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CIN : L85110KA1924PLC001128

SECRETARIAL DEPARTMENT

10.08.2021

HO: SEC: 94 :2021-22

1. The Manager  
Listing Department  
**National Stock Exchange of India Limited**  
Exchange Plaza, C-1, Block G  
Bandra-Kurla Complex, Bandra (E)  
MUMBAI-400 051

2. The General Manager  
**BSE Limited**  
Corporate Relationship Dept  
Phiroze Jeejeebhoy Towers  
Dalal Street  
MUMBAI-400 001

**Scrip Code: KTKBANK**

**Scrip Code: 532652**

Dear Sir,

**Sub: Notice of 97<sup>th</sup> Annual General Meeting (e-AGM) of members of the Bank.**  
**Ref: Schedule of AGM-letter dated 27.07.2021.**

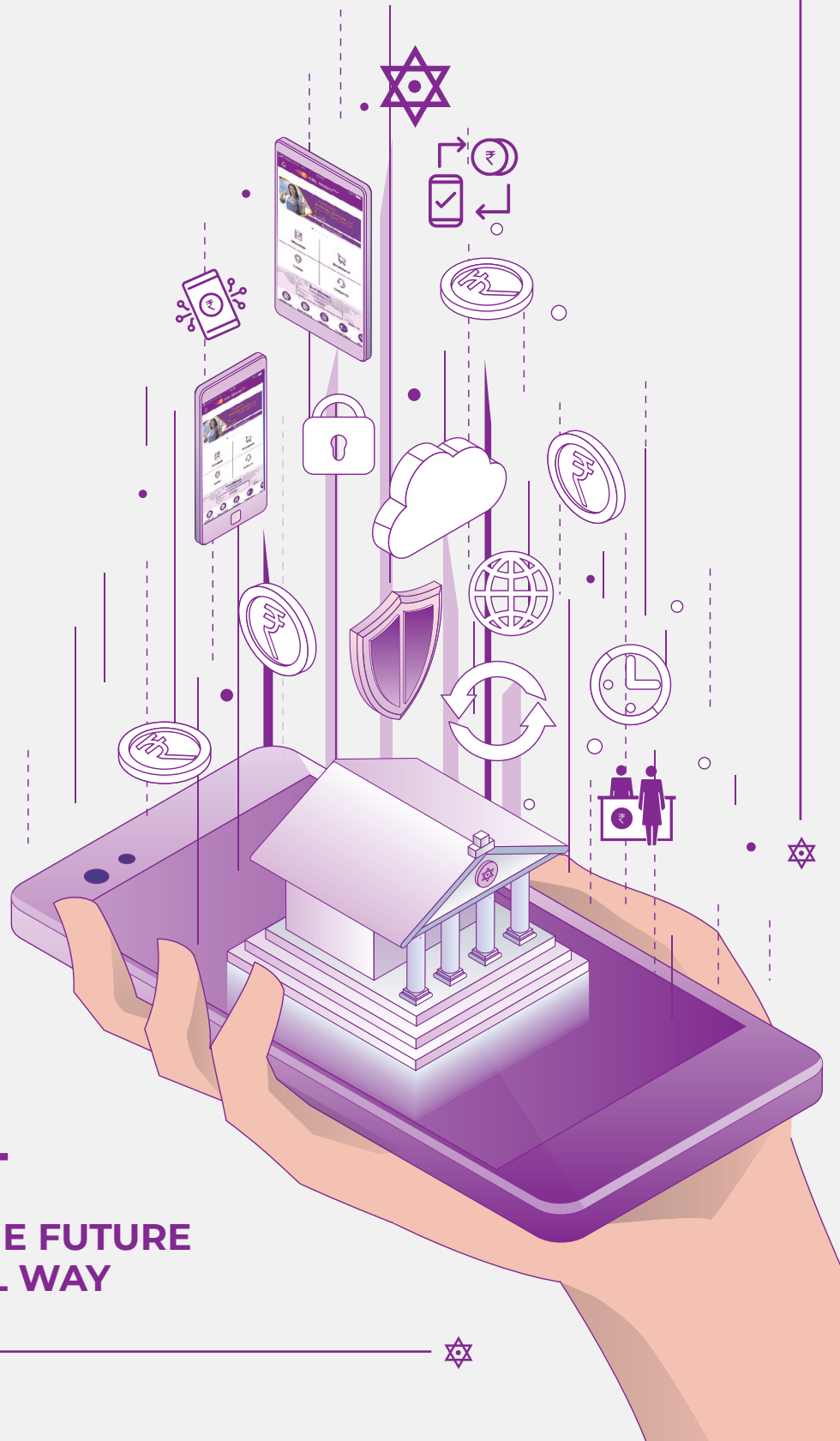
Pursuant to Regulation 30 and 34(1) of the SEBI (LODR) Regulations, 2015 and in continuation to our letter cited above, please find enclosed the **Notice of 97<sup>th</sup> e-AGM along with the Annual Report of the Bank for the financial year 2020-21.**

The same is also hosted on our website <https://karnatakabank.com> under 'Investor Portal > Annual General Meeting > FY 2020-21' and the email containing weblink to download the aforesaid Notice & Annual Report will be disseminated today to the shareholders whose email ids were made available through the Depositories/R&TA as the case may be based on the BENPOS data as on 06.08.2021.

For your kind information.

Thank you,  
Yours faithfully,

  
Prasanna Patil  
COMPANY SECRETARY



**KBL Nxt**  
**WRITING THE FUTURE**  
**THE DIGITAL WAY**

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About Karnataka Bank Ltd

**Karnataka Bank Limited (KBL), a time tested and leading Scheduled Commercial Bank in India, with over 9 decades of professional banking experience, with a national presence and a network of 858 branches spread across 22 States and 2 Union Territories.**

**Ably guided by Professional Board, managed by a dedicated & competent Management Team, backed by over 8400+ committed Employees, 2 lakh+ Shareholders and the trusted 'Family Bank' for over 11 million Customers.**

## VISION

“To be a progressive, prosperous and well governed bank”

## MISSION

“To be technology savvy, customer centric progressive bank with a national presence, driven by the highest standards of corporate governance and guided by sound ethical values”

## KEY HIGHLIGHTS

**2,337**

Outlets  
(Branches + ATMs + Recyclers)

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**859**

858 Branches +  
1 Extension Counter

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**1,001+**

ATMs

---

**477**

Recyclers

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**24**

States & UTs  
(Presence in 22 states & 2 UTs)

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**8,421**

Employees

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**11** Million

Customers

---

**₹ 1,27,349** Crores

Total Business

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# Board of Directors



**Sri P Jayarama Bhat**  
Non-Executive Chairman



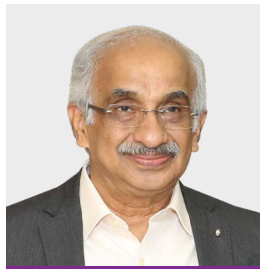
**Sri Mahabaleshwara M S**  
Managing Director & CEO



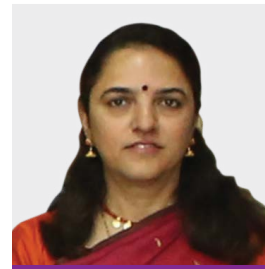
**Sri Rammohan Rao Belle**  
Independent Director



**Sri Keshav K Desai**  
Independent Director



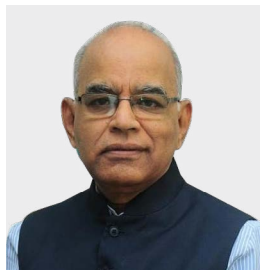
**Sri D Surendra Kumar**  
Independent Director  
(Upto: May 30, 2021)



**Smt Mythily Ramesh**  
Independent Director



**Sri B R Ashok**  
Non-Executive Director



**Justice A V Chandrashekar**  
Additional Director  
(Non Executive, Independent)



**Sri Pradeep Kumar Panja**  
Additional Director  
(Non Executive, Independent)



**Smt Uma Shankar**  
Additional Director  
(Non Executive, Independent)



**Dr D S Ravindran**  
Additional Director  
(Non Executive, Independent)  
[w.e.f. 01.04.2021]



**Sri Balakrishna Alse S**  
Additional Director  
(Non Executive, Independent)  
[w.e.f. 26.05.2021]

## Chairman's Message

**We, at Karnataka Bank, are poised to further intensify our journey in bringing out the best to our customers and have chosen to digitize rapidly, efficiently and effectively.**



Even during the testing times of the pandemic, the performance of our Bank has been quite satisfactory

## Dear Shareholders,

Hope you are all in good health in these trying times when people are grappling with COVID-19 pandemic created challenges and uncertainties. COVID-19 pandemic was unprecedented in the recent times. The impact of the virus has been devastating across the globe on all strata of the society. While the Governments focused on bringing out the relief through fiscal stimulus and policy measures, the businesses were forced to take a hard look and reinvent themselves to tide over the tough times.

The wave of optimism that came after the first wave of the pandemic was dampened with a severe second wave that took India by storm from mid-February to May 2021. With massive inoculation efforts across the country and recovery in few key economic indicators, even though things are looking-up now, health experts are forewarning about the possible wave 3.0 and we need to be vigilant as never before.

In the year 2020, India faced a contraction in the economy, along with the rest of the globe. Supply-chain interruptions caused slightly elevated headline inflation and higher food prices, which got moderated after December 2020. Cyclical revenue slowdowns worsened and the Government gave a push through various measures, announcements and relief packages. The Monetary Policy for 2021-22 also focused on the dual challenges of facilitating economic recovery from Covid-19 impact, while ensuring that inflation was in check.

The supply of liquidity helped to a considerable extent in softening the interest rates, narrowing of risk spreads and facilitated large flows in primary and secondary markets.

### The Banking Sector

The banking sector played a significant role in supporting individuals and businesses during the pandemic ably anchored by the Reserve Bank of India. Banks were at the forefront of adapting to social change by refocusing and reallocating their capital, providing transparency, enhancing their risk frameworks, improving their reporting standards and digitizing themselves faster to take the Bank from 'customer satisfaction' to 'customer delight'.

I am happy to mention here that, being an essential service, all the staff members of our Bank worked relentlessly risking their lives to ensure continuity of business operations of Bank's customers. Hence even during the testing times of the pandemic, the performance of our Bank has been quite satisfactory and also demonstrated its ability to adapt to the changing environment as the share of digital transactions in the total transactions has increased notably. Further, Bank has been preparing itself with necessary physical, people and technical infrastructure including APIs, Business Rule Engines (BREs), Digital underwriting, KBL NxT



**The Bank has been preparing itself with necessary physical, people and technical infrastructure including APIs, Business Rule Engines (BREs), Digital underwriting, KBL NxT and many more, to emerge as 'The Digital Bank of Future'**

and many more, to emerge as 'The Digital Bank of Future'. The Bank is optimistic to take all these initiatives to a new high in the years to come.

### Corporate Governance

The regulators like Reserve Bank of India, SEBI and others have been introducing several notable changes intended to further enhance the governance practices across the banking sector/listed entities. The circulars issued by the Reserve Bank of India in April 2021 on Board Governance and enhancing the eligibility criteria for statutory auditors are expected to bring in more clarity and improve governance practices in banks significantly. Going forward, many such policy interventions from the regulators shall improve the corporate governance standards and benchmark with the best global practices.

On behalf of my fellow Board Members, I wish to express my gratitude to all of our staff members, investors, service providers, stakeholders and most importantly our customers, for their unstinted support extended to the Bank.

We, at Karnataka Bank, are poised to further intensify our journey in bringing out the best to our customers and have chosen to digitize rapidly, efficiently and effectively. We will remain socially responsible, commercially viable Bank with customer centric approach as hitherto.

With your continued and unstinted support, Bank is looking forward to reach new heights in the days to come and celebrate Centenary Year in a most befitting manner which is just around the corner, in 2023-24.

With best wishes,

**P Jayarama Bhat**  
Non-Executive Chairman



Managing Director and CEO's Review

**Having overcome the challenges of 2020-21, we look forward with optimism and enthusiasm and our focus continues to make the current financial year an 'YEAR OF EXCELLENCE'.**



Our digital transactions improved to an impressive 90.66% of the total transactions as of March 2021

## Dear Shareholders,

The financial year 2020-21 was a year full of COVID-19 impact and economies around the world contracted to a greater extent. However, in the first quarter of calendar year 2021, India got hit by a second wave of the coronavirus, sending the economy and healthcare system into a challenging situation. Few of you may have lost your near and dear ones. My heartfelt condolences to all such families. I also with great grief and sorrow mention here that we in the Karnataka Bank family too have lost few colleagues. We are supporting and will continue to stand by with their families.

You are well aware that the nation slowly pulled out of the second wave towards the end of the second quarter of 2021. Vaccination efforts across the country continue to play a key role in containment of the effects of the virus and currently the country is riding on a wave of optimism after getting through the second wave, laced with caution of a potential third wave.

The year 2020-21 saw Reserve Bank of India strengthening its efforts at stabilizing the financial markets by improving financial infrastructure, access to finance, ensuring liquidity in the system, broadening participation, streamlining regulations and creating integrated surveillance systems for maintaining market integrity.

During a time when the entire world was reeling under the pandemic, we at Karnataka Bank not only overcame the challenges, but also created new performance benchmarks by protecting our asset quality, improving the fundamentals and mitigating risks effectively thus demonstrating the resilience of the Bank. Our results are a shining beacon of hope for the future, with several new benchmarks we established internally during such a difficult year, thanks to

“  
**During this pandemic affected year, we focused intensely on further strengthening the balance sheet and improving our asset quality. There has been many highs to the Bank during the reporting year. The Net Profit zoomed to ₹ 482.57 crores, CRAR to 14.85%, PCR to 70.05%, CASA to 31.49% etc.**

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**Last year we also started the MSME digital underwriting, which reached around 42% of the daily MSME sanctions.**

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the unstinted support of our customers and the committed efforts of our employees.

### Performance Highlights

We are pleased to report that our operating profit year-on-year went up by 20.67% and net profit went up by 11.76%, reaching a new high of ₹ 482.57 crores. Our CASA ratio improved to 31.49% from 28.91% Y-o-Y, also touching a new high and the overall cost of deposits reduced from 6.01% to 5.29% due to the interest rate moderation and rationalization. Above all, during this pandemic affected year, we focused intensely on further strengthening the balance sheet and improving our asset quality. Last year our CRAR was at 12.88% and this year we improved it to 14.85%, as against the minimum stipulated CRAR of 10.875% by RBI and again this is a new high for our Bank. Similarly the PCR (Provision Coverage Ratio), which was at 64.67% last year has further improved to 70.05% during this year. As far as the asset quality is concerned, both the Gross NPAs (GNPA) and Net NPAs (NNPA) have moderated and were contained at 4.91% and 3.18% respectively inspite of the pandemic affected economy. Our GNPA's which were at ₹ 2,799 crores about a year back improved to ₹ 2,588 crores in absolute terms, thus, there is a reduction of ₹ 211 crores in the GNPA during this COVID-19 pandemic affected year. Similarly, the NNPA's have also come down from ₹ 1,755 crores to ₹ 1,642 crores as at March 31, 2021, representing a reduction by ₹ 113 crores. Even though in percentage terms, there is a marginal increase of around 10 bps both in the GNPA as well as NNPA, this was mainly on account of the denominator factor, as our overall loan book came down by around 9%. Further please note that the 9% reduction is again on account of reduction in the large corporate advances which was in tune with our credit realignment efforts even though Retail and Mid Corporate loan books registered positive tractions. Going forward the combined portfolios of Retail and Mid Corporates is expected to be the growth engine.

### Our Digital Journey

We were frontrunners in the computerisation of banking and adopted Core Banking Solutions way back in 2000. In 2017, we commenced our new gen digital foray with “Project KBL VIKAAAS” and established a Digital Centre of

Excellence (DCoE) in Bengaluru. We are further accelerating our endeavour to be a new gen digitized bank through our plans under “KBL NxT”.

We have tech-enabled loan sanctions for most of the Retail loan products. We introduced online opening of savings bank accounts through Tab and Web Banking. Further, we lined up many digital products for FY22 and beyond. In the current year, our digital transactions improved to an impressive 90.66% of the total transactions as of March 2021 and 91.63% as of June 2021, putting us on par with tech savvy private sector banks.

Our digital underwriting of retail loans gained momentum during the FY 2021. In fact, in the home loan portfolio about 72% of our daily underwritings are done digitally. Similarly, in car loans, around 75% are being sanctioned digitally. Last year we also started the MSME digital underwriting, which reached around 42% of the daily MSME sanctions. The digitalization enhances our customer experience besides aiding our cost reduction strategies. I am confident that going forward, we will be able to reach around 80% of all our retail loans to be sanctioned under the digital underwriting platform, thus resulting in large scale efficiency.

In FY21 Karnataka Bank formed a non-financial wholly owned subsidiary – KBL Services Ltd. This subsidiary will play a complementary role by assuming the back-office operations for many of our initiatives.

### Way Forward

Having overcome the challenges in 2020-21, we look forward with optimism and enthusiasm and our focus continues to make the current financial year an ‘YEAR OF EXCELLENCE’ and ‘Team KBL’ shall strive hard to see our Bank among the Top three in the peer group in the years to come, by focusing on following aspects:

- a. A healthy, consistent, sustainable and remunerative business.
- b. An efficient collection mechanism to further de-stress the Advances Portfolio and to bring down the Slippage Ratio.
- c. To continue our good efforts in NPA resolution and recovery in Technically Written-Off accounts.
- d. To have a ‘Cost-Lite’ liability portfolio by focusing on CASA and cost effective RTD (Retail Term Deposit).
- e. Customer centric initiatives including TPP, to broadbase our fee income stream.



**We will be focusing on taking the digital initiatives to the next level to create a ‘Digital Bank of Future’ by focusing on ‘KBL NxT’ concept.**

- f. Redesigning our business model by duly factoring in the service of KBL Services Ltd.
- g. Creating a future ready workforce.
- h. Further strengthening the control functions by spreading the culture of compliance.
- i. Further strengthening the fundamentals like PCR, CRAR, NIM, ROA, ROE, Cost to Income Ratio etc.
- j. Enhancing the stake holders’ value.
- k. Taking digital initiatives to next level to create a ‘Digital Bank of Future’ by further strengthening the IT/ digital security features and by focusing on ‘KBL NxT’ concept.
- l. Initiating forward looking and long lasting initiatives for our Centenary Year (2023-24).

I am also indebted to my employees and the leadership teams who have helped the Bank to get through a difficult pandemic year. I'd like to express my sincere gratitude to each and every person who has helped this Bank grow. I would also like to thank the Reserve Bank of India for their timely guidance and policy measures that helped the nation to get through the financial and economic effects caused by the pandemic. I would also thank the Chairman and the Board of Directors of our Bank for their guidance and immense support and also customers, shareholders/ investors for their loyalty and faith in us which keeps us motivated to continuously innovate, deliver and delight.

Soliciting your continued support and understanding in the aspirational journey of the Bank to create a New KBL.

Yours faithfully,

**Mahabaleshwara M S**  
Managing Director & CEO

# Key Success Factors

Our growth initiatives are powered by eight key success factors. Together, they enable the Bank in successfully pursuing its growth strategy.



## A STRONG LEGACY

97 years of banking history.

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## LEADERSHIP TEAM

Experienced management team & professional Board with highest standards of corporate governance.

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## TECHNOLOGY ADOPTION

Strong & robust technology and digital platforms.

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## ENABLING TRANSFORMATION

Powered by 'KBL-VIKAAS' for accelerating the Bank's total transformation.

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## CUSTOMER CENTRICITY

Continuously reinventing itself to provide superior customer experience.

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## DIVERSE PRODUCTS

Diversified credit portfolio and strong retail deposit base.

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## CASA

Ever increasing CASA –share of CASA increased to 31.49% in FY21.

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## FOCUS ON EFFICIENCY

Satisfactory productivity & capital adequacy ratios.

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# Financial Highlights

## Total Assets (₹ in crore)

FY	Value (₹ in crore)
FY21	85,581
FY20	83,313
FY19	79,046
FY18	70,374
FY17	64,127

## Total Advances (Net) (₹ in crore)

FY	Value (₹ in crore)
FY21	51,694
FY20	56,964
FY19	54,828
FY18	47,252
FY17	36,916

## Total Deposits (₹ in crore)

FY	Value (₹ in crore)
FY21	75,655
FY20	71,785
FY19	68,452
FY18	62,871
FY17	56,733

## Total Income (₹ in crore)

FY	Value (₹ in crore)
FY21	7,727
FY20	7,736
FY19	6,908
FY18	6,378
FY17	5,995

## Operating Profit (₹ in crore)

FY	Value (₹ in crore)
FY21	1,999
FY20	1,657
FY19	1,450
FY18	1,473
FY17	996

## Net Profit (₹ in crore)

FY	Value (₹ in crore)
FY21	482.57
FY20	431.78
FY19	477.24
FY18	325.61
FY17	452.26

## Net Interest Income (₹ in crore)

FY	Value (₹ in crore)
FY21	2,183
FY20	2,030
FY19	1,905
FY18	1,858
FY17	1,491

## CASA (%)

FY	Value (%)
FY21	31.49
FY20	28.91
FY19	28.06
FY18	27.99
FY17	29.04

**CRAR** (%)

FY21	14.85
FY20	12.88
FY19	13.54
FY18	12.04
FY17	13.30

**Provision Coverage Ratio** (%)

FY21	70.05
FY20	64.70
FY19	58.45
FY18	54.56
FY17	54.00

**NIM** (%)

FY21	2.91
FY20	2.84
FY19	2.93
FY18	3.18
FY17	2.79

**Cost to Income Ratio** (%)

FY21	45.65
FY20	49.67
FY19	50.13
FY18	47.61
FY17	56.70

**Gross NPA** (%)

FY21	4.91
FY20	4.82
FY19	4.41
FY18	4.92
FY17	4.21

**Net NPA** (%)

FY21	3.18
FY20	3.08
FY19	2.95
FY18	2.96
FY17	2.64

**Progress Over a Decade:**

(₹ in crore)

FY	NET WORTH	DEPOSITS	ADVANCES	BUSINESS TURNOVER	GROSS EARNINGS	NET PROFIT	DIVIDEND (%)	NO OF BRANCHES	NO OF EMPLOYEES
2020-21	6642.36	75654.86	51693.70	127348.56	7727.48	482.57	18.00*	858	8421
2019-20	5970.44	71785.15	56964.27	128749.42	7870.81	431.78	0.00^	848	8509
2018-19	5785.18	68452.12	54828.20	123280.32	6907.92	477.24	35.00	836	8275
2017-18	5410.15	62871.29	47251.75	110123.04	6378.09	325.61	30.00	800	8185
2016-17	5142.58	56733.11	36915.70	93648.81	5994.74	452.26	40.00	765	7982
2015-16	3690.58	50488.21	33902.45	84390.66	5535.07	415.29	50.00	725	7792
2014-15	3389.06	46008.61	31679.99	77688.60	5205.41	451.45	50.00	675	7382
2013-14	3052.20	40582.83	28345.49	68928.32	4694.41	311.03	40.00	600	7185
2012-13	2857.08	36056.22	25207.68	61263.90	4161.93	348.08	40.00	550	6339
2011-12	2598.21	31608.32	20720.70	52329.02	3447.27	246.07	35.00	503	6087

\*Recommended

^As per RBI circular dated 17.04.2020, the banking companies were advised not to make any dividend payment for the FY2019-20.

# Corporate Information

## MANAGEMENT TEAM

### CHIEF OPERATING OFFICER

Sri Y V Balachandra

### CHIEF BUSINESS OFFICER

Sri Gokuldas Pai

### GENERAL MANAGERS

Sri Chandrashekar Rao B

Sri Muralidhar Krishna Rao, CFO

Sri Nagaraja Rao B

Sri Mahalingeshwara K, CLO

Sri Ramesh S, CRO

Sri Vinaya Bhat P J

Sri Vadiraj K A, CCO

Sri Rajakumar P H, CTrO

Sri Pankaj Gupta, CD & MO

Sri Seshadri T S, Head Training STC

Sri Raja B S

Sri Nirmal Kumar Kechappa Hegde, HIA

Sri Ravichandran S

### DEPUTY GENERAL MANAGERS

Sri Ananthapadmanabha B, CTO

Sri Jayanagaraja Rao S

Smt. Sandra Maria Lorena

Sri Ramesh Bhat

Sri Srinath Kamath A, CISO

Sri Nagendra Rao T

Sri Chandra Shekar

Sri Thrivikrama

Sri Nagaraja Upadhyaya B

Sri Sharath Chandra Holla P

Sri Jagadeesh K S

Sri Nagaraja Aithal

Sri Kannan K

Sri Gopalakrishna Samaga B

Smt. Sumana Ghate

Sri Vijayakumar P H

Sri Jagadeesha K R

### COMPANY SECRETARY

Sri Prasanna Patil

### LEGAL ADVISOR

Sri M V Shanker Bhat

### AUDITORS

M/s Badari, Madhusudhan & Srinivasan, Bengaluru

M/s Manohar Chowdhry & Associates, Chennai

### REGD. & HEAD OFFICE

Mahaveera Circle, Kankanady

Mangaluru-575 002, Karnataka, India

CIN:L85110KA1924PLC001128

### SUBSIDIARY

KBL Services Ltd.

16/2 (Old No. 13/9), Second Floor, Wood Street,

Ashok Nagar, Bengaluru-560025

CIN: U74900KA2020PLC135108

### REGISTRAR & SHARE TRANSFER AGENT

M/s Integrated Registry Management Services Pvt. Ltd.

30, Ramana Residency, 4th Cross,

Sampige Road, Malleshwaram, Bengaluru-560003

Tel: (080) 23460815-818 Fax: (080) 23460819

Email: irg@integratedindia.in

### Abbreviations:

CFO : Chief Financial Officer

CLO : Chief Learning Officer

CRO : Chief Risk Officer

CCO : Chief Compliance Officer

CTrO : Chief Transformation Officer

HIA : Head of Internal Audit

CD & MO : Chief Digital & Marketing Officer

CTO : Chief Technology Officer

CISO : Chief Information Security Officer

STC : Staff Training College

# Review of Business



The key advantage of the Bank is its ability to serve a diversified client base in retail banking & business banking. The Bank as on March 31, 2021 has over 11 million clients, including small and micro enterprises, retail accounts and from medium and large businesses. The Bank has a full range of products customized to client needs such as housing, gold, vehicle, agriculture, personal and business loans. Various deposit options the Bank provides include CASA, term deposits and salary accounts. The Bank's value added service offerings directly and through collaborations also include credit cards, insurance, mutual fund and demat a/c & online trading.

## Business Turnover FY21

₹ **1,27,349** Crores  
₹1,28,749 Crores in FY20

### Turnover Breakup





# Key Areas of Growth in FY21

The pandemic hindered the business growth during FY21. However, the Bank focused more on credit portfolio realignment towards retail such as housing and gold loans, MSME, Mid Corporate Credits etc.

**+21** % YoY

MSME Loans

**+41** % YoY

Gold Loans

**+7** % YoY

Loans to Mid Corporates

**+6** % YoY

Retail Loans

**+5.87** % YoY

Agriculture Loans

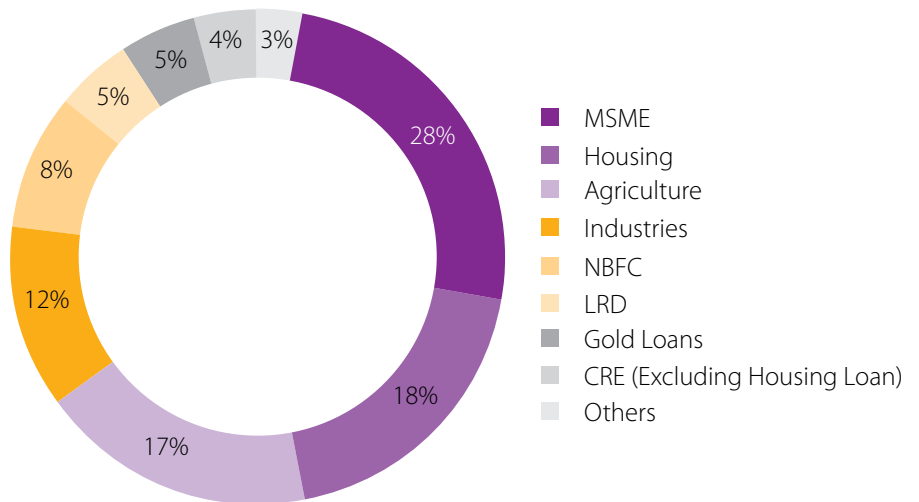
**+8.62** % YoY

Loans Against Properties

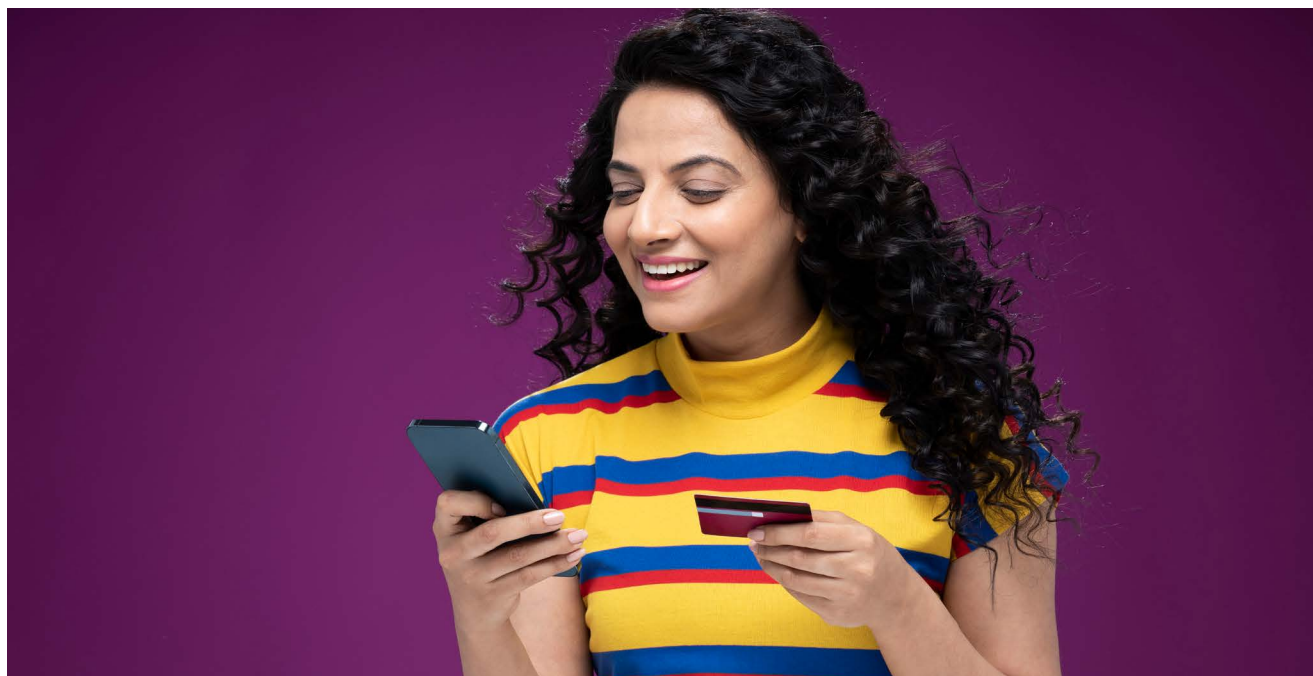
**+14.80** % YoY

CASA Deposit

Top Credit Sectors (% to GBC)



# Digital Banking



Karnataka Bank pioneered its digitalization way back in FY2000 and since then it has been making progress in its technology adoption initiatives. The Bank took a major proactive step in 2017 by initiating a holistic transformation journey – **‘Project KBL VIKAAS’** by having Boston Consulting Group (BCG) as its Transformation Consultant.

The Bank has identified technology adoption as one of the key enablers in its transformation journey to adapt itself to a dynamic environment to become a new age “The Digital Bank of Future”. In this direction, it has established a state-of-the-art Digital Centre of Excellence (DCoE) in Bengaluru – one of the most important outcomes of the ongoing digital initiatives. DCoE is now the digital innovation hub of the Bank, powering the launch of various digital products, harnessing the latest cutting edge digital technology in the industry.

## Recent Initiatives in the Digital Journey

Bank has introduced several digital products/processes for enhancing the customer experience. The share of digital transactions in the total transactions is ever increasing as given below thus demonstrating our ability to adapt to the changing environment on an ongoing basis.

March 2021	March 2020	March 2019	March 2018
90.66%	83.50%	77.86%	65.34%

The Bank has implemented 'KBL-Mobile Plus' (Mobile Banking) app, with several new enhanced features such as, cardless cash withdrawal, switch on/off debit card usage, enable/disable international transactions, setting account level limit, etc., and also integrated UPI (Unified Payment Interface) functionality.



### Account Opening

Opening of Savings Accounts with pre-activated debit card, through Tab Banking.



### Digital Underwriting

Through the Bank's digital capabilities developed under KBL-VIKAAS, even during the pandemic period, the Bank was able to provide quicker and superior customer experience through digitally underwritten Xpress Loans powered by Business Rule Engine (BRE).



### Processes

Implemented Lending Automation Processing System (LAPS) software for efficient life cycle management of loan accounts and improved monitoring. Established Centralized Account Opening Cell for opening of CASA. Implemented an Enterprise Level Fraud Risk Management System (ELFRMS) for effective cyber fraud prevention, across delivery channels.



### Para Banking

Digital sales of insurance policies through Mobile Banking and Internet Banking platform, Sale of Mutual Fund products of all the AMCs in a single platform 'FISDOM' and Online opening of Demat & Trading account through KBL-Smart Trade.

# How We Performed in Digital Underwriting

As at March 31, 2021, the percentage of sanctions under Home loans, Car loans, MSME loans through digital mode has exceeded 90% of the eligible loans as depicted below:

Particulars	Digital adoption on overall sanctions	Digital adoption on eligible sanctions
Home Loan	71%	93%
Car Loan	71%	88%
MSME [OD+TL]	26%	92%
MSME [Micromitra+ Business Quick Loan]	73%	100%
Xpress Cash Loan to Salaried Class	100%	

**Digital tools & Enablers:** Bank has introduced a host of internal tools mainly, **KBL FORCE** (Lead Management System), **KBL e-Dashboard** (Business Dashboard), **KBL Kollect +** (for Real-Time Monitoring of Collections), **KBL Vasool So-F** (NPA Management Tool), **KBL Rise** (Performance Management System), **e-TMS** (an internal digital Ticketing Management Solution). These digital tools have redefined the internal processes for further enhancing efficiency and effectiveness.

This is just a beginning of the digital initiatives undertaken by the Bank and many more to come. As digital is the

way forward, under the KBL VIKAAS 2.0, your Bank has placed digital banking on fast forward mode to pursue the concept of '**KBL NxT**' which will redefine the Bank as 'The Digital Bank of Future'.

In the KBL NxT, the Bank has planned several digital transformational changes like digital customer on-boarding, end to end customer self-journey, both under Assets & Liabilities, establishing Analytical Center of Excellence (ACoE), predictive banking, providing Omni-Channel experience to the customer and many more digital initiatives that will lead to customer delight.



# Sustainable Banking



Sustainable banking implies carrying out banking operation and business activities with conscious consideration for the environmental and social impacts of those activities.

At Karnataka Bank, we consider sustainable banking as the Bank's responsibility towards society and environment as well as an opportunity to fund and develop social and environmentally responsible businesses. The Bank's increased focus on digital banking enables paperless transactions and helps customers avoid visiting the branches and thereby save fuel and time.

**₹ 9,071** Crores  
Advances to Agriculture Sector

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**₹ 3,758** Crores  
Advances to Weaker Sections of the society

---

**₹ 201** Crores  
Advances for Energy and  
Water Conservation initiatives

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**₹ 9.79** Crores  
CSR Outlay

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# Corporate Social Responsibility

Banking is akin to social development through inclusive banking and contribution to social initiatives. Karnataka Bank is committed to identify and support the projects and programmes aimed at improving the well beings of the socially and economically disadvantaged sections of the society. The Bank donates to various social and environment initiatives under health, education, renewable energy, rural development and protection of heritage and culture.

## KBL – CSR Outlay FY21 (Major Categories)

₹ **382** Lakhs

Education

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₹ **124** Lakhs

Healthcare

---

₹ **77** Lakhs

Environmental Sustainability & Green Initiatives

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₹ **23** Lakhs

Empowering Women Socially & Economically

---

₹ **22** Lakhs

Financial Literacy

---

₹ **18** Lakhs

Protection of Heritage & Culture

---

₹ **8** Lakhs

Swachh Bharat

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## Key CSR Initiatives



### Healthcare - COVID 19 Relief:

Donated an ambulance to Dakshina Kannada District Administration.



### Healthcare - COVID 19 Relief:

Sponsored 1000 units of Digital oximeters under CSR initiative to Dakshina Kannada District Administration.



### Healthcare - COVID 19 Relief:

Contribution of ₹ 10.00 lakhs to Dakshina Kannada District Administration as Bank's contribution towards COVID-19 relief measures.



### Healthcare - COVID 19 Relief:

Donated a dedicated ambulance to Udupi District Administration.



### Healthcare - COVID 19 Relief:

Provided a financial assistance to a private hospital to procure ventilators for treating COVID 19 patients.



### Education:

Donated school bus to Vivekananda Vidya Vardhaka Sangha, Puttur.



**Education:**

Donated school bus to Navachethana Educational Trust (R), Mangaluru.



**Education:**

Donated school bus to Nittur Educational Society.



**Swachh Bharat:**

CSR support for construction of Toilet block at Kalavaru Higher Primary School, Chelairu, Mangaluru .



**Swachh Bharat:**

Sanitary Napkin Incinerator sponsored by the Bank at Gokarna, Uttara Kannada District Karnataka.



**Renewable Energy:**

CSR support to set up Solar Roof Top power system at KNH Hospital, Uppala, Kasaragod Dist., Kerala.



**Rural Development:**

CSR support to Construct public bus shelter along National Highway NH-66 dedicated to Katpady Gram Panchayath, Udupi District.





Regd. & Head Office  
Post Box. No.599, Mahaveera Circle, Kankanady, Mangaluru – 575 002  
Phone : 0824-2228222  
E-Mail: investor.grievance@ktnbank.com  
Website: <https://karnatakabank.com/>  
CIN: L85110KA1924PLC001128

## Notice to the Members

Notice is hereby given that the Ninety Seventh Annual General Meeting of **THE KARNATAKA BANK LIMITED** will be held through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) as under:

**Date : September 02, 2021**  
**Day : Thursday**  
**Time : 11.00 AM IST**

to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt
  - i. the Audited Standalone Financial Statements for the financial year ended March 31, 2021 together with the reports of the Auditors and the Directors thereon.
  - ii. the Audited Consolidated Financial Statements for the financial year ended March 31, 2021 and the report of the Auditors thereon.
2. To declare dividend.
3. To appoint a director in place of Mr. B R Ashok (DIN: 00415934), who retires by rotation and being eligible, offers himself for re-appointment.
4. **To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:**

RESOLVED THAT pursuant to the provisions of Sections 139-142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable, the provisions of the Banking Regulation Act, 1949 and Reserve Bank of India (RBI) guidelines and pursuant to the approval granted by RBI, M/s. Sundaram & Srinivasan, Chartered Accountants (Firm Registration No. 004207S), New No.4, Old No. 23, C. P. Ramaswamy Road, Alwarpet, Chennai-600018 and M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants (Firm Registration No./LLP No. 104607W/W100166), Esplanade House, 29, Hazarimal Somani Marg, Fort, Mumbai-400001, be appointed as Joint Statutory Auditors of the Bank, to hold office from the conclusion of this Meeting till the conclusion of the Ninety-Eighth Annual General Meeting of the Bank at an overall remuneration of ₹2.60 Crores, to be paid and allocated to / between the Joint Statutory Auditors as may be mutually agreed between the Bank and the Joint Statutory Auditors, depending upon their respective scope of work and Certification fee of ₹20,000/- per certificate issued, reimbursement of actual out-of-pocket expenses, goods and services tax and such other tax(es) as may be applicable.

RESOLVED FURTHER that the Board (including any Committee thereof and any other person duly authorised by the Board) be and is hereby severally authorised to do all such acts, matters, deeds and things and give such directions as may be deemed necessary or expedient in connection with or incidental to give effect to the above resolution, including but not limited to filing of necessary forms with the Registrar of Companies and to comply with all other requirements in this regard and to alter and vary the terms and conditions of the appointment, remuneration etc., including by reason of necessity on account of conditions as may be stipulated by RBI and/or any other authority, in such manner and to such extent as may be mutually agreed to with the auditors.

## SPECIAL BUSINESS

### 5. To consider passing of the following resolution, as an ORDINARY RESOLUTION:

RESOLVED THAT in accordance with Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV of the Companies Act, 2013, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 and the Circulars and Guidelines issued by the Reserve Bank of India and the Articles of Association of the Bank, Mr. Justice A V Chandrashekar (DIN:08829073) who, pursuant to Article 38(d) of the Articles of Association of the Bank and Section 161(1) of the Companies Act, 2013, was appointed as an Additional Director by the Board of Directors on August 19, 2020 and holds office upto the date of this Annual General Meeting and in respect of whom a written notice pursuant to Section 160 of the Companies Act, 2013 has been received from a member signifying his intention to propose Mr. Justice A V Chandrashekar as a candidate for the office of Director of the Bank, be and is hereby appointed as an Independent Director of the Bank who shall hold office for a period of five years from the date of his original appointment and that he shall not be liable to retire by rotation.

### 6. To consider passing of the following resolution, as an ORDINARY RESOLUTION:

RESOLVED THAT in accordance with Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV of the Companies Act, 2013, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 and the Circulars and Guidelines issued by the Reserve Bank of India and the Articles of Association of the Bank, Mr. Pradeep Kumar Panja (DIN:03614568) who, pursuant to Article 38(d) of the Articles of Association of the Bank and Section 161(1) of the Companies Act, 2013, was appointed as an Additional Director by the Board of Directors on August 19, 2020 and holds office upto the date of this Annual General Meeting and in respect of whom a written notice pursuant to Section 160 of the Companies Act, 2013 has been received from a member signifying his intention to propose Mr. Pradeep Kumar Panja as a candidate for the office of Director of the Bank, be and is hereby appointed as an Independent Director of the Bank who shall hold office for a period of five years from the date of his original appointment and that he shall not be liable to retire by rotation.

### 7. To consider passing of the following resolution, as an ORDINARY RESOLUTION:

RESOLVED THAT in accordance with Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV of the Companies Act, 2013, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 and the Circulars and Guidelines issued by the Reserve Bank of India and the Articles of Association of the Bank, Mrs. Uma Shankar (DIN:07165728) who, pursuant to Article 38(d) of the Articles of Association of the Bank and Section 161(1) of the Companies Act, 2013, was appointed as an Additional Director by the Board of Directors w.e.f. November 01, 2020 and holds office upto the date of this Annual General Meeting and in respect of whom a written notice pursuant to Section 160 of the Companies Act, 2013 has been received from a member signifying his intention to propose Mrs. Uma Shankar as a candidate for the office of Director of the Bank, be and is hereby appointed as an Independent Director of the Bank who shall hold office for a period of five years from the date of her original appointment and that she shall not be liable to retire by rotation.

### 8. To consider passing of the following resolution, as an ORDINARY RESOLUTION:

RESOLVED THAT in accordance with Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV of the Companies Act, 2013, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 and the Circulars and Guidelines issued by the Reserve Bank of India and the Articles of Association of the Bank, Dr. D S Ravindran (DIN: 09057128) who, pursuant to Article 38(d) of the Articles of Association of the Bank and Section 161(1) of the Companies Act, 2013, was appointed as an Additional Director by the Board of Directors w.e.f. April 01, 2021 and holds office upto the date of this Annual General Meeting and in respect of whom a written notice pursuant to Section 160 of the Companies Act, 2013 has been received from a member signifying his intention to propose Dr. D S Ravindran as a candidate for the office of Director of the Bank, be and is hereby appointed as an Independent Director of the Bank who shall hold office for a period of five years from the date of his original appointment and that he shall not be liable to retire by rotation.

### 9. To consider passing of the following resolution, as an ORDINARY RESOLUTION:

RESOLVED THAT in accordance with Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV of the Companies Act,

2013, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 and the Circulars and Guidelines issued by the Reserve Bank of India and the Articles of Association of the Bank, Mr. Balakrishna Alse S (DIN: 08438552) who, pursuant to Article 38(d) of the Articles of Association of the Bank and Section 161(1) of the Companies Act, 2013, was appointed as an Additional Director by the Board of Directors on May 26, 2021 and holds office upto the date of this Annual General Meeting and in respect of whom a written notice pursuant to Section 160 of the Companies Act, 2013 has been received from a member signifying his intention to propose Mr. Balakrishna Alse S as a candidate for the office of Director of the Bank, be and is hereby appointed as an Independent Director of the Bank who shall hold office for a period of five years from the date of his original appointment and that he shall not be liable to retire by rotation.

**10. To consider passing of the following resolution, as a SPECIAL RESOLUTION:**

RESOLVED THAT pursuant to the provisions of Sections 23, 42 and 62(1)(c) and other relevant provisions, if any, of the Companies Act, 2013 and the relevant rules made thereunder, including the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereto, for the time being in force) (the "Act"), the relevant provisions of the Banking Regulation Act, 1949, and the directions, rules, guidelines and circulars issued by the Reserve Bank of India (the "RBI") in this regard, from time to time, the provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations framed thereunder, as amended, from time to time (the "FEMA"), the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019, as amended, the current Consolidated FDI Policy issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (the "GOI"), as amended, from time to time, the RBI's "Master Directions – Issue and Pricing of Shares by Private Sector Banks, Directions, 2016", and "Master Directions – Ownership in Private Sector Banks, Directions, 2016", Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations"), the rules, the regulations, guidelines, notifications and circulars, if any, issued by the GOI, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the "SEBI Listing Regulations"), as amended, from time to time and subject to such other applicable rules, regulations, circulars, notifications, clarifications and guidelines issued thereon, from time to time, by the Securities and Exchange Board of India (the "SEBI") and the stock exchanges where the equity shares of the Bank are listed and the enabling provisions of the Memorandum of Association and Articles of Association of The Karnataka Bank Limited (the "Bank") and subject to receipt of requisite approvals, consents, permissions and/or sanctions, if any, from any other appropriate statutory / regulatory authorities and subject to such other conditions and modifications as may be prescribed, stipulated or imposed by any of the said statutory/regulatory authorities, while granting such approvals, consents, permissions, and/or sanctions, which may be agreed to by the Board of Directors of the Bank (the "Board", which term shall be deemed to include any Committee(s) of Directors which the Board of Directors may have constituted or may hereinafter constitute to exercise its powers, including the powers conferred by this resolution) (the "Committee"), consent, authority and approval of the Members of the Bank be and is hereby accorded to the Board to create, offer, issue and allot (including with provisions for reservation on firm and/or on competitive basis, of such part of issue and for such categories of persons as may be permitted), with or without green shoe option, such number of Equity Shares of face value of ₹10 each of the Bank ("Equity Shares") to Qualified Institutional Buyers ("QIBs"), as defined in SEBI ICDR Regulations, through a Qualified Institutions Placement ("QIP"), pursuant to and in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations, to all or any of them, jointly or severally through a placement document and/or other letter or circular, at such time or times in one or more tranche or tranches, for cash, at such price or prices as the Board may deem fit such that the total number of fully paid equity shares to be issued shall not exceed **150,000,000** (fifteen crore or 150 million) equity shares, to be subscribed by QIBs on such terms and conditions at the Board's absolute discretion in consultation with the Book Running Lead Manager(s) ("BRLMs") considering the then prevailing market conditions and other relevant factors as may be necessary, to whom the offer, issue and allotment of Equity Shares shall be made to the exclusion of others, in such manner and where necessary in consultation with the BRLMs and/or other advisors or otherwise on such terms and conditions and deciding of other terms and conditions like number of Equity Shares to be issued and allotted, as the Board may in its absolute discretion decide, in each case, subject to the applicable laws.

RESOLVED FURTHER THAT in case of issue and allotment of Equity Shares by way of QIP in terms of Chapter VI of the SEBI ICDR Regulations:

- i. the allotment of the equity shares shall be completed within 365 days from the date of passing of the special resolution of the Members of the Bank;

- ii. the equity shares issued shall rank *pari-passu* with the existing Equity Shares of the Bank in all respects as may be provided under the terms of issue and in accordance with the placement document(s);
- iii. the equity shares to be created, offered and issued shall be subject to the provisions of Memorandum and Articles of Association of the Bank;
- iv. it shall be at such price which is not less than the price determined in accordance with Regulation 176 provided under Chapter VI of the SEBI ICDR Regulations. The Board may, however, at its absolute discretion in consultation with the BRLMs, issue equity shares at a higher price or may offer a discount of not more than 5% (five per cent) on the price calculated for the QIP or such other discount as may be permitted under SEBI ICDR Regulations as amended from time to time;
- v. the allotment of equity shares to each QIB in the proposed QIP issue shall not exceed five per cent (5%) of the post-issue paid-up capital of the Bank or such other limit(s) as may be approved by the Reserve Bank of India under applicable laws/rules/ regulations/directions etc.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board or a duly authorised Committee thereof, be and is hereby authorised for and on behalf of the Bank to do all such acts, deeds, matters and things including but not limited to finalisation and approval of the relevant offer documents, determining the form and manner of the issue, the nature and number of securities to be allotted, timing of the issue/offering, determination of person(s) to whom the securities will be offered and allotted, in accordance with applicable laws, the issue price, discounts permitted under applicable laws (now or hereafter), premium amount on issue, if any, rate of interest, execution of various agreements, deeds, instruments and other documents, as it may at its sole and absolute discretion deem fit, necessary, proper or appropriate, and to give instructions or directions and to settle all questions, difficulties or doubts that may arise with regard to the issue, offer or allotment of securities (including in relation to issue of such securities in one or more tranches from time to time) and utilisation of the issue proceeds and to accept and to give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions as may be required by the SEBI, or other authorities or agencies involved in or concerned with the issue of securities and as the Board or a duly authorised Committee thereof may at its sole and absolute discretion deem fit and appropriate in the best interest of the Bank, without being required to seek any further consent or approval of the Members or otherwise AND THAT all or any of the powers conferred herein on the Bank and the Board pursuant to this Special Resolution may be exercised by the Board or a duly authorised Committee thereof to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this Special Resolution, and all actions taken by the Board or any duly authorised Committee thereof, to exercise its powers, in connection with any matter(s) referred to or contemplated in the foregoing resolution be and is hereby approved, ratified and confirmed, in all respects.

RESOLVED FURTHER THAT the Board or a duly authorised Committee thereof, be and is hereby authorised to engage/ appoint BRLMs, Legal Advisors, Underwriters, Depositories, Custodians, Registrars, Trustees, Bankers, Advisors and all such agencies as may be involved or concerned in such offerings of securities and to remunerate them by way of commission, brokerage, fees or the like and also to reimburse them out of pocket expenses and also to enter into and execute all such arrangements, agreements, documents etc., with such agencies.

RESOLVED FURTHER THAT for the purpose of giving effect to these resolutions, the Board be and is hereby authorized to delegate any or all of the powers conferred upon it by this resolution to any committee of directors, any other director(s), and/or officer(s) of the Bank.

**11. To consider the passing of the following resolution, as a SPECIAL RESOLUTION, with or without modifications.**

RESOLVED THAT pursuant to Section 180(1) and other applicable provisions, if any, of the Companies Act, 2013 and applicable Rules made thereunder, any other applicable provisions of law from time to time, and the provisions of the Memorandum and Articles of Association of the Bank and subject to such other approvals as may be necessary from any authorities or regulators, including Reserve Bank of India ("RBI"), the consent of the Members of the Bank be and is hereby accorded to the Board of Directors of the Bank (hereinafter referred to as "Board", which term shall be deemed to include any Committee of the Board or any other persons to whom powers are delegated by the Board as permitted under the Companies Act, 2013 or Rules thereunder) to borrow/raise funds (including but not limited to BASEL III Compliant Tier 2 debt instruments), in one or more tranches, in Indian/foreign currencies in domestic and/or overseas

markets, not exceeding in aggregate ₹6,000 Crore (Rupees Six Thousand Crore Only), over and above the aggregate of the paid-up capital of the Bank and free reserves and the securities premium at any time, on such terms and conditions as may be determined, from time to time, by the Board.

RESOLVED FURTHER that the Board (including any Committee thereof and any other person duly authorised by the Board) be and is hereby severally authorised to do all such acts, matters, deeds and things and give such directions as may be deemed necessary or expedient in connection with or incidental to give effect to the above resolution, including but not limited to filing of necessary forms with the Registrar of Companies and to comply with all other requirements in this regard.

Registered Office:  
Mahaveera Circle  
Kankanady, Mangaluru-575002  
Date: July 27, 2021

**By order of the Board of Directors**

**Prasanna Patil**  
**Company Secretary**

**Notes:**

1. The shareholders may take note of the following dates:

<b>Sl. No.</b>	<b>Particulars</b>	<b>Dates</b>
1.	<b>Cut-off date</b> for the purpose of deciding the eligibility of the shareholders for remote e-voting	<b>August 20, 2021</b>
2.	<b>Remote e-voting begin</b> date & time	<b>August 27, 2021 (9.00 a.m. IST)</b>
3.	<b>Remote e-voting end</b> date & time (i.e., e-voting to close at 5.00 p.m. on the date preceding the date of general meeting)	<b>September 01, 2021 (5.00 p.m. IST)</b>
4.	<b>Annual General Meeting Date</b>	<b>September 02, 2021 (11.00 a.m. IST)</b>
5.	<b>Record Date</b> for determining the eligibility of the shareholders to receive dividend.	<b>August 20, 2021</b>

2. The Ministry of Corporate Affairs ("MCA") circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 and January 13, 2021 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting through **Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")**, without the physical presence of the Members at a common venue. Accordingly, in compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the MCA Circulars, the AGM of the Bank is being held through VC/OAVM (hereinafter referred to as "e-AGM").
3. In compliance with the aforesaid MCA Circulars and SEBI Circular, Notice of the e-AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Bank/ Depositories. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website (<https://karnatakabank.com/investor-portal>), websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of CDSL <https://www.evotingindia.com/>.
4. In compliance with the MCA Circulars, the Board of Directors of the Bank is of the view that the Resolutions set out in the Notice of AGM are urgent and unavoidable items of business and hence, placed before the members for approval.
5. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of the special businesses set out above and the relevant details pursuant to Regulations 26(4) and 36(3) of the SEBI (LODR) Regulations, 2015 and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking reappointment at this AGM are annexed.

6. This e-AGM is being held pursuant to the MCA Circulars referred to above through VC/OAVM, physical attendance of Members has been dispensed with. **Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**
7. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the e-AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email from its registered email address to kbl\_scrutinizer@kktkbank.com with a copy marked to evoting@cdsl.co.in.
8. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank account details such as, name of the bank and branch, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to Bank's R&TA- Integrated Registry Management Services Private Ltd No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleshwaram, Bengaluru-560003 (Tel no. 080-23460815/6/7) in case the shares are held by them in physical form.
9. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Bank will be entitled to vote at the e-AGM.
10. Members attending the AGM through "VC"/"OAVM" shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
11. Members desiring any information with regard to the annual accounts or any matter to be placed at the AGM, are requested to write to the Bank on or before August 31, 2021 through email on investor.grievance@kktkbank.com.
12. Members may note that the Board, at its meeting held on May 26, 2021, has recommended a final dividend of ₹1.80 per share. The record date for the purpose of final dividend is **August 20, 2021**. The final dividend, once approved by the members in the ensuing AGM, will be paid electronically through various online transfer modes to those members who have updated their bank account details. For members who have not updated their bank account details, dividend warrants will be sent out to their registered addresses. To avoid delay in receiving dividend, members are requested to update their Bank account details including Re-KYC with their depositories (where shares are held in dematerialized mode) and with the Company's Registrar and Transfer Agent ("RTA") (where shares are held in physical mode) to receive dividend directly into their bank account on the payout date.
13. **TAX ON DIVIDEND:** Members may note that the Income-tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company on or after April 1, 2020 shall be taxable in the hands of members. Upon declaration of dividend by the members at the AGM, the Bank shall therefore be required to deduct tax at source ("TDS") at the time of making the payment of dividend. In such a case, the Dividend will be paid after deducting the tax at source as follows:

#### Resident Shareholders:

It may be noted that tax would not be deducted at source on payment of dividend to a "**Resident Individual shareholder**", if the total dividend amount to be paid in a financial year does not exceed ₹5,000.

Tax to be deducted at source for FY 2021-22, wherever applicable, would be as under:

Particulars	Applicable Rate	Documents required (if any)
Shareholders having the PAN	10%	Update the PAN and the residential status as per Income Tax Act, 1961 if not already done, with the depositories (in case of shares held in demat mode) and with the Bank's Registrar and Transfer Agent (in case of shares held in physical mode).
	NIL	Form 15G (applicable to any person other than a Company or a Firm)/Form 15H (applicable to an Individual above the age of 60 years), provided that all the required eligibility conditions are met, and a copy of PAN is furnished.

Particulars	Applicable Rate	Documents required (if any)
Shareholders not having PAN/ PAN is Invalid	20%	-
Shareholders submitting the Order under Section 197 of the Income Tax Act, 1961 (Act)	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from tax authority along with a copy of PAN.
Shareholders for whom Section 194 of the Act is not applicable	NIL	Declaration that it has full beneficial interest with respect to the shares owned by it along with PAN.
Shareholders, being Alternative Investment Funds (AIFs) (Category I & Category II)	NIL	A declaration that the AIFs are registered under SEBI as per SEBI Regulations.
Shareholders covered under Section 196 of the Act (e.g. Mutual Funds)	NIL	Certificate of registration u/s 10(23D) issued by the appropriate authority along with PAN, documentary evidence that the person is covered under said Section 196 of the Act.

The Resident Individual shareholders are requested to ensure that Aadhar Number is linked with PAN within the prescribed timelines. In case of failure to link, PAN shall be considered as inoperative / invalid and hence, tax at 20% shall be deducted in such cases.

#### **TDS to be deducted at higher rate in case of non-filers of Return of Income:**

The Finance Act, 2021, inter-alia, has been amended to include a new Section 206AB with effect from July 1, 2021. The provisions of said section require deduction of tax at higher of the following rates from amount paid / credited to 'specified person':

- i. At twice the rate specified in the relevant provision of the Income Tax Act; or
- ii. At twice the rate(s) in force; or
- iii. At the rate of 5%.

