNUAL RETURN

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L85110KA1924PLC001128
- ii) Registration Date : 18.02.1924
- iii) Name of the Company : The Karnataka Bank Limited
- iv) Category/Subcategory of the Company : Public Limited Company
- v) Address of the Registered Office and contact details : Regd & Head Office, Mahaveera Circle, Kankanady, Mangaluru-575002  
Tel: (0824)2228222 Fax: (0824) 2225588  
Email: investor.grievance@ktkbank.com
- vi) Whether listed company (Yes / No) : YES
- vii) Name, address and contact details of Registrar and Share Transfer Agent, if any : Integrated Enterprises (India) Ltd.  
30, Ramana Residency, 4<sup>th</sup> Cross, Sampige Road, Mallechwaram, Bengaluru- 560 003  
Tel: (080)23460815-818 Fax: (080) 23460819  
Email: irg@integratedindia.in

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main product/services	NIC Code of the Product/Service	% to total turnover of the company
1	Banking Services	64191	100

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
Bank does not have any holding/subsidiary/associate company					

**IV. SHAREHOLDING PATTERN**
**i) Category-wise Share Holding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters (1) Indian</b>									
a) Individual/HUF	nil	nil	nil	nil	nil	nil	nil	nil	nil
b) Central Govt	nil	nil	nil	nil	nil	nil	nil	nil	nil
c) State Govt	nil	nil	nil	nil	nil	nil	nil	nil	nil
d) Bodies Corp	nil	nil	nil	nil	nil	nil	nil	nil	nil
e) Banks/FI	nil	nil	nil	nil	nil	nil	nil	nil	nil
f) any other	nil	nil	nil	nil	nil	nil	nil	nil	nil
<b>Sub-Total (A)(1):</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>
<b>(2) Foreign</b>									
a) NRI-Individuals	nil	nil	nil	nil	nil	nil	nil	nil	nil
b) Other-Individuals	nil	nil	nil	nil	nil	nil	nil	nil	nil
c) Bodies Corp	nil	nil	nil	nil	nil	nil	nil	nil	nil
d) Banks/FI	nil	nil	nil	nil	nil	nil	nil	nil	nil
<b>Sub-Total (A)(2):</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	4212963	0	4212963	2.24	8025224	0	8025224	4.26	2.02
b) Banks/FI	684381	0	684381	0.36	1169720	0	1169720	0.62	0.26
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	11144940	0	11144940	5.91	10888535	0	10888535	5.78	-0.13
g) FIs	41831330	0	41831330	22.20	35795368	0	35795368	18.99	-3.21
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others	0	0	0	0	0	0	0	0	0
<b>Sub Total (B) (1)</b>	<b>57873614</b>		<b>57873614</b>	<b>30.71</b>	<b>55878847</b>	<b>0</b>	<b>55878847</b>	<b>29.65</b>	<b>-1.06</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp									
i) Indian	25407827	247934	25655761	13.61	17394100	247884	17641984	9.36	-4.26
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	44815737	13513977	58329714	30.95	47016045	13047663	60063708	31.87	0.92
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	41410838	2417680	43828518	23.26	48306142	2217131	50523273	26.81	3.55
c) others									
i) Trust	29643	0	29643	0.02	29643	0.02	29643	0.02	0.00
ii) NRI	1742227	9550	1751777	0.93	2291353	9550	2300903	1.22	0.29
iii) Clearing Member	777784	0	777784	0.41	1820896	0	1820896	0.97	0.56
iv) Unclaimed Suspense A/c	199944	0	199944	0.11	196767	0	196767	0.10	-0.01
<b>Sub Total (B) (2)</b>	<b>114384000</b>	<b>16189141</b>	<b>130573141</b>	<b>69.29</b>	<b>117054946</b>	<b>15522228</b>	<b>132577174</b>	<b>70.35</b>	<b>1.06</b>
<b>Total Public Shareholding (B) = (B)(1) +(B)(2)</b>	<b>172257614</b>	<b>16189141</b>	<b>188446755</b>	<b>100.00</b>	<b>172933793</b>	<b>15522228</b>	<b>188456021</b>	<b>100.00</b>	<b>0.00</b>
<b>C. Shares held by custodian for CDRs/ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>172257614</b>	<b>16189141</b>	<b>188446755</b>	<b>100.00</b>	<b>172933793</b>	<b>15522228</b>	<b>188456021</b>	<b>100.00</b>	<b>0.00</b>

## ii) Shareholding of Promoters

Sl. No.	Shareholder's name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of shares pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of shares pledged/encumbered to total shares	
Not applicable as the Bank does not have any promoters in control of the management .								

## iii) Change in Promoter's Shareholding

Sl. No.		No. of Shares held at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Not applicable as the Bank does not have any promoters in control of the management .					

## iv) Shareholding Pattern of top ten Shareholders other than directors, promoters, holders of ADR/GDR

Sl.No.	Name of the shareholder	Shareholding at the beginning of the year		Change in Shareholding (No. of Shares)		Shareholding at the end of the year	
		No. of Shares	% to total shares of the Bank	Increase	Decrease	No. of Shares	% to total shares of the Bank
1	Life Insurance Corporation of India	10203485	5.41	.....	.....	10203485	5.41
2	B Sumanth Kumar Reddy	3989172	2.12	2268490	.....	6257662	3.32
3	Government Pension Fund Global	3035001	1.61	.....	.....	3035001	1.61
4	LSV Emerging Markets Equity Fund LP	2625600	1.39	.....	.....	2625600	1.39
5	Kotak Equity Savings Fund	464000	0.25	2116000	.....	2580000	1.37
6	Chirag Dilipkumar Lakhi	1823917	0.97	635411	.....	2459328	1.30
7	Goldman Sachs (Singapore) Pte	2857780	1.52	.....	564285	2293495	1.22
8	Dimensional Emerging Markets Value Fund	2195065	1.16	.....	23648	2171417	1.15
9	Religare Finvest Ltd	3098262	1.64	.....	943752	2154510	1.14
10	Credit Suisse (Singapore) Limited	2344442	1.24	.....	234657	2109785	1.12

Since the substantial portion of the shares are held and traded in demat form, date wise increase or decrease is not available.

**v) Shareholding of Directors & Key Managerial Personnel**

Sl. No.	For each of the Director & KMP	No. of Shares held at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	<b>Directors</b>				
<b>1</b>	<b>Ananthkrishna</b>				
	At the Beginning of the Year	10000	0.00	10000	0.00
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	nil	nil	nil	nil
	At the end of the Year			10000	0.00
<b>2</b>	<b>P Jayarama Bhat</b>	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the Beginning of the Year	3000	0.00	3000	0.00
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	nil	nil	nil	nil
	At the end of the Year			3000	0.00
<b>3</b>	<b>S V Manjunath</b>	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the Beginning of the Year	62117	0.03	62117	0.03
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	nil	nil	nil	nil
	At the end of the Year			62117	0.03
<b>4</b>	<b>D Harshendra Kumar</b>	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the Beginning of the Year	3983	0.00	3983	0.00
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	nil	nil	nil	nil
	At the end of the Year			3983	0.00
<b>5</b>	<b>Dr H Ramamohan</b>	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the Beginning of the Year	11632	0.00	11632	0.00
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	nil	nil	nil	nil
	At the end of the Year			11632	0.00
<b>6</b>	<b>T R Chandrasekaran</b>	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the Beginning of the Year	301	0.00	301	0.00
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	nil	nil	nil	nil
	At the end of the Year			301	0.00

<b>7</b>	<b>Ashok Haranahalli</b>	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the Beginning of the Year	6000	0.00	6000	0.00
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	nil	nil	nil	nil
	At the end of the Year			6000	0.00
<b>8</b>	<b>Usha Ganesh</b>	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the Beginning of the Year	2520	0.00	2520	0.00
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	nil	nil	nil	nil
	At the end of the Year			2520	0.00
<b>9</b>	<b>Rammohan Rao Belle</b>	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the Beginning of the Year	200	0.00	200	0.00
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	nil	nil	nil	nil
	At the end of the Year			200	0.00
<b>10</b>	<b>B A Prabhakar</b>	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the Beginning of the Year	150	0.00	150	0.00
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	nil	nil	nil	nil
	At the end of the Year			150	0.00
<b>11</b>	<b>U R Bhat</b>	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the Beginning of the Year	NA	NA	NA	NA
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	nil	nil	nil	nil
	At the end of the Year			4253	0.00
<b>12</b>	<b>Keshav K Desai</b>	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the Beginning of the Year	NA	NA	NA	NA
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	nil	nil	nil	nil
	At the end of the Year			4280	0.00

<b>Key Managerial Personnel</b>					
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>1</b>	<b>Raghurama, CFO</b>				
	At the Beginning of the Year	50	0.00	50	0.00
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	nil	nil	nil	nil
	At the end of the Year			50	0.00
<b>2</b>	<b>Y V Balachandra, Company Secretary</b>				
	At the Beginning of the Year	2388	0.00	2388	0.00
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	nil	nil	nil	nil
	At the end of the Year			2388	0.00

**INDEBTEDNESS** : Indebtedness of the company including interest outstanding/accrued but not due for payment

(₹ in lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits*	Total Indebtedness
<b>Indebtedness at the beginning of the financial Year</b>				
i) Principal Amounts	Nil	103775.78	Nil	103775.78
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued not due	Nil	2841.75	Nil	2841.75
<b>Total (i+ii+iii)</b>	<b>Nil</b>	<b>106617.53</b>	<b>Nil</b>	<b>106617.53</b>
<b>Change in indebtedness during the financial year</b>				
i) addition	3000.00	41247.95	Nil	45147.95
ii) deletion	Nil	43775.78	Nil	43775.78
<b>Net Change</b>	<b>3000.00</b>	<b>(1627.83)</b>	<b>Nil</b>	<b>1372.17</b>
<b>Indebtedness at the end of financial year</b>				
i) Principal Amount	3000.00	102147.95	Nil	105147.95
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued not due	0.64	2884.51	Nil	2885.15
<b>Total (i+ii+iii)</b>	<b>3000.64</b>	<b>105032.46</b>	<b>Nil</b>	<b>108033.10</b>

\*Deposits received by the Bank in the ordinary course of business do not amount to deposits in terms of Companies Act, 2013, hence not included.

## V) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration of Managing Director, whole time Director and or Manager

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Name of the MD P Jayarama Bhat	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act,1961	60.18	60.18
	(b) Value of Perquisites u/s 17(2) of the Income Tax Act,1961	--	--
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	--	--
2	Stock Options	--	--
3	Sweat Equity	--	--
4	Commission - as a % of profit - others	--	--
5	Others (Contribution to SPF and Variable Pay)	12.77*	12.77*
	<b>Total (A)</b>	<b>72.95</b>	<b>72.95</b>
	Ceiling as per the Act @		

\* Variable pay for the year 2014-15 was paid to Mr. P Jayarama Bhat in the FY 2015-16.

## B. Remuneration of Directors

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Name of the Directors											Total Amount
		Anantha Krishna	S V Manjunath	D Harshendra Kumar	Dr H Ramamohan	T R Chandra sekaran	Ashok Haranahalli	Usha Ganesh	Rammohan Rao Belle	B A Prabhakar	U R Bhat	Keshav K Desai	
1	Independent Directors												
	Sitting Fees for attending Board/ Committees	8.60	6.60	6.30	9.10	10.40	5.00	8.60	13.60	11.90			80.10
	Commission	--	--	--	--	--	--	--	--	--	--	--	
	Other	--	--	--	--	--	--	--	--	--	--	--	
	<b>Total (1)</b>	<b>8.60</b>	<b>6.60</b>	<b>6.30</b>	<b>9.10</b>	<b>10.40</b>	<b>5.00</b>	<b>8.60</b>	<b>13.60</b>	<b>11.90</b>			<b>80.10</b>
2	Non-Executive Directors												
	Sitting Fees for attending Board/ Committees										0.40	0.40	0.80
	Commission	--	--	--	--	--	--	--	--	--	--	--	
	Other	--	--	--	--	--	--	--	--	--	--	--	
	<b>Total (2)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>0.40</b>	<b>0.40</b>	<b>0.80</b>
	<b>Total (B) = (1+2)</b>	<b>8.60</b>	<b>6.60</b>	<b>6.30</b>	<b>9.10</b>	<b>10.40</b>	<b>5.00</b>	<b>8.60</b>	<b>13.60</b>	<b>11.90</b>	<b>0.40</b>	<b>0.40</b>	<b>80.90</b>
	<b>Total Managerial Remuneration (A+B)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>153.85</b>
	Overall ceiling as per the act @												

@ Being a Banking Company, the provisions of Banking Regulation Act, 1949 would apply to the Bank and the remuneration of whole time Director is subject to the approval of Reserve Bank of India. The remuneration is, however, within the limits prescribed under the Companies Act, 2013. Again any payment to Non-Executive/Independent Directors other than sitting fees and profit related commission not exceeding in aggregate one percent of net profits of the Bank subject to maximum of ₹10 lakh (except to part time chairman) can be made with the approval of RBI. Presently Independent /Non-executive Directors are paid only sitting fees, which is within limits prescribed under the Companies Act, 2013.

**C. Remuneration of Key Managerial Personnel other than MD & CEO**

(₹ in lakh)

Sl. No.	Particulars of Remuneration	CFO	Company Secretary	Total Amount
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	23.50	19.59	43.09
	(b) Value of Perquisites u/s 17(2) of the Income Tax Act, 1961	0.38	2.39	2.77
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	0	0	0
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as a % of profit	-	-	-
5	Others - Contribution to SPF	1.98	1.78	3.76
	<b>Total</b>	<b>25.86</b>	<b>23.76</b>	<b>49.62</b>

**VII) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of penalty/punishment	Authority [RD/ NCLT / Court]	Appeal made if any
<b>A. COMPANY</b>					
Penalty	nil	nil	nil	nil	nil
Punishment	nil	nil	nil	nil	nil
Compounding	nil	nil	nil	nil	nil
<b>B. DIRECTORS</b>					
Penalty	nil	nil	nil	nil	nil
Punishment	nil	nil	nil	nil	nil
Compounding	nil	nil	nil	nil	nil
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	nil	nil	nil	nil	nil
Punishment	nil	nil	nil	nil	nil
Compounding	nil	nil	nil	nil	nil



## ANNEXURE VI

## SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013, and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2016

To,

The Members,  
The Karnataka Bank Limited,  
Post Box No.599,  
Regd. & Head Office, Mahaveera Circle,  
Mangaluru-575002

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by The Karnataka Bank Limited (hereinafter called "the Bank") for the audit period covering the financial year ended on 31<sup>st</sup> March 2016. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Bank has, during the audit period covering the financial year ended 31<sup>st</sup> March 2016, complied with the statutory provisions listed hereunder and also that the Bank has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by The Karnataka Bank Limited ("the Bank") for the financial year ended on 31<sup>st</sup> March 2016, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Bankers to Issue) Regulations, 1994;
- vi. Banking Regulations Act, 1949;

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India
- ii. The Listing Agreements entered into by The Bank with National Stock Exchange of India Ltd and BSE Ltd.
- iii. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (with effect from 1<sup>st</sup> December 2015)

During the period under review the Bank has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:-

The Board of Directors of the Bank consists of Executive Director, Woman Director and Independent Directors in conformity with Section 149 of the Companies Act, 2013, Clause 49 of the Listing Agreement, Regulation 17 of the SEBI (LODR) Regulations, 2015 and also Section 10A of the Banking Regulation Act, 1949. The changes in the composition of the Board of Directors taken place during the period under review were carried out in compliance with the aforesaid provisions.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Bank were carried out unanimously.

I further report that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific events/actions having a major bearing on the Bank's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards.

For Ullas Kumar Melinamogaru & Associates  
Practising Company Secretaries

Date : May 18, 2016  
Place : Mangaluru

Sd/-  
**CS Ullas Kumar Melinamogaru**  
Proprietor  
FCS 6202, CP No. 6640

## ANNEXURE VII

**Annual report on Corporate Social Responsibility (CSR) activities**

**A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

Business organizations are an integral part of the society. Every decision taken while doing the business involves financial implications and social and environmental consequences. We strongly believe that usefulness of existence of an entity is best judged not from the financial numbers it reports over a period of time but its relevance to the society as judged by the Stakeholders. We believe in the principle of sharing the earnings. CSR process aimed at embracing the responsibility for the actions of the Bank and encourages a positive impact through our activities on the environment, consumers, employees, communities, stakeholders and all other members of the public.

**The area of focus for our CSR activities include the education, Swach Bharat and making available drinking water, healthcare and social welfare, protection of Heritage / Culture and arts / sports.**

**Overview of Activities**

Pursuant to the CSR Policy of the Bank and in accordance with Schedule VII of the Companies Act, 2013, your Bank has undertaken certain activities during the year under report with a view to bring positive impact on the society. The key initiatives undertaken were in the field of education, accessibility to safe and clean drinking water, health care, arts/promoting sports, rejuvenation of places of historical prominence etc.

**Web link to the CSR Policy**

The CSR policy of the Bank is posted in the website of the Bank and the same can be accessed at the following web link:

[www.karnatakabank.com/ktk/CSR\\_policy\\_2014.pdf](http://www.karnatakabank.com/ktk/CSR_policy_2014.pdf)

**Composition of CSR Committee**

Your Board has constituted a CSR Committee consisting of following Directors as members.

1. Mr. P Jayarama Bhat - Chairman of the Committee
2. Mr. D Harshendra Kumar - Independent Director
3. Mr. Rammohan Rao Belle- Independent Director.

Average net profit of the Bank for the last three financial yeas: ₹478.44 crore

Prescribed CSR expenditure (two percent of the amount as above): ₹ 9.57 crore

**Details of CSR spent during the financial year.**

- a. Total amount to be spent for the financial year: ₹9.57 crore  
The Bank has spent ₹6.06 crore during the financial year 2015-16  
( including amount to be released in respect of already sanctioned projects).
- b. Amount unspent, if any: ₹3.51 crore

c. Manner in which the amount spent during the financial year is detailed below:

(₹ in lakh)

Sl. No.	CSR Project or activity identified	Sector in which the Project is covered	Project or Programs (1) Local area or other (2) State and district where the projects were undertaken	Amount outlay (budget) project or program-wise	Amount spent on the project Sub-heads (1) direct expenditure (2) overheads	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency
1	Education / Livelihood Enhancement	Infrastructure development of schools, Livelihood enhancement project, employment enhancing vocational skills, road safety awareness program promotion of financial literacy among people who are outside institutional banking facilities	Tamil Nadu, Andhra Pradesh, Kerala, Rajasthan, Maharashtra Karnataka	208.97	203.95	238.12	Direct
2	Environmental Sustainability / Green Initiatives	Protection of Flora and fauna, animal, welfare, Conservation of natural resources, ensuring environmental sustainability, ecological balance	Delhi, Karnataka	100.46	54.16	58.21	Direct
3	Protection of Heritage / Culture	Protection of art and culture including restoration of buildings and sites of historical importance, Promotion and development of traditional arts and handicrafts	Kerala, Karnataka	63.30	44.46	60.31	Direct
4	Swach Bharat	Sanitation, encouraging Cleanliness under Swach Bharat, Construction of toilets	Kerala, Karnataka	90.10	56.49	62.59	Direct
5	Health Care	Making available safe drinking water, Contribution to Mid-Day Meal Programmes, Provisions for aids and appliances to the differently abled persons etc.	Punjab, Maharashtra Kerala, Karnataka	109.05	109.89	138.85	Direct
6	Empowering Women / Socially and Economically Disadvantaged	Empowering women, setting up of homes and hostels for women and orphans, measures for reducing inequalities faced by socially and economically backward groups	Karnataka	11.63	11.12	17.44	Direct
7	Rural Development	Rural Development	Kerala, Karnataka	16.56	3.00	4.34	Direct
8	Promotion of Sports	Promotion of nationally recognized sports	Karnataka	6.50	6.50	6.50	Direct
			<b>TOTAL</b>	<b>606.57</b>	<b>489.57</b>	<b>586.36</b>	

The Bank has been involving itself in various socio-economic activities intending to improve the life of the socially and economically weaker sections besides promoting Arts/ Sports etc. CSR, being given statutory backing by the Companies Act, 2013, the Bank continues to align its resources to the projects/programmes as indicated in Schedule VII of the Companies Act, 2013. The Bank having spent ₹606.57 lakh (including amount to be released in respect of already committed projects), proposes to increase its CSR spend in the coming years by taking up CSR activities on larger scale.

The CSR Committee of the Board hereby confirm that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Bank.