The 'specified person' means a person who has:

- (a) not filed return of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing return of income under sub-section (1) of section 139 has expired; and
- (b) subjected to tax deduction/collection at source in aggregate amounting to ₹50,000 or more in each of such two immediate previous years.

In case Government provides any guidelines to comply with the provisions of section 206AB, Bank will deduct tax in accordance with said guidelines. Tax deducted in accordance with said guidelines will be final and the Bank shall not refund/adjust said amount subsequently. The Bank might also seek necessary declarations from such shareholders to comply with the provisions of this section. A non-resident who does not have a permanent establishment is excluded from the scope of a specified person. As such a non-resident is required to submit a 'no permanent establishment' declaration to be excluded from the scope of a specified person.

#### **Non-Resident Shareholders:**

As per Section 90 of the Income Tax Act, the non-resident shareholder has the option of being governed by the provisions of the Double Tax Avoidance Treaty between India and the country of tax residence of the shareholder, if they are more beneficial to them.

Please refer to the below table for details of documents to avail Tax Treaty benefits.

<b>Particulars</b>	<b>Applicable Rate</b>	<b>Documents required (if any)</b>
Shareholders, being Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess) as per Section 196D of Income Tax Act, 1961  <b>OR</b> Tax Treaty Rate (whichever is lower)	a) Self-attested copy of the Permanent Account Number (PAN Card) allotted by the Indian Income Tax authorities. b) Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident, valid for FY 21-22. c) Self-declaration in Form 10F. d) Self-declaration by the non-resident shareholder about having no Permanent Establishment in India in accordance with the applicable Tax Treaty. e) Self-declaration of Beneficial ownership by the non-resident shareholder.
Other Non-resident shareholders	20% (plus applicable surcharge and cess)  <b>OR</b> Tax Treaty Rate (whichever is lower)	a) Self-attested copy of the Permanent Account Number (PAN Card) allotted by the Indian Income Tax authorities. b) Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident, valid for FY 21-22. c) Self-declaration in Form 10F. d) Self-declaration by the non-resident shareholder about having no Permanent Establishment in India in accordance with the applicable Tax Treaty. e) Self-declaration of Beneficial ownership by the non-resident shareholder.
Shareholders submitting the Order under Section 197 of the Income Tax Act	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from tax authority.

In case, PAN is not available, the non-resident shareholder (other than a company) shall furnish (a) name, (b) email id, (c) contact number, (d) address in residency country, (e) Tax Identification Number of the residency country.

It is recommended that shareholders should independently satisfy their eligibility to claim DTAA benefit including meeting of all conditions laid down by DTAA.

Kindly note that the Bank is not obligated to apply beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial rate as per DTAA for the purpose of withholding taxes shall depend upon completeness and satisfactory review by the Bank of the documents submitted by the non-resident shareholder.

Soft copies of following documents may be downloaded from the link <https://www.integratedindia.in/ExemptionFormSubmission.aspx>

- (1) Form 15G.
- (2) Form 15H.
- (3) Form 10F.
- (4) Declaration from residents.
- (5) Declaration from non-residents.
- (6) Declaration under Rule 37BC from non-residents (other than companies) not having PAN.



Duly filled and signed aforesaid documents, as applicable, should be uploaded at the website of RTA at <https://www.integratedindia.in/ExemptionFormSubmission.aspx> on or before **August 25, 2021, 11.59 PM (IST)**, to enable the Bank to determine the appropriate TDS/withholding tax rate applicable.

No communication on the tax determination/deduction received post the aforesaid date and time shall be considered for payment of Dividend.

**No other mode of submission of the documents would be entertained and the same needs to be uploaded only on the website of the RTA at the weblink said above. If the documents are submitted to any other email id or through post etc., no claim shall lie against the Bank or the RTA.**

Similarly, if the tax on said Dividend is deducted at a higher rate due to non-receipt of or satisfactory completeness of the afore-mentioned details/documents as said above the shareholder may claim an appropriate refund in the return of income filed with their respective tax authorities and **no claim shall lie against the Bank for such taxes deducted.**

**For shareholders having multiple accounts under different status/ category:**

Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

**Beneficial Interest:**

In terms of Rule 37BA of Income Tax Rules 1962, if dividend income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, then deductee should file declaration with Bank in the manner prescribed by Rules.

In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Shareholder(s), such Shareholder(s) will be responsible to indemnify the Bank and also, provide the Bank with all information/documents and co-operation in any appellate proceedings.

**Updation of bank account details:**

The shareholders are requested to ensure that their bank account details in their respective demat accounts/folios are updated, to enable the Company to make timely credit of dividend to their bank accounts.

14. The members may write to [irg@integratedindia.in](mailto:irg@integratedindia.in) for any clarifications on this subject (please write in the subject matter as "KBL Dividend TDS" for easy identification and prompt redressal).
15. Members are requested to note that, dividend remaining unclaimed for a consecutive period of seven years from the date of transfer to Unpaid Dividend Account of the Bank, is liable for transfer to the Investor Education and Protection Fund ("IEPF") along with the related shares. In view of this, Members are requested to claim their unpaid dividends, if any, from the Bank, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in). For details, please refer to corporate governance report of the Directors Report.
16. Since the AGM will be held through "VC"/"OAVM", the Route Map is not annexed in this Notice.
17. Article 74A of the Articles of Association of the Bank states that any suit by a member or members relating to any Annual General Meeting or Extraordinary General Meeting of the Bank or any meeting of its Board of Directors or a Committee of Directors or to any item of business on the agenda of any such meeting shall be subject to the exclusive jurisdiction of courts in Mangaluru city.
18. **Instructions for remote e-voting, venue voting and joining the AGM are provided at the end of the Notice of AGM.**

## ANNEXURE TO NOTICE

### Item No.3

#### Appointment of Mr. B R Ashok, as a Director of the Bank:

Mr. B R Ashok, a Chartered Accountant by profession, was appointed by the members in the 96th AGM held on 17.07.2020 as a Non-Executive Director liable to retire by rotation and being eligible, has offered himself for reappointment. His appointment is also in line with the RBI Circular DOS.No.BC.3/08.91.020/96 dated January 20, 1997 requiring Banks to have one non-official Director as a Chartered Accountant on their Board and also on the Audit Committee.

Further, the Independent Directors at their exclusive meeting held on March 23, 2021 while carrying out the performance evaluation of the Directors (in terms of Companies Act, 2013) and Nomination and Remuneration Committee of the Board at its meeting held on April 26, 2021, while carrying out due diligence of the directors under, 'Fit & Proper' norms of RBI opined that his candidature is in compliance with the said norms and is eligible to be reappointed as a Director of the Bank and accordingly the Board of Directors in terms of Section 160 of the Companies Act, 2013 resolved to recommend his appointment as a Director.

In terms of Section 152 of the Companies Act, 2013 read with Section 149 of the Act, he is classified as a Non-Executive Non-Independent Director in view of his earlier association with the Bank in the capacity as a Partner of the Audit Firm (i.e., M/s. R K Kumar & Co. which is now known as MSKC & Associates, Chennai) which carried out the Statutory Central Audit of the Bank for the FY 2017-18 and limited review of the unaudited financials for Q1FY2018-19 and as such, he is liable to retire by rotation.

#### Brief profile and Additional information about Mr B R Ashok as per Secretarial Standard-2:

Name of the Director	Mr. B R Ashok
Age	58 years
Qualification	FCA
Experience	<p>Mr. B R Ashok, is a Fellow Member of the Institute of Chartered Accountants of India (ICAI) (FCA) and also a professional member of the Indian Institute of Insolvency Professionals of ICAI (IIPI) and is an Insolvency Resolution Professional (IRP) under Insolvency and Bankruptcy Code (IBC). He qualified as a Chartered Accountant in the year 1984 and has more than 35 years of experience in practice and his areas of expertise include statutory central audit of banks, statutory audit of insurance companies, corporates including public sector undertakings, NGOs and other entities besides advisory, consultancy and taxation assignments.</p> <p>He also has expertise in the fields of statutory related attestation services, consultancy in direct taxes and FEMA, management advisory services and representation before various adjudicating authorities up to Tribunal level in income-tax. He is a partner in M/s. MSKC &amp; Associates (formerly known as R K Kumar &amp; Co.,) Chartered Accountants, Chennai, a partnership firm established in the year 1974.</p> <p>He secured 1<sup>st</sup> Rank in the post-qualification Diploma Course on Information Systems Audit conducted by the ICAI in December 2002 and has successfully completed the online Proficiency Self-Assessment Test for Independent Director's Databank conducted by the Indian Institute of Corporate Affairs in March 2020.</p> <p>The statement may also be regarded as a disclosure under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p>
Terms and conditions of appointment	Proposed to be appointed as a Non-independent, non-whole time director liable to retire by rotation.
Remuneration details	Sitting Fees for attending the meetings of Board/Committees during the year 2020-21 aggregating to ₹19,20,000/- was paid to him and it is proposed to pay the Sitting Fee for attending the Board/Committee meetings
Date of first appointment on the Board	27.08.2019 as an Additional Director.

Shareholding	1650 Equity Shares of ₹10 each & five subordinated debt instruments (Series V) with a face value of ₹1,00,000/- each.
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Not related to any other Directors, Manager and other Key Managerial Personnel of the Bank.
Number of meetings of the Board attended during the year	All 15 meetings held during the year.
Other Directorships, Membership / Chairmanship of Committees of other Boards	KBL Services Limited- Director. (A wholly owned non-financial services subsidiary of the Karnataka Bank).

Your Board recommends the resolution appointing Mr. B R Ashok as a Non-Executive, Non-Independent Director of the Bank as set out Sl. No. 3 of the notice liable to retire by rotation, as aforesaid.

Except Mr. B R Ashok, no other Director or Key Managerial Personnel of the Bank or their respective relatives are in any way concerned or interested, financially or otherwise, in this resolution.

#### Item No. 4

##### Appointment of Statutory Auditors (SAs).

In terms of Section 30(1A) of the Banking Regulation Act, 1949, appointment/ reappointment / removal of statutory auditors of a banking company requires prior approval of Reserve Bank of India.

Further, RBI vide circular No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 has prescribed the maximum tenure of three years for the Statutory Auditors of a Banking company who will be eligible for reappointment for the next term only after a resting period of six years.

M/s Manohar Chowdhry & Associates, (Firm Registration No.001997S) Chartered Accountants, Chennai and M/s Badari, Madhusudhan & Srinivasan, (Firm Registration No.005389S) Chartered Accountants, Bengaluru, will be completing the period of three years as SAs at the conclusion of the ensuing 97th Annual General Meeting and hence, they are subject to resting period as per above referred RBI circular dated April 27, 2021.

Therefore, the Board of Directors, based on the recommendation of the Audit Committee, has proposed the appointment of M/s Sundaram & Srinivasan, Chartered Accountants (Firm Registration No. 004207S), New No.4, Old No. 23, C. P. Ramaswamy Road, Alwarpet, Chennai-600018 and M/s Kalyaniwalla & Mistry LLP, Chartered Accountants (Firm Registration No./LLP No. 104607W/W100166), Esplanade House, 29, Hazarimal Somani Marg, Fort, Mumbai-400001 jointly as Statutory Auditors of the Bank to hold office upto the conclusion of 98th AGM. In this connection, approval in terms of Section 30(1A) of the Banking Regulation Act, 1949, has been obtained from the RBI vide letter dated July 1, 2021.

Details of proposed fees payable to Statutory Auditors:

Proposed fees payable to the statutory auditor(s)	Particulars	Amount of Fees (₹)
	Consolidated Statutory Audit Fees	2,60,00,000

##### Notes:

- The above is to be shared equally between joint auditors.
- Further, certification fees of ₹20,000 per certificate issued and actual out of pocket expenses will be reimbursed.

Terms of Appointment	The following assignments including but not limited to : <ol style="list-style-type: none"> <li>Limited Review (three qtrs.),</li> <li>Year-end audit and certification,</li> <li>Tax audit,</li> <li>Consolidation of Results (Holding &amp; Subsidiary),</li> <li>Centralized Audit of all branches of the Bank</li> <li>Such other certification/reporting requirement as may be prescribed by the RBI from time to time.</li> </ol>
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In case of a new auditor, any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change.

As stated above, pursuant to the RBI circular dated April 27, 2021 on 'Guidelines for Appointment of Statutory Auditors of Commercial Banks etc.', the Bank is required to appoint new Joint Statutory Auditors and the remuneration proposed to be paid to them is as stated above.

**Explanation:**

For the FY2021-22 onwards, the Bank proposes to conduct the audit of all branches and controlling offices by the SAs only as against appointing statutory branch auditors for each of the branches.

During the FY2020-21, the remuneration paid to the Statutory Central Auditors (SCA) was as under:

<b>Statutory Central Auditors (a):</b>		(₹)
<b>Nature of Payment</b>	<b>2020-21</b>	
Annual Audit-HO	20,00,000	
Annual Audit-Branches	48,15,000	
Annual Audit-Tumakuru Region	11,00,000	
Limited Review (3 quarters)	12,00,000	
Tax Audit Fees FY 2020-21	8,00,000	
Certification fees	6,00,000*	
<b>Total</b>	<b>1,06,15,000</b>	

\* Certification fee was ₹20,000 per certificate.

**Statutory Branch Auditors (b):**

The fee paid to the Statutory Branch Auditors was ₹3.29 crores (excluding tax) for carrying out audit of the branches which were not taken-up by the SCAs.

Thus, the total audit related remuneration paid to both SCAs and Branch Auditors **[(a)+(b)]** was ₹4.35 crores (excluding taxes).

Since the Bank's operations are carried out seamlessly on Core Banking Solution (CBS) and also, Bank has put in place robust network, internal control systems, effective monitoring mechanism etc., the Bank proposes to conduct audit of the "Bank as a whole" to be carried out by the SAs, for which, a consolidated remuneration of ₹2.60 crore (excluding certification fee, out of pocket expenses and applicable taxes) has been proposed which will be shared equally between the joint SAs. This is beneficial to the Bank from the point of view of curtailing the expenditure and also enhanced efficiency in the overall audit process.

However, the Board including relevant committee(s) thereof may be given the powers to alter and vary the terms and conditions of the appointment, remuneration etc., including by reason of necessity on account of conditions as may be stipulated by RBI and/or any other authority, in such manner and to such extent as may be mutually agreed to with the auditors. Further, out of pocket expenses incurred in connection with the audit and for attending Audit Committee meetings will be reimbursed at actuals.

**Basis of recommendation for the appointment including the details in relation to and credentials of the statutory auditor(s):**

**Brief profile of M/s Sundaram & Srinivasan**

Sundaram & Srinivasan, Chartered Accountants, Chennai, audit firm was established in the year 1943 and registered with the Institute of Chartered Accountants of India (ICAI). The firm has been providing professional services since the last 8 decades. Its Head Office is located at Chennai and has Branch Offices at Madurai, Mumbai and Bengaluru. The firm is engaged in the areas of Audit and Assurance, Risk Advisory Services, taxation including International Taxation and Transfer pricing. The firm's clientele ranges from private, public and joint sector corporates and has varied experience in the Banking, Financial Services and Insurance (BFSI) sector, having provided audit / non-audit and consultancy services to private, public and foreign banks.

Besides, the firm complies with the eligibility norms prescribed by the Reserve Bank of India vide its Circular dated April 27, 2021.

**Brief profile of M/s Kalyaniwalla & Mistry LLP**

Kalyaniwalla & Mistry LLP ("K&M"), Chartered Accountants, Mumbai, is a multi-service, multi-location, professional service organization established in the year 1928, with offices or associates in all the major cities in India. K&M is equipped to meet the corporate and non-corporate industrial, commercial and financial businesses with its resources which include more than 400 professionals and highly trained personnel with specialized service capabilities in diverse fields covering a wide spectrum of activities.

Besides, the firm complies with the eligibility norms prescribed by the Reserve Bank of India vide its Circular dated April 27, 2021.

Their appointment has been approved by RBI for a period of one year and pursuant to the requirements of RBI guidelines, their appointment is required to be pre-approved on an annual basis. Hence, their appointment is presently proposed from the conclusion of this AGM till the conclusion of the Ninety-Eighth AGM and thereafter would be placed for approval of the Members on an annual basis subject to the approval of the RBI.

Your Board recommends the resolution appointing the above two firms as Statutory Auditors as set out Sl. No. 4 of the notice.

The copy of the approval granted by RBI will be made available for inspection in electronic mode.

No Directors, Key Managerial Personnel and their relatives are concerned or interested in the passing of this resolution.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (the "Act") AND DISCLOSURE PURSUANT TO REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

In conformity with the above, the explanatory statement sets out the material facts relating to item **Nos. 5 to 11** appearing in this Notice dated July 27, 2021 are given below:

**Item No.5:**

**Appointment of Mr. Justice A V Chandrashekar, as an Independent Director of the Bank:**

Pursuant to Section 161(1) of the Companies Act, 2013, the Board of Directors of the Bank, based on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Justice A V Chandrashekar (DIN: 08829073), a former Judge, High Court of Karnataka and former Judicial Member, Karnataka State Administrative Tribunal, as an Additional Director (Non-Executive, Independent) w.e.f. August 19, 2020.

The Bank has received from him all statutory disclosures/declarations including, (i) consent in writing to act as director in Form DIR-2, pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 ("the Appointment Rules"), (ii) intimation in Form DIR-8 in terms of the Appointment Rules to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act. Bank has also received a notice under Section 160 of the Companies Act, 2013 from a member, intending to nominate Mr. Justice A V Chandrashekar to the office of independent director. A copy of the notice is available on our website viz., <https://karnatakabank.com/>.

Pursuant to Section 149 read with Schedule IV of the Companies Act, 2013, the Board of Directors having taken into consideration the declaration received from Mr. Justice A V Chandrashekar, is of the view that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and is independent of the management. The Board is of the opinion that he fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and that the proposed appointment is in compliance with the provisions of Section 10A(2) of the Banking Regulation Act, 1949.

Further, the Board of Directors at their meeting held on March 23, 2021 while carrying out the performance evaluation of the Directors concluded that participation of Mr. Justice A V Chandrashekar in the Board deliberations etc., and guidance provided by him in the field of law, prevalent practices in debt recovery tribunals/High Courts etc. in particular and other fields in general has been noteworthy and accordingly evaluated his performance as very good. Further, the Nomination and Remuneration Committee (NRC) at its meeting held on April 26, 2021, while carrying out due diligence of the directors under, 'Fit & Proper' norms of RBI opined that his candidature is in compliance with the said norms and is eligible to be appointed as a Director of the Bank and accordingly the Board of Directors in terms of Section 160 of the Companies Act, 2013 resolved to recommend his appointment as a Director.

In terms of Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of a company but shall be eligible for re-appointment on passing of a special resolution by the company for a further period of five years. Further in terms of Section 10A(2A) of the Banking Regulation Act, 1949 read with RBI extant guidelines, no Non-Executive Director of a banking company, shall hold office continuously for a period exceeding eight years or beyond age 75. In view of the above provisions, the proposal for appointment of Mr. Justice A V Chandrashekar as an Independent Director not liable to retire by rotation for a period upto August 18, 2025 i.e., up to a term of five consecutive years, has been placed before the shareholders for approval.

**Brief profile and Additional information about Mr. Justice A V Chandrashekar as per Secretarial Standard-2:**

Name of the Director	Mr. Justice A V Chandrashekar
Age	67 years
Qualification	B.Com and LLB Graduate
Experience	<p>Mr. Justice A V Chandrashekar is a Former Judge, High Court of Karnataka and former Judicial Member, Karnataka State Administrative Tribunal. He commenced his career as a practicing advocate in the year 1984 and during the early part of his judicial career he worked as the Additional District &amp; Sessions Judge and Principal District &amp; Sessions Judge in several districts of Karnataka State. He also worked as the Member Secretary, Karnataka State Legal Services Authority (K.S.L.S.A), Director, Karnataka Judicial Academy (K.J.A) and Director, Bangalore Mediation Centre (B.M.C).</p> <p>In the year 2013, Mr. Justice A V Chandrashekar was appointed as a Judge of the Hon'ble High Court of Karnataka and superannuated in the year 2016 after serving in the said capacity for three years. After superannuation, he conducted arbitration proceedings in various cases, including private arbitrations and arbitration cases referred by the Hon'ble High Court of Karnataka. Subsequently, he was appointed as a Judicial Member, Karnataka State Administrative Tribunal (K.S.A.T) from 2017 to 2019. He was also the Chairman of the committee constituted by the Karnataka State Child Protection Commission to prepare the Standard Operating Procedures (SOP) for effective implementation of Prevention of Children from Sexual Offences (POCSO) Act, 2012 and the Rules thereunder.</p> <p>He has also significantly contributed to the academic and training requirement of judicial trainees and while functioning in the capacity of Director, Karnataka Judicial Academy, he coordinated in formulating a training manual for the training of newly recruited civil judges and was also involved in the drafting of the rules governing the Karnataka Arbitration Centre, an initiative of the Hon'ble High Court of Karnataka.</p> <p>He has also published various articles on topics in substantive and procedural laws for the benefit of judges in the district judiciary, including role of judges in upholding the rule of law (published in the Karnataka State Law University journal in the year 2014) and the fundamental duties.</p> <p>The statement may also be regarded as a disclosure under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p>
Terms and conditions of appointment	Proposed to be appointed as Independent Director for a period of five years not liable to retire by rotation.
Remuneration details	Sitting Fees for attending the meetings of Board/Committees during the year 2020-21 aggregating to ₹6,90,000/- was paid to him and it is proposed to pay the Sitting Fee for attending the Board/Committee meetings.
Date of first appointment on the Board	19.08.2020 as an Additional Director (Non-Executive, Independent)
Shareholding	500 Equity Shares of ₹10 each.
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Not related to any other Directors, Manager and other Key Managerial Personnel of the Company.
Number of meetings of the Board attended during the year	All 9 meetings held since his appointment.
Other Directorships, Membership / Chairmanship of Committees of other Boards	Nil

Having regard to the above and also considering his knowledge and expertise in the field of law which is expected to provide substantial value addition to the Bank, on the recommendation of the Nomination and Remuneration Committee (NRC), the Board of Directors recommends the proposal for appointment of Mr. Justice A V Chandrashekar as an Independent Director not liable to retire by rotation for a period upto August 18, 2025 i.e., up to a term of five consecutive years, for the approval of the shareholders as set out in Sl. No. 5 of the Notice.

Except Mr. Justice A V Chandrashekar, no other Director or Key Managerial Personnel of the Bank or their respective relatives are in any way concerned or interested, financially or otherwise, in this resolution.

#### **Item No. 6:**

#### **Appointment of Mr. Pradeep Kumar Panja, as an Independent Director of the Bank:**

Pursuant to 161(1) of the Companies Act, 2013, the Board of Directors of the Bank, based on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Pradeep Kumar Panja (DIN:03614568), former Managing Director (Corporate Banking) of State Bank of India (SBI), as an Additional Director (Non-Executive, Independent) w.e.f. August 19, 2020.

The Bank has received from him all statutory disclosures/declarations including, (i) consent in writing to act as director in Form DIR-2, pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 ("the Appointment Rules"), (ii) intimation in Form DIR-8 in terms of the Appointment Rules to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act. Bank has also received a notice under Section 160 of the Companies Act, 2013 from a member, intending to nominate Mr. Pradeep Kumar Panja to the office of independent director. A copy of the notice is available on our website viz., <https://karnatakabank.com/>.

Pursuant to Section 149 read with Schedule IV of the Companies Act, 2013, the Board of Directors having taken into consideration the declaration received from Mr. Pradeep Kumar Panja, is of the view that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and is independent of the management. The Board is of the opinion that he fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and the proposed appointment is in compliance with the provisions of Section 10A(2) of the Banking Regulation Act, 1949.

Further, the Board of Directors at their meeting held on March 23, 2021 while carrying out the performance evaluation of the Directors concluded that participation of Mr. Pradeep Kumar Panja in the Board deliberations etc., and guidance provided by him in various subject matters like credit appraisal, risk, capital, inspection and audit, banking, information technology, Accountancy, HR Management etc., has been noteworthy and accordingly evaluated his performance as very good. Further, the Nomination and Remuneration Committee of the Board at its meeting held on April 26, 2021, while carrying out due diligence of the directors under, 'Fit & Proper' norms of RBI opined that his candidature is in compliance with the said norms and is eligible to be appointed as an Independent Director of the Bank and accordingly the Board of Directors in terms of Section 160 of the Companies Act, 2013 resolved to recommend his appointment as an Independent Director.

In terms of Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of a company but shall be eligible for re-appointment on passing of a special resolution by the company for a further period upto five years. Further in terms of Section 10A(2A) of the Banking Regulation Act, 1949 read with RBI extant guidelines, no Non-Executive Director of a banking company, shall hold office continuously for a period exceeding eight years or beyond age 75. In view of the above provisions, the proposal for appointment of Mr. Pradeep Kumar Panja as an Independent Director not liable to retire by rotation for a period upto August 18, 2025 i.e., up to a term of five consecutive years, has been submitted before the shareholders for approval.



**Brief profile and Additional information about Mr. Pradeep Kumar Panja as per Secretarial Standard-2:**

Name of the Director	Mr. Pradeep Kumar Panja																				
Age	65 years																				
Qualification	M.Sc.(Statistics) and CAIIB																				
Experience	<p>Mr. Pradeep Kumar Panja, a career banker and retired as Managing Director (Corporate Banking) of State Bank of India (SBI), the largest bank of the country, in October 2015. During his long association of 39 years with SBI (3 years of which at Board level), he gained rich experience in various areas of banking including corporate and international banking, treasury management, information technology, retail, transaction banking, strategic planning, business development, risk management.</p> <p>He has excellent track record of successfully leading large teams across various business verticals of SBI. He also successfully led the US Operations of SBI as the Country Head-US. He held multiple assignments driving large projects in the Information Technology Wing of SBI. As a Head of IT (Chief Information Officer), he led SBI's IT strategy, set up India's largest data warehouse. He also led the analytics foray of SBI. During his association with SBI he was a member of important committees of directors and was chairman of Risk Management Committee.</p> <p>The statement may also be regarded as a disclosure under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p>																				
Terms and conditions of appointment	Proposed to be appointed as an Independent Director for a period of five years not liable to retire by rotation.																				
Remuneration details	Sitting Fees for attending the meetings of Board / Committees during the year 2020-21 aggregating to ₹11,70,000/- was paid to him and it is proposed to pay the Sitting Fee for attending the Board/Committee meetings.																				
Date of first appointment on the Board	19.08.2020 as an Additional Director.																				
Shareholding	3410 Equity Shares of ₹10 each.																				
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Not related to any other Directors, Manager and other Key Managerial Personnel of the Company.																				
Number of meetings of the Board attended during the year	All 9 meetings held since his appointment.																				
Other Directorships, Membership / Chairmanship of Committees of other Boards	<p><b>Listed Companies- as on 31.03.2021</b></p> <table border="1"> <thead> <tr> <th>Name of the Company</th> <th>Name of the Committee</th> <th>Member/ Chairman</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Brigade Enterprises Limited</td> <td>a. Audit Committee</td> <td>Chairman</td> </tr> <tr> <td>b. Risk Management Committee</td> <td>Member</td> </tr> <tr> <td rowspan="4">Shriram Transport Finance Company Limited</td> <td>a. Audit Committee</td> <td>Member</td> </tr> <tr> <td>b. Stakeholders Relationship Committee</td> <td>Member</td> </tr> <tr> <td>c. Nomination and Remuneration Committee</td> <td>Member</td> </tr> <tr> <td>d. CSR Committee</td> <td>Member</td> </tr> <tr> <td>Trigyn Technologies Limited*</td> <td>Audit Committee</td> <td>Member</td> </tr> </tbody> </table> <p>* ceased to be the Director w.e.f. 01.07.2021</p>	Name of the Company	Name of the Committee	Member/ Chairman	Brigade Enterprises Limited	a. Audit Committee	Chairman	b. Risk Management Committee	Member	Shriram Transport Finance Company Limited	a. Audit Committee	Member	b. Stakeholders Relationship Committee	Member	c. Nomination and Remuneration Committee	Member	d. CSR Committee	Member	Trigyn Technologies Limited*	Audit Committee	Member
Name of the Company	Name of the Committee	Member/ Chairman																			
Brigade Enterprises Limited	a. Audit Committee	Chairman																			
	b. Risk Management Committee	Member																			
Shriram Transport Finance Company Limited	a. Audit Committee	Member																			
	b. Stakeholders Relationship Committee	Member																			
	c. Nomination and Remuneration Committee	Member																			
	d. CSR Committee	Member																			
Trigyn Technologies Limited*	Audit Committee	Member																			

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**Unlisted Companies- as on 31.03.2021**

<b>Name of the Company</b>	<b>Name of the Committee</b>	<b>Member/ Chairman</b>
Penna Cement Industries Limited	a. Audit Committee	Member
	b. Nomination and Remuneration Committee	Member
Brigade Properties Private Limited	a. Audit Committee	Chairman
	b. CSR Committee	Member
	c. Nomination and Remuneration Committee	Member
Svamaan Financial Services Private Limited	a. Audit Committee	Chairman
	b. Asset Liability & Risk Management Committee	Member
TVS Capital Funds Private Limited	Audit Committee	Member
Virescent Infrastructure Investment Manager Private Limited	Audit Committee	Member

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Having regard to the above and also considering vast knowledge and expertise possessed by Mr. Pradeep Kumar Panja in various areas of banking which is expected to provide substantial value addition to the Bank, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors recommends the proposal for appointment of Mr. Pradeep Kumar Panja as an Independent Director not liable to retire by rotation for a period upto August 18, 2025 i.e., up to a term of five consecutive years for the approval of the shareholders as set out in Sl. No. 6 of the Notice.

Except Mr. Pradeep Kumar Panja, no other Director or Key Managerial Personnel of the Bank or their respective relatives are in any way concerned or interested, financially or otherwise, in this resolution.

**Item No.7:****Appointment of Mrs. Uma Shankar, as an Independent Director of the Bank:**

Pursuant to Section 161(1) of the Companies Act, 2013, the Board of Directors of the Bank, based on the recommendation of the Nomination and Remuneration Committee, appointed Mrs. Uma Shankar (DIN:07165728), Former Executive Director of the Reserve Bank of India, as an Additional Director (Non-Executive, Independent) w.e.f. November 01, 2020.

The Bank has received from her all statutory disclosures/declarations including, (i) consent in writing to act as director in Form DIR-2, pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 ("the Appointment Rules"), (ii) intimation in Form DIR-8 in terms of the Appointment Rules to the effect that she is not disqualified under sub-section (2) of Section 164 of the Act, and (iii) a declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act. The Bank has also received a notice under Section 160 of the Companies Act, 2013 from a member, intending to nominate Mrs. Uma Shankar to the office of independent director. A copy of the notice is available on our website viz., <https://karnatakabank.com/>.

Pursuant to Section 149 read with Schedule IV of the Companies Act, 2013, the Board of Directors having taken into consideration the declaration received from Mrs. Uma Shankar, is of the view that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and is independent of the management. The Board is of the opinion that she fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and the proposed appointment is in compliance with the provisions of Section 10A(2) of the Banking Regulation Act, 1949.

Further, the Board of Directors at their meeting held on March 23, 2021 while carrying out the performance evaluation of the Directors concluded that participation of Mrs. Uma Shankar in the Board deliberations especially in the areas of the banking, compliance, supervision, credit, accountancy, risk, inspection & audit, information technology, HR Management etc., has been noteworthy and accordingly evaluated her performance as very good. Further, Nomination and Remuneration Committee (NRC) at its meeting held on April 26, 2021, while carrying out due diligence of the directors under, 'Fit & Proper' norms of

RBI opined that her candidature is in compliance with the said norms and is eligible to be appointed as an Independent Director of the Bank and accordingly the Board of Directors in terms of Section 160 of the Companies Act, 2013 resolved to recommend her appointment as an Independent Director.

In terms of Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of a company but shall be eligible for re-appointment on passing of a special resolution by the company for a further period upto five years. Further in terms of Section 10A(2A) of the Banking Regulation Act, 1949 read with RBI extant guidelines, no Non-Executive Director of a banking company, other than Chairman, shall hold office continuously for a period exceeding eight years or beyond age 75. In view of the above provisions, the proposal for appointment of Mrs. Uma Shankar as an Independent Director not liable to retire by rotation for a period upto October 31, 2025 i.e., up to a term of five consecutive years, has been submitted before the shareholders for approval.

**Brief profile and Additional information about Mrs. Uma Shankar as per Secretarial Standard-2:**

Name of the Director	Mrs. Uma Shankar
Age	61 years
Qualification	MA Literature (English), CAIIB, Executive Education at Columbia Business School, New York
Experience	<p>Mrs. Uma Shankar, aged 61 years, is a former Executive Director of the Reserve Bank of India and she worked for over 37 years in various capacities. Her core competence is in financial sector supervision. She was also responsible for currency management, foreign exchange and the internal accounting and administration.</p> <p>After completing her Post-Graduation in English Literature, she joined the RBI as a Direct Recruit Officer. She is also a Certified Associate of the Indian Institute of Bankers (CAIIB) and has had Executive Education at Columbia Business School, New York (2009 alumni).</p> <p>She was also part of the following committees:</p> <ol style="list-style-type: none"> <li>1. Co-Chair of the Standard Setting Body for Financial Regulation- G-20 Group.</li> <li>2. Member (alternate to DG) of the Financial Stability Board (FSB) - Regulation and Supervision Group.</li> </ol> <p>She had also held the Board positions of the following reputed entities as Nominee of RBI while in service:</p> <ol style="list-style-type: none"> <li>1. Canara Bank</li> <li>2. Corporation Bank</li> <li>3. UCO Bank</li> <li>4. Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL)</li> <li>5. Security Printing and Minting Corporation of India (SPMCIL)</li> <li>6. ECGC Limited</li> </ol> <p>The statement may also be regarded as a disclosure under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p>
Terms and conditions of appointment	Proposed to be appointed as an Independent Director for a period of five years, not liable to retire by rotation.
Remuneration details	No remuneration other than sitting fees for attending Board/ Committee meetings. During the year 2020-21, sitting fees aggregating to ₹7,10,000/- for attending meetings of the Board/Committees were paid.
Date of first appointment on the Board	01.11.2020 as an Additional Director.
Shareholding	1000 Equity Shares of ₹10 each.
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Not related to any other Directors, Manager and other Key Managerial Personnel of the Company.
Number of meetings of the Board attended during the year	All 7 meetings since her appointment.
Other Directorships, Membership/ Chairmanship of Committees of other Boards	IDBI Capital Markets & Securities Limited.

Having regard to the above and also considering her core competence in financial sector supervision and Banking & finance possessed by Mrs. Uma Shankar which is expected to provide substantial value addition and guidance to the Bank, and on the recommendation of the Nomination & Remuneration Committee, the Board of Directors recommends the proposal for appointment of Mrs. Uma Shankar as an Independent Director not liable to retire by rotation for a period upto October 31, 2025 i.e., up to a term of five consecutive years, for the approval of the shareholders as set out in Sl. No. 7 of the Notice.

Except Mrs. Uma Shankar, no other Director or Key Managerial Personnel of the Bank or their respective relatives are in any way concerned or interested, financially or otherwise, in this resolution.

#### **Item No.8:**

##### **Appointment of Dr. D S Ravindran as an Independent Director of the Bank:**

Pursuant to Section 161(1) of the Companies Act, 2013, the Board of Directors of the Bank, based on the recommendation of the Nomination and Remuneration Committee, appointed Dr. D S Ravindran (DIN: 09057128), a Retd. IFS (Indian Forest Service 1986 Batch), as an Additional Director (Non-Executive, Independent) w.e.f. April 01, 2021.

The Bank has received from him all statutory disclosures/declarations including, (i) consent in writing to act as director in Form DIR-2, pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 ("the Appointment Rules"), (ii) intimation in Form DIR-8 in terms of the Appointment Rules to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act. The Bank has also received a notice under Section 160 of the Companies Act, 2013 from a member, intending to nominate Dr. D S Ravindran, to the office of independent director. A copy of the notice is available on our website viz., <https://karnatakabank.com/>.

Pursuant to Section 149 read with Schedule IV of the Companies Act, 2013, the Board of Directors having taken into consideration the declaration received from Dr. D S Ravindran, is of the view that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and is independent of the management. The Board is of the opinion that he fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and the proposed appointment is in compliance with the provisions of Section 10A(2) of the Banking Regulation Act, 1949.

The Nomination and Remuneration Committee and also the Board of Directors at their respective meetings held on February 15, 2021 and March 23, 2021, while carrying out due diligence of his candidature opined that it is in compliance with the said norms and he is eligible to be appointed as an Independent Director of the Bank and accordingly, the Board of Directors, in terms of Section 160 of the Companies Act, 2013, resolved to recommend his appointment as an Independent Director. Since Dr. D S Ravindran has been on the Board since April 01, 2021, the annual performance evaluation is not applicable.

In terms of Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of a company but shall be eligible for re-appointment on passing of a special resolution by the company for a further period upto five years. Further in terms of Section 10A(2A) of the Banking Regulation Act, 1949 read with RBI extant guidelines, no Non-Executive Director of a banking company, other than Chairman, shall hold office continuously for a period exceeding eight years or beyond age 75. In view of the above provisions, the proposal for appointment of Dr. D S Ravindran as an Independent Director not liable to retire by rotation for a period upto March 31, 2026 i.e., up to a term of five consecutive years, has been submitted before the shareholders for approval.

## Brief profile and Additional information about Dr. D S Ravindran as per Secretarial Standard-2:

Name of the Director	Dr. D S Ravindran
Age	61 years
Qualification	PhD. in Forest Economics, Post Graduate in Agriculture and has pursued Post Graduate Programme in Public Policy & Management (IIMB).
Experience	<p>Dr. D S Ravindran (PhD) is a Retd. IFS (Indian Forest Service 1986 Batch) and the former Principal Secretary to the Government Khajane-2, Finance Department, Government of Karnataka with over 34 years of experience in the areas of administration, civil service, research, financial planning, Information Technology, Public Policy Planning &amp; Implementation Process, Renewable Energy etc.</p> <p>He is a Post Graduate in Agriculture and has pursued Post Graduate Programme in Public Policy &amp; Management (IIMB). He holds PhD in Forest Economics (from University of Wales) and in most of these qualifications earned by him, he stood the first rank.</p> <p>During 34 years of illustrious career, he held various key posts in the Government such as:</p> <ul style="list-style-type: none"><li>• Principal Secretary to the Government, Khajane-2, Finance Department, Government of Karnataka;</li><li>• Chief Executive Officer, Centre for e-Governance, Government of Karnataka, Bangalore;</li><li>• Associate Professor, Indian Institute of Forest Management, Bhopal,</li><li>• Project Officer (Forestry), Biomass Energy for Rural India Project, UNDP-GEF Project, Bangalore,</li><li>• Conservator of Forests, Kodagu Circle (Karnataka State).</li></ul> <p>During his tenure as a Chief Executive Officer, Centre for e-Governance, Bangalore he was responsible for conceptualization and implementation of key e-Governance Programmes of Govt. of Karnataka. He was instrumental in the implementation of Data Centre, Networks, AADHAAR, Bangalore One and Karnataka One Citizen Delivery Centres, e-Procurement and HRMS Enterprise Applications thus transforming the way the Government interacts with the citizens. More than 20 projects were implemented during his tenure, to e-enable the Government of Karnataka to take up smooth G2G, G2B, G2C applications.</p> <p>He implemented and handled AADHAAR in the Karnataka State as the Registrar leading to 3.4 crore enrolments which is more than 50% of the Karnataka State Populace. He developed the concept of "The Karnataka Resident Data Hub", a platform to link various services of the Government to AADHAAR to facilitate better delivery of services. This model was adopted by the UIDAI for national level scaling. Also, he implemented an innovative Document Management System (DMS) for AADHAAR enrolments. The Karnataka State emerged as number one in the "e-Governance Readiness Index" amongst all the States of India.</p> <p>During his position held as Principal Secretary to Government of Karnataka, Khajane-2, Finance Department he was responsible for the implementation of a transformative electronic platform for carrying out all the financial transactions of the Government. Large-scale Government Process Engineering was taken up in this project and more than 75000 users were brought on this platform creating a unified Integrated Financial Management System for the Government of Karnataka besides modernizing the State Treasuries System. He also coordinated with different stakeholders such as E-Kuber, 20 Banks, NSDL, Postal Systems, NPCI, Aggregators etc. that lead to more than 330 integrations to enable implementation of real-time and electronic payment and remittance systems and also taking care of proper reconciliation system.</p>

Currently, he is the Consulting Advisor to Treasuries on Khajane-2 since May 2020 advising the Government of Karnataka, Treasuries Department on the Technical and Operational Management of the Integrated Financial Management System, providing both technical and policy inputs for management of the Financial Transactions of entire Government of Karnataka.

He has bagged several awards for his excellence in performance and initiatives. Some of them being:

- National Award for best e-Governance Project for e-Procurement Project, Karnataka, from Government of India (2012),
- National Web Ratna Award (Silver) for the Best Portal for citizen services delivery for Bangalore One, from Government of India (2011),
- "Future E-Gov" Award at International Conference at Kuala Lumpur for the e-Procurement Project (2011),
- Most Innovative Document Management System, from Unique Identification Authority of India(2011),
- CSI-Nihilent award for the HRMS Project of Government of Karnataka (2010),
- Received Commonwealth Scholarship of UK, a competitive scholarship for Doctoral Studies,
- Recipient Gold Medal for being Topper for the PGPPM, IIM, Bangalore (2007),
- Recipient of 6 Medals, including the Curie Medal for the Topper for securing the I Rank in M.Sc.(Forestry) at IGNFA
- Recipient of Four Medals for overall best performance for IFS Officers at Lal Bahadur Shastri National Academy of Administration, Mussorie.

Terms and conditions of appointment	Proposed to be appointed as an Independent Director, for a period of five years not liable to retire by rotation.
Remuneration details	It is proposed to pay him the applicable Sitting Fee for attending the Board/Committee meetings.
Date of first appointment on the Board	01.04.2021 as an Additional (Non-executive, Independent) Director.
Shareholding	400 Equity Shares of ₹10 each.
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Not related to any other Directors, Manager and other Key Managerial Personnel of the Company.
Number of meetings of the Board attended during the year (2020-21)	Not Applicable.
Other Directorships, Membership/ Chairmanship of Committees of other Boards	Nil

Having regard to the above and also considering his vast knowledge and expertise in Agriculture & Rural Economy, Economics, Finance, IT, Business Management, Human Resource Management, Renewable Energy etc., which is expected to provide substantial value addition to the Bank, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, recommends the proposal for appointment of Dr. D. S Ravindran as an Independent Director not liable to retire by rotation for a period upto March 31, 2026 i.e., up to a term of five consecutive years, for the approval of the shareholders as set out in Sl. No. 8 of the Notice.

Except Dr. D. S Ravindran, no other Director or Key Managerial Personnel of the Bank or their respective relatives are in any way concerned or interested, financially or otherwise, in this resolution.

## Item No. 9:

### Appointment of Mr. Balakrishna Alse S as an Independent Director of the Bank:

Pursuant to Section 161(1) of the Companies Act, 2013, the Board of Directors of the Bank, based on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Balakrishna Alse S (DIN: 08438552), former Executive Director of Oriental Bank of Commerce, as an Additional Director (Non-Executive, Independent) w.e.f. May 26, 2021.

The Bank has received from him all statutory disclosures/declarations including, (i) consent in writing to act as director in Form DIR-2, pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 (“the Appointment Rules”), (ii) intimation in Form DIR-8 in terms of the Appointment Rules to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act. The Bank has also received a notice under Section 160 of the Companies Act, 2013 from a member, intending to nominate Mr. Balakrishna Alse S, to the office of independent director. A copy of the notice is available on our website viz., <https://karnatakabank.com/>.

Pursuant to Section 149 read with Schedule IV of the Companies Act, 2013, the Board of Directors having taken into consideration the declaration received from Mr. Balakrishna Alse S, is of the view that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and is independent of the management. The Board is of the opinion that he fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and the proposed appointment is in compliance with the provisions of Section 10A(2) of the Banking Regulation Act, 1949.

The Nomination and Remuneration Committee and the Board of Directors at their respective meetings held on May 18, 2021 and May 26, 2021 while carrying out due diligence of his candidature opined that it is in compliance with the said norms and he is eligible to be appointed as an Independent Director of the Bank and accordingly the Board of Directors in terms of Section 160 of the Companies Act, 2013 resolved to recommend his appointment as an Independent Director. Since Mr. Balakrishna Alse S has been on the Board since May 26, 2021, the annual performance evaluation is not applicable.

In terms of Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of a company but shall be eligible for re-appointment on passing of a special resolution by the company for a further period upto five years. Further in terms of Section 10A(2A) of the Banking Regulation Act, 1949 read with RBI extant guidelines, no Non-Executive Director of a banking company, other than Chairman, shall hold office continuously for a period exceeding eight years or beyond age 75. In view of the above provisions, the proposal for appointment of Mr. Balakrishna Alse S as an Independent Director not liable to retire by rotation for a period upto May 25, 2026 i.e., up to a term of five consecutive years, has been submitted before the shareholders for approval.

### Brief profile and Additional information about Mr. Balakrishna Alse S as per Secretarial Standard-2:

Name of the Director	Mr. Balakrishna Alse S
Age	61 years
Qualification	BSC Agri. and CAIIB
Experience	Mr. Balakrishna Alse S joined Corporation Bank as Agricultural Field Officer on 28.05.1983. He has varied experience at field and also at controlling offices of the Bank spread over 35 years. He has undergone trainings at reputed institutions in India like CAFRAL, NIBM, ISB, SBISTC, etc. and abroad at Frankfurt Business School and University at Buffalo, USA.  During his 35 years tenure in Corporation Bank, he has worked at various divisions of Corporate Office such as Rural Development, Agricultural Policy and Lending, Credit Policy and Planning, Credit Risk Management, HR including Industrial Relations, Credit Sanctions, CDR, Integrated Risk Management (as Chief Risk Officer), Information/Cyber Security (as Chief Information Security Officer) and Fraud Risk Management Divisions. During initial part of his career he has the experience of working at rural, semi urban and metro branches. He had worked exclusively in the area of Coffee Advances and Rural lending for more than 10 years. He also headed the Industrial Finance Branch, Pune and the Mumbai zone of the Bank.

	<p>He also had concurrent charge of Chief Vigilance Officer for over 7 months.</p> <p>As General Manager, Mr. Also was a member of various committees of the Bank like Audit Committee of Executives, ALCO, CRMC, ORMC, Investment Committee and other Policy making and Risk Management Committees. He was also a member / permanent invitee to Credit Approval Committee of the Board and Head Office Level Credit Committee. He was also a member of the Credit Approval Grid for proposals being placed to various higher level committees.</p> <p>He was also the President of Corporation Bank Employees Sports &amp; Recreation Club and Sirigandha (Kannada Balaga at Bank).</p> <p>Mr. Also was appointed as Executive Director of Oriental Bank of Commerce on 26.12.2018 which position he held up to 31.03.2020 and during his tenure as Executive Director, he was overall in charge of Corporate Credit, Stressed Assets Management, Recovery, Accounts including Audit &amp; Balance Sheet, Risk Management, Digital Banking, Cyber security, etc. He was an active member of the Team implementing EASE 2 reforms in which OBC stood first amongst mid-sized PSBs. Thereafter, he was designated as an Officer on Special Duty at Punjab National Bank post amalgamation of OBC with PNB w.e.f. 01.04.2020 till his superannuation on 30.04.2020. Thus, he is a versatile Banker having practical experience in almost all facets of Banking.</p> <p>Post superannuation, Mr. Also has been selected as a member of the Settlement Advisory Committee of Canara Bank headed by a retired High Court Judge along with another retired Executive Director.</p>
Terms and conditions of appointment	Proposed to be appointed as Independent Director for a period of five years not liable to retire by rotation.
Remuneration details	It is proposed to pay him the applicable Sitting Fee for attending the Board/ Committee meetings.
Date of first appointment on the Board	26.05.2021 as an Additional Director (Non-Executive, Independent).
Shareholding	500 Equity Shares of ₹10 each.
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Not related to any other Directors, Manager and other Key Managerial Personnel of the Company.
Number of meetings of the Board attended during the year	Not Applicable.
Other Directorships, Membership/ Chairmanship of Committees of other Boards	Nil

Having regard to the above and also considering vast knowledge and expertise in all facets of Banking core competence in financial sector supervision and Banking & finance possessed by Mr. Balakrishna Also S which is expected to provide substantial value addition to the Bank, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, recommends the proposal for appointment of Mr. Balakrishna Also S as an Independent Director not liable to retire by rotation for a period upto May 25, 2026 i.e., up to a term of five consecutive years, for the approval of the shareholders as set out in Sl. No. 9 of the Notice.

Except Mr. Balakrishna Also S, no other Director or Key Managerial Personnel of the Bank or their respective relatives are in any way concerned or interested, financially or otherwise, in this resolution.

#### **Item No. 10:**

#### **Raising of funds by issue of equity shares through Qualified Institutions Placement (QIP):**

The Board, at various intervals, has felt the need for on-boarding Institutional Investors. In this direction, the Bank has started strategizing initiatives. Besides, maintaining sufficient capital adequacy ratio improves the Bank's risk appetite given the COVID19 pandemic led economic uncertainties. In view of these, the Board of Directors thought fit to seek approval of the shareholders for augmenting capital through Qualified Institutions Placement in terms of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.



The resolution once approved by the shareholders will be valid for a period of 365 days and the Board can take an informed decision at an appropriate time as and when the need arises. By obtaining enabling resolution, the Bank will be able to save time and efforts towards obtaining shareholders' approval via postal ballot (remote e-voting).

Since, the Resolution proposed in the Notice may result in the issue of Equity Shares of the Bank to persons other than existing Members of the Bank, consent of the Members by way of special resolution is being sought pursuant to the provisions of Section 62(1)(c) and other applicable provisions of the Companies Act, 2013 as well as applicable rules notified by the Ministry of Corporate Affairs and in terms of the provisions of the SEBI LODR Regulations. The said resolution, if passed, shall have the effect of allowing the Board on behalf of the Bank to create, offer, issue and allot the securities otherwise than on pro-rata basis to QIBs.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of Section 62 and all other applicable provisions of the Companies Act, 2013, SEBI ICDR Regulations and in terms of the provisions of the SEBI LODR for authorizing the Board to issue, offer and allot equity shares as stated in the resolution through QIP in such manner and upon such terms and conditions as the Board may in its absolute discretion deems fit.

Hence, the Board of Directors of the Bank recommend passing of this resolution as mentioned under Item No.10 of this Notice for approval as a Special Resolution. The detailed terms and conditions for the issue(s)/offering(s) will be determined by the Board or the Committee thereof in its sole discretion in consultation with the advisors, Book Running Lead Managers (BRLMs), and such other authority or authorities as may be necessary considering the prevailing market conditions and in accordance with the applicable provisions of law and other relevant factors.

None of the Directors, Key Management Personnel and their relatives are interested in this item of business except to the extent of subscription by a financial institution / company / body corporate in which the KMPs, Director or his / her relative may be directly or indirectly interested.

#### **Item No. 11:**

##### **Borrowing Powers:**

In the normal course of business, Bank borrows money to meet its business requirements through various avenues and also raises money to meet its capital requirements, by way of issuance of various debt securities (bond/debentures) as permitted by Reserve Bank of India ("RBI") and in accordance with the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended, and other applicable laws, from time to time.

As per Section 180(1)(c) of Companies Act, 2013 read with Article 22 of the Articles of Association of the Bank, the Board of Directors of a company shall exercise the powers to borrow only with the consent of the company by a special resolution, where the money to be borrowed, together with the money already borrowed by the company exceeds aggregate of its paid-up share capital, free reserves and securities premium, apart from temporary loans obtained in the ordinary course of business.

Accordingly, it is proposed to obtain the consent of the Members of the Bank for borrowing/ raising funds in Indian/foreign currency up to ₹6000 crore (Rupees Six thousand Crore only), in the form of debt instruments/debentures etc., in one or more tranches in domestic and/or overseas market, as per the structure and within the limits permitted by RBI and other regulatory authorities, subject to the relevant provisions of Companies Act, 2013 and the applicable circulars or guidelines issued by RBI, on such terms and conditions as the Board of Directors or any Committee(s) thereof or such other persons as may be authorized by the Board, from time to time, determine and consider proper and appropriate for the Bank. This amount would be over and above the aggregate of the paid-up capital of the Bank, its free reserves and the securities premium at any time, apart from (i) acceptance of the deposits of money from public repayable on demand or otherwise and withdrawable by cheque, draft or otherwise and/or (ii) temporary loans obtained in the ordinary course of business of the Bank and would form part of the overall borrowing limits under Section 180(1)(c) of the Companies Act, 2013. As such, this is an enabling resolution for the Bank which will help in timely borrowing to meet its funding requirements.

Accordingly, the consent of Members is being sought by way of special resolution as set out at in Item No. 11 of this Notice.

**By order of the Board of Directors**

Registered Office:  
Mahaveera Circle  
Kankanady, Mangaluru-575002

**Prasanna Patil**  
**Company Secretary**

Date: July 27, 2021

## INSTRUCTIONS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM:

1. In compliance with the provisions of Section 108 of Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with remote e-voting facility on all the resolutions set forth in this Notice. For this purpose, Bank has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting agency.
2. The Board of Directors has appointed Mr. M V Shanker Bhat, Advocate, Mangaluru, as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
3. The facility of casting votes by a member using "remote e-voting" as well as "e-voting on the date of AGM" will be provided by CDSL.
4. As per SEBI Circular No. SEBI/HO/CFD/ CMD/CIR/P/2020/242 dated 09.12.2020, **for the Individual shareholders holding securities in demat mode**, e-voting will be enabled to all the demat account holders, by way of a single login credential, through their demat accounts/websites of Depositories/ Depository Participants. Accordingly, Demat account holders would be able to cast their vote without having to register again with the e-Voting Service Providers.
5. Such individual shareholders are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

The instructions for **REMOTE E-VOTING** are given below:

- a. A person whose name is recorded in the register of members in case of shares held in physical form or in the register of beneficial owners maintained by the depositories in case of shares held in dematerialized (demat) form as on **Cut-off date (i.e. August 20, 2021)** only shall be entitled to vote by electronic means or in the AGM. The remote e-voting schedule is as under:

Date and time of commencement of remote voting through electronic means:	<b>August 27, 2021 at 9.00 a.m. (IST).</b>
Date and time of end of voting through electronic means (beyond which voting will not be allowed):	<b>September 1, 2021 at 5.00 p.m. (IST).</b>
Details of website:	<a href="http://www.evotingindia.com">www.evotingindia.com</a>
Details of persons to be contacted for issues relating to remote e-voting:	Mr. Vijayagopal / Mr. Giridhar, Integrated Registry Management Services Pvt. Ltd. Tel No. 080-23460815-18, email: <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or <a href="mailto:irg@integratedindia.in">irg@integratedindia.in</a>
Cut-off date to determine the eligibility to cast vote	August 20, 2021

- b. The remote e-voting is open for all members whether holding shares in physical form or dematerialized form. The remote e-voting shall be disabled at 5.00 PM on September 1, 2021 and remote e-voting shall not be allowed beyond this date and time.
- c. **Further, the facility for voting through electronic voting system will also be made available at the AGM from CDSL and the members attending the AGM who have not cast their vote(s) by remote e-voting will be able to vote at the e-AGM.**
- d. A member may participate in the e-AGM even after exercising his/her right to vote through remote e-voting but shall not vote again at the e-AGM.
- e. Please write to [irg@integratedindia.in](mailto:irg@integratedindia.in) in case of any login related issues. However, if you are already registered with CDSL for remote e-voting, then you can use your existing user ID and password for casting your vote and also for attending the AGM electronically.
- f. The results of voting on the above resolutions shall be declared not later than 48 hours from the conclusion of the Annual General Meeting of the Bank. The results declared along with the Scrutinizer's Report will be made available on the Bank's website and on the website of Central Depository Services (India) Limited (CDSL) and the same shall simultaneously be communicated to the stock exchanges.

## Procedure to be followed to vote through remote e-voting

### For Individual shareholders holding securities in Demat mode:

Pursuant to aforesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Login Method	Procedure
Holding securities with CDSL	<ol style="list-style-type: none"><li>1) <b>Users who have opted for CDSL Easi/Easiest facility</b>, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest are: <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li><li>2) After successful login the Easi/Easiest user will be able to see the <b>e-Voting option</b> for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting Service Provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e., CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li><li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li><li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from the e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.</li></ol>
Holding securities with NSDL	<ol style="list-style-type: none"><li>1) <b>If you are already registered for NSDL IDeAS facility</b>, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the <b>"Beneficial Owner"</b> icon under <b>"Login"</b> which is available under <b>'IDeAS'</b> section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on <b>"Access to e-Voting"</b> under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period <b>or joining virtual meeting</b> &amp; voting during the meeting.</li><li>2) <b>If the user is not registered for IDeAS e-Services</b>, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select <b>"Register Online for IDeAS "</b> Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li><li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon <b>"Login"</b> which is available under <b>'Shareholder/Member'</b> section. A new screen will open. You will have to enter your <b>User ID</b> (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period <b>or joining virtual meeting</b> &amp; voting during the meeting.</li></ol>
Login through Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period <b>or joining virtual meeting</b> & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at the above mentioned website.

### Helpdesk for any technical issues related to login through Depository i.e., CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542-43.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

### For shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode:

- 1) The shareholders should log on to the e-voting website **www.evotingindia.com**.
- 2) Click on **"Shareholders"** module.
- 3) If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier e-voting of any company, then your existing password is to be used.
- 4) Now enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 5) Next enter the Image Verification as displayed and Click on Login.
- 6) If you are a first-time user follow the steps given below:
 

PAN	<ul style="list-style-type: none"> <li>• Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both shareholders holding shares in demat as well as physical form)</li> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<ul style="list-style-type: none"> <li>• Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</li> <li>• If both the details are not recorded with the depository or company, please enter the member id/folio number in the Dividend Bank details.</li> </ul>
- 7) After entering these details appropriately, click on **"SUBMIT"** tab.
- 8) Shareholders holding shares in physical form will then directly reach the Company selection screen.
- 9) However, shareholders holding shares in demat form will now reach **'Password Creation'** menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- 10) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- 11) Click on the EVSN for the relevant <Company Name> i.e., Karnataka Bank Ltd on which you choose to vote.
- 12) On the voting page, you will see **"RESOLUTION DESCRIPTION"** and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- 13) Click on the **"RESOLUTIONS FILE LINK"** if you wish to view the entire Resolution details.
- 14) After selecting the resolution, you have decided to vote on, click on **"SUBMIT"**. A confirmation box will be displayed. If you wish to confirm your vote, click on **"OK"**, else to change your vote, click on **"CANCEL"** and accordingly modify your vote.
- 15) Once you **"CONFIRM"** your vote on the resolution, you will not be allowed to modify your vote.
- 16) You can also take a print of the votes cast by clicking on **"Click here to print"** option on the Voting page.
- 17) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

**Instructions for Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians:**

- 1) Log on to [www.evotingindia.com](http://www.evotingindia.com) and register in the **"Corporates"** module.
- 2) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk. [evoting@cDSLindia.com](mailto:evoting@cDSLindia.com).
- 3) After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- 4) The list of accounts linked in the login should be mailed to [helpdesk.evoting@cDSLindia.com](mailto:helpdesk.evoting@cDSLindia.com) and on approval of the accounts they would be able to cast their vote.
- 5) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- 6) Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address [kbL\\_scrutinizer@kttkbank.com](mailto:kbL_scrutinizer@kttkbank.com) if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**The instructions for E-VOTING ON THE DATE OF AGM and for attending the AGM through VC/OAVM are as under:**

- 1) Only those Members/shareholders, present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available in the AGM.
- 2) If any Votes are cast by the members through the e-voting during the AGM and if the same members have not participated in the meeting through VC/OAVM facility, then the votes cast by such members shall be considered INVALID as the facility of e-voting during the meeting is available only to the members participating in the meeting.
- 3) Members who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- 4) The procedure to be followed for e-Voting on the day of the AGM and attending the AGM is same as the instructions mentioned above for Remote e-voting.
- 5) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
- 6) The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on 'first come first served' basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- 7) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
- 8) The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.

- 9) Members are encouraged to join the Meeting through Laptops and high-speed internet connectivity for better experience.
- 10) Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- 11) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- 12) **Registration as “Speakers”**
  - a. Kindly note that the shareholders who have registered themselves as a ‘**speaker**’ **will only be allowed to express their views/ask questions during the meeting.**
  - b. The shareholders who would like to express their views/ask questions during the meeting need to register themselves as a speaker and are required to send their request two days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at investor.grievance@ktkbank.com.
- 13) The Chairman of the Meeting will reserve the rights to limit the number of questions and time limit for each question during the course of AGM.
- 14) The Chairman reserves the right to limit the number of Members asking questions depending on either the availability of time or live streaming related concerns or any other unforeseen situations if any at the time of AGM.
- 15) At the time of logging-in to the system to attend the AGM or during the course of AGM, if a Member loses the connection, the same shall not be a ground to complaint.

**Process for those Shareholders Whose Email/Mobile No. are Not Registered with the Company/Depositories.**

- 16) For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id.**
- 17) For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
- 18) For Individual Demat shareholders — Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

All grievances connected with the facility for voting by electronic means or regarding attending the AGM may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cDSLindia.com or call on 022-23058542/43.

# ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ 97ನೇ ವಾರ್ಷಿಕ ವರದಿ

ಆತ್ಮೀಯ ಷೇರುದಾರರೇ,

ಬ್ಯಾಂಕಿನ 97ನೇ ವಾರ್ಷಿಕ ವರದಿ, ಮಾರ್ಚ್ 31, 2021ಕ್ಕೆ ಅಂತ್ಯಗೊಂಡ ಆರ್ಥಿಕ ವರ್ಷದ ಪರಿಶೋಧಿಸಲ್ಪಟ್ಟ ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ ಮತ್ತು ಲಾಭ ನಷ್ಟ ತಪ್ಪಿಯನ್ನು ಲೆಕ್ಕಪರಿಶೋಧಕರ ವರದಿಯೊಂದಿಗೆ ನಿಮ್ಮ ಮುಂದಿಡಲು ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಹರ್ಷಿಸುತ್ತಾರೆ.

## ಸಾಧನೆಯ ಹೆಗ್ಗುರುತುಗಳು

(₹ ಕೋಟಿಗಳಲ್ಲಿ)

ವಿವರಗಳು	31.03.2021ಕ್ಕೆ / ವರ್ಷಾಂತದಂತೆ	31.03.2020ಕ್ಕೆ / ವರ್ಷಾಂತದಂತೆ
ವ್ಯಾಪಾರ ವಹಿವಾಟು	127348.56	128749.42
ಠೇವಣಿಗಳು	75654.86	71785.15
ಮುಂಗಡಗಳು	51693.70	56964.27
ಹೂಡಿಕೆಗಳು	21635.18	17545.34
ಒಟ್ಟು ಆದಾಯ	7727.48	7736.40
ನಿವ್ವಳ ಬಡ್ಡಿ ಆದಾಯ (NII)	2183.18	2030.36
ನಿರ್ವಹಣಾ ಲಾಭ	1999.14	1656.77
ನಿವ್ವಳ ಲಾಭ	<b>482.57</b>	<b>431.78</b>

## ವ್ಯವಹಾರದ ಅವಲೋಕನ

ಬಾಹ್ಯ ವ್ಯಾಪಾರ ವಾತಾವರಣದ ಮೇಲೆ ಕೋವಿಡ್-19ನ ಪ್ರತಿಕೂಲ ಪರಿಣಾಮದ ಹೊರತಾಗಿಯೂ ಕೂಡ, ವರದಿ ವರ್ಷದಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕ್, “ಸಂರಕ್ಷಣೆ, ಕ್ರೋಢೀಕರಣ ಮತ್ತು ಸಶಕ್ತವಾಗಿ ಹೊರಹೊಮ್ಮು” ವ್ಯಾಪಾರ ಮಂತ್ರದೊಂದಿಗೆ, ತನ್ನ ವ್ಯವಹಾರವನ್ನು ಯಶಸ್ವಿಯಾಗಿ ಮುನ್ನಡೆಸಿದೆ. ಈ ಕಾರ್ಯತಂತ್ರದ ಒಂದು ಭಾಗವಾಗಿ, ಮುಂಗಡಗಳ (ಕ್ರೆಡಿಟ್ ಮಿಕ್ಸ್) ಮರು ಹಂಚಿಕೆ ಸೇರಿದಂತೆ ಹಲವಾರು ಉಪಕ್ರಮಗಳನ್ನು ತೆಗೆದುಕೊಳ್ಳಲಾಯಿತು, ಇದರಲ್ಲಿ ಬ್ಯಾಂಕ್ ರಿಟೇಲ್ ಮತ್ತು ಮಧ್ಯಮ ಗಾತ್ರದ-ಕಾರ್ಪೊರೇಟ್ ಮುಂಗಡಗಳ ಪಾಲನ್ನು ಹೆಚ್ಚಿಸುವತ್ತ ಗಮನಹರಿಸಿತು ಮತ್ತು ದೊಡ್ಡ ಕಾರ್ಪೊರೇಟ್‌ಗಳಿಗೆ ನೀಡುವ ಮುಂಗಡಗಳನ್ನು ಕಡಿಮೆಗೊಳಿಸಿತು. ಮುಂಗಡದಲ್ಲಿನ ನಿಧಾನಗತಿಯಿಂದಾಗಿ ಮತ್ತು ಕ್ರೆಡಿಟ್ ಮಿಶ್ರಣದ ಮರುಜೋಡಣೆಯಿಂದಾಗಿ ಹಾಗೂ ದೊಡ್ಡ ಕಾರ್ಪೊರೇಟ್‌ಗಳಿಗೆ ನೀಡುವ ಮುಂಗಡಗಳ ಪಾಲನ್ನು ಕಡಿಮೆಗೊಳಿಸಿದ ಕಾರಣ (ಪ್ರಜ್ಞಾಪೂರ್ವಕ ಬೆಳವಣಿಗೆ) ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ವ್ಯಾಪಾರ ವಹಿವಾಟಿನಲ್ಲಿ (ಅಂದರೆ, ಠೇವಣಿಗಳು ಮತ್ತು ಮುಂಗಡಗಳು) ಶೇ. 1.09 ರಷ್ಟರ ಅಲ್ಪ ಇಳಿಕೆ ಕಂಡು ಬಂದಿದೆ. ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಆಸ್ತಿ ಶೇ. 2.72 ರಷ್ಟು ಹೆಚ್ಚಾಗಿದೆ. ಅಂದರೆ, ಕಳೆದ ವರ್ಷಾಂತದ ₹ 83,313.49 ಕೋಟಿಯಿಂದ, 31 ಮಾರ್ಚ್, 2021 ಕ್ಕೆ ₹ 85,581.34 ಕೋಟಿಗೆ ಏರಿಕೆಯಾಗಿದೆ.

## ಠೇವಣಿಗಳು ಮತ್ತು CASA (ಚಾಲ್ತಿ ಖಾತೆ, ಉಳಿತಾಯ ಖಾತೆ)

ವರದಿ ವರ್ಷದಲ್ಲಿ CASA ಠೇವಣಿಗಳು ಶೇ. 14.08 ರಷ್ಟು ಮತ್ತು ಒಟ್ಟಾರೆ ಠೇವಣಿಗಳು ಶೇ. 5.39 ಏರಿಕೆಯಾಗಿವೆ ಮತ್ತು ಬ್ಯಾಂಕಿನ ಕಡಿಮೆ ವೆಚ್ಚದ ಠೇವಣಿಗಳ ಪಾಲು ಅಂದರೆ, ಚಾಲ್ತಿ ಖಾತೆ ಮತ್ತು ಉಳಿತಾಯ ಖಾತೆ (CASA), ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಠೇವಣಿಗಳ ಸಾರ್ವಕಾಲಿಕ ಗರಿಷ್ಠ ಮಟ್ಟವಾದ ಶೇ. 31.49 ಕ್ಕೆ ತಲುಪಿದೆ (ಇದು 31 ಮಾರ್ಚ್ 2020ರಲ್ಲಿ ಶೇ. 28.91 ಆಗಿತ್ತು)

## ಸಾಲಗಳು ಮತ್ತು ಮುಂಗಡಗಳು

ರಿಟೇಲ್ ಮತ್ತು ಮಧ್ಯಮ ಗಾತ್ರದ-ಕಾರ್ಪೊರೇಟ್‌ಗಳಿಗೆ ನೀಡಿದ ಮುಂಗಡಗಳಲ್ಲಿ, ಕ್ರಮವಾಗಿ ಶೇ. 5.91 ಮತ್ತು ಶೇ. 6.91 (y-o-y) ರಷ್ಟು ಬೆಳವಣಿಗೆ ದಾಖಲಾಗಿರುತ್ತದೆ. ಮಾರುಕಟ್ಟೆಯಲ್ಲಿನ ಮಂದಗತಿಯ ಕಾರಣದಿಂದಾಗಿ ಮತ್ತು ಈ ಮೊದಲು ಹೇಳಿದಂತೆ ಕ್ರೆಡಿಟ್ ಮಿಶ್ರಣದ ಮರುಜೋಡಣೆಯಿಂದಾಗಿ ಮುಂಗಡಗಳ ಬೆಳವಣಿಗೆ ವರದಿ ವರ್ಷದಲ್ಲಿ ಶೇ. 9.25ರಷ್ಟು ಕುಂಠಿತಗೊಂಡಿದೆ. ರಿಟೇಲ್/ಮಧ್ಯಮ ಗಾತ್ರದ-ಕಾರ್ಪೊರೇಟ್ ಮುಂಗಡಗಳ ಪಾಲು ಮಾರ್ಚ್ 31, 2020 ರಂದು ಶೇ. 74.20 ಇದ್ದದ್ದು ಮಾರ್ಚ್ 31, 2021 ರ ವೇಳೆಗೆ ಶೇ. 86.77 ಕ್ಕೆ ಏರಿಕೆಯಾಗಿದೆ. ಮುಂಗಡ-ಠೇವಣಿ (CD Ratio) ಅನುಪಾತವು 68.33 ಪ್ರತಿಶತದಷ್ಟಿದೆ.

ಮಾರ್ಚ್ 31, 2020 ರ ವೇಳೆಗೆ ₹ 25,094 ಕೋಟಿಯಷ್ಟಿದ್ದ ಆದ್ಯತಾ ವಲಯದ ಮುಂಗಡಗಳು ಮಾರ್ಚ್ 31, 2021 ರ ವೇಳೆಗೆ ₹ 28,617 ಕೋಟಿಗೆ ಏರಿಕೆಯಾಗಿದೆ ಮತ್ತು ಇದು ಅನ್ವಯವಾಗುವ ಹೊಂದಾಣಿಕೆಯಾದ ನೆಟ್ ಬ್ಯಾಂಕ್ ಕ್ರೆಡಿಟ್ (ANBC) ನಲ್ಲಿ ಶೇ. 46.58 ಪಾಲು ಹೊಂದಿದೆ, ಅದರಂತೆ ಕೃಷಿ ಮುಂಗಡಗಳು ₹ 8,568.24 ಕೋಟಿಯಿಂದ ₹ 9,071.32 ಕೋಟಿಗೆ ಹೆಚ್ಚಾಗಿದೆ. ಇದು, ಗ್ರಾಮೀಣ ಮೂಲಸೌಕರ್ಯ ಅಭಿವೃದ್ಧಿ ನಿಧಿಯ (RIDF) ಅಡಿಯಲ್ಲಿ ಬರುವ ಅರ್ಹ ಠೇವಣಿಗಳು ಒಳಗೊಂಡಂತೆ ANBCಯ ಶೇ. 14.76 ರಷ್ಟಿದೆ.

## ಮುಂಗಡಗಳ ಗುಣಮಟ್ಟ ಮತ್ತು ಮೀಸಲು ಅಭಿರಕ್ಷೆ ಅನುಪಾತ (PCR)

ನಿಮ್ಮ ಬ್ಯಾಂಕ್, ಮುಂಗಡಗಳ ಮೇಲ್ವಿಚಾರಣೆ ಮತ್ತು ಅವುಗಳ ಗುಣಮಟ್ಟವನ್ನು ಸುಧಾರಿಸುವತ್ತ ತೀವ್ರ ಗಮನ ಹರಿಸುತ್ತಿದೆ. ಆರ್ಥಿಕತೆಯಲ್ಲಿ COVID-19 ಸಾಂಕ್ರಾಮಿಕ ಸಂಬಂಧಿತ ಒತ್ತಡ ಇರುವ ಹೊರತಾಗಿಯೂ, ವರದಿ ವರ್ಷದಲ್ಲಿ, ಮುಂಗಡಗಳ ಗುಣಮಟ್ಟದಲ್ಲಿ ಸುಧಾರಣೆ ದಾಖಲಾಗಿದೆ. ಮಾರ್ಚ್ 31, 2020 ರ ವೇಳೆಗೆ ₹ 2799.93 ಕೋಟಿಯಷ್ಟಿದ್ದ ಅನುತ್ಪಾದಕ ಆಸ್ತಿಗಳು (GNPA) ಮಾರ್ಚ್ 31, 2021 ಕ್ಕೆ ₹ 2588.41 ಕೋಟಿಗೆ ಇಳಿದಿದೆ. ಅನುತ್ಪಾದಕ ಆಸ್ತಿಗಳು (GNPA) ಶೇ. 4.82 ರಿಂದ ಶೇ. 4.91ಕ್ಕೆ ಏರಿದ್ದು ಒಟ್ಟಾರೆ ಮುಂಗಡಗಳ ಕುಂಠಿತ ಬೆಳವಣಿಗೆಯು ಈ ಏರಿಕೆಗೆ ಸ್ವಲ್ಪ ಮಟ್ಟಿನ ಕಾರಣವಾಗಿದೆ.

ಅದೇ ರೀತಿ ನಿವ್ವಳ ಅನುತ್ಪಾದಕ ಆಸ್ತಿ (NNPA) ಪ್ರಮಾಣವೂ ಮಾರ್ಚ್ 31, 2020 ರಲ್ಲಿದ್ದ ₹ 1755.01 ಕೋಟಿ (3.18%) ₹ 1642.10 ಕೋಟಿಗೆ (3.08%) ಇಳಿಕೆಯಾಗಿದೆ. ಹಂಚಿಕಾ ಮೀಸಲು ಅನುಪಾತವು (PCR) ಮಾರ್ಚ್ 31, 2020 ರ ವೇಳೆಗೆ ಶೇ. 64.70 ಇದ್ದದ್ದು, ಮಾರ್ಚ್ 31, 2021 ರ ವೇಳೆಗೆ ಶೇ. 70.05 ಗೆ ಹೆಚ್ಚಿದೆ. ಹೀಗೆ ಮೂಲಭೂತ ಅಂಶಗಳನ್ನು ಮತ್ತಷ್ಟು ಬಲಪಡಿಸುವಲ್ಲಿ ಬ್ಯಾಂಕು ಯಶಸ್ವಿಯಾಗಿದೆ.

## ಹೂಡಿಕೆಗಳು

ಒಟ್ಟು ಹೂಡಿಕೆಗಳು ಶೇ. 23.31ರಷ್ಟು ಏರಿಕೆಯಾಗಿದೆ ಮತ್ತು ಹೂಡಿಕೆ ಠೇವಣಿ (ID) ಅನುಪಾತವು ಮಾರ್ಚ್ 31, 2020 ರ ವೇಳೆಗೆ ಶೇ 24.44 ಇದ್ದದ್ದು ಮಾರ್ಚ್ 31, 2021 ರ ವೇಳೆಗೆ ಶೇ. 28.60 ಆಗಿದೆ.

## ಒಟ್ಟು ಆದಾಯ, ನಿವ್ವಳ ಬಡ್ಡಿ ಆದಾಯ (NII), ನಿವ್ವಳ ಬಡ್ಡಿ ಮಾರ್ಜಿನ್ (NIM)

ಮಾರ್ಚ್ 31, 2021 ಕ್ಕೆ ಕೊನೆಗೊಂಡ ವರ್ಷದಲ್ಲಿ ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಆದಾಯವು ಕಳೆದ ವರ್ಷದ ಬಹುತೇಕ ಅದೇ ಮಟ್ಟದಲ್ಲಿದೆ. ಒಟ್ಟು ವೆಚ್ಚಗಳು (ಮೀಸಲುಗಳು ಮತ್ತು ಆಕಸ್ಮಿಕಗಳನ್ನು ಹೊರತುಪಡಿಸಿ) ಮಾರ್ಚ್ 31, 2020 ಕ್ಕೆ ₹ 6079.63 ಕೋಟಿ ಇದ್ದದ್ದು ಮಾರ್ಚ್ 31, 2021 ರ ವೇಳೆಗೆ ₹ 5728.34 ಕೋಟಿಗೆ ಇಳಿಕೆಯಾಗಿದೆ (ಶೇ. 5.78 ಇಳಿಕೆ ಕಂಡಿದೆ). ವರದಿ ವರ್ಷದಲ್ಲಿ, ಬ್ಯಾಂಕಿನ ನಿವ್ವಳ ಬಡ್ಡಿ ಆದಾಯ (NII) ಹಿಂದಿನ ವರ್ಷಕ್ಕಿಂತ ಶೇ. 7.53 ರಷ್ಟು ಹೆಚ್ಚಾಗಿದೆ. ನಿವ್ವಳ ಬಡ್ಡಿ ಮಾರ್ಜಿನ್ (NIM) ಕೂಡ ಕಳೆದ ವರ್ಷ ಶೇ. 2.84 ರಿಂದ ವರದಿ ವರ್ಷದಲ್ಲಿ ಶೇ. 2.91 ಕ್ಕೆ ಸುಧಾರಿಸಿದೆ.

## ನಿರ್ವಹಣಾ ಲಾಭ ಮತ್ತು ನಿವ್ವಳ ಆದಾಯ

ನಿರ್ವಹಣಾ ಲಾಭವು ಮಾರ್ಚ್ 31, 2020 ಕ್ಕೆ ₹ 1656.77 ಕೋಟಿ ಇದ್ದದ್ದು ಮಾರ್ಚ್ 31, 2021 ರ ವೇಳೆಗೆ ₹ 1999.14 ಕೋಟಿಗೆ ಏರಿಕೆಯಾಗಿ ಶೇ. 20.67 ರಷ್ಟು ಆರೋಗ್ಯಕರ ಬೆಳವಣಿಗೆಯನ್ನು ದಾಖಲಿಸಿದೆ. ನಿವ್ವಳ ಲಾಭವು ಮಾರ್ಚ್ 31, 2020 ಕ್ಕೆ ₹ 431.78 ಕೋಟಿ ಇದ್ದದ್ದು ಮಾರ್ಚ್ 31, 2021 ರ ವೇಳೆಗೆ ₹ 482.57 ಕೋಟಿಯಾಗಿ ಶೇ. 11.76 ಬೆಳವಣಿಗೆ ದಾಖಲಿಸಿ ಸಾರ್ವಕಾಲಿಕ ಗರಿಷ್ಠ ಮಟ್ಟವನ್ನು ತಲುಪಿದೆ.

## ವಿನಿಯೋಗಗಳು

ನಿವ್ವಳ ಲಾಭ ₹ 482.57 ಕೋಟಿಯೊಂದಿಗೆ ಹಿಂದಣ ವರ್ಷದ ಸೇರ್ಪಡೆ ₹ 101.69 ಕೋಟಿ ಒಳಗೊಂಡಂತೆ ಒಟ್ಟು ₹ 584.26 ಕೋಟಿಯನ್ನು ಕೆಳಗೆ ಕಾಣಿಸಿರುವಂತೆ ವಿನಿಯೋಗಿಸಲಾಗಿದೆ

ವಿನಿಯೋಗಗಳು	₹ ಕೋಟಿಗಳಲ್ಲಿ
ಶಾಸನಾತ್ಮಕ ಕಾದಿಟ್ಟ ನಿಧಿಗೆ ವರ್ಗಾವಣೆ	125.00
ಬಂಡವಾಳ ಮೀಸಲಿಗೆ ವರ್ಗಾವಣೆ	199.69
ಕಂದಾಯ, ಸಾಮಾನ್ಯ ಮತ್ತು ವಿಶೇಷ ಕಾದಿಟ್ಟ ನಿಧಿಗೆ ವರ್ಗಾವಣೆ	147.21
ಹೂಡಿಕೆ ಏರಿಳಿತ ಮೀಸಲು ನಿಧಿಗೆ ವರ್ಗಾವಣೆ	26.89
ಪ್ರಸ್ತಾವಿತ ಲಾಭಾಂಶ ವಿತರಣೆಗಾಗಿ ವರ್ಗಾವಣೆ*	0.00
ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿಗೆ ಶೇಷಾಂಶ ಸೇರಿಕೆ	85.47

\*ಆರ್‌ಬಿಐ ಸುತ್ತೋಲೆ ನಿರ್ದೇಶನದಂತೆ ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯು 2019-20 ರ ಆರ್ಥಿಕ ವರ್ಷಕ್ಕೆ ಲಾಭಾಂಶವನ್ನು ಶಿಫಾರಸು ಮಾಡಿರಲಿಲ್ಲ.

## ಲಾಭಾಂಶ

ಮೇ 4, 2005 ರ ಆರ್‌ಬಿಐ ಸುತ್ತೋಲೆಯಲ್ಲಿ ಒಳಗೊಂಡಿರುವ ಸೂಚನೆಗಳನ್ನು ಭಾಗಶಃ ಮಾರ್ಪಾಡುಗಳನ್ನು ಮಾಡುತ್ತಾ, ಏಪ್ರಿಲ್ 22, 2021 ರಂದು ಪ್ರಕಟಿಸಿದ ಸುತ್ತೋಲೆಯ ಪ್ರಕಾರ, ಮಾರ್ಚ್ 31, 2021 ಕ್ಕೆ ಕೊನೆಗೊಂಡ ಆರ್ಥಿಕ ವರ್ಷದ ಲಾಭದಿಂದ ಈಕ್ವಿಟಿ ಷೇರುಗಳ ಮೇಲೆ ಲಾಭಾಂಶವನ್ನು ಸದರಿ ಸುತ್ತೋಲೆಯ 4ನೇ ಪ್ಯಾರಾದಲ್ಲಿ ಸೂಚಿಸಲಾದ ಲಾಭಾಂಶ ಪಾವತಿ ಅನುಪಾತದ ಪ್ರಕಾರ ನಿರ್ಧರಿಸಲಾದ ಮೊತ್ತದ ಐವತ್ತು ಪ್ರತಿಶತ ಮೊರದಂತೆ ಪಾವತಿಸಲು ಬ್ಯಾಂಕ್‌ಗಳಿಗೆ ಆರ್‌ಬಿಐ ಅನುಮತಿ ನೀಡಿದೆ. ಈ ಮೇಲಿನ ಮಾರ್ಗಸೂಚಿಗಳನ್ನು ಸೂಕ್ತವಾಗಿ ಅನುಸರಿಸಿ, ಬ್ಯಾಂಕಿನ ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯು ಮಾರ್ಚ್ 31, 2021 ಕ್ಕೆ ಕೊನೆಗೊಂಡ ವರ್ಷದಲ್ಲಿ ₹ 10/- ಮುಖಬೆಲೆ ಹೊಂದಿರುವ ಪ್ರತಿ ಷೇರಿಗೆ ₹ 1.80 ಲಾಭಾಂಶವನ್ನು (ಅಂದರೆ ಶೇ 18) ಶಿಫಾರಸು ಮಾಡಿದೆ. ಲಾಭಾಂಶ ಪಾವತಿ ಅನುಪಾತವು ಶೇ 11.60 ಆಗಿರುತ್ತದೆ.



\*ಮಾರ್ಚ್ 30, 2016 ರಂದು ಕಾರ್ಪೊರೇಟ್ ವ್ಯವಹಾರಗಳ ಸಚಿವಾಲಯ (MCA) ಪ್ರಕಟಿಸಿದ ಸುತ್ತೋಲೆಯ ಪ್ರಕಾರ, ಪರಿಷ್ಕೃತ ಲೆಕ್ಕಪತ್ರ ಮಾನದಂಡ (AS-4) "ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ ದಿನಾಂಕದ ನಂತರ ಸಂಭವಿಸುವ ಆಕಸ್ಮಿಕಗಳು ಮತ್ತು ಘಟನೆಗಳು" ಅನುಸಾರ, ಮಾರ್ಚ್ 31, 2021 ಕ್ಕೆ ಕೊನೆಗೊಂಡ ವರ್ಷದ ಲಾಭದಿಂದ ₹ 55.96 ಕೋಟಿ ಮೊತ್ತದ ಲಾಭಾಂಶವನ್ನು ಮೇಲ್ಕಾರಣಿಸಿದ "ವಿನಿಯೋಗ" ದಲ್ಲಿ ತೋರಿಸಲಾಗಿದೆ.

### ಶೇರಿನ ತಲಾ ಆದಾಯ / ಪುಸ್ತಕ ಮೌಲ್ಯ

31 ಮಾರ್ಚ್ 2021ಕ್ಕೆ ಬ್ಯಾಂಕಿನ ಶೇರಿನ ಆದಾಯ (ಮೂಲಭೂತ) ಮತ್ತು ಪುಸ್ತಕ ಮೌಲ್ಯ ಅನುಕ್ರಮವಾಗಿ ₹ 15.48 (ಮಾರ್ಚ್ 31, 2020 ಕ್ಕೆ ₹ 13.89) ಮತ್ತು ₹ 213.67 ಆಗಿರುತ್ತದೆ (ಮಾರ್ಚ್ 31, 2020 ಕ್ಕೆ ₹ 192.06).

### ಬಂಡವಾಳ ನಿಧಿ ಮತ್ತು ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಅನುಪಾತ

ವರದಿ ವರ್ಷದಲ್ಲಿ ಬ್ಯಾಂಕಿನ ಬಂಡವಾಳ ನಿಧಿ ₹ 6789.35 ಕೋಟಿಯಿಂದ ₹ 7387.05 ಕೋಟಿಗೆ ಏರಿತು. ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಅನುಪಾತವು (ಬಾಸೆಲ್ 3 ನಿಯಮಗಳ ಪ್ರಕಾರ) ಹಿಂದಿನ ವರ್ಷದ ಶೇ. 12.88 ಇದ್ದದ್ದು, ಮಾರ್ಚ್ 31, 2021 ರಲ್ಲಿ ಶೇ. 14.85 ಕ್ಕೆ ಸುಧಾರಿಸಿದ್ದು, ಇದು ಸಾರ್ವಕಾಲಿಕ ಗರಿಷ್ಠ ಮಟ್ಟಕ್ಕೇರಿದೆ. ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ನಿಗದಿಪಡಿಸಿದ ಕನಿಷ್ಠ ಅಗತ್ಯ ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಅನುಪಾತವು ಶೇ. 10.875 ಆಗಿದ್ದು, ಬ್ಯಾಂಕು, ತನ್ನ ಆಂತರಿಕ ನೀತಿಯಂತೆ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ನಿಗದಿಪಡಿಸಿದ ಕನಿಷ್ಠ ಅಗತ್ಯಕ್ಕಿಂತ ಶೇಕಡಾ ಒಂದರಷ್ಟು ಹೆಚ್ಚಿಗೆ ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಅನುಪಾತವನ್ನು ಸಾರ್ವಕಾಲಿಕವಾಗಿ ಹೊಂದುತ್ತಾ ಬಂದಿದೆ.

### ಷೇರು ಬಂಡವಾಳ

ಮಾರ್ಚ್ 31, 2021 ರಂದು ಬ್ಯಾಂಕು 31,08,69,689 ಷೇರುಗಳನ್ನು ಹೊಂದಿದ್ದು, ಪ್ರತಿ ಷೇರಿಗೆ ರೂ. 10 ರ ಮುಖಬೆಲೆಯಂತೆ ಒಟ್ಟು ಷೇರು ಬಂಡವಾಳವು ₹ 310,86,96,890/- ರಷ್ಟಿದೆ.

### ಅಧೀನ (ಸಬೋರ್ಡಿನೇಟೆಡ್) ಋಣ ಪತ್ರಗಳು

ಸಾರ್ವಕಾಲಿಕ ಆರೋಗ್ಯಕರ ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತೆಯನ್ನು ಖಚಿತಪಡಿಸಿಕೊಳ್ಳಲು, ಬ್ಯಾಂಕ್, ಹಿಂದಿನ ವರ್ಷಗಳಲ್ಲಿ ಅಧೀನ ಋಣ ಪತ್ರಗಳನ್ನು (ಅನ್‌ಸೆಕ್ಯೂರ್ಡ್ ನಾನ್ ಕನ್ವರ್ಟಿಬಲ್ ಲೋಯರ್ ಟೈರ್-2 ಬಾಂಡ್ಸ್) ಬಿಡುಗಡೆ ಮಾಡಿರುತ್ತದೆ. ಪ್ರಸ್ತುತ ಜಾಲಿಯಲ್ಲಿರುವ ಬಾಂಡ್‌ಗಳ ವಿವರಗಳು ಈ ಕೆಳಗಿನಂತಿವೆ:

ಸೀರೀಸ್	ಬಿಡುಗಡೆ ಮಾಡಿದ ದಿನಾಂಕ	ಪ್ರತಿ ಬಾಂಡಿನ ಮುಖಬೆಲೆ (₹)	ಬಿಡುಗಡೆ ಮಾಡಿದ ಬಾಂಡ್ ಗಳು	ಒಟ್ಟು ಹಣ (ಕೋಟಿ ರೂ.ಗಳಲ್ಲಿ)	ಬಿಡುಗಡೆ ಮಾಡಿದ ದಿನಾಂಕದಿಂದ ಬಾಂಡ್‌ಗಳ ಮುಕ್ತಾಯದ ಅವಧಿ	ಬಡ್ಡಿ ದರ (%) p.a.)	ಕ್ರೆಡಿಟ್ ರೇಟಿಂಗ್	ವಹಿವಾಟು ಆಗುವ ಸ್ಟಾಕ್ ಎಕ್ಸ್ಚೇಂಜ್	ಬಾಂಡ್‌ಗಳ ISIN
IV	17.11.2012	10,00,000	2,500	250.00	120	11	ICRA A &	Listed on	INE614B08021
V	16.11.2018	1,00,000	40,000	400.00	ತಿಂಗಳುಗಳು	12	CARE A	NSE-Debt Segment	INE614B08039
VI	18.02.2019	1,00,000	32,000	320.00		12			INE614B08047

ಈ ಮೇಲೆ ಹೇಳಿದ ಋಣ ಪತ್ರಗಳ ಮೇಲಿನ ಬಡ್ಡಿಯನ್ನು ಬ್ಯಾಂಕು ಸಮಯಕ್ಕೆ ಸರಿಯಾಗಿ (ನಿಯಮಗಳ ಪ್ರಕಾರ) ಪಾವತಿಸಿರುತ್ತದೆ. ವರದಿಯ ವರ್ಷದಲ್ಲಿ ಬ್ಯಾಂಕ್, ಶೇವಣಿಗಳ ಪ್ರಮಾಣಪತ್ರವನ್ನು (ಸರ್ಟಿಫಿಕೇಟ್ ಆಫ್ ಡೆಪೋಸಿಟ್ಸ್) ಬಿಡುಗಡೆ ಮಾಡಿರುವುದಿಲ್ಲ.

### ಕಾರ್ಯಕಾರಿ ಮಂಡಳಿ ಕಲಾಪ ಮತ್ತು ವಿಶ್ಲೇಷಣೆ

ಕೋವಿಡ್-19 ಸಾಂಕ್ರಾಮಿಕದ ಪ್ರಕೋಪವು ಮುಂದುವರಿದು ಇಡೀ ವಿಶ್ವವು ಹಿಂದೆಂದೂ ಕಂಡಿರದ ಆರೋಗ್ಯ ಬಿಕ್ಕಟ್ಟಿಗೆ ಸಾಕ್ಷಿಯಾಯಿತು ಮತ್ತು ಅನೇಕ ಚಟುವಟಿಕೆಗಳು ಸ್ಥಗಿತಗೊಂಡವು. ಈ ಸಾಂಕ್ರಾಮಿಕ ರೋಗವು ಪ್ರಪಂಚಾದ್ಯಂತ ಭಾರಿ ಜೀವ ಮತ್ತು ಜೀವನೋಪಾಯದ ಹಾನಿಗೆ ಕಾರಣವಾಯಿತು ಇದು ಜಾಗತಿಕ ಆರ್ಥಿಕತೆಯ ಮೇಲೆ ನಕಾರಾತ್ಮಕ ಪರಿಣಾಮ ಬೀರಿತು. ಅಂತಾರಾಷ್ಟ್ರೀಯ ಹಣಕಾಸು ನಿಧಿ (ಐಎಂಎಫ್), ತನ್ನ ವಿಶ್ವ ಆರ್ಥಿಕ ದೃಷ್ಟಿಕೋನ-ಏಪ್ರಿಲ್ 2021 ರಲ್ಲಿ ಜಾಗತಿಕ ಆರ್ಥಿಕತೆಯು 2021 ರಲ್ಲಿ 6 ಪ್ರತಿಶತದಷ್ಟು ಬೆಳವಣಿಗೆಯಾಗಲಿದೆ ಎಂದು ಅಂದಾಜಿಸಿದೆ, ಆದರೆ ಇದು 2022ರ ವೇಳೆಗೆ 4.4 ಪ್ರತಿಶತಕ್ಕೆ ಇಳಿಮುಖವಾಗುವ ನಿರೀಕ್ಷೆಯನ್ನೂ ವ್ಯಕ್ತಪಡಿಸಿದೆ.

ಜಾಗತಿಕ ಆರ್ಥಿಕತೆಯು ಪುನರುಜ್ಜೀವನದ ಲಕ್ಷಣಗಳನ್ನು ತೋರಿಸುತ್ತಿದ್ದರೂ, ಜಾಗತಿಕ ಆರ್ಥಿಕತೆಯ ದೃಷ್ಟಿಕೋನದಲ್ಲಿ ಹೆಚ್ಚಿನ ಅನಿಶ್ಚಿತತೆ ಆವರಿಸಿದೆ. ಇದು ಮುಖ್ಯವಾಗಿ ಆರೋಗ್ಯ ಬಿಕ್ಕಟ್ಟಿನಿಂದ ಶೀಘ್ರ ಚೇತರಿಕೆ, ಲಸಿಕೆ ನೀಡುವಲ್ಲಿ ವೇಗ, ಹೆಚ್ಚುವರಿ ಹಣಕಾಸಿನ ಬೆಂಬಲ ಮತ್ತು ಸರ್ಕಾರಗಳ ನೀತಿ-ಆದ್ಯತೆಗಳ ಮೇಲೆ ಅವಲಂಬಿತವಾಗಿದೆ.

2020-21ರ ಅವಧಿಯಲ್ಲಿ, ಭಾರತೀಯ ಆರ್ಥಿಕತೆಯು ಕೂಡಾ ಇದೇ ರೀತಿಯ ಸವಾಲುಗಳಿಗೆ ಸಾಕ್ಷಿಯಾಯಿತು ಮತ್ತು ಹಲವಾರು ಕೈಗಾರಿಕೆ-ಉದ್ಯಮಗಳು ತಕ್ಷಣವೇ ಹಿನ್ನಡೆಯನ್ನನುಭವಿಸಿದವು. ತ್ರೈಮಾಸಿಕ ಜಿಡಿಪಿ ದರವನ್ನು ಗಮನಿಸಿದಾಗ ಆರ್ಥಿಕ ಕ್ಷೇತ್ರದ ಮೇಲೆಯೂ ಇದರ ವ್ಯತಿರಿಕ್ತ ಪರಿಣಾಮವು ಗೋಚರಿಸುತ್ತಿದೆ.

ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ಆಫ್ ಇಂಡಿಯಾದ ವಾರ್ಷಿಕ ವರದಿ 2021 ಪ್ರಕಾರ ಜಿಡಿಪಿಯಿಂದ ಅಳೆಯಲಾದ ಒಟ್ಟು ಬೇಡಿಕೆ, 2020-21ರಲ್ಲಿ ಶೇ. 8.0 ರಷ್ಟು ಸಂಕುಚಿತಗೊಂಡಿದೆ. ಇದು 1980-81ರ ನಂತರದ ಅತಿ ದೊಡ್ಡ ಮತ್ತು ಇದುವರೆಗಿನ ಅತ್ಯಂತ ಕಠಿಣ ಸಂಕೋಚನವಾಗಿದೆ.

ಆದಾಗ್ಯೂ, ಬೇಡಿಕೆ ಮತ್ತು ಪೂರೈಕೆಯು ಯಥಾಸ್ಥಿತಿಗೆ ಮರಳುವ ಮೂಲಕ Q2FY21 ಮತ್ತು Q3FY21 ನಲ್ಲಿ ಬೆಳವಣಿಗೆ ಕಂಡುಬಂದಿದೆ. ಮಾರ್ಚ್ 2021 ರ ಹೊತ್ತಿಗೆ ಜಿಎಸ್ಪಿ ಸಂಗ್ರಹವಾದ ಮೊತ್ತ ಸಾಂಕ್ರಾಮಿಕ ನಂತರದ ಆರ್ಥಿಕ ಚೇತರಿಕೆಯು ಗಮನಾರ್ಹವಾಗಿದೆ ಎಂದು ಸೂಚಿಸುತ್ತದೆ.

## ಭಾರತೀಯ ಬ್ಯಾಂಕಿಂಗ್ ಕ್ಷೇತ್ರದಲ್ಲಿನ ಆಗುಹೋಗುಗಳು

2019-20ರಲ್ಲಿ ಕುಸಿತ ಕಂಡ ಬ್ಯಾಂಕ್ ಸಾಲದ ಬೆಳವಣಿಗೆ, ಕೋವಿಡ್-19 ಪ್ರೇರಿತ ಲಾಕ್‌ಡೌನ್ ಹಿನ್ನೆಲೆಯಲ್ಲಿ 2020-21ರಲ್ಲಿ ಮತ್ತಷ್ಟು ಹಿನ್ನಡೆ ಅನುಭವಿಸಿತು. ಆದಾಗ್ಯೂ, ಬಂಡವಾಳ ಮತ್ತು ಹಣದ ಹರಿವಿನ ಲಭ್ಯತೆಯಿಂದಾಗಿ ಬ್ಯಾಂಕುಗಳು ಸಾಲದ ಹರಿವನ್ನು ಸೂಕ್ತವಾಗಿ ನಿರ್ವಹಿಸುತ್ತಿವೆ. ಆರ್ಥಿಕ ಚಟುವಟಿಕೆಯ ಪುನರಾರಂಭದೊಂದಿಗೆ, ಕೃಷಿ ಮತ್ತು ಸೇವಾ ವಲಯಗಳಿಗೆ ನೀಡಲಾಗುವ ಸಾಲದಲ್ಲಿ 2021 ನೇ ವರ್ಷದ ಅಂತ್ಯದ ವೇಳೆಗೆ ಉತ್ತಮ ಬೆಳವಣಿಗೆ ದಾಖಲಾಗಿದೆ.

ಕೈಗಾರಿಕಾ ವಲಯದಲ್ಲಿಯೂ ಸಹ, ಮಧ್ಯಮ ಗಾತ್ರದ ಕೈಗಾರಿಕೆಗಳಿಗೆ ಕೊಟ್ಟಿರುವ ಸಾಲದ ಬೆಳವಣಿಗೆಯು ಸರ್ಕಾರ ಮತ್ತು ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ತೆಗೆದುಕೊಂಡ ಹಲವಾರು ಕ್ರಮಗಳ ಸಕಾರಾತ್ಮಕ ಪರಿಣಾಮವನ್ನು ಸೂಚಿಸುತ್ತದೆ. ವರದಿ ವರ್ಷದಲ್ಲಿ ಸಾಲದ ಬೆಳವಣಿಗೆಯನ್ನು ಶೇ. 6.9 ಎಂದು ಅಂದಾಜಿಸಲಾಗಿದ್ದು, ಇದು FY22 ರಲ್ಲಿ ಶೇ. 8.9 ನಷ್ಟು ಬೆಳೆಯುವ ನಿರೀಕ್ಷೆಯಿದೆ.

ಭಾರತ ಸರ್ಕಾರವು ಸಾಂಕ್ರಾಮಿಕ ಚಾಲಿತ ಬಿಕ್ಕಟ್ಟಿನಿಂದ ಆರ್ಥಿಕತೆಯನ್ನು ರಕ್ಷಿಸಲು 'ಆತ್ಮನಿರ್ಭರ ಭಾರತ' ಅಭಿಯಾನದಂತಹ ಹಲವಾರು ಕ್ರಮಗಳನ್ನು ಘೋಷಿಸಿದೆ. ಈ ಬಿಕ್ಕಟ್ಟಿನ ಸಂದರ್ಭದಲ್ಲಿ ಸಾಲಗಾರರಿಗೆ ಬೆಂಬಲ ನೀಡುವ ಸರ್ಕಾರದ ಎಲ್ಲಾ ಉತ್ತೇಜಕ ಯೋಜನೆಗಳಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ಸಕ್ರಿಯವಾಗಿ ಭಾಗವಹಿಸಿದೆ. ಮೊರಟೋರಿಯಂ ಪ್ರಯೋಜನಗಳನ್ನು ವಿಸ್ತರಿಸುವಲ್ಲಿ, ಅರ್ಹ ಸಾಲಗಾರರಿಗೆ GECL (ಗ್ಯಾರಂಟೀಡ್ ಎಮರ್ಜೆನ್ಸಿ ಕ್ರೆಡಿಟ್ ಲೈನ್) ಮಂಜೂರು ಮಾಡುವಲ್ಲಿ ಮತ್ತು ಅರ್ಹ ಸಾಲಗಳ ಪುನಾರಚನೆ (OTR), MSME ಪುನಾರಚನೆ, ಇತ್ಯಾದಿಗಳಲ್ಲಿ ಬ್ಯಾಂಕ್ ಕ್ಷಿಪ್ರಗತಿಯಲ್ಲಿ ಕಾರ್ಯನಿರ್ವಹಿಸಿದೆ.

ಭಾರತದ ಗೌರವಾನ್ವಿತ ಸರ್ವೋಚ್ಚ ನ್ಯಾಯಾಲಯವು 03 ಸೆಪ್ಟೆಂಬರ್ 2020 ರಂದು ಅನುತ್ಪಾದಕ ಆಸ್ತಿಯ ವರ್ಗೀಕರಣದ ಮೇಲೆ ಮಧ್ಯಂತರ ತಡೆಯಾಜ್ಞೆ ನೀಡಿತು ಮತ್ತು 23 ಮಾರ್ಚ್ 2021 ರಂದು ಅಂತಿಮ ತೀರ್ಪಿನ ಪ್ರಕಟಣೆಯೊಂದಿಗೆ, ಬ್ಯಾಂಕುಗಳಲ್ಲಿ ಅನುತ್ಪಾದಕ ಆಸ್ತಿಯ ಗುರುತಿಸುವಿಕೆಯ ಪ್ರಕ್ರಿಯೆ ಪುನರಾರಂಭಗೊಂಡಿದೆ.

## ಅವಕಾಶಗಳು ಮತ್ತು ಮೇಲ್ಮೋಟ

ಜಾಗತಿಕ ಮಾರುಕಟ್ಟೆಗಳು ಮತ್ತೆ ಚಲನಶೀಲತೆ ಪಡೆಯುತ್ತಿದ್ದಂತೆ ಆರ್ಥಿಕ ಹಿಂಜರಿತದಿಂದ ಹೊರಬರಲು ಪ್ರಾರಂಭಿಸಿ ಒಟ್ಟಾರೆ ಚಟುವಟಿಕೆಗಳು ನಿರೀಕ್ಷಿಸಿದ್ದಕ್ಕಿಂತ ವೇಗವಾಗಿ ಸಾಮಾನ್ಯಸ್ಥಿತಿಗೆ ಮರಳುತ್ತಿವೆ. ಕೆಲವು ದೇಶಗಳಲ್ಲಿ, ಹೊರದೇಶಗಳ ಹೂಡಿಕೆಯಿಂದಾಗಿ ಹೆಚ್ಚಿನ ಚೇತರಿಕೆ ಕಂಡು ಬಂದಿರುತ್ತದೆ.

ಭಾರತದ ಕೇಂದ್ರ ಸರ್ಕಾರವು ತನ್ನ 2021-22 ಬಜೆಟ್‌ನಲ್ಲಿ 'ಆತ್ಮನಿರ್ಭರ ಭಾರತ' ಅಭಿಯಾನದ ಅಡಿಯಲ್ಲಿ ವಿವಿಧ ಕ್ರಮಗಳನ್ನು ಘೋಷಿಸಿದೆ. ಭೌತಿಕ ಮತ್ತು ಹಣಕಾಸು ಬಂಡವಾಳದ ಅಡಿಯಲ್ಲಿ ಭಾರತದ ಉತ್ಪಾದನಾ ಸಾಮರ್ಥ್ಯ ಮತ್ತು ರಫ್ತುಗಳನ್ನು ಹೆಚ್ಚಿಸಲು ಭಾರತ ಸರ್ಕಾರವು ಉತ್ಪಾದನಾ ಸಂಬಂಧಿತ ಪ್ರೋತ್ಸಾಹಕ ಯೋಜನೆಯನ್ನು (PLI) ಪರಿಚಯಿಸಿದೆ. ಈ ಉದ್ದೇಶಕ್ಕಾಗಿ 2021-22ನೇ ಹಣಕಾಸು ವರ್ಷದಿಂದ ಐದು ವರ್ಷಗಳ ಅವಧಿಗೆ ಅಂದಾಜು 1.97 ಲಕ್ಷ ಕೋಟಿ ರೂ.ಗಳನ್ನು 13 ಪ್ರಮುಖ ವಲಯಗಳಿಗೆ ನಿಯೋಜಿಸಿದೆ. ಇದು MSME ವಲಯಕ್ಕೆ ಪ್ರಯೋಜನಕಾರಿಯಾಗಲಿದೆ ಎಂದು ನಿರೀಕ್ಷಿಸಲಾಗಿದೆ ಮತ್ತು "ರಿಟೇಲ್ ಮತ್ತು ಮಧ್ಯಮ ಗಾತ್ರದ ಕಾರ್ಪೊರೇಟ್‌ಗಳಿಗೆ ಹೆಚ್ಚಿನ ಪಾಲನ್ನು ಹೊಂದುವಂತೆ ಸಾಲದ ಮಿಶ್ರಣವನ್ನು ಮರುಹೊಂದಿಸುವ" ಬ್ಯಾಂಕಿನ ಈಗಾಗಲೇ ಜಾರಿಯಲ್ಲಿರುವ ಕಾರ್ಯತಂತ್ರದೊಂದಿಗೆ ಹೊಂದಿಕೊಳ್ಳುತ್ತದೆ.

ಈ ವರ್ಷ ಭಾರತೀಯ ಹವಾಮಾನ ಇಲಾಖೆ (ಐಎಂಡಿ) ಸಾಮಾನ್ಯ ಮಾನ್ಸೂನ್ ಮುನ್ಸೂಚನೆ ನೀಡಿದೆ. ಇದು ಕೃಷಿಗೆ ಪೂರಕವಾಗಿರುವ ನಿರೀಕ್ಷೆಯಿದೆ. ಇದಲ್ಲದೆ, ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ತನ್ನ ಹಣಕಾಸು ನೀತಿ 2021-22 ರಲ್ಲಿ, ನಿರೀಕ್ಷಿತ ಸಾಮಾನ್ಯ ಮಾನ್ಸೂನ್, ಗ್ರಾಮೀಣ ಪ್ರದೇಶದ ಬೇಡಿಕೆ ಮತ್ತು ಆರ್ಥಿಕತೆಯನ್ನು ಬಲವಾಗಿಸಲು ಸಹಾಯಕಾರಿ ಎಂದು ಅಂದಾಜಿಸಿದೆ. ಇದಲ್ಲದೆ, ಲಸಿಕೆ ಪ್ರಕ್ರಿಯೆಯು ಮುಂಬರುವ ತಿಂಗಳುಗಳಲ್ಲಿ ವೇಗವನ್ನು ಪಡೆಯುವ ನಿರೀಕ್ಷೆಯಿದ್ದು, ಇದು ಆರ್ಥಿಕ ಚಟುವಟಿಕೆಯನ್ನು ತ್ವರಿತವಾಗಿ ಸಾಮಾನ್ಯಸ್ಥಿತಿಗೆ ತರುವಲ್ಲಿ ಸಹಾಯ ಮಾಡುವ ನಿರೀಕ್ಷೆಯಿದೆ.

2020-21ರ ಆರಂಭದಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ಅಳವಡಿಸಿಕೊಂಡ "ಸಂರಕ್ಷಣೆ, ಕ್ರೋಢೀಕರಣ ಮತ್ತು ಸಶಕ್ತವಾಗಿ ಹೊರಹೊಮ್ಮು ಹಿಂಬ ವ್ಯವಹಾರ ಮಂತ್ರವು ಬ್ಯಾಂಕ್ ತನ್ನ ಮೂಲಭೂತ ಅಂಶಗಳನ್ನು ಮತ್ತಷ್ಟು ಬಲಪಡಿಸಲು ಸಹಾಯ ಮಾಡುತ್ತಿದೆ. ಇದಲ್ಲದೆ, ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ತನ್ನ ಮಹತ್ವಾಕಾಂಕ್ಷಿಯ ಪರಿವರ್ತನಾ ಯೋಜನೆ-"ಕೆಬಿಎಲ್-ವಿಕಾಸ್" ಅಡಿಯಲ್ಲಿ ಡಿಜಿಟಲ್ ಮೂಲಸೌಕರ್ಯವನ್ನು ಮತ್ತಷ್ಟು ಗಟ್ಟಿಗೊಳಿಸಿದೆ. ಇದು, ಸಾಂಕ್ರಾಮಿಕ ಕಾಲಘಟ್ಟದಲ್ಲಿ ವ್ಯಾಪಾರ ನಿರಂತರತೆಯನ್ನು ಖಚಿತಪಡಿಸಿಕೊಳ್ಳಲು ಅಗತ್ಯ ಸಾಧನವಾಗಿ ಹೊರಹೊಮ್ಮಿದೆ. ಬ್ಯಾಂಕಿನ ಡಿಜಿಟಲ್ ಲೋನ್ ಅಂಡರ್-ರೈಟಿಂಗ್ ವ್ಯವಸ್ಥೆ ಮತ್ತು ಹೊಣೆಗಾರಿಕೆ ಉತ್ಪನ್ನಗಳಿಗೆ (ಲಾಯೆಬಿಲಿಟಿ ಪ್ರಾಡಕ್ಟ್ಸ್) ಡಿಜಿಟಲ್ ಆನ್-ಬೋರ್ಡ್‌ಗೆ ವ್ಯವಸ್ಥೆಗಳು ಬಾಹ್ಯ ಸವಾಲುಗಳಿಗೆ ತ್ವರಿತವಾಗಿ ಹೊಂದಿಕೊಳ್ಳುವ ಬ್ಯಾಂಕಿನ ಸಾಮರ್ಥ್ಯವನ್ನು ಪ್ರದರ್ಶಿಸಿದೆ. ಈ ನಿಟ್ಟಿನಲ್ಲಿ, ಬ್ಯಾಂಕ್ 'ಭವಿಷ್ಯದ ಡಿಜಿಟಲ್ ಬ್ಯಾಂಕ್' ಆಗುವ ಗುರಿಯನ್ನು ಹೊಂದಿದೆ. ಇದಲ್ಲದೆ, ಸರ್ಕಾರ ಸಂಬಂಧಿತ ವ್ಯವಹಾರಗಳನ್ನು ನಡೆಸಲು ಖಾಸಗಿ ವಲಯದ ಬ್ಯಾಂಕುಗಳಿದ್ದ ನಿರ್ಬಂಧಗಳನ್ನು ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ತೆಗೆದುಹಾಕಿರುವುದರಿಂದ ನಿಮ್ಮ

ಬ್ಯಾಂಕ್‌ಗೆ ಸರ್ಕಾರಿ ವ್ಯವಹಾರ ಸಂಬಂಧಿತ ಖಾತೆಗಳನ್ನು ತೆರೆಯಲು ಮತ್ತು ವ್ಯಾಪಾರವನ್ನು ಹೆಚ್ಚಿಸಲು ಹೊಸ ಅವಕಾಶಗಳು ತೆರೆದುಕೊಂಡಿವೆ. ಈ ನಿಟ್ಟಿನಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ಕಾಲಕಾಲಕ್ಕೆ ಸ್ಥಳೀಯ ಸರ್ಕಾರ ಸಂಸ್ಥೆ/ಪ್ರಾಧಿಕಾರಗಳಿಂದ ರಾಜ್ಯ ಸರ್ಕಾರಗಳ ಏಜೆನ್ಸಿ ವ್ಯವಹಾರವನ್ನು ಹೊಂದಲು ಎಲ್ಲ ರೀತಿಯ ಪ್ರಯತ್ನಗಳನ್ನು ಮಾಡಲಿದೆ.

### ಪರಿವರ್ತನಾ ಯೋಜನೆ- 'ಕೆಬಿಎಲ್-ವಿಕಾಸ್'

'ಕೆಬಿಎಲ್-ವಿಕಾಸ್' ತನ್ನ 3 ವರ್ಷಗಳ ಪ್ರಯಾಣವನ್ನು ಗಣನೀಯ ಸಾಧನೆಗಳೊಂದಿಗೆ ಯಶಸ್ವಿಯಾಗಿ ಪೂರ್ಣಗೊಳಿಸಿ ಭವಿಷ್ಯದ ವಿವಿಧ ಉಪಕ್ರಮಗಳೊಂದಿಗೆ ಮುನ್ನುಗ್ಗುತ್ತಿದೆ. ಈ ಯೋಜನೆಯ ಅಡಿಯಲ್ಲಿ ಪ್ರಾರಂಭಿಸಲಾದ ಕೆಲವು ಪ್ರಮುಖ ಹೊಸ ಉಪಕ್ರಮಗಳು ಈ ಕೆಳಗಿನಂತಿವೆ:

1. **ಡಿಜಿಟಲ್ ಸೆಂಟರ್ ಆಫ್ ಎಕ್ಸಲೆನ್ಸ್ (DCoE):** ಬೆಂಗಳೂರಿನಲ್ಲಿ ಅತ್ಯಾಧುನಿಕ ಡಿಜಿಟಲ್ ಸೆಂಟರ್ ಆಫ್ ಎಕ್ಸಲೆನ್ಸ್‌ನ (DCoE) ಸ್ಥಾಪನೆ ಈ ಯೋಜನೆಯ ಅತ್ಯಂತ ಪ್ರಮುಖ ಸಾಧನೆಯಾಗಿದೆ. DCoE ಯು ಬ್ಯಾಂಕಿಂಗ್ ಉದ್ಯಮದಲ್ಲಿ ಇತ್ತೀಚಿನ ಅತ್ಯಾಧುನಿಕ ಡಿಜಿಟಲ್ ತಂತ್ರಜ್ಞಾನವನ್ನು ಬಳಸಿಕೊಳ್ಳುವ ವಿವಿಧ ಡಿಜಿಟಲ್ ಉತ್ಪನ್ನಗಳ ಬಿಡುಗಡೆಗೆ ಶಕ್ತಿ ನೀಡುವ ಬ್ಯಾಂಕಿನ ಡಿಜಿಟಲ್ ನಾವೀನ್ಯತೆಯ ಕೇಂದ್ರವಾಗಿದೆ.
2. **ಡಿಜಿಟಲ್ ಜರ್ನಿ:** ಬ್ಯಾಂಕ್ ಈಗಾಗಲೇ ರಿಟೇಲ್ ಸಾಲ ಉತ್ಪನ್ನಗಳಿಗೆ ಡಿಜಿಟಲ್ ಅಂಡರ್-ರೈಟಿಂಗ್ (ತಾತ್ಕಿಕ ಅನುಮೋದನೆ) ಅನ್ನು ಪ್ರಾರಂಭಿಸಿದೆ. ಉಳಿತಾಯ ಖಾತೆಗಳನ್ನು ತೆರೆಯಲು ಟ್ಯಾಬ್ ಬ್ಯಾಂಕಿಂಗ್ ಮತ್ತು ವೆಬ್ ಬ್ಯಾಂಕಿಂಗ್ ಅನ್ನು ಪರಿಚಯಿಸಲಾಗಿದೆ. ಬ್ಯಾಂಕ್ ಗ್ರಾಹಕರ ಅನುಭವವನ್ನು ಇನ್ನಷ್ಟು ಉತ್ತಮವಾಗಿಸಲು 'ಕೆಬಿಎಲ್-ಎಕ್ಸ್‌ಪ್ರೆಸ್' ಸರಣಿಯ ಅಡಿಯಲ್ಲಿ ನಾನಾ ವಿಧದ ಡಿಜಿಟಲ್ ಉತ್ಪನ್ನಗಳನ್ನು DCOE ಮೂಲಕ ಹೊರತಂದಿದೆ. ವಿಶಿಷ್ಟ ಡಿಜಿಟಲ್ ಅನುಭವಕ್ಕಾಗಿ, ಬ್ಯಾಂಕ್ ಬೆಂಗಳೂರಿನ ಬಸವನಗುಡಿಯಲ್ಲಿ ವಿಡಿಜಿ-ಬ್ರಾಂಚ್‌ಹಿ ಅನ್ನು ಸಹ ಸ್ಥಾಪಿಸಿದೆ.