**For and on behalf of the CSR Committee**

Sd/-

**P Jayarama Bhat**  
**Managing Director & CEO**  
**and Chairman of the CSR Committee**

## ANNEXURE VIII

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	MD& CEO: 14.11x
(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	MD & CEO: Effective from July 14, 2015 remuneration was increased by 29.92 percent, the variable pay in relation to the last financial year was paid during the financial year 2015-16 which constitute 11.33 percent of his fixed pay. As the Bank follows the salary and other service conditions agreed to at the industry level settlement, except increase in the Dearness Allowance portion of the salary of CFO and CS during the year, there was no increase in the remuneration of the CFO and CS.
(iii) the percentage increase in the median remuneration of employees in the financial year	The Bank being part of bipartite wage settlement entered into by the IBA with the workmen association and Officers organization which is valid for five years, there was an average increase of 21% in remuneration across all employees. The percent increase in the median remuneration was 21 percent.
(iv) the number of permanent employees on the rolls of company	7792
(v) the explanation on the relationship between average increase in remuneration and company performance	Bank is part of industry level wage settlement and remuneration of employees is paid as per the agreed terms of settlement.
(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company	For the financial year 2015-16, KMPs were paid 0.29 percent of the net profit of the Bank for the year.
(vii) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year	The Market capitalization of the Bank stood at ₹1934.50 crore as on March 31, 2016 as against ₹ 2348.99 crore as on March 31, 2015. Over the same period, the price to earnings ratio moved down from 5.20 to 4.66. Share price of the Bank has decreased by 14.46 percent to ₹102.65 over the last public offering, i.e. IPO in September 1995 at the price of ₹ 120 per share.

<p>(viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration</p>	<p>There was an average increase of 21% in salaries of all employees other than managerial personnel in the last financial year as per Bi-partite wage settlement entered into by the IBA with the workmen association and Officers organization and normal annual increments and increase in Dearness Allowance which is linked to the consumer price index and paid across the banks as per the industry level wage pact.</p>		
<p>(ix) comparison of the each remuneration of the Key Managerial Personnel against the performance of the company</p>	<p>The comparison of remuneration of each of the Key Managerial personnel against the performance of the Bank is as under :</p>		
	<p><b>Salary of KMP (₹ in lakh)</b></p>	<p><b>% of Net Profit for the year</b></p>	
	<p>MD &amp; CEO : ₹72.95</p>	<p>0.17</p>	
	<p>CFO : ₹25.86</p>	<p>0.06</p>	
<p>CS : ₹23.76</p>	<p>0.06</p>	<p>Variable pay was paid only to MD &amp; CEO as per the Compensation Policy of the Bank taking into consideration the ratio of Profit Before Tax (PBT) to the three year moving Average Risk Weighted Assets and the risk rating as assessed internally besides capping overall MDs salary including variable pay to 0.036 per cent of the net total income and subject to variable pay not exceeding 20% of fixed pay. The variable pay as per Compensation Policy shall not exceed 70 per cent of fixed pay in any year and in case variable pay exceeds 50 percent of the fixed pay, there shall be deferral of such variable pay. Regulatory guidelines as per approval from Reserve Bank of India and shareholders have also been obtained.</p>	
<p>(x) the key parameters for any variable component of remuneration availed by the directors</p>	<p>(xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and</p> <p style="text-align: center;">No such employee.</p>		
<p>(xii) affirmation that the remuneration is as per the remuneration policy of the company. Explanation.- For the purposes of this rule.-(i) the expression "median" means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one; (ii) if there is an even number of observations, the median shall be the average of the two middle values.</p>	<p>(xii) affirmation that the remuneration is as per the remuneration policy of the company. Explanation.- For the purposes of this rule.-(i) the expression "median" means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one; (ii) if there is an even number of observations, the median shall be the average of the two middle values.</p> <p style="text-align: center;">Yes. It is confirmed.</p>		

BALANCE SHEET AS ON 31<sup>st</sup> MARCH 2016

(₹ in '000s)

	Schedule No.	As on 31.03.2016 ₹	As on 31.03.2015 ₹
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	188,46,58	188,45,66
Reserves and Surplus	2	3502,11,84	3200,60,39
Deposits	3	50488,20,95	46008,60,55
Borrowings	4	1051,47,95	1037,75,78
Other Liabilities and Provisions	5	1270,06,17	1401,17,55
<b>Total</b>		<b>56500,33,49</b>	<b>51836,59,93</b>
<b>ASSETS</b>			
Cash and balances with Reserve Bank of India	6	2645,62,37	2488,44,50
Balances with Banks and Money at Call and Short Notice	7	399,30,01	125,70,98
Investments	8	16256,65,31	14031,67,32
Advances	9	33902,44,84	31679,98,76
Fixed Assets	10	306,63,85	291,85,32
Other Assets	11	2989,67,11	3218,93,05
<b>Total</b>		<b>56500,33,49</b>	<b>51836,59,93</b>
Contingent Liabilities	12	5877,69,65	8315,68,67
Bills for Collection		1507,99,29	4103,52,90
Significant Accounting Policies	17		
Notes on Account	18		

Sd/-  
Muralidhar K. Rao  
Deputy General Manager

Sd/-  
Y. V. Balachandra  
Company Secretary

Sd/-  
Chandrashekar Rao. B.  
General Manager & CFO

Sd/-  
M. S. Mahabaleshwara  
Chief General Manager

Sd/-  
P. Jayarama Bhat  
Managing Director & CEO

Sd/-  
Ananthakrishna  
Chairman

Sd/-  
S. V. Manjunath  
D. Harshendra Kumar  
Directors

Sd/-  
Dr. H. Ramamohan  
T. R. Chandrasekaran  
Directors

Sd/-  
Ashok Haranahalli  
Usha Ganesh  
Rammohan Rao Belle  
Directors

Sd/-  
B. A. Prabhakar  
Ullal Ravindra Bhat  
Keshav Krishnarao Desai  
Directors

Refer our report of even date

For Kamath & Rau  
Chartered Accountants  
Firm Regn. No. 001689S

For Abarna & Ananthan  
Chartered Accountants  
Firm Regn. No. 000003S

Sd/-  
Srinivas S. Kamath  
Partner  
M. No. 201716

Sd/-  
C. S. Gopalakrishna  
Partner  
M. No. 014706

Place : Mangaluru  
Date : 20<sup>th</sup> May 2016

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016**

(₹ in '000s)

	Schedule No.	For the year ended 31.03.2016 ₹	For the year ended 31.03.2015 ₹
<b>I. INCOME</b>			
Interest Earned	13	4992,21,03	4698,41,93
Other Income	14	542,85,97	506,99,51
<b>Total</b>		<b>5535,07,00</b>	<b>5205,41,44</b>
<b>II. EXPENDITURE</b>			
Interest Expended	15	3689,33,77	3529,57,25
Operating Expenses	16	991,20,10	902,46,68
Provisions and Contingencies		439,23,99	321,92,49
<b>Total</b>		<b>5119,77,86</b>	<b>4753,96,42</b>
<b>III. PROFIT</b>			
Net profit for the year		415,29,14	451,45,02
Profit brought forward		40,10	16,06
<b>Total</b>		<b>415,69,24</b>	<b>451,61,08</b>
<b>IV. APPROPRIATIONS</b>			
Transfer to Statutory Reserve		230,00,00	230,00,00
Transfer to Capital Reserve		8,85,37	3,14,80
Transfer to Revenue Reserve		41,00,00	58,00,00
Transfer to Special Reserve u/s 36 (1) (viii) of Income Tax Act		25,83,62	26,06,95
Transfer to Investment Reserve Account		(3,83,99)	19,24,69
Transfer to Other Funds		40,00	80,00
Transfer to Proposed dividend		94,22,80	94,22,83
Transfer to Tax on proposed dividend		19,18,26	19,71,71
Balance carried over to Balance Sheet		3,18	40,10
<b>Total</b>		<b>415,69,24</b>	<b>451,61,08</b>
Earning per share			
Basic	₹	22.04	23.96
Diluted	₹	22.03	23.95
Significant Accounting Policies	17		
Notes on Account	18		

Sd/-  
**Muralidhar K. Rao**  
Deputy General Manager

Sd/-  
**Y. V. Balachandra**  
Company Secretary

Sd/-  
**Chandrashekar Rao. B.**  
General Manager & CFO

Sd/-  
**M. S. Mahabaleshwara**  
Chief General Manager

Sd/-  
**P. Jayarama Bhat**  
Managing Director & CEO

Sd/-  
**Ananthkrishna**  
Chairman

Sd/-  
**S. V. Manjunath**  
**D. Harshendra Kumar**  
Directors

Sd/-  
**Dr. H. Ramamohan**  
**T. R. Chandrasekaran**  
Directors

Sd/-  
**Ashok Haranahalli**  
**Usha Ganesh**  
**Rammohan Rao Belle**  
Directors

Sd/-  
**B. A. Prabhakar**  
**Ullal Ravindra Bhat**  
**Keshav Krishnarao Desai**  
Directors

Refer our report of even date

**For Kamath & Rau**  
Chartered Accountants  
Firm Regn. No. 001689S

**For Abarna & Ananthan**  
Chartered Accountants  
Firm Regn. No. 000003S

Sd/-  
**Srinivas S. Kamath**  
Partner  
M. No. 201716

Sd/-  
**C. S. Gopalakrishna**  
Partner  
M. No. 014706

Place : Mangaluru  
Date : 20<sup>th</sup> May 2016



CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016

(₹ in '000s)

	Year Ended March 31, 2016		Year Ended March 31, 2015	
	₹	₹	₹	₹
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit after Tax and Extra Ordinary Items		415,29,14		451,45,02
Add:				
Adjustments for :				
Provision for Tax	112,71,29		107,94,63	
Loss on sale of Fixed Assets	89,33		29,11	
Depreciation on Fixed Assets including Lease				
Adjustment charges	42,23,71		(14,16,77)	
Provisions and Contingencies	326,52,70		213,97,86	
Amortisation of premium on Held to Maturity				
Investments	33,33,83	515,70,86	34,82,16	342,86,99
Operating Profit Before Working Capital Changes		931,00,00		794,32,01
Adjustment for :				
i) (Increase) / Decrease in Advances & Other Assets	(1855,28,28)		(3502,45,91)	
ii) (Increase) / Decrease in Investments	(2258,63,53)		(728,76,69)	
iii) Increase / (Decrease) in Deposits, Borrowings & Other Liabilities	4004,07,81	(109,84,00)	4415,97,52	184,74,92
Cash Generated from Operations		821,16,00		979,06,93
Less: Direct taxes paid		185,22,57		330,97,07
<b>Net Cash Flow from Operating Activities (A)</b>		<b>635,93,43</b>		<b>648,09,86</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets		(58,55,37)		(81,20,19)
Sale of Fixed Assets		63,80		70,63
<b>Net Cash used in Investing Activities (B)</b>		<b>(57,91,57)</b>		<b>(80,49,56)</b>
<b>TOTAL (A+B)</b>		<b>578,01,86</b>		<b>567,60,30</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of share capital (net of expenses)		4,27		15,82
Proceeds from long term borrowings		(34,41,08)		(203,77,28)
Dividend paid (Including Tax on Dividend)		(112,88,15)		(87,23,60)
<b>Net Cash Generated from Financing Activities (C)</b>		<b>(147,24,96)</b>		<b>(290,85,06)</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>		<b>430,76,90</b>		<b>276,75,24</b>
<b>Cash &amp; Cash Equivalents as at the beginning of the year</b>		<b>2614,15,48</b>		<b>2337,40,24</b>
<b>Cash &amp; Cash Equivalents as at the end of the year</b>		<b>3044,92,38</b>		<b>2614,15,48</b>

Note: 1. The Cash Flow Statement has been prepared under the Indirect Method and figures of the previous year have been re-grouped wherever necessary.

2. Cash and Cash Equivalents comprise of Cash on Hand, Balances with Reserve Bank of India, Balances with Banks and Money at Call and Short Notice.

Sd/-  
Muralidhar K. Rao  
Deputy General Manager

Sd/-  
Y. V. Balachandra  
Company Secretary

Sd/-  
Chandrashekar Rao. B.  
General Manager & CFO

Sd/-  
M. S. Mahabaleshwara  
Chief General Manager

Sd/-  
P. Jayarama Bhat  
Managing Director & CEO

Sd/-  
Ananthakrishna  
Chairman

Sd/-  
S. V. Manjunath  
D. Harshendra Kumar  
Directors

Sd/-  
Dr. H. Ramamohan  
T. R. Chandrasekaran  
Directors

Sd/-  
Ashok Haranahalli  
Usha Ganesh  
Rammohan Rao Belle  
Directors

Sd/-  
B. A. Prabhakar  
Ullal Ravindra Bhat  
Keshav Krishnarao Desai  
Directors

Refer our report of even date

For Kamath & Rau  
Chartered Accountants  
Firm Regn. No. 001689S

For Abarna & Ananthan  
Chartered Accountants  
Firm Regn. No. 000003S

Sd/-  
Srinivas S. Kamath  
Partner  
M. No. 201716

Sd/-  
C. S. Gopalakrishna  
Partner  
M. No. 014706

Place : Mangaluru  
Date : 20<sup>th</sup> May 2016

**SCHEDULES ANNEXED TO THE BALANCE SHEET**

(₹ in '000s)

	As on 31.03.2016 ₹	As on 31.03.2015 ₹
<b>SCHEDULE - 1 CAPITAL</b>		
<b>Authorised Capital</b>		
50,00,00,000 Equity shares of ₹10/- each (Previous year 30,00,00,000 Equity shares of ₹10/- each)	500,00,00	300,00,00
<b>Issued Capital</b>		
18,84,78,649 equity shares of ₹10 each (Previous year 18,84,69,383 Equity shares of ₹10/- each)	188,47,86	188,46,94
<b>Subscribed Capital</b>		
18,84,72,571 Equity shares of ₹10/- each (Previous year 18,84,63,305 Equity shares of ₹10/- each)	188,47,26	188,46,33
<b>Paid-up Capital</b>		
18,84,56,021 Equity shares of ₹10/- each (Previous year 18,84,46,755 Equity shares of ₹10/- each) Add : Forfeited Shares	188,45,60 98	188,44,68 98
<b>Total</b>	<b>188,46,58</b>	<b>188,45,66</b>
<b>SCHEDULE - 2 RESERVES AND SURPLUS</b>		
<b>I. Statutory Reserve</b>		
Opening balance	1753,00,00	1523,00,00
Additions during the year	230,00,00	230,00,00
	1983,00,00	1753,00,00
Deductions during the year	0	0
<b>Total</b>	<b>1983,00,00</b>	<b>1753,00,00</b>
<b>II. Capital Reserve</b>		
Opening balance	70,09,36	66,94,56
Additions during the year	8,85,37	3,14,80
	78,94,73	70,09,36
Deductions during the year	0	0
<b>Total</b>	<b>78,94,73</b>	<b>70,09,36</b>
<b>III. Share Premium</b>		
Opening balance	722,86,22	722,43,00
Additions during the year	12,21	43,22
	722,98,43	722,86,22
Deductions during the year	0	0
<b>Total</b>	<b>722,98,43</b>	<b>722,86,22</b>
<b>IV. Revenue and other Reserves</b>		
<b>a) Revenue Reserve</b>		
Opening balance	503,23,73	445,23,73
Additions during the year	41,00,00	58,00,00
	544,23,73	503,23,73
Deductions during the year	0	0
<b>Total</b>	<b>544,23,73</b>	<b>503,23,73</b>

(₹ in '000s)

	As on 31.03.2016 ₹	As on 31.03.2015 ₹
<b>b) Special Reserve u/s 36(1)(viii) of Income Tax Act</b>		
Opening balance	128,75,68	102,68,73
Additions during the year	25,83,62	26,06,95
	154,59,30	128,75,68
Deletion during the year	0	0
<b>Total</b>	<b>154,59,30</b>	<b>128,75,68</b>
<b>c) Employee Stock Option Outstanding</b>		
Opening balance	3,00,61	3,31,46
Additions during the year	0	0
	3,00,61	3,31,46
Deductions during the year	8,84	30,85
<b>Total</b>	<b>2,91,77</b>	<b>3,00,61</b>
<b>d) Investment Reserve Account</b>		
Opening balance	19,24,69	0
Additions during the year	0	19,24,69
	19,24,69	19,24,69
Deductions during the year	3,83,99	0
<b>Total</b>	<b>15,40,70</b>	<b>19,24,69</b>
<b>V. Balance in Profit and Loss Account</b>	<b>3,18</b>	<b>40,10</b>
<b>GRAND TOTAL ( I TO V)</b>	<b>3502,11,84</b>	<b>3200,60,39</b>
<b>SCHEDULE - 3 DEPOSITS</b>		
<b>A.I.Demand Deposits</b>		
1. From Banks	3,77,52	1,81,92
2. From others	3239,72,38	2869,58,29
	<b>3243,49,90</b>	<b>2871,40,21</b>
<b>II. Savings Bank Deposits</b>	<b>10017,21,20</b>	<b>8601,91,81</b>
<b>III. Term Deposits</b>		
1. From Banks	16,89,62	23,47,09
2. From others	37210,60,23	34511,81,44
	<b>37227,49,85</b>	<b>34535,28,53</b>
<b>Total : (I, II and III)</b>	<b>50488,20,95</b>	<b>46008,60,55</b>
<b>B. 1. Deposits of branches in India</b>	50488,20,95	46008,60,55
<b>2. Deposits of branches outside India</b>	0	0
<b>Total (1+2)</b>	<b>50488,20,95</b>	<b>46008,60,55</b>
<b>SCHEDULE - 4 BORROWINGS</b>		
<b>I. Borrowings in India</b>		
1. Reserve Bank of India	30,00,00	0
2. Other Banks	0	0
3. Other Institutions and Agencies	322,09,70	356,50,78
4. Subordinated Debts for Tier II Capital	600,00,00	600,00,00
<b>Total</b>	<b>952,09,70</b>	<b>956,50,78</b>
<b>II. Borrowings outside India</b>	<b>99,38,25</b>	<b>81,25,00</b>
<b>Total : (I and II)</b>	<b>1051,47,95</b>	<b>1037,75,78</b>
Secured borrowings included in I & II above	30,00,00	0

(₹ in '000s)

	As on 31.03.2016 ₹	As on 31.03.2015 ₹
<b>SCHEDULE - 5 OTHER LIABILITIES AND PROVISIONS</b>		
I. Bills Payable	287,96,76	275,86,54
II. Inter Office adjustments (Net)	33,32,58	13,41,60
III. Interest accrued	87,04,15	104,45,33
IV. Deferred Tax Liability (Net)	9,04,26	8,39,08
V. Others (including Provisions)*	852,68,42	999,05,00
<b>Total</b>	<b>1270,06,17</b>	<b>1401,17,55</b>
*includes provision for Standard advances ₹219,90,17 (Previous year ₹214,88,88)		
<b>SCHEDULE - 6 CASH AND BALANCES WITH RBI</b>		
<b>I. Cash in hand</b> (including foreign currency notes)	<b>516,41,42</b>	<b>485,36,53</b>
<b>II. Balances with Reserve Bank of India</b>		
1. In Current Account	2059,20,95	2003,07,97
2. In Other Accounts	70,00,00	0
<b>Total</b>	<b>2129,20,95</b>	<b>2003,07,97</b>
<b>Total : (I and II)</b>	<b>2645,62,37</b>	<b>2488,44,50</b>
<b>SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE</b>		
<b>I. IN INDIA</b>		
<b>i. Balances with Banks</b>		
a) In Current Accounts	62,96,25	61,99,46
b) In other deposit accounts	25,00,00	85,00
	<b>87,96,25</b>	<b>62,84,46</b>
<b>ii. Money at Call and Short Notice</b>		
a) With Banks	0	0
b) With other institutions	199,91,79	0
	<b>199,91,79</b>	<b>0</b>
<b>Total (i) &amp; (ii)</b>	<b>287,88,04</b>	<b>62,84,46</b>
<b>II. OUTSIDE INDIA</b>		
i. In Current Accounts	12,03,72	61,52
ii. In Other Deposit Accounts	99,38,25	62,25,00
iii. Money at Call and Short Notice	0	0
<b>Total</b>	<b>111,41,97</b>	<b>62,86,52</b>
<b>Grand Total (I and II)</b>	<b>399,30,01</b>	<b>125,70,98</b>

(₹ in '000s)

	As on 31.03.2016 ₹	As on 31.03.2015 ₹
<b>SCHEDULE - 8 INVESTMENTS</b>		
<b>I. Investments in India (Gross)</b>	16309,10,28	14061,35,29
Less: Provision / Depreciation	52,44,97	29,67,97
<b>Net Investments In India</b>	<b>16256,65,31</b>	<b>14031,67,32</b>
<b>Break-up :</b>		
1. Government Securities	11565,12,36	11452,06,70
2. Other Approved Securities	0	0
3. Shares	96,02,68	127,96,07
4. Debentures and Bonds	2038,71,04	1341,14,20
5. Subsidiaries and/or Joint Ventures	0	0
6. Others	2556,79,23	1110,50,35
<b>Total</b>	<b>16256,65,31</b>	<b>14031,67,32</b>
<b>II. Investments outside India</b>	0	0
<b>Total (I+II)</b>	<b>16256,65,31</b>	<b>14031,67,32</b>
<b>SCHEDULE - 9 ADVANCES</b>		
<b>A) 1. Bills Purchased and discounted</b>	813,83,14	877,10,58
2. Cash Credits, Overdrafts and Loans repayable on demand	12806,61,22	12235,94,33
3. Term Loans	20282,00,48	18566,93,85
<b>Total</b>	<b>33902,44,84</b>	<b>31679,98,76</b>
<b>B) 1. Secured by Tangible Assets (including book debts)</b>	30698,44,12	28623,61,99
2. Secured by Bank/Government Guarantees	2112,00,01	1939,48,12
3. Unsecured	1092,00,71	1116,88,65
<b>Total</b>	<b>33902,44,84</b>	<b>31679,98,76</b>
<b>C) I. Advances in India</b>		
1. Priority Sectors	14482,33,47	12587,30,14
2. Public Sectors	815,14,18	876,79,32
3. Banks	0	0
4. Others	18604,97,19	18215,89,30
<b>Total</b>	<b>33902,44,84</b>	<b>31679,98,76</b>
<b>C) II. Advances outside India</b>		
1. Due from Banks	0	0
2. Due from others	0	0
a) Bills Purchased and Discounted	0	0
b) Syndicated Loans	0	0
c) Others	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTAL (C. I and C. II)</b>	<b>33902,44,84</b>	<b>31679,98,76</b>
Note: The above advances are net of provisions.		