ಡಿಜಿಟಲ್ ರೂಪದಲ್ಲಿ ಸಾಲದ ಮಂಜೂರಾತಿ ಮಾಡುವ ವ್ಯವಸ್ಥೆಯು ವೇಗವನ್ನು ಪಡೆದುಕೊಂಡಿದ್ದು ಕೋವಿಡ್ ಸಾಂಕ್ರಾಮಿಕ ಅವಧಿಯಲ್ಲಿ ಸಂಪರ್ಕರಹಿತ ಬ್ಯಾಂಕಿಂಗ್ ಸೇವೆಗಳನ್ನು ಒದಗಿಸಿ ಪರಿಣಾಮಕಾರಿಯಾಗಿ ಕೆಲಸ ಮಾಡಿದೆ. ಈ ಡಿಜಿಟಲ್ ರೂಪದಲ್ಲಿ ಸಾಲದ ಮಂಜೂರಾತಿ ಮಾಡುವ ವ್ಯವಸ್ಥೆಯಲ್ಲಿ ಗೃಹ ಸಾಲ, ಕಾರು ಸಾಲ, ಎಂಎಸ್‌ಎಂಇ ಸಾಲಗಳ ಮಂಜೂರಾತಿಯ ಪಾಲು ಅರ್ಹ ಸಾಲಗಳ ಶೇ 90ನ್ನು ಮೀರಿದೆ. ಈ ವರ್ಷದಲ್ಲಿ ಬ್ಯಾಂಕ್ ಕೈಗೊಂಡ ಇತರ ಕೆಲವು ಡಿಜಿಟಲ್ ಉಪಕ್ರಮಗಳು ಈ ಕೆಳಗಿನಂತಿವೆ:

- ಗೃಹ ಸಾಲಗಳಿಗಾಗಿ ಡಿಜಿಟಲ್ ಜರ್ನಿ
- ಎಂಎಸ್ ಎಂಇ ವ್ಯವಹಾರ ತ್ವರಿತ ಸಾಲ.
- ಇ-ಕನೆಕ್ಟ್, ಎಪಿಐ ತಂತ್ರಜ್ಞಾನವನ್ನು ಅಳವಡಿಸಿಕೊಳ್ಳುವ ಮೂಲಕ ಗ್ರಾಹಕರಿಗೆ ಸಾಲದ ಕಂತು / ಬಾಕಿ ಪಾವತಿಸಲು ಡಿಜಿಟಲ್ ಸೌಲಭ್ಯ.
- ಎನ್ ಸಿಎಂಸಿ ಕಾರ್ಡ್ [ರಾಷ್ಟ್ರೀಯ ಸಾಮಾನ್ಯ ಮೊಬಿಲಿಟಿ ಕಾರ್ಡ್].
- ಮೊಬೈಲ್ ಬ್ಯಾಂಕಿಂಗ್ ಮತ್ತು ಇಂಟರ್ನೆಟ್ ಬ್ಯಾಂಕಿಂಗ್ ಸೌಲಭ್ಯದ ಮೂಲಕ ವಿಮಾ ಪಾಲಿಸಿಗಳ ಮಾರಾಟ.
- ಆಯ್ದು 235 ಶಾಖೆಗಳಲ್ಲಿ ಉಳಿತಾಯ ಖಾತೆ ತೆರೆಯಲು ಟ್ಯಾಬ್ ಬ್ಯಾಂಕಿಂಗ್ ನ ಪರಿಷ್ಕೃತ ಆವೃತ್ತಿಯ ಬಿಡುಗಡೆ [ಕೆಬಿಎಲ್ ಎಕ್ಸ್‌ಪ್ರೆಸ್ ಎಸ್‌ಬಿ]
- ವೆಬ್ ಆಧಾರಿತ ಆನ್ ಲೈನ್ ಸೇವಿಂಗ್ಸ್ ಅಕೌಂಟ್ ಆಯ್ದು ಶಾಖೆಗಳಲ್ಲಿ ಪ್ರಾಯೋಗಿಕ ಚಾಲನೆ.
- ಎಟಿಎಂ ಮೂಲಕ ವೈಯಕ್ತಿಕ ಸಾಲಗಳ ಮಾರ್ಕೆಟಿಂಗ್ ಮಾಡಿ ಹೊಸ ಲೀಡ್‌ಗಳನ್ನು ಕಲೆಹಾಕುವ ಪ್ರಾಯೋಗಿಕ ವ್ಯವಸ್ಥೆ.
- ಗ್ರಾಹಕರ ಅಗತ್ಯಗಳು ಮತ್ತು ನಮ್ಮ ಉತ್ಪನ್ನಗಳ ಪರಿಣಾಮಕಾರಿತ್ವವನ್ನು ಅರ್ಥಮಾಡಿಕೊಳ್ಳಲು ನಿಯಮಿತವಾದ ಡಿಜಿಟಲ್ ಗ್ರಾಹಕ ಸಮೀಕ್ಷೆ.
- ಚಾಟ್ ಬಾಟ್‌ನ 'ಡಿಜಿಟಲ್ ಹ್ಯೂಮನ್ ಇಂಟರಾಕ್ಟಿವ್ ರಿಲೇಷನ್ ಶಿಪ್ ಅಸಿಸ್ಟೆಂಟ್ (ಧೀರಾ)' ಪ್ರಾಯೋಗಿಕ ಬಿಡುಗಡೆ.

### 3. ಅಂಗಸಂಸ್ಥೆಯ (ಸಬ್ಸಿಡಿಯರಿ) ಕಾರ್ಯಾಚರಣೆ:

ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಸಂಪೂರ್ಣ ಮಾಲೀಕತ್ವದ ಹಣಕಾಸೇತರ ಅಂಗಸಂಸ್ಥೆ-ಕೆಬಿಎಲ್ ಸರ್ವಿಸಸ್ ಲಿಮಿಟೆಡ್ (ಕೆಎಸ್‌ಎಲ್) ಅನ್ನು 2021 ರ ಮಾರ್ಚ್ 30 ರಂದು ಕಾರ್ಯರೂಪಕ್ಕೆ ತರಲಾಗಿದೆ ಮತ್ತು ಬ್ಯಾಂಕಿನ ಕಾರ್ಯಾಚರಣೆ, ದಕ್ಷತೆಯನ್ನು ಹೆಚ್ಚಿಸುವಲ್ಲಿ ಕೆಎಸ್‌ಎಲ್ ಪ್ರಮುಖ ಪಾತ್ರ ವಹಿಸಲಿದೆ.

### 4. ಡಿಜಿಟಲ್ ಸಾಧನಗಳು ಮತ್ತು ಕ್ರಿಯಾತ್ಮಕಗೊಳಿಸುವುದು (ಎನೇಬ್ಲರ್ಸ್):

ಈ ಯೋಜನೆಯು ಮುಖ್ಯವಾಗಿ ಕೆಬಿಎಲ್ ಫೋರ್ಸ್ (ಲೀಡ್ ಮ್ಯಾನೇಜ್‌ಮೆಂಟ್ ಸಿಸ್ಟಮ್), ಕೆಬಿಎಲ್ ಇ-ಡ್ಯಾಶ್ ಬೋರ್ಡ್ (ಬಿಸಿನೆಸ್ ಡ್ಯಾಶ್ ಬೋರ್ಡ್), ಕೆಬಿಎಲ್ ಕಲೆಕ್ಟ್+ (ಸಂಗ್ರಹಗಳ ನೈಜ-ಸಮಯದ ಮೇಲ್ವಿಚಾರಣೆಗಾಗಿ), ಕೆಬಿಎಲ್ ವಸೂಲ್ ಸಾ-ಫ್ಲ್ಯಾ (ಅನುತ್ಪಾದಕ ಆಸ್ತಿಗಳ ನಿರ್ವಹಣಾ ಸಾಧನ), ಕೆಬಿಎಲ್ ರೈಸ್ (ಕಾರ್ಯಕ್ಷಮತೆ ನಿರ್ವಹಣಾ ವ್ಯವಸ್ಥೆ), ಇ-ಟಿಎಂಎಸ್, (ಆಂತರಿಕ ಡಿಜಿಟಲ್ ಟೆಕೆಟಿಂಗ್ ನಿರ್ವಹಣಾ ವ್ಯವಸ್ಥೆ) ಎಂಬ ಹಲವಾರು ಆಂತರಿಕ ಸಾಧನಗಳನ್ನು ಪರಿಚಯಿಸಿದೆ. ಈ ಡಿಜಿಟಲ್ ಸಾಧನಗಳು ಬ್ಯಾಂಕಿನ ಆಂತರಿಕ ಪ್ರಕ್ರಿಯೆಗಳ ದಕ್ಷತೆ ಮತ್ತು ಪರಿಣಾಮಕಾರಿತ್ವವನ್ನು ಮತ್ತಷ್ಟು ಹೆಚ್ಚಿಸಲು ಸಹಾಯಕಾರಿಯಾಗಿವೆ.

5. **ಡಿಜಿಟಲ್ ಮಾರ್ಕೆಟಿಂಗ್ ಮತ್ತು ಡಿಜಿಟಲ್ ಗ್ರಾಹಕ ಸಮೀಕ್ಷೆ:** ಬ್ಯಾಂಕ್ ತನ್ನ ಉತ್ಪನ್ನಗಳನ್ನು ಸಾಮಾಜಿಕ ಮಾಧ್ಯಮ, ವೆಬ್‌ಸೈಟ್, ಮೊಬೈಲ್ ಮತ್ತು ಇಂಟರ್ನೆಟ್ ಬ್ಯಾಂಕಿಂಗ್ ಮತ್ತು ಎಟಿಎಂಗಳ ಮೂಲಕ ಮಾರಾಟ ಮಾಡಲು ಡಿಜಿಟಲ್ ಮಾರ್ಕೆಟಿಂಗ್ ಅಭಿಯಾನವನ್ನು ನಡೆಸುತ್ತಿದೆ. ಅದೇ ರೀತಿ, ಡಿಜಿಟಲ್ ಮಾರ್ಕೆಟಿಂಗ್‌ನ ಭಾಗವಾಗಿ ಬ್ರಾಂಡಿಂಗ್ ಅನ್ನು ಹ್ಯಾಶ್‌ಟ್ಯಾಗ್‌ಗಳು, ಬ್ಲಾಗ್‌ಗಳು, ಅಖಿಲ ಚಟುವಟಿಕೆಗಳ ವೀಡಿಯೋಗಳ ಹೋಸ್ಟಿಂಗ್,

ಗ್ರಾಹಕರ ಪ್ರಶಂಸಾಪತ್ರಗಳು ಇತ್ಯಾದಿಗಳ ಮೂಲಕವೂ ನಡೆಸಲಾಯಿತು. ಗ್ರಾಹಕರ ಅಗತ್ಯತೆಗಳು ಮತ್ತು ನಮ್ಮ ಉತ್ಪನ್ನಗಳ ಪರಿಣಾಮಕಾರಿತ್ವವನ್ನು ಅರ್ಥಮಾಡಿಕೊಳ್ಳಲು ಡಿಜಿಟಲ್ ಗ್ರಾಹಕ ಸಮೀಕ್ಷೆಗಳನ್ನು ಸಹ ಆಗಾಗ್ಗೆ ನಡೆಸಲಾಗುತ್ತದೆ.

'ಡಿಜಿಟಲ್ ಕ್ರಾಂತಿ'ಯು ಭವಿಷ್ಯದಲ್ಲಿ ಬ್ಯಾಂಕಿಂಗ್‌ನ ಅಡಿಪಾಯ ಆಗಲಿದೆ ಎಂಬುದನ್ನು ಮನಗಂಡಿರುವ ನಿಮ್ಮ ಬ್ಯಾಂಕ್, ಕೆಬಿಎಲ್-ವಿಕಾಸ್ 2.0 ಅಡಿಯಲ್ಲಿ, 'ಕೆಬಿಎಲ್ NXT' ಎಂಬ ಪರಿಕಲ್ಪನೆಯಡಿಯಲ್ಲಿ ಡಿಜಿಟಲ್ ಬ್ಯಾಂಕಿಂಗ್‌ಗೆ ವಿಶೇಷವಾದ ಒತ್ತು ನೀಡಲಿದೆ. ಬ್ಯಾಂಕ್ ಅನ್ನು 'ದಿ ಡಿಜಿಟಲ್ ಬ್ಯಾಂಕ್ ಆಫ್ ಫ್ಯೂಚರ್' ಎಂದು ಮರುವ್ಯಾಖ್ಯಾನಿಸುವಲ್ಲಿನ ಎಲ್ಲ ಪ್ರಯತ್ನಗಳನ್ನು 'ಕೆಬಿಎಲ್ NXT' ನ ಅಡಿಯಲ್ಲಿ ಕೈಗೊಳ್ಳಲಾಗುವುದು.

'ಕೆಬಿಎಲ್ NXT' ಅಡಿಯಲ್ಲಿ, ಗ್ರಾಹಕರ ಡಿಜಿಟಲ್ ಆನ್-ಬೋರ್ಡ್‌ಗಳು, ಗ್ರಾಹಕರಿಗೆ ಸಂಪೂರ್ಣ ಡಿಜಿಟಲ್ ಅನುಭವ ಒದಗಿಸುವುದು, ಎಲ್ಲಾ ಸಾಲ ಉತ್ಪನ್ನಗಳಿಗೆ ಪೂರ್ಣ ಡಿಜಿಟಲ್ ಪ್ರಕ್ರಿಯೆ (ಎಂಡ್ ಟು ಎಂಡ್ ಜರ್ನಿ), ಅಂಕಿ-ಅಂಶಗಳ ವಿಶ್ಲೇಷಣೆಗಾಗಿ ಉತ್ಕೃಷ್ಟತಾ ಕೇಂದ್ರದ (ACOE) ಸ್ಥಾಪನೆ, ಮುನ್ಸೂಚಕ ಬ್ಯಾಂಕಿಂಗ್ ಸೇವೆ, ಗ್ರಾಹಕರಿಗೆ ಓಪ್ನಿ-ಚಾನೆಲ್ ಅನುಭವ ಮತ್ತು ಗ್ರಾಹಕರ ಸಂತೋಷಕ್ಕೆ ಕಾರಣವಾಗುವ ಇತರ ಅನೇಕ ಡಿಜಿಟಲ್ ಪರಿವರ್ತನಾತ್ಮಕ ಬದಲಾವಣೆಗಳನ್ನು ಯೋಜಿಸಿದೆ.

ಬ್ಯಾಂಕ್‌ನ ಸ್ವಂತ ಉತ್ಪನ್ನಗಳನ್ನು ಒದಗಿಸುವುದಲ್ಲದೆ "ಎಪಿಐ ಗೇಟ್‌ವೇ" ಅನ್ನು ಅಳವಡಿಸಿಕೊಂಡಿರುವ ಬ್ಯಾಂಕ್, ಈಗಾಗಲೇ ಮ್ಯೂಚುಯಲ್ ಫಂಡ್ ಯುನಿಟ್‌ಗಳ ವಿತರಣೆ, ಡೀಮ್ಯಾಟ್ ಮತ್ತು ಟ್ರೇಡಿಂಗ್ ಖಾತೆ ಮತ್ತು ವಿಮಾ ಉತ್ಪನ್ನಗಳನ್ನು ಡಿಜಿಟಲ್ ಸೌಲಭ್ಯದ ಮೂಲಕ ಒದಗಿಸಲು ಶಕ್ತವಾಗಿದೆ ಮತ್ತು ಈ ಕೊಡುಗೆಗಳ ವ್ಯಾಪ್ತಿಯನ್ನು ಮತ್ತಷ್ಟು ವಿಸ್ತರಿಸುವತ್ತ ಗಮನ ಹರಿಸಿದೆ. ಗ್ರಾಹಕರ ಸಂಪತ್ತು ನಿರ್ವಹಣೆಯ (wealth management) ಡಿಜಿಟಲ್ ಸೇವೆಗಳು, ವೈಯಕ್ತಿಕ ಬ್ಯಾಂಕಿಂಗ್/ಇಂಟ್ಯೂಟೀವ್ ಬ್ಯಾಂಕಿಂಗ್, ರೋಬೊ ಸಲಹೆ, ಗ್ರಾಹಕರ ಹಿತಚಿಂತನೆಯ ಸಲಹೆಗಳು ಮುಂತಾದ ಸೇವೆಗಳನ್ನು ಹಂತಹಂತವಾಗಿ ಒದಗಿಸುವ ಎಲ್ಲ ಯೋಜನೆಗಳನ್ನು ಹಮ್ಮಿಕೊಂಡಿದೆ. ಡಿಜಿ-ಬ್ರಾಂಚ್‌ನ ವ್ಯಾಪ್ತಿಯನ್ನು ಅನೇಕ ನಗರಗಳಿಗೆ ವಿಸ್ತರಿಸಲು ಬ್ಯಾಂಕ್ ಈಗಾಗಲೇ ಕ್ರಮಗಳನ್ನು ಪ್ರಾರಂಭಿಸಿದೆ ಮತ್ತು "ಗ್ರಾಹಕ ಸಂಪರ್ಕ ಕೇಂದ್ರವನ್ನು (ಕಾಂಟಾಕ್ಟ್ ಸೆಂಟರ್) ಹೊಸ ಮಾರಾಟ ಕೇಂದ್ರವಾಗಿ" ಬಳಸಿಕೊಳ್ಳುವ ಪರಿಕಲ್ಪನೆಯನ್ನು ಅಳವಡಿಸಿಕೊಳ್ಳಲಿದೆ.

### ಕೋವಿಡ್-19 ಸಾಂಕ್ರಾಮಿಕ ರೋಗದ ವಿರುದ್ಧ ಹೋರಾಡಲು ತೆಗೆದುಕೊಂಡ ವಿಶೇಷ ಕ್ರಮಗಳು:

ಕೋವಿಡ್-19 ಸಾಂಕ್ರಾಮಿಕ ರೋಗದ ಹರಡುವಿಕೆಯನ್ನು ತಗ್ಗಿಸುವ ಮತ್ತು ಬಾಧಿತರಿಗೆ ಸಹಾಯವನ್ನು ಒದಗಿಸುವಲ್ಲಿ ಬ್ಯಾಂಕ್ ಕ್ಷಪ್ತ ಸಮಯದಲ್ಲಿ ಅಗತ್ಯವಾದ ಕ್ರಮಗಳನ್ನು ಕೈಗೊಂಡಿದೆ. ಈ ನಿಟ್ಟಿನಲ್ಲಿ ಬ್ಯಾಂಕ್ ಮೂರು ಹಂತದ ವಿಧಾನವನ್ನು ಅಳವಡಿಸಿಕೊಂಡಿತ್ತು. ಅಂದರೆ (1) ಸಮಾಜದಲ್ಲಿ ಅಗತ್ಯವಿರುವವರಿಗೆ ಅಗತ್ಯ ಸಹಾಯವನ್ನು ಒದಗಿಸುವುದು, (2) ಗ್ರಾಹಕರ ಬ್ಯಾಂಕಿಂಗ್ ಅಗತ್ಯತೆಗಳನ್ನು ಪೂರೈಸುವುದು ಮತ್ತು (3) ಉದ್ಯೋಗಿಗಳ ಆರೋಗ್ಯ ಮತ್ತು ಸುರಕ್ಷತೆ.

#### (1) ಸಿಎಸ್‌ಆರ್ ಉಪಕ್ರಮಗಳ ಮೂಲಕ ಕೈಗೊಂಡ ಕೋವಿಡ್-19 ಸಂಬಂಧಿತ ಪರಿಹಾರ ಕ್ರಮಗಳು:

ಕೋವಿಡ್-19ನ ಹರಡುವಿಕೆಯನ್ನು ತಗ್ಗಿಸುವ ಮತ್ತು ಗುಣಪಡಿಸುವ ಕ್ರಮಗಳನ್ನು ತೆಗೆದುಕೊಳ್ಳುವಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ಕರ್ನಾಟಕದ ವಿವಿಧ ಜಿಲ್ಲಾಡಳಿತಗಳ ಜೊತೆ ಕೈಗೂಡಿಸಿ ಸಹಾಯಹಸ್ತ ಚಾಚಿದ್ದು, ಕೆಲವು ಪ್ರಮುಖ ಕ್ರಮಗಳು ಈ ಕೆಳಗಿನಂತಿವೆ:

- ದಕ್ಷಿಣ ಕನ್ನಡ ಜಿಲ್ಲಾಡಳಿತಕ್ಕೆ ₹ 10.00 ಲಕ್ಷ ಮೌಲ್ಯದ ಡಿಜಿಟಲ್ ಪಲ್ಸ್ ಆಕ್ಸಿಮೀಟರ್‌ಗಳ ಪೂರೈಕೆ.
- ಉಡುಪಿ ಮತ್ತು ದಕ್ಷಿಣ ಕನ್ನಡ ಜಿಲ್ಲಾಡಳಿತಗಳಿಗೆ ಸೋಂಕಿತ ರೋಗಿಗಳ ಸುರಕ್ಷಿತ ಪ್ರಯಾಣಕ್ಕಾಗಿ ಒಟ್ಟು ₹ 39 ಲಕ್ಷ ಮೌಲ್ಯದ ಎರಡು ಜೀವರಕ್ಷಕ ಆಂಬ್ಯುಲೆನ್ಸ್‌ಗಳ ಕೊಡುಗೆ
- ಮಂಗಳೂರು ಸರ್ಕಾರಿ ಜಿಲ್ಲಾ ವೆನ್ಸಾಕ್ ಆಸ್ಪತ್ರೆಗೆ ₹ 5.40 ಲಕ್ಷ ವೆಚ್ಚದ 1000 ಪಿಪಿಇ ಕಿಟ್‌ಗಳ ಪೂರೈಕೆ.
- ಉಡುಪಿ, ಕೊಡಗು ಮತ್ತು ಚಿಕ್ಕಮಗಳೂರು ಜಿಲ್ಲಾಡಳಿತಗಳಿಗೆ (ತಲಾ 1000 ಪಿಪಿಇ ಕಿಟ್‌ಗಳು) ₹ 10.50 ಲಕ್ಷ ವೆಚ್ಚದ 3000 ಪಿಪಿಇ ಕಿಟ್‌ಗಳ ಪೂರೈಕೆ.
- ಮಂಡ್ಯ ಜಿಲ್ಲಾಡಳಿತ ಕೈಗೊಂಡಿರುವ ಕೋವಿಡ್-19 ಪರಿಹಾರ ಕ್ರಮಗಳಿಗೆ 5.00 ಲಕ್ಷ ರೂ. ಕೊಡುಗೆ.
- ಲಾಕ್‌ಡೌನ್ ಅವಧಿಯಲ್ಲಿ ಸಾರ್ವಜನಿಕರ ಚಲನವಲನಗಳ ಮೇಲೆ ನಿಗಾಹಿಸಲು ಚಿತ್ರದುರ್ಗದ ಜಿಲ್ಲಾ ಪೊಲೀಸ್ ಕಚೇರಿಗೆ ₹ 0.95 ಲಕ್ಷ ಮೌಲ್ಯದ ಐದು 'ಹ್ಯಾಂಡಿಕ್ಯಾಮ್' ವೀಡಿಯೋ ಕ್ಯಾಮೆರಾಗಳ ಪ್ರಾಯೋಜನೆ.
- ಹುಬ್ಬಳ್ಳಿ ಮತ್ತು ಬೆಂಗಳೂರಿನ ಎರಡು ಆಸ್ಪತ್ರೆಗಳಿಗೆ ಜೀವರಕ್ಷಕ ವೆಂಟಿಲೇಟರ್‌ಗಳು ಮತ್ತು ಕಾರ್ಡಿಯಾಕ್ ಮಾನಿಟರ್‌ಗಳ ಪೂರೈಕೆ.
- ಮಂಗಳೂರಿನ ಸರ್ಕಾರಿ ಲೇಡ್‌ಗೋಶನ್ ಆಸ್ಪತ್ರೆಗೆ ಶಸ್ತ್ರಚಿಕಿತ್ಸೆಯಲ್ಲಿ ಬಳಸುವ 5000 ಯೂನಿಟ್ ಕೈವಸುಗಳ ಸರಬರಾಜು.

#### (2) ಕೋವಿಡ್-19 ರ ಅವಧಿಯಲ್ಲಿ ಗ್ರಾಹಕರ ಬ್ಯಾಂಕಿಂಗ್ ಅಗತ್ಯತೆಗಳ ಪೂರೈಕೆ:

ಬ್ಯಾಂಕಿನ ಗ್ರಾಹಕರಿಗೆ ನಿರಂತರ ಸೇವೆಯನ್ನು ಒದಗಿಸುವ ಉದ್ದೇಶದಿಂದ, ವರದಿ ವರ್ಷದಲ್ಲಿ ಬ್ಯಾಂಕ್ ಈ ಕೆಳಗಿನ ಕ್ರಮವನ್ನು ತೆಗೆದುಕೊಂಡಿತು:

- ಅಗತ್ಯಸೇವೆಗಳಲ್ಲಿ ಬ್ಯಾಂಕಿಂಗ್ ಕೂಡಾ ಒಂದಾಗಿದ್ದರಿಂದ, ಸ್ಥಳೀಯ/ರಾಜ್ಯಕೇಂದ್ರ ಸರ್ಕಾರದ ಕಾಲಕಾಲಕ್ಕೆ ನೀಡಿದ ಸಲಹೆಗಳನ್ನು ಅನುಸರಿಸಿ ಲಾಕ್‌ಡೌನ್ ಅವಧಿಯಲ್ಲಿ ಬ್ಯಾಂಕ್‌ನ ಶಾಖೆಗಳು ಮತ್ತು ಕಚೇರಿಗಳನ್ನು ಗ್ರಾಹಕರ ಅಗತ್ಯತೆಗಳಿಗಾಗಿ ತೆರೆಯುವ ಮೂಲಕ ವಿವಿಧ ಹಂತಗಳಲ್ಲಿ ವ್ಯಾಪಾರ ನಿರಂತರತೆಯನ್ನು ಕಾಯ್ದುಕೊಳ್ಳಲಾಯಿತು.

- ಎಟಿಎಂಗಳು, ಇಂಟರ್ನೆಟ್ ಬ್ಯಾಂಕಿಂಗ್ ಮತ್ತು ಮೊಬೈಲ್ ಬ್ಯಾಂಕಿಂಗ್ ನಂತಹ ಪರ್ಯಾಯ ವಿತರಣಾ ಚಾನೆಲ್‌ಗಳ (ಎಡಿಪಿ) ಲಭ್ಯತೆಯನ್ನು (ಆಪ್-ಟೈಮ್) ಖಚಿತಪಡಿಸಲಾಯಿತು.
- ಬ್ಯಾಂಕಿನ ಸಾಲ-ಸೌಲಭ್ಯಗಳ ಡಿಜಿಟಲ್ ಅಂಡರ್ ರೈಟಿಂಗ್ ಮತ್ತು ಡಿಜಿಟಲ್ ಮುಖಾಂತರ ಖಾತೆ ತೆರೆಯುವ ವ್ಯವಸ್ಥೆಯ ಚಾಲನೆಯು ಈ ಸಂದರ್ಭದಲ್ಲಿ ಸಹಕಾರಿಯಾಗಿ ಒದಗಿ ಬಂದಿದೆ.
- ಶಾಖೆಗಳಲ್ಲಿ ಜನಸಂದಣಿಯನ್ನು ತಪ್ಪಿಸಲು ಪರ್ಯಾಯ ವಿತರಣಾ ಚಾನೆಲ್‌ಗಳನ್ನು (ಎಡಿಪಿ) ಬಳಸುವಂತೆ ಗ್ರಾಹಕರನ್ನು ಪ್ರೋತ್ಸಾಹಿಸುವ ಕಾರ್ಯ, SMSಗಳನ್ನು ಕಳುಹಿಸುವುದು, ಕೋವಿಡ್-19 ಜಾಗೃತಿಯನ್ನು ಬಿತ್ತರಿಸುವ ಹಲವಾರು ಪ್ರೋಸ್ಪರ್‌ಗಳನ್ನು ಟ್ವಿಟರ್, ಫೇಸ್ ಬುಕ್ ಮತ್ತು ಇನ್ಸ್ಟಾಗ್ರಾಮ್‌ನಂತಹ ಬ್ಯಾಂಕಿನ ಸಾಮಾಜಿಕ ಮಾಧ್ಯಮ ಹ್ಯಾಂಡಲ್‌ಗಳಲ್ಲಿ ಪ್ರಕಟಿಸಲಾಯಿತು.
- ಈ ಬಿಕ್ಕಟ್ಟಿನ ಸಮಯದಲ್ಲಿ ಸರ್ಕಾರದ ಎಲ್ಲಾ ಉತ್ತೇಜನ ಯೋಜನೆಗಳಲ್ಲಿ ಬ್ಯಾಂಕ್ ಸಕ್ರಿಯವಾಗಿ ಭಾಗವಹಿಸಿತು.  
ಶಾಖೆಗಳು ಗ್ರಾಹಕರಿಗೋಸ್ಕರ ಸ್ಯಾನಿಟೈಜರ್‌ಗಳನ್ನು ಒದಗಿಸಿದ್ದಲ್ಲದೆ, ರಕ್ಷಣಾತ್ಮಕ ಪ್ಲಾಸ್ಟಿಕ್ /ಪಾಲಿಥಿನ್ ಹಾಳೆಗಳನ್ನು ಬಳಸುವ ಮೂಲಕ ವೈಯಕ್ತಿಕ ಅಂತರವನ್ನು ಕಾಯ್ದುಕೊಳ್ಳಲಾಯಿತು.

### (3) ಉದ್ಯೋಗಿಗಳ ಆರೋಗ್ಯ ಮತ್ತು ಸುರಕ್ಷತೆ:

- ಕೋವಿಡ್-19 ಸಾಂಕ್ರಾಮಿಕದ ಅವಧಿಯಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ತನ್ನ ಉದ್ಯೋಗಿಗಳ ಆರೋಗ್ಯ ಮತ್ತು ಸುರಕ್ಷತೆಯನ್ನು ಖಾತ್ರಿಪಡಿಸುವಲ್ಲಿ ವಿಶೇಷ ಕಾಳಜಿ ವಹಿಸಿತು ಮತ್ತು ಉದ್ಯೋಗಿಗಳ ಕಲ್ಯಾಣಕ್ಕಾಗಿ ವಿವಿಧ ಕ್ರಮಗಳನ್ನು ಪ್ರಾರಂಭಿಸಿತು. ಸಾಂಕ್ರಾಮಿಕ ರೋಗ ತಡೆಗಟ್ಟುವಿಕೆ ಮತ್ತು ನಿರ್ವಹಣೆಗಾಗಿ ಬ್ಯಾಂಕಿನ ಎಲ್ಲಾ ಇಲಾಖೆಗಳು/ಕಚೇರಿಗಳಲ್ಲಿ ನೋಡಲ್ ಅಧಿಕಾರಿಗಳ ನೇಮಕ ಮತ್ತು ಕೇಂದ್ರ ಕಚೇರಿಯಲ್ಲಿ ತ್ವರಿತ ಪ್ರತಿಕ್ರಿಯೆ ತಂಡವನ್ನು ರಚಿಸಲಾಯಿತು.
- ಕೋವಿಡ್-19 ಪ್ರಕರಣಗಳನ್ನು ಕಡಿಮೆ ಮಾಡುವ ಕಾರ್ಯತಂತ್ರಗಳ (ಸೋಂಕಿತರ ಪ್ರಾಥಮಿಕ ಸಂಪರ್ಕಗಳ ಪರೀಕ್ಷೆ, ರೋಗಲಕ್ಷಣ ಹೊಂದಿದವರಿಗೆ ಮತ್ತು ಕೋವಿಡ್ ಪಾಸಿಟಿವ್ ವ್ಯಕ್ತಿಗಳಿಗೆ ನಿಗದಿತ ಕ್ವಾರಂಟೈನ್ ಅವಧಿಯನ್ನು ಕಟ್ಟುನಿಟ್ಟಾಗಿ ಅನುಸರಿಸುವುದು ಇತ್ಯಾದಿ.) ಬಗ್ಗೆ ಉದ್ಯೋಗಿಗಳಿಗೆ ಸಕಾಲಿಕ ಸಲಹೆಗಳನ್ನು ನೀಡಲಾಯಿತು.
- ಕೋವಿಡ್-19 ಪಾಸಿಟಿವ್ ಹೊಂದಿದ ಸಿಬ್ಬಂದಿಯನ್ನು ಮಾನವ ಸಂಪನ್ಮೂಲ ವಿಭಾಗವು ಸಂಪರ್ಕಿಸಿ ಅಗತ್ಯ ವಿಶ್ವಾಸ, ಕಾಳಜಿ ಮತ್ತು ಬೆಂಬಲವನ್ನು ಒದಗಿಸಿತು ಮತ್ತು ಅಂತಹ ಸಂದರ್ಭಗಳಲ್ಲಿ 15 ದಿನಗಳ ವಿಶೇಷ ರಜೆಯನ್ನು ನೀಡಲಾಯಿತು.
- ಭಾರತ ಸರ್ಕಾರ, ಹಣಕಾಸು ಸಚಿವಾಲಯದ ಸಲಹೆಯಂತೆ ಕೋವಿಡ್-19 ಜಾಗೃತಿ ಸಂದೇಶಗಳನ್ನು ಶಾಖೆಗಳು/ಕಚೇರಿಗಳಲ್ಲಿ ಪ್ರದರ್ಶಿಸಲಾಯಿತು.
- ಶಾಖೆಗಳು ಮತ್ತು ಕಚೇರಿಗಳಲ್ಲದೆ ಯಾವುದೇ ಸ್ಥಳದಲ್ಲಿ ಎಲ್ಲಾ ಸಿಬ್ಬಂದಿ ಸದಸ್ಯರು ಪ್ರತ್ಯೇಕವಾಗಿ ಅನುಸರಿಸಬೇಕಾದ ಕೋವಿಡ್-19 ಸೂಕ್ತ ನಡವಳಿಕೆಗೆ ಹೆಚ್ಚಿನ ಒತ್ತು ನೀಡಲಾಯಿತು. ಈ ನಿಟ್ಟಿನಲ್ಲಿ, ವ್ಯವಸ್ಥಾಪಕ ನಿರ್ದೇಶಕರ ನೇತೃತ್ವದಲ್ಲಿ ಉನ್ನತ ಆಡಳಿತ ವರ್ಗವು ವಿದ್ಯುನ್ಮಾನ ಸಂವಹನ ವಿಧಾನಗಳನ್ನು ಬಳಸುವುದರ ಮೂಲಕ ಲಭ್ಯವಿರುವ ಎಲ್ಲಾ ವೇದಿಕೆಯಿಂದ ಸಿಬ್ಬಂದಿ ಸದಸ್ಯರಿಗೆ ಜಾಗೃತಿ ಸಂದೇಶಗಳನ್ನು ತಲುಪಿಸಿತು.
- ವರ್ಕ್ ಫ್ರಮ್ ಹೋಮ್ (WFH) ಸೌಲಭ್ಯವನ್ನು ನಿಯಂತ್ರಣ ಕಚೇರಿಗಳಲ್ಲಿರುವ ಕೆಲವು ಪ್ರಕ್ರಿಯೆಗಳಿಗೆ ವಿಸ್ತರಿಸಲಾಯಿತು ಮತ್ತು ಸಿಬ್ಬಂದಿಗಳಲ್ಲಿ ನೇರ ಸಂಪರ್ಕವನ್ನು ಕಡಿಮೆಗೊಳಿಸಲು ಬೋರ್ಡ್ ಮೀಟಿಂಗ್‌ಗಳು ಸೇರಿದಂತೆ ಆಂತರಿಕ ಸಭೆಗಳಲ್ಲಿ ವಿದ್ಯುನ್ಮಾನ ಸಂವಹನ ವಿಧಾನಗಳನ್ನು ಬಳಸಲಾಯಿತು.
- ವಿವಿಧ ಜಿಲ್ಲಾಡಳಿತಗಳು ನೀಡುವ ಸಲಹೆಗಳ ಅನುಸಾರವಾಗಿ ಕೆಲಸದ ಸಮಯ, ಪರ್ಯಾಯ ದಿನ ರಜೆ ಇತ್ಯಾದಿ ಮಾರ್ಪಾಡುಗಳನ್ನು ಸಹ ಮಾಡಲಾಯಿತು.
- ಕೋವಿಡ್-19 ರ ಆರಂಭಿಕ ದಿನಗಳಲ್ಲಿ, ಎಲ್ಲಾ ಸಿಬ್ಬಂದಿಗಳಿಗೆ ಮುಖಗವಸುಗಳು, ಹ್ಯಾಂಡ್ ಸ್ಯಾನಿಟೈಸರ್‌ಗಳು ಇತ್ಯಾದಿಗಳನ್ನು ಕೊಳ್ಳಲು ನಗದು ಭತ್ಯೆಯನ್ನು ನೀಡಲಾಯಿತು ಮತ್ತು ಎಲ್ಲಾ ಸಿಬ್ಬಂದಿಗೆ ಉತ್ತಮ ವಿನ್ಯಾಸದ ಮುಖಗವಸುಗಳನ್ನು ಸಹ ಬ್ಯಾಂಕ್ ವತಿಯಿಂದ ವಿತರಿಸಲಾಯಿತು.
- ಕೋವಿಡ್-19ನಿಂದ ಜೀವಹಾನಿಯುಂಟಾಗುವ ಸಂದರ್ಭ ಉದ್ಭವವಾದ ಪಕ್ಷದಲ್ಲಿ ಎಲ್ಲಾ ಸಿಬ್ಬಂದಿಗಳಿಗೆ ಸೂಕ್ತ ಆರ್ಥಿಕ ರಕ್ಷಣೆಯನ್ನು ಒದಗಿಸಲು 'ತಲಾ ರೂ. 20 ಲಕ್ಷ' ಮೊತ್ತದ ಹೆಚ್ಚುವರಿ ಗುಂಪು ಜೀವ ವಿಮಾ ಸೌಲಭ್ಯವನ್ನು ನೀಡಲಾಯಿತು ಅಲ್ಲದೆ ಮೃತ ಸಿಬ್ಬಂದಿಯ ಅರ್ಹ ವಾರಸುದಾರರಿಗೆ ಅನುಕಂಪದ ಆಧಾರದ ಮೇಲೆ ಸೂಕ್ತ ಉದ್ಯೋಗವನ್ನು ಸಹ ಒದಗಿಸುವ ಯೋಜನೆಯನ್ನು ಬ್ಯಾಂಕ್ ಹೊಂದಿದೆ.
- ಸಿಬ್ಬಂದಿ ಸದಸ್ಯರಿಗೆ ಕೋವಿಡ್-19 ಪರೀಕ್ಷಾ ಶಿಬಿರಗಳನ್ನು ವಿವಿಧ ಶಾಖೆ/ಕಚೇರಿಗಳಲ್ಲಿ ಮತ್ತು ಮುಖ್ಯ ಕಚೇರಿಯಲ್ಲಿ ಹಲವಾರು ಸಂದರ್ಭಗಳಲ್ಲಿ ವ್ಯವಸ್ಥೆ ಮಾಡಲಾಯಿತು.
- ಸಿಬ್ಬಂದಿ ಸದಸ್ಯರು ಮತ್ತು ಅವರ ಕುಟುಂಬ ಸದಸ್ಯರಿಗೆ ಬ್ಯಾಂಕ್ ಮತ್ತು ಲೀಡ್ ಬ್ಯಾಂಕ್‌ಗಳ ವತಿಯಿಂದ ಲಸಿಕಾ ಶಿಬಿರಗಳನ್ನು ಆಯೋಜಿಸಲಾಯಿತು.

## ಆಪತ್ತು ಮತ್ತು ಕಾಳಜಿಗಳು

ಬ್ಯಾಂಕುಗಳು ವ್ಯವಹಾರ ಸಂಬಂಧಿತ ಅನೇಕ ಆಪತ್ತುಗಳನ್ನು ಎದುರಿಸಬೇಕಾಗುತ್ತದೆ ಉದಾ. ಸಾಲ ಮರುಪಾವತಿಯಾಗದೆ ಇರುವ ಆಪತ್ತು, ಮಾರುಕಟ್ಟೆ ಸಂಬಂಧಿತ ಆಪತ್ತು ಮತ್ತು ಕಾರ್ಯಾಚರಣೆ ಸಂಬಂಧಿತ ಆಪತ್ತು, ಲಿಕ್ವಿಡಿಟಿ ಸಂಬಂಧಿತ ಆಪತ್ತು, ಬಡ್ಡಿ ದರ ಸಂಬಂಧಿತ ಆಪತ್ತು, ಕೇಂದ್ರೀಕರಣ ಆಪತ್ತು, ವ್ಯೂಹಾತ್ಮಕ ಸಂಬಂಧಿತ ಆಪತ್ತು, ಖ್ಯಾತಿಗೆ ಸಂಬಂಧಿತ ಆಪತ್ತು ಮುಂತಾದವುಗಳು. ಅಂತಹ ಅಪಾಯಗಳನ್ನು ಸಮರ್ಥವಾಗಿ ನಿರ್ವಹಿಸುವ ಉದ್ದೇಶದಿಂದ, ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ವಿವಿಧ ಅಪಾಯ ನಿರ್ವಹಣಾ ವ್ಯವಸ್ಥೆಗಳು ಮತ್ತು ಅಭ್ಯಾಸಗಳನ್ನು ಜಾರಿಗೆ ತಂದಿದೆ. ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ಕಾಲಕಾಲಕ್ಕೆ ಹೊರಡಿಸಿದ ಮಾರ್ಗಸೂಚಿಗಳಿಗೆ ಅನುಗುಣವಾಗಿ, ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ನೀತಿಗಳು, ಸಾಧನಗಳು, ತಂತ್ರಗಳು, ವ್ಯವಸ್ಥೆಗಳು ಮತ್ತು ಇತರ ಮೇಲ್ವಿಚಾರಣಾ ಕಾರ್ಯವಿಧಾನಗಳನ್ನು ಒಳಗೊಂಡ ವಿವಿಧ ಅಪಾಯ ನಿರ್ವಹಣಾ ವ್ಯವಸ್ಥೆಗಳನ್ನು ಬಲಪಡಿಸುವಲ್ಲಿ ಸದಾ ಗಮನ ಹರಿಸಿದೆ.

ನಿಮ್ಮ ಬ್ಯಾಂಕ್, ಆಪತ್ತುಗಳು ಮತ್ತು ಆದಾಯಗಳ ನಡುವೆ ಸೂಕ್ತ ಸಮತೋಲನ ಸಾಧಿಸುವ ಗುರಿಯನ್ನು ಹೊಂದಿದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಅಪಾಯ ನಿರ್ವಹಣಾ ಉದ್ದೇಶಗಳು ಬ್ಯಾಂಕಿನ ವಿವಿಧ ವ್ಯವಹಾರ ವಿಭಾಗಗಳಲ್ಲಿನ ಆಪತ್ತುಗಳ ಸರಿಯಾದ ಗುರುತಿಸುವಿಕೆ, ಮೌಲ್ಯಮಾಪನ, ಅಳತೆ, ಮೇಲ್ವಿಚಾರಣೆ, ನಿಯಂತ್ರಣ, ತಗ್ಗಿಸುವಿಕೆ ಮತ್ತು ವರದಿಮಾಡುವಿಕೆಯನ್ನು ಒಳಗೊಳ್ಳುತ್ತವೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ಅಳವಡಿಸಿಕೊಂಡ ಆಪತ್ತು ನಿರ್ವಹಣಾ ಕಾರ್ಯತಂತ್ರವು ಆಪತ್ತುಗಳು ಮತ್ತು ಅವುಗಳ ಮಟ್ಟದ ಸ್ಪಷ್ಟ ತಿಳುವಳಿಕೆಯ ಮೇಲೆ ಆಧರಿಸಿದ್ದು ಇದು ವ್ಯವಹಾರದಲ್ಲಿ ಎದುರಾಗಬಹುದಾದ ಆಪತ್ತುಗಳನ್ನು ತೆಗೆದುಕೊಳ್ಳುವ ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಇಚ್ಛೆಯ ಮೇಲೆ ಕೂಡ ಅವಲಂಬಿತವಾಗಿದೆ. ರಿಸ್ಕ್ & ಕ್ಯಾಪಿಟಲ್ ಮ್ಯಾನೇಜ್‌ಮೆಂಟ್ ಕಮಿಟಿ (RCMC) ಎಂಬ ನಿರ್ದೇಶಕರ ಮಂಡಳಿ ಮಟ್ಟದ ಸಮಿತಿಯು ನಿಯತಕಾಲಿಕವಾಗಿ ಆಪತ್ತುಗಳ ವ್ಯಾಪ್ತಿ, ಬ್ಯಾಂಕ್ ಎದುರಿಸುವ ಒಟ್ಟಾರೆ ಅಪಾಯಗಳ ಮೌಲ್ಯಮಾಪನ ಮತ್ತು ಅದರ ಪರಿಣಾಮಕಾರಿ ನಿರ್ವಹಣೆಗಾಗಿ ನೀತಿ ಮತ್ತು ಕಾರ್ಯತಂತ್ರಗಳನ್ನು ಅಭಿವೃದ್ಧಿಪಡಿಸುತ್ತದೆ.

ಸಾಲ ನೀತಿ ಸಮಿತಿ (CPC), ಆಸ್ತಿ-ಹೊಣೆಗಾರಿಕೆ ನಿರ್ವಹಣಾ ಸಮಿತಿ (ALCO), ಕಾರ್ಯಾಚರಣೆ ಆಪತ್ತು ನಿರ್ವಹಣಾ ಸಮಿತಿ (ORMC) ಮುಂತಾದ ವಿವಿಧ ಆಂತರಿಕ ನಿರ್ವಹಣಾ ಸಮಿತಿಗಳು ಬ್ಯಾಂಕಿನೊಳಗೆ ಆಪತ್ತು ನಿಯಂತ್ರಣ ಮತ್ತು ಆಡಳಿತ ಚೌಕಟ್ಟನ್ನು ಖಚಿತಪಡಿಸಿಕೊಳ್ಳಲು ಒಂದು ವಿಶಾಲವಾದ ನೀತಿ ಚೌಕಟ್ಟಿನಲ್ಲಿ ಕಾರ್ಯನಿರ್ವಹಿಸುತ್ತವೆ. ಮುಖ್ಯ ಕಚೇರಿಯಲ್ಲಿರುವ ಆಪತ್ತು ನಿರ್ವಹಣಾ ವಿಭಾಗವು (ರಿಸ್ಕ್ ಮ್ಯಾನೇಜ್‌ಮೆಂಟ್ ಡಿಪಾರ್ಟ್‌ಮೆಂಟ್) ಬ್ಯಾಂಕಿನಾದ್ಯಂತ ವಿವಿಧ ಆಪತ್ತು ನಿರ್ವಹಣಾ ಉಪಕ್ರಮಗಳ ಒಟ್ಟಾರೆ ಅನುಷ್ಠಾನಗಳ ಮೇಲ್ವಿಚಾರಣೆ ಮಾಡುತ್ತದೆ.

ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ಹೊರಡಿಸಿದ ಮಾರ್ಗಸೂಚಿಗಳಿಗೆ ಅನುಗುಣವಾಗಿ, ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ಮುಖ್ಯ ಮಾಹಿತಿ ಭದ್ರತಾ ಅಧಿಕಾರಿಯನ್ನು (CISO) ನಾಮನಿರ್ದೇಶನ ಮಾಡಿದೆ. ಅವರು ಬ್ಯಾಂಕಿನಲ್ಲಿ ಮಾಹಿತಿ ತಂತ್ರಜ್ಞಾನದ ಅಡಿಯಲ್ಲಿ ಹೊಸ ವ್ಯವಸ್ಥೆಗಳ ಅನುಷ್ಠಾನದಲ್ಲಿ ಭದ್ರತೆ ಸಂಬಂಧಿತ ಸಮಸ್ಯೆಗಳನ್ನು ಸಮನ್ವಯಗೊಳಿಸುವುದರ ಜೊತೆಗೆ ಮಾಹಿತಿ ಸ್ವತ್ತುಗಳನ್ನು ರಕ್ಷಿಸಲು ಬ್ಯಾಂಕ್ ಬಳಸುವ ನೀತಿಗಳನ್ನು ವ್ಯಕ್ತಪಡಿಸುವ ಮತ್ತು ಜಾರಿಗೊಳಿಸುವ ಜವಾಬ್ದಾರಿಯನ್ನು ಹೊಂದಿದ್ದಾರೆ.

**ಬ್ಯಾಂಕ್ ತನ್ನ ಕಾರ್ಯಾಚರಣೆಗಳಿಗೆ ಸಂಬಂಧಿಸಿದ ಪ್ರಮುಖ ಆಪತ್ತುಗಳನ್ನು ಹೇಗೆ ನಿರ್ವಹಿಸುತ್ತದೆ ಎಂಬುದರ ಸಾರಾಂಶ:**

ಆಪತ್ತು	ತಗ್ಗಿಸುವ ಪ್ರಕ್ರಿಯೆ	ಕಾರ್ಯತಂತ್ರ
	<p>ವಿವಿಧ ವಲಯಗಳಲ್ಲಿನ ಸಾಲಗಾರರ ಖಾತೆಗಳಲ್ಲಿ ಉಂಟಾಗಬಹುದಾದ ಆಪತ್ತಿನ ಸಾಧ್ಯತೆಗಳನ್ನು ಒಗ್ಗೂಡಿಸಿ, ಪ್ರಮಾಣಬದ್ಧವಾಗಿ ಆನ್ಲೈನ್ ಮೂಲಕ ಸಮಗ್ರ ರೇಟಿಂಗ್ ನೀಡುವ ವ್ಯವಸ್ಥೆಯನ್ನು ನಿಮ್ಮ ಬ್ಯಾಂಕು ಹೊಂದಿದೆ.</p> <p>ಬ್ಯಾಂಕು ವಿಶೇಷ-ಮಾದರಿ ಸಾಲಗಳ ರೇಟಿಂಗ್ ನಿರ್ಣಯಿಸುವ ಮಾಡೆಲ್, ರೀಟೇಲ್ ಸ್ಕೋರ್ ಕಾರ್ಡ್ ಮಾಡೆಲ್ (Pool Based-ಏಕ-ರೀತಿಯ ಸಾಲಗಳ ರೇಟಿಂಗ್‌ನ್ನು ಗುಂಪಿನ ಮಟ್ಟದಲ್ಲಿ ನಿರ್ಣಯಿಸುವ ಕ್ರಮ) ಮತ್ತು ಸಾಲದ ಖಾತೆಯ ಮಟ್ಟದಲ್ಲಿ ರೇಟಿಂಗ್ ನಿರ್ಣಯಿಸುವ ಮಾಡೆಲ್ ಗಳನ್ನು ಪರಿಚಯಿಸಿದೆ. ಇದಲ್ಲದೆ, ಡಿಜಿಟಲ್ ಅಂಡರ್ ರೈಟಿಂಗ್ ಪ್ರಕ್ರಿಯೆಗಾಗಿ ಬಿಸಿನೆಸ್ ರೂಲ್ ಎಂಜಿನ್ (BRE) ವಿಧಾನದ ಅಡಿಯಲ್ಲಿ ಸ್ಕೋರ್ ಕಾರ್ಡ್ ಮಾದರಿಗಳನ್ನು ಸಹ ಪರಿಚಯಿಸಲಾಗಿದೆ. ಸಾಲ ಸಂಬಂಧಿತ ಆಪತ್ತಿನ ಪ್ರಮಾಣವನ್ನು ಮಿತಿಗೊಳಿಸಲು ಮುಂಗಡಗಳ ನಿಯಮಿತ ಪರಾಮರ್ಶೆ, ದೊಡ್ಡ ಮೊತ್ತದ ಸಾಲಗಳ ಕ್ರೆಡಿಟ್ ಆಡಿಟ್, ಲೀಗಲ್ ಆಡಿಟ್ ಮತ್ತು ಸ್ಟಾಕ್ ಆಡಿಟ್ ನಡೆಸಿ ಆಪತ್ತಿನ ಸಾಧ್ಯತೆಗಳನ್ನು ಮಿತಿಗೊಳಿಸಲಾಗುತ್ತದೆ.</p>	<p>ಕ್ರೆಡಿಟ್ ಮಾನಿಟರಿಂಗ್ ಡಿಪಾರ್ಟ್‌ಮೆಂಟ್ (CrMD) ಎಂಬ ಪ್ರತ್ಯೇಕ ವಿಭಾಗದ ಮೂಲಕ ಸಾಲಗಳ ನಿರಂತರ ಮೇಲ್ವಿಚಾರಣೆ ಮತ್ತು ಕಲೆಕ್ಷನ್ ಅನುಸರಣೆಗಳ ಮೂಲಕ ಆಸ್ತಿಗಳ ಗುಣಮಟ್ಟವನ್ನು ಖಚಿತಪಡಿಸುವುದು.</p>
<p><b>ಮರುಪಾವತಿಯಾಗದೆ ಇರುವ ಆಪತ್ತು :</b></p> <p>ಅಂದರೆ ಬ್ಯಾಂಕಿನ ಸಾಲಗಾರ ಅಥವಾ ಸಹವರ್ತಿ ಒಪ್ಪಿದ ನಿಯಮಗಳಿಗೆ ಅನುಗುಣವಾಗಿ ತಮ್ಮ ಬಾಧ್ಯತೆಗಳನ್ನು ಪೂರೈಸಲು ವಿಫಲರಾಗುವುದು.</p>		





### ಮಾರುಕಟ್ಟೆ ಸಂಬಂಧಿತ ಆಪತ್ತು:

ಅಂದರೆ ಮಾರುಕಟ್ಟೆ ಬೆಲೆಗಳಲ್ಲಿನ ಚಲನೆಗಳು ವಿಶೇಷವಾಗಿ ಬಡ್ಡಿ ದರಗಳು, ವಿದೇಶಿ ವಿನಿಮಯ ದರಗಳು ಮತ್ತು ಷೇರು ಬೆಲೆಗಳಲ್ಲಿನ ಅಸ್ಥಿರತೆಯಿಂದ ಆದಾಯಕ್ಕೆ ಉಂಟಾಗುವ ಧಕ್ಕೆ.

ಬ್ಯಾಂಕ್‌ನಲ್ಲಿ ಮಾರುಕಟ್ಟೆ ಸಂಬಂಧಿತ ಆಪತ್ತಿನ ಪರಿಣಾಮಕಾರಿ ನಿರ್ವಹಣೆಗಾಗಿ ಆಡಳಿತ ಮಂಡಳಿ ಅನುಮೋದಿತ ಸಮಗ್ರ ಖಜಾನೆ ನೀತಿ, ಆಸ್ತಿ ಹೊಣೆಗಾರಿಕೆ ನಿರ್ವಹಣೆ (ALM) ನೀತಿ, ಮಾರುಕಟ್ಟೆ ಸಂಬಂಧಿತ ಆಪತ್ತು ನಿರ್ವಹಣಾ ನೀತಿ ಮತ್ತು ನಿಧಿ ವರ್ಗಾವಣೆ ಬೆಲೆ ನೀತಿಯನ್ನು ಜಾರಿಗೆ ತಂದಿದೆ. ಇದಲ್ಲದೆ, ಮಾರುಕಟ್ಟೆ ಚಲನೆಯ ನಿಕಟ ಮೇಲ್ವಿಚಾರಣೆಗಾಗಿ ಅಂತರ್ನಿರ್ಮಿತ ಮಿತಿಗಳಿವೆ.

ವಿವಿಧ ಸ್ವತ್ತುಗಳು ಮತ್ತು ಮಾರುಕಟ್ಟೆ ಸಂಬಂಧಿತ ಸಾಧನಗಳು, ಖಜಾನೆ ಕಾರ್ಯಾಚರಣೆಗಳು ಇತ್ಯಾದಿಗಳಿಂದ ಆದಾಯವನ್ನು ಉತ್ತಮ ಗೊಳಿಸುವುದು.



### ಲಿಕ್ವಿಡಿಟಿ ಅಪಾಯ

ಅಸಮರ್ಪಕ ನಿಧಿಯ ಹರಿವಿನಿಂದಾಗಿ ಬ್ಯಾಂಕ್ ತನ್ನ ದೈನಂದಿನ ಕಾರ್ಯಾಚರಣೆಗಳಲ್ಲಿ ಒಪ್ಪಂದದ ಬಾಧ್ಯತೆಯನ್ನು ಪೂರೈಸಲು ವಿಫಲವಾದಾಗ ಲಿಕ್ವಿಡಿಟಿ ಸಂಬಂಧಿತ ಆಪತ್ತು ಉದ್ಭವಿಸುತ್ತದೆ.

ಬ್ಯಾಂಕು ತನ್ನ ಹಣಕಾಸು ಸಂಬಂಧಿತ ಆಪತ್ತುಗಳು, ಸಮಯ ಸಂಬಂಧಿತ ಆಪತ್ತುಗಳು ಮತ್ತು ಬ್ಯಾಂಕುಗಳಿಗೆ ಲಿಕ್ವಿಡಿಟಿ ಸಂಬಂಧಿತ ಆಪತ್ತನ್ನು ಉಂಟುಮಾಡುವ ವಿವಿಧ ಸನ್ನಿವೇಶಗಳ ಪೂರ್ವಭಾವಿ ವಿಶ್ಲೇಷಣೆ ಮಾಡುತ್ತದೆ. ವಿವಿಧ ಸಮಯದ ಬಕೆಟ್ ಗಳಲ್ಲಿ ಮೆಚ್ಯೂರಿಟಿಯ ಆಧಾರದ ಮೇಲೆ ಮೆಚ್ಯೂರಿಟಿ ಹೊಂದಾಣಿಕೆಯಾಗದಿರುವ ಅಂತರದ ವಿಶ್ಲೇಷಣೆ ಮಾಡಿ ಅಪಾಯದ ಮೌಲ್ಯಮಾಪನ ಮಾಡಲಾಗುತ್ತದೆ. ಒತ್ತಡ ಪರೀಕ್ಷೆ, ಸಿಮ್ಯುಲೇಶನ್, ಸಂವೇದನಾಶೀಲತೆಯ ವಿಶ್ಲೇಷಣೆ ಮುಂತಾದ ಪೂರ್ವಭಾವಿ ತಂತ್ರಗಳನ್ನು ನಿಯಮಿತ ಮಧ್ಯಂತರಗಳಲ್ಲಿ ನಡೆಸಲಾಗುತ್ತದೆ.