(₹ in '000s)

	<b>As on 31.03.2016 ₹</b>	<b>As on 31.03.2015 ₹</b>
<b>SCHEDULE - 10 FIXED ASSETS</b>		
<b>I. Premises</b>		
At cost as on 31 <sup>st</sup> March of the preceding year	137,07,39	131,66,43
Additions during the year	4,99,67	5,41,29
	142,07,06	137,07,72
Deductions during the year	33	33
	142,06,73	137,07,39
Depreciation to-date	17,75,79	16,14,08
<b>Total</b>	<b>124,30,94</b>	<b>120,93,31</b>
<b>II. Other Fixed Assets</b>		
(including Furniture and Fixtures)		
At cost as on 31 <sup>st</sup> March of the preceding year	358,10,71	287,25,85
Additions during the year	53,55,70	75,78,73
	411,66,41	363,04,58
Deductions during the year	4,95,72	4,93,87
	406,70,69	358,10,71
Depreciation to date	224,37,78	187,18,70
<b>Total</b>	<b>182,32,91</b>	<b>170,92,01</b>
<b>Total (I+II)</b>	<b>306,63,85</b>	<b>291,85,32</b>
<b>SCHEDULE - 11 OTHER ASSETS</b>		
I. Interest accrued	264,53,94	277,38,37
II. Tax paid in advance/tax deducted at source (net of provisions)	889,62,65	801,31,96
III. Stationery and Stamps	3,53,85	6,79,60
IV. Non-Banking Assets acquired in satisfaction of claims	2,19,29	1,86,04
V. Others*	1829,77,38	2131,57,08
<b>Total</b>	<b>2989,67,11</b>	<b>3218,93,05</b>
*includes MAT entitlement Credit of ₹ 69,90,91 (Previous year ₹135,30,59)		
<b>SCHEDULE - 12 CONTINGENT LIABILITIES</b>		
I. Claims against the Bank not acknowledged as debts	32,78,33	33,55,24
II. Liability for Partly paid investments	0	0
III. Liability on account of outstanding Forward Exchange Contracts including derivatives	3024,80,38	5575,88,51
IV. Guarantees given on behalf of constituents		
a) In India	2246,49,39	2172,56,30
b) Outside India	0	0
V. Acceptances, Endorsements and other Obligations	510,33,60	483,07,63
VI. Other items for which the bank is contingently liable	63,27,95	50,60,99
<b>Total</b>	<b>5877,69,65</b>	<b>8315,68,67</b>

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016

(₹ in '000s)

	For the year ended 31.03.2016 ₹	For the year ended 31.03.2015 ₹
<b>SCHEDULE - 13 INTEREST EARNED</b>		
I. Interest/discount on advances/bills	3700,48,00	3505,56,44
II. Income on Investments	1189,90,44	1085,55,36
III. Interest on balances with R.B.I / other Inter-Bank funds	2,59,63	1,98,42
IV. Others	99,22,96	105,31,71
<b>Total</b>	<b>4992,21,03</b>	<b>4698,41,93</b>
<b>SCHEDULE - 14 OTHER INCOME</b>		
I. Commission, Exchange and Brokerage	237,94,59	224,02,85
II. Profit on sale of Investments (net)	62,43,62	112,71,33
III. Profit on Revaluation of Investments (net)	0	0
IV. Profit/(Loss) on sale of Land, Buildings and Other Assets (net)	(89,33)	(29,11)
V. Profit on Exchange Transactions(net)	29,80,58	35,62,13
VI. Income earned by way of dividends etc., from Subsidiaries/ Companies and /or Joint Ventures abroad/ in India	0	0
VII. Miscellaneous income	213,56,51	134,92,31
<b>Total</b>	<b>542,85,97</b>	<b>506,99,51</b>
<b>SCHEDULE - 15 INTEREST EXPENDED</b>		
1. Interest on deposits	3588,01,57	3408,26,66
2. Interest on Reserve Bank of India/Inter-Bank Borrowings	20,04,63	27,36,37
3. Others	81,27,57	93,94,22
<b>Total</b>	<b>3689,33,77</b>	<b>3529,57,25</b>
<b>SCHEDULE - 16 OPERATING EXPENSES</b>		
I. Payments to and provisions for employees	443,02,45	524,66,43
II. Rent, Taxes and Lighting	106,97,98	90,70,38
III. Printing and Stationery	12,61,08	7,34,32
IV. Advertisement and Publicity	8,04,48	7,91,17
V. Depreciation on Bank's property	42,23,38	(14,17,09)
VI. Directors' fees, allowances and expenses	1,13,09	96,38
VII. Auditors' fees and expenses (including branch audit fees )	2,75,34	2,17,95
VIII. Law charges	2,41,76	2,47,62
IX. Postage, telegrams, telephones etc.	16,98,81	12,92,48
X. Repairs and maintenance	24,35,78	22,45,96
XI. Insurance	52,35,63	48,15,50
XII. Other expenditure	278,30,32	196,85,58
<b>Total</b>	<b>991,20,10</b>	<b>902,46,68</b>

## SCHEDULE-17

### BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES ADOPTED IN PREPARING FINANCIAL STATEMENTS

#### GENERAL

The Karnataka Bank Limited incorporated at Mangaluru in India is a publicly held Banking Company governed by the Banking Regulation Act, 1949 and is engaged in providing a wide range of banking & financial services involving retail, corporate banking and para-banking activities in addition to treasury and foreign exchange business.

#### BASIS OF PREPARATION:

The accompanying financial statements have been prepared following the going concern concept, on historical cost basis and confirm to the Generally Accepted Accounting Principles, (GAAP) in India which encompasses applicable statutory provisions, regulatory norms prescribed by the Reserve Bank of India (RBI) from time to time, notified Accounting Standards (AS) issued under the Companies (Accounting Standards) Rules, 2006 to the extent applicable and current practices prevailing in the banking industry in India.

The preparation of the financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities including contingent liabilities as of the date of the financial statements and the reported income and expenses during the reported period. The Management believes that the estimates and assumptions used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. The differences, if any between estimates and actual will be dealt appropriately in future periods.

#### SIGNIFICANT ACCOUNTING POLICIES

##### 1. REVENUE RECOGNITION:

Income is accounted for on accrual basis except in respect of income from Non Performing Assets, commission, exchange, Funded Interest Term Loan (FITL) and rent on safe deposit lockers, which are all accounted on cash basis. Recoveries made in Non-performing advances are appropriated as under:

- a) In case of Term Loan/DPN the recoveries are appropriated towards the principal, interest and charges in order of demand.
- b) In case of Overdraft accounts the recoveries are first appropriated towards excess allowed in overdraft account if any, followed by expired sanctioned TOD and then towards interest.
- c) In case of One Time Settlement (OTS) accounts the recoveries are first adjusted to principal balance.

##### 2. INVESTMENTS:

Investments are classified under the heads "Held to Maturity", "Available for Sale" and "Held for Trading" categories and are valued in accordance with the RBI guidelines. The value, net of depreciation is shown in the Balance Sheet.

The excess of acquisition cost over the face value of securities under "Held to Maturity" category is amortised over the remaining period to maturity.

Transfers of scrip, if any, from one category to another, are done at the lowest of the acquisition cost / book value/ market value on the date of transfer and the depreciation, if any, on such transfers is fully provided for.

Provisions for non-performing investments are made as per RBI guidelines.

##### 3. DERIVATIVE CONTRACTS

Derivative contracts are designated as hedging or trading and accounted in accordance with Reserve Bank of India's guidelines.

Derivatives deals for trading are marked to market and net depreciation is recognised while net appreciation is ignored.

Derivatives used for hedging are marked to market in cases where the underlying assets/ liabilities are marked to market and Income /expenditure is accounted on accrual basis.

##### 4. ADVANCES:

Advances are classified into (a) Standard; (b) Sub-Standard; (c) Doubtful; and (d) Loss assets, in accordance with the RBI Guidelines and are stated net of provisions made towards Non- performing advances and unrealised interest. Provisions are made in accordance with the prudential norms prescribed by Reserve Bank of India.



In case of financial assets sold to Securitisation/reconstruction Company, if the sale is at a price below the net book value (NBV), the shortfall is debited to the Profit and Loss account. If the sale is for the price higher than the net book value, excess provision held is not reversed but held till redemption of the security receipt, wherever applicable, except wherein Reserve Bank of India has specifically permitted amortisation of the loss on sale of advances over the subsequent periods.

#### **5. FIXED ASSETS:**

Premises and other fixed assets have been shown at cost as reduced by depreciation written off to date. Land and buildings are capitalized based on conveyance/letters of allotment/physical possession of the property.

Software is capitalised along with computer hardware and included under Other Fixed Assets.

#### **6. DEPRECIATION:**

Depreciation on fixed assets is provided following Straight Line Method (SLM) as per the useful life specified under Schedule II of the Companies Act, 2013, except in respect of computers (including software) where depreciation is provided at a flat rate of 33.33% as per RBI guidelines.

Where during any financial year, addition has been made to any Asset or where any Asset has been sold, discarded, demolished or destroyed, the Depreciation on such Asset is calculated on Prorata basis from the date of such Addition or as the case may be, upto the date on which such Asset has been sold, discarded, demolished or destroyed.

Premium paid on lease hold properties is charged off over the lease period.

Depreciation of leased assets is calculated so as to spread the depreciable amount over the primary lease period.

Carrying amount of assets is reviewed at each balance sheet date for indication of impairment, if any, and is recognised wherever the carrying amount of an asset exceeds its recoverable value.

#### **7. FOREIGN CURRENCY TRANSACTIONS:**

Monetary Assets and Liabilities, Forward Exchange Contracts, Guarantees, Letters of Credit, Acceptances, Endorsements and other obligations are evaluated at the closing spot rates/Forward rates for the residual maturity of the contract, as published by FEDAI and in accordance with the Accounting Standard 11.

Income and expenditure items are translated at the exchange rates ruling on the respective dates of the transaction.

The gain or loss on evaluation of outstanding monetary assets/liabilities and Foreign Exchange Contracts are taken to Profit and Loss Account.

#### **8. EMPLOYEE BENEFITS:**

Contribution made by the Bank to the Provident Fund and Contributory Pension Scheme are charged to the Profit and Loss Account.

Contribution to the recognised Gratuity Fund, Pension Fund and encashable Leave are determined and recognised in the accounts based on actuarial valuation as at the Balance Sheet date and net actuarial gains/losses are recognised as per the Accounting Standard 15.

Provisions for short term employee benefits are accounted for on an estimated basis.

#### **9. EMPLOYEE STOCK OPTION:**

The Bank uses Intrinsic Value method to account for compensation cost of stock options granted to employees of the Bank. Intrinsic Value is the amount by which the quoted market price of the underlying shares exceeds the exercise price of the options.

#### **10. SEGMENT REPORTING:**

The Bank recognises the Business Segment as the Primary Reporting Segment and Geographical Segment as the Secondary Reporting Segment, in accordance with the RBI guidelines and in compliance with the Accounting Standard 17.

Business Segment is classified into (a) Treasury, (b) Corporate and Wholesale Banking, (c) Retail Banking and (d) Other Banking Operations.

Geographical Segment consists only of the Domestic Segment since the Bank does not have any foreign branches.

### 11. SHARE ISSUE EXPENSES:

Share issue expenses are adjusted in share premium account.

### 12. EARNINGS PER SHARE:

Earnings per share are calculated by dividing the net profit or loss for the year attributable to the equity share holders by the weighted average number of equity shares outstanding during the year.

Diluted Earnings per equity share are computed by using the weighted average number of equity shares and dilutive potential equity shares outstanding as at the year end.

### 13. TAXATION:

Tax expenses comprise current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 and are made after due consideration of the judicial pronouncement and legal opinions.

Deferred income taxes reflect the impact of current year timing differences, between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are not recognised unless there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets will be realised.

### 14. PROVISIONS AND CONTINGENT LIABILITIES:

A provision is recognised when there is an obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation as at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

In case where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements under Contingent Liabilities.

### 15. NET PROFIT

The net profit disclosed in the Profit & Loss Account is after making provisions for (i) Taxes, (ii) Non Performing Assets, (iii) Standard Advances, (iv) Restructured Advances, and (v) Depreciation on Investments and other necessary and applicable provisions.

## SCHEDULE – 18

### NOTES ON ACCOUNTS FORMING PART OF THE BALANCE SHEET AS ON 31<sup>st</sup> MARCH 2016, THE PROFIT AND LOSS ACCOUNT AND THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016.

#### 1. Disclosures as per RBI requirement:

##### 1.1 Capital:

(₹ in crore)

Sl. No.	Particulars	Current Year	Previous Year
		Basel III	Basel III
a	Common Equity Tier 1 capital ratio (%)	10.56	10.52
b	Tier 1 capital ratio (%)	10.56	10.52
c	Tier 2 capital ratio (%)	1.47	1.89
d	Total Capital ratio (CRAR) (%)	12.03	12.41
e	Amount of equity capital raised	Nil	Nil
f	Amount of additional Tier 1 capital raised, of which	Nil	Nil
	- PNCPS	Nil	Nil
	- PDI	Nil	Nil
g	Amount of Tier 2 capital raised, of which	Nil	Nil
	- Debt capital instruments	Nil	Nil
	- Preference share capital instruments	Nil	Nil
	- Perpetual cumulative preference shares (PCPS)	Nil	Nil
	- Redeemable non cumulative preference shares (RNCPS)	Nil	Nil
	- Redeemable cumulative preference shares (RCPS)	Nil	Nil

## 1.2 Investments

(₹ in crore)

Sl.No.	Particulars	Current Year	Previous Year
1	<b>Value of Investments</b>		
<b>A</b>	<b>Gross Value of Investments</b>		
a	In India	16309.10	14061.35*
b	Outside India	Nil	Nil
<b>B</b>	<b>Provisions / Depreciation</b>		
a	In India	52.45	29.68
b	Outside India	Nil	Nil
<b>C</b>	<b>Net Value of Investments</b>		
a	In India	16256.65	14031.67*
b	Outside India	Nil	Nil
2	<b>Movement of provisions held towards depreciation on investments</b>		
a	Opening balance	29.68	97.01
b	Add: Provisions made during the year	35.63	0.00
c	Less: Write-off / write back of excess provisions during the year	12.86	67.33
d	Closing balance	52.45	29.68

\*Pursuant to RBI Circular DBR.BP.BC.NO.31/21.04.018/2015-16 dated 16<sup>th</sup> July 2015, Bank has classified deposits placed with NABARD/SIDBI/NHB for meeting shortfall in priority Sector lending targets, under 'Other Assets' which were hitherto included under 'Investments'.

## 1.2.1 Repo Transactions (in face value terms)

(₹ in crore)

Sl. No.	Particulars	Outstanding during the year			Outstanding As on 31.03.2016
		Min	Max	Daily Average	
1	<b>Securities sold under Repo</b>				
a	Government securities	15.00	150.00	18.92	30.00
b	Corporate Debt securities	Nil	Nil	Nil	Nil
2	<b>Securities purchased under Reverse Repo</b>				
a	Government securities	0.10	600.00	42.64	70.00
b	Corporate Debt securities	Nil	Nil	Nil	Nil

## 1.2.2 Non-SLR Investment Portfolio

## 1.2.2.i. Issuer composition of Non-SLR investments:

(₹ in crore)

Sl. No.	Issuer	Amount	Extent of Private placements	Extent of 'below investment grade' securities	Extent of 'un-rated' securities	Extent of 'un-listed' securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	1199.88	884.35	Nil	Nil	Nil
2	Financial Institutions	656.40	80.00	Nil	Nil	Nil
3	Banks	2044.47	21.99	Nil	Nil	Nil
4	Private Corporates	537.56	161.62	9.80	Nil	2.00
5	Subsidiaries / joint ventures	Nil	Nil	Nil	Nil	Nil
6	Others	305.67	295.17	Nil	Nil	Nil
7	<u>Less</u> - Provision / depreciation	52.45				
	<b>TOTAL</b>	<b>4691.53</b>				

Amounts reported under columns (4) to (7) above are not mutually exclusive

**1.2.2.ii. Non-performing Non-SLR Investments**

(₹ in crore)

Particulars	Current Year	Previous Year
Opening Balance	12.86	14.11
Additions during the year since 1 <sup>st</sup> April	160.68*	6.64
Reductions during the above period	12.85	7.89
Closing Balance	160.69	12.86
<b>Total Provision Held - NPI</b>	<b>33.45<sup>#</sup></b>	<b>12.86</b>

\*Includes Non-performing UDAY Bonds aggregating to ₹ 149.69 crore.

#Includes Provision on Non-performing UDAY Bonds aggregating to ₹ 22.45 crore.

In accordance with UDAY (Ujwal Discom Assurance Yojna) scheme for operational and financial turnaround of Power Distribution Companies (DISCOMS) during 2015-16, the Bank has subscribed to Non-SLR SDL Bonds of Government of Rajasthan (GOR) amounting to ₹ 380.59 crore, GOR Guaranteed DISCOM Bonds of ₹149.69 crore (segment not envisaged to be converted into SDL during 2016-17) and GOR guaranteed DISCOM Bonds of ₹ 149.69 crore (segment envisaged to be converted into SDL during 2016-17) against settlement of Rajasthan DISCOM Debts of ₹ 679.97 crore.

In compliance to the RBI Letter No. DBR.BP.No.11657/21.04.132/2015-16 dated 17<sup>th</sup> March 2016, Bank has made the provision as under-

- ₹ 22.45 Crore in respect of segment not envisaged to be converted into SDL in FY 2016-17 @ 15% on ₹ 149.69 crore.
- No provision has been made for the segment of ₹149.69 Crore envisaged to be converted into SDL during 2016-17.

**1.2.2. iii. Sale and transfers to/from HTM Category**

During the year, the bank has not sold and transferred any securities to/from HTM Category exceeding 5% of the book value of investments held in HTM category in the beginning of the year.

**1.3 Derivatives**
**1.3.1 Forward Rate Agreement/ Interest Rate Swap: Nil**
**1.3.2 Exchange Traded Interest Rate Derivatives: Nil**
**1.3.3 Disclosure on risk exposure in Derivatives**
**(i) Qualitative Disclosure:**

Operations in the Treasury are segregated into three functional areas, namely Front office, Mid-office and Back-office, equipped with necessary infrastructure and trained officers, whose responsibilities are well defined.

The Integrated Treasury policy of the Bank clearly lays down the types of financial derivative instruments, scope of usages, approval process as also the limits like the open position limits, deal size limits and stop loss limits for trading in approved instruments.

The Mid Office is handled by Risk Management Department. Daily report is generated by Risk Management Department for appraisal of the risk profile to the senior management for Asset and Liability Management.

The Bank's policy lays down that the transactions with the corporate clients are to be undertaken only after the inherent credit exposures are quantified and approved in terms of the approval process laid down in the Derivative Policy for customer appropriateness and suitability and necessary documents like ISDA agreements etc. are duly executed. The Bank adopts Current Exposure Method for monitoring the credit exposures. Besides, the Bank may also use financial derivative transactions for hedging it's on or off Balance Sheet exposures.

The Integrated Treasury Policy of the Bank spells out the approval process for hedging the exposures. The hedge transactions are monitored on a regular basis and the notional profits or losses are calculated on MTM basis.

The hedged/non hedged transactions are recorded separately. The hedged transactions are accounted for on accrual basis.

In case of Option contracts, guidelines issued by FEDAI from time to time for recognition of income, premium and discount are being followed.

While sanctioning the limits, the competent authority may stipulate condition of obtaining collaterals/margin as deemed appropriate. The derivative limits are reviewed periodically along with other credit limits.

## (ii) Quantitative Disclosures:

(₹ in crore)

Sl.No.	Particulars	Currency Derivatives	Interest Rate Derivatives
1	Derivatives (Notional Principal Amount)		
a	Hedging	Nil	Nil
b	Trading	Nil	Nil
2.	Marked to Market Positions		
	Assets(+)	Nil	Nil
	Liabilities(-)	Nil	Nil
3.	Credit Exposure	Nil	Nil
4.	Likely impact of 1% change in interest Rates (100*PV01)		
a	On hedging derivatives	Nil	Nil
b	On trading derivatives	Nil	Nil
5.	Maximum and Minimum of 100*PV01 observed during the year		
a	On hedging	Nil	Nil
b	On trading	Nil	Nil

**Note:** Bank has not entered into any derivative instruments other than Forex Forward Contracts maturing within 13 months, for trading/hedging purposes either in foreign exchange or domestic treasury operations. Bank does not have any open position in the derivative instruments in trading book as on March 31, 2016.

## 1.4 Asset Quality

## 1.4.1 Non-Performing Assets

(₹ in crore)

Sl.No.	Particulars	Current Year	Previous Year
1	Gross NPA to Gross Advances (%)	3.44	2.95
2	Net NPA to Net Advances (%)	2.35	1.98
3	Movement of NPAs (Gross)		
	a) Opening Balance	944.21	835.94
	b) Additions during the year*	1125.07	929.83
	c) Reductions during the year*	888.88	821.56
	d) Closing balance	1180.40	944.21
4	Movement of Net NPAs		
	a) Opening Balance	623.55	538.04
	b) Additions during the year	631.07	557.81
	c) Reductions during the year	459.15	472.30
	d) Closing balance	795.47	623.55
5.	Movement of provisions for NPAs		
	a) Opening Balance	315.35	271.53
	b) Provision made during the year	267.18	223.07
	c) Write off/write back of excess provision	211.69	179.25
	d) Closing balance	370.84	315.35

\*Includes inter quarter additions/deletions to the extent of ₹199.32 Crore (Previous year ₹ 339.83 crore)

**1.4.2 Details of Loan assets subject to Restructuring:**

(₹ in crore)

Sl. No.	Type of Restructuring Asset Classifications ->	Under CDR Mechanism					Under SME Debt Restructuring					Others					Total					
		STD	SS	DS	LS	Total	STD	SS	DS	LS	Total	STD	SS	DS	LS	Total	STD	SS	DS	LS	Total	
1.	Restructured Accounts as on April 1 of the FY (Opening figures)	No. of borrowers	10	0	0	1	11	5	0	1	0	6	544	4	190	18	756	559	4	191	19	773
		Amount outstanding	327.54	0	0	2.48	330.02	14.45	0	7	0	21.45	1457.78	135.09	79.23	0.28	1672.38	1799.77	135.09	86.23	2.76	2023.85
		Provision thereon	49.66	0	0	2.48	52.14	0.77	0	1.82	0	2.59	142.23	20.27	43.63	0.28	206.41	192.66	20.27	45.45	2.76	261.14
2.	Fresh Restructuring during the year	No. of borrowers	0	0	0	0	0	1	0	0	0	1	15	0	2	0	17	16	0	2	0	18
		Amount outstanding	41.95	0	0	4.42	46.37	8.61	0	0	0	8.61	544.81	0	70.65	0	615.46	595.37	0	70.65	4.42	670.44
		Provision thereon*	25.84	0	0.00	5.46	31.30	1.61	0	0	0	1.61	38.12	0	41.08	0	79.20	65.57	0	41.08	5.46	112.11
3.	Upgradations to restructured standard category during the FY	No. of borrowers	0	0	0	0	0	0	0	0	0	0	10	-1	-9	0	0	10	-1	-9	0	0
		Amount outstanding	0	0	0	0	0	0	0	0	0	0	66.15	-61.73	-4.42	0	0	66.15	-61.73	-4.42	0	0
		Provision thereon	0	0	0	0	0	0	0	0	0	0	11.49	-9.26	-2.23	0	0	11.49	-9.26	-2.23	0	0
4.	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	0				0	-1				-1	-15				-15	-16				-16
		Amount outstanding	0				0	-0.03				-0.03	-12.81				-12.81	-12.84				-12.84
		Provision thereon	0				0	0				0	-0.60				-0.60	-0.60				-0.60
5.	Down-gradation of restructured accounts during the FY	No. of borrowers	-3	0	1	2	0	0	0	0	0	0	-51	12	39	0	0	-54	12	40	2	0
		Amount outstanding	-50.08	0	36.36	13.72	0	0	0	0	0	0	-104.79	15.54	89.25	0	0	-154.87	15.54	125.61	13.72	0
		Provision thereon	-8.84	0	8.04	0.80	0	0	0	1.43	0	1.43	-12.04	2.91	9.13	0	0	-20.88	2.91	18.60	0.80	1.43
6.	Write - offs of restructured accounts during the FY	No. of borrowers	0	0	0	-1	-1	0	0	0	0	0	-42	-2	-37	-18	-99	-42	-2	-37	-19	-100
		Amount outstanding	-28.90	0	-6.48	-3.60	-38.98	-2.02	0	0	0	-2.02	-715.97	-73.61	-42.71	-0.28	-832.57	-746.89	-73.61	-49.19	-3.88	-873.57
		Provision thereon*	-8.50	0	5.60	8.28	5.38	-0.05	0	0	0	-0.05	-67.36	-10.92	-18.72	-0.28	-97.28	-75.91	-10.92	-13.12	8.00	-91.95
7.	Restructured Accounts as on March 31 of FY (Closing figure)	No. of borrowers	7	0	1	2	10	5	0	1	0	6	461	13	185	0	659	473	13	187	2	675
		Amount outstanding	290.51	0	29.88	17.02	337.41	21.01	0	7.00	0	28.01	1235.17	15.29	192.00	0	1442.46	1546.69	15.29	228.88	17.02	1807.88
		Provision thereon	58.16	0	13.64	17.02	88.82	2.33	0	3.25	0	5.58	111.84	3.00	72.89	0	187.73	172.33	3.00	89.78	17.02	282.13

\*Provision including incremental provision

Note: 1. The figures under Sr. No.2 include addition to existing restructured accounts

2. Write-offs of restructured accounts during the year include reduction of ₹ 802.27 Crore from existing restructured accounts by way of closure/recovery.

3. Provision includes total provision held on Restructured accounts.

**1.4.3 Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction:**

(₹ in crore)

Sl.No.	Particulars	Current Year	Previous Year
1	No. of Accounts	52	41
2	Aggregate Value (net of Provisions) of accounts sold to SC/RC	202.77	180.01
3	Aggregate consideration	127.69	169.59
4	Additional consideration realised in respect of accounts transferred in earlier years	Nil	Nil
5	Aggregate Gain / (Loss) over net book value	(75.08)	(10.42)

In terms of RBI Circular DBR.No.BP.BC.94/21.04.048/2014-15 dated 21<sup>st</sup> May 2015, in respect of assets sold to SC/ RCs , the shortfall arrived at by deducting the sale consideration and the provision held as on the date of the sale from the outstanding amount, is to be amortised over 2 years. Accordingly for the sales that were concluded during the current financial year, the Bank has charged to the Profit and Loss account an amount of ₹16.36 Crore during the year ended March 31, 2016 on proportionate basis (previous year ₹10.42 Crore ) and balance carried over as at March 31, 2016 is ₹58.72 Crore (Previous Year - NIL)

**Details of Security Receipts from Securitisation/ Reconstruction Companies:**

(₹ in crore)

Particulars	Backed by NPAs sold by the bank as underlying		Backed by NPAs sold by other banks/ financial institutions/ non-banking financial companies as underlying		Total	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Book value of investments in security receipts	185.42	290.60	2.24	1.71	187.66	292.31

## 1.4.4 Details of Non-performing Financial assets purchased from other banks /Sold to Other Banks: NIL

## 1.4.5 Provisions on Standard Assets:

(₹ in crore)

Item	Current Year	Previous Year
Provisions towards Standard Assets	219.90	214.89

## 1.5 Business Ratios

Sl.No.	Particulars	Current Year	Previous Year
1	Interest Income to working funds	9.18%	9.47%
2	Non-interest income to working funds	1.00%	1.02%
3	Operating profits to working funds	1.57%	1.56%
4	Return on Assets	0.76%	0.91%
5	Business (Deposits Plus Advances) per employee (₹ in crore)	10.83	10.52
6	Profit per employee (₹ in crore)	0.05	0.06

## 1.6 Asset Liability Management:

## Maturity Pattern of certain items of assets and liabilities:

(₹ in crore)

Particulars	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day	617.45	803.99	13.36	47.90	164.63	42.54
2 to 7 days	768.81	237.24	365.41	0.00	503.35	501.32
8 to 14 days	528.18	387.80	469.86	0.00	57.30	20.62
15 to 28 days	636.15	270.60	74.60	53.00	86.90	71.19
29 days to 3 months	3374.76	2512.19	1405.82	46.38	738.73	697.76
Over 3 months and up to 6 months	4222.31	2364.13	355.92	17.90	330.33	213.82
Over 6 months and up to 12 months	5215.87	3621.97	517.38	35.81	299.44	355.77
Over 1 year and up to 3 years	23681.91	14771.35	1798.92	511.13	3.98	174.21
Over 3 years and up to 5 years	1990.93	3389.68	1721.37	89.36	0.00	82.42
Over 5 years	9451.84	5543.50	9534.01	250.00	0.00	22.64
<b>Total</b>	<b>50488.21</b>	<b>33902.45</b>	<b>16256.65</b>	<b>1051.48</b>	<b>2184.66</b>	<b>2182.29</b>

## 1.7 Exposures

## 1.7.1 Exposure to Real Estate Sector:

(₹ in crore)

Sl.No.	Particulars	Current Year	Previous Year
1	<b>Direct exposure</b>		
a	<b>Residential Mortgages:--</b> Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented Of which, individual housing loans eligible for inclusion in priority sector advances	4271.91	3737.58
b	<b>Commercial Real Estates:--</b> Lending (including Non-Fund Based Limits) secured by mortgages on commercial real estate (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.)	2059.94	2153.66
c	<b>Investments in Mortgage Backed Securities (MBS) and other securitised exposures:--</b>		
	Residential	Nil	Nil
	Commercial Real Estate	Nil	Nil
2	<b>Indirect Exposure</b> Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	28.89	7.35
	<b>Total Exposure to Real Estate Sector</b>	<b>6360.74</b>	<b>5898.59</b>

**1.7.2 Exposure to Capital Market**

(₹ in crore)

Sl.No.	Category	Current Year	Previous Year
1	Direct investments in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debts.	96.54	126.65
2	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPS), convertible bonds and convertible debentures and units of equity oriented mutual funds.	Nil	Nil
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	Nil	Nil
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares /convertible bonds /convertible debentures /units of equity oriented mutual funds 'does not fully cover the advances'.	Nil	Nil
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	34.50	37.77
6	Loans sanctioned to corporate against the security of shares /bonds/ debentures or other securities or on clean basis for meeting promoters contribution to the equity of new companies in anticipation of raising resources.	Nil	Nil
7	Bridge loans to companies against expected equity flows/issues	Nil	Nil
8	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds.	Nil	Nil
9	Financing to Stockbrokers for margin trading	Nil	Nil
10	All exposures to Venture capital funds (both registered and unregistered).	Nil	Nil
	<b>Total capital market exposure</b>	<b>131.04</b>	<b>164.42</b>

**1.7.3 Risk category-wise Country Exposure:**

(₹ in crore)

Risk Category	Exposure (net) as at 31.03.2016	Provision held as at 31.03.2016	Exposure (net) as at 31.03.2015	Provision held as at 31.03.2015
Insignificant	97.63	Nil	104.96	Nil
Low	139.61	Nil	121.82	Nil
Moderate	7.69	Nil	6.45	Nil
High	2.37	Nil	0.00	Nil
Very High	0.00	Nil	0.00	Nil
Restricted	0.62	Nil	6.84	Nil
Off-Credit	0.00	Nil	0.00	Nil
<b>TOTAL</b>	<b>247.92</b>	<b>Nil</b>	<b>240.07</b>	<b>Nil</b>

The net funded exposure of the bank in respect of foreign exchange transactions with each country is within 1% of the total assets of the Bank and hence no country risk provision is required as per extant RBI guidelines. Bank has used 7 categories of classifications followed by ECGC for the purpose of classification and making provision for country risk exposures.

**1.7.4 Details of Single Borrower Limit (SBL)/ Group Borrower Limits (GBL) exceeded by the Bank:**

During the year ended 31<sup>st</sup> March 2016, the Bank has not exceeded the Individual / Group borrowers' prudential exposure limits fixed by RBI

**1.7.5 Unsecured Advances:**

The Bank has not granted any finance against intangible securities such as charge over the rights, licences, authorisations, etc.

**1.8. Penalties imposed by RBI:**

No penalty has been imposed by Reserve Bank of India during the year (Previous year ₹ Nil)

**2. Accounting Standards:**

In compliance with the guidelines issued by the Reserve Bank of India regarding disclosure requirements the various Accounting Standards, following information is disclosed:

**2.1 Accounting Standard 5 - Net Profit or Loss for the period, Prior period items and changes in accounting policies**

There are no material prior period items.



For the preparation of these Financial Results, the bank has followed the same accounting policies and generally accepted practices adopted for the preparation of Audited Financial Statements for the year ended March 31, 2015.

## 2.2 Accounting Standard 9 - Revenue Recognition

Revenue is recognized as per accounting policy No. 1 of Schedule 17 to the financial statements. Certain items of income are recognized on cash basis and such income are not material.

## 2.3 Accounting Standard 15 - Employee Benefits:

### 2.3.1 Various Benefits made available to the Employees are:

- a) **Pension:** The Bank has a defined benefit plan under Pension Trust to cover employees who have joined employment upto 31<sup>st</sup> March 2010 and who have opted for Pension Scheme under the Pension & Group Schemes unit of LIC of India, provided they have completed 20 years of service. The benefits under this plan are based on last drawn salary and the tenure of employment. The Liability for the pension is determined and provided on the basis of actuarial valuation and is covered by purchase of annuity from LIC. The employees who have joined employment after 31<sup>st</sup> March 2010 are covered under contributory pension scheme.
- b) **Gratuity:** In accordance with the applicable Indian Laws, the Bank provides for defined gratuity benefit retirement plan ('the Gratuity Plan') covering eligible employees. This plan provides for a lump sum payment to the eligible employees on retirement, death, incapacitation or termination of employment of amounts that are based on the last drawn salary and tenure of employment. Liabilities with regard to the gratuity plan are determined by actuarial valuation and contributed to the gratuity fund trust. Trustees administer the contribution made to the trust and invest in specific designated securities as mandated by law, which generally comprise of Central and State Government Bonds and debt instruments of Government owned corporations.
- c) **Leave Encashment (PL):** The Bank permits encashment of leave accumulated by employees. The liability for encashment of such leave is determined and provided on the basis of actuarial valuation.
- d) **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 is recognised as expense and is charged to the Profit and Loss account. The obligation of the Bank is limited to such contributions. As on 31<sup>st</sup> March 2016, there was no liability due and outstanding to the Fund by the Bank.
- e) **Other employee Benefits:** Other than the employee benefits listed above, the Bank also gives certain other benefits to the employees, which include Medical aid, reimbursement of hospitalization expenses to the employees / their family members and compensated absence such as sick leave and casual leave etc.
- f) The summarised position of Post-employment benefits and employees' long term benefits are recognized in the financial statements as required in accordance with Accounting Standard – 15 and are as under:

### Principal actuarial assumption at the Balance Sheet Date (expressed as weighted average)

Sl.No.	Particulars	Pension (Funded)	Gratuity (Funded)
1	Method of Valuation	Projected unit credit	
2	Discount rate	8.08	7.96
3	Salary escalation rate	5.00	5.00
4	Rate escalation in Basic Pay	5.00	5.00
5	Attrition rate	No assumption made	
6	Rate of escalation in pension	5.00	—
7	Expected rate of return on plan assets	8.08	7.96
8	Mortality	LIC(94-96) table of mortality rates	

### Changes in the present value of obligations (PVO) - Reconciliation of opening and closing Balances

(₹ in crore)

Sl.No.	Particulars	Pension (Funded)	Gratuity (Funded)
1	Present Value of defined benefit obligation as at 1 <sup>st</sup> April 2015	707.53	159.37
2	Interest Cost	56.46	12.87
3	Current Service Cost	23.05	6.80
4	Benefits Paid	(73.27)	(12.90)
5	Actuarial Loss/(Gain) on Obligations	(1.86)	1.08
6	Present Value of defined benefit obligation as at 31 <sup>st</sup> March 2016	<b>711.91</b>	<b>167.22</b>

**Changes in Fair value of Plan Assets- Reconciliation of Opening and Closing Balances**

(₹ in crore)

Sl.No.	Particulars	Pension (Funded)	Gratuity (Funded)
1	Fair Value of Plan Assets at the beginning of the year	707.54	159.37
2	Expected Return on Plan Assets	57.17	12.69
3	Bank's Contribution related to Current year	17.05	7.09
4	Benefits Paid	(73.27)	(12.90)
5	Actuarial Gain/(Loss) on Plan Assets	3.43	0.97
6	Fair Value of Plan Asset at the end of the year	<b>711.91</b>	<b>167.22</b>

**Actual Return on Plan Assets**

(₹ in crore)

Sl. No.	Particulars	Pension (Funded)	Gratuity (Funded)
1	Expected Return on Plan Assets	57.17	12.69
2	Actuarial Gain/(Loss) on Plan Assets	3.43	0.97
3	Actual Return on Plan Assets	60.60	13.66

**Actuarial Gain/Loss Recognised**

(₹ in crore)

Sl. No.	Particulars	Pension (Funded)	Gratuity (Funded)
1	Actuarial Gain/(Loss) for the period- Obligations	1.86	(1.08)
2	Actuarial Gain/(Loss) for the period- Plan Assets	3.43	0.97
3	Total (Gain)/Loss for the period- Plan Assets (2-1)	(5.29)	0.11
4	Actuarial (Gain)/Loss recognized in the year	(5.29)	0.11
5	Unrecognized Actuarial(Gain)/Loss at the end of the year	0.00	0.00

**Amounts recognized in Balance Sheet and Related Analysis**

(₹ in crore)

Sl. No.	Particulars	Pension (Funded)	Gratuity (Funded)
1	Present value of the Obligations	711.91	167.22
2	Fair Value of Plan Assets	711.91	167.22
3	Differences (Assets-Obligations)	0.00	0.00

**Expenses recognised in the Statement of Profit and Loss Account**

(₹ in crore)

Sl. No.	Particulars	Pension (Funded)	Gratuity (Funded)
1	Current Service Cost	23.05	6.80
2	Interest Cost	56.46	12.87
3	Expected Return on Plan Assets	(57.17)	(12.69)
4	Net actuarial (Gain)/Loss recognised in the year	(5.29)	0.11
5	Expenses recognised in the Statement of Profit and Loss Account	17.05	7.09

**Movements in the Liability Recognised in the Balance Sheet**

(₹ in crore)

Sl. No.	Particulars	Pension (Funded)	Gratuity (Funded)
1	Opening Net Liability	707.53	159.37
2	Expenses as above	77.65	19.67
3	Benefits Paid	73.27	11.82
4	Closing Net Liability	711.91	167.22

**Amount for the Current Period**

(₹ in crore)

Sl.No.	Particulars	Pension (Funded)	Gratuity (Funded)
1	Present value obligations	711.91	167.22
2	Plan Assets	711.91	167.22
3	Surplus / (Deficit)	0.00	0.00
4	Experience adjustments on plan liabilities- (loss)/gain	(1.86)	1.08
5	Experience adjustments on plan assets- (loss)/gain	3.43	0.97

**Major Categories of plan assets (As a percentage of total plan assets)**

Sl.No.	Particulars	Pension Trust	Gratuity Trust
1	Government of India Securities	0.00	9.04
2	State Government Securities	0.00	0.72
3	High Quality Corporate Bonds	0.00	5.54
4	Equity Shares of Listed Companies	0.00	0.00
5	Property	0.00	0.00
6	Funds managed by insurer	99.99	80.15
7	Mutual Funds	0.00	0.06
8	Bank Deposits - Current Accounts	0.01	0.69
9	Others	0.00	3.80
10	Total	100.00	100.00

**Estimated contribution for the next year**

(₹ in crore)

Sl.No.	Particulars	Pension Funded	Gratuity Funded
1	Enterprises Best estimate of expenditure to be incurred during the next year (inclusive of proportionate amortisation)	93.00	9.00

**2.3.2. Employee Stock Options (ESOP)**

The shareholders of the Bank had approved on 15.07.2006, grant of equity shares under Employee Stock Option scheme of the Bank framed in compliance with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999.

Under the scheme, the Bank had granted stock options to the eligible employees on various dates in the past, each option entitling for one share at an exercise price of ₹50 per share (adjusted to ₹46.20 per share post rights issue 2011). The options granted to employees had vested in a graded manner and these may be exercised by the employees within a specified period. Options vested but not exercised before the specified exercise period would lapse.

The Bank follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock over the exercise price as determined under the option plan. The fair market price is the closing price on the stock exchange where there is highest trading volume on the working day immediately preceding the date of grant. Compensation cost has been absorbed.

**2.4 Accounting Standard 17- Segment Reporting:**

For the purpose of segment reporting in terms of AS 17 of ICAI and as prescribed in RBI guidelines, the business of the Bank has been classified into 4 segments i.e. (a) Treasury Operations (b) Corporate / Wholesale Banking (c) Retail Banking and (d) Other Banking Operations. Since the Bank does not have any overseas branch, reporting under geographic segment does not arise. Segment assets have been identified and segment liabilities have been allocated on the basis of segment assets.