ನಿಧಿಯ ಅಗತ್ಯದ ಪೂರ್ವಭಾವಿ ಮೌಲ್ಯಮಾಪನ ಮತ್ತು ಸಾಮಾನ್ಯ ಮತ್ತು ಒತ್ತಡದ ಪರಿಸ್ಥಿತಿಗಳಲ್ಲಿ ಬ್ಯಾಂಕಿಗೆ ಲಭ್ಯವಿರುವ ವಿವಿಧ ನಿಧಿಗಳ ಮೂಲಗಳೊಂದಿಗೆ ಸಮನ್ವಯ.



### ಬಡ್ಡಿ ದರ ಸಂಬಂಧಿತ ಆಪತ್ತು

ಬಡ್ಡಿ ದರಗಳಲ್ಲಿನ ಏರಿಳಿತಗಳಿಂದಾಗಿ ಸ್ವತ್ತುಗಳು ಅಥವಾ ಹೊಣೆಗಾರಿಕೆಗಳ (ಅಥವಾ ಒಳಹರಿವು/ ಹೊರಹರಿವು) ಆರ್ಥಿಕ ಮೌಲ್ಯದ ಬದಲಾವಣೆಯಿಂದ ಉದ್ಭವಿಸುವ ಆಪತ್ತು.

ಬ್ಯಾಂಕಿನ ಉತ್ಪನ್ನ-ವಾರು ಸರಾಸರಿ ಬಡ್ಡಿ ದರಗಳ ಮೇಲೆ ವಿವಿಧ ಆಘಾತಗಳನ್ನು (ಷಾಕ್) ಅನ್ವಯಿಸುವ ಮೂಲಕ ವಿಶ್ಲೇಷಣೆಯನ್ನು ನಡೆಸಲಾಗುತ್ತದೆ. ಬಡ್ಡಿ ದರದ ಆಪತ್ತನ್ನು ವಿಭಿನ್ನ ದೃಷ್ಟಿಕೋನಗಳಿಂದ ನೋಡಲಾಗುತ್ತದೆ ಉದಾ. 'ಗಳಿಕೆ ದೃಷ್ಟಿಕೋನ' ಮತ್ತು 'ಆರ್ಥಿಕ ಮೌಲ್ಯ ದೃಷ್ಟಿಕೋನ'. ಮೊದಲನೆಯದನ್ನು ಸಾಂಪ್ರದಾಯಿಕ ಅಂತರ ವಿಶ್ಲೇಷಣೆ (TGA) ಅಡಿಯಲ್ಲಿ ಅನಿಂಗ್ಸ್-ಅಟ್-ರಿಸ್ಕ್ (EaR) ಬಳಸಿ ಅಳೆಯಲಾಗುತ್ತದೆ. ಎರಡನೆಯದನ್ನು ಅವಧಿ ಅಂತರ ವಿಶ್ಲೇಷಣೆ (DGA) ಅಡಿಯಲ್ಲಿ ಷೇರು ಮಾರುಕಟ್ಟೆ ಮೌಲ್ಯದಲ್ಲಿ (MVE) ಬದಲಾವಣೆಗಳ ಮೂಲಕ ಅಳೆಯಲಾಗುತ್ತದೆ.

ಠೇವಣಿ ಮತ್ತು ಮುಂಗಡಗಳ ಮೇಲಿನ ಬಡ್ಡಿ ದರದ ನಡುವೆ ಸೂಕ್ತ ಸಮತೋಲನವನ್ನು ಖಚಿತಪಡಿಸಿಕೊಳ್ಳುವುದು.



### ಸೈಬರ್ ಸಂಬಂಧಿತ ಆಪತ್ತು

ಇದು ಅನಧಿಕೃತ / ಉದ್ದೇಶಪೂರ್ವಕ ಅಥವಾ ಮಾಹಿತಿ ವ್ಯವಸ್ಥೆಗಳ ತಪ್ಪು ಬಳಕೆಯಿಂದ ಸಂಸ್ಥೆಯ ಖ್ಯಾತಿಗೆ ಹಣಕಾಸು/ ಡೇಟಾ ನಷ್ಟ, ಅಡಚಣೆ ಅಥವಾ ಹಾನಿಗೆ ಸಂಬಂಧಿಸಿದ ಅಪಾಯವಾಗಿದೆ.

ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ಅನುಷ್ಠಾನಗೊಳಿಸಿದ 'ಸೈಬರ್ ಭದ್ರತಾ ಚೌಕಟ್ಟು' ಮಾರ್ಗಸೂಚಿಗಳ ಪ್ರಕಾರ ಸೈಬರ್ ಸಂಬಂಧಿತ ಆಪತ್ತುಗಳನ್ನು ಪರಿಹರಿಸಲು ಬ್ಯಾಂಕ್ ಸಾಕಷ್ಟು ಕ್ರಮಗಳನ್ನು ಕೈಗೊಂಡಿದೆ. ತನ್ನ ಮಾಹಿತಿ ವ್ಯವಸ್ಥೆಗಳನ್ನು ರಕ್ಷಿಸಲು ಅಪ್ಲಿಕೇಶನ್ ಫೈರ್ ವಾಲ್, ವೆಬ್ ಸೆಕ್ಯೂರಿಟಿ ಗೇಟ್ ವೇ, ಎಂಡ್ ಪಾಯಿಂಟ್ ಭದ್ರತಾ ವ್ಯವಸ್ಥೆಗಳು, ಹನಿ ಪಾಟ್ ವ್ಯವಸ್ಥೆಗಳು ಮತ್ತು ವಿಶೇಷಾಧಿಕಾರ ಗುರುತಿನ ನಿರ್ವಹಣೆ (PIM) ಮುಂತಾದ ವಿವಿಧ ಮಾಹಿತಿ ಭದ್ರತಾ ವ್ಯವಸ್ಥೆಗಳನ್ನು ನಿಯೋಜಿಸಿದೆ. ಬ್ಯಾಂಕ್ ಇನ್-ಹೌಸ್ ಕ್ಯಾಪ್ಷಿವ್ 'ಸೆಕ್ಯೂರಿಟಿ ಆಪರೇಶನ್ಸ್ ಸೆಂಟರ್ (SOC)' ಅನ್ನು ಸಹ ಹೊಂದಿದ್ದು, ಇದರಲ್ಲಿ ಲಾಗ್ ಗಳನ್ನು 'ಭದ್ರತಾ ಮಾಹಿತಿ ಘಟನೆ ನಿರ್ವಹಣೆ (SIEM) ಸಾಧನಗಳ ಮೂಲಕ ತನಿಖೆ ಮಾಡಲಾಗುತ್ತದೆ.

ಬಾಹ್ಯ ಜಗತ್ತಿನಲ್ಲಿ ಸೈಬರ್ ಅಪಾಯಕ್ಕೆ ಸಂಬಂಧಿಸಿದ ಘಟನೆಗಳ ಮೇಲೆ ನಿಗಾ ಇಡುವುದು ಮತ್ತು ಬ್ಯಾಂಕಿನ ಆಂತರಿಕ ಸೈಬರ್ ಸ್ಥಿತಿಪರೀಕ್ಷೆ ವ್ಯವಸ್ಥೆಯನ್ನು ಬಲಪಡಿಸುವುದು.

ಇದಲ್ಲದೆ, ಈಗ ಬ್ಯಾಂಕ್ ತನ್ನ ಡೇಟಾ ಕೇಂದ್ರಕ್ಕೆ ('ಕೊಲೊ' ಕೊ-ಲೋಕೇಶನ್) ಮಾದರಿಯನ್ನು ಅಳವಡಿಸಿಕೊಳ್ಳುವ ಪ್ರಕ್ರಿಯೆಯಲ್ಲಿದೆ.



### ಕಾರ್ಯಾಚರಣೆ ಸಂಬಂಧಿತ ಆಪತ್ತು

ಕಾರ್ಯಾಚರಣೆಯ ಸಂಬಂಧಿತ ಆಪತ್ತು ಆಂತರಿಕ ಕಾರ್ಯವಿಧಾನಗಳು, ಜನರು, ವ್ಯವಸ್ಥೆ ಮತ್ತು ಬಾಹ್ಯ ಘಟನೆಗಳಲ್ಲಿನ ಸ್ಥಗಿತಗಳಿಂದ ಉಂಟಾಗುವ ನೇರ ಅಥವಾ ಪರೋಕ್ಷ ನಷ್ಟದ ಅಪಾಯವಾಗಿದೆ.

ಬ್ಯಾಂಕ್ ತನ್ನ ಎಲ್ಲಾ ವ್ಯವಹಾರ ಪ್ರಕ್ರಿಯೆಗಳಲ್ಲಿ ಅಂತರ್ಗತ ಅಪಾಯಗಳನ್ನು ಗುರುತಿಸುವುದು, ಮೌಲ್ಯಮಾಪನ ಮತ್ತು ಮೇಲ್ವಿಚಾರಣೆ ಮಾಡುವ ಮೂಲಕ ಕಾರ್ಯಾಚರಣೆಯ ಸಂಬಂಧಿತ ಆಪತ್ತನ್ನು ನಿರ್ವಹಿಸಲು ಹಲವಾರು ಕ್ರಮಗಳನ್ನು ಪ್ರಾರಂಭಿಸಿದೆ. ಕೋರ್ ಬ್ಯಾಂಕಿಂಗ್‌ನಲ್ಲಿ ಸುಭದ್ರ ವ್ಯವಸ್ಥೆಗಳು ಮತ್ತು ನಿಯಂತ್ರಣಗಳನ್ನು ನಿರ್ಮಿಸಲಾಗಿದೆ. ಸಂಭವನೀಯ ವಂಚನೆ ಘಟನೆಗಳನ್ನು ತಪ್ಪಿಸಲು ELFRMS (ಎಂಟರ್ ಪ್ರೈಸ್ ಲೆವೆಲ್ ಫ್ರಾಡ್ ರಿಸ್ಕ್ ಮ್ಯಾನೇಜ್ ಮೆಂಟ್ ಸೋಲ್ಯೂಷನ್) ಅನ್ನು ಸಹ ಜಾರಿಗೆ ತರಲಾಗಿದೆ. ವರದಿ ವರ್ಷದಲ್ಲಿ ಬ್ಯಾಂಕ್ ತನ್ನ ಆಂತರಿಕ ಸೈಬರ್ ವರದಿ ವರ್ಷದಲ್ಲಿ ಬ್ಯಾಂಕ್ ತನ್ನ ಆಂತರಿಕ ಸೈಬರ್ ಸ್ಥಿತಿಸ್ಥಾಪಕತ್ವ ವ್ಯವಸ್ಥೆಯನ್ನು ಬಲಪಡಿಸುವ ಉದ್ದೇಶದಿಂದ IDRBT ನಡೆಸಿದ ಸೈಬರ್ ಭದ್ರತಾ ಡ್ರಿಲ್‌ಗಳಲ್ಲಿ ಸಹ ಸಕ್ರಿಯವಾಗಿ ಭಾಗವಹಿಸಿದೆ.

ಅಪಾಯಗಳನ್ನು ತಗ್ಗಿಸುವ ವಿವಿಧ ಸಾಧನಗಳು, ಪ್ರಕ್ರಿಯೆಗಳ ಸಹಾಯದಿಂದ ಕಾರ್ಯಾಚರಣೆಗಳ ಮೇಲ್ವಿಚಾರಣೆ.

ಬಾಸೆಲ್ IIIರ ಪಿಲ್ಲರ್ IIIರ ಅಡಿಯಲ್ಲಿ ಕೊಡಲಾದ ರೀತಿಯಂತೆ ಬ್ಯಾಂಕಿನ ವರದಿಯನ್ನು ಅನುಬಂಧ-1ರಲ್ಲಿ ಕೊಡಲಾಗಿದೆ.

### ಬಂಡವಾಳ ಸಮರ್ಪಕತೆ ಮೌಲ್ಯಮಾಪನ ಪ್ರಕ್ರಿಯೆ (ICAAP):

ಬಾಸೆಲ್ ಮಾರ್ಗಸೂಚಿಗಳ ಅನುಸರಣೆಯಲ್ಲಿ, ಬ್ಯಾಂಕ್ ತನ್ನ ಬಂಡವಾಳ ಸಮರ್ಪಕತೆ ಅವಶ್ಯಕತೆಗಳನ್ನು ಮೌಲ್ಯಮಾಪನ ಮಾಡಲು ಆಂತರಿಕ ಬಂಡವಾಳ ಸಮರ್ಪಕತೆ ಮೌಲ್ಯಮಾಪನ ಪ್ರಕ್ರಿಯೆ (ICAAP) ಗಾಗಿ ನೀತಿಗಳನ್ನು ರೂಪಿಸಿದೆ. ಬಂಡವಾಳ ಮತ್ತು ಗಳಿಕೆಗಳ ಮೇಲೆ ಪ್ರತಿಕೂಲ ಪರಿಣಾಮ ಬೀರುವ ಮಾರುಕಟ್ಟೆ ಚಲನೆಗಳು / ಘಟನೆಗಳ ಸಂಭಾವ್ಯ ಪರಿಣಾಮದ ಉತ್ತಮ ತಿಳುವಳಿಕೆಗಾಗಿ ವಿವಿಧ ಒತ್ತಡದ ಸನ್ನಿವೇಶಗಳಿಗೆ ಒತ್ತಡ ಪರಿಕ್ಷಾ ಚೌಕಟ್ಟನ್ನು (ಸ್ಟ್ರೆಸ್ ಟೆಸ್ಟಿಂಗ್ ಫ್ರೇಮ್‌ವರ್ಕ್) ಅನ್ನು ಸಹ ಜಾರಿಗೆ ತರಲಾಗಿದೆ. ಆಪತ್ತಿನ ಮೂಲವನ್ನು ಗಮನದಲ್ಲಿಟ್ಟುಕೊಂಡು ಬ್ಯಾಂಕಿನ ಆಪತ್ತನ್ನು ನಿಭಾಯಿಸುವ ಸಾಮರ್ಥ್ಯ ಮತ್ತು ನಿರೀಕ್ಷಿತ ವ್ಯಾಪಾರ ಬೆಳವಣಿಗೆಗೆ ಬೇಕಾದ ಬಂಡವಾಳ ಅಗತ್ಯತೆಯನ್ನು ಮೌಲ್ಯಮಾಪನ ಮಾಡಲು ICAAP ಅನ್ನು ಬಳಸಿ ಒತ್ತಡ ಪರಿಕ್ಷೆಯ ಫಲಿತಾಂಶಗಳ ಮೂಲಕ ನಿಯತಕಾಲಿಕವಾಗಿ ಪರಿಶೀಲಿಸಲಾಗುತ್ತದೆ. ಆಡಳಿತ ಮಂಡಳಿ ಮಟ್ಟದ ರಿಸ್ಕ್ & ಕ್ಯಾಪಿಟಲ್ ಮ್ಯಾನೇಜ್‌ಮೆಂಟ್ ಕಮಿಟಿ (RCMC) ಬ್ಯಾಂಕಿಗೆ ಲಾಗು ಆಗುವ ವಿವಿಧ ಆಪತ್ತುಗಳ ಮೂಲ, ವ್ಯವಹಾರ ಪ್ರಕ್ಷೇಪಣೆಗಳು ಮತ್ತು ಬ್ಯಾಂಕಿನ ಬಂಡವಾಳ ಮೌಲ್ಯಮಾಪನಗಳನ್ನು ನಿಯತಕಾಲಿಕವಾಗಿ ಪರಿಶೀಲಿಸುತ್ತದೆ.

### ನಿಧಿ ವರ್ಗಾವಣೆ ದರ ನೀತಿ (FTP):

ಬ್ಯಾಂಕಿನ ಪ್ರತಿಯೊಂದು ವ್ಯವಹಾರ ನಿರ್ಧಾರವು / ಸಂಬಂಧವು ಲಾಭದಾಯಕವಾಗಿದೆ ಎಂಬ ಅರಿವು ಮೂಡಿಸಲು ನಿಮ್ಮ ಬ್ಯಾಂಕ್, ಆಂತರಿಕವಾಗಿ ಅಭಿವೃದ್ಧಿ ಪಡಿಸಿದ FTP (ಫಂಡ್ ಟ್ರಾನ್ಸ್‌ಫರ್ ಪ್ರೈಸಿಂಗ್) ಕಾರ್ಯವಿಧಾನವನ್ನು ಮತ್ತಷ್ಟು ಸುವ್ಯವಸ್ಥಿತಗೊಳಿಸಿದೆ. FTP ಸಹಾಯದಿಂದ, ಬ್ಯಾಂಕ್ ತನ್ನ ಪ್ರತಿಯೊಂದು ಶಾಖೆ, ವ್ಯಾಪಾರ ಘಟಕಗಳು, ಉತ್ಪನ್ನಗಳು, ವಲಯಗಳು, ಗ್ರಾಹಕರು, ವ್ಯವಹಾರ ಮಾರ್ಗಗಳು ಇತ್ಯಾದಿಗಳ ಲಾಭ ಅಥವಾ ನಷ್ಟವನ್ನು ನಿಕಟವಾಗಿ ಮೇಲ್ವಿಚಾರಣೆ ಮಾಡುತ್ತಿದೆ ಮತ್ತು ಸೂಕ್ತ ಪರಿಹಾರ ಕ್ರಮಗಳನ್ನು ಕೈಗೊಳ್ಳಲಾಗುತ್ತದೆ. ಬ್ಯಾಂಕಿನಾದ್ಯಂತ ಒಟ್ಟಾರೆ ದಕ್ಷತೆ ಮತ್ತು ವೃತ್ತಿಪರತೆಯನ್ನು ಹೆಚ್ಚಿಸುವಲ್ಲಿ ಇದು ಒಂದು ಉತ್ತಮ ಹೆಜ್ಜೆ ಎಂದು ಪರಿಗಣಿಸಲಾಗಿದೆ.

### ವಿಭಾಗೀಯ ವರದಿ (ಸೆಗ್ಮೆಂಟ್ ರಿಪೋರ್ಟಿಂಗ್)

ಲೆಕ್ಕಪತ್ರ ಮಾನದಂಡ - 17 (ಸೆಗ್ಮೆಂಟ್ ರಿಪೋರ್ಟಿಂಗ್) ಕುರಿತು ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ಹೊರಡಿಸಿದ ಮಾರ್ಗಸೂಚಿಗಳ ಅನುಸಾರ, ಬ್ಯಾಂಕ್ ಮಾರ್ಚ್ 31, 2021 ಕ್ಕೆ ಖಜಾನೆ, ಕಾರ್ಪೊರೇಟ್ / ಸಗಟು ಬ್ಯಾಂಕಿಂಗ್, ರೀಟೈಲ್ ಬ್ಯಾಂಕಿಂಗ್ ಮತ್ತು ಇತರ ಬ್ಯಾಂಕಿಂಗ್ ಕಾರ್ಯಾಚರಣೆಗಳಂತಹ ನಾಲ್ಕು ವ್ಯವಹಾರ ವಿಭಾಗಗಳನ್ನು ಈ ಕೆಳಗಿನಂತೆ ಗುರುತಿಸಿದೆ:

- ಖಜಾನೆ ಕಾರ್ಯಾಚರಣೆಗಳು: ಬ್ಯಾಂಕ್ ಖಜಾನೆ ಕಾರ್ಯಾಚರಣೆಗಳಿಂದ ಒಟ್ಟು ₹ 1814.17 ಕೋಟಿ ಆದಾಯವನ್ನು ಗಳಿಸಿದೆ ಮತ್ತು ಲಾಭದಲ್ಲಿ ತೆರಿಗೆ ಮತ್ತು ಹಂಚಲಾಗದಿರುವ ವೆಚ್ಚದ ಪೂರ್ವದಲ್ಲಿ ₹ 778.23 ಕೋಟಿಯಷ್ಟು ಕೊಡುಗೆ ನೀಡಿದೆ.
- ಕಾರ್ಪೊರೇಟ್ / ಸಗಟು ಬ್ಯಾಂಕಿಂಗ್: ಈ ವಿಭಾಗದಿಂದ ವರದಿ ವರ್ಷದಲ್ಲಿ ಗಳಿಸಿದ ಆದಾಯವು ₹ 2739.23 ಕೋಟಿಯಾಗಿದ್ದು, ತೆರಿಗೆ ಮತ್ತು ಹಂಚಲಾಗದಿರುವ ವೆಚ್ಚದ ಪೂರ್ವದಲ್ಲಿ ₹ 450.64 ಕೋಟಿಯಷ್ಟು ಕೊಡುಗೆ ನೀಡಿದೆ.
- ರೀಟೈಲ್ ಬ್ಯಾಂಕಿಂಗ್: ಈ ವಿಭಾಗವು ₹ 2741.26 ಕೋಟಿ ಆದಾಯವನ್ನು ಗಳಿಸಿದೆ ಮತ್ತು ಇದರಲ್ಲಿ ತೆರಿಗೆ ಮತ್ತು ಹಂಚಲಾಗದಿರುವ ವೆಚ್ಚದ ಪೂರ್ವದಲ್ಲಿ ₹ 813.81 ಕೋಟಿಯಷ್ಟು ಕೊಡುಗೆ ನೀಡಿದೆ.
- ಕಾರ್ಪೊರೇಟ್ / ಸಗಟು ಬ್ಯಾಂಕಿಂಗ್: ಈ ವಿಭಾಗದಿಂದ ವರದಿ ವರ್ಷದಲ್ಲಿ ಗಳಿಸಿದ ಆದಾಯವು ₹ 2739.23 ಕೋಟಿಯಾಗಿದ್ದು, ತೆರಿಗೆ ಮತ್ತು ಹಂಚಲಾಗದಿರುವ ವೆಚ್ಚದ ಪೂರ್ವದಲ್ಲಿ ₹ 450.64 ಕೋಟಿಯಷ್ಟು ಕೊಡುಗೆ ನೀಡಿದೆ.



- ಇತರ ಬ್ಯಾಂಕಿಂಗ್ ಕಾರ್ಯಾಚರಣೆಗಳು: ಈ ವಿಭಾಗದಿಂದ ಗಳಿಸಿದ ಆದಾಯವು ₹ 427.80 ವು ಕೋಟಿಯಾಗಿದ್ದು, ತೆರಿಗೆ ಮತ್ತು ಹಂಚಲಾಗದಿರುವ ವೆಚ್ಚದ ಪೂರ್ವದಲ್ಲಿ ₹ 24.95 ಕೋಟಿಯಷ್ಟು ಕೊಡುಗೆ ನೀಡಿದೆ. ಕೋಟಿ ಆದಾಯವನ್ನು ಗಳಿಸಿದೆ.

ಮೇಲೆ ಹೇಳಿದ ವ್ಯವಹಾರ ವಿಭಾಗಗಳ ಬಗ್ಗೆ ವಿವರಗಳನ್ನು ಈ ಕೆಳಗೆ ಚರ್ಚಿಸಲಾಗಿದೆ:

**ರಿಟೇಲ್ ಬ್ಯಾಂಕಿಂಗ್:**

ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ರಿಟೇಲ್ ವಿಭಾಗದಲ್ಲಿ ವೈಯಕ್ತಿಕ ಬ್ಯಾಂಕಿಂಗ್ ಉತ್ಪನ್ನಗಳನ್ನು ನೀಡುತ್ತದೆ. ಚಿಲ್ಲರೆ ಸಾಲ ಉತ್ಪನ್ನಗಳಲ್ಲಿ ಗೃಹ ಸಾಲಗಳು, ಆಟೋಮೊಬೈಲ್ ಸಾಲಗಳು, ವೈಯಕ್ತಿಕ ಸಾಲಗಳು, ಶಿಕ್ಷಣ ಸಾಲಗಳು, ಅವಧಿ ಠೇವಣಿಗಳ ಮೇಲಿನ ಸಾಲಗಳು, ಸೆಕ್ಯೂರಿಟಿಗಳ ಮೇಲಿನ ಸಾಲಗಳು, ಚಿನ್ನದ ಮೇಲೆ ಸಾಲ, ಸಣ್ಣ ವ್ಯಾಪಾರ ಸಾಲಗಳು ಮತ್ತು ಕೃಷಿ ಸಾಲಗಳು ಸೇರಿವೆ. ರಿಟೇಲ್ ಬ್ಯಾಂಕಿಂಗ್ ನಲ್ಲಿ ಉದ್ಯಮ/ ಸೇವೆ/ ಕೃಷಿ/ ವಿದೇಶೀ ವಿನಿಮಯ ಇತ್ಯಾದಿ ₹ 5 ಕೋಟಿ ಅಥವಾ ಅದಕ್ಕಿಂತ ಕಡಿಮೆ ಸಾಲದ ಮೊತ್ತಕ್ಕೆ ಸೀಮಿತಗೊಂಡಿದೆ. ಈ ವಿಭಾಗವು ನಾಲ್ಕು ವಿಶೇಷ ವಿಭಾಗಗಳನ್ನು ಹೊಂದಿದೆ: ಕೃಷಿ, ವಿದೇಶೀ ವಿನಿಮಯ, ಎಸ್‌ಎಂಇಗಳು ಮತ್ತು ಇತರೇ ಸಾಲಗಳು.

**ಕಾರ್ಪೊರೇಟ್ / ಸಗಟು ಬ್ಯಾಂಕಿಂಗ್:**

ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಕಾರ್ಪೊರೇಟ್ ಮತ್ತು ಸಗಟು ಬ್ಯಾಂಕಿಂಗ್ ವ್ಯವಹಾರವು (₹ 5 ಕೋಟಿಗಿಂತ ಹೆಚ್ಚಿನ ಮೊತ್ತದ ಸಾಲಗಳು) ಕಾರ್ಪೊರೇಟ್ ಘಟಕಗಳು, ವಿಶೇಷವಾಗಿ ದೊಡ್ಡ ಗಾತ್ರದ ನಿಗಮಗಳು ಸೇರಿದಂತೆ ಎಲ್ಲಾ ಘಟಕಗಳ ಬ್ಯಾಂಕಿಂಗ್ ಅಗತ್ಯಗಳನ್ನು ಪೂರೈಸುತ್ತದೆ. ಕಾರ್ಪೊರೇಟ್ ಬ್ಯಾಂಕಿಂಗ್ ಉತ್ಪನ್ನಗಳಲ್ಲಿ ಅವಧಿ ಸಾಲಗಳು, ದುಡಿಯುವ ಬಂಡವಾಳ ಸೌಲಭ್ಯಗಳು, ವಿದೇಶಿ ವಿನಿಮಯ ಸೇವೆಗಳು ಮತ್ತು ಸಾಲ ಪತ್ರ ಮತ್ತು ಖಾತರಿಗಳು, ಬಿಲ್ ರಿಯಾಯಿತಿ ಮುಂತಾದ ರಚನಾತ್ಮಕ ಹಣಕಾಸು ಮತ್ತು ವ್ಯಾಪಾರ ಹಣಕಾಸು ಉತ್ಪನ್ನಗಳು ಸೇರಿದಂತೆ ವಿವಿಧ ನಿಧಿ ಮತ್ತು ನಿಧಿಯೇತರ ಉತ್ಪನ್ನಗಳನ್ನು ಒಳಗೊಂಡಿವೆ.

**ಖಜಾನೆ ಕಾರ್ಯಾಚರಣೆಗಳು:**

ಬ್ಯಾಂಕಿನ ಖಜಾನೆ ಕಾರ್ಯಾಚರಣೆಗಳು ಪ್ರಾಥಮಿಕವಾಗಿ SLR ಮತ್ತು CRR, ಲಿಕ್ವಿಡಿಟಿ ನಿರ್ವಹಣೆ, ಹೂಡಿಕೆ ಮತ್ತು ವ್ಯಾಪಾರ ಚಟುವಟಿಕೆಗಳು ಮತ್ತು ವಿದೇಶಿ ವಿನಿಮಯ ಚಟುವಟಿಕೆಗಳಂತಹ ಶಾಸನಬದ್ಧ ಮೀಸಲಿನ ನಿರ್ವಹಣೆಯನ್ನು ಒಳಗೊಂಡಿದೆ. ದ್ರವ್ಯತೆ ನಿರ್ವಹಣೆಯ ಅಂಗವಾಗಿ, ಖಜಾನೆಗೆ ಸಂಬಂಧಪಟ್ಟ ಸಾಧನಗಳಲ್ಲಿ ಮತ್ತು ಇತರ ಸ್ಥಿರ ಆದಾಯ ಭದ್ರತೆ ಇರುವ ಸೆಕ್ಯೂರಿಟೀಸ್‌ಗಳಲ್ಲಿ ಬ್ಯಾಂಕ್ ತನ್ನ ಹೂಡಿಕೆ ಮಾಡುತ್ತದೆ. ಅಲ್ಪಾವಧಿಯ ಹೆಚ್ಚುವರಿ ದ್ರವ್ಯತೆಯನ್ನು ನಿರ್ವಹಿಸುವ ಸಲುವಾಗಿ ಬ್ಯಾಂಕ್ ವಾಣಿಜ್ಯ ಪ್ರಮಾಣಪತ್ರಗಳು, ಮ್ಯೂಚುಯಲ್ ಫಂಡ್‌ಗಳು, ಠೇವಣಿಗಳ ಪ್ರಮಾಣಪತ್ರಗಳು ಮತ್ತು ಪ್ಲೋಟಿಂಗ್ ದರ ಸಾಧನಗಳಲ್ಲಿಯೂ ಸಹ ವ್ಯವಹರಿಸುತ್ತದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ಸಮಗ್ರ ಖಜಾನೆಯ ವಿಸ್ತೃತ ವಿಭಾಗವಾಗಿ ಮುಂಬೈನ ಕೇಂದ್ರೀಕೃತ ಸ್ಥಳದಿಂದ 'ವಿದೇಶಿ ವಿನಿಮಯ' ಕಾರ್ಯಾಚರಣೆಗಳಲ್ಲಿ ತೊಡಗಿದೆ. ಫಾರ್ವರ್ಡ್ ಒಪ್ಪಂದಗಳು, ವಿದೇಶಿ ವಿನಿಮಯ ಉತ್ಪನ್ನಗಳು ಮತ್ತು ಸೇವೆಗಳು ಮುಂತಾದ ವ್ಯಾಪಕ ಶ್ರೇಣಿಯ ಉತ್ಪನ್ನಗಳು ಮತ್ತು ಸೇವೆಗಳನ್ನು ಗ್ರಾಹಕರಿಗೆ ಬ್ಯಾಂಕ್ ನೀಡುತ್ತ ಬಂದಿದೆ.

**ಇತರ ಬ್ಯಾಂಕಿಂಗ್ ಕಾರ್ಯಾಚರಣೆಗಳು:**

ಉಳಿತಾಯ ಖಾತೆಗಳು, ಚಾಲ್ತಿ ಖಾತೆಗಳು, ಸಗಟು ಅವಧಿ ಠೇವಣಿಗಳು, ಅಂತಾರಾಷ್ಟ್ರೀಯ ಡೆಬಿಟ್ ಕಾರ್ಡ್‌ಗಳು, ಸಹ-ಬ್ರಾಂಡೆಡ್ ಕ್ರೆಡಿಟ್ ಕಾರ್ಡ್‌ಗಳು, ಠೇವಣಿ ಸೇವೆಗಳು, ಆನ್ ಲೈನ್ ವ್ಯಾಪಾರ, ಸಾರ್ವಜನಿಕ ವಿತರಣೆ (IPO)ಗಳಲ್ಲಿ ಭಾಗವಹಿಸಲು ನಿಬಂಧಿತ ಮೊತ್ತ ಕಾಯ್ದಿರಿಸುವಿಕೆ (ASBA) ಸೌಲಭ್ಯ, ಮೊಬೈಲ್ ಮತ್ತು ಇಂಟರ್ನೆಟ್ ಬ್ಯಾಂಕಿಂಗ್ ಸೇವೆಗಳು, ಪಾವತಿ ಮತ್ತು ಹಣ ರವಾನೆ ಸೇವೆಗಳು ಸೇರಿದಂತೆ ವ್ಯಾಪಕ ಶ್ರೇಣಿಯ ಉತ್ಪನ್ನಗಳು ಮತ್ತು ಸೇವೆಗಳನ್ನು ಬ್ಯಾಂಕ್ ಒದಗಿಸುತ್ತಾ ಬಂದಿದೆ. ಬ್ಯಾಂಕ್ ಈ ಸೇವೆಗಳನ್ನು ಭೌತಿಕ ಬ್ಯಾಂಕಿಂಗ್ ಚಾನೆಲ್‌ಗಳ ಮೂಲಕ ಮತ್ತು ಇಂಟರ್ನೆಟ್ ಅಥವಾ ಇ-ಬ್ಯಾಂಕಿಂಗ್, ಮೊಬೈಲ್ ಬ್ಯಾಂಕಿಂಗ್, ಇ-ಲಾಬಿಗಳು ಸೇರಿದಂತೆ ಡಿಜಿಟಲ್ ಚಾನೆಲ್‌ಗಳ ಮೂಲಕ ಒದಗಿಸುತ್ತದೆ.

**ಐಓಆರ್-ಒಐ ಅನುಷ್ಠಾನ**

ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ (RBI) ದಿನಾಂಕ 11ನೇ ಫೆಬ್ರವರಿ, 2017ರಂದು ಹೊರಡಿಸಿದ ಸುತ್ತೋಲೆಯ ಮೂಲಕ ಕೊಡಮಾಡಿದ ನೀಲನಕ್ಷೆಯ ಪ್ರಕಾರ, "ಇಂಡಿಯನ್ ಅಕೌಂಟಿಂಗ್ ಸ್ಟಾಂಡರ್ಡ್ಸ್ (Ind-AS)" ಗೆ ಪರಿವರ್ತನೆಯು ಬ್ಯಾಂಕ್‌ಗಳಲ್ಲಿ 1ನೇ ಏಪ್ರಿಲ್ 2018ರ ನಂತರದಿಂದ ಆರಂಭಗೊಳ್ಳುವ ಅಕೌಂಟಿಂಗ್ ಅವಧಿಯಿಂದ ಜಾರಿಗೆ ಬಂದಿದೆ. ಆದಾಗ್ಯೂ, ಆರ್‌ಬಿಐ Ind-ASನ ಅನುಷ್ಠಾನವನ್ನು, ದಿನಾಂಕ 22ನೇ ಮಾರ್ಚ್ 2019ರ ಸುತ್ತೋಲೆ ಸಂ. ಡಿಬಿಆರ್.ಬಿ.ಪಿ.ಬಿ.ಸಿ. ಸಂ.29/21.07.001/ 2018-19 ಪ್ರಕಾರ ಮುಂದಿನ ಸೂಚನೆಯ ತನಕ ಮುಂದೂಡಿದೆ.

ನಿಮ್ಮ ಬ್ಯಾಂಕ್ Ind-ASನ ಅನುಷ್ಠಾನಕ್ಕೆ ಸಿದ್ಧವಾಗಿದೆ ಮತ್ತು ಪ್ರಸ್ತುತ ಅಕೌಂಟಿಂಗ್ ಚೌಕಟ್ಟು ಮತ್ತು Ind-AS ನಡುವಿನ ವಿವಿಧ ವ್ಯತ್ಯಾಸಗಳು ಮತ್ತು ಮಾಪನ, ಅಕೌಂಟಿಂಗ್, ವಿತ್ತೀಯ ಆಸ್ತಿಗಳು ಮತ್ತು ಹೊಣೆಗಾರಿಕೆಗಳ ಪ್ರಕಟಿಸುವಿಕೆ ಮತ್ತು ನಿಬಂಧನೆಗಳ ಅಗತ್ಯತೆಗಳ ಮೇಲೆ ಪರಿಣಾಮ ಹೊಂದಿರುವ ವಿವಿಧ ಕ್ಷೇತ್ರಗಳನ್ನು ಖಚಿತಗೊಳಿಸುವ ಕುರಿತು ಡಯಾಗ್ನೋಸ್ಟಿಕ್ ಅಧ್ಯಯನವನ್ನು ಬ್ಯಾಂಕ್ ನಡೆಸಿದೆ. ಇದಲ್ಲದೆ, Ind-ASನ ಅಳವಡಿಕೆಗಾಗಿ ಕೋರ್ ಬ್ಯಾಂಕಿಂಗ್ ಸೊಲ್ಯೂಶನ್ (CBS) ಮತ್ತು ಬ್ಯಾಂಕ್‌ನ ಐಟಿ ವ್ಯವಸ್ಥೆಗಳಲ್ಲಿ ಅಗತ್ಯವಿರುವ ಬದಲಾವಣೆಗಳನ್ನು ಕೂಡಾ ಪರಿಶೀಲಿಸಲಾಗುತ್ತಿದೆ. ಆರ್‌ಬಿಐ ನಿಗದಿಪಡಿಸಿದಂತೆ, ಪ್ರೊಫಾರ್ಮಾ Ind-AS ವಿತ್ತೀಯ ಹೇಳಿಕೆಗಳನ್ನು ಕಾಲಕಾಲಕ್ಕೆ ಬ್ಯಾಂಕ್ ಸಲ್ಲಿಸುತ್ತಿದೆ.

**ಲಾಭಾಂಶ ವಿತರಣಾ ನೀತಿ**

ನಿಮ್ಮ ಬ್ಯಾಂಕ್, ಸೆಬಿ (LODR) ನಿಬಂಧನೆಗಳು, 2015ರ ನಿಬಂಧನೆ 43ಯ ಅನುಸಾರವಾಗಿ ಷೇರುದಾರರಿಗೆ ಲಾಭಾಂಶ ವಿತರಿಸುವ ನೀತಿಯನ್ನು ಅಳವಡಿಸಿಕೊಂಡಿದೆ. ನೀತಿಯ ಸಾರಾಂಶ ಈ ಕೆಳಗಿನಂತಿದೆ:

- ಬ್ಯಾಂಕಿಂಗ್ ಸಂಸ್ಥೆಯಾಗಿರುವುದರಿಂದ ಲಾಭಾಂಶ ವಿತರಣೆಯು, ದಿನಾಂಕ ಮೇ 05, 2005ರ ಆರ್‌ಬಿಐಯ ಸುತ್ತೋಲೆ ಡಿಬಿಒಡಿ.ಸಂ.ಬಿ.ಪಿ. ಬಿ.ಸಿ. 8821.02.67/2004-05 ರಲ್ಲಿ ಹೇಳಿರುವ ಲಾಭಾಂಶದ ವಿತರಣೆಗಾಗಿ ಅರ್ಹತಾ ಮಾನದಂಡಕ್ಕೆ ಒಳಪಟ್ಟಿರುತ್ತದೆ.

- ಲಾಭಾಂಶದ ಶಿಫಾರಸಿಗೆ ಆಂತರಿಕ ಅಂಶಗಳಾದ ಕಾರ್ಯನಿರ್ವಹಣೆ, ಲಾಭಾಂಶ ಪಾವತಿಯ ದಾಖಲೆ, ತೆರಿಗೆಯ ಪರಿಣಾಮಗಳು, ಕಾರ್ಪೊರೇಟ್ ಕ್ರಮಗಳು ಮತ್ತು ಬಾಹ್ಯ ಅಂಶಗಳಾದ ಷೇರುದಾರರ ನಿರೀಕ್ಷೆಗಳು, ಸ್ಥೂಲ ಪರಿಸರ ಮುಂತಾದ ಅಂಶಗಳನ್ನು ಪರಿಗಣಿಸಲಾಗುತ್ತದೆ.
- ಲಾಭಾಂಶದ ಮಿತಿಯನ್ನು ನಿರ್ಧರಿಸುವಲ್ಲಿ, ಹಣಕಾಸು ಕಾರ್ಯನಿರ್ವಹಣೆ, ಭವಿಷ್ಯದ ಉದ್ಯಮ ಪ್ರಗತಿಗೆ ಬೆಂಬಲವಾಗಿ ಅಗತ್ಯವಾಗಿರುವ ಬಂಡವಾಳ ನಿಧಿ, ಮೇಲೆ ಹೇಳಿದ ಆರ್‌ಬಿಐ ಮಾರ್ಗಸೂಚಿಗಳ ಅಡಿಯಲ್ಲಿ ಶಿಫಾರಸು ಮಾಡಬಹುದಾದ ಲಾಭಾಂಶ-ಪಾವತಿ ಅನುಪಾತದ ಪರಿಗಣನೆ ಇತ್ಯಾದಿ ಅಂಶಗಳು ಪ್ರಮುಖವಾಗಿವೆ.

ಬ್ಯಾಂಕಿನ ಡಿವಿಡೆಂಡ್ ವಿತರಣಾ ನೀತಿಯು ಬ್ಯಾಂಕಿನ ವೆಬ್‌ಸೈಟ್ <https://karnatakabank.com/investor-portal/corporate-governance> ನಲ್ಲಿ ಲಭ್ಯವಿದೆ. ಈ ಮೊದಲೇ ವಿವರಿಸಿದಂತೆ, ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ನಿರ್ದೇಶನದಂತೆ ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯು 2021 ಮಾರ್ಚ್ 31ಕ್ಕೆ ಕೊನೆಗೊಂಡ ಹಣಕಾಸು ವರ್ಷದ ಲಾಭದಿಂದ, ಲಾಭಾಂಶವನ್ನು ವಿತರಣೆ ಮಾಡಲು ಶಿಫಾರಸು ಮಾಡಿದೆ.

### ವಾರ್ಷಿಕ ರಿಟರ್ನ್ (Annual Return)

ಕಂಪನಿಗಳ ಕಾಯಿದೆ, 2013 (ಸೆಕ್ಷನ್ 92 (3) ರ ಪ್ರಕಾರ, ಕಂಪನಿಗಳ (ನಿರ್ವಹಣೆ ಮತ್ತು ಆಡಳಿತ) ನಿಯಮಗಳು, 2014 ರ ನಿಯಮ 12, ಸೆಕ್ಷನ್ 92 (1) ಕಾಯಿದೆಯ ಅನುಸಾರವಾಗಿ ಸಲ್ಲಿಸಲಾಗುವ 2020-21 ರ ಆರ್ಥಿಕ ವರ್ಷದ ಕಂಪನಿಯ ವಾರ್ಷಿಕ ರಿಟರ್ನ್‌ಗಳು (ನಮೂನೆ MGT-7ರಲ್ಲಿ) ಬ್ಯಾಂಕಿನ ಜಾಲತಾಣ <https://karnatakabank.com/investor-portal/corporate-governance> ನಲ್ಲಿ ಲಭ್ಯವಿದೆ.

### ಏಕೀಕೃತ ಹಣಕಾಸು ವರದಿಗಳು

ಕಂಪನಿಗಳ ಕಾಯಿದೆ, 2013 ರ ವಿಭಾಗ 129 (3) ನಿಬಂಧನೆಗಳಿಗೆ ಅನುಗುಣವಾಗಿ, ಬ್ಯಾಂಕ್ ತನ್ನ ಅಂಗಸಂಸ್ಥೆ ಸೇರಿದಂತೆ ತನ್ನ ಏಕೀಕೃತ ಹಣಕಾಸು ಹೇಳಿಕೆಯನ್ನು ಸಿದ್ಧಪಡಿಸಿದೆ ಮತ್ತು ಅಕೌಂಟಿಂಗ್ ಸ್ಟ್ಯಾಂಡರ್ಡ್ ('AS') 21 ನಿಬಂಧನೆಗಳಿಗೆ ಅನುಸಾರವಾಗಿ, ಕಂಪನಿಗಳ ಕಾಯಿದೆ, 2013 ರ ವಿಭಾಗ 133, ಕಂಪನಿಗಳ (ಅಕೌಂಟ್ಸ್) ನಿಯಮಗಳು, 2014 ರ ನಿಯಮ 7 ರೊಂದಿಗೆ ಮಾರ್ಚ್ 31, 2021 ಕ್ಕೆ ಕೊನೆಗೊಂಡ ಬ್ಯಾಂಕಿನ ಮತ್ತು ಅದರ ಅಂಗಸಂಸ್ಥೆಯಾದ KBL Services Ltd ಒಳಗೊಂಡಂತೆ ಹಣಕಾಸು ವರ್ಷದ ಏಕೀಕೃತ ಹೇಳಿಕೆಯನ್ನು ವಾರ್ಷಿಕ ವರದಿಯ ಭಾಗವಾಗಿ ನೀಡಲಾಗಿದೆ. ಬ್ಯಾಂಕಿನ ಅಂಗಸಂಸ್ಥೆಯ ಆರ್ಥಿಕ ಸ್ಥಿತಿ ಮತ್ತು ಕಾರ್ಯಕ್ಷಮತೆಯನ್ನು AOC-1 ನಮೂನೆಯಲ್ಲಿ ಈ ವರದಿಗೆ ಲಗತ್ತಿಸಲಾದ ಅನುಬಂಧ-1n ರಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

ಕಂಪನಿಗಳ ಕಾಯಿದೆ, 2013 ರ ಸೆಕ್ಷನ್ 136 (1) ರ ನಿಯಮ ಮೂರರ ಅನುಸಾರವಾಗಿ, ಬ್ಯಾಂಕಿನ ವಾರ್ಷಿಕ ವರದಿ ಮತ್ತು ಅದರ ಸ್ವತಂತ್ರ ಮತ್ತು ಏಕೀಕೃತ ಹಣಕಾಸು ಹೇಳಿಕೆಗಳನ್ನು ಬ್ಯಾಂಕಿನ ಜಾಲತಾಣ <http://karnatakabank.com> ನಲ್ಲಿ ಪ್ರಕಟಿಸಲಾಗಿದೆ. ಹಾಗೂ ಈ ವಿಭಾಗದ ನಾಲ್ಕನೇ ನಿಯಮದಂತೆ, ಸಂಯೋಜಿತ ಹಣಕಾಸು ಹೇಳಿಕೆಗಳ ಭಾಗವಾಗಿ ಪರಿಗಣಿಸಲಾಗಿರುವ ಬ್ಯಾಂಕಿನ ಅಂಗಸಂಸ್ಥೆ ಲೆಕ್ಕಪರಿಶೋಧಿತ ವಾರ್ಷಿಕ ಲೆಕ್ಕಪತ್ರಗಳನ್ನು ಸಹ ಬ್ಯಾಂಕಿನ ಜಾಲತಾಣ <http://karnatakabank.com> ನಲ್ಲಿ ಪ್ರಕಟಿಸಲಾಗಿದೆ. ಬ್ಯಾಂಕಿನ ಜಾಲತಾಣದಲ್ಲಿ ಲಭ್ಯವಿರುವ ದಾಖಲೆಗಳು/ವಿವರಗಳು ಅದರ ನೋಂದಾಯಿತ ಕಚೇರಿಯಲ್ಲಿ ಸದಸ್ಯರಿಂದ ಪರಿಶೀಲನೆಗೆ ಸಹ ಲಭ್ಯವಿರುತ್ತದೆ.

### ಹೂಡಿಕೆದಾರರ ಬಾಂಧವ್ಯವರ್ಧನಾ ವಿಭಾಗ

ಹೂಡಿಕೆದಾರರೊಂದಿಗೆ ನಿರಂತರ ಸಂಪರ್ಕವನ್ನು ಕಾಯ್ದುಕೊಳ್ಳಲು ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ಪ್ರಧಾನ ಕಚೇರಿಯಲ್ಲಿ ಪ್ರತ್ಯೇಕ ಹೂಡಿಕೆದಾರರ ಸಂಬಂಧ ವಿಭಾಗವನ್ನು ಹೊಂದಿದೆ. ಹೂಡಿಕೆದಾರ ಕುಂದುಕೊರತೆಗಳನ್ನು ಪರಿಹರಿಸುವುದರ ಜೊತೆಗೆ, ಬ್ಯಾಂಕಿನ ಹಣಕಾಸಿನ ಫಲಿತಾಂಶಗಳು, ಪ್ರಮುಖ ಘಟನೆಗಳು, ಮಾಧ್ಯಮಗಳಲ್ಲಿ ಬ್ಯಾಂಕ್ ಬಗ್ಗೆ ಪ್ರಕಟವಾದ ಲೇಖನಗಳು ಇತ್ಯಾದಿಗಳನ್ನು ಸ್ವಯಂಪ್ರೇರಿತ ಆಧಾರದ ಮೇಲೆ ಷೇರುದಾರರಿಗೆ ಇಮೇಲ್ ಮೂಲಕ (ಲಭ್ಯವಿರುವೆಲ್ಲೆಡೆಯಲ್ಲಿ) ಕಳುಹಿಸುವ ಕಾರ್ಯನಿರ್ವಹಿಸುತ್ತಿದೆ.

ಷೇರುದಾರರು ಪಡೆಯದೇ ಉಳಿದಿರುವ ಲಾಭಾಂಶಗಳ (2019 ಮತ್ತು ಹಿಂದಿನ ವರ್ಷಗಳಿಗೆ ಸಂಬಂಧಪಟ್ಟ) ಪಾವತಿಗಾಗಿ ಡಿಸೆಂಬರ್ 2020 ರಲ್ಲಿ ವಿಮರುಸಂಪರ್ಕ ಡ್ರೈವ್‌ಹಿ ಅನ್ನು ಆರಂಭಿಸಲಾಯಿತು ಹಾಗೂ ಇದು ಉತ್ತಮ ಪ್ರತಿಕ್ರಿಯೆಯನ್ನು ಕಂಡಿದೆ. ಈ ಉಪಕ್ರಮದ ಅಡಿಯಲ್ಲಿ, ₹ 23.30 ಲಕ್ಷ ಮೊತ್ತದ ಪಾವತಿಯಾಗದೇ ಉಳಿದಿದ್ದ ಲಾಭಾಂಶವನ್ನು ಸುಮಾರು 200 ಷೇರುದಾರರು/ಕಾನೂನು ಬದ್ಧ ಉತ್ತರಾಧಿಕಾರಿಗಳಿಗೆ ನೀಡಿದೆ. ಷೇರುಗಳನ್ನು ವರ್ಗಾಯಿಸುವ ಸಮಯದಲ್ಲಿ ಉಂಟಾಗಬಹುದಾದ ಕಷ್ಟವನ್ನು ಕಡಿಮೆಗೊಳಿಸುವ ಉದ್ದೇಶದಿಂದ, ನಾಮನಿರ್ದೇಶನ ಸೌಲಭ್ಯದ (nomination facility) ಪ್ರಯೋಜನಗಳ ಬಗ್ಗೆಯೂ ಸಹ ಎಸ್‌ಎಂಎಸ್/ಇಮೇಲ್ ಮೂಲಕ ಜಾಗೃತಿ ಅಭಿಯಾನವನ್ನು ನಡೆಸಲಾಯಿತು.

### ನಿರ್ದೇಶಕರು ಮತ್ತು ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯಲ್ಲಿನ ಬದಲಾವಣೆಗಳು

ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯು ಮಾರ್ಚ್ 31, 2021ಕ್ಕೆ ಇಬ್ಬರು ಮಹಿಳಾ ನಿರ್ದೇಶಕರು ಸೇರಿದಂತೆ 10 ನಿರ್ದೇಶಕರನ್ನು ಒಳಗೊಂಡಿದೆ. ಶ್ರೀ ಪಿ ಜಯರಾಮ ಭಟ್, ಅರೆಕಾಲಿಕ ಕಾರ್ಯನಿರ್ವಾಹಕೇತರ ಅಧ್ಯಕ್ಷರು, ಶ್ರೀ ಮಹಾಲೇಶ್ವರ ಎಂ ಎಸ್, ವ್ಯವಸ್ಥಾಪಕ ನಿರ್ದೇಶಕರು ಮತ್ತು ಸಿಇಒ ಮತ್ತು ಶ್ರೀ ಬಿ ಆರ್ ಅಶೋಕ್, ಕಾರ್ಯನಿರ್ವಾಹಕೇತರ ನಿರ್ದೇಶಕರು ಇವರ ಹೊರತಾಗಿ ಉಳಿದ ಎಲ್ಲಾ ನಿರ್ದೇಶಕರು ಸ್ವತಂತ್ರ ನಿರ್ದೇಶಕರಾಗಿರುತ್ತಾರೆ. ನಿರ್ದೇಶಕರ ನೇಮಕಾತಿ ಮತ್ತು ಅವರಿಗೆ ನೀಡಲಾಗುವ ಸಂಭಾವನೆಯ ಮಾನದಂಡಗಳ ವಿವರಗಳನ್ನು ಕಾರ್ಪೊರೇಟ್ ಆಡಳಿತದ ವರದಿಯಲ್ಲಿ ಅನುಬಂಧ-v ರ ನೀಡಲಾಗಿದೆ.

ವರದಿ ವರ್ಷದಲ್ಲಿ, ಬ್ಯಾಂಕಿಂಗ್ ನಿಯಂತ್ರಣ ಕಾಯಿದೆ, 1949/ ಕಂಪನಿಗಳ ಕಾಯ್ದೆ 2013ರ ಪ್ರಕಾರ ಶ್ರೀ ಅಶೋಕ್ ಹಾರನಹಳ್ಳಿ ಮತ್ತು ಶ್ರೀ ಯು ಆರ್ ಭಟ್, ಸ್ವತಂತ್ರ ನಿರ್ದೇಶಕರು, ತಮ್ಮ ಅಧಿಕಾರಾವಧಿಯನ್ನು ಪೂರ್ಣಗೊಳಿಸಿದ ಅನಂತರ ಕ್ರಮವಾಗಿ ಸೆಪ್ಟೆಂಬರ್ 13, 2020 ಮತ್ತು ಫೆಬ್ರವರಿ 18, 2021 ರಂದು ನಿವೃತ್ತರಾದರು. ಅಲ್ಲದೆ ಶ್ರೀ ಡಿ ಸುರೇಂದ್ರ ಕುಮಾರ್ ತಮ್ಮ ಸ್ವತಂತ್ರ ನಿರ್ದೇಶಕರ ಅಧಿಕಾರಾವಧಿಯನ್ನು ಪೂರ್ಣಗೊಳಿಸಿ ಮೇ 30, 2021 ರಂದು ನಿವೃತ್ತರಾಗಿರುತ್ತಾರೆ. ತಮ್ಮ ಅಧಿಕಾರಾವಧಿಯ ವೇಳೆ ಅವರು ನೀಡಿದ ಮೌಲ್ಯಯುತ ಕೊಡುಗೆ ಮತ್ತು ಮಾರ್ಗದರ್ಶನಕ್ಕಾಗಿ ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯು ಕೃತಜ್ಞತೆಯನ್ನು ವ್ಯಕ್ತಪಡಿಸುತ್ತದೆ.

ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ರಚನೆಯನ್ನು ಅನುಜಾನವಾಗಿ ಮುಂದುವರಿಸಿಕೊಂಡು ಹೋಗುವ ನಿಟ್ಟಿನಲ್ಲಿ ಈ ಕೆಳಗೆ ಹೇಳಿರುವ ಗಣ್ಯ ವ್ಯಕ್ತಿಗಳನ್ನು ಹೆಚ್ಚುವರಿ ನಿರ್ದೇಶಕರಾಗಿ ನೇಮಕ ಮಾಡಲಾಗಿದೆ:

ಹೆಸರು	ಅನುಭವ ಹೊಂದಿರುವ ಕ್ಷೇತ್ರ/ಅನುಭವ	ನೇಮಕಾತಿಯ ದಿನಾಂಕ
ಶ್ರೀ ನ್ಯಾಯಮೂರ್ತಿ ಎ ವಿ ಚಂದ್ರಶೇಖರ್	ಕಾನೂನು ನಿವೃತ್ತ ನ್ಯಾಯಾಧೀಶರು, (ಕರ್ನಾಟಕ ಉಚ್ಚ ನ್ಯಾಯಾಲಯ)	19.08.2020
ಶ್ರೀ ಪ್ರದೀಪ್ ಕುಮಾರ್ ಪಂಜ	ಬ್ಯಾಂಕಿಂಗ್ ಮತ್ತು ಹಣಕಾಸು (ಸ್ಟೇಟ್ ಬ್ಯಾಂಕ್ ಆಫ್ ಇಂಡಿಯಾ (SBI)ದ ಕಾರ್ಪೊರೇಟ್ ಬ್ಯಾಂಕಿಂಗ್‌ನ ನಿವೃತ್ತ ವ್ಯವಸ್ಥಾಪಕ ನಿರ್ದೇಶಕರು.)	19.08.2020
ಶ್ರೀಮತಿ ಉಮಾ ಶಂಕರ್	ಬ್ಯಾಂಕಿಂಗ್ ಮತ್ತು ಹಣಕಾಸು (ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ ನಿವೃತ್ತ ಕಾರ್ಯನಿರ್ವಾಹಕ ನಿರ್ದೇಶಕರು)	01.11.2020
ಡಾ. ಡಿ.ಎಸ್. ರವೀಂದ್ರನ್	ಕೃಷಿ ಕ್ಷೇತ್ರ, ಮಾಹಿತಿ ತಂತ್ರಜ್ಞಾನ ಆಡಳಿತ (ನಿವೃತ್ತ ಭಾರತೀಯ ಅರಣ್ಯಾಧಿಕಾರಿ (IPC) (1986 ತಂಡ) ನಿವೃತ್ತ ಪ್ರಧಾನ ಕಾರ್ಯದರ್ಶಿ ಕರ್ನಾಟಕ ಸರ್ಕಾರದ ಹಣಕಾಸು ಇಲಾಖೆ, ಖಜಾನೆ-2)	01.04.2021
ಶ್ರೀ ಬಾಲಕೃಷ್ಣ ಅಲ್ಲೆ ಎಸ್.	ಬ್ಯಾಂಕಿಂಗ್, ಕೃಷಿ ಕ್ಷೇತ್ರ (ಓರಿಯಂಟಲ್ ಬ್ಯಾಂಕ್ ಆಫ್ ಕಾಮರ್ಸ್‌ನ ನಿವೃತ್ತ ಕಾರ್ಯನಿರ್ವಾಹಕ ನಿರ್ದೇಶಕರು)	26.05.2021

ಮೇಲೆ ತಿಳಿಸಿದ ನಿರ್ದೇಶಕರ ಅಧಿಕಾರಾವಧಿಯು ಮುಂಬರುವ 97ನೇ ವಾರ್ಷಿಕ ಮಹಾಸಭೆಯ ದಿನಾಂಕದವರೆಗೆ ಇರಲಿದ್ದು, ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯು ಅವರನ್ನು ಬ್ಯಾಂಕಿನ ಸ್ವತಂತ್ರ ನಿರ್ದೇಶಕರಾಗಿ ನೇಮಕ ಮಾಡಲು ಶಿಫಾರಸು ಮಾಡಿರುತ್ತದೆ. ಅದರಂತೆ, ಅವರ ನೇಮಕಾತಿಗೆ ಷೇರುದಾರರ ಅನುಮೋದನೆಯನ್ನು ಕೋರುವ ನಿರ್ಣಯವನ್ನು 97ನೇ ವಾರ್ಷಿಕ ಮಹಾಸಭೆಯ ನೋಟಿಸ್‌ನಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

ಕಂಪನಿಗಳ ಕಾಯ್ದೆ, 2013 ರ ಸೆಕ್ಷನ್ 152 (6) ರಲ್ಲಿ ಹೇಳಿರುವ 'ಸರದಿಯ ಪ್ರಕಾರ ನಿವೃತ್ತಿಯ ನಿಯಮದ ಅನುಸಾರ ಬ್ಯಾಂಕಿನ ಕಾರ್ಯನಿರ್ವಾಹಕೇತರ ನಿರ್ದೇಶಕರಲ್ಲಿ ಒಬ್ಬರಾದ, ಶ್ರೀ ಬಿ ಆರ್ ಅಶೋಕ್‌ರವರು ನಿವೃತ್ತರಾಗಲಿದ್ದು ಅವರು ಮರುನೇಮಕಾತಿಗೆ ಅರ್ಹರಾಗಿದ್ದು ಮರುನೇಮಕಾತಿಗೆ ಅವರ ಲಭ್ಯತೆಯನ್ನು ತಿಳಿಯಪಡಿಸಿರುತ್ತಾರೆ. ಅದರಂತೆ, ಅವರ ಮರುನೇಮಕಾತಿಗೆ ಷೇರುದಾರರ ಅನುಮೋದನೆ ಕೋರುವ ನಿರ್ಣಯವನ್ನು 97ನೇ ವಾರ್ಷಿಕ ಮಹಾಸಭೆಯ ನೋಟಿಸ್‌ನಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

ಕಂಪನಿಗಳ ಕಾಯ್ದೆ, 2013ರ ಸೆಕ್ಷನ್ 149(6)ರ ನಿಬಂಧನೆಗಳ ಅನ್ವಯ ಬ್ಯಾಂಕಿನ ಎಲ್ಲಾ ಸ್ವತಂತ್ರ ನಿರ್ದೇಶಕರಿಂದ, ಅವರು ಸ್ವತಂತ್ರ ನಿರ್ದೇಶಕರಾಗಿ ಮುಂದುವರಿಯಲು ಸೂಕ್ತ ಅರ್ಹತೆ ಹೊಂದಿರುವ ಬಗ್ಗೆ ಅಗತ್ಯ ದೃಢೀಕರಣವನ್ನು 31ನೇ ಮಾರ್ಚ್, 2021ರ ವೇಳೆಗೆ ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ಪಡೆದುಕೊಂಡಿದೆ.

### ವ್ಯವಸ್ಥಾಪಕ ನಿರ್ದೇಶಕರು ಮತ್ತು ಮುಖ್ಯ ಕಾರ್ಯನಿರ್ವಹಣಾಧಿಕಾರಿಗಳು (MD & CEO)

ಬ್ಯಾಂಕಿನ ವ್ಯವಸ್ಥಾಪಕ ನಿರ್ದೇಶಕರು ಮತ್ತು ಸಿಇಒ ಶ್ರೀ ಮಹಾಬಲೇಶ್ವರ ಎಂ ಎಸ್ ಅವರನ್ನು ಬ್ಯಾಂಕಿಂಗ್ ನಿಯಂತ್ರಣ ಕಾಯಿದೆ, 1949, ಸೆಕ್ಷನ್ 35 ಪ್ರಕಾರ ಆರ್‌ಬಿಐ ಅನುಮೋದನೆಯೊಂದಿಗೆ, ಏಪ್ರಿಲ್ 15, 2020 ರಿಂದ ಮೂರು ವರ್ಷಗಳ ಅವಧಿಗೆ ಅಂದರೆ ಏಪ್ರಿಲ್ 14, 2023 ರ ವರೆಗೆ ಮರು ನೇಮಕಾತಿ ಮಾಡಲಾಗಿದೆ.

### ಮಂಡಳಿಯ ಕಾರ್ಯಕ್ಷಮತೆಯ ಮೌಲ್ಯಮಾಪನ

ನಿರ್ದೇಶಕ ಮಂಡಳಿಯು, ಅದರ ಸದಸ್ಯರ, ಕಾರ್ಯನಿರ್ವಾಹಕೇತರ ಅಧ್ಯಕ್ಷರ, ವ್ಯವಸ್ಥಾಪಕ ನಿರ್ದೇಶಕ ಮತ್ತು ಮುಖ್ಯ ಕಾರ್ಯನಿರ್ವಹಣಾಧಿಕಾರಿಗಳ ಮತ್ತು ನಿರ್ದೇಶಕ ಮಂಡಳಿಯ ಸಮಿತಿಗಳ ಕಾರ್ಯಕ್ಷಮತೆ ಮೌಲ್ಯಮಾಪನ ಪ್ರಕ್ರಿಯೆಗೆ ಮಾನದಂಡಗಳನ್ನು ಬ್ಯಾಂಕ್ ನಿಗದಿಪಡಿಸಿದೆ. ಅದರಂತೆ ನಿರ್ದೇಶಕರ, ನಿರ್ದೇಶಕ ಮಂಡಳಿಯ ಮತ್ತು ಅದರ ಸಮಿತಿಗಳ ಮೌಲ್ಯಮಾಪನ ಮಾಡಿ ಈ ಕುರಿತು ನೀಡಿದ ಹೇಳಿಕೆಯನ್ನು ಕಾರ್ಪೊರೇಟ್ ಆಡಳಿತದ ವರದಿಯಲ್ಲಿ ಅನುಬಂಧ-v ರ ಅಡಿಯಲ್ಲಿ ನೀಡಲಾಗಿದೆ. ಇದರಂತೆ, ಮಾರ್ಚ್ 23, 2021ರಂದು ನಡೆದ ಸ್ವತಂತ್ರ ನಿರ್ದೇಶಕರ ಸಭೆಯಲ್ಲಿ, ವ್ಯವಸ್ಥಾಪಕ ನಿರ್ದೇಶಕ ಮತ್ತು ಮುಖ್ಯ ಕಾರ್ಯನಿರ್ವಹಣಾಧಿಕಾರಿ ಮತ್ತು ಒಟ್ಟಾರೆಯಾಗಿ ನಿರ್ದೇಶಕ ಮಂಡಳಿಯ ಕಾರ್ಯಕ್ಷಮತೆಯನ್ನು ಪರಿಶೀಲಿಸಿ ಮೌಲ್ಯಮಾಪನಗೈಯಲಾಗಿದೆ. ಅಲ್ಲದೆ, ನಿರ್ದೇಶಕ ಮಂಡಳಿಯು ಮಾರ್ಚ್ 23, 2021ರಂದು ನಡೆಸಿದ ತನ್ನ ಸಭೆಯಲ್ಲಿ ನಿರ್ದೇಶಕ ಮಂಡಳಿಯ ಸಮಿತಿಗಳ ಮತ್ತು ಸ್ವತಂತ್ರ ನಿರ್ದೇಶಕರ ಕಾರ್ಯನಿರ್ವಹಣೆಯ ಬಗ್ಗೆಯೂ ಮೌಲ್ಯಮಾಪನ ನಡೆಸಿದೆ.

## ಸಂಬಂಧಿತ ವ್ಯಕ್ತಿಗಳೊಂದಿಗೆ ಗುತ್ತಿಗೆ ಮತ್ತು ವ್ಯವಹಾರಗಳು

ಪ್ರಸ್ತುತ ವರದಿ ವರ್ಷದಲ್ಲಿ ಎಲ್ಲಾ ಸಂಬಂಧಿತ ವ್ಯಕ್ತಿಗಳೊಂದಿಗೆ ನಡೆದ ವಹಿವಾಟುಗಳು, ಸಾಮಾನ್ಯ ವ್ಯಾವಹಾರಿಕ ನೆಲೆಯಲ್ಲಿದ್ದು, ಅವುಗಳು ಸಂಬಂಧಿಸಿದ ವ್ಯಕ್ತಿಗಳಿಂದ ನಿರ್ದಿಷ್ಟ ಅಂತರವನ್ನು ಕಾಪಾಡಿಕೊಂಡು ಬರುವ ನೀತಿಯ ತಳಹದಿಯಲ್ಲಿರುತ್ತದೆ. ಸದ್ರಿ ಅವಧಿಯಲ್ಲಿ ಬ್ಯಾಂಕ್ ತನ್ನ ನಿರ್ದೇಶಕರೊಂದಿಗಾಗಲೀ, ತನ್ನ ಪ್ರಮುಖ ಆಡಳಿತಾತ್ಮಕ ಹೊಣೆ ಹೊತ್ತಿರುವ ವ್ಯಕ್ತಿಗಳೊಂದಿಗಾಗಲೀ ಅಥವಾ ಇನ್ನಿತರ ವ್ಯಕ್ತಿಗಳೊಂದಿಗಾಗಲೀ ನಡೆಸಿದ ವಹಿವಾಟುಗಳಲ್ಲಿ ಬ್ಯಾಂಕ್‌ನ ಹಿತಾಸಕ್ತಿಗೆ ಸಂಭಾವ್ಯ ವಿರೋಧವಾಗಬಲ್ಲ ಯಾವುದೇ ಅಂಶಗಳು ಇಲ್ಲದೇ ಇರುವುದರಿಂದ ನಮೂನೆ ಎಬಿಸಿ-2 (AOC-2) ರ ಪ್ರಕಟಣೆ ಅನ್ವಯವಾಗುವುದಿಲ್ಲ. ಬ್ಯಾಂಕ್‌ನ ಲೆಕ್ಕ ಪರಿಶೋಧನಾ ಸಮಿತಿ/ನಿರ್ದೇಶಕ ಮಂಡಳಿ ಅನುಮೋದಿಸಿರುವ ಸಂಬಂಧಿತ ವ್ಯಕ್ತಿಗಳೊಂದಿಗೆ ವಹಿವಾಟು ನಡೆಸುವ ಬಗೆಗಿನ ನೀತಿಯನ್ನು ಬ್ಯಾಂಕ್‌ನ ಹೂಡಿಕೆದಾರರ ಪೋರ್ಟ್‌ನಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

### ನಿರ್ದೇಶಕರ ಜವಾಬ್ದಾರಿಗಳ ಬಗ್ಗೆ ಹೇಳಿಕೆ

ಕಂಪೆನಿಗಳ ಕಾಯ್ದೆ 2013ರ ಸೆಕ್ಷನ್ 134(3)(ಸಿ), 134(5) ಮತ್ತು ಕಂಪೆನಿಗಳ (ಅಕೌಂಟ್ಸ್) ನಿಯಮ 2014ರ ನಿಯಮ 8ರ ಅನುಸಾರವಾಗಿ ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ತಿಳಿಸುವುದೇನೆಂದರೆ:

- (ಎ) ವಾರ್ಷಿಕ ಲೆಕ್ಕಪತ್ರಗಳನ್ನು ತಯಾರಿಸುವಲ್ಲಿ, ಸೂಕ್ತವಾದ 'ಅಕೌಂಟಿಂಗ್ ಸ್ಟಾಂಡರ್ಡ್ಸ್' ಬಳಕೆ ಮಾಡಿಕೊಂಡಿದ್ದು, ಸೂಕ್ತ ವಿಶ್ಲೇಷಣೆಗಳನ್ನು, ಆವಶ್ಯಕ ವಿವರಗಳನ್ನು ಸಲ್ಲಿಸಲಾಗಿದೆ.
- (ಬಿ) ನಿರ್ದೇಶಕರು ಸೂಕ್ತವಾದ ಅಕೌಂಟಿಂಗ್ ನೀತಿಗಳನ್ನು ಅಂಗೀಕರಿಸಿದ್ದು, ಅವುಗಳನ್ನು ನಿಖರವಾಗಿ ಪ್ರಯೋಗಿಸಿ, ಅಂದಾಜು ಮತ್ತು ತೀರ್ಪುಗಳನ್ನು ಸೂಕ್ತವಾಗಿ ವಿಮರ್ಶಿಸಿ ಸಕಾರಣವಾಗಿದೆ ಎಂದು ತಿಳಿದು, 31ನೇ ಮಾರ್ಚ್ 2021ಕ್ಕೆ ಬ್ಯಾಂಕಿನ ಲೆಕ್ಕಪತ್ರಗಳಲ್ಲಿ ಮತ್ತು ಲಾಭ ನಷ್ಟಗಳಲ್ಲಿ ಸತ್ಯ ಮತ್ತು ನೈಜ ಚಿತ್ರಣವನ್ನು ನೀಡುವಲ್ಲಿ ಆದ್ಯ ಗಮನ ಹರಿಸಿರುತ್ತಾರೆ.
- (ಸಿ) ನಿರ್ದೇಶಕರು, ಬ್ಯಾಂಕ್‌ನ ಆಸ್ತಿಯನ್ನು ಸುಸ್ಥಿರವಾಗಿ ಕಾಪಾಡಿಕೊಂಡು ಬರುವಲ್ಲಿ ವಂಚನೆ ಹಾಗೂ ನಿಯಮಬಾಹಿರತೆ ಮುಕ್ತೆ ಕುರಿತು ಸಾಕಷ್ಟು ಎಚ್ಚರವಹಿಸಿ ಕಂಪೆನಿಗಳ ಕಾಯ್ದೆ 2013ರ ಅನುಸಾರವಾಗಿ ಸೂಕ್ತವಾದ ಅಕೌಂಟಿಂಗ್ ದಾಖಲೆಗಳನ್ನು ನಿರ್ವಹಣೆ ಮಾಡಿರುತ್ತಾರೆ.
- (ಡಿ) ನಿರ್ದೇಶಕರು ವಾರ್ಷಿಕ ಲೆಕ್ಕಪತ್ರಗಳನ್ನು 'ಗೋಯಿಂಗ್ ಕನ್ಸರ್ನ್' ತಳಹದಿಯಲ್ಲಿ ರಚಿಸಿರುತ್ತಾರೆ.
- (ಇ) ಆಂತರಿಕ ಆರ್ಥಿಕತೆ ನಿಯಂತ್ರಣವನ್ನು ಧೋರಣಾತ್ಮಕವಾಗಿ ನಿರ್ದೇಶಕರು ಸ್ವೀಕರಿಸಿದ್ದು, ಅದನ್ನೇ ಬ್ಯಾಂಕ್ ಅನುಸರಿಸಿಕೊಂಡು ಬರುತ್ತಿದ್ದು, ಬ್ಯಾಂಕ್‌ನ ಧೋರಣೆಯ ರೀತ್ಯಾ ಆಂತರಿಕ ನಿಯಂತ್ರಣಗೈದಿದ್ದು, ಅದು ಸಾಕಷ್ಟು ಮತ್ತು ಪರಿಣಾಮಕಾರಿಯಾಗಿ ನಿರ್ವಹಿಸಲ್ಪಡುತ್ತಿದೆ.
- (ಎಫ್) ನಿರ್ದೇಶಕರು ಸಂಬಂಧಪಟ್ಟ ಕಾನೂನುಗಳಿಗೆ ಸಂಬಂಧಿಸಿ ಪೂರೈಕೆಗೊಳ್ಳಬೇಕಾಗಿರುವ ವಿವರಗಳನ್ನು ನೀಡುವಲ್ಲಿ ಸೂಕ್ತ ಹಾಗೂ ಸಕಾಲಿಕ ವ್ಯವಸ್ಥೆಗಳನ್ನು ಸಂಯೋಜಿಸಿದ್ದು, ಈ ವ್ಯವಸ್ಥೆಯು ಸೂಕ್ತವಾಗಿ, ಸಕಾಲಿಕವಾಗಿ, ಪರಿಣಾಮಕಾರಿಯಾಗಿ ಕಾರ್ಯ ನಿರ್ವಹಿಸುತ್ತಿದೆ.

## ಶಾಸನಬದ್ಧ ಪ್ರಕಟಣೆಗಳು

ಕಂಪೆನಿಗಳ ಕಾಯ್ದೆ 2013ರ ಸೆಕ್ಷನ್ 134(3) ಮತ್ತು ಕಂಪೆನಿಗಳ (ಅಕೌಂಟ್ಸ್) ನಿಯಮಗಳು 2014ರ ಅನ್ವಯ ಪ್ರಕಟಗೊಳಿಸಲಿಕ್ಕಿರುವ ಪ್ರಕಟಣೆಗಳು ಈ ಕೆಳಗಿನಂತಿವೆ:

- ಎ) ಶಕ್ತಿಯ ಬಳಕೆ ಮತ್ತು ತಾಂತ್ರಿಕತೆ ಅಳವಡಿಕೆ: ಬ್ಯಾಂಕ್‌ನ ವ್ಯವಹಾರ ಸ್ವರೂಪದ ದೃಷ್ಟಿಯಿಂದ ಶಕ್ತಿಯ ಬಳಕೆ ಮತ್ತು ತಾಂತ್ರಿಕತೆ ಅಳವಡಿಕೆ ಕುರಿತಾದ ಕಂಪೆನಿಗಳ ಕಾಯ್ದೆ 2013ರ ಸೆಕ್ಷನ್ 134(3) ಅನ್ವಯ, ಬ್ಯಾಂಕ್‌ಗೆ ಇದು ಅನ್ವಯವಾಗುವುದಿಲ್ಲ. ಆದಾಗ್ಯೂ ಬ್ಯಾಂಕ್ ತನ್ನ ಚಟುವಟಿಕೆಯ ಎಲ್ಲಾ ಕ್ಷೇತ್ರಗಳಲ್ಲಿ ಮಾಹಿತಿ ತಂತ್ರಜ್ಞಾನದ ವಿಫಲ ಬಳಕೆ ಮಾಡುತ್ತಿದೆ.
- ಬಿ) ವಿದೇಶಿ ವಿನಿಮಯ ಗಳಿಕೆ ಮತ್ತು ಹೊರಹರಿವು: ಪ್ರಸ್ತುತ ವರ್ಷಾಂತ್ಯ 31 ಮಾರ್ಚ್ 2021ಕ್ಕೆ ಬ್ಯಾಂಕ್ ವಿದೇಶಿ ಕರೆನ್ಸಿ ರೂಪದಲ್ಲಿ ರೂ. 2.13 ಕೋಟಿ ಗಳಿಸಿದೆ ಮತ್ತು ರೂ. 1.83 ಕೋಟಿ ವ್ಯಯ ಮಾಡಿರುತ್ತದೆ.
- ಸಿ) ಬ್ಯಾಂಕ್‌ನ ಭವಿಷ್ಯದ ವಹಿವಾಟಿಗೆ ತಡೆಯಾಗಬಲ್ಲ ಯಾವುದೇ ಆಚ್ಛೆಗಳು, ವಿಧೇಯಕಗಳು ಬ್ಯಾಂಕ್‌ಗೆ ಲಿಖಿತವಾಗಿ ಯಾವುದೇ ನಿಯಂತ್ರಕರ ಕಚೇರಿಗಳಿಂದ, ಕೋರ್ಟ್‌ಗಳಿಂದ ಬಂದಿರುವುದಿಲ್ಲ.
- ಡಿ) ಆಂತರಿಕ ಆರ್ಥಿಕತಾ ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆ ಮತ್ತು ಅದರ ಪರ್ಯಾಯತೆ: ಆಂತರಿಕ ಆರ್ಥಿಕತಾ ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಯನ್ನು ಸಮರ್ಥವಾಗಿ ನಿರ್ವಹಿಸಲು ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ಸೂಕ್ತವಾಗಿ ಹಾಗೂ ಸಮಗ್ರವಾಗಿ ಕೆಲವು ಮಾನದಂಡಗಳು, ಪ್ರಯೋಗಗಳು ಮತ್ತು ಸಂರಚನೆಗಳನ್ನು ಪಾಲಿಸಿಕೊಂಡು ಬಂದಿದ್ದು, ಈ ವ್ಯವಸ್ಥೆ ಸಾಕಷ್ಟು ಪರಿಪೂರ್ಣವಾಗಿದ್ದು ಚುರುಕಾಗಿ, ಪರಿಣಾಮಕಾರಿಯಾಗಿ ಕಾರ್ಯ ನಿರ್ವಹಿಸುತ್ತಿದೆ.
- ಇ) ಪ್ರಮುಖ ವ್ಯವಸ್ಥಾಪನಾ ವ್ಯಕ್ತಿಗಳು: ಕಂಪೆನಿಗಳ ಕಾಯ್ದೆ 2013ರ ನಿಬಂಧನೆಗಳ ಅನುಸಾರವಾಗಿ ಶ್ರೀ ಮಹಾಬಲೇಶ್ವರ ಎಂ ಎಸ್, ಎಂಡಿ ಮತ್ತು ಸಿಇಒ, ಶ್ರೀ ಮುರಳೀಧರ ಕೃಷ್ಣ ರಾವ್, ಸಿಎಫ್‌ಒ ಮತ್ತು ಶ್ರೀ ಪ್ರಸನ್ನ ಪಾಟೀಲ್, ಬ್ಯಾಂಕ್‌ನ ಕಂಪೆನಿ ಕಾರ್ಯದರ್ಶಿ ಇವರು 31ನೇ ಮಾರ್ಚ್ 2021ಕ್ಕೆ ಬ್ಯಾಂಕ್‌ನ ಪ್ರಮುಖ ವ್ಯವಸ್ಥಾಪನಾ ವ್ಯಕ್ತಿಗಳಾಗಿದ್ದರು. ಈ ಪ್ರಮುಖ ವ್ಯವಸ್ಥಾಪನಾ ವ್ಯಕ್ತಿಗಳಲ್ಲಿ ಪ್ರಸ್ತುತ ವರದಿ ವರ್ಷದಲ್ಲಿ ಯಾರೊಬ್ಬರೂ ರಾಜೀನಾಮೆ ನೀಡಿರುವುದಿಲ್ಲ.
- ಎಫ್) ನಿರ್ದೇಶಕರ ಸಂಭಾವನೆ: ಕಂಪೆನಿಗಳ ಕಾಯ್ದೆ 2013, ಸೆಕ್ಷನ್ 197 (12) ಮತ್ತು ಕಂಪೆನಿ (ವ್ಯವಸ್ಥಾಪನಾ ವ್ಯಕ್ತಿಗಳ ನೇಮಕಾತಿ ಮತ್ತು ಸಂಭಾವನೆ) ನಿಯಮಗಳು 2014ರ ನಿಯಮಗಳ ಪ್ರಕಾರ ಪ್ರಕಟಿಸಬೇಕಾಗಿರುವ ವಿವರಗಳನ್ನು ಈ ವರದಿಯ ಅನುಬಂಧ-Viii ರಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

ಜಿ) ಕಂಪೆನಿಗಳ ನಿಯಮ 2014ರ ನಿಯಮ 5ರಂತೆ ಹಾಗೂ ಕಂಪೆನಿಗಳ ಕಾಯ್ದೆ 2013ರ ಸೆಕ್ಷನ್ 197ರ ಅನುಸಾರವಾಗಿ ಹಣಕಾಸು ವರ್ಷ 2020-21ರಲ್ಲಿ ಬ್ಯಾಂಕ್‌ನ ಯಾವ ಉದ್ಯೋಗಿಯೂ ಬಹಿರಂಗಪಡಿಸಬೇಕಾದ ಮಿತಿಯನ್ನು ಮೀರಿರುವ ವೇತನವನ್ನು ಪಡೆದಿರುವುದಿಲ್ಲ. ಆದಾಗ್ಯೂ ಪೂರ್ಣಕಾಲಿಕ ನಿರ್ದೇಶಕರಿಗೆ ಸಂಬಂಧಿಸಿದ ಸಂಭಾವನೆಯು (ಹಣಕಾಸು ವರ್ಷದಲ್ಲಿ ನಿರ್ಧರಿಸಿದ ವೇರಿಯಬಲ್ ವೇತನ ಸೇರಿದಂತೆ) ಆರ್‌ಬಿಐ ಅನುಮೋದನೆಗೆ ಒಳಪಟ್ಟಿರುತ್ತದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕಿನಲ್ಲಿ ಶ್ರೀ ಮಹಾಬಲೇಶ್ವರ ಎಂ ಎಸ್, ವ್ಯವಸ್ಥಾಪಕ ನಿರ್ದೇಶಕರು ಮತ್ತು ಸಿಇಒ ಇವರು ಏಕೈಕ ಪೂರ್ಣಕಾಲಿಕ ನಿರ್ದೇಶಕರಾಗಿದ್ದು ಅವರಿಗೆ ಪಾವತಿಸಿದ ಸಂಭಾವನೆಯ ವಿವರಗಳನ್ನು ಕಾರ್ಪೊರೇಟ್ ಆಡಳಿತ ವರದಿಯಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

ಎಚ್) ಬ್ಯಾಂಕಿನ ಹಣಕಾಸು ವರ್ಷಾಂತ್ಯದ ದಿನಾಂಕ ಮತ್ತು ಅದಕ್ಕೆ ಸಂಬಂಧಿಸಿದ ಈ ವರದಿಯ ದಿನಾಂಕದ ನಡುವಿನ ಅವಧಿಯಲ್ಲಿ, ಬ್ಯಾಂಕಿನ ಆರ್ಥಿಕ ಸ್ಥಿತಿಯ ಮೇಲೆ ವ್ಯತಿರಿಕ್ತ ಬೀರುವ ಯಾವುದೇ ಮಹತ್ವದ ಬದಲಾವಣೆಗಳಾಗಿರುವುದಿಲ್ಲ.

### ಆಡಳಿತ ಮಂಡಳಿಯ ಸಭೆಯ ಸಂಖ್ಯೆ

ವರದಿ ವರ್ಷದಲ್ಲಿ ಆಡಳಿತ ಮಂಡಳಿಯ ಸದಸ್ಯರು ಒಟ್ಟು 15 ಬಾರಿ ಸಭೆ ಜರಗಿಸಿದ್ದು, ವರದಿಯ ವಿವರಗಳನ್ನು ಈ ವರದಿಯೊಂದಿಗೆ ಲಗತ್ತಿಸಲಾಗಿರುವ ಕಾರ್ಪೊರೇಟ್ ಆಡಳಿತದ ವರದಿಯಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

### ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ಸಮಿತಿಗಳು

ಬ್ಯಾಂಕಿನ ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ 9 ಸಮಿತಿಗಳನ್ನು ಹೊಂದಿದ್ದು ಇವುಗಳು ಅತ್ಯುತ್ತಮ ಕಾರ್ಯಕ್ಷಮತೆಗಾಗಿ ಮತ್ತು ಅನ್ವಯಿಸುವ ಕಾನೂನು ಅಗತ್ಯಗಳ ಪರಿಪಾಲನೆಗಾಗಿ ರಚಿಸಲ್ಪಟ್ಟಿವೆ. ಆಡಳಿತ ಮಂಡಳಿ ಸಭೆ ಮತ್ತು ಸಮಿತಿಗಳ ಸಭೆಯ ವಿವರಗಳು, ಅವುಗಳ ಸಂಯೋಜನೆ (31 ಮಾರ್ಚ್ 2021 ರಂತೆ), ಅಧಿಕಾರ, ಪಾತ್ರ ಇತ್ಯಾದಿಗಳನ್ನು ಈ ವರದಿಯೊಂದಿಗೆ ಲಗತ್ತಿಸಲಾಗಿರುವ ಕಾರ್ಪೊರೇಟ್ ಆಡಳಿತದ ವರದಿಯ ಅನುಬಂಧ-V ಗೆ ರಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

ಅದಲ್ಲದೆ, ದಿನಾಂಕ 26 ಏಪ್ರಿಲ್ 2021 ರ ಆರ್‌ಬಿಐ ಸುತ್ತೋಲೆ DOR.GOV.REC.8/29.67.001/2021-22 (ಬ್ಯಾಂಕಿನಲ್ಲಿ ಸಾಂಸ್ಥಿಕ ಆಡಳಿತ- ನಿರ್ದೇಶಕರ ನೇಮಕ ಮತ್ತು ಮಂಡಳಿಯ ಸಮಿತಿಗಳ ಸಂವಿಧಾನ ರಚನೆ)ರ ಅನುಸಾರ ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ಈಗಾಗಲೇ ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ಸಮಿತಿಗಳನ್ನು ಪುನರ್ ರಚಿಸಿದೆ.

### ಕಾರ್ಪೊರೇಟ್ ಆಡಳಿತ

ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ಅತ್ಯುತ್ತಮ ಕಾರ್ಪೊರೇಟ್ ಆಡಳಿತವನ್ನು ಪಾಲಿಸಲು ಬದ್ಧವಾಗಿದ್ದು ತನ್ಮೂಲಕ ಬ್ಯಾಂಕ್‌ನ ಸರ್ವ ಪಾಲುದಾರರಾದ ಷೇರುದಾರರು, ಠೇವಣಿದಾರರು, ಇತರೆ 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-V ರಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

### ಸಮಗ್ರ ವರದಿ (Integrated Reporting)

ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ಸ್ವಯಂಪ್ರೇರಿತ ಆಧಾರದ ಮೇಲೆ ಸಿದ್ಧಪಡಿಸಿದ ಸಮಗ್ರ ವರದಿಯನ್ನು ಬ್ಯಾಂಕಿನ ವೆಬ್‌ಸೈಟ್‌ನಲ್ಲಿ ಹೂಡಿಕೆದಾರರ ಪೋರ್ಟಲ್‌ನಲ್ಲಿ ನೀಡಲಾಗಿದೆ [www.karnatakabank.com>Investor Portal> Annual General Meeting](http://www.karnatakabank.com>Investor Portal> Annual General Meeting).

### ಜವಾಬ್ದಾರಿಯುತ ವ್ಯವಹಾರದ ವರದಿ:

ಪರಿಸರ, ಸಾಮಾಜಿಕ ಮತ್ತು ಆಡಳಿತ ತತ್ವಗಳಿಗೆ ಸಂಬಂಧಿಸಿದಂತೆ ಉತ್ತಮ ಅಭ್ಯಾಸಗಳನ್ನು ಅಳವಡಿಸಿಕೊಳ್ಳುವ ವಿವಿಧ ನೀತಿಗಳನ್ನು ಬ್ಯಾಂಕ್ ಅಳವಡಿಸಿಕೊಂಡಿದೆ. ಈ ಹಿನ್ನೆಲೆಯಲ್ಲಿ, ಸೆಬಿ (LODR), 2015 ನಿಯಮ 34 (2) (ಎಫ್) ಮತ್ತು ನವೆಂಬರ್ 4, 2015 ಸೆಬಿ ಹೊರಡಿಸಿದ ಸುತ್ತೋಲೆ CIR/CFD/CMD/10/2015 ಅಡಿಯಲ್ಲಿ ನೀಡಿರುವ ನಮೂನೆಗೆ ಅನುಗುಣವಾಗಿ ಬ್ಯಾಂಕ್ 2020-21ರ ಹಣಕಾಸು ವರ್ಷದ ತನ್ನ ವರದಿಯನ್ನು (ಬಿಆರ್‌ಆರ್) ಸಿದ್ಧಪಡಿಸಿದ್ದು ಅದನ್ನು ಅನುಬಂಧ-VII ರಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

### ಲೆಕ್ಕಪರಿಶೋಧಕರು

#### ಎ. ಶಾಸನಬದ್ಧ ಲೆಕ್ಕಪರಿಶೋಧಕರು

ಜುಲೈ 17, 2020 ರಂದು ನಡೆದ 96 ನೇ ವಾರ್ಷಿಕ ಮಹಾಸಭೆಯಲ್ಲಿ, ಮೆ. ಬದರಿ, ಮಧುಸೂದನ್ ಆಂಡ್ ಶ್ರೀನಿವಾಸನ್, (ಸಂಸ್ಥೆ ನೋಂದಣಿ ಸಂ.005389S) ಚಾರ್ಟೆಡ್ ಅಕೌಂಟೆಂಟ್ಸ್, ಬೆಂಗಳೂರು ಮತ್ತು ಮೆ. ಮನೋಹರ್ ಚೌಧರಿ ಆಂಡ್ ಅಸೋಸಿಯೇಟ್ಸ್ (ಸಂಸ್ಥೆ ನೋಂದಣಿ ಸಂ.001997S) ಚಾರ್ಟೆಡ್ ಅಕೌಂಟೆಂಟ್ಸ್, ಚೆನ್ನೈ, ಅವರನ್ನು ಬ್ಯಾಂಕ್‌ನ ಜಂಟಿ ಶಾಸನಬದ್ಧ ಕೇಂದ್ರೀಯ ಲೆಕ್ಕಪರಿಶೋಧಕರಾಗಿ ನಿಯುಕ್ತಿಗೊಳಿಸಲಾಯಿತು. ಅವರು ಮುಂಬರುವ ವಾರ್ಷಿಕ ಮಹಾಸಭೆಯ ಕೊನೆಯಲ್ಲಿ, ಮೂರನೇ ವರ್ಷದ ಅವಧಿಯನ್ನು ಪೂರ್ಣಗೊಳಿಸಲಿದ್ದಾರೆ. (ಅಂದರೆ, ಹಣಕಾಸು ವರ್ಷ 2018-19 ರಿಂದ ಆರಂಭಗೊಂಡ ಅವಧಿಯಲ್ಲಿ) ಆರ್‌ಬಿಐನ ಏಪ್ರಿಲ್ 27, 2021 ರ ಸುತ್ತೋಲೆ ಸಂಖ್ಯೆ DOS. CO.ARG/ SEC.01/ 08.91.001/ 2021-22 ರ ಪ್ರಕಾರ ಈ ಲೆಕ್ಕಪರಿಶೋಧಕ ಸಂಸ್ಥೆಗಳಿಗೆ ಮುಂದಿನ ಆರು ವರ್ಷಗಳ ವಿಶ್ರಾಂತಿ ಅವಧಿ (cooling period) ಅನ್ವಯವಾಗುವುದರಿಂದ ನೂತನ ಲೆಕ್ಕಪರಿಶೋಧಕರನ್ನು ಬ್ಯಾಂಕ್ ನೇಮಕಗೊಳಿಸಬೇಕಾಗಿದೆ.

ಆದ್ದರಿಂದ, ಮೆ.ಸುಂದರಂ ಅಂಡ್ ಶ್ರೀನಿವಾಸನ್, ಚಾರ್ಟೆಡ್ ಅಕೌಂಟೆಂಟ್ಸ್ (ಸಂಸ್ಥೆಯ ನೋಂದಣಿ ಸಂಖ್ಯೆ 0042075), ಹೊಸ ನಂ. 4, ಹಳೆಯ ಸಂಖ್ಯೆ 23, ಸಿಪಿ ರಾಮಸ್ವಾಮಿ ರಸ್ತೆ, ಅಲ್ಪಾರಪೇಟೆ, ಚೆನ್ನೈ-600018 ಮತ್ತು ಮೆ. ಕಲ್ಯಾಣಿವಾಲಾ ಅಂಡ್ ಮಿಸ್ಟ್ರಿ ಎಲ್‌ಎಲ್‌ಪಿ ಚಾರ್ಟೆಡ್ ಅಕೌಂಟೆಂಟ್ಸ್‌ಗಳು, (ಸಂಸ್ಥೆಯ ನೋಂದಣಿ ಸಂಖ್ಯೆ/ ಎಲ್‌ಎಲ್‌ಪಿ ನಂ. 104607 ಡಬ್ಲ್ಯೂ/ ಡಬ್ಲ್ಯೂ 100166), ನೋಂದಾಯಿತ ಕಚೇರಿ: ಎಸ್‌ಪ್ಲೇನೇಡ್ ಹೌಸ್, 29, ಹಜಾರಿಮಾಲ್ ಸೊಮಾನಿ, ಫೋರ್ಟ್, ಮುಂಬೈ-400001 ಅವರನ್ನು ಜಂಟಿಯಾಗಿ ಬ್ಯಾಂಕ್‌ನ ಶಾಸನಬದ್ಧ ಲೆಕ್ಕಪರಿಶೋಧಕರಾಗಿ 98ನೇ ವಾರ್ಷಿಕ ಸಾಮಾನ್ಯ ಸಭೆಯ ಮುಕ್ತಾಯದ ತನಕ ಕಾರ್ಯನಿರ್ವಹಿಸುವಂತೆ ನಿಯುಕ್ತಿಗೊಳಿಸುವ ಪ್ರಸ್ತಾಪಕ್ಕೆ ಆಡಳಿತ ಮಂಡಳಿ ನಿರ್ದೇಶಕರು ಸದಸ್ಯರ ಅನುಮೋದನೆ ಕೋರಿರುತ್ತಾರೆ. ಬ್ಯಾಂಕಿಂಗ್ ನಿಯಂತ್ರಣ ಕಾಯ್ದೆ, 1949ರ ಸೆಕ್ಷನ್ 30 (1ಎ)ಯ ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ಜುಲೈ 1, 2021ರಂದು ಈ ನೇಮಕಾತಿಗೆ ಅನುಮೋದನೆ ನೀಡಿರುತ್ತದೆ. ಮೇಲೆ ಹೇಳಿದ ಲೆಕ್ಕಪರಿಶೋಧಕರಿಂದ ಸಮ್ಮತಿಯನ್ನು ಬ್ಯಾಂಕ್ ಪಡೆದಿದ್ದು ಕಂಪನಿಗಳ ಕಾಯ್ದೆ 2013ರ ನಿಬಂಧನೆಗಳು ಮತ್ತು ಅದರ ನಿಯಮಗಳ ಪ್ರಕಾರ ಬ್ಯಾಂಕ್‌ನ ಲೆಕ್ಕಪರಿಶೋಧಕರಾಗಿ ನಿಯೋಜಿಸಲು ಅನರ್ಹರಾಗಿಲ್ಲ ಎಂಬುದಾಗಿ ಅವರಿಂದ ಅಗತ್ಯ ದೃಢೀಕರಣವನ್ನೂ ಪಡೆಯಲಾಗಿದೆ.

**ಬಿ. ಸೆಕ್ರೆಟರಿಯಲ್ ಲೆಕ್ಕಪರಿಶೋಧಕರು ಮತ್ತು ವರದಿ**

ಕಂಪನಿಗಳ ಕಾಯ್ದೆ, 2013ರ ಸೆಕ್ಷನ್ 204 ಮತ್ತು ಅದರ ನಿಯಮಗಳ ಅನುಸಾರವಾಗಿ, ನಿಮ್ಮ ಬ್ಯಾಂಕ್, ಮೆ. ಗೋಪಾಲಕೃಷ್ಣರಾಜ್ ಎಚ್ ಎಚ್ ಆಂಡ್ ಅಸೋಸಿಯೇಟ್ಸ್, ವೃತ್ತಿನಿರತ ಕಂಪನಿ ಕಾರ್ಯದರ್ಶಿ, ಬೆಂಗಳೂರು ಅವರನ್ನು 31ನೇ ಮಾರ್ಚ್ 2021ಕ್ಕೆ ಕೊನೆಗೊಂಡ ವರ್ಷದ ಸೆಕ್ರೆಟರಿಯಲ್ ಲೆಕ್ಕಪರಿಶೋಧನೆ ನಡೆಸಲು ಸೆಕ್ರೆಟರಿಯಲ್ ಲೆಕ್ಕಪರಿಶೋಧಕರಾಗಿ ನಿಯುಕ್ತಿಗೊಳಿಸಿದ್ದು ಅವರು ನೀಡಿರುವ ಸೆಕ್ರೆಟರಿಯಲ್ ಲೆಕ್ಕಪರಿಶೋಧನಾ ವರದಿಯನ್ನು ಈ ವರದಿಯ ಅನುಬಂಧ-Vರ ಜೊತೆಯಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

**ಕೃತಜ್ಞತೆಗಳು**

ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್, ಇತರೆ ಸರಕಾರಿ ಮತ್ತು ನಿಯಂತ್ರಣ ಪ್ರಾಧಿಕಾರಗಳು, ಹಣಕಾಸು ಸಂಸ್ಥೆಗಳು, ಸಹಭಾಗಿ ಬ್ಯಾಂಕ್‌ಗಳ ನಿರಂತರ ಮಾರ್ಗದರ್ಶನ ಮತ್ತು ಬೆಂಬಲಗಳಿಗಾಗಿ ಆಡಳಿತ ಮಂಡಳಿ ನಿರ್ದೇಶಕರು ತಮ್ಮ ಹೃತ್ಪೂರ್ವಕ ಕೃತಜ್ಞತೆಗಳನ್ನು ಸಲ್ಲಿಸಲು ಇಚ್ಛಿಸುತ್ತಾರೆ. ಬ್ಯಾಂಕಿನ ಷೇರುದಾರರು, ಠೇವಣಿದಾರರು ಮತ್ತು ಇತರೆ ಗ್ರಾಹಕರ ನಿರಂತರ ಬೆಂಬಲ, ಸಹಕಾರ ಮತ್ತು ವಿಶ್ವಾಸಗಳಿಗಾಗಿ ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಋಣಿಯಾಗಿದ್ದಾರೆ. ಬ್ಯಾಂಕ್‌ನ ಎಲ್ಲಾ ಉದ್ಯೋಗಿಗಳು ನೀಡಿದ ಸಕ್ರಿಯ ಬೆಂಬಲ, ಬ್ಯಾಂಕ್‌ನ ನಿರಂತರ ಪ್ರಗತಿ ಮತ್ತು ಆದಾಯಕ್ಕಾಗಿ ನೀಡಿದ ಸಹಕಾರಕ್ಕಾಗಿ ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಹೃತ್ಪೂರ್ವಕ ಮೆಚ್ಚುಗೆಯನ್ನು ಸೂಚಿಸುತ್ತಾ ಮುಂಬರುವ ದಿನಗಳಲ್ಲಿ ಬ್ಯಾಂಕ್‌ನ್ನು ಇನ್ನೂ ಎತ್ತರಕ್ಕೆ ಕೊಂಡೊಯ್ಯುವಲ್ಲಿ ಇವರೆಲ್ಲರ ನಿರಂತರ ಸಹಕಾರವನ್ನು ನಿರೀಕ್ಷಿಸುತ್ತಾರೆ.

ಆಡಳಿತ ಮಂಡಳಿ ನಿರ್ದೇಶಕರ ಪರವಾಗಿ ಮತ್ತು ಅಪ್ಪಣೆಯೊಂದಿಗೆ

ಸ್ಥಳ: ಮಂಗಳೂರು  
ದಿನಾಂಕ: 27.07.2021

ಸಹಿ/-  
ಪಿ ಜಯರಾಮ ಭಟ್  
ಅಧ್ಯಕ್ಷರು

# Directors' Report

## Dear Stakeholders,

Your Directors have the pleasure in presenting the 97th Annual Report of the Bank together with the Audited Statement of Account for the year ended March 31, 2021 and the Auditors' Report thereon. The highlights of the operational performance are as under:

### OPERATIONAL PERFORMANCE

₹ in crore

	MARCH 31, 2021	MARCH 31, 2020
Business Turnover	127348.56	128749.42
Deposits	75654.86	71785.15
Advances	51693.70	56964.27
Investments	21635.18	17545.34
Gross Income	7727.48	7736.40
Net Interest Income (NII)	2183.18	2030.36
Operating Profit	1999.14	1656.77
Net Profit	482.57	431.78

Note: Since the Bank's wholly owned non-financial subsidiary has commenced its operations with effect from 30.03.2021, there is no significant reflection in the consolidated financial statements and hence, the same has not been produced here.

### BUSINESS OVERVIEW

Despite a challenging COVID-19 impacted external business environment during the year under report, with the business mantra - "Conserve, Consolidate and Emerge Stronger", your Bank was able to steer the business successfully and focused on further strengthening its fundamentals and the bottom line. As a part of this strategy, several measures were taken including realignment of credit mix wherein the Bank focused on increasing the share of retail and mid-corporate advances and restricted its exposure to the large corporates. The total business turnover of the Bank (i.e., Deposits plus Advances) registered a marginal decline of 1.09 per cent due to sluggishness in the credit off-take and also due to conscious de-growth in the Large Corporate advances on account of realignment of credit in favour of Retail and Mid-corporate sectors. The total assets of the Bank increased by 2.72 per cent i.e., to ₹85581.34 Crore as on March 31, 2021 from ₹83313.49 Crore a year ago.

### DEPOSITS AND CASA

The CASA Deposits grew by 14.08 per cent and total deposits grew by 5.39 per cent during the FY and the share of low cost deposits of the Bank, viz., Current Account and Savings Account (CASA) touched an all-time high of 31.49 per cent of the total deposits of the Bank as against 28.91 per cent as on March 31, 2020.

### LOANS & ADVANCES

The Retail and Mid-Corporate advances, recorded a growth of 5.91 per cent and 6.91 per cent (YoY) respectively. Due to continued sluggishness in the market and tepid credit growth and also due to de-growth in large corporate advances, the overall advances recorded a de-growth of 9.25 per cent on year-on-year basis. The share of Retail/Mid Corporate advances increased to 86.77 per cent as against 74.20 per cent as on March 31, 2020. The Credit-Deposit (CD) Ratio stood at 68.33 per cent.

The priority sector advances increased from ₹25094 crore to ₹28617 crore forming 46.58 per cent of applicable Adjusted Net Bank Credit (ANBC) and agricultural advances increased from ₹8568.24 crore to ₹9071.32 crore which, together with eligible deposits under Rural Infrastructure Development Fund (RIDF), constituted 14.76 per cent of ANBC. Bank is also focusing on lending under various socio-economic schemes.

### ASSET QUALITY AND PROVISION COVERAGE RATIO (PCR)

Your Bank has been focusing on improving the asset quality through better credit monitoring as well as intensified efforts to address the problems posed by the impaired assets. In spite of the COVID19 pandemic related stress in the economy during

the year, the asset quality has further improved. In terms of absolute numbers, the GNPA's reduced to ₹2588.41 crore as on March 31, 2021 from ₹2799.93 crore as on March 31, 2020. However, the degrowth of overall loans and advances reflected in slight increase in percentage of gross NPAs to 4.91 from 4.82.

Similarly, amount of Net NPAs (NPNAs) also reduced to ₹1642.10 crore (3.18%) as against ₹1755.01 crore (3.08%) as on March 31, 2020. The Provision Coverage Ratio (PCR) improved to 70.05 per cent as on March 31, 2021 from 64.70 per cent as on March 31, 2020, thus further strengthening the fundamentals.

## INVESTMENTS

The total investments increased by 23.31 per cent and the ID ratio stood at 28.60 per cent as on March 31, 2021 as against 24.44 per cent as on March 31, 2020.

## GROSS INCOME, NET INTEREST INCOME (NII) AND NET INTEREST MARGIN (NIM)

The gross income of the Bank for the year ended March 31, 2021 stood almost at the same level of last year. The total expenditure (excluding provisions and contingencies) declined by 5.78 per cent to ₹5728.34 crore for the year ended March 31, 2021 as against ₹6079.63 crore for the last financial year. During the FY, Net Interest Income (NII) of the Bank grew by 7.53 per cent over the previous year. The Net Interest Margin (NIM) also improved to 2.91 per cent from 2.84 per cent last year.

## OPERATING PROFIT AND NET PROFIT

The operating profit registered a healthy growth of 20.67 per cent, by increasing to ₹1999.14 crore for the year 2020-21 from ₹1656.77 crore for the previous year. The provisions (other than tax) and contingencies for the year 2020-21 were ₹1387.21 crore vis-à-vis ₹1134.74 Crore as of previous year.

The net profit also reached an all-time high of ₹482.57 crore from ₹431.78 crore during the previous year registering a growth of 11.76 per cent.

## APPROPRIATIONS

The net profit of ₹482.57 crore which along with a sum of ₹101.69 crore brought forward from the previous year, aggregating to ₹584.26 crore, has been appropriated as under:

Appropriation	₹ in crore
Transfer to Statutory Reserve	125.00
Transfer to Capital Reserve	199.69
Transfer to Revenue and Special Reserves	147.21
Transfer to Investment Fluctuation Reserve	26.89
Dividend of 2019-20 paid during the year *	0.00
Balance carried over to Balance Sheet	85.47

\* As directed by the RBI vide circular DOR.BP.BC.No.64/21.02.067/ 2019-20 dated April 17, 2020, the Board of Directors had not recommended any dividend for the financial year 2019-20.

## DIVIDEND

In terms of RBI Circular DOR.ACC.REC.7/21.02.067/2021-22 dated April 22, 2021, in partial modification of the instructions contained in Circular DBOD.No.BP.BC.88/21.02.067/2004-05 dated May 4, 2005, banks have been permitted to pay dividend on equity shares from the profits for the financial year ended March 31, 2021, subject to the quantum of dividend being not more than fifty per cent of the amount determined as per the dividend payout ratio prescribed in paragraph 4 of the said circular.

Duly complying with the above guidelines, the Board of Directors of the Bank recommended a dividend of ₹1.80 per share having face value of ₹10/- each (i.e. 18%) for the year ended March 31, 2021. The dividend payout ratio for the year works out to 11.60% as against NIL for the previous year. In accordance with the revised Accounting Standard (AS)-4 'Contingencies and Events occurring after the Balance Sheet Date' notified by the MCA on March 30, 2016, the proposed dividend amounting to ₹55.96 Crore has not been shown as appropriation from the Profit for the year ended March 31, 2021.



## EARNINGS PER SHARE (EPS) AND BOOK VALUE

The Earnings Per Share stood at ₹15.52 (basic) and ₹15.48 (diluted) for the year ended March 31, 2021. This was ₹13.89 (Basic/diluted) during the previous year. The Book Value per share has further improved to ₹213.67 as on March 31, 2021 as against ₹192.06 during the previous year.

## CAPITAL FUNDS AND CAPITAL ADEQUACY RATIO (CRAR)

The capital funds of the Bank increased from ₹6789.35 crore to ₹7387.05 crore. The Capital to Risk Weighted Assets (CRAR) Ratio improved to an all-time high of 14.85 per cent as on March 31, 2021 (as per BASEL III norms) as against the previous year's 12.88 per cent. The Bank has been consistently maintaining the CRAR ratio well above the minimum requirement of 10.875 per cent including the Capital Conservation Buffer of 1.875 per cent stipulated by the Reserve Bank of India and Bank's internal policy of maintaining the CRAR one per cent over and above the regulatory requirement.

## EQUITY CAPITAL BASE

As on March 31, 2021, the paid-up capital of your Bank stood at ₹310,86,96,890/- comprising 31,08,69,689 equity shares of ₹10/- each.

## SUBORDINATED DEBT INSTRUMENTS

With a view to maintain a healthy capital position on an ongoing basis, Bank raised capital funds in the earlier years by issuing subordinated debt instruments (i.e., Unsecured Non-Convertible Subordinated (Lower Tier-2) BASEL III Debt Instruments) as part of Tier 2 Capital under different series by private placement. These are listed on National Stock Exchange of India Ltd. (NSE) Debt Segment and details of the debt instruments outstanding as on March 31, 2021 are as under:

Series	Date of Issue	Face Value per Bond (₹)	Number of Bonds	Amount (₹ crore)	Tenure from date of issue	Coupon Rate (% p.a.)	Credit Rating	Listing	ISIN of the Bonds
IV	17.11.2012	10,00,000	2,500	250.00		11	ICRA A	Listed on	INE614B08021
V	16.11.2018	1,00,000	40,000	400.00	120 months	12	& CARE A	NSE-Debt Segment	INE614B08039
VI	18.02.2019	1,00,000	32,000	320.00		12			INE614B08047

Your Bank has paid interest on these debt instruments on time since the issue of respective debt instruments as per the terms of the issue. No Certificate of Deposits were issued by the Bank during the year under report.

## MANAGEMENT DISCUSSION AND ANALYSIS

### GLOBAL AND INDIAN ECONOMY

With the continued outbreak of COVID-19 pandemic, the entire world witnessed an unprecedented health crisis and shut down of many activities. The pandemic resulted in huge loss of lives and livelihoods across the globe, negatively impacting the global economy. The International Monetary Fund (IMF), in its World Economic Outlook-April 2021 projected the global economy to grow at 6 per cent in 2021, which is expected to moderate to 4.4 per cent during 2022. Although the global economy is showing symptoms of revival, there is a high uncertainty surrounding the global outlook which is mainly dependent on recovery from the healthcare crisis, vaccine powered recovery, additional fiscal support and the policy priorities of the governments going forward.

During the year 2020-21, the Indian economy also witnessed similar unprecedented disruptions. Several industries were impacted immediately and the impact on the financial sector was felt with a lag, as is evident from the quarterly GDP numbers. According to the Reserve Bank of India's Annual Report 2021, the Second Advance Estimate (SAE) that were released by the National Statistical Office (NSO) in February 2021 revealed that aggregate demand, measured by real GDP, contracted by 8.0 per cent in 2020-21 which is the first contraction experienced since 1980-81 and the severest ever. However, moderate restoration in demand and supply was visible in the growth rate in Q2FY21 indicating a recovery in momentum. This was sustained in the next quarter as well, reflected in an uptick in the three quarter moving average of GDP numbers in Q3FY21. Nevertheless, the GST Collection numbers as of March 2021 indicate that economic recovery post-pandemic has been noteworthy.

With industries showing immense resilience through innovative ways during the pandemic affected period, growth sustainability in FY22 will depend on vaccination of people and effective implementation of various measures announced in the Union Budget.

## DEVELOPMENTS IN THE INDIAN BANKING SECTOR

Bank credit growth, which witnessed a slowdown in 2019-20, experienced a further setback in 2020-21 in the wake of COVID-19 induced lockdown, however, banks have been maintaining credit flows, supported by capital and liquidity buffers. With the gradual resumption of economic activity, credit to agriculture and services sectors has registered an accelerated growth towards the end of the FY21. Even in the industrial sector, credit growth to medium industries has accelerated indicating a positive impact of several measures taken by the Government and the Reserve Bank of India. Even though in FY21 credit growth is estimated at 6.9%, the credit is expected to grow at 8.9% in FY22.

The Government of India had announced a slew of measures to protect the economy from the pandemic driven crisis such as monetary and fiscal stimulus and also a host of other measures under AatmaNirbhar Bharat Abhiyan. Your Bank actively participated in all these stimulus schemes of the Government which were aimed at handholding of borrowers during this crisis. The Bank acted swiftly in extending the moratorium benefits, sanctioning of GECL (Guaranteed Emergency Credit Line) to the eligible borrowers and One Time Restructuring (OTR), MSME Restructuring etc. The Hon'ble Supreme Court of India, upon hearing Writ petition(s) (Civil) No(s). 825/2020, had granted interim stay on September 3, 2020 on classification of accounts as NPA and with the pronouncement of final Judgment on March 23, 2021, NPA marking by Banks has resumed.

## OPPORTUNITIES AND OUTLOOK

As economies re-opened and there was a pick-up in mobility, the global economy began coming out of the recession. Overall activity normalised faster than anticipated, with private consumption rebounding the most vigorously. In some economies, GDP out turns surprised on the upside, supported by public transfers and investment. Global trade began recovering with the restart of activity and a strong pickup in external demand.

Government of India has introduced Production Linked Incentive scheme (PLI) to enhance India's Manufacturing Capabilities and Exports with an estimated outlay of ₹1.97 lakh crore for a period of five years commencing from FY 2021-22 for 13 key sectors which is expected to benefit the MSME sector and the same also coincides with the Bank's strategy of realigning loan mix with a higher share of retail and mid corporate advances.

The India Meteorological Department (IMD) has forecast a normal monsoon, which will augur well for agriculture. Further, the RBI in its Monetary Policy Statement, 2021-22 estimates that the strong rural demand and the expected normal monsoon will bode well for sustaining the rural economy. Moreover, the vaccination process is expected to gather steam in the coming months and should help to normalise economic activity quickly.

The business mantra of "Conserve, Consolidate and Emerge Stronger" adopted by your Bank at the beginning of the FY21 has been helping the Bank in further strengthening its fundamentals. Further, your Bank under its aspirational Transformation Project-KBL VIKAAAS has put in place the digital infrastructure which provided necessary thrust in ensuring the business continuity during the pandemic period. Bank's digital loan underwriting capabilities coupled with digital on-boarding capabilities for the liability products demonstrated Bank's ability to quickly adapt to the external challenges. In this direction, Bank is further aiming to become the 'Digital Bank of Future'. Further, RBI's decision to lift embargo on the private sector banks from conducting government business will provide an additional avenue for business generation for the Bank. In this direction, your Bank will make all round efforts in sourcing agency business from local Governments/ authorities in the days to time.

## TRANSFORMATION JOURNEY- 'KBL VIKAAAS' AND KBL NXT

'KBL-VIKAAAS' has successfully completed 3 years of its journey with visible accomplishments and is surging ahead with various futuristic initiatives. The following are some of the major new initiatives launched under the project:

- 1. Digital Centre of Excellence (DCoE):** Establishing a state-of-the-art Digital Centre of Excellence (DCoE) in Bengaluru has been the most important outcome of this project. DCoE is now the digital innovation hub of the Bank powering the launch of various digital products harnessing the latest cutting-edge digital technology in the industry.
- 2. Digital Journeys:**

Bank has already launched digital loan underwriting (in-principle approvals) for most of its retail loan products. The introduction of Tab Banking and Web Banking for opening SB a/cs are the recent launches of the DCoE. Bank today has

a bouquet of digital asset and liability offerings providing superior customer experience. With the help of DCoE, as part of the Digital transformation, Bank has launched digitized journeys under 'KBL Xpress' series for both asset and liability products. For a unique digital experience, Bank has also established a Digi Branch setup at Basavanagudi, Bengaluru.