**Business Segments:**

(₹ in crore)

BUSINESS SEGMENTS	TREASURY		CORPORATE/ WHOLESALE BANKING		RETAIL BANKING		OTHER BANKING OPERATIONS		TOTAL	
	Particulars	Mar '16	Mar '15	Mar '16	Mar '15	Mar '16	Mar '15	Mar '16	Mar '15	Mar '16
Revenue	1299.25	1242.11	1745.57	1728.21	2242.83	2028.88	247.42	206.21	5535.07	5205.41
Result	67.94	185.26	169.00	145.26	349.20	271.57	-15.90	-56.86	570.24	545.23
Unallocated expenses									42.24	35.94
Profit before tax									528.00	509.29
Income taxes									112.71	90.91
Extraordinary / Exceptional Profit/Loss									0.00	-33.07
Net Profit									415.29	451.45
Other Information									-	-
Segment Assets	19683.15	17000.88	16051.11	15926.02	17994.36	15832.58	1575.45	1985.50	55304.07	50744.98
Unallocated Assets									1196.26	1091.62
Total Assets									56500.33	51836.60
Segment Liabilities	18298.40	15797.59	15104.00	14998.87	16825.80	14787.32	1462.21	1842.33	51690.42	47426.11
Unallocated liabilities									1119.33	1021.43
Total Liabilities									52809.75	48447.54

**2.5 Accounting Standard 18 - Related Party Disclosures:** There is no related party transaction other than remuneration paid to key management personnel, Sri P. Jayarama Bhat, Managing Director and Chief Executive Officer, aggregating to ₹0.73 crore (Previous Year ₹0.56 crore).

**2.6 Accounting Standard 20 - Earnings per Share:** Basic and diluted earnings per equity share computed in accordance with AS 20 - Earnings per Share are as under:

Particulars	Current Year	Previous Year
Earnings per share - Basic (₹)	22.04	23.96
Earnings per share - Diluted (₹)	22.03	23.95
Net Profit for the year attributable to Equity shares (₹ in crore)	415.29	451.45
Weighted Average number of Equity Shares - Basic	188456021	188432610
Weighted Average number of Equity Shares - Diluted	188478710	188528829
Nominal value per equity share (₹)	10.00	10.00

Allotment of 1800 Equity Shares (Previous Year 1800 Equity Shares) is kept in abeyance due to restraint orders received and matter is sub-judice. The same has not been considered for EPS calculation, as the shares are not allotted.

**2.7 Accounting Standard 22 – Accounting for Taxes on Income:**

The Bank has accounted for taxes on income in compliance with Accounting Standard 22. The major components of Deferred Tax Assets and Liabilities recognised are as under: (₹ in crore)

Sl. No.	Particulars	Current Year	Previous Year
<b>A</b>	<b>Deferred Tax Liabilities</b>		
1	Depreciation on fixed assets	24.13	22.59
2	Depreciation on investments	19.76	34.49
3	Accrued Interest on Investments	91.49	95.89
4	Special Reserve u/s 36(1)(viii) of Income Tax Act	53.50	44.56
5	Deferred Revenue Expenditure	20.32	0.00
	<b>Total</b>	<b>209.20</b>	<b>197.53</b>
<b>B</b>	<b>Deferred Tax Assets</b>		
1	PL/LFC Encashment	25.18	25.89
2	Provision for wage revision	0.00	28.30
3	Provision made for NPA in excess of deduction allowed u/s 36(1)(vii) of Income Tax Act	128.34	109.13
4	Provision for Fair Value Loss	23.37	18.69
5	Others	23.27	7.13
	<b>Total</b>	<b>200.16</b>	<b>189.14</b>
	<b>Net deferred tax liabilities (A) – (B)</b>	<b>9.04</b>	<b>8.39</b>

**2.8 Accounting Standard 28 - Impairment of Assets:**

An assessment is made at each Balance Sheet date whether there is any indication that an asset is impaired. If any such indication exists, an estimate of the recoverable amount is made and impairment loss, if any, is provided for. As on March 31, 2016, there is no indication of impairment in connection with any asset.

**2.9 Accounting Standard 29 - Provision, Contingent liabilities and Contingent assets:****Movement in Provision for Contingencies:**

(₹ in crore)

Particulars	Opening as on 01-04-2015	Provision made during the year	Provisions reversed / adjusted	Closing as on 31-03-2016
Provision for Contingencies	13.76	5.19	0.32	18.63

**3. Additional Disclosures:****3.1 Details of Provisions and Contingencies made during the year:**

(₹ in crore)

Sl.No.	Particulars	Current Year	Previous Year
1	Provisions for Depreciation on Investment	13.16	(59.44)
2	Provisions towards NPA	267.18	223.07
3	Provisions towards Standard Assets (including NPV of Restructured Standard advances)	18.55	48.15
4	Provisions made for Non-performing UDAY Bonds	22.45	0.00
5	Provisions made towards taxes	112.71	107.95
6	Other Provisions & contingencies-for frauds, claims against the bank not acknowledged as debts and other intangibles.	5.19	2.20
	<b>Total</b>	<b>439.24</b>	<b>321.93</b>

**3.2 Floating /Countercyclical Provisions:**

(₹ in crore)

Particulars	Current Year	Previous Year
Opening Balance	NIL	6.91
Provision made during the Year	NIL	NIL
Utilised During the Year	NIL	6.91
Closing balance	NIL	NIL

During the previous year ended March 31, 2015 Pursuant to Master Circular on Prudential Norms on Income Recognition and Provisioning pertaining to Advances issued by the RBI, the Bank had utilised a sum of ₹ 6.91 crore from Counter Cyclical buffer for meeting shortfall on sale of NPAs to Asset Reconstruction Companies.

**3.3 Drawdown from Reserves:**

The Bank has drawn a sum of ₹3.84 Crore (Previous year NIL) from the Investment Reserve to meet the depreciation requirement on Investment as per extant RBI Guidelines.

**3.4 Complaints/ Unimplemented Awards of Banking Ombudsman:****3.4.1 Customer Complaints:**

Sl.No.	Particulars	Current Year	Previous Year
(a)	No. of complaints pending at the beginning of the year	68	35
(b)	No. of complaints received during the year	13959	6796
(c)	No. of complaints redressed during the year	13777	6763
(d)	No. of complaints pending at the end of year	250	68

Out of the above, the ATM complaints attributable to Acquiring Bank are detailed here below:

Sl.No.	Particulars	Current Year	Previous Year
(a)	No. of complaints pending at the beginning of the year	41	18
(b)	No. of complaints received during the year	6239	4383
(c)	No. of complaints redressed during the year	6085	4360
(d)	No. of complaints pending at the end of year	195	41

### 3.4.2 Awards passed by the Banking Ombudsman:

Sl.No.	Particulars	Current Year	Previous Year
(a)	No. of unimplemented awards at the beginning of the year	Nil	Nil
(b)	No. of awards passed by the Banking Ombudsman during the year	Nil	Nil
(c)	No. of awards implemented during the year	Nil	Nil
(d)	No. of unimplemented awards at the end of the year	Nil	Nil

### 3.5 Disclosure of Letters of Comfort (LoC)

The Bank issues Letters of Comfort on behalf of its various constituents against the credit limits sanctioned to them. In the opinion of the management, no significant financial impact and/or cumulative financial obligations have devolved during the year in respect of the LoC issued by the Bank and remaining outstanding as of 31<sup>st</sup> March 2016.

#### Details of LoC issued by the Bank is as follows:

(₹ in crore)

1	Letters of comfort issued during the year	984.75
2	Letters of comfort matured/cancelled during the year	898.59
3	Letters of comfort outstanding at the end of the year	397.08

### 3.6 Provision Coverage Ratio (PCR):

The Bank's provision coverage ratio as of March 31, 2016 is 48.39% (previous year 50.54%)

### 3.7 Bank Assurance Business:

(₹ in crore)

Sl. No.	Nature of Income	Current Year	Previous Year
1	For selling Life Insurance Policies	25.76	22.15
2	For selling Non-Life Insurance Policies	5.26	4.42
	<b>Total</b>	<b>31.02</b>	<b>26.57</b>

### 3.8 Concentration of Deposits, Advances, Exposures and NPAs:

#### 3.8.1 Concentration of Deposits:

Sl. No.	Particulars	Current Year	Previous Year
1	Total deposits of 20 largest depositors (₹ in crore)	2325.38	2119.02
2	Percentage of deposits of 20 largest depositors to total deposits	4.61	4.61

#### 3.8.2 Concentration of Advances:

Sl. No.	Particulars	Current Year	Previous Year
1	Total advances of 20 largest borrowers (₹ in crore)	3950.66	4106.48
2	Percentage of advances of 20 largest borrowers to total advances (credit exposures including derivatives)	9.40	9.92

#### 3.8.3 Concentration of Exposures:

Sl. No.	Particulars	Current Year	Previous Year
1	Total exposures of 20 largest borrowers/ Customers (₹ in crore)	4744.80	4452.11
2	Percentage of Exposures to 20 largest borrowers / customers to Total Exposure of the bank on borrowers / customers	10.04	10.12

#### 3.8.4 Concentration of NPAs:

(₹ in crore)

Sl. No.	Particulars	Current Year	Previous Year
1	Total fund based Exposure of Top Four NPA accounts	300.94	242.99

## 3.9 Sector-Wise Advances:

(₹ in crore)

Sl. No.	Sector	Current year			Previous year		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
<b>A</b>	<b>Priority Sector</b>						
1	Agriculture and allied activities	4547.53	103.41	2.27	4273.15	83.54	1.95
2	Advances to industries sector eligible as priority sector lending	3743.68	83.03	2.22	3038.58	86.66	2.85
	a Textiles	1107.33	11.98	1.08	738.15	11.53	1.56
	b Others	2636.35	71.05	2.70	2300.43	75.13	3.27
3	Services	4210.80	118.56	2.82	3320.04	111.49	3.36
	a Professional and self employed	1190.66	29.20	2.45	928.34	22.54	2.43
	b Trade and Business	2466.00	69.03	2.80	1916.89	70.23	3.66
	c Small road and water transport operators	425.68	19.37	4.55	361.46	18.27	5.05
	d Others	128.46	0.96	0.75	113.35	0.45	0.40
4	Personal and Other Loans	2100.49	26.96	1.28	2066.82	25.65	1.24
	a Housing Loan	1810.62	18.50	1.02	1757.17	20.63	1.17
	b Others	289.87	8.46	2.92	309.65	5.02	1.62
	<b>Sub-total (A)</b>	<b>14602.50</b>	<b>331.96</b>	<b>2.27</b>	<b>12698.59</b>	<b>307.34</b>	<b>2.42</b>
<b>B</b>	<b>NON PRIORITY SECTOR</b>						
1	Agriculture and allied activities	26.58	0.00	0.00	0.00	0.00	0.00
2	Industry	3478.95	219.45	6.31	3992.43	235.81	5.91
	a Automobiles	396.04	0.00	0.00	433.92	0	0.00
	b Textiles	720.99	80.22	11.13	755.31	29.90	3.96
	c Iron & Steel	541.03	59.53	11.00	618.09	65.25	10.56
	d Others	1820.89	79.70	4.38	2185.11	140.66	6.44
3	Services	2674.72	131.35	4.91	2409.75	108.88	4.52
	a Professional and self employed	884.33	92.88	10.50	1324.30	74.39	5.62
	b Other Service activity	1790.39	38.47	2.15	1085.45	34.49	3.18
4	Personal loans	5357.50	95.09	1.77	4459.65	89.22	2.00
	a Housing	3964.06	34.61	0.87	3458.38	67.50	1.95
	b Other Personal Loan	1393.44	60.48	4.34	1001.27	21.72	2.17
5	Other Non-Priority Loan	8133.03	402.55	4.95	8434.91	202.96	2.41
	a Commercial Real estate	432.50	6.71	1.55	1541.59	34.98	2.27
	b Infrastructure Loan	1615.57	185.79	11.50	2056.62	37.95	1.85
	c Others	6084.96	210.05	3.45	5923.62	130.03	2.20
	<b>Sub-total (B)</b>	<b>19670.78</b>	<b>848.44</b>	<b>4.31</b>	<b>19296.74</b>	<b>636.87</b>	<b>3.30</b>
	<b>Total (A+B)</b>	<b>34273.28</b>	<b>1180.40</b>	<b>3.44</b>	<b>31995.33</b>	<b>944.21</b>	<b>2.95</b>

## 3.10 Movement of NPA:

(₹ in crore)

Particulars	Current Year	Previous Year
Gross NPAs as on April 1 (Opening balance)	944.21	835.94
Additions (Fresh NPAs) during the year*	1125.07	929.83
<b>Sub-total (A)</b>	<b>2069.28</b>	<b>1765.77</b>
Less:		
(i) Up-gradations	240.96	282.63
(ii) Recoveries (excluding recoveries made from upgraded accounts)	342.80	320.07
(iii) Technical/ Prudential write offs	110.10	53.47
(iv) Write offs other than those under (iii) above	195.02	165.39
<b>Sub-Total (B)*</b>	<b>888.88</b>	<b>821.56</b>
<b>Gross NPAs as on 31<sup>st</sup> March (Closing balance) [(A) – (B)]</b>	<b>1180.40</b>	<b>944.21</b>

\*Includes inter quarter additions/deletions to the extent of ₹199.32 crore (Previous Year ₹339.83 crore)

**Movements in Technical Write Off:**

(₹ in crore)

Particulars	Current Year	Previous Year
Opening balance of Technical/prudential write-off accounts as at April 1	316.51	314.05
Add: Technical/prudential write-offs during the year	110.11	53.47
<b>Sub-total (A)</b>	<b>426.62</b>	<b>367.52</b>
Less: Recoveries / Actual Write offs from previously technical/prudential written - off accounts during the year (B)	65.77	51.01
<b>Closing balance as at March 31 ( A-B)</b>	<b>360.85</b>	<b>316.51</b>

**3.11 Overseas Assets, NPA and Revenue:** Nil

**3.12 Off- Balance Sheet SPV sponsored (which are required to be consolidated as per accounting norms):** Nil

**3.13 Disclosure of Remunerations:-**

**a) Qualitative disclosure:**

**Remuneration Committee**

The Nomination & Remuneration Committee (N&RC) consists only Independent Directors, two of them being the members of Integrated Risk Management Committee of the Board (IRMC) also.

**Objectives of Compensation Policy**

Compensation Policy aims to attract and retain the right candidates in the Bank. The policy is designed to support key business strategies and create a strong, performance-orientated environment besides providing reasonable remuneration commensurate with the growth of the Bank. It also ensures effective governance of compensation, alignment of compensation with prudent risk taking, effective supervisory oversight and stakeholder engagement. The Policy also aims at facilitating effective succession planning in the Bank.

The N&RC works in close coordination with the Integrated Risk Management Committee to ensure effective alignment of remuneration and risks.

**Risk adjustments in remuneration**

A wide variety of measures of credit, market and liquidity risks are used by bank in implementation of risk adjustment. The risk adjustment methods have both quantitative and judgmental elements. Compensation outcomes are symmetric with risk outcomes and compensation payouts are sensitive to the time horizon of the risk.

**Performance linked variable compensation, deferral and forms**

The performance-based remuneration motivates and rewards high performers who strengthen long-term customer relations, and generate income and shareholder value. The bank's compensation policy stipulates that while designing the compensation package to WTD/CEO, it is ensured that there is a proper balance between fixed pay and variable pay. While fixing the Variable Pay, performance parameters under financial and non-financial areas of operations shall be assessed.

The variable pay shall not exceed 70% of the fixed pay in a year. The deterioration in the financial performance of the bank should generally lead to a contraction in the total amount of variable remuneration to be paid.

Further, where the variable pay constitutes a substantial portion of the fixed pay (i.e. 50% or more of the fixed pay), an appropriate portion of the variable pay, say 40% to 60% must be deferred for over a period. The Board/Nomination & Remuneration Committee may grant stock options under the Employees Stock Options Plan/Scheme as per Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, subject to the approval of Reserve Bank of India under Section 35B of the Banking Regulation Act, 1949. Such Stock Options will be excluded from the components of variable pay. In case variable pay payable is 50% or more, deferral arrangements of variable pay shall be applied. The deferral period should not be less than three years. Compensation payable under deferral arrangements should vest on a pro-rata basis at such rates as may be decided by the Board/RC. In the event of negative contributions of the Bank and/or the relevant line of business in any year, the deferred compensation is subject to malus/claw back arrangements. The variable pay could be in cash, or stock linked instruments or mix of both.



**b) Quantitative disclosures**

	Particulars	Current Year	Previous Year
(i)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	Two Sitting fees of ₹20000/- to each non-whole time Director members per meeting attended.	Three Sitting fees of ₹15000/- to each non-whole time Director members per meeting attended.
(ii)	Number of employees having received a variable remuneration award during the financial year.	One	One
	Number and total amount of sign-on awards made during the financial year.	Nil	Nil
	Details of guaranteed bonus, if any, paid as joining / sign on bonus.	Nil	Nil
	Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil
(iii)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Nil	Nil
	Total amount of deferred remuneration paid out in the financial year.	Nil	Nil
(iv)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	Fixed : ₹0.60 crore the variables : ₹0.0742 Crore for the year 2014-15 was paid during the Current year	Fixed : ₹0.53 crore Variable: Nil
(v)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Nil	Nil
	Total amount of reductions during the financial year due to ex- post explicit adjustments.	Nil	Nil
	Total amount of reductions during the financial year due to ex- post implicit adjustments.	Nil	Nil

**3.14 Disclosure relating to Securitization:**

The Bank has not sponsored any SPV's for securitisation transactions

**3.15 Credit Default Swap:**

The Bank has not entered into any credit default swap.

**3.16 Intra-Group Exposures:**

The Bank does not have any Intra-group Companies under its management.

**3.17 Transfers to Depositor Education and Awareness Fund (DEAF):**

(₹ in crore)

Particulars	Current Year	Previous Year
Opening balance of amounts transferred to DEAF	50.61	Nil
Add : Amounts transferred to DEAF during the year	12.67	50.61
Less : Amounts reimbursed by DEAF towards claims	Nil	Nil
Closing balance of amounts transferred to DEAF	<b>63.28</b>	<b>50.61</b>

### 3.18 Un-hedged Foreign Currency Exposure:

The Bank has put in place a policy on Hedging of Foreign Currency Exposure which is a part of the Loan Policy which stipulates the guidelines on managing the risk arising out of the un-hedged foreign currency exposure in line with the extant RBI Guidelines. Further, the Bank has made a provision of ₹13.20 crore (Previous year ₹ 12.81 crore) and has provided capital for the un-hedged foreign currency exposure of borrowal entities of ₹ 3.49 crore (previous year ₹5.75 crore) in line with the extant RBI Guidelines.

### 3.19 Frauds :

The total number of frauds reported during the year is 21, amounting to ₹ 91.98 crore, is fully provided for in the current year.

### 3.20 Liquidity Coverage Ratio

(₹ in crore)

Sl. No.	Item	March 2016 (Average of 12 Data Points)		March 2015 (Average of 3 Data Points)	
		Total Average Unweighted Value	Total Average Weighted Value	Total Unweighted Value	Total Average Weighted Value
<b>High Quality Liquid Assets</b>					
1	<b>Total High Quality Liquid Assets (HQLA)</b>	<b>5652.40</b>	<b>5652.40</b>	<b>5526.72</b>	<b>5526.72</b>
<b>Cash Outflows</b>					
2	<b>Retail Deposits and deposits from small business customers</b>	<b>36868.12</b>	<b>3262.42</b>	<b>35021.83</b>	<b>3090.2</b>
	(i) Stable Deposits	8487.82	424.39	8239.57	411.98
	(ii) Less Stable Deposits	28380.30	2838.03	26782.26	2678.22
3	<b>Unsecured Wholesale Funding, of which:</b>	<b>6315.46</b>	<b>2681.40</b>	<b>5652.56</b>	<b>1809.38</b>
	(i) Operational Deposits (all counterparties)	6315.46	2681.40	5652.56	1809.38
	(ii) Non-operational Deposits (all counterparties)	0.00	0.00	0.00	0.00
	(iii) Unsecured Debt	0.00	0.00	0.00	0.00
4	<b>Secured wholesale funding</b>	2.50	0.00	0.00	0.00
5	<b>Additional requirements, of which</b>	<b>4937.00</b>	<b>1461.18</b>	<b>4511.86</b>	<b>1218.41</b>
	(i) Outflows related to derivative exposures and other collateral requirements	0.07	0.07	0.00	0.00
	(ii) Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00
	(iii) Credit and liquidity facilities	4936.93	1461.11	4511.86	1218.41
6	<b>Other contractual funding obligations</b>	<b>253.92</b>	<b>253.92</b>	<b>231.79</b>	<b>231.79</b>
7	<b>Other contingent funding obligations</b>	<b>2833.99</b>	<b>131.43</b>	<b>2866.77</b>	<b>143.34</b>
8	<b>Total Cash Outflows</b>	<b>51210.99</b>	<b>7790.35</b>	<b>48284.81</b>	<b>6493.13</b>
<b>Cash Inflows</b>					
9	Secured lending (e.g. reverse repos)	5.83	0.00	0.00	0.00
10	Inflows from fully performing exposures	1080.54	540.27	1091.56	545.78
11	Other cash inflows	1118.82	1118.82	865.71	865.71
12	<b>Total Cash Inflows</b>	<b>2205.19</b>	<b>1659.09</b>	<b>1957.27</b>	<b>1411.49</b>
13	<b>TOTAL HQLA</b>	<b>5652.40</b>	<b>5652.40</b>	<b>5526.72</b>	<b>5526.72</b>
14	<b>Total Net Cash Outflows</b>	<b>49005.80</b>	<b>6131.26</b>	<b>46327.54</b>	<b>5081.64</b>
15	<b>Liquidity Coverage Ratio (%)</b>		<b>92.19</b>		<b>108.76</b>

Note: The LCR as on 31.03.2016 is 95.06%. However, 12 months average for the Financial Year 2015-16 works out to 92.19%.

#### Qualitative Disclosures:

Bank is computing LCR on a monthly basis in line with the RBI circular dated June 9, 2014 on "Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio(LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards". The computation is also in line with the amendments made as per the RBI circular dated February 2, 2016. These guidelines ensure that banks maintain sufficient amount of High Quality Liquidity Assets (HQLAs) to survive 30 days stress scenario so that banks can take corrective measures within such period. These HQLAs have to be 100% of the net cash outflows w.e.f January 1, 2019. To provide sufficient transition period, the guidelines require maintaining minimum 60% w.e.f January 1, 2015 and step up of 10% every year to reach 100% by January 1, 2019.

Necessary system has been put in place to compute LCR and bank's strategy would be to maintain LCR well above the regulatory minimum levels ahead of the stipulated timelines. The main driver of LCR is adequate HQLAs and Bank is maintaining LCR well above the minimum stipulated level of 70% in view of SLR investments in excess of statutory requirement and 10% of NDTL in the form of borrowing limit available through Marginal Standing Facility (MSF) and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR). The Bank has a diversified liability mix comprising of healthy Retail Deposits with its pan India presence and the dependency on wholesale funding is insignificant.

Bank's Asset Liability Management Committee (ALCO) is empowered to monitor and form suitable strategies to maintain stipulated levels of LCR by channelizing funds to target good quality asset and liability profile to meet Bank's profitability as well as liquidity requirements.

Funding strategies are formulated by the Treasury and Accounts Department (TAD) in accordance with ALCO guidance. The objective of the funding strategy is to achieve an optimal funding mix which is consistent with prudent liquidity, diversity of sources and servicing costs. Accordingly, TAD estimates daily liquidity requirement. With the help of structural liquidity statement prepared by bank, TAD evaluates current and future liquidity requirement and takes necessary action.

### 3.21 Strategic Debt Restructuring (SDR):

During the year, the Bank has been allotted 248264 no. of shares with a face value of ₹ 2 /- at the rate of ₹ 11.89 per share amounting to a book value of ₹ 0.30 Crores.

3.22 Operating Expenses stated in Schedule 16 to the Profit and Loss Account includes ₹ 4.90 Crore spent toward Corporate Social responsibility (CSR) Activities.

### 4 Reconciliation of Branch Adjustments and Balancing of Subsidiary Ledgers.

- Balancing of Subsidiary Ledgers is completed in all branches/offices.
- Reconciliation of branch adjustments/Inter Bank accounts has been completed up to 31<sup>st</sup> March 2016 and steps are being taken to give effect to consequential adjustments of pending items.

### 5 Investments:

The percentage of SLR investments under "Held to Maturity" category as on 31<sup>st</sup> March 2016 was 21.05% (Previous Year 22.33%) of the Net Demand and Time Liabilities of the bank, which is within the permissible limit as per RBI guidelines.

- A sum of ₹ 791.82 crore (Previous year ₹ 605.62 crore) is outstanding on account of demands raised by the Income Tax Department in earlier years which have been paid under protest. No provision is considered necessary in respect of these demands, as the Bank has been advised that there are good chances of success in appeals/ considering favourable judicial pronouncements and/or appellate orders on identical issues for earlier assessment years.
- In accordance with the RBI Circular DBR. No. BPBC.2/21.06.201/2015-16 dated 1<sup>st</sup> July 2015 on 'Basel III Capital Regulations' and RBI Circular DBR.NO.BP.BC 80/21.06.201/2014-15 dated March 31, 2015 on 'Prudential Guidelines on Capital Adequacy and Liquidity Standards Amendments', Banks are required to make Pillar III disclosures including Leverage Ratio and Liquidity Coverage Ratio under Basel III Framework. The Bank has made these disclosures which are available on its web site at the following link <http://ktkbank.com/ktk/BaselDisclosures.jsp#>. These disclosures have not been audited by the Statutory Central Auditors.
- Previous year's figures have been regrouped/rearranged/given in brackets wherever necessary and feasible to conform to the current year classifications.

Sd/-  
Muralidhar K. Rao  
Deputy General Manager

Sd/-  
Y. V. Balachandra  
Company Secretary

Sd/-  
Chandrashekar Rao. B.  
General Manager & CFO

Sd/-  
M. S. Mahabaleshwara  
Chief General Manager

Sd/-  
P. Jayarama Bhat  
Managing Director & CEO

Sd/-  
Ananthkrishna  
Chairman

Sd/-  
S. V. Manjunath  
D. Harshendra Kumar  
Directors

Sd/-  
Dr. H. Ramamohan  
T. R. Chandrasekaran  
Directors

Sd/-  
Ashok Haranahalli  
Usha Ganesh  
Rammohan Rao Belle  
Directors

Sd/-  
B. A. Prabhakar  
Ullal Ravindra Bhat  
Keshav Krishnarao Desai  
Directors

Refer our report of even date

For Kamath & Rau  
Chartered Accountants  
Firm Regn. No. 001689S

For Abarna & Ananthan  
Chartered Accountants  
Firm Regn. No. 000003S

Sd/-  
Srinivas S. Kamath  
Partner  
M. No. 201716

Sd/-  
C. S. Gopalakrishna  
Partner  
M. No. 014706

Place : Mangaluru  
Date : 20<sup>th</sup> May 2016

**INDEPENDENT AUDITORS' REPORT**

**ಸ್ವತಂತ್ರ ಲೆಕ್ಕಪರಿಶೋಧಕರ ವರದಿ**

To,

ಗೆ,

**The Shareholders of The Karnataka Bank Limited**

**ಕರ್ನಾಟಕ ಬ್ಯಾಂಕ್ ಲಿಮಿಟೆಡ್‌ನ ಶೇರುದಾರರು**

**Report on the Financial Statements**

**ಹಣಕಾಸಿನ ಲೆಕ್ಕಪತ್ರಗಳ ಬಗ್ಗೆ ವರದಿ**

1. We have audited the accompanying financial statements of The Karnataka Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31<sup>st</sup> March 2016, the Profit and Loss Account, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information. Incorporated in these Financial Statements are the returns of 29 branches audited by us, 722 branches/offices audited by Branch Auditors.

1. ನಾವು ಇದರೊಂದಿಗೆ ಲಗತ್ತಿಸಿದ 31ನೇ ಮಾರ್ಚ್ 2016ರ ಕರ್ನಾಟಕ ಬ್ಯಾಂಕ್ ಲಿಮಿಟೆಡ್‌ನ ಹಣಕಾಸಿನ ಲೆಕ್ಕಪತ್ರಗಳ ಲೆಕ್ಕಪರಿಶೋಧನೆಯನ್ನು ಮಾಡಿದ್ದು, ಇದರಲ್ಲಿ 31 ಮಾರ್ಚ್ 2016 ರ ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ, ಲಾಭ ನಷ್ಟ ತಜ್ಞ ಮತ್ತು ವರ್ಷಾಂತ್ಯದ ನಗದು ಪರಿಚಲನೆಯ ನಿರೂಪಣಾ ಪಟ್ಟಿ, ಮಹತ್ವದ ಧೋರಣೆಗಳ ಸಂಕ್ಷಿಪ್ತ ವರದಿ ಹಾಗೂ ವಿವರಣಾತ್ಮಕ ಸೂಚನೆಗಳು ಸೇರಿಸಲ್ಪಟ್ಟಿವೆ. ಇವುಗಳಲ್ಲಿ ಸಂಘಟಿತವಾದ ಶಾಖಾ ವರದಿಗಳಲ್ಲಿ 29 ಶಾಖೆಗಳ ವರದಿಗಳು ಸ್ವತಃ ನಮ್ಮಿಂದ ಪರಿಶೋಧಿಸಲ್ಪಟ್ಟಿದ್ದು, 722 ಶಾಖೆಗಳ / ಕಚೇರಿಗಳ ವರದಿಗಳು ಶಾಖಾ ಲೆಕ್ಕಪರಿಶೋಧಕರಿಂದ ಪರಿಶೋಧಿಸಲ್ಪಟ್ಟಿವೆ.

**Management's Responsibility for the Financial Statements**

**ಹಣಕಾಸಿನ ಲೆಕ್ಕಪತ್ರಗಳ ಬಗ್ಗೆ ಆಡಳಿತದ ಹೊಣೆಗಾರಿಕೆ**

2. The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

2. ಕಂಪನೀಸ್ ಕಾಯಿದೆ, 2013 ವಿಭಾಗ 134(5)ರಲ್ಲಿ ನಮೂದಿಸಲ್ಪಟ್ಟ ವಿಷಯಕ್ಕೆ ಸಂಬಂಧಿಸಿದಂತೆ, ಆರ್ಥಿಕ ಲೆಕ್ಕಪತ್ರಗಳ ತಯಾರಿಕೆಯ ಹೊಣೆಗಾರಿಕೆ ಬ್ಯಾಂಕಿನ ನಿರ್ದೇಶಕ ಮಂಡಳಿಯವರದಾಗಿರುತ್ತದೆ. ಈ ಲೆಕ್ಕಪತ್ರಗಳು ಬ್ಯಾಂಕಿನ ಆರ್ಥಿಕ ಸ್ಥಿತಿ ನಿರ್ವಹಣೆ ಮತ್ತು ಬ್ಯಾಂಕಿನ ನಗದು ಪರಿಚಲನೆಯ ಕುರಿತು, ಭಾರತದಲ್ಲಿ ಸಾಮಾನ್ಯವಾಗಿ ಅಂಗೀಕರಿಸಲ್ಪಟ್ಟ ಲೆಕ್ಕಪತ್ರ ನಿರೂಪಣಾ ಮಾರ್ಗದರ್ಶಿಗಳಿಗೆ ಅನುಗುಣವಾಗಿರುವಂತೆ, ಸತ್ಯ ಮತ್ತು ಯಥೋಚಿತ ಚಿತ್ರಣವನ್ನು ನೀಡುವಲ್ಲಿ ಬ್ಯಾಂಕಿನ ನಿರ್ದೇಶಕ ಮಂಡಳಿಯು ಹೊಣೆಯಾಗಿರುತ್ತದೆ. ಹಾಗೆಯೇ ಕಂಪನಿ ಕಾಯಿದೆ 2013, ವಿಭಾಗ 133 ಹಾಗೂ ಅದರೊಂದಿಗೆ ಓದಲ್ಪಡುವ ಕಂಪನಿ (ಆಕೌಂಟ್) ನಿಬಂಧನೆ, 2014, ನಿಬಂಧನೆ 7, ಹಾಗೂ ವಿಭಾಗ 29, ಬ್ಯಾಂಕಿಂಗ್ ರೆಗ್ಯುಲೇಶನ್ ಆಕ್ಟ್, 1949 ಇವುಗಳಲ್ಲಿ ಉಲ್ಲೇಖಿತ ಅಕೌಂಟಿಂಗ್ ಮಾನದಂಡಗಳ ಅನುಸಾರದಂತಿರುವುದು ಹಾಗೂ ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ ಮಾರ್ಗದರ್ಶಿಕೆ ಮತ್ತು ಆಗಿಂದಾಗ್ಗೆ ನೀಡಲ್ಪಟ್ಟ ಸುತ್ತೋಲೆಗನುಸಾರ ವಾಗಿರುವುದು ನಿರ್ದೇಶಕ ಮಂಡಳಿಯ ಜವಾಬ್ದಾರಿಯಾಗಿರುತ್ತದೆ. ಈ ಜವಾಬ್ದಾರಿಯು ಬ್ಯಾಂಕಿನ ಆಸ್ತಿ ಕಾಪಾಡಿಕೆ, ವಂಚನೆ ಮತ್ತು ಇತರ ಅವ್ಯವಹಾರಗಳ ತಡೆಯುವಿಕೆ ಮತ್ತು ಪತ್ತೇದಾರಿಕೆ, ಬ್ಯಾಂಕಿಗೆ ಅನುಗುಣವಾದ ಲೆಕ್ಕಪತ್ರಗಳನ್ನು ಸಿದ್ಧಪಡಿಸುವ ಧೋರಣೆಯ ಸ್ವೀಕಾರ, ಮಾಡಿದ ನಿರ್ಧಾರ ಹಾಗೂ ಅಂದಾಜು ಮಾಡುವಲ್ಲಿ ವಿವೇಚನೆ, ಮತ್ತು ಹಣಕಾಸು ಲೆಕ್ಕಪತ್ರಗಳ ಸತ್ಯ ಮತ್ತು ಯಥೋಚಿತ ಚಿತ್ರಣಕ್ಕಾಗಿ ಹಾಗೂ ತಪ್ಪು / ವಂಚನೆಗಳಿಂದ ಉಂಟಾಗುವ ತಪ್ಪು ವ್ಯಾಖ್ಯೆಗಳ ಹೊರತಾದ ತಯಾರಿಕೆ ಮತ್ತು ನಿರೂಪಣೆಗೆ ಸಂಬಂಧಿಸಿದ ಸಮರ್ಪಕ ಆಂತರಿಕ ಆರ್ಥಿಕ ನಿಯಂತ್ರಣಗಳ ರೂಪಣೆ, ಅನುಷ್ಠಾನ ಹಾಗೂ ಸಂರಕ್ಷಣೆ ಹಾಗೂ ದಾಖಲೆಪತ್ರಗಳ ಖಚಿತತೆ ಮತ್ತು ಪೂರ್ಣತ್ವದ ಖಾತ್ರಿಯ ನಿಮಿತ್ತ, ಆರ್ಥಿಕ ನಿಯಂತ್ರಣಗಳ ನಿರ್ವಹಣಾ ದಕ್ಷತೆ - ಇವೆಲ್ಲದರ ಸಲುವಾಗಿ ಲೆಕ್ಕಪತ್ರಗಳ ಹಾಗೂ ದಾಖಲೆಗಳ ನಿರಂತರ ಹಾಗೂ ಔಚಿತ್ಯಪೂರ್ಣ ಜೋಪಾನಿಕೆಯೂ ಒಳಗೊಂಡಿದೆ.

**Auditor's Responsibility**

**ಲೆಕ್ಕಪರಿಶೋಧಕರ ಹೊಣೆಗಾರಿಕೆ**

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

3. ನಮ್ಮ ಪರಿಶೋಧನೆಯ ಆಧಾರದ ಮೇಲೆ ಇಲ್ಲಿನ ಹಣಕಾಸಿನ ಲೆಕ್ಕಪತ್ರಗಳ ಕುರಿತು ನಮ್ಮ ಅಭಿಪ್ರಾಯ ತಿಳಿಸುವಷ್ಟಕ್ಕೆ ನಮ್ಮ ಹೊಣೆಗಾರಿಕೆ ಸೀಮಿತವಾಗಿದೆ.

4. ನಾವು ಕಂಪನಿ ಕಾಯಿದೆಯ ನಿಬಂಧನೆಗಳಿಗನುಗುಣವಾಗಿ ಅಕೌಂಟಿಂಗ್ ಮತ್ತು ಲೆಕ್ಕಪರಿಶೋಧನಾ ನೀತಿಗಳನ್ನು ಹಾಗೂ ಕಾಯ್ದೆ ಮತ್ತು ನಿಬಂಧನೆಗಳ ಅನುಸಾರ ಪರಿಶೋಧನಾ ವರದಿಯಲ್ಲಿ ಅಳವಡಿಸಲ್ಪಡಬೇಕಾದ ಇತರ ವಿಷಯಗಳನ್ನು ಪರಿಗಣಿಸಿರುತ್ತೇವೆ.

5. We conducted our audit of the Bank including its branches in accordance with Standards on Auditing ('the Standards') specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, in the manner so required for banking companies and give a true and fair view in conformity with accounting principles generally accepted in India:
  - a. In case of the Balance Sheet, of the state of affairs of the Bank as at 31<sup>st</sup> March, 2016;
  - b. In case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - c. In case of the Cash Flow Statement, of cash flows for the year ended on that date.

**Emphasis of Matter**

9. We draw attention to Note of the Financial Statements, regarding deferment of loss of ₹58.72 crore on sale of advances to Asset Reconstruction Companies.  
Our opinion is not qualified in respect of this matter.

5. ನಾವು ಬ್ಯಾಂಕಿನ ಹಾಗೂ ಅದರೊಂದಿಗೆ ಶಾಖೆಗಳ ಲೆಕ್ಕಪರಿಶೋಧನೆ ಯನ್ನು ಕಂಪನಿ ಕಾಯಿದೆ, 2013, ವಿಭಾಗ 143(10) ಇದರಲ್ಲಿ ಉಲ್ಲೇಖಿಸಿರುವ 'ದಿ ಸ್ಟಾಂಡರ್ಡ್ಸ್ ಆನ್ ಆಡಿಟಿಂಗ್'ನ ಅನುಸಾರವಾಗಿ ಮಾಡಿರುತ್ತೇವೆ. ಈ ಮಾನದಂಡ ಅಪೇಕ್ಷಿಸಬಹುದಾದ ನಾವು ಅಡಿಟಿಂಗ್ ನೀತಿಗನುಸಾರವಾಗಿ, ಆರ್ಥಿಕ ವ್ಯಾಖ್ಯೆಗಳು ಮತ್ತು ಲೆಕ್ಕಪತ್ರಗಳು ತಪ್ಪು ವ್ಯಾಖ್ಯೆಗಳಿಂದ ಹೊರತಾಗಿವೆ ಎನ್ನುವ ಭರವಸೆಯನ್ನು ಪಡೆದಿರುತ್ತೇವೆ.
6. ಲೆಕ್ಕಪರಿಶೋಧನೆಯು, ಆರ್ಥಿಕ ವ್ಯಾಖ್ಯೆಗಳಲ್ಲಿ ನಿರೂಪಣೆಗೊಂಡ ಮೊತ್ತಗಳ ಬಗ್ಗೆ ಮತ್ತು ಪ್ರಕಟಗೊಳಿಸುವ ವಿವರಗಳ ಬಗ್ಗೆ ಸಾಕಷ್ಟು ಲೆಕ್ಕಪರಿಶೋಧನಾ ಸಾಕ್ಷ್ಯಗಳನ್ನು ಹೊಂದಿಸುವ ಕಾರ್ಯವಿಧಾನದ ನೆರವೇರಿಕೆಯನ್ನು ಒಳಗೊಂಡಿದೆ. ಕಾರ್ಯರೂಪದ ಆಯ್ಕೆ ಲೆಕ್ಕಪರಿಶೋಧಕರ ತೀರ್ಮಾನಕ್ಕೆ ಬಿಟ್ಟಿದ್ದು, ತೀರ್ಮಾನ ಕೈಗೊಳ್ಳುವಲ್ಲಿ ಲೆಕ್ಕಪತ್ರಗಳು ವಂಚನೆ ಮತ್ತು ತಪ್ಪುಗಳಿಂದ ಹೊರತಾಗಿದೆ ಎನ್ನುವ ವಿವೇಚನೆ, ಆಂತರಿಕ ಆರ್ಥಿಕ ನಿಯಂತ್ರಕಗಳನ್ನು ಸಂಬಂಧಿಸಿದ ಬ್ಯಾಂಕಿನ ಲೆಕ್ಕಪತ್ರಗಳ ಪೂರೈಕೆ ಯಥಾವತ್ ಮತ್ತು ನೈಜ ಮಾಹಿತಿಗಳನ್ನು ಒದಗಿಸುತ್ತವೆ ಮತ್ತು ಸಂದರ್ಭಕ್ಕೆ ತಕ್ಕಂತೆ ಬಿಂಬಿಸಲಾಗಿದೆ ಎನ್ನುವ ವಿವೇಚನಾಪೂರ್ಣವಾದ ಅರಿಯುವಿಕೆ, ಇವುಗಳ ಪರಿಗಣನೆಯನ್ನು ಒಳಗೊಂಡಿದೆ. ಲೆಕ್ಕಪರಿಶೋಧನೆಯು, ಅಕೌಂಟಿಂಗ್ ಧೋರಣೆಯು ಯಥೋಚಿತ ಪೂರ್ಣವಾಗಿದೆಯೇ ಎನ್ನುವ ಪರಿಶೀಲನೆಯನ್ನು ಒಳಗೊಂಡಿದ್ದು, ಅಲ್ಲದೇ ಬ್ಯಾಂಕಿನ ನಿರ್ದೇಶಕರು ಲೆಕ್ಕಪತ್ರಗಳನ್ನು ಅಂದಾಜಿಸುವಲ್ಲಿ ಸಕಾರಣ ಪೂರ್ವಕವಾಗಿ ನಡೆದುಕೊಂಡಿದ್ದಾರೆಯೇ ಹಾಗೂ ಒಟ್ಟಾರೆ ಲೆಕ್ಕಪತ್ರ ಮಂಡನೆಯಲ್ಲಿ ಔಚಿತ್ಯಪೂರ್ಣತೆ ಇದೆಯೇ ಎನ್ನುವುದನ್ನು ಲೆಕ್ಕಪರಿಶೋಧಕರು ಮೌಲೀಕರಿಸಬೇಕಾಗಿರುವುದನ್ನು ಒಳಗೊಂಡಿದೆ.
7. ನಾವು ಹೊಂದಿರುವ ಅಡಿಟ್ ಸಾಕ್ಷ್ಯಗಳು ತೃಪ್ತಿಕರವಾಗಿವೆ ಮತ್ತು ಬೇಕಷ್ಟು ಪೂರ್ಣವಾಗಿವೆ ಮತ್ತು ಆರ್ಥಿಕ ಲೆಕ್ಕಪತ್ರಗಳ ಬಗ್ಗೆ ನಮ್ಮ ಅಭಿಪ್ರಾಯವನ್ನು ನೀಡಲು ಸಾಕಷ್ಟು ಆಧಾರವಾಗಿವೆ ಎಂದು ನಾವು ನಂಬುತ್ತೇವೆ.