The adoption of digital sanctions has gained momentum and has helped the Bank in providing contactless banking services during the pandemic affected period. The percentage of sanctions under Home loans, Car loans and MSME loans through digital mode has exceeded 90% of the eligible loans. Some of the digital initiatives under taken by the Bank during the year were as under:

- Digital journeys for Home Loans.
- MSME Business Quick Loan.
- E-Connect, a digital facility for payment of loan installment/ dues for customers by adopting API technology.
- NCMC Card [National Common Mobility Card].
- Sales of general insurance policies through Mobile Banking and Internet Banking facility.
- Revised version of Tab banking [KBL Xpress SB] for opening of savings account in select 235 branches.
- Web based Online Savings Account opening on pilot basis in select branches.
- Lead capture for Personal Loans through ATM on pilot basis.
- Regular digital customer surveys to understand the needs of the customers and effectiveness of our products.
- Pilot launch of 'Digital Human Interactive Relationship Assistant (Dhira)', a chatbot.

### **3. Operationalization of Subsidiary:**

Your Bank's wholly owned non-financial subsidiary-KBL Services Ltd., (KSL) has been operationalized w.e.f. March 30, 2021 and KSL is expected to play a major role in enhancing the operational efficiency of the Bank going forward.

### **4. Digital tools & Enablers:**

The project has introduced a host of internal tools mainly, KBL FORCE (Lead Management System), KBL e-Dashboard (Business Dashboard), KBL Kollekt+ (for Real-Time Monitoring of Collections), KBL Vasool So-Ft (NPA Management Tool), KBL Rise (Performance Management System), e-TMS (an internal digital Ticketing Management Solution). These digital tools have redefined the internal processes for further enhancing efficiency and effectiveness.

### **5. Digital Marketing and Digital Customer Survey:**

Bank conducted digital marketing campaign - KBL Utsav for marketing its products through social media, website, mobile and internet banking and ATMs. Similarly, branding exercise was also conducted through hashtags, blogs, hosting of videos of CSR activities, customers testimonials etc. To understand the needs of the customers and effectiveness of our products digital customer surveys are also conducted at frequent intervals.

As the digital is the way forward, under the KBL VIKAAS 2.0, your Bank has placed digital banking on fast forward mode to pursue the concept of 'KBL NxT' which will redefine the Bank as 'The Digital Bank of Future'.

In the KBL NxT, the Bank has planned several digital transformational changes like digital customer on-boarding, end-to-end customer self-journey, end-to-end journey for all the loan products, establishing Analytical Center of Excellence (ACoE), predictive banking, proving Omni-Channel experience to the customer and many other digital initiatives that will lead to the customer delight. Bank has already acquired "API Gateway" apart from providing Bank's own products. Bank has already enabled providing digital mutual funds, Demat and trading account, insurance products and will further expand the scope of these offerings and provide digital wealth management services, personal banking/intuitive banking, Robo advisories, customer advocacy in a phased manner. Bank has already initiated steps to expand the scope of Digi-Branch to many locations and will adopt the concept of "contact center as the new sales hub".

### **BANK'S SPECIAL INITIATIVES IN FIGHTING THE COVID-19 PANDEMIC:**

Your Bank was at the forefront of the initiatives at mitigating the spread of the virus and also to provide help to the affected. The Bank adopted a three pronged approach viz. (i) providing necessary help to the needy in the society, (ii) addressing the banking needs of the customers and (iii) health & safety of the employees.

**(i) COVID-19 relief measures through CSR initiatives:**

Bank's contribution helped various district administrations in Karnataka to take preventive and curative measures to arrest the spread of COVID-19 menace besides providing relief measures to the affected in the states. Some of the initiatives are as under:

- Supplied Digital pulse oximeters worth ₹10.00 lakh to the Dakshina Kannada District Administration.
- Donated two Basic Life Support Ambulances worth ₹39 Lakh to Udupi and Dakshina Kannada District Administrators for safe transportation of infected patients.
- Supplied 1000 PPE Kits costing ₹5.40 lakh to the Government District Wenlock Hospital, Mangaluru.
- Supplied 3000 PPE kits to Udupi, Kodagu and Chikkamagaluru District Administrations (1000 PPE kits each to these districts) costing ₹10.50 lakh.
- Contributed a sum of ₹5.00 lakh to the COVID-19 relief measures undertaken by the Mandya District Administration.
- Sponsored five 'handycam' video cameras worth ₹0.95 Lakh to the District Police Office, Chitradurga to monitor the movement during pandemic related lockdown period.
- Supplied lifesaving ventilators and cardiac monitors to two hospitals in Hubballi and Bengaluru.
- Supplied 5000 units of surgical gloves to Lady Goschen Hospital, Mangaluru.

**(ii) Banking needs of the Customers during COVID-19:**

With a view to providing uninterrupted service to the Bank's customers, Bank took the following initiative during the reporting year:

- Being one of the essential services, Bank ensured its branches and offices kept open during the pandemic period duly following the local/state/central government advisories issued from time to time. Business Continuity was also ensured at various levels too.
- Uptime of the Alternate Delivery Channels (ADCs) like ATMs, Internet banking (IB) and Mobile Banking (MB) was ensured.
- Bank's digital loan underwriting and digital account opening infrastructure ensured business continuity for the customers.
- Branches encouraged the customers to use Alternate Delivery Channels (ADCs) to avoid crowding at the branches. SMSs were also sent and hosted several creatives on the Bank's social media handles like Twitter, Facebook and Instagram for creating COVID-19 awareness.
- Bank actively participated in all the stimulus schemes of the Government which were aimed at handholding of borrowers during this crisis.
- The branches provided hand sanitizers for customers and also installed protective plastic/polythene shields to ensure physical distancing.

**(iii) Health and safety of the workforce:**

- Your Bank took special care in ensuring health and safety of its workforce during the pandemic period and initiated various employee welfare measures. A Quick Response Team was formed at the central level supported by the nodal officers at all the Departments/Offices of the Bank for prevention and management of the pandemic locally.
- Timely advisories to the employees about the strategies to reduce the COVID-19 cases- by testing of primary contacts, keeping away those symptomatic and strictly following stipulated quarantine period for those tested positive etc., were issued. The staff members who were tested positive for COVID-19 were contacted individually by the HR Department and provided the required confidence and support and a 15 days' special leave was granted in such cases.
- COVID-19 pledge was taken by all the branches and offices along with display of COVID-19 awareness messages at the branches/offices as advised by the Ministry of Finance, Government of India.
- A lot of emphasis was also laid on COVID-19 appropriate behavior to be adhered by all the staff members individually at any place besides branches and offices. In this regard, the Top Management led by Managing Director & CEO reached out to all the staff members from every available forum besides using electronic means of communication.

- Work From Home (WFH) facility was extended to most of the controlling office processes and all internal meetings including the Board Meetings were held through virtual meeting to avoid direct contact with other teams.
- In compliance with the advisories issued by various district administrations, alternative day as a holiday, flexible working hours etc. were also permitted.
- During initial days of COVID-19, a cash allowance was given to all the staff members to equip themselves with masks, hand sanitizers etc. Well-designed cloth masks were also distributed to all staff members.
- All the staff members were covered under additional Group Life Insurance amounting to ₹20 lakh each, providing life cover for death due to COVID-19 and a suitable job to the next eligible 'kith and kin' of the deceased staff is also provided on compassionate grounds.
- COVID-19 testing camps for the staff members was arranged on several occasions at various Branch/Offices and also at Head Office to control further spread.
- Vaccination camps were conducted by the Bank and also the Lead Banks for the staff members and their family members.

## 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 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., Risk & Capital Management Committee (RCMC) periodically reviews the risk profile, evaluates the overall risks encountered 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. The Risk Management Department at Head Office oversees the overall implementation of various risk management initiatives across the Bank.

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.

Gist of how the Bank manages the key risks associated with its operations is as under:

Type of Risk	Mitigation Process	Strategy
 <p><b>CREDIT RISK</b></p> <p>Credit risk is the possibility of a bank's borrower or counterparty failing to meet their obligations in accordance with agreed terms.</p>	<p>Your Bank has developed an online comprehensive credit risk rating system for quantifying and aggregating the credit risk of all borrower accounts across various exposures. Bank has introduced Specialized lending rating models, Retail Score Card model (Pool based approach) and Facility Rating Model. Further, score card models under Business Rule Engine (BRE) approach have also been introduced for digital underwriting process. Credit Audit, Legal Audit and Stock Audit of large credit exposures are conducted to limit the magnitude of credit risk.</p>	<p>Ensuring healthy asset quality by continuous monitoring and collection follow-ups through a separate department viz. Credit Monitoring Department (CrMD).</p>

Type of Risk	Mitigation Process	Strategy
 <p><b>MARKET RISK</b></p> <p>Market risk is the risk to earnings and capital resulting from movements in market prices, particularly changes in interest rates, foreign exchange rates and equity and commodity prices, including the volatilities resulting from those changes.</p>	<p>Bank has put in place Board approved Integrated Treasury Policy, Asset Liability Management (ALM) policy, Market Risk Management Policy and Fund Transfer Pricing policy for effective management of Market Risk in the Bank. Besides, there are inbuilt thresholds for close monitoring of the market movement.</p>	<p>Optimizing returns from various assets and market linked instruments, treasury operations etc.</p>
 <p><b>LIQUIDITY RISK</b></p> <p>Liquidity risk arises when a bank fails to meet its contractual obligation in its daily operations due to inadequate funds flow.</p>	<p>Proactive analysis of different circumstances viz. Funding risks, Time risks, and call risks which would cause liquidity risk to the Bank. Liquidity risk is assessed using gap analysis for maturity mismatch based on residual maturity in different time buckets. Advance techniques such as stress testing, simulation, sensitivity analysis etc., are conducted at regular intervals to monitor the liquidity and to draw the action plan, if required.</p>	<p>Advance assessment of need of funds and coordinating with various sources of funds available to the Bank under normal and stressed conditions.</p>
 <p><b>INTEREST RATE RISK</b></p> <p>This is a risk that arises when the financial value of assets or liabilities (or inflows / outflows) is altered because of fluctuations in interest rates.</p>	<p>Analysis is conducted by applying various shocks on product-wise weighted average interest rates in each time band. The interest rate risk is viewed from different perspectives viz. 'Earnings Perspective' and 'Economic Value Perspective'. The former is measured using Earnings-at-Risk (EaR) under Traditional Gap Analysis (TGA) while the latter is measured through changes in the Market Value of Equity (MVE) under Duration Gap Analysis (DGA).</p>	<p>Ensuring appropriate trade-off between cost of deposits and interest rate on advances.</p>
 <p><b>CYBER RISK</b></p> <p>This is a risk associated with financial/data loss, disruption or damage to the reputation of an organization from unauthorized / deliberate malafide or erroneous use of information systems.</p>	<p>Bank has taken adequate steps to address cyber risks by implementing 'Cyber Security Framework' as per RBI guidelines and has deployed various Information Security systems such as Application Firewall, Web Security Gateway, End Point Security systems, Honey Pot systems and Privilege Identity Management (PIM) etc., to protect its information systems. Bank has also put in place in-house captive 'Security Operations Center (SOC)', wherein, the logs are monitored through 'Security Information Event Management (SIEM)' tools.</p>	<p>Strengthening Bank's internal cyber resilience system while keeping a watch on the cyber risk associated incidents in the outside world.</p>
 <p><b>OPERATIONAL RISK</b></p> <p>Operational risk is the risk of direct or indirect loss resulting from breakdowns in internal procedures, people, system and external events.</p>	<p>Bank has initiated several measures to manage operational risk through identification, assessment and monitoring of inherent risks in all its business processes. Systems and controls have been built in the Core Banking Solution and also implemented ELFRMS (Enterprise Level Fraud Risk Management Solution) to avert probable fraud incidents.</p> <p>During the reporting year, Bank has participated in Cyber Security Drills conducted by IDRBT with a view to strengthen its internal cyber resilience system.</p>	<p>Monitoring of the operations with the help of various tools, processes and mitigating risks and operational losses.</p> <p>Further, now the Bank is in the process of adopting COLO (Colocation) model for its Data Centre.</p>

The Disclosure under Pillar III of Basel III accord has been annexed to the Directors Report as in Annexure-I.

### **Capital Adequacy Assessment Process (ICAAP):**

In compliance with Basel guidelines, Bank has put in place a policy document for Internal Capital Adequacy Assessment Process (ICAAP) to evaluate its capital adequacy requirements. Stress testing framework for various stress scenarios is also put in place for a 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 Risk & Capital Management Committee (RCMC) reviews the risk appetite, risk profile, business projections as well as capital assessments of your Bank at periodic intervals.

### **Fund Transfer Pricing (FTP):**

Your Bank has further streamlined the in-house developed concept of FTP (Fund Transfer Pricing) mechanism to create awareness that each and every business decision/relation is remunerative and profitable. With the help of FTP, Bank is closely monitoring the profit or loss of each of its branches, business units, products, sectors, clients, business lines etc., and appropriate remedial measures are initiated then and there. This is regarded as a great step forward in enhancing the overall efficiency and professionalism across the Bank.

### **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 March 31, 2021 as under:

- **Treasury Operations:** Bank has earned total revenue of ₹1814.17 crore from Treasury operations with a contribution of ₹778.23 crore to profit before tax and un-allocable expenditure.
- **Corporate / Wholesale Banking:** The revenue earned by the Bank during the year under report from this Segment was ₹2739.23 crore with a contribution of ₹450.64 crore to profit before tax and un-allocable expenditure.
- **Retail Banking:** This Segment has earned revenue of ₹2741.26 crore with a contribution of ₹813.81 crore to profit before tax and un-allocable expenditure.
- **Other Banking Operations:** This segment has generated revenues of ₹427.80 crore with a contribution of ₹24.95 crore to profit before tax and un-allocable expenditure.

Details about aforesaid business segments are discussed hereafter:

### **CORE FUNCTIONS:**

#### **Retail Banking:**

Your Bank offers a wide spectrum of personal banking products in the retail segment. The retail credit products include home loans, automobile loans, personal loans, education loans, loans against term deposits, loans against securities, gold loans, small business loans and agriculture loans. Retail Banking includes all credits to Industry/Service/Agriculture/Forex and other Business Activities of less than and equal to ₹5 Crore. The Division has four specialized wings viz: Agriculture, Forex, SMEs and Others. There is a separate Agriculture Credit Support Group that functions in the Retail Finance Division to exclusively deal in agriculture credit. Further, as part of retail banking, your Bank also supports the MSME sector with a range of banking products such as Working Capital Finance, Term Loans, Business Finance Products, both fund-based and non-fund based suited to all sectors of Industry. Bank has also registered as a financier on the TReDS platform, set up to provide finance to MSMEs. The United Nations Industrial Development Organization (UNIDO) has identified in total 388 clusters having MSME concentration, across the country. Your Bank has its presence in more than 200 such clusters with Branches and dedicated teams delivering credit to the MSME sector units. To further fine-tune the retail sanctioning process, your Bank has implemented the Centralized Loan Processing Hub (CLPH) and Centralized Loan Sanctioning Centre (CLSC).

#### **Corporate Banking**

Your Bank's Corporate and Wholesale banking business (with an individual entity exposure of over ₹5 crore) caters to the banking needs of all entities including corporate entities particularly, large-sized corporations. Corporate banking products and services include various fund and non-fund based products, including loan products such as term loans, working

capital facilities, foreign exchange services and structured finance and trade financing products such as letter of credit and guarantees, bill discounting etc.

### **Treasury Operations**

Bank's treasury operations comprise primarily of statutory reserves management such as SLR and CRR, liquidity management, investment and trading activities and foreign exchange activities. As part of liquidity management, the Treasury primarily invests in sovereign debt instruments and other fixed income securities. Bank also deals with commercial papers, mutual funds, certificates of deposits and floating rate instruments in order to manage short-term surplus liquidity. Your Bank engages in foreign exchange operations from a centralized location in Mumbai as an extended wing of Integrated Treasury. Bank also offers a wide range of products and services for customers such as forward contracts, foreign exchange products and services etc.

### **Other Banking Operations**

Bank offers a wide range of products and services including savings accounts, current accounts, wholesale term deposits, international debit cards, Co-branded credit cards, depository services, online trading, Application Supported by Blocked Amount (ASBA) facility for participation in public issuances, physical and digital locker facilities, mobile and internet banking services, payment and remittance services etc. Bank offers these services through physical banking channels as well as digital channels including Internet or E-banking, Mobile Banking, E-lobbies etc.

### **Banking Outlets and Alternate Delivery Channels (ADCs)**

As on March 31, 2021, your Bank had 2337 service outlets including 858 banking outlets and one extension counter with a presence in 554 centres spread across 22 States and 2 Union Territories.

Though the presence of your bank is predominant in South India, your Bank has been judiciously expanding its foot print at various parts of the country after examining the potential for business and customer outreach.

The Alternate Delivery Channels (ADCs) like ATMs, E-lobbies, Internet Banking, Mobile Banking etc., act as a vital link between the Bank and its customers by providing seamless and round the clock banking services. As on March 31, 2021, your Bank had 1001 ATMs and 477 cash recyclers spread across the country. Bank's Mobile Banking platform-'KBL Mobile Plus' has been empowered with new value added features such as registration of Nomination and PAN updation, Screen share facility, Debit card Unblocking facility, TDS Certificate Download facility and Submission of 15G/H for better customer experience. As on March 31, 2021, the share of ADC transactions to total CBS transactions stood at 90.66 % as compared to 83.50 % last year. Apart from the above, your Bank has 14 Regional Offices, an International Division, Data Centre, Contact Centre, 2 Service branches, 4 Currency Chests, 2 Central Processing Centre's, 7 Asset Recovery Management branches and a DCOE. During the year under report, Bank has opened 16 Branches, one Currency Chest at Mysuru and one Asset Recovery Management at Chennai. Further, 6 branches were merged with the nearby branches and two service branches were closed and for a better ambience and improved customer service, your Bank has shifted 16 branches/offices to new premises during the year 2020-21.

### **Customer Service**

Your Bank is continuously focusing on creating new benchmarks in customer service so as to make the Bank distinctly more competitive. This necessitates designing of innovative and cost effective mechanisms of delivering banking services efficiently. Bank is actively involved in putting in place system and procedures on banking services rendered to customers and an effective grievance redressal mechanism including an Internal Banking Ombudsman as per the guidelines received from RBI and IBA from time to time. Bank is also providing doorstep banking services to the Senior Citizen customers of more than 70 years of age and differently abled or infirm persons including visually impaired at all branches of metro centers and "on a best effort basis" at all other branches of the Bank.

### **SUPPORT AND CONTROL FUNCTIONS:**

#### **Information Technology:**

The Core Banking System (CBS) covers all the branches and offices of the Bank. Further, Alternate Delivery Channels like Automated Teller Machines (ATM), Internet Banking, Mobile Banking, Unified Payment Interface (UPI) App etc., have also been integrated with CBS. Disaster Recovery (DR) facilities for all the critical applications are established to ensure business continuity in the event of primary site failure. A three-way data replication aimed at zero data loss is also implemented for applications such as CBS, ATM and Internet Banking and Bank's IT infrastructure as a whole is supervised by the CTO (Chief



Technology Officer). Your Bank will continue to take note of technological revolutions and take appropriate decision at the right time to provide premier banking services and also continue to be a tech-savvy Bank.

### **Human resources:**

Banking industry is exposed to various changes/challenges with the digitalization taking the world by storm. The survival and prosperity of any industry depends upon the quality of its human resource and banking industry is not an exception. Human Resource Development is a continuous process to ensure development of employee competencies, dynamism, motivation and effectiveness in a systematic and planned way. Accordingly, your Bank attaches the greatest importance to employee satisfaction and human resource development activities. Bank also has a Chief Learning Officer to oversee HR Department aspects. Bank has also introduced ECDS (Employee Career and Development System) by operationalizing the PMS (Performance Management System).

### **Training & Development**

Training plays a major role in Human Resource Development. Effective training is important for any organization that aims to gain competitive advantage through enhanced performance and excellent service from its employees. It is essential that staff members are acquainted with required knowledge and skills to meet current challenges so as to perform the tasks efficiently and prepare them to shoulder higher responsibilities. Your Bank deposes its employees to various training and development programmes to upgrade their skills, competencies and contribution towards the growth of the Bank. The Bank has a well-established Staff Training College which is awarded with the prestigious ISO 9001:2015 certification for the Compliance Quality Management Standards. Indian Institute of Management (IIM) Ahmedabad, Centre for Advanced Financial Research & Learning (CAFRAL) Mumbai, National Institute of Bank Management (NIBM) Pune, Southern India Banks' Staff Training College (SIBSTC) Bengaluru, IFBI Chennai, Indian Institute of Banking and Finance (IIBF) Mumbai, College of Agricultural Banking (CAB) Pune, Institute for Development and Research in Banking Technology (IDRBT) Hyderabad, Foreign Exchange Dealers Association of India (FEDAI) at Mumbai, Bankers Institute of Rural Development (BIRD) Mangaluru & Lucknow are some of the elite institutes where Bank deposes its officers and staffs for specialized training.

During the year 2020-21, 4433 employees were nominated for various trainings/e-workshops/conferences covering 52.64% of the total staff strength. Your Bank has implemented 'e-learning' concept wherein, the members of staff acquire knowledge on diversified subjects at their location through easy learning techniques without the necessity of attending classroom training. These modules are in simple & lucid language and understandable to everyone and successful employee will also get an e-Certificate. As a part of Capacity Building initiative, specialized areas like Treasury Operations, Risk Management, Credit Management, Accounting, Human Resource Management and Information Technology have been identified and the staff members are encouraged to acquire certification courses from institutions approved by IBA. Robotic Process Automation (RPA) has been implemented for various HR Processes. Mandatory Leave has already been introduced for Executives/Officers posted in Sensitive positions/Areas of operation as a risk mitigation measure. In addition, Sabbatical Leave Scheme is also introduced for women employees. Your Bank values opinions and suggestions from all the employees and encourages their inputs, thoughts and innovative ideas which help in creating a highly productive, competitive and reliable workforce thereby emerging as a preferred destination for the competent work force. Further, your Bank has maintained cordial industrial relations and effective employee discipline.

As on March 31, 2021, Bank had 8421 employees of which, 2493 are women employees constituting around 29.70% of the total strength. 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 of women at the workplace and redressal of such complaints. There were no complaints pending at the beginning of the FY and also no complaints were received during the year under report.

### **Employee Stock Options (ESOP)**

During the reporting year, Bank had granted 36,19,450 stock options to the eligible employees under the KBL-ESOS 2018 Scheme and the option grantees are yet to exercise any options. (For information pertaining to ESOPs, please refer Annexure-II to the Directors' Report).

### **Internal Control Systems - 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. Your Bank has put in place an independent Compliance Department headed by a Chief Compliance Officer who is In-Charge of the entire compliance functions of the Bank to ensure effective implementation and compliance of all the directives issued by various Regulators, its Board of Directors and its own Internal Control Policy. Your Bank has adopted Risk-Based Internal Audit (RBIA) mechanism which ensures greater emphasis 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 risk but also on potential future risk, thereby playing an important role in the risk management process of the Bank. The risk assessment under RBIA covers 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 has put in place the RBIA risk assessment methodology, with the approval of the Audit Committee of the Board of Directors, keeping in view the size and complexity of the business undertaken by the Bank. The risk assessment process includes identification of 'Inherent Business Risk' in various activities undertaken by the Bank and evaluate the effectiveness of the control systems for monitoring the Inherent Risks of the business activities.

With a view to seek 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. Besides, your Bank also covers select branches under concurrent audit as per the Concurrent Audit Policy of the Bank and Short Inspection of all the branches as well. Concurrent Audit of Treasury functions (both domestic and forex), International Division, Forex designated branches, Central Processing Centre, Centralized Account Verification Cell, SWIFT reconciliation, Regional Loan Processing Centres (RLPC), and external Integrated Audit of Centralised Reconciliation Cell is also undertaken. Further, IS Audit of Data Centre and DR Site is done by CERT-In empanelled external security auditing firm besides conducting other regular IS Audits by internal CISA qualified and ISO 27001 Lead Auditors etc. Besides, the Bank has also been causing Stock/Credit Audits and Legal Audits of large borrowal accounts by external professionals in furtherance of effective credit administration. Bank's Credit Monitoring Department and Risk Management Department are acting as Risk resilient system for effectively monitoring and managing for mitigation of various risks. To appraise the effectiveness of management at different levels in accomplishing the assigned tasks towards achieving the overall corporate objectives, Management Audit is being undertaken by your Bank for Departments at Head Office and Regional Offices.

As per the requirement of Companies Act 2013, Bank has formulated Internal Financial Controls framework by documenting risk and controls associated with each process in the Bank and testing of Internal Financial Controls over Financial Reporting (ICFR) is done annually. Your Bank has implemented 'Defense in Depth' security architecture with continuous monitoring by Securities Operations Centre (SOC) integrated with SIEM to safeguard the interest of the bank's assets and its stakeholder. The systems and processes of the Data Centre, NLS & IT departments of the Bank are ISO 27001:2013 Certified. Your Bank has put in place the policies and procedures for ensuring an 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 and transparent financial information. The Audit Committee of the Board periodically assesses the effectiveness of the internal financial controls and their adequacy and issues directions for its strengthening wherever found necessary. The Internal Audit function of the Bank, operates independently under the supervision of the Audit Committee of the Board, thereby ensuring its independence.

### **Risk Based Supervision (RBS)**

In view of the growing complexities in the processes, product offerings and systems and 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 Program for Assessment of Risk and Capital (SPARC) which is focusing on evaluating both present and future risks, identifying incipient problems and facilitating prompt intervention / early corrective action etc. Your Bank has been included under the same and migrated to Risk Based Supervision since March 31, 2015. A plan of action for complying with various findings in RBS communicated to the Bank in Risk Assessment Report is also ensured.

### **Compliance Function**

Compliance function is to help the bank in managing Compliance Risk. Compliance function in the Bank is one of the key elements in the Bank's Corporate Governance structure along with internal control and risk management process. As an important element in Corporate Governance structure, the Bank has a robust Compliance Department with sufficient independence to promote healthy compliance culture within the Bank. Bank ensures strict observance of all statutory provisions, guidelines from RBI and other Regulators, standards and codes, Bank's internal policies and fair practices code. The compliance function includes interpretation/dissemination of regulatory and statutory guidelines and ensures that controls and procedures capture the appropriate information to the Senior Management in their risk management function. The risk-

based compliance programme of the Bank, under the supervision of Chief Compliance Officer, ensures appropriate coverage across businesses, besides verifying the level of compliance through 'Compliance Testing' of branches/business units. The Bank carries out an annual compliance risk assessment to identify and assess major compliance risk faced by it and take steps to manage the risks effectively. Further, the Bank also follows 'Compliance First, Business Next' principle in all its business initiatives.

### **Vigil Mechanism**

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 Banks 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 Chief of Internal Vigilance (CIV). Further, there was no occasion where a person was denied access to the Audit Committee. The details of Whistle Blower Policy is posted in Bank's website and available at the link:

<https://karnatakabank.com/sites/default/files/2020-04/Policy%20on%20Whistle%20Blower%202020-21.pdf>

### **Corporate Social Responsibility**

The Corporate Social Responsibility initiatives of the Bank are designed to make a positive impact on a wide range of areas of social life like healthcare, education, livelihood enhancement, empowering women/socially and economically disadvantaged, environmental sustainability/ green initiatives, protection of heritage/ culture, promotion of sports, rural development, Swachh Bharath etc., aimed at promoting the overall development of the society. Further, to minimize the urban-rural divide, your Bank has been strengthening its rural orientation through initiatives aimed at imparting financial literacy and extending banking services to the people in rural unbanked areas, in a fair and transparent manner, at an affordable cost.

Further, pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board has constituted '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 of the said Policy. The contents of the CSR Policy along with the report on amounts spent on various projects/ programmes during the financial year 2020-21 are detailed in Annexure-III to this report pursuant to Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014. Under CSR activities, Bank has so far funded 1356 projects with a total financial outlay of ₹50.59 crore and these projects have exhibited a total positive impact on the society. Further, considering COVID-19 relief measures as the priorities for the FY, your Bank extended timely financial support towards relief measures undertaken by various stakeholders. Dedicated ambulances to carry COVID-19 infected patients, PPE Kits, digital oxymeters, ventilators etc. were donated to local district administrations as well as hospitals elsewhere in the state of Karnataka. During the FY2020-21, your Bank's CSR spend towards healthcare was ₹1.25 crore and major portion of this was towards COVID-19 related relief measures.

### **Financial Inclusion**

Through the Financial Inclusion Plan, your 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, life insurance and health insurance etc. Your Bank has 426 branches (including 35 Ultra Small Branches) located in the rural and semi-urban areas and offers banking facilities to the rural clientele. Our rural branches are also acting as Financial Literacy Centers (FLCs) and imparting banking literacy among the rural populace. In accordance with Prime Minister's Jan Dhan Yojana (PMJDY), Bank has implemented the revised Strategy and Guidelines for Financial Inclusion activities. Your Bank is actively participating in Direct Benefit Transfer (DBT) Programme of Govt. of India, to transfer the benefits of various Schemes / LPG Subsidy directly to the beneficiaries' Aadhaar enabled bank accounts.

As part of Financial Inclusion plan, Bank has been offering following services:

- **Business Correspondent (BC) services:** Bank has tied up with Sub-K Impact Solutions Limited to provide the BC services and as on March 31, 2021, 120 BC Agents are covering allocated villages in the states of Karnataka, Andhra Pradesh and Chhattisgarh.
- **Aadhar Enabled Payment System (AEPS):** Bank has introduced AEPS transaction services offered by National Payments Corporation of India (NPCI) at all Business Correspondent (BC) locations of the Bank and with this, Bank's customer having an Aadhar enabled SB account can transact at the BC point.

- **Financial Literacy and Credit Counseling Centers (FLCs):** Bank has sponsored 5 FLCs at B.C Road, Tiptur, Hangal, Kundagol and Alur (Karnataka) jointly with M/s Canara Financial Advisory Trust (CFAT). Till March 31, 2021, 5 FLCs have conducted 3,632 Financial Literacy campaigns in which 1,41,211 participants took part. In adherence to RBI guidelines all the rural branches of your Bank are also conducting financial literacy Camps.
- **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 June 01, 2015. All the branches of your Bank are actively involved in providing these schemes to the customers across the country.
- **Prime Minister Jan Dhan Yojana (PMJDY):** All the branches across the country are opening accounts under PMJDY and are issuing RuPay Debit Cards. under PMJDY, 249951 accounts have been opened since August 15, 2014 with an outstanding balance of ₹69.06 crore.
- Bank is one of the trustees of Karnataka Farmers Resource Center (KFRC), Bagalkot established to impart training and act as a resources center for farmers under the umbrella of SLBC Karnataka. Bank has contributed ₹50.00 lakh towards capital expenditure/corpus of KFRC.
- In line with the Pradhan Mantri Street Vendor's Atmanirbhar Scheme, Bank has rolled out KBL- PM Svanidhi scheme providing working capital loans up to ₹10,000/- to the street vendors to support their businesses.

## AWARDS AND ACCOLADES

Your Bank has bagged the following awards during the year under report in recognition of its achievement:

- 'Organization with Innovative HR Practices' award under Dream Companies to work for category instituted by World HRD Congress.
- 'Dream Companies to work for' award under Dream Companies to work for category instituted by World HRD Congress. Overall 8th Rank under Dream Companies to work for category instituted by World HRD Congress.
- "Karnataka Best Employer Brand Awards 2020" instituted by World HRD Congress and endorsed by CHRO Asia, for having used marketing communications effectively in attracting, retaining and developing talent and in retention policy.
- Bank's Staff Training College has been reaccredited with the prestigious ISO 9001:2015 Certification by TVE Certification Services Pvt Ltd., Trichy.
- Certificate of Appreciation "Power to Persist (Sept 2020)" in recognition of achievement of persistency target & Contribution towards Atal Pension Yojana from PFRDA.
- 'Second Best Performed Branch at State Level- Under Private Sector Bank Category for the year 2019-20' awarded by State Forum of Bankers' Clubs (Kerala) in SFBCK Banking Excellence Awards 2020.
- APY "Old Age Financial Freedom Fighters Campaign" Award 2020 held between August & September 2020 by PFRDA - For Shivamogga Region which has been awarded for being one of the toppers in "other Private Sector Banks" category.

The Bank's Managing Director & CEO received the following personal recognition during the last financial year:

- The prestigious 'CEO of The Year Award' in the 19th Global Edition of Business Leader of the year, presented by 'World Leadership Congress & Awards'.
- 'Distinguished Alumni Award' from UASB (University of Agricultural Sciences, Bengaluru).
- A Shama Rao Memorial Outstanding Achievement Award 2021.

## Convergence with the International Financial Reporting System (IFRS)- 'Ind AS'

As per the roadmap given by Reserve Bank of India (RBI) vide circular dated February 11, 2017, transition to "Indian Accounting Standards (Ind AS)" in banks were to commence from the accounting period beginning April 1, 2018 onwards. However, the RBI vide its circular No.DBR.BP.BC.No.29/21. 07.001/2018-19 dated March 22, 2019 has deferred implementation of Ind-AS in Banks till further notice.

However, your Bank is prepared to implement Ind AS and towards this direction, Bank has conducted diagnostic study on various disparities between current accounting framework and Ind AS and ascertained various areas having an impact on measurement, accounting and disclosure of financial assets & liabilities and provisioning requirements. Besides, changes required to be carried out in Core Banking Solution (CBS) and IT systems of the Bank, to accommodate Ind AS are also being looked into and as stipulated by RBI, Bank has been submitting the Proforma Ind AS Financial statements from time to time to RBI.

### **DIVIDEND DISTRIBUTION POLICY**

Your Bank has adopted a Policy on Distribution of Dividend to the shareholders pursuant to the Regulation 43A of the SEBI (LODR) Regulations, 2015. Gist of the Dividend Distribution Policy is as under:

- Being a Banking entity, Dividend Distribution is guided by the RBI Circular DBOD.No.BP.BC.8821. 02.67/2004-05 dated May 5, 2005 with regard to eligibility criteria for distribution of dividend.
- Factors considered for recommendation of dividend includes both internal factors such as financial performance, dividend payout trends, tax implications, corporate actions and external factors such as shareholders' expectations, macro environment etc.
- Factors considered for determining the quantum of dividend include financial performance, capital fund requirements to support future business growth, having regard to the dividend payout ratio prescribed under the aforesaid RBI Guidelines etc.

The Dividend Distribution Policy of the Bank is available in Bank's website at <https://karnatakabank.com/investor-portal/corporate-governance>

As discussed earlier, Board of Directors have recommended for payment of dividend duly complying with the Reserve Bank of India directions for payment of dividend out of the profit for the financial year ended March 31, 2021.

### **ANNUAL RETURN**

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, copy of the Annual Return of the Company for financial year 2020-21 prepared in accordance with Section 92(1) of the Act has been placed on the website and is available at <https://karnatakabank.com/investor-portal/annual-report>

### **CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the provisions of Section 129(3) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014, the Bank has prepared its Consolidated Financial Statement including its subsidiary-KBL Services Limited and pursuant to the provisions of Accounting Standard ('AS') 21, the Consolidated Financial Statements notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014, the Consolidated Financial Statements of the Bank along with its Subsidiary for the year ended March 31, 2021 forms part of the Annual Report. The financial position and performance of the subsidiary is given in Form AOC-1 attached to this Report as Annexure-IV.

In accordance with third proviso to Section 136(1) of the Companies Act, 2013, the Annual Report of the Bank, containing therein its Standalone and the Consolidated Financial Statements has been hosted on the website, <https://karnatakabank.com/>. Further, as per fourth proviso to the said Section, the Audited Annual Accounts of the said subsidiary company of the Bank, considered as part of the Consolidated Financial Statements have also been hosted on the Bank's website: <https://karnatakabank.com/>. The documents/details available on the Bank's website <https://karnatakabank.com/> will also be available for inspection by any Member at its Registered Office.

### **INVESTOR RELATION CELL**

To maintain a regular connect with the investors, your Bank has a dedicated Investor Relation Cell at the Registered Office. Besides redressing the grievances, if any, from the investors, the Cell proactively disseminates corporate information on a voluntary basis to the shareholders through email (wherever made available) about financial results, major events, articles about the Bank in the media etc.

During December 2020, a "Reconnect Drive" was launched to reach out to the shareholders for payment of their unclaimed dividend (pertaining to 2019 and earlier years), which elicited a good response. Under this initiative, unclaimed dividend amounting to ₹23.30 Lakhs was paid to about 200 shareholders/legal heirs. An awareness campaign through SMS/Email was also conducted about the benefits of availing nomination facility and thereby reducing hardship at the time of transmission of shares.

## DIRECTORS AND CHANGES IN THE BOARD

As on March 31, 2021, your Bank's Board comprised of 10 Directors, including two woman directors. All of them are Independent Directors except Mr. P Jayarama Bhat, Part-Time Non-Executive Chairman, Mr. Mahabaleshwara M S, Managing Director & CEO and Mr. B R Ashok, Non-Executive Director. The details of the criteria for appointment and remuneration of Directors are provided in the report on Corporate Governance under Annexure-V.

During the year under report, Mr. Ashok Haranahalli and Mr. U R Bhat retired from the office of the Independent Director on September 13, 2020 and February 18, 2021 upon completion of their respective tenure as per Banking Regulation Act, 1949/Companies Act, 2013. Further, Mr. D Surendra Kumar retired from office of Independent Director on May 30, 2021 upon completion of his term. The Board places on record its appreciation for the valuable contributions and the guidance given by them during their tenure in office.

In order to ensure board level succession planning, your Bank has inducted following eminent personalities to the Board of Directors as Additional Directors:

SI No	Name	Area of Experience	Date of Appointment
1.	Mr. Justice A V Chandrashekar	Law (former Judge, High Court of Karnataka)	19.08.2020
2.	Mr. Pradeep Kumar Panja	Banking & Finance [former Managing Director (Corporate Banking) of State Bank of India (SBI)]	19.08.2020
3.	Mrs. Uma Shankar	Banking & Finance (Former Executive Director of RBI)	01.11.2020
4.	Dr. D S Ravindran	Agriculture, IT and Administration (Retired IFS (Indian Forest Service 1986 Batch), Former Principal Secretary to the Government, Khajane-2, Finance Department, Government of Karnataka)	01.04.2021
5.	Mr. Balakrishna Aise S	Banking, Agriculture (former Executive Director of the Oriental Bank of Commerce)	26.05.2021

The aforesaid Directors will hold office up to the date of 97th Annual General Meeting and the Board of Directors recommends their appointment as Independent Directors of the Bank. Accordingly, resolutions seeking shareholders' approval for their appointment have been included in the Notice of ensuing 97th Annual General Meeting.

As per Section 152(6) of Companies Act, 2013, one of the Non-Executive Directors viz., Mr. B R Ashok is liable to retire by rotation and being eligible he has offered himself for reappointment. Accordingly, a resolution seeking reappointment of Mr. B R Ashok has been included in the Notice of 97th AGM for approval of the members.

Pursuant to the provisions of Section 149(6) of the Companies Act, 2013, your Bank has received necessary declarations from all the Independent Directors confirming that they meet the criteria of independence for Independent Directors as on March 31, 2021.

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

Mr. Mahabaleshwara M S (DIN: 07645317) was reappointed as the Managing Director & CEO of the Bank upon receipt of approval from RBI to hold office from April 15, 2020 for a period of three years i.e., till April 14, 2023 in accordance with Section 35B of Banking Regulation Act, 1949.

## 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 under Annexure V. In pursuance to the above, the Independent Directors in their separate meetings held on March 23, 2021 have reviewed and evaluated the performance of Board as a whole, Managing Director & CEO and Non-Executive Director.

Further, the Board has also reviewed the performance of Committees of the Board and each of individual Independent Directors at its meeting held on March 23, 2021.

## CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions with the related parties that were entered into during the year under report were in the ordinary course of the business of the Bank and were on an arm's length basis. There were no materially significant related party transactions entered into by the Bank with the 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 under Investor Portal.

## 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) Rules 2014, and other applicable provisions, your Directors state that:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) The Directors have selected such accounting policies and applied them consistently and made judgements 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, 2021 and profit and loss for that period.
- 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 provision of all applicable laws and that such systems were adequate and operating effectively.

## STATUTORY DISCLOSURES

The disclosures under sub-section (3) of Section 134 of the Companies (Accounts) Rules, 2014 are furnished below:

- a) **Conservation of energy and technology absorption:** 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. Further, to promote renewable sources of energy, Bank has installed solar panels at the Corporate Office, few Regional Offices and also at Bank's few owned premises.
- b) During the year ended March 31, 2021, the Bank has earned ₹2.13 crore and spent ₹1.83 crore in foreign currency.
- c) There were no significant and material orders passed by the regulators or courts of 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 the Bank and ensure that same are adequate and operating effectively.
- e) **Key Managerial Personnel:** Mr. Mahabaleshwara M S, MD & CEO, Mr. Muralidhara Krishna Rao, CFO and Mr. Prasanna Patil, Company Secretary, were the Key Managerial Personnel of the Bank as on March 31, 2021 as per the provisions of the Companies Act, 2013. None of the Key Managerial Personnel has resigned during the year under report.
- f) **Remuneration of Directors:** Disclosure 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 VI to this report.
- g) During the financial year 2020-21, there was no employee who was in receipt of remuneration requiring disclosure as per the limits prescribed under Section 197 of the Companies Act, 2013 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. However, the remuneration (including variable pay determined in the subsequent financial year) pertaining to the Whole Time Directors is subject to prior approval of the Reserve Bank of India. Mr. Mahabaleshwara M S, Managing Director & CEO is the only Whole Time Director and his remuneration is subject to prior approval of the Reserve Bank of India. The details of remuneration paid to him is provided under Corporate Governance Report.

- h) There are no material changes affecting the financial position of the Bank which have occurred between the end of the financial year of the Bank to which the financial statements relate and the date of this Report.

### **NUMBER OF BOARD MEETINGS**

During the year under report the Board met 15 times and the details thereof are provided in the report on Corporate Governance attached to this report.

### **COMMITTEES OF THE BOARD**

The Bank had 9 Committees of the Board 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 (as on March 31, 2021), terms of reference, powers, roles etc. are furnished in the report on Corporate Governance attached to this report in Annexure V.

Further, in terms of RBI vide circular DOR.GOV.REC.8/29.67.001/2021-22 dated April 26, 2021 issued instructions on 'Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board' inter alia covering constitution of certain Board level Committees and your Bank has already reconstituted the Committees in line with these instructions.

### **CORPORATE GOVERNANCE**

Your Bank is committed to follow the best practice of corporate governance to protect the interest of all the stakeholders of the Bank, viz. shareholders, depositors and 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 V to this report.

### **INTEGRATED REPORTING**

Your Bank has prepared the Integrated Report on voluntary basis and the same is hosted on the Bank's website under Investor Portal at <https://karnatakabank.com/investor-portal/annual-report>.

### **BUSINESS RESPONSIBILITY REPORT:**

Bank has adopted various policies that imbibe the best practices with regard to environmental, social and governance principles. In this context, Bank is presenting its Business Responsibility Report (BRR) for the Financial Year 2020-21 prepared in accordance with the requirements under Regulation 34(2)(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the format devised by the Securities and Exchange Board of India vide Circular CIR/CFD/CMD/10/2015 dated November 4, 2015 and the same is provided under Annexure VII.

### **AUDITORS**

#### **a. Statutory Auditors**

At the 96th Annual General Meeting held on July 17, 2020, M/s. Badari, Madhusudhan & Srinivasan, (Firm Registration No. 005389S) Chartered Accountants, Bengaluru and M/s Manohar Chowdhry & Associates, (Firm Registration No. 001997S), Chartered Accountants, Chennai, were appointed as the Joint Statutory Central Auditors of the Bank who, at the conclusion of the ensuing Annual General Meeting, will be completing the period of third year (i.e., in the term commencing from FY 2018-19) of Statutory Central Audit of the Bank and their firms are subject to resting period/cooling off period for a period of six years as per Reserve Bank of India Cir No. DOS.CO.ARG/ SEC.01/ 08.91.001 /2021-22 dated April 27, 2021.

Hence, Board of Directors proposes to the members the appointment of M/s Sundaram & Srinivasan, Chartered Accountants (Firm Registration No. 004207S), New No.4, Old No. 23, C. P. Ramaswamy Road, Alwarpet, Chennai-600018 and M/s. Kalyaniwalla & Mistry LLP (Firm Registration No./ LLP No. 104607W/W100166), Chartered Accountants, Registered Office: Esplanade House, 29, Hazarimal Somani, Fort, Mumbai-400001 jointly as Statutory Auditors of the Bank to hold office upto the conclusion of 98th Annual General Meeting. Pursuant to Section 30(1A) of the Banking Regulation Act, 1949, necessary approval from Reserve Bank of India has been obtained vide their letter dated July 01, 2021 for the said appointment. The Bank has received consent from the above auditors and also the necessary confirmation from them that they are not disqualified to be appointed as the auditors of the Bank pursuant to the provisions of the Companies Act, 2013 and the Rules made thereunder.



**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. Gopalakrishnaraj H H & Associates, Practising Company Secretary, Bengaluru as Secretarial Auditors to conduct the Secretarial Audit for the year ended March 31, 2021. The audit report from the Secretarial Auditor is annexed to this report as a part of Annexure V.

**ACKNOWLEDGEMENTS**

The Board of 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 for their continued contribution in scaling greater heights.

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

Place: Mangaluru  
Date: July 27, 2021

**P Jayarama Bhat**  
**Part-time Non-Executive Chairman**

# Annexure I

## DISCLOSURE UNDER PILLAR III OF BASEL III ACCORD

### 1. SCOPE OF APPLICATION

The Karnataka Bank Limited is a private sector Bank incorporated on 18<sup>th</sup> February 1924 in Mangaluru.

As per capital adequacy guidelines under Basel III, insurance and non-financial subsidiaries / joint ventures / associates etc. of banks are not to be consolidated. The Bank's Subsidiary, KBL Services Limited, is a non-financial entity, and hence not consolidated for capital adequacy purpose.

The Bank presently is not involved in insurance business. However, Bank holds equity investments to the extent of 6.00 per cent in Universal Sompo General Insurance Company Limited. The financials of the said company are not consolidated with the balance sheet of the Bank. The investment in the company is not deducted from the capital funds of the Bank but is assigned risk weights as an investment.

Name of the Head of the Banking group to which the framework applies: THE KARNATAKA BANK LIMITED

Name of the entity / country of incorporation	Whether entity is included in the accounting scope of consolidation	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation	Explain the reasons if consolidated under only one of the scopes of consolidation
KBL Services Limited/ India	Yes	AS-21	No	NA	NA	The Bank's Subsidiary, KBL Services Limited, is a non-financial entity, and hence not consolidated for capital adequacy purpose.

### 2. CAPITAL STRUCTURE:

Sl. No	Particulars	No of equity Shares	Face value per share (in ₹.)	Amount (₹ in Crores)
1.	Authorized Capital	60,00,00,000	10	600.00
2.	Issued Capital	31,09,98,210	10	310.99
3.	Subscribed Capital	31,08,86,239	10	310.88*
4.	Called up/Paid up Capital	31,08,69,689	10	310.87

\*inclusive of forfeiture shares.

The Bank's shares are listed on the National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE). During the year ended March 2021, Bank has not raised any capital.

#### a. Breakup of Capital Funds

The Tier I Capital of the Bank comprises of following: (₹ in Crores)

1.	Paid up Capital (Including forfeited shares)	310.88
2.	Reserves	5,829.51
	<b>Total</b>	<b>6,140.39</b>

The Tier II Capital of the Bank comprises of (₹ in Crores)

1	Undisclosed reserves	113.52
2	General Provisions and Loss Reserves	388.13
3	Subordinated debts eligible for inclusion in Lower Tier 2 Capital	745.00
	<b>Total</b>	<b>1,246.65</b>

The Total capital comprises of:

(₹ in Crores)

1	Tier I Capital	6,140.39
2	Tier II Capital	1,246.65
	<b>Total</b>	<b>7,387.04</b>

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

(₹ in Crores)

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 Sompo General insurance Co Ltd / India	General Insurance	368.10	6.00%	CRAR is reduced by 0.10%

## b. TABLE DF-2 : CAPITAL ADEQUACY : ASSESSMENT OF CAPITAL ADEQUACY :

### b1. Qualitative Disclosures:

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.

### b2. Quantitative Disclosures:

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 Crores)

A	Capital requirement for Credit Risk	
	<b>- Portfolios subject to Standardized approach</b>	<b>3,707.11</b>
	- Securitization exposures	-
B	Capital requirement for Market Risk	
	<b>Standardized duration approach</b>	<b>283.76</b>
	- Interest rate Risk	115.43
	- Foreign exchange risk	0.76
	- Equity Risk	167.57
C	Capital requirement for Operational Risk	
	<b>- Basic Indicator approach</b>	<b>487.50</b>
D	Total Capital requirement (**)	4,478.37
E	Total eligible Capital Funds of the Bank as per Basel III	7,387.04
F	Total Risk Weighted Assets	49,759.61
G	Common Equity Tier I ratio (CET1) (%)	12.34%
H	Tier I CRAR (%)	12.34%
I	Tier II CRAR (%)	2.51%
J	<b>Total CRAR (%)</b>	<b>14.85%</b>

\*\* Excluding CCB

### 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 Risk & Capital 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). Risk & Capital Management Committee (RCMC) 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. TABLE DF-3 : CREDIT RISK : GENERAL DISCLOSURES CREDIT RISK MANAGEMENT

#### Qualitative Disclosures

##### (a) General qualitative disclosure with respect to credit risk

Bank has developed an online comprehensive credit risk rating system for all borrower accounts. Risk rating of borrowers is 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], facility rating and Business Rule Engine based KBL-96 scorecard used for digital journey. 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

#### (b) Total gross credit exposure including geographic distribution of exposure (₹ in Crores)

Category	Domestic	Overseas	Total
Fund Based	60,203.49	NIL	60,203.49
Non Fund Based	8,967.47	NIL	8,967.47
<b>TOTAL</b>	<b>69,170.96</b>	<b>NIL</b>	<b>69,170.96</b>

**(c) Geographic distribution of credit exposure**

(₹ in Crores)

S.No.	State / Union Territory	Funded Exposure	Non Funded Exposure	Total Exposure
1	Andhra Pradesh	2,969.69	513.01	3,482.70
2	Assam	145.94	133.91	279.85
3	Bihar	13.89	0.72	14.61
4	Chandigarh	119.33	42.09	161.42
5	Chhattisgarh	615.80	257.27	873.07
6	Dadra And Nagar Haveli	3.27	0.01	3.28
7	Daman and diu	0.36	0.00	0.36
8	Delhi	2,985.71	440.09	3,425.80
9	Goa	354.67	29.32	383.99
10	Gujarat	751.65	237.88	989.53
11	Haryana	1,107.33	255.63	1,362.96
12	Himachal Pradesh	7.91	1.25	9.16
13	Jammu And Kashmir	0.01	0.00	0.01
14	Jharkhand	329.17	5.72	334.89
15	Karnataka	28,402.24	3,298.47	31,700.71
16	Kerala	943.19	22.42	965.61
17	Madhya Pradesh	519.98	8.75	528.72
18	Maharashtra	8,334.18	1,123.22	9,457.40
19	Manipur	0.05	0.00	0.05
20	Orissa	846.88	103.77	950.65
21	Pondicherry	29.67	1.37	31.04
22	Punjab	921.55	80.91	1,002.46
23	Rajasthan	704.32	142.98	847.30
24	Sikkim	30.26	2.50	32.76
25	Tamil Nadu	4,243.52	574.58	4,818.10
26	Telangana	3,334.25	1,184.30	4,518.56
27	Uttar Pradesh	576.89	145.81	722.70
28	Uttarakhand	172.83	5.51	178.33
29	West Bengal	1,738.97	355.96	2,094.94
	<b>Grand Total</b>	<b>60,203.49</b>	<b>8,967.47</b>	<b>69,170.96</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.

#### (d) 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)

Industry Name	31 <sup>st</sup> March 2021		
	Fund Exposure	Non-Funded Exposure	Total Credit Exposure (Funded and Non-Funded)
A	B	C	D=B+C
<b>A. Mining and Quarrying</b>	<b>243.11</b>	<b>6.45</b>	<b>249.56</b>
A.1 Coal	5.14	1.28	6.42
A.2 Others	237.97	5.17	243.14
<b>B. Food Processing</b>	<b>431.00</b>	<b>221.05</b>	<b>652.04</b>
B.1 Sugar	28.83	0.00	28.83
B.2 Edible Oils and Vanaspati	20.56	100.00	120.56
B.3 Tea	0.00	0.32	0.32
B.4 Coffee	67.27	5.01	72.27
B.5 Others	314.34	115.72	430.06
<b>C. Beverages (excluding Tea &amp; Coffee) and Tobacco</b>	<b>64.07</b>	<b>1.05</b>	<b>65.12</b>
C.1 Tobacco and tobacco products	0.00	0.00	0.00
C.2 Others	64.07	1.05	65.12
<b>D. Textiles</b>	<b>1,799.75</b>	<b>108.7</b>	<b>1,908.45</b>
D.1 Cotton	626.43	25.42	651.85
D.2 Jute	0.01	0.00	0.01
D.3 Man-made	460.03	8.42	468.45
D.4 Others	713.28	74.87	788.14
Out of D (i.e., Total Textiles) to Spinning Mills	74.11	33.4	107.51
<b>E. Leather and Leather products</b>	<b>8.86</b>	<b>3.13</b>	<b>11.99</b>
<b>F. Wood and Wood Products</b>	<b>1.77</b>	<b>0.03</b>	<b>1.79</b>
<b>G. Paper and Paper Products</b>	<b>147.48</b>	<b>10.3</b>	<b>157.78</b>
<b>H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels</b>	<b>36.97</b>	<b>56.16</b>	<b>93.13</b>
<b>I. Chemicals and Chemical Products (Dyes, Paints, etc.)</b>	<b>474.88</b>	<b>128.77</b>	<b>603.64</b>
I.1 Fertilizers	50.77	5.07	55.84
I.2 Drugs and Pharmaceuticals	249.43	94.11	343.53
I.3 Petro-chemicals (excluding under Infrastructure)	-	-	-

Industry Name	31 <sup>st</sup> March 2021		
	Fund Exposure	Non-Funded Exposure	Total Credit Exposure (Funded and Non-Funded)
I.4 Others	174.68	29.59	204.27
<b>J. Rubber, Plastic and their Products</b>	<b>492.19</b>	<b>82.19</b>	<b>574.38</b>
<b>K. Glass &amp; Glassware</b>	<b>6.04</b>	<b>0</b>	<b>6.04</b>
<b>L. Cement and Cement Products</b>	<b>213.11</b>	<b>44.21</b>	<b>257.32</b>
<b>M. Basic Metal and Metal Products</b>	<b>569.57</b>	<b>146.50</b>	<b>716.07</b>
M.1 Iron and Steel	294.92	77.32	372.24
M.2 Other Metal and Metal Products	274.65	69.18	343.83
<b>N. All Engineering</b>	<b>1,201.12</b>	<b>253.11</b>	<b>1,454.23</b>
N.1 Electronics	27.16	3.32	30.48
N.2 Others	1,173.96	249.79	1,423.75
<b>O. Vehicles, Vehicle Parts and Transport Equipments</b>	<b>261.12</b>	<b>22.77</b>	<b>283.89</b>
<b>P. Gems and Jewellery</b>	<b>202.21</b>	<b>27.76</b>	<b>229.97</b>
<b>Q. Construction</b>	-	-	-
<b>R. Infrastructure</b>	<b>1,429.93</b>	<b>6,99.90</b>	<b>2,129.83</b>
<b>R.a Transport (a.1 to a.6)</b>	<b>345.29</b>	<b>252.8</b>	<b>598.08</b>
R.a.1 Roads and Bridges	339.66	233.3	572.96
R.a.2 Ports	3.9	0	3.9
R.a.3 Inland Waterways	1.47	0.01	1.48
R.a.4 Airport	-	-	-
R.a.5 Railway Track, tunnels, viaducts, bridges	0.26	19.27	19.52
R.a.6 Urban Public Transport (except rolling stock in case of urban road transport)	0	0.22	0.22
<b>R.b. Energy (b.1 to b.6)</b>	<b>705.4</b>	<b>136.5</b>	<b>841.91</b>
<b>R.b.1 Electricity Generation</b>	<b>702.91</b>	<b>135.2</b>	<b>838.1</b>
R.b.1.1 Central Govt PSUs	-	-	-
R.b.1.2 State Govt PSUs (incl. SEBs)	-	-	-
R.b.1.3 Private Sector	702.91	135.2	838.1
<b>R.b.2 Electricity Transmission</b>	<b>1</b>	<b>0.59</b>	<b>1.59</b>
R.b.2.1 Central Govt PSUs	-	-	-
R.b.2.2 State Govt PSUs (incl. SEBs)	-	-	-
R.b.2.3 Private Sector	1	0.59	1.59
<b>R.b.3 Electricity Distribution</b>	<b>1.5</b>	<b>0.72</b>	<b>2.21</b>
R.b.3.1 Central Govt PSUs	-	-	-
R.b.3.2 State Govt PSUs (incl. SEBs)	-	-	-
R.b.3.3 Private Sector	1.5	0.72	2.21
R.b.4 Oil Pipelines	-	-	-
R.b.5 Oil/Gas/Liquefied Natural Gas (LNG) storage facility	-	-	-



Industry Name	31 <sup>st</sup> March 2021		
	Fund Exposure	Non-Funded Exposure	Total Credit Exposure (Funded and Non-Funded)
R.b.6 Gas Pipelines	-	-	-
<b>R.c. Water and Sanitation (c.1 to c.7)</b>	<b>135.92</b>	<b>289.45</b>	<b>425.37</b>
R.c.1 Solid Waste Management	0	0.67	0.67
R.c.2 Water supply pipelines	0	0.02	0.02
R.c.3 Water treatment plants	4.4	1.91	6.31
R.c.4 Sewage collection, treatment and disposal system	2.01	0.46	2.47
R.c.5 Irrigation (dams, channels, embankments etc)	129.51	286.39	415.9
R.c.6 Storm Water Drainage System	-	-	-
R.c.7 Slurry Pipelines	-	-	-
<b>R.d. Communication (d.1 to d.3)</b>	<b>9.66</b>	<b>18.23</b>	<b>27.88</b>
R.d.1 Telecommunication (Fixed network)	6.7	12.13	18.83
R.d.2 Telecommunication towers	0.17	0.05	0.22
R.d.3 Telecommunication and Telecom Services	2.79	6.05	8.83
<b>R.e. Social and Commercial Infrastructure (e.1 to e.9)</b>	<b>145.26</b>	<b>2.93</b>	<b>148.19</b>
R.e.1 Education Institutions (capital stock)	124.22	0.29	124.52
R.e.2 Hospitals (capital stock)	13.76	2.61	16.37
R.e.3 Three-star or higher category classified hotels located outside cities with population of more than 1 million	5.53	0	5.53
R.e.4 Common infrastructure for industrial parks, SEZ, tourism facilities and agriculture markets	0.94	0	0.94
R.e.5 Fertilizer (Capital investment)	0.08	0.02	0.1
R.e.6 Post harvest storage infrastructure for agriculture and horticultural produce including cold storage	0.68	0.01	0.68
R.e.7 Terminal markets	-	-	-
R.e.8 Soil-testing laboratories	-	-	-
R.e.9 Cold Chain	0.05	0	0.05
<b>R.f. Others, if any, please specify</b>	<b>88.42</b>	<b>0</b>	<b>88.42</b>
Hotels with Project cost of More than ₹ 200 crore	-	-	-
Other Infra	-	-	-
<b>S. Other Industries, pl. specify</b>	<b>1,549.72</b>	<b>453.05</b>	<b>2,002.75</b>
Cutting/Polishing Of Granite Stone	885.65	83.97	969.61
Electric Equipment/Products	296.97	224.17	521.14
Other Industries	367.1	144.91	512
<b>All Industries (A to S)</b>	<b>9,132.88</b>	<b>2,265.11</b>	<b>11,397.99</b>
Residuary other advances (to tally with gross exposures)	<b>51,070.61</b>	<b>6,702.37</b>	<b>57,772.98</b>
<b>Total</b>	<b>60,203.49</b>	<b>8,967.47</b>	<b>69,170.96</b>

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

SI No	Industry / sectors classification	Percentage of the total credit exposure
	NIL	

**(e) Maturity pattern of assets -31<sup>st</sup> March 2021**

(₹. in Crores)

Time Bucket	Cash & Balance with RBI	Balance with Banks & Money at Call & Short Notice	Investments	Advances	Fixed Assets	Other Assets	Total
1 day	2,256.41	39.91	7,854.30	1,223.80	0	0	11,374.42
2 to 7 days	16.73	263.05	84.44	348.90	0	0	713.12
8 to 14 days	22.22	94.99	77.19	345.42	0	0	539.82
15 to 30 days	26.14	0	154.58	540.30	0	0	721.02
31 days to 2 Months	50.71	51.15	225.04	850.03	0	0	1,176.93
2 Months to 3 Months	52.55	0	303.91	2,077.21	0	0	2,433.67
Over 3 Months to 6 months	170.18	0	874.76	2,705.49	0	0	3,750.43
Over 6 months to 1 year	210.70	0	1,003.45	4,839.61	0	1,110.99	7,164.75
Over 1 year to 3 years	1,313.63	0.32	9,130.33	19,885.43	0	0	30,329.71
Over 3 years to 5 years	114.50	0	493.76	5,756.80	0	0	6,365.06
5 year to 7 Years	50.98	0	105.69	3,045.94	0	0	3,202.61
7 Year to 10 years	102.22	0	340.99	3,810.20	0	0	4,253.41
10 Year to 15 Years	429.77	0	513.64	3,523.87	0	0	4,467.28
Over 15 Years	49.41	0	473.10	2,740.70	837.85	4,988.05	9,089.11
	4,866.15	449.42	21,635.18	51,693.70	837.85	6,099.04	85,581.34

**Classification of Non Performing Advances**

(₹ in Crores)

Particulars	31st March 2021
<b>(f) Amount of NPA's ( Gross)</b>	<b>2,588.41</b>
Substandard	1,033.93
Doubtful 1	696.07
Doubtful 2	616.57
Doubtful 3	34.65
Loss	207.19
<b>(g) Net NPAs</b>	
Amount of Net NPA	1,642.10
<b>(h) NPA Ratios</b>	
Gross NPAs to Gross Advances ratio (%)	4.91
Net NPAs to Net Advances ratio (%)	3.18

**(i) Movement of NPAs (Gross)** (₹ in Crores)

Particulars	Amount
1. Opening Balance as on April 1st, 2020	2,799.93
2. Additions	1,346.37
3. Reductions	1,557.90
<b>4. Closing Balance as on 31st March 2021</b>	<b>2,588.41</b>

**(j) Movement of Provisions for NPAs** (₹ in Crores)

Particulars	Amount
1. Opening Balance	1,017.31
2. Provision made during the period	1,038.05
3. Write off	1,153.41
4. Write back of excess provisions during the period	
<b>5. Closing balance</b>	<b>901.95</b>

(₹ in Crores)

Particulars	Amount
Write offs booked directly to income statement	0.00
Recoveries booked directly to income statement	171.56

**Non Performing Investments and movement of provision for depreciation on Investments** (₹ in Crores)

	31st March 2021
(k) Amount of Non performing Investments	75.15
(l) Amount of Provision held for Non performing Investments	75.15
(m) Movement of provisions for depreciation on Investments	
- Opening balance	180.32
- Add: Provisions made during period	96.84
- Less: Write off/write back of excess provisions	0.32
<b>- Closing balance</b>	<b>276.84</b>

**(n) Major Industry break up of NPA** (₹.in Crores)

Industry	Gross NPA	Specific Provision
Textiles	147.85	103.27
Engineering Goods	55.92	33.81
Metal and Metal Products	22.76	14.26
Cement and Cement Products	17.76	7.66
Gems and Jewellery	11.17	2.65
<b>Total</b>	<b>255.46</b>	<b>161.65</b>

**(o) Geography wise Distribution of NPA and Provision**

(₹ in Crores)

Geography	Gross NPA	Specific Provision	General Provision
Domestic	2,588.41	901.95	295.41
Overseas	-	-	-
<b>Total</b>	<b>2,588.41</b>	<b>901.95</b>	<b>295.41</b>

**TABLE DF-4: CREDIT RISK: DISCLOSURE FOR PORTFOLIOS SUBJECT TO THE STANDARDIZED APPROACH****Qualitative Disclosures**

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 7 domestic credit rating agencies identified by RBI i.e. CRISIL, CARE, India Ratings and Research Private Limited (earlier FITCH India), ICRA, Brickwork, Acuite Ratings & Research Ltd (Earlier SMERA Ratings Limited) and INFOMERICS Valuation and Rating Pvt Ltd (INFOMERICS). 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.

**Quantitative Disclosures**

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

(₹ in Crores)

SI No	Risk weight	Exposure Outstanding
1.	Below 100%	27,932.77
2.	100%	18,359.79
3.	More than 100%	2,820.93
	<b>Total</b>	<b>49,113.49</b>

**5. TABLE DF-5 : CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDIZED APPROACH****Qualitative Disclosures**

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 per cent 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:

- 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.

### Quantitative Disclosures

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

	(₹ in Crores)
Eligible financial collaterals after haircuts	5,689.04
Eligible guarantees	803.77

## 6. MARKET RISK IN TRADING BOOK

### Qualitative Disclosures

The Bank has put in place Board approved Integrated Treasury Policy, Asset Liability Management (ALM) policy, Market Risk Management Policy and Fund Transfer Pricing 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 counterparties, 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 Risk Management Department.

The Board, RCMC & 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.

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.

Fund Transfer Pricing Policy which lays down methodology/assumptions on which profitability the branches/products/customers are measured and the outcome of the FTP results are being used for effective decision making.

### Quantitative Disclosures

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.

**The capital requirements for market risk are detailed below:**

(₹ in Crore)

SI No	Risk Category	Capital Charge
I	Interest Rate	115.43
II	Equity	167.57
III	Foreign Exchange , Gold and Derivatives	0.76
IV	Total Capital Charge for market Risk ( I+II+III)	283.76

## 7. TABLE DF-9: 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 200bps shock in the interest rates and monitored on a monthly basis.
- Earning at Risk for 200 bps interest rate shock is estimated at ₹.66.19 Crore and change in the Market value of Equity for 200 bps interest rate shocks is 16.45%.

## 8. TABLE DF-8 : 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/RCMC as appropriate for their directions and suggestions.

An Operational Risk Management Policy approved by the Board of Directors 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.

## 9. TABLE DF-10 : GENERAL DISCLOSURES FOR EXPOSURE RELATED TO COUNTERPARTY CREDIT RISK

### **Qualitative Disclosures**

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, 2021 is as under:

### Quantitative Disclosures

(₹. in Crore)

Particulars	Notional Amount	Current Exposure
Foreign exchange contracts	3,873.35	102.05
Interest rate contracts	NIL	NIL
<b>Total</b>	<b>3,873.35</b>	<b>102.05</b>

### 10. TABLE DF-11 : COMPOSITION OF CAPITAL:

(₹. in Crore)

	Amount	Amounts Subject to Pre-Basel III Treatment
<b>Common Equity Tier 1 capital: instruments and reserves</b>		
1. Directly issued qualifying common share capital plus related stock surplus (share premium)	1,565.89	
2. Retained earnings		
3. Accumulated other comprehensive income (and other reserves)	4,668.99	
4. Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)		
Public sector capital injections grandfathered until January 1, 2018		
5. Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
<b>6. Common Equity Tier 1 capital before regulatory adjustments</b>	<b>6,234.88</b>	
<b>Common Equity Tier 1 capital : regulatory adjustments</b>		
7. Prudential valuation adjustments		
8. Goodwill (net of related tax liability)		
9. Intangibles other than mortgage-servicing rights (net of related tax liability)	59.76	
10. Deferred tax assets		
11. Cash-flow hedge reserve		
12. Shortfall of provisions to expected losses		
13. Securitisation gain on sale		
14. Gains and losses due to changes in own credit risk on fair valued liabilities		
15. Defined-benefit pension fund net assets		
16. Investments in own shares (if not already netted off paid-up capital on reported balance sheet)		
17. Reciprocal cross-holdings in common equity	34.23	
18. Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)		

	Amount	Amounts Subject to Pre-Basel III Treatment
19. Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)		
20. Mortgage servicing rights <sup>4</sup> (amount above 10% threshold)		
21. Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		
22. Amount exceeding the 15% threshold		
23. of which : significant investments in the common stock of financial entities		
24. of which : mortgage servicing rights		
25. of which : deferred tax assets arising from temporary differences		
<b>26. National specific regulatory adjustments (26a+26b+26c+26d)</b>	<b>0.50</b>	
26a. of which : Investments in the equity capital of unconsolidated insurance subsidiaries		
26b. of which : Investments in the equity capital of unconsolidated non-financial subsidiaries	0.50	
26c. of which : Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank		
26d. of which : Unamortised pension funds expenditures		
Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment		
of which :		
of which :		
of which :		
27. Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
28. Total regulatory adjustments to Common equity Tier 1	94.50	
<b>29. Common Equity Tier 1 capital (CET1)</b>	<b>6,140.39</b>	
<b>Additional Tier 1 capital : instruments</b>		
30. Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)		
31. of which : classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)		
32. of which : classified as liabilities under applicable accounting standards (Perpetual debt Instruments)		
33. Directly issued capital instruments subject to phase out from Additional Tier 1		
34. Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)		
35. of which : instruments issued by subsidiaries subject to phase out		
36. Additional Tier 1 capital before regulatory adjustments		



	Amount	Amounts Subject to Pre-Basel III Treatment
<b>Additional Tier 1 capital: regulatory adjustments</b>		
37. Investments in own Additional Tier 1 instruments		
38. Reciprocal cross-holdings in Additional Tier 1 instruments		
39. Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		
40. Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) <sup>o</sup>		
41. National specific regulatory adjustments (41a+41b)		
41a. Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries		
41b. Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank		
Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment		
of which :		
of which :		
of which :		
42. Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
43. Total regulatory adjustments to Additional Tier 1 capital		
44. Additional Tier 1 capital (AT1)		
44a. Additional Tier 1 capital reckoned for capital adequacy		
<b>45. Tier 1 capital (T1 = CET1 + Admissible AT1) (29 + 44a)</b>	<b>6,140.39</b>	
<b>Tier 2 capital : instruments and provisions</b>		
46. Directly issued qualifying Tier 2 instruments plus related stock surplus	970.00	
47. Directly issued capital instruments subject to phase out from Tier 2	745.00	
48. Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)		
49. of which : instruments issued by subsidiaries subject to phase out		
50. Provisions	501.65	
<b>51. Tier 2 capital before regulatory adjustments</b>	<b>1,246.65</b>	
<b>Tier 2 capital: regulatory adjustments</b>		
52. Investments in own Tier 2 instruments		
53. Reciprocal cross-holdings in Tier 2 instruments		-

	Amount	Amounts Subject to Pre-Basel III Treatment
54. Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)		
55. Significant investments <sup>13</sup> in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
56. National specific regulatory adjustments (56a+56b)		
56a. of which : Investments in the Tier 2 capital of unconsolidated insurance subsidiaries		
56b. of which : Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank		
Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment		
of which :		
of which :		
57. Total regulatory adjustments to Tier 2 capital	-	
58. Tier 2 capital (T2)	<b>1,246.65</b>	
58a. Tier 2 capital reckoned for capital adequacy	<b>1,246.65</b>	
58b. Excess Additional Tier 1 capital reckoned as Tier 2 capital	0	
<b>58c. Total Tier 2 capital admissible for capital adequacy (58a + 58b)</b>	<b>1,246.65</b>	
<b>59. Total capital (TC = T1 + Admissible T2) (45 + 58c)</b>	<b>7,387.04</b>	
Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment		
of which :		
of which :		
<b>60. Total risk weighted assets (60a + 60b + 60c)</b>	<b>49,759.60</b>	
60a. of which : total credit risk weighted assets	41,190.08	
60b. of which : total market risk weighted assets	3,152.93	
60c. of which : total operational risk weighted assets	5,416.59	
<b>Capital Ratios</b>		
61. Common Equity Tier 1 (as a percentage of risk weighted assets)	12.34%	
62. Tier 1 (as a percentage of risk weighted assets)	12.34%	
<b>63. Total capital (as a percentage of risk weighted assets)</b>	<b>14.85%</b>	
64. Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	7.375%	
65. of which : capital conservation buffer requirement	1.875%	
66. of which : bank specific countercyclical buffer requirement	-	
67. of which : G-SIB buffer requirement		
68. Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	<b>6.84%</b>	

		<b>Amount</b>	<b>Amounts Subject to Pre-Basel III Treatment</b>
<b>National minima (if different from Basel III)</b>			
69.	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.5%	
70.	National Tier 1 minimum ratio (if different from Basel III minimum)	7%	
71.	National total capital minimum ratio (if different from Basel III minimum)	9%	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72.	Non-significant investments in the capital of other financial entities		
73.	Significant investments in the common stock of financial entities		
74.	Mortgage servicing rights (net of related tax liability)		
75.	Deferred tax assets arising from temporary differences (net of related tax liability)		
<b>Applicable caps on the inclusion of provisions in Tier 2</b>			
76.	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	388.13	
77.	Cap on inclusion of provisions in Tier 2 under standardised approach	514.87	
78.	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA	
79.	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA	
<b>Capital instruments subject to phase-out arrangements (only applicable between 31st March 2017 and 31st March 2022)</b>			
80.	Current cap on CET1 instruments subject to phase out arrangements	NA	
81.	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA	
82.	Current cap on AT1 instruments subject to phase out arrangements	NA	
83.	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	NA	
84.	Current cap on T2 instruments subject to phase out arrangements	NA	
85.	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	NA	

## Notes to the Template

Row No. of the template	Particular	(₹ in Crores)
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	-
	Total as indicated in row 10	-
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank.	-
	of which: Increase in Common Equity Tier 1 capital	-
	of which: Increase in Additional Tier 1 capital	-
	of which: Increase in Tier 2 capital	-
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	-
	(i) Increase in Common Equity Tier 1 capital	-
	(ii) Increase in risk weighted assets	-
50	Eligible Provisions included in Tier 2 capital	501.65
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	501.65

## TABLE DF 12: COMPOSITION OF CAPITAL – RECONCILIATION REQUIREMENTS

### Step 1

(₹ in Crore)

		Balance Sheet as in Financial Statements	Balance Sheet under regulatory scope of consolidation
		As on Reporting Date	As on Reporting Date
<b>A</b>	<b>Capital &amp; Liabilities</b>		
i)	Paid-up Capital	310.88	
	Reserves & Surplus	6,331.48	
	Minority Interest	0.00	
	Total Capital	6,642.36	
ii)	Deposits	<b>75,654.86</b>	
	of which: Deposits from banks	14.22	
	of which: Customer deposits	75,640.64	
	of which: Other deposits (pl. specify)	-	
iii)	Borrowings	<b>1,764.88</b>	
	of which: From RBI	-	
	of which: From banks	-	
	of which: From other institutions & Agencies	794.88	
	of which: Others (outside India)	-	
	of which: Capital instruments (Tier II)	970.00	
iv)	Other liabilities & provisions	1,519.24	
	<b>TOTAL Capital &amp; Liabilities</b>	<b>85,581.34</b>	

		Balance Sheet as in Financial Statements	Balance Sheet under regulatory scope of consolidation
		As on Reporting Date	As on Reporting Date
<b>B</b>	<b>Assets</b>		
i)	Cash and balances with Reserve Bank of India	4,866.15	
	Balance with banks and money at call and short notice	449.42	
ii)	Investments:	<b>21,635.18</b>	
	<i>of which:</i> Government securities	19,245.19	
	<i>of which:</i> Other approved securities	-	
	<i>of which:</i> Shares	81.52	
	<i>of which:</i> Debentures & Bonds	1,377.19	
	<i>of which:</i> Subsidiaries / Joint Ventures / Associates	0.50	
	<i>of which:</i> Others (Commercial Papers, Mutual Funds etc.)	930.78	
iii)	Loans and Advances	<b>51,693.70</b>	
	<i>of which:</i> Loans and Advances to Banks	-	
	<i>of which:</i> Loans and Advances to Customers	<b>51,693.70</b>	
iv)	Fixed Assets	837.85	
v)	Other Assets:	<b>6,099.04</b>	
	<i>of which:</i> Goodwill and intangible assets	59.76	
	<i>of which:</i> Deferred tax assets	425.74	
vi)	Goodwill on consolidation	-	
vii)	Debit balance in Profit & Loss account	-	
	<b>TOTAL Assets</b>	<b>85,581.34</b>	

## Step 2

(₹ in Crore)

		Balance Sheet as in Financial Statements	Balance Sheet under regulatory scope of consolidation
		As on Reporting Date	As on Reporting Date
<b>A</b>	<b>Capital &amp; Liabilities</b>		
i)	<b>Paid-up Capital</b>	<b>310.88</b>	
	<i>of which:</i> Amount eligible for CET1	<b>310.88</b>	
	<i>of which:</i> Amount eligible for AT1	-	
	<b>Reserves &amp; Surplus</b>	<b>6,331.48</b>	
	<i>Of which</i>		
	Share Premium	1,255.01	
	Statutory Reserve	2,605.00	
	Capital Reserve	625.57	
	Revenue Reserves	922.15	
	Revaluation Reserve	465.34	
	Investment Fluctuation Reserve	95.58	
	Special Reserve	277.36	
	Balance in the profit and loss account	85.47	
	Minority Interest	-	
	Total Capital	6,642.36	

		Balance Sheet as in Financial Statements	Balance Sheet under regulatory scope of consolidation
		As on Reporting Date	As on Reporting Date
ii)	Deposits	<b>75,654.86</b>	
	<i>of which:</i> Deposits from banks	14.22	
	<i>of which:</i> Customer deposits	75,640.64	
	<i>of which:</i> Other deposits (pl. specify)	-	
iii)	Borrowings	<b>1,764.88</b>	
	<i>of which:</i> From RBI	-	
	<i>of which:</i> From banks	-	
	<i>of which:</i> From other institutions & Agencies	794.88	
	<i>of which:</i> Others (outside India)	-	
	<i>of which:</i> Capital instruments (Tier II)	970.00	
iv)	Other liabilities & provisions	1,519.24	
	<i>of which:</i> DTLs related to goodwill		
	<i>of which:</i> DTLs related to intangible assets		
	<i>of which:</i> Provision for standard assets	388.12	
	<b>TOTAL Capital &amp; Liabilities</b>	<b>85,581.34</b>	
<b>B</b>	<b>Assets</b>		
i)	Cash and balances with Reserve Bank of India	4,866.15	
	Balance with banks and money at call and short notice	449.42	
ii)	Investments:	<b>21,635.18</b>	
	<i>of which:</i> Government securities	19,245.19	
	<i>of which:</i> Other approved securities	-	
	<i>of which:</i> Shares	81.52	
	<i>of which:</i> Debentures & Bonds	1,377.19	
	<i>of which:</i> Subsidiaries / Joint Ventures / Associates	0.50	
	<i>of which:</i> Others (Commercial Papers, Mutual Funds etc.)	930.78	
iii)	Loans and Advances	<b>51,693.70</b>	
	<i>of which:</i> Loans and Advances to Banks	-	
	<i>of which:</i> Loans and Advances to Customers	<b>51,693.70</b>	
iv)	Fixed Assets	837.85	
v)	Other Assets:	<b>6,099.04</b>	
	<i>of which:</i> Goodwill and intangible assets	59.76	
	<i>Out of which:</i> Goodwill	-	
	Other intangibles (excluding MSR)	59.76	
	<i>of which:</i> Deferred tax assets	425.73	
vi)	Goodwill on consolidation	-	
vii)	Debit balance in Profit & Loss account	-	
	<b>TOTAL Assets</b>	<b>85,581.34</b>	

Disclosures pertaining to 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 [https://karnatakabank.com/sites/default/files/2021-07/Features%20of%20Capital%20Instruments\\_30.06.pdf](https://karnatakabank.com/sites/default/files/2021-07/Features%20of%20Capital%20Instruments_30.06.pdf).

## 11. Table DF-15 DISCLOSURE ON REMUNERATION

(a)	<b>Information relating to the composition and mandate of the Nomination &amp; Remuneration Committee (NRC).</b>
	<p>The Nomination &amp; Remuneration Committee (NRC) consists of Four Directors of which, three are Independent Directors. One member is also the member of Risk and Capital Management Committee of the Board (RCMC).</p> <p>The mandate of the NRC include identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board for their appointment, fixing their compensation and/or removal, undertaking the due diligence of candidates before their appointment/re-appointment as directors, formulating the criteria for determining qualification, positive attributes and independence of a director, key managerial personnel and other employees, Formulation of criteria for evaluation of performance of independent directors and the board of directors etc. NRC also reviews Compensation Policy of the Bank, besides, administration of ESOP scheme.</p>
(b)	<b>Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.</b>
	<p>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, keeping in mind the Circulars issued by the RBI in the matter. 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.</p>
(c)	<b>Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.</b>
	<p>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 qualitative elements. Compensation outcomes are symmetric with risk outcomes and compensation payouts are sensitive to the time horizon of the risk.</p>
(d)	<b>Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.</b>
	<p>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 &amp; Material Risk Takers, 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 (including risk adjustment) are assessed.</p>
(e)	<b>A discussion of the Bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.</b>
	<p>The Reserve Bank of India vide Cir. DOR.Appt.BC.No.23/29.67.001/2019-20 dated November 4, 2019, revised methodology to be adopted by the banks while determining performance based Variable Pay Payable to the WTD/CEO/MRTs. The revised methodology was made effective for all pay cycles commencing from April 2020 onwards. Accordingly, Bank amended its Compensation Policy and aligned it with the new requirements. As per the Bank's compensation policy effective Pay cycles commencing from April 2020, the maximum permissible variable pay is at 200% of the fixed pay for WTD/CEO, which is split into cash (50%) and share linked components (50%). Further in each of these components, 60% of the variable pay is deferred to be vested over a period of three years in the ratio of 30:30:40. In case of Material Risk Takers, the maximum permissible limit of variable pay is at 100% of fixed pay with similar deferral arrangement. The policy also provides that the deferred compensation will be subject to malus/clawback arrangements in the event of subdued or negative financial performance of the bank and/or the relevant line of business in any year and the policy has identified certain set of situations which, if triggered, empower the NRC/Board of Directors to invoke malus/clawback clauses. The payment of variable pay to the WTD/CEO is subject to prior approval of the RBI.</p>

(f)	<b>Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.</b>		
	The variable pay is split into equal components of cash and share linked instruments to have proper mix of remuneration. The share linked instruments act as a retention and motivation tool and provide the incumbent with a sense of belongingness with the Bank.		
		<b>Current Year (2020-21)</b>	<b>Previous Year (2019-20)</b>
(g)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	Four Sitting fees of ₹40,000/- to each non-whole time Director members per meeting attended. ^	Seven Sitting fees of ₹50,000/- to each non-whole time Director members per meeting attended.
(h)	(i)	Number of employees having received a variable remuneration award during the financial year.	Four One
	(ii)	Number and total amount of sign-on awards made during the financial year.	Nil Nil
	(iii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus	Nil Nil
	(iv)	Details of severance pay, in addition to accrued benefits, if any.	Nil Nil
(i)	(i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Nil Nil
	(ii)	Total amount of deferred remuneration paid out in the financial year.	Nil Nil
(j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.		Furnished in table below separately Fixed: ₹0.71 crore Variable: ₹0.21 crore for the year 2017-18 (paid during 2019-20 upon receipt of RBI approval)
(k)	(i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Nil Nil
	(ii)	Total amount of reductions during the financial year due to ex- post explicit adjustments.	Nil Nil
	(iii)	Total amount of reductions during the financial year due to ex-post implicit adjustments.	Nil Nil
(l)	Number of MRTs identified.		2 NA



			Current Year (2020-21)	Previous Year (2019-20)
(m)	<ul style="list-style-type: none"> <li>Number of cases where malus has been exercised.</li> <li>Number of cases where clawback has been exercised.</li> <li>Number of cases where both malus and clawback have been exercised.</li> </ul>		Nil	NA
General Quantitative Disclosure	<ol style="list-style-type: none"> <li>The mean pay for the bank as a whole (excluding sub-staff) and</li> <li>The deviation of the pay of each of its WTDs from the mean pay.</li> </ol>		Mean Pay ₹0.09 crore MD & CEO: 12.60X	NA

**^ Note:** In line with the Bank's policy of curtailing expenditure in the backdrop of the uncertainties caused by COVID-19 pandemic, the Board of Directors' decided upon reduction in the sitting fees for Board meetings from ₹70,000/- to ₹50,000/- and for the Board level Committees from ₹50,000/- to ₹40,000/- for the period 06.06.2020 to 31st March 2021.

Breakdown of the amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred paid to Managing Director & CEO and Material Risk Takers. (FY 2020-21)

	Fixed Pay (₹. Crore)	Variable Pay		
		Cash Component		Share Linked remuneration (ESOPs)
Mr. Mahabaleshwara M S, Managing Director & CEO	0.96	1.	₹0.21 crore for the FY 2018-19 (paid during 2020-21 upon receipt of RBI approval)	2,50,000 <sup>@</sup> (to be vested in the ratio of 40:30:30)
		2.	FY 2019-20-see note below.	
Mr. Y V Balachandra, Chief Operating Officer	0.32		₹0.11 crore for the FY 2019-20	40,000 <sup>#</sup> (to be vested in the ratio of 40:30:30)
Mr. Gokuldas Pai Chief Business Officer	0.32		₹0.08 crore for the FY 2019-20	30,000 <sup>#</sup> (to be vested in the ratio of 40:30:30)

@ pertaining to FY 2019-20, approval of RBI received during the FY 2020-21.

# pertaining to FY 2019-20, granted during the FY 2020-21.

**Note:** The MD & CEO opted to forgo variable pay entitlement for FY 2019-20 as part of initiatives to curtail expenditure on account of challenges posed by COVID-19 pandemic.

## 12. TABLE DF-16 : EQUITIES – DISCLOSURE FOR BANKING BOOK POSITIONS

The risk oversight relating to the equity portfolio is part of the overall independent risk management structure of the Bank and is subjected to the risk management processes and policies along with Integrated Treasury Policy approved by the Board of Directors of the Bank.

In accordance with the RBI guidelines, entire investment portfolio of the Bank including equity investments is classified on the date of purchase as:

- HFT - Held for Trading
- AFS - Available for Sale and
- HTM - Held to Maturity.

Investments which the Bank intends to hold till maturity are classified as HTM securities. In accordance with the RBI guidelines, equity investments held under the HTM category are classified as banking book for capital adequacy purpose. Equity investments only in the equity of subsidiaries/joint ventures are eligible to be categorized as HTM in accordance with the RBI guidelines.

Further, investments in Private Equity funds are eligible to be accounted under HTM portfolio for the initial period of 3 years; bank will shift all such portions of draw down for the respective financial year to AFS category. All other investments are required to be classified as HFT / AFS securities.

Further, Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any diminution, other than temporary, in the value of equity investments is provided for.

Profit on sale of investment in the HTM category will be first taken to the Profit and loss account, and thereafter be appropriated to the 'Capital Reserve Account'. The amount so appropriated would be net of taxes and the amount required to be transferred to statutory reserves. Loss on sale of HTM will be recognized in the profit and loss account.

The Bank has classified investments in PE for ₹ 3.24 Crore as at 31st March 2021 under AFS as per prudential guidance. There was no sale, liquidation or shifting to other categories from above mentioned investments during the Quarter ended 31st March 2021 from the HTM category. On account of this investment, the Bank has not recognized any unrealized gain or loss in the financial statement as of 31st March 2021.

### 13. LEVERAGE RATIO

#### Qualitative Disclosure:

Under Basel III, a simple, transparent, non-risk based ratio called leverage ratio has been introduced which is calibrated to act as a credible supplementary measure to the risk based capital requirements. This ratio acts as a "backstop" measure to the risk based capital requirements and constrains the build-up of leverage in the banking sector.

The Leverage Ratio is computed as:

$$\text{Leverage Ratio} = \frac{\text{Capital Measure (Tier I capital)}}{\text{Exposure Measure}}$$

The capital measure is the Tier 1 capital of the risk-based capital framework, taking into account various regulatory adjustments/deductions and the transitional arrangements. The exposure measure is the sum of on-balance sheet exposures, derivative exposures, securities financing transaction (SFT) exposures and off-balance sheet items.

**TABLE DF-17: SUMMARY COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO EXPOSURE MEASURE**

		(₹. in Crore)
	<b>Item</b>	<b>Amount</b>
1.	Total consolidated assets as per published financial statements	<b>85,581.34</b>
2.	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	<b>0</b>
3.	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	<b>0</b>
4.	Adjustments for derivative financial instruments	<b>102.05</b>
5.	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	<b>1,750.00</b>
6.	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	<b>6,637.97</b>
7.	Other adjustments (Amount deducted from Capital)	<b>(94.50)</b>
8.	<b>Leverage ratio exposure</b>	<b>93,976.86</b>

TABLE DF-18 : LEVERAGE RATIO COMMON DISCLOSURE

(₹. in Crore)

Sl No	Item	Amount
On-balance sheet exposures		
1.	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	85,581.34
2.	(Asset amounts deducted in determining Basel III Tier 1 capital)	(94.50)
3.	<b>Total on-balance sheet exposures</b> (excluding derivatives and SFTs) (sum of lines 1 and 2)	85,486.84
Derivative exposures		
4.	Replacement cost associated with all <i>derivatives</i> transactions (i.e. net of eligible cash variation margin)	24.58
5.	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	77.47
6.	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0
7.	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
8.	(Exempted CCP leg of client-cleared trade exposures)	0
9.	Adjusted effective notional amount of written credit derivatives	0
10.	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
11.	<b>Total derivative exposures (sum of lines 4 to 10)</b>	102.05
Securities financing transaction exposures		
12.	Gross SFT <i>assets</i> (with no recognition of netting), after adjusting for sale accounting transactions	1,750.00
13.	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0.00
14.	CCR exposure for SFT assets	0.00
15.	Agent transaction exposures	0.00
16.	<b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	1,750.00
Other off-balance sheet exposures		
17.	Off-balance sheet exposure at gross notional amount	16,529.65
18.	(Adjustments for conversion to credit equivalent amounts)	(9,891.68)
19.	<b>Off-balance sheet items (sum of lines 17 and 18)</b>	6,637.97
<b>Capital and total exposures</b>		
20.	<b>Tier 1 capital</b>	6,140.39
21.	<b>Total exposures (sum of lines 3, 11, 16 and 19)</b>	93,976.86
<b>Leverage ratio</b>		
22.	<b>Basel III leverage ratio</b>	6.53%

### 13. LIQUIDITY COVERAGE RATIO (LCR)

#### Qualitative Disclosure:

Bank is computing LCR on a daily 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". 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.

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.

**Quantitative Disclosure:**

(₹ in Crore)

		<b>Total Average Unweighted Value*</b>	<b>Total Average Weighted Value*</b>
High Quality Liquid Assets			
<b>1.</b>	<b>Total High Quality Liquid Assets (HQLA)</b>	20,295.33	20,130.85
<b>Cash Outflows</b>			
2.	Retail deposits and deposits from small business customers	59,488.33	5,218.10
(i)	Stable Deposits	14,614.58	730.73
(ii)	Less Stable Deposits	44,873.75	4,487.37
3.	Unsecured Whole Funding, of which:	4,671.07	2,069.57
(i)	Operational Deposits (all counterparties)	0.00	0.00
(ii)	Non-operational deposits(all counterparties)	4,671.07	2,069.57
(iii)	Unsecured debt	0.00	0.00
4.	Secured wholesale funding	0.00	0.00
5.	Additional requirements, of which	7,933.16	952.16
(i)	Outflows related to derivative exposures and other collateral requirements	0.00	0.00
(ii)	Outflows related to loss of funding on debt products	0.00	0.00
(iii)	Credit and liquidity facilities	7,933.16	952.16
6.	Other contractual funding obligations	193.27	193.27
7.	Other contingent funding obligations	4,918.29	147.55
<b>8.</b>	<b>TOTAL CASH OUTFLOWS</b>	77,204.12	8,580.65
<b>Cash Inflows</b>			
9.	Secured lending (e.g. reverse repos)	617.99	0.00
10.	Inflows from fully performing exposures	1,817.30	908.65
11.	Other cash inflows	1,144.34	1,144.34
<b>12.</b>	<b>TOTAL CASH INFLOWS</b>	3,579.63	2,052.99
<b>13.</b>	<b>TOTAL HQLA</b>	20,295.33	20,130.85
<b>14.</b>	<b>TOTAL NET CASH OUTFLOWS</b>	73,624.49	6,527.66
<b>15.</b>	<b>LIQUIDITY COVERAGE RATIO (%)</b>		308.39

\* Average is calculated based on the previous 3 months (90 Days) data points.

## Annexure II

### Disclosure regarding ESOS under Clause 14 of SEBI (Share Based Employee Benefits) Regulations, 2014.

At the 94<sup>th</sup> AGM of the members of the Bank held on July 21, 2018, shareholders of the Bank had approved an Employee Stock Option Scheme viz., KBL ESOS-2018. The status of the options outstanding under KBL ESOS - 2018 as on March 31, 2021 is as under:

Date of Shareholders' Approval	July 21, 2018
Total number of options available under ESOS 2018	51,07,147* *after giving effect to the Bonus Issue 2020 in the ratio of 1:10.
Vesting Requirements	The employee stock options granted under this scheme shall vest in a graded manner over a period of three years from the date of grant (i.e. 40%, 30% & 30% on completion of 1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> year respectively), subject to continued employment with the Bank on the date of vesting.
Exercise Price/ Pricing formula	The exercise price per option shall be the closing price per equity share of the Bank on the date of the grant in terms of SEBI (Share Based Employee Benefits) Regulations, 2014.
Maximum Term of Options	Exercise period is five years from the date of vesting of options. If an employee ceases to be in the service of the Bank due to early retirement approved by the Bank, attainment of superannuation etc., the maximum term of options would be limited to the period of six/twelve months from the date of such cessation respectively.
Sources of Shares	Primary
Variation in terms of ESOS	NIL

## Option movement during the year

Particulars	Series 1	Series 2	Series 4	Series 5	Series 6	Series 7	Series 8	Series 9	Series 10	Total
Date of Grant	11.01.19	30.04.19	11.01.19	21.03.20	03.10.20	03.10.20	03.10.20	21.11.20	15.02.21	
Grant Price	105.55*	115.27*	105.55*	48.10	41.50	41.50	41.50	44.25	64.80	
Number of Options outstanding at the beginning of the year	811036*	2530*	146850*	162000 <sup>§</sup>	0	0	0	0	0	1342416*
Number of Options granted during the year	-	-	-	-	30000	3206450	70000	250000	63000	3619450
Options lapsed/ forfeited/ cancelled (Nos)	15266	0	2970	1500	0	18090	0	0	0	37826
Number of Options vested during the year	239020	1012	42900	64500	0	880	0	0	0	436312
Number of Options exercised during the year	-	-	-	-	-	-	-	-	-	-
Total number of shares arising as a result of exercise of options during the year	-	-	-	-	-	-	-	-	-	-
Money realized by exercise of options, including premium (₹.)	-	-	-	-	-	-	-	-	-	-
Number of Options outstanding as on March 31, 2021	795770*	2530	143880*	160500 <sup>§</sup>	30000	3188360	70000	250000	63000	4924040*
Number of Options exercisable at the end of the year March 31, 2021	558961*	1012*	100980*	64500	0	880	0	0	0	814333*

Pricing formula Closing price of equity shares of the Bank as on the date of grant

Method used to account for ESOS Intrinsic Value

Difference between the employee compensation cost that shall have been recognized if the Bank had used the fair value of the options instead of intrinsic value. Had the company followed fair value method for accounting, the stock option compensation expense would have been higher by ₹ 5.06 Crore.

The impact of this difference on profits and on EPS of the company shall also be disclosed. Profit after tax would have been ₹477.51 crore (pro-forma). Similarly, the basic EPS (pro-forma) would be ₹15.36 and diluted EPS (pro-forma) ₹15.32.

Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or is less than the average price of the stock options to be exercised is ₹55.76 and weighted average market price of the stock options. fair value is also ₹ 55.76.

\*after giving effect to Bonus Issue -2020

§ since granted post Bonus Issue-2020, no adjustment is being made.

**Employee wise details**

1. Grant to Senior Management Personnel during the year:

<b>Name of the Employee</b>	<b>Designation</b>	<b>No. of options granted</b>	<b>Series</b>	<b>Exercise Price per option</b>
Mr. Mahabaleshwara M S	Managing Director & CEO	250000	Series-9	₹ 44.25
Mr. Balachandra Y V	Chief Operating Officer	40000	Series-8	₹ 41.50
Mr. Gokuldas Pai	Chief Business Officer	30000	Series-8	₹ 41.50
Mr. Pankaj Gupta	Chief Digital and Marketing Officer	30000	Series-6	₹ 41.50

2. Employees granted options equal to or exceeding 1 per cent of the issued capital: Nil

3. Employees receiving 5 per cent or more of the total number of options granted during the year:

<b>Name of the Employee</b>	<b>Designation</b>	<b>No. of options granted</b>	<b>Series</b>	<b>Exercise Price per option</b>
Mr. Mahabaleshwara M S	Managing Director & CEO	250000	Series-9	₹ 44.25

A description of the method and significant assumptions used during the year to estimate the fair value of options, at the time of grant including the following weighted average information:

Grant Date---→	03.10.2020	21.11.2020	15.02.2021
a. Expected dividends yield	2.81%	2.81%	2.81%
b. Expected volatility	35.48% to 36.62%	34.94% to 36.32%	36.30% to 37.35%
c. Risk –free interest rate	5.06% to 5.68%	4.71% to 5.39%	5.10% to 5.75%
d. Expected life of the options (Years)	3.50 to 5.50	3.50 to 5.50	3.50 to 5.50
e. The price of the underlying share in the market at the time of option grant.	41.50	44.25	65.25

## INDEPENDENT AUDITORS' CERTIFICATE ON ESOPS

1. We, M/s. Manohar Chowdhry & Associates and M/s. Badari Madhusudhan & Srinivasan, Chartered Accountants, Joint Statutory Central Auditors of **The Karnataka Bank Limited** (hereinafter referred to as "the Bank") having its Head Office at P. B. No. 599, Mahaveera Circle, Kankanady, Mangaluru, Karnataka - 575002 have been requested to certify that the Employee Stock Option Scheme, 2018 ("Scheme 2018") as approved at the annual general meeting held on 21<sup>st</sup> July, 2018 is in compliance with Regulation 13 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("the Regulations").

### Management's Responsibility

2. The Management is responsible for ensuring that the Bank complies with the requirements of the Regulations and provides all the relevant information in the annual general meeting of the Bank.

### Auditor's Responsibility

3. Pursuant to the requirements of the Regulations, it is our responsibility to provide a reasonable assurance whether the Scheme 2018 is in compliance with the Regulations.
4. We have examined the books of account and other relevant records and documents maintained by the Bank for the purposes of providing reasonable assurance on the compliance with the Corporate Governance requirements by the Bank.
5. We conducted our examination of the relevant records of the Bank in accordance with the Guidance Note on Reports or Certificates for special purposes issued by the Institute of the Chartered Accountants of India (the "ICAI"). The guidance note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statements, specified elements, accounts or items thereof, for the purpose of this Certificate.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

### Opinion

7. Based on our examination, as above, and the information and explanations given to us, we report that the Bank has implemented the Scheme in accordance with the Regulations to the extent applicable and resolution passed by the shareholders in the General Meeting and through e-Voting.

#### For Manohar Chowdhry & Associates

Chartered Accountants  
Firm Regn. No. 001997S

Sd/-

**(Murali Mohan)**

Partner  
M. No.203592  
UDIN: 21203592AAACO6122

#### For Badari, Madhusudhan & Srinivasan

Chartered Accountants  
Firm Registration No.005389S

Sd/-

**(S Rajendiran)**

Partner  
M. No. 021883  
UDIN:21021883AAAAH4278

Place : Mangaluru

Date : 29.05.2021



# Annexure III

## ANNUAL REPORT ON CSR ACTIVITIES

### 1. Brief outline on CSR Policy of the Company.

Business organizations are an integral part of the society. Every decision taken while doing the business involves financial implications and social and environmental consequences. Karnataka Bank is regarded as socially responsible and commercially viable time-tested organization. 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 is the process aimed at embracing the responsibility for the actions of the Bank and encourage 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, sanitation and making available drinking water, healthcare and promotion of arts/sports and culture.

### 2. Composition of CSR Committee:

Sl. No.	Name of the Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Mahabaleshwara M S, Chairman of the Committee	Managing Director & CEO	2	2
2	Mr. D Surendra Kumar	Independent Directors	2	2
3	Mrs. Mythily Ramesh <sup>§</sup>		2	1 <sup>^</sup>
4	Mr. Justice A V Chandrashekar <sup>#</sup>		2	1 <sup>^</sup>

<sup>^</sup>Attended all the meetings of the Committee held during their respective membership tenure.

<sup>§</sup>Held the membership of the Committee upto 10.09.2020.

<sup>#</sup>Inducted as a member of the Committee w.e.f. 11.09.2020.

### 3. Web-links of the disclosures provided on the website of the Bank:

Composition of CSR committee	<a href="https://karnatakabank.com/sites/default/files/2021-04/Composition%20of%20Committees%20of%20the%20Board%20as%20on%2031.03.2021.pdf">https://karnatakabank.com/sites/default/files/2021-04/Composition%20of%20Committees%20of%20the%20Board%20as%20on%2031.03.2021.pdf</a>
CSR Policy	<a href="https://karnatakabank.com/sites/default/files/2021-07/policy%20on%20corporate%20social%20responsibility.pdf">https://karnatakabank.com/sites/default/files/2021-07/policy%20on%20corporate%20social%20responsibility.pdf</a>
CSR projects approved by the Board	<a href="https://karnatakabank.com/sites/default/files/2021-07/csr%20website.pdf">https://karnatakabank.com/sites/default/files/2021-07/csr%20website.pdf</a>

### 4. Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

The average CSR obligation of the Bank in the three immediately preceding FYs does not exceed ₹ 10.00 Crore and hence the Bank is not mandated to undertake impact assessment by external agency. However, the Bank has voluntarily carried out an internal study of select initiatives which have created an impact on various sectors like education, healthcare, Swachh Bharat, Environmental Sustainability etc. and the impact was found to be positive and sustainable.

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	Nil	Nil	Nil
2	Nil	Nil	Nil
3	Nil	Nil	Nil
	TOTAL		

**6. Average net profit of the company as per section 135(5) : ₹ 48000.19 lakh**

**7. (a) Two per cent of average net profit of the company as per section 135(5) : ₹ 960.00 lakh**

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial year. : NIL

(c) Amount required to be set off for the financial year, if any : Nil

(d) Total CSR obligation for the financial year (7a+7b - 7c). : ₹ 960.00 lakh

**8. (a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (in ₹.)	Amount Unspent (in ₹.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
9,79,04,319.59	2,96,32,861.90	30-04-2021	NA	Nil	NA

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

(1) (2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)			
Sl.No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.	Project duration	Amount allocated for the project (in ₹.).	Amount spent in the current financial Year (in ₹.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹.).	Mode of Implementation - Through Implementing Agency			
			State.	District.					Name of Agency	CSR Registration number.		
1	<b>Education</b>											
a.	Support for the construction of school building of Govt. Higher Primary School Chitrapady, Udupi.	(i)	Yes	Karnataka	Udupi	3 Years	19,28,000.00	0	19,28,000.00	Yes	NA	NA
b.	Support for the construction of school building of S Roopa Shree P U College, Kedalsara, Shivamogga.	(ii)	Yes	Karnataka	Shivamogga	3 Years	10,00,000.00	7,00,000.00	3,00,000.00	Yes	NA	NA
c.	Support for the construction of school building of Govt. Higher Primary School, Koppa.	(ii)	Yes	Karnataka	Chikkamagaluru	3 Years	4,00,000.00	0	4,00,000.00	Yes	NA	NA
d.	Support for the construction of school building of Kemmundel Higher Primary School, Kemmundel, Udupi.	(ii)	Yes	Karnataka	Udupi	3 Years	5,00,000.00	2,00,000.00	3,00,000.00	Yes	NA	NA
e.	Support for the construction of classroom of GSV School, Ganguli	(ii)	Yes	Karnataka	Udupi	3 Years	5,00,000.00	3,00,000.00	2,00,000.00	Yes	NA	NA
f.	Support for establishing research centre for Indian culture and Heritage at Vishnugupta Vishwa Vidyapeetham, Ashoke, Gokarna.	(ii)	Yes	Karnataka	Uttara Kannada	3 Years	35,00,000.00	0	35,00,000.00	Yes	NA	NA
g.	Support to improve the infrastructure of Govt. Higher Primary School, Balepuni	(ii)	Yes	Karnataka	Dakshina Kannada	3 Years	50,000.00	0	50,000.00	Yes	NA	NA
h.	Support for the construction of computer lab at Sri Durgaparameshwari High School, Bhandigadi, Koppa	(ii)	Yes	Karnataka	Chikkamagaluru	3 Years	10,00,000.00	0	10,00,000.00	Yes	NA	NA
i.	Construction of school building of Kadiyali School in association with Shri Sode Yadriraj Mutt Education Trust.	(ii)	Yes	Karnataka	Udupi	3 Years	15,00,000.00	0	15,00,000.00	Yes	NA	NA
j.	Various other activities as per schedule (i)	(ii)	Yes	Karnataka	Various districts in the state.	3 Years	1,05,10,199.90	29,28,635.00	75,81,564.90	Yes	NA	NA

(1) (2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl.No. Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.	Project duration	Amount allocated for the project (in ₹.).	Amount spent in the current financial Year (in ₹.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹.).	Mode of Implementation- Direct (Yes/No)	Mode of Implementation – Through Implementing Agency
			State. District.						Name of Agency CSR Registration number.
<b>2</b>	<b>Empowering women / Socially &amp; Economically Disadvantaged</b>								
a)	Construction of Sevashram and rooms for inmates and karyakartas of Bharath Sevashram, "Sevadhama" Post Kanayana, Bantwal Taluk	(iii) Yes	Karnataka Dakshina Kannada	3 Years	16,00,000.00	0	16,00,000.00	Yes	NA NA
b)	Renovation of building of Lions Club Udupi, Udupi to provide better service to needy	(iii) Yes	Karnataka Udupi	3 Years	50,000.00	0	50,000.00	Yes	NA NA
c)	Renovation of building of Mahila Mandal Kota, Kota to provide better service to needy	(iii) Yes	Karnataka Udupi	3 Years	30,000.00	0	30,000.00	Yes	NA NA
<b>3</b>	<b>Environmental Sustainability / Green Initiatives</b>								
a.	Contribution to rejuvenate 'Chowdi Kere' lake at Neechadi, Sagara.	(iv) Yes	Karnataka Shivamogga	3 Years	6,00,000.00	0	6,00,000.00	Yes	NA NA
b.	Contribution to rejuvenate Bommasandra Lake, Bengaluru.	(iv) Yes	Karnataka Bengaluru	3 Years	10,00,000.00	4,00,000.00	6,00,000.00	Yes	NA NA
c.	Installation of solar lights at Kelakoppa Kavadi area of Addagadde Village, Sringeri.	(iv) Yes	Karnataka Chikkamagaluru	3 Years	22,88,400.00	15,78,600.00	7,09,800	Yes	NA NA
d.	Installation of on grid solar power plant at Haranahalli Ramaswami Institute of higher education, Hassan	(iv) Yes	Karnataka Hassan	3 Years	20,00,000.00	0	20,00,000.00	Yes	NA NA
e.	Installation of roof top solar system at Sri Krishna Matha, Udupi	(iv) Yes	Karnataka Udupi	3 Years	20,00,000.00	0	20,00,000.00	Yes	NA NA
f.	Various other activities as per schedule (iv)	(iv) Yes	Karnataka Various districts in the state	3 Years	19,54,577.00	1,86,000.00	17,68,577.00	Yes	NA NA

(1) (2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl.No. Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.	Project duration	Amount allocated for the project (in ₹.).	Amount spent in the current financial Year (in ₹.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹.).	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation - Through Agency
			State. District.						Name Registration number.
4	<b>Healthcare</b>								
	Support to prevent the spread of Covid - 19 and provision of safe drinking water	(i) Yes	Karnataka Mysuru, Udupi	2 Years	1,77,820.00	0	1,77,820.00	Yes	NA NA
5	<b>Protection of Heritage/ Culture</b>								
	Renovation of various sites having historical importance	(v) Yes	Karnataka Chikkamagaluru, Udupi, Dakshina Kannada	3 Years	33,32,100.00	5,00,000.00	28,32,100.00	Yes	NA NA
6	<b>Swachh Bharat</b>								
	a) Construction of toilet block near Kunjarugiri Shri Parasurama Temple, Udupi	(i) Yes	Karnataka Udupi	3 Years	3,05,000	0	3,05,000.00	Yes	NA NA
	b) Development of rudra bhoomi at Narve, Chikkamagaluru	(i) Yes	Karnataka Chikkamagaluru	3 Years	2,00,000.00	0	2,00,000.00	Yes	NA NA
	TOTAL				<b>3,64,26,096.90</b>	<b>67,93,235.00</b>	<b>2,96,32,861.90</b>		

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1) (2)	(3)	(4)	(5)	(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.	Amount spent for the project (in ₹.).	Mode of implementation - Direct (Yes/ No).	Mode of implementation - Through implementing agency.
			State.	District.		Name.	CSR registration number.
1	<b>Education</b>						
	a. Support to procure school bus to Nitur High School, Kunjibettu, Udupi	(ii)	Yes	Karnataka Udupi	15,13,000.00	Yes	NA NA
	b. Publication of general notice comprising words of caution & guidelines to combat COVID - 19 pandemic in newspapers with a view to promote consumer's health & safety.	(ii)	Yes	Karnataka All districts	9,30,693.00	Yes	NA NA
	c. Support to provide rain coats to traffic policemen of Kadri Police Station, Mangaluru City to promote road safety.	(ii)	Yes	Karnataka Dakshina Kannada	1,04,895.00	Yes	NA NA

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in ₹.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.
				State.	District.			Name. CSR registration number.
d.	Support to set up Biology Lab at Govt. P U College, Belthangady	(ii)	Yes	Karnataka	Dakshina Kannada	1,42,100.00	Yes	NA NA
e.	Construction of two bus shelters along Mangaluru – Udupi National Highway as part of promoting road safety.	(ii)	Yes	Karnataka	Udupi	10,23,060.00	Yes	NA NA
f.	Support to Help the Blind Foundation, Chennai to provide access to University Education to visually impaired students.	(ii)	Yes	Tamil Nadu	Chennai	5,00,000.00	Yes	NA NA
g.	Fixing permanent barricades along National Highway NH-66 in association with National Highways Authority of India from Mahaveera Circle to KPT Junction, Mangaluru.	(ii)	Yes	Karnataka	Dakshina Kannada	1,05,81,060.00	Yes	NA NA
h.	Support to procure computers and UPS for educational institution Samskritha Bharathi, Mangaluru.	(ii)	Yes	Karnataka	Dakshina Kannada	68,800.00	Yes	NA NA
i.	Support to provide scholarship to poor students in association with Sri Jagadguru Chandrashekara Bharathi Memorial College Old Students Association *, Sringeri.	(ii)	Yes	Karnataka	Chikkamagaluru	1,00,000.00	Yes	NA NA
j.	Publishing consumer awareness public notice on "Be Smart & Stay Safe in Digital Banking" in newspapers as a consumer protection initiative.	(ii)	Yes	Pan India	-----	5,13,576.00	Yes	NA NA
k.	Construction of pedestrian pathway as part of promoting road safety at Mangaluru.	(ii)	Yes	Karnataka	Dakshina Kannada	24,95,095.00	Yes	NA NA
l.	Support to install CCTV Cameras and other surveillance equipment at Govt. First Grade College, Kaup.	(ii)	Yes	Karnataka	Udupi	99,150.00	Yes	NA NA
m.	Support to install CCTV Cameras and other surveillance equipment at Govt. First Grade College, Kalasa.	(ii)	Yes	Karnataka	Chikkamagaluru	1,86,589.00	Yes	NA NA
n.	Support to procure school bus to Sri Bharathi Higher Primary School, Alankar, Kadaba	(ii)	Yes	Karnataka	Dakshina Kannada	19,88,607.66	Yes	NA NA

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in schedule VI to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in ₹.)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.
				State.	District.			Name. CSR registration number.
			Yes	Karnataka	Udupi	30,000.00	Yes	NA NA
			Yes	Karnataka	Chikkamagaluru	96,050.00	Yes	NA NA
			Yes	Karnataka	Mysuru	25,488.00	Yes	NA NA
			Yes	Karnataka	Dharwad, Hassan, Haveri, Tumakuru, Dakshina Kannada	21,72,040.00	Yes	NA NA
			Yes	Goa, Karnataka	South Goa & various districts in Karnataka state	1,14,80,444.03	Yes	NA NA
<b>2</b>	<b>Empowering Women/ Socially &amp; Economically Disadvantaged</b>							
			Yes	Rajasthan	Karauli	21,00,000.00	Yes	NA NA
			Yes	Uttar Pradesh	Gautam Buddh Nagar	50,000.00	Yes	NA NA
			Yes	Karnataka	Dakshina Kannada	1,95,000.00	Yes	NA NA
<b>3</b>	<b>Environmental Sustainability/ Green Initiatives</b>							
			Yes	Karnataka	Dakshina Kannada	5,00,000.00	Yes	NA NA

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in schedule VI to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in ₹.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.
				State.	District.			Name.
								CSR registration number.
b)	Support to install solar street lights at Sri Jagadguru Chandrashekara Bharathi Memorial College, Sringeri.	(iv)	Yes	Karnataka	Chikkamagaluru	2,16,000.00	Yes	NA
c)	Support to install roof top solar system at Nanjangud Sri Raghavendra Swami Math, Bhavani Nagar, Hubballi.	(iv)	Yes	Karnataka	Dharwad	9,52,400.00	Yes	NA
d)	Developing greenery along the National Highway NH-66 from Mahaveera Circle to KPT Junction, Mangaluru by planting various saplings.	(iv)	Yes	Karnataka	Dakshina Kannada	20,22,000.00	Yes	NA
e)	Support to improve the infrastructure of gowshala managed by Govanithashraya Trust, Bantwal Taluk	(iv)	Yes	Karnataka	Dakshina Kannada	3,00,000.00	Yes	NA
f)	Maintenance and repair of the solar street lights installed at Kadri Park, Mangaluru	(iv)	Yes	Karnataka	Dakshina Kannada	2,74,191.00	Yes	NA
g)	Support to install solar light system at Bacabetu Kodialbailu Bobbarya Temple, Kota, Udupi Dist.	(iv)	Yes	Karnataka	Udupi	90,000.00	Yes	NA
h)	Various other activities as per schedule (iv)	(iv)	Yes	Karnataka	Various districts in the state	11,72,694.00	Yes	NA
<b>4</b>	<b>Healthcare</b>							
a)	Support to Covid Relief measures of Mandya District administration.	(i)	Yes	Karnataka	Mandya	5,00,000.00	Yes	NA
b)	Support to Covid Relief measures of Dakshina Kannada District administration.	(i)	Yes	Karnataka	Dakshina Kannada	10,00,000.00	Yes	NA
c)	Support to Office of Superintendent of Police, Chitradurga Dist. to enforce Covid lockdown guidelines.	(i)	Yes	Karnataka	Chitradurga	95,000.00	Yes	NA
d)	Support to Bengaluru Kidney Foundation to procure dialysis machine.	(i)	Yes	Karnataka	Bengaluru	6,50,000.00	Yes	NA
e)	Support to procure dedicated ambulance to carry Covid patients for Dakshina Kannada District administration.	(i)	Yes	Karnataka	Dakshina Kannada	19,36,370.00	Yes	NA



(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in ₹.)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.
				State.	District.			Name. CSR registration number.
	f) Support to procure dedicated ambulance to carry Covid patients for Udupi District Administration.	(i)	Yes	Karnataka	Udupi	19,43,000.00	Yes	NA NA
	g) PPE Kits donated to Wenlock District Hospital, Mangaluru.	(i)	Yes	Karnataka	Dakshina Kannada	5,39,700.00	Yes	NA NA
	h) Support to install drinking water purifier at Govt. High School, Koila, Dakshina Kannada.	(i)	Yes	Karnataka	Dakshina Kannada	6,2,600.00	Yes	NA NA
	i) Financial assistance to Tatwadasha Hospital, Hubballi to procure ventilator.	(i)	Yes	Karnataka	Dharwad	8,89,135.00	Yes	NA NA
	j) Support to install drinking water purifier at Govt. Higher Primary School, Hallihole, Udupi