**ಅಭಿಪ್ರಾಯ**

8. ನಮ್ಮ ಅಭಿಪ್ರಾಯದಂತೆ ಮತ್ತು ನಮ್ಮ ಅತ್ಯುತ್ತಮ ತಿಳುವಳಿಕೆ ಹಾಗೂ ನಮಗೆ ನೀಡಲ್ಪಟ್ಟ ಮಾಹಿತಿಗಳ ಆಧಾರದ ಮೇಲೆ ನಾವು ಲೆಕ್ಕಪರಿಶೋಧನೆ ಮಾಡಿದ ಲೆಕ್ಕಪತ್ರಗಳು, ಬ್ಯಾಂಕಿಂಗ್ ನಿಯಂತ್ರಣ ಕಾಯಿದೆ 1949 ಮತ್ತು ಕಂಪನಿ ಕಾಯಿದೆ 2013ರ ಅನುಸಾರವಾಗಿ, ನೀಡಬೇಕಾದ ಮಾಹಿತಿಯನ್ನು ಮತ್ತು ಈ ಮಾಹಿತಿಗಳು ಭಾರತದಲ್ಲಿ ಲೆಕ್ಕಪರಿಶೋಧನಾ ನೀತಿಯ ಪ್ರಕಾರ, ನೈಜ ಮತ್ತು ಯಥಾರ್ಥವಾದ ಚಿತ್ರಣವನ್ನು -
  - ಎ) ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ ಸಂದರ್ಭದಲ್ಲಿ 31 ಮಾರ್ಚ್ 2016 ರಂದು ಇದ್ದ ಬ್ಯಾಂಕಿನ ವಹಿವಾಟಿನ ನೈಜ ಚಿತ್ರಣವನ್ನು
  - ಬಿ) ಲಾಭ ಮತ್ತು ನಷ್ಟ ತಖ್ತೆಯ ಸಂದರ್ಭದಲ್ಲಿ ವರ್ಷಾಂತ್ಯದ ದಿನಾಂಕದವರೆಗೆ ಆದ ಲಾಭ ಮತ್ತು
  - ಸಿ) ನಗದು ಪರಿಚಲನೆ ನಿರೂಪಣಾ ಪಟ್ಟಿಯ ಸಂದರ್ಭದಲ್ಲಿ ವರ್ಷಾಂತ್ಯದ ದಿನಾಂಕದವರೆಗೆ ಆದ ನಗದು ಪರಿಚಲನೆಯನ್ನು ತೃಪ್ತಿಕರ ರೀತಿಯಲ್ಲಿ ಪ್ರತಿಬಿಂಬಿಸುತ್ತದೆ.

**ವಸ್ತು ಸ್ಥಿತಿ ಸ್ಪಷ್ಟನೆ**

9. ಲೆಕ್ಕಪತ್ರಗಳ ಟಿಪ್ಪಣಿಯಲ್ಲಿ ಉಲ್ಲೇಖಿಸಿರುವ ಅಸೆಟ್ ರಿಕನ್‌ಸ್ಟ್ರಕ್ಷನ್ ಕಂಪನಿಗಳಿಗೆ, ಮುಂಗಡಗಳನ್ನು ಮಾರಿದುದರಿಂದ ಉಂಟಾದ ₹ 58.72 ಕೋಟಿಗಳ ನಷ್ಟದ ಮುಂದೂಡುವಿಕೆ ಕುರಿತಾಗಿ ನಿಮ್ಮ ಗಮನವನ್ನು ಸೆಳೆಯಲು ಇಚ್ಛಿಸುತ್ತೇವೆ.  
ಈ ವಿಷಯದಲ್ಲಿ ನಮ್ಮ ಅಭಿಪ್ರಾಯವು ನಮ್ಮ ಪರಿಮಿತಿಯೊಳಗಿದೆ.

**Report on Other Legal and Regulatory Requirements**

10. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, read with Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
11. As required by sub section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
  - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
  - (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
  - (c) the returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
12. Further, as required by section 143(3) of the Act, we further report that:
  - i. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii. in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
  - iii. the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 143(8) of the Companies Act, 2013, have been sent to us and have been properly dealt with by us in preparing this report;
  - iv. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
  - v. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
  - vi. on the basis of written representations received from the directors as on 31<sup>st</sup> March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and

**ಕಾನೂನು ಮತ್ತು ನಿಯಂತ್ರಣ ಅಗತ್ಯತೆ ಬಗ್ಗೆ ವರದಿ**

10. ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ ಮತ್ತು ಲಾಭ ನಷ್ಟ ತಖ್ತೆಗಳನ್ನು ಬ್ಯಾಂಕಿಂಗ್ ನಿಯಂತ್ರಣ ಕಾಯಿದೆ 1949 ವಿಭಾಗ 29 ಹಾಗೂ ಕಂಪೆನಿ ಕಾಯಿದೆ 2013 ವಿಭಾಗ 133 ಮತ್ತು ಕಂಪೆನಿ (ಅಕೌಂಟ್ಸ್) ಕಾಯಿದೆ 2014 ನಿಬಂಧನೆ ನಿಯಮ 7ರ ಅನುಸಾರವಾಗಿ ರಚಿಸಲಾಗಿದೆ.
11. ಬ್ಯಾಂಕಿಂಗ್ ನಿಯಂತ್ರಣ ಕಾಯಿದೆ 1949 ಸೆಕ್ಷನ್ 30 ಉಪವಿಭಾಗ (3) ರಂತೆ ನಾವು ವರದಿ ಮಾಡುವುದೇನೆಂದರೆ,
  - (ಎ) ನಮ್ಮ ಅತ್ಯುತ್ತಮ ತಿಳುವಳಿಕೆ ಹಾಗೂ ನಂಬಿಕೆಯ ಪ್ರಕಾರ, ಲೆಕ್ಕಪತ್ರ ಪರಿಶೋಧನೆಗೆ ಅಗತ್ಯವೆಂದು ಕಂಡುಬಂದ ಎಲ್ಲಾ ಮಾಹಿತಿ ಮತ್ತು ವಿವರಣೆಗಳನ್ನು ನಾವು ಪಡೆದಿದ್ದು, ಅವುಗಳು ತೃಪ್ತಿಕರವಾಗಿದ್ದವು ಎಂದು ಮನಗಂಡಿದ್ದೇವೆ.
  - (ಬಿ) ನಮ್ಮ ಗಮನಕ್ಕೆ ಬಂದ ಬ್ಯಾಂಕಿನ ವ್ಯವಹಾರಗಳು ಬ್ಯಾಂಕಿನ ಅಧಿಕಾರ ವ್ಯಾಪ್ತಿಯ ಒಳಗಿದ್ದವು ಮತ್ತು
  - (ಸಿ) ಬ್ಯಾಂಕಿನ ಶಾಖೆಗಳಿಂದ, ಕಚೇರಿಗಳಿಂದ ಲಭ್ಯವಾಗಿರುವ ವರದಿಗಳು, ನಮ್ಮ ಪರಿಶೋಧನೆಯ ಸಲುವಾಗಿ ಸಮರ್ಪಕವಾಗಿವೆ.
12. ಅಲ್ಲದೇ ಕಂಪೆನಿ ಕಾಯಿದೆ 2013, ವಿಭಾಗ 143(3) ರ ಅನುಸಾರವಾಗಿ ನಾವು ಹೆಚ್ಚುವರಿಯಾಗಿ ವರದಿ ಸಲ್ಲಿಸುವುದೇನೆಂದರೆ:
  - (i) ನಮ್ಮ ಅಡಿಟ್‌ಗೆ ಸಂಬಂಧಿಸಿದ ಸೂಕ್ತವಾದ ಮಾಹಿತಿ ಮತ್ತು ವಿವರಣೆಯನ್ನು ನಮ್ಮ ಅತ್ಯುತ್ತಮ ತಿಳುವಳಿಕೆ ಮತ್ತು ನಂಬಿಕೆಯ ಪ್ರಕಾರ, ನಾವು ಪಡೆದಿರುತ್ತೇವೆ.
  - (ii) ನಮ್ಮ ಅಭಿಪ್ರಾಯದಂತೆ ಹಾಗೂ ಈ ತನಕ ನಮ್ಮ ಗಮನಕ್ಕೆ ಬಂದಂತೆ, ಕಾನೂನು ಅಪೇಕ್ಷಿಸಿದಂತೆ ಬ್ಯಾಂಕು ಅಗತ್ಯವಿರತಕ್ಕ ಹಣಕಾಸಿನ ಖಾತಾ ಪುಸ್ತಕಗಳನ್ನು ಯಥೋಚಿತವಾಗಿ ಕಾದಿರಿಸಿದ್ದು, ಅವು ಸಾಕಷ್ಟು ಪರಿಪೂರ್ಣವಾಗಿದೆ ಮತ್ತು ನಾವು ಭೇಟಿ ನೀಡದ ಶಾಖೆಗಳಿಂದ, ಯಥೋಚಿತ ವರದಿಗಳು, ನಮ್ಮ ಲೆಕ್ಕಪರಿಶೋಧನೆ ಸಲುವಾಗಿ ಸಲ್ಲಿಕೆಯಾಗಿದೆ.
  - (iii) ಕಂಪೆನಿ ಕಾಯಿದೆ 2013, ವಿಭಾಗ 143 (8)ರಂತೆ ಶಾಖಾ/ಕಚೇರಿಗಳ ವಾರ್ಷಿಕ ಆಡಿಟ್, ಶಾಖಾ ಲೆಕ್ಕಪರಿಶೋಧಕರಿಂದ ನಡೆದಿದ್ದು, ಅವುಗಳನ್ನು ನಮ್ಮ ವರದಿ ನೀಡುವಲ್ಲಿ ಯಥಾಯೋಗ್ಯ ಬಳಸಿಕೊಂಡಿದ್ದೇವೆ.
  - (iv) ಈ ವರದಿಯಲ್ಲಿ ಕಾಣಿಸಿದ ಬ್ಯಾಂಕಿನ ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ ಮತ್ತು ಲಾಭ ನಷ್ಟ ತಖ್ತೆ ನಗದು ಪರಿಚಲನಾ ನಿರೂಪಣೆ ಪಟ್ಟಿಯು ಲೆಕ್ಕಪುಸ್ತಕಗಳೊಂದಿಗೆ ಹಾಗೂ ನಾವು ಭೇಟಿ ನೀಡದ ಶಾಖೆಗಳಿಂದ ಬಂದ ವರದಿಗೆ ತಾಳೆಯಾಗಿರುತ್ತದೆ.
  - (v) ನಮ್ಮ ಅಭಿಪ್ರಾಯದಂತೆ, ಮೇಲ್ಕಂಡ ಆರ್ಥಿಕ ವ್ಯಾಖ್ಯೆಗಳು, ಆರ್‌ಬಿಐನ ಅಕೌಂಟಿಂಗ್ ಧೋರಣೆಗೆ ಹೊರತಾಗಿರದ ಮಟ್ಟಿಗೆ, ಕಂಪೆನಿ ಕಾಯಿದೆ 2013, ವಿಭಾಗ 133 ಹಾಗೂ ಅದರೊಂದಿಗೆ ಓದಲ್ಪಟ್ಟ ಕಂಪೆನಿ (ಲೆಕ್ಕ) ನಿಬಂಧನೆ, 2014, ನಿಯಮ 7ರ ಅನ್ವಯ ಉಲ್ಲೇಖಿತ ಅಕೌಂಟಿಂಗ್ ಮಾನದಂಡಗಳ ಅನುಸಾರವಾಗಿವೆ.
  - (vi) 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ನಿರ್ದೇಶಕರುಗಳಿಂದ ಬಂದ ಲಿಖಿತ ಪ್ರತಿನಿಧಿತವನ್ನು ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯು ದಾಖಲಿಸಿದ್ದು, ಇವುಗಳನ್ವಯ 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ಯಾವೂಬ್ಬ ನಿರ್ದೇಶಕರೂ ತಮ್ಮ ಹುದ್ದೆಯ ನೇಮಕಾತಿ ಸಂಬಂಧ ಕಂಪೆನಿ ಕಾಯಿದೆ 2013, ವಿಭಾಗ 164(2) ಅನುಸಾರ, ಅನರ್ಹತೆಯನ್ನು ಹೊಂದಿರುವುದಿಲ್ಲ ಮತ್ತು

- vii. with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
- viii. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- the Bank has disclosed the impact of pending litigations on its financial position in its financial statements
  - the Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts and
  - there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

- (vii) ಆಂತರಿಕ ಆರ್ಥಿಕ ನಿಯಂತ್ರಣದ ಯಥಾಯೋಗ್ಯತೆ ಮತ್ತು ಅಂತಹ ನಿಯಂತ್ರಣದ ನಿರ್ವಹಣಾ ದಕ್ಷತೆ ಕುರಿತಂತೆ ನಮ್ಮ ವರದಿ ಅನುಬಂಧ 'ಎ'ಯಲ್ಲಿ ನೀಡಲಾಗಿದೆ.
- (viii) ಕಂಪೆನಿ (ಆಡಿಟ್ ಮತ್ತು ಆಡಿಟರ್ಸ್) ನಿಬಂಧನೆ 2014, ನಿಯಮ 11ರ ಅನುಸಾರ, ಲೆಕ್ಕಪರಿಶೋಧಕರ ವರದಿಯಲ್ಲಿನ ಇತರ ವಿಷಯಗಳ ಕುರಿತಾಗಿ, ನಮ್ಮ ಅಭಿಪ್ರಾಯದಂತೆ, ಹಾಗೂ ನಮ್ಮ ಅತ್ಯುತ್ತಮ ತಿಳುವಳಿಕೆಯ ಪ್ರಕಾರ ಮತ್ತು ನಮಗೆ ನೀಡಿದ ವಿವರಣೆಗಳ ಆಧಾರ:
- ಬಾಕಿ ಉಳಿದಿರುವ ವ್ಯಾಜ್ಯಗಳ ಪ್ರಭಾವಗಳನ್ನು ಬ್ಯಾಂಕು ಯಥಾರೀತಿಯಲ್ಲಿ ಆರ್ಥಿಕ ವ್ಯಾಜ್ಯ ರೂಪಿಸುವ ಸಂದರ್ಭದಲ್ಲಿ ಪ್ರಕಟಿಸಿದೆ.
  - ಬ್ಯಾಂಕು ಕಾನೂನು ಪ್ರಕಾರ ಮತ್ತು ಅಕೌಂಟಿಂಗ್ ಮನದಂಡಗಳ ಅನುಸಾರ ಯಥಾಯೋಗ್ಯ ಸಾಕಷ್ಟು ಮೀಸಲು ಇರಿಸಿದ್ದು, ಇವು ಮುಂದೆ ಬರಬಹುದಾದ ನಷ್ಟ ಇದ್ದರೆ, ಅದನ್ನು ಸರಿಹೊಂದಿಸಲು ಹಾಗೂ ದೀರ್ಘಕಾಲೀನ ಗುತ್ತಿಗೆ ಹಾಗೂ ವ್ಯುತ್ಪನ್ನ ಗುತ್ತಿಗೆಗಳನ್ನು ಒಳಗೊಂಡು ಮತ್ತು ಅಪಾಯಗಳ ಸೆಲುವಾಗಿ ಮೀಸಲು ಇಟ್ಟಿದೆ, ಮತ್ತು
  - ಬ್ಯಾಂಕು ಯುಕ್ತ ಸಮಯದಲ್ಲಿ ಹೊಡೆದಾರರ ಶಿಕ್ಷಣ ಮತ್ತು ಭದ್ರತೆ ನಿಧಿಗೆ ಮೊತ್ತಗಳನ್ನು ವರ್ಗಾಯಿಸಿದ್ದು, ಇದರಲ್ಲಿ ಯಾವುದೇ ವಿಳಂಬವಾಗಿರುವುದಿಲ್ಲ.

**For Kamath & Rau**  
Chartered Accountants  
Firm Regn. No. 001689S

**For Abarna & Ananthan**  
Chartered Accountants  
Firm Regn. No. 000003S

**ಕಾಮತ್ ಮತ್ತು ರಾವ್-ಗಾಗಿ**  
ಲೆಕ್ಕಪರಿಶೋಧಕರು  
ಸಂಸ್ಥೆಯ ನೋಂದಣಿ ಸಂಖ್ಯೆ: 001689ಎಸ್

**ಅರ್ಬರ್ನ್ ಮತ್ತು ಅನಂತನ್-ಗಾಗಿ**  
ಲೆಕ್ಕಪರಿಶೋಧಕರು  
ಸಂಸ್ಥೆಯ ನೋಂದಣಿ ಸಂಖ್ಯೆ: 000003ಎಸ್

Sd/-  
**Srinivas S Kamath**  
Partner  
M.No. 201716

Sd/-  
**C.S. Gopalakrishna**  
Partner  
M.No. 014706

ಸಹಿ/-  
**ಶ್ರೀನಿವಾಸ ಎಸ್ ಕಾಮತ್**  
ಪಾಲುದಾರರು  
ಸದಸ್ಯತನ ಸಂಖ್ಯೆ: 201716

ಸಹಿ/-  
**ಸಿ.ಎಸ್. ಗೋಪಾಲಕೃಷ್ಣ**  
ಪಾಲುದಾರರು  
ಸದಸ್ಯತನ ಸಂಖ್ಯೆ: 014706

Place : Mangaluru  
Date : 20-05-2016

ಸ್ಥಳ : ಮಂಗಳೂರು  
ದಿನಾಂಕ : 20 ಮೇ 2016

**Annexure A to the Independent Auditor's Report of even date on the Financial Statements of The Karnataka Bank Limited**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

1. We have audited the internal financial controls over financial reporting of The Karnataka Bank Limited ('the Bank') as at 31<sup>st</sup> March 2016 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

2. The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI')".

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial

ಕರ್ನಾಟಕ ಬ್ಯಾಂಕ್ ಲಿಮಿಟೆಡ್ ಇದರ ಹಣಕಾಸು ತಖ್ತೆಯ ಕುರಿತಾದ ಸ್ವತಂತ್ರ ಲೆಕ್ಕ ಪರಿಶೋಧಕರ ಸಹ ದಿನಾಂಕ ವರದಿಯ ಅನುಬಂಧ - ಎ

**ಕಂಪೆನಿ ಕಾಯಿದೆ 2013 ವಿಭಾಗ 143 ಉಪವಿಭಾಗ 3 ಉಪವ್ಯಾಖ್ಯೆ(i) ರ ಅನುಸಾರ ಹಣಕಾಸು ನಿಯಂತ್ರಣ ಮೇಲಣ ವರದಿ**

1. ಕರ್ನಾಟಕ ಬ್ಯಾಂಕ್ ಲಿಮಿಟೆಡ್‌ನ 31 ಮಾರ್ಚ್ 2016 ರ ಆರ್ಥಿಕ ವರದಿಯ ಕುರಿತಂತೆ, ಆಂತರಿಕ ಹಣಕಾಸು ನಿಯಂತ್ರಣ ಬಗ್ಗೆ ನಾವು ಲೆಕ್ಕಪರಿಶೋಧನೆ ಮಾಡಿದ್ದು, ನಮ್ಮ ವರದಿಯು ಬ್ಯಾಂಕಿನ ಮೇಲೆ ಹೇಳಿದ ವಾರ್ಷಿಕ ವರ್ಷಾಂತ್ಯದ ಹಣಕಾಸು ತಖ್ತೆಯೊಂದಿಗೆ ಸಂಯೋಜಿಸಲ್ಪಟ್ಟಿದೆ.

**ಆಂತರಿಕ ಹಣಕಾಸು ನಿಯಂತ್ರಣದ ಮೇಲೆ ಆಡಳಿತದ ಜವಾಬ್ದಾರಿ**

2. ಆಂತರಿಕ ಹಣಕಾಸು ನಿಯಂತ್ರಣವು ಬ್ಯಾಂಕಿನ ನಿರ್ದೇಶಕರ ಜವಾಬ್ದಾರಿಯಾಗಿದ್ದು ಇದರ ವ್ಯವಸ್ಥೆ, ರೂಪಣೆಯ ಬಗ್ಗೆಯೂ ಅವರದೇ ಜವಾಬ್ದಾರಿ ಇದೆ. ಈ ಆರ್ಥಿಕ ವರದಿಯ ಮೇಲಣ ಆಂತರಿಕ ಆರ್ಥಿಕ ನಿಯಂತ್ರಣಗಳು, 'ಇನ್‌ಸ್ಟಿಟ್ಯೂಟ್ ಆಫ್ ಚಾರ್ಟೆಡ್ ಅಕೌಂಟೆಂಟ್ಸ್ ಆಫ್ ಇಂಡಿಯಾ' ಬಿಡುಗಡೆ ಮಾಡಿದ ಮಾರ್ಗದರ್ಶಿಕೆಯ ಪ್ರಮುಖ ಅಂಶಗಳನ್ನು ಆಧರಿಸಿ, ಬ್ಯಾಂಕಿನ ಆಂತರಿಕ ಆರ್ಥಿಕ ನಿಯಂತ್ರಣಗಳ ಪ್ರಮಾಣಗಳನ್ನು ರಚಿಸಬೇಕಾಗುತ್ತದೆ.

ಈ ಜವಾಬ್ದಾರಿಯು 2013ರ ಕಂಪೆನೀಸ್ ಕಾಯಿದೆಗೆ ಅನುಸಾರವಾಗಿ ಸ್ಥೂಲ ಚಿಂತನೆ, ಯಥೋಚಿತ ಹಣಕಾಸು ನಿಯಂತ್ರಣದ ಅನುಷ್ಠಾನ ಮತ್ತು ಸಂರಕ್ಷಣೆ ಹಾಗೂ ಅವುಗಳ ದಕ್ಷ ಕಾರ್ಯಚಟುವಟಿಕೆ, ಕ್ರಮಬದ್ಧ ಹಾಗೂ ದಕ್ಷತೆಯ ಗುಣನಡತೆ, ವ್ಯವಹಾರಗಳಲ್ಲಿ ಅವುಗಳ ಒಗ್ಗೂಡಿಕೆ, ಬ್ಯಾಂಕ್ ಧೋರಣೆಗೆ ಒಳಗೊಂಡಿರುವಿಕೆ, ಆಸ್ತಿಗಳ ಜೋಪಾನಿಕೆ, ವಂಚನೆ ಮತ್ತು ತಪ್ಪುಗಳಿಂದ ಹೊರತಾಗಿರುವಿಕೆ, ಲೆಕ್ಕಪತ್ರದ ಖಾತೆಗಳ ಪೂರ್ಣತೆ ಮತ್ತು ನಿಖರತೆ ಮತ್ತು ಸಮಯಕ್ಕೆ ಸರಿಯಾಗಿ ಲೆಕ್ಕಪತ್ರಗಳ ನಂಬಲರ್ಹ ಮಾಹಿತಿಗಳ ತಯಾರಿಕೆ ಒಳಗೊಂಡಿರುತ್ತದೆ.

**ಲೆಕ್ಕಪರಿಶೋಧಕರ ಜವಾಬ್ದಾರಿ**

3. ನಮ್ಮ ಜವಾಬ್ದಾರಿಯು ಬ್ಯಾಂಕಿನ ಆರ್ಥಿಕ ವರದಿ ಮೇಲಣ ಆಂತರಿಕ ಆರ್ಥಿಕ ನಿಯಂತ್ರಣಗಳ ಮೇಲೆ ನಮ್ಮ ಅಭಿಪ್ರಾಯವನ್ನು ವ್ಯಕ್ತಪಡಿಸುವಷ್ಟಕ್ಕೆ ಸೀಮಿತಗೊಂಡಿದೆ. ನಮ್ಮ ಪರಿಶೋಧನೆಯನ್ನು ಐಸಿಐಐ ಬಿಡುಗಡೆ ಮಾಡಿದ ಆರ್ಥಿಕ ವರದಿ ಕುರಿತ ಆಂತರಿಕ ಆರ್ಥಿಕ ನಿಯಂತ್ರಣ ಬಗ್ಗೆನಿ ಮಾರ್ಗದರ್ಶಿಕೆ ಮತ್ತು ಅಕೌಂಟಿಂಗ್ ಮಾನದಂಡಗಳ ಅನ್ವಯ ನಡೆಸಲಾಗಿದೆ. ಈ ಮಾನದಂಡ ಮತ್ತು ಮಾರ್ಗದರ್ಶಿಕೆ ಬಯಸುವುದೇನೆಂದರೆ ನಾವು ಅಡಿಟ್ ನೀತಿಗನುಸಾರವಾದ ಅಗತ್ಯತೆಯನ್ನು ಪೂರೈಸಲು ತಕ್ಕ ಯೋಜನೆ ರೂಪಿಸಿ ಹಾಗೂ ಲೆಕ್ಕಪತ್ರ ಪರಿಶೋಧನೆಯನ್ನು ಜರಗಿಸಬೇಕಾಗಿದ್ದು, ಸಮರ್ಪಕ ಆಂತರಿಕ, ಆರ್ಥಿಕ ನಿಯಂತ್ರಣಗಳ ಅನುಷ್ಠಾನ ಮತ್ತು ಸಂರಕ್ಷಣೆ, ಹಾಗೂ ಅಂತಹ ನಿಯಂತ್ರಣಗಳ ದಕ್ಷತೆಯಿಂದ ಕಾರ್ಯ ನಿರ್ವಹಿಸಲಾಗುತ್ತಿದೆ ಹಾಗೂ ಎಲ್ಲಾ ದೃಷ್ಟಿಯಿಂದ ಅದು ಸಮಂಜಸವಾಗಿದೆ ಎನ್ನುವ ಸಕಾರಣವಾದ ಆಶ್ವಾಸನೆಯನ್ನು ಪಡೆಯುತ್ತೇವೆ.

4. ನಮ್ಮ ಲೆಕ್ಕಪರಿಶೋಧನೆಯು ಹಣಕಾಸು ವರದಿ ಮೇಲಣ ಆಂತರಿಕ ಹಣಕಾಸು ನಿಯಂತ್ರಣದ ಕುರಿತಂತೆ ಲೆಕ್ಕಪತ್ರಗಳ ಸಮರ್ಥನೀಯತೆ ಹಾಗೂ ಸಾಕ್ಷ್ಯ ಮತ್ತು ಅದರ ನಿರ್ವಹಣಾ ದಕ್ಷತೆಯ ಬಗ್ಗೆ ವಿಶ್ಲೇಷಿಸುವ



reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

6. A bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A bank's internal financial control over financial reporting includes those policies and procedures that
  - a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank;
  - b. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to

ಕಾರ್ಯವಿಧಾನದ ನೆರವೇರಿಕೆಯನ್ನು ಒಳಗೊಂಡಿರುತ್ತದೆ. ಹಣಕಾಸು ವರದಿಯ ಮೇಲಣ ಆಂತರಿಕ ಹಣಕಾಸು ನಿಯಂತ್ರಣದ ಕುರಿತಾದ ನಮ್ಮ ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯು, ಹಣಕಾಸು ವರದಿಯ ಮೇಲಣ ಆಂತರಿಕ ಹಣಕಾಸು ನಿಯಂತ್ರಣದ ಕುರಿತಾಗಿ ಅಗತ್ಯದ ತಿಳುವಳಿಕೆ, ಅರಿವು ಪಡೆಯುವಿಕೆ, ಅಪಾಯಗಳ ಅಂದಾಜು ಮತ್ತು ಏನಾದರೂ ಮಹತ್ವದ ದುರ್ಬಲತೆ ಇದ್ದರೆ ವಿವರಣೆ, ಅಂದಾಜಿಸಿದ ಅಪಾಯದ ಮೇಲೆ ದಕ್ಷತೆಯ ಆಂತರಿಕ ನಿಯಂತ್ರಣ ಮತ್ತು ನಿರ್ವಹಣಾ ಪರಿಣಾಮಕಾರಿತ್ವದ ಮೌಲಿಕರಣ ಒಳಗೊಂಡಿದೆ. ಕಾರ್ಯವಿಧಾನದ ಆಯ್ಕೆ ಲೆಕ್ಕಪರಿಶೋಧಕರಿಗೆ ಬಿಟ್ಟದ್ದು, ಅದು ಅಪಾಯದ ಅಂದಾಜು ವಂಚನೆ ಯಾ ತಪ್ಪಿನಿಂದಾಗಲಿ ಲೆಕ್ಕಪತ್ರಗಳ ಕುರಿತಾದ ಮಹತ್ವದ ತಪ್ಪು ವ್ಯಾಖ್ಯೆ ಇತ್ಯಾದಿಗಳನ್ನು ಒಳಗೊಂಡಿರುವುದು ಪರಿಗಣಿಸಬೇಕಾಗುತ್ತದೆ.

5. ನಾವು ಪಡೆದಿರುವ ಲೆಕ್ಕಪತ್ರಗಳ ಸಾಕ್ಷ್ಯ ಯಥೋಚಿತ ಹಾಗೂ ಸಾಕಷ್ಟು ಪೂರ್ಣವಾಗಿವೆ ಎಂದು ನಾವು ನಂಬಿದ್ದು, ಬ್ಯಾಂಕಿನ ಲೆಕ್ಕಪತ್ರಗಳ ವರದಿಯ ಮೇಲಣ ಬ್ಯಾಂಕಿನ ಆಂತರಿಕ ಹಣಕಾಸು ನಿಯಂತ್ರಣದ ಕುರಿತಾಗಿ ನಮ್ಮ ವರದಿಯನ್ನು ನೀಡುವಲ್ಲಿ ನಾವು ಪಡೆದ ವಿವರಣೆಗಳು ತಳಹದಿಯಾಗಿವೆ.

**ಹಣಕಾಸು ವರದಿಯ ಮೇಲೆ ಆಂತರಿಕ ಹಣಕಾಸು ನಿಯಂತ್ರಣದ ಅರ್ಥ.**

6. ಒಂದು ಬ್ಯಾಂಕಿನ ಹಣಕಾಸು ವರದಿಯ ಮೇಲಣ ಆಂತರಿಕ ಹಣಕಾಸು ನಿಯಂತ್ರಣವು, ಹಣಕಾಸು ವರದಿಯ ಮೇಲೆ ನಂಬಲಾರ್ಹ ಸಮಂಜಸ ಭರವಸೆಯನ್ನು ನೀಡುವುದಕ್ಕಾಗಿ, ಮತ್ತು ಬಾಹ್ಯ ಉದ್ದೇಶಕ್ಕಾಗಿ, ಆರ್ಥಿಕ ವ್ಯಾಖ್ಯೆಗಳು ಸಾಮಾನ್ಯವಾಗಿ ಸ್ವೀಕರಿಸಲ್ಪಟ್ಟ ಹಣಕಾಸು ನೀತಿಯನ್ನಾಧರಿಸಿ ರಚಿಸುವುದಕ್ಕಾಗಿ ರೂಪಿಸಿರುವ ಕಾರ್ಯ ವಿಧಾನವಾಗಿದೆ. ಈ ನಿಯಂತ್ರಣಗಳು ಈ ಕೆಳಗಿನ ಧೋರಣೆ ಮತ್ತು ವಿಧಾನಗಳನ್ನು ಒಳಗೊಂಡಿವೆ.
  - ಎ. ದಾಖಲೆಯ ಸಂರಕ್ಷಣೆಗೆ ಅನ್ವಯಿಸಿದಂತೆ, ಅರ್ಥಪೂರ್ಣ ವಿವರಣೆ, ನಿಖರತೆ ಮತ್ತು ಲೇವಾದೇವಿಗಳು ನೈಜ ಬಿಂಬ ಮತ್ತು ಬ್ಯಾಂಕಿನ ಆಸ್ತಿಯ ಸ್ಥಿತಿ;
  - ಬಿ. ಹಣಕಾಸು ಲೆಕ್ಕಪತ್ರಗಳ ತಯಾರಿಕೆಯಲ್ಲಿ ಸಾಮಾನ್ಯವಾಗಿ ಅಂಗೀಕರಿಸಲ್ಪಟ್ಟ ಹಣಕಾಸು ನೀತಿಯನ್ನಾಧರಿಸಿದ್ದು, ಲೇವಾದೇವಿಗಳು ದಾಖಲಿತಗೊಂಡಿದ್ದು ಈ ಬಗ್ಗೆ ಸಮಂಜಸ ಭರವಸೆ ಹೊಂದಿರಬೇಕಾಗಿದ್ದು, ಬ್ಯಾಂಕಿನ ರಶೀದಿಗಳು, ವೆಚ್ಚಗಳು ಬ್ಯಾಂಕಿನ ಆಡಳಿತ ಮತ್ತು ಬ್ಯಾಂಕಿನ ನಿರ್ದೇಶಕರ ಪರವಾನಿಗೆ ಪಡೆದಿರತಕ್ಕಂತಾಗಿರಬೇಕು ಮತ್ತು ಹಣಕಾಸು ಲೆಕ್ಕಪತ್ರಗಳ ಮೇಲೆ ಮಹತ್ವದ ಪರಿಣಾಮವನ್ನುಂಟು ಮಾಡತಕ್ಕ ಬ್ಯಾಂಕಿನ ಆಸ್ತಿಗಳ ಹಂಚಿಕೆ, ಪರವಾನಿಗೆ ರಹಿತ ಸ್ವಾಧೀನಪಡಿಸಿಕೊಳ್ಳುವಿಕೆಯ ಸಕಾಲಿಕ ಪತ್ತೆ ಅಥವಾ ಪ್ರತಿಬಂಧ ಮುಂತಾದವುಗಳಿಂದ ಹೊರತಾಗಿವೆ ಎನ್ನುವ ಆಶ್ವಾಸನೆ ನೀಡಬೇಕು.

**ಹಣಕಾಸು ವರದಿ ಮೇಲಣ ಆಂತರಿಕ ಹಣಕಾಸು ನಿಯಂತ್ರಣದ ಅಂತರ್ನಿಹಿತ ಪರಿಮಿತಿ**

7. ಹಣಕಾಸು ವರದಿ ಮೇಲಣ ಆಂತರಿಕ ಹಣಕಾಸು ನಿಯಂತ್ರಣದ ಅಂತರ್ನಿಹಿತ ಪರಿಮಿತಿಯ ಕಾರಣ, ತಾಕಲಾಟ ಸಾಧ್ಯತೆ ಅಥವಾ ನಿಯಂತ್ರಣದ ಮೇಲೆ ಆಡಳಿತದ ಅನುಚಿತ ತಳ್ಳಿಹಾಕುವಿಕೆ, ವಂಚನೆ, ಅಥವಾ ತಪ್ಪುಗಳಿಂದಾದ ಮಹತ್ವದ ದುರಾಡಳಿತಗಳು ಸಂಭವಿಸುವ ಸಾಧ್ಯತೆಗಳಿದ್ದು, ಅದು ಪತ್ತೆಯಾಗದೇ ಇರಬಹುದು. ಅಲ್ಲದೇ, ಹಣಕಾಸು ವರದಿ ಮೇಲಣ ಆಂತರಿಕ ಹಣಕಾಸು ನಿಯಂತ್ರಣದ ಮೇಲೆ ಕೈಗೊಂಡ ಅಂದಾಜುಗಳ ಮೌಲಿಕರಣ ಭವಿಷ್ಯದಲ್ಲಿನ ಕಾಲಾವಧಿಯಲ್ಲಿ ಅಪಾಯಕ್ಕೆ ಒಡ್ಡಿಕೊಂಡಿದ್ದು, ಬಳಿಕ

the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2016, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

ಅಸಮರ್ಪಕವಾಗಿ ಮಾರ್ಪಟ್ಟು ಅಥವಾ ಧೋರಣೆ ಮತ್ತು ಕಾರ್ಯವಿಧಾನಗಳ ಅನುಸರಣೆಯ ಮಟ್ಟ ಕ್ಷೀಣಿಸಬಹುದು.

**ಅಭಿಪ್ರಾಯ**

8. ನಮ್ಮ ಅಭಿಪ್ರಾಯದಂತೆ, ಬ್ಯಾಂಕು ಸರ್ವವಿಧದ ಮಹತ್ವದ ಆಯಾಮಗಳಲ್ಲಿ ಹಣಕಾಸು ವರದಿಯ ಮೇಲಣ ಆಂತರಿಕ ಹಣಕಾಸು ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಯಲ್ಲಿ ಸಾಕಷ್ಟು ಯಥೋಚಿತ ನಿಯಂತ್ರಣ ಹೊಂದಿದ್ದು ಮತ್ತು ಅಂತಹ ಹಣಕಾಸು ವರದಿಯ ಮೇಲಿನ ಆಂತರಿಕ ಹಣಕಾಸು ನಿಯಂತ್ರಣದಲ್ಲಿ 31 ಮಾರ್ಚ್ 2016ಕ್ಕೆ ದಕ್ಷತೆಯ ನಿರ್ವಹಣೆಗೈದಿದ್ದು, ಬ್ಯಾಂಕಿನ ಹಣಕಾಸು ವರದಿಯ ಮೇಲಣ ಆಂತರಿಕ ಹಣಕಾಸು ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಯ ಅಳತೆಗೋಲು ಮತ್ತು ಅಂಗೋಪಾಂಗಗಳು ಐಸಿಎಐ ಮಾರ್ಗದರ್ಶಿಕೆಗೆ ಅನುಸಾರವಾಗಿ ರೂಪಣೆಗೊಂಡಿದೆ.

**For Kamath & Rau**  
Chartered Accountants  
Firm Regn. No. 001689S

**For Abarna & Ananthan**  
Chartered Accountants  
Firm Regn. No. 000003S

**ಕಾಮತ್ ಮತ್ತು ರಾವ್‌ಗಾಗಿ**  
ಲೆಕ್ಕಪರಿಶೋಧಕರು  
ಸಂಸ್ಥೆಯ ನೋಂದಣಿ ಸಂಖ್ಯೆ: 001689ಎಸ್

**ಅರ್ಬರ್ನ್ ಮತ್ತು ಅನಂತನ್-ಗಾಗಿ**  
ಲೆಕ್ಕಪರಿಶೋಧಕರು  
ಸಂಸ್ಥೆಯ ನೋಂದಣಿ ಸಂಖ್ಯೆ: 000003ಎಸ್

Sd/-  
**Srinivas S Kamath**  
Partner  
M.No. 201716

Sd/-  
**C.S. Gopalakrishna**  
Partner  
M.No. 014706

ಸಹಿ/-  
**ಶ್ರೀನಿವಾಸ ಎಸ್ ಕಾಮತ್**  
ಪಾಲುದಾರರು  
ಸದಸ್ಯತನ ಸಂಖ್ಯೆ: 201716

ಸಹಿ/-  
**ಸಿ.ಎಸ್. ಗೋಪಾಲಕೃಷ್ಣ**  
ಪಾಲುದಾರರು  
ಸದಸ್ಯತನ ಸಂಖ್ಯೆ: 014706

Place : Mangaluru  
Date : 20-05-2016

ಸ್ಥಳ : ಮಂಗಳೂರು  
ದಿನಾಂಕ : 20 ಮೇ 2016

## Facts at a glance

<b>1. No. of Deposit Accounts</b>		<b>9164076</b>
<b>2. No. of Advances Accounts</b>		<b>487751</b>
<b>3. Advances to priority sector</b>		(₹ in lakh)
<b>Types of Advances</b>	<b>Number of Accounts at the end of the year</b>	<b>Balance outstanding at the end of the year</b>
a) Agriculture and Allied Activities	276473	449734.03
b) Advances to Small Enterprises	45887	789622.71
c) Educational Loan	6973	16356.57
d) Housing Loan	23546	180430.32
e) Other Priority Sectors	8472	12089.84
<b>Total</b>	<b>361351</b>	<b>1448233.47</b>
Export Credit		163394.98

<b>4. Branches</b>					
	<b>Rural</b>	<b>Semi-Urban</b>	<b>Urban</b>	<b>Metro-politan</b>	<b>Total</b>
No. of Branches at the end of the year	163	171	210	181	725

<b>5. Staff</b>				
	<b>Officers</b>	<b>Clerks</b>	<b>Sub-Staff</b>	<b>Total</b>
As at the end of the year	2953	3358	1481	7792
Recruited during the year	111	344	173	628

<b>6. Staff Training</b>				
<b>Bank's own training college</b>			<b>At Bankers' Training College (RBI) &amp; other Training Colleges</b>	<b>Total</b>
<b>Officers</b>	<b>Clerks</b>	<b>Sub Staff</b>		
760	725	169	1230	2884

### 700<sup>th</sup> Branch Opening at Howrah, Kolkata



Shri G N Rath, Chief General Manager, Reserve Bank of India, Kolkata, inaugurating the new branch

### Founders' Day Lecture



Dr. Duvvuri Subbarao, Former Governor of RBI and Distinguished Visiting Fellow at the National University of Singapore, delivering the Founders' Day Lecture in Mangaluru

### Donation of Vehicles to City Municipal Council, Chikkamagaluru under Corporate Social Responsibility initiative



Shri P Jayarama Bhat, MD and CEO, handing over two vehicles with latest technology used in solid waste management viz. Ride-on Type Road Sweeping Machine and Vehicle Mounted Suction Cum Jetting Machine

## **BANK'S VISION**

"To be a progressive,  
prosperous and well  
governed Bank"

## **BANK'S MISSION**

"To be a technology savvy, customer centric  
progressive bank with a national presence,  
driven by the highest standards of  
corporate governance and guided by  
sound ethical values"



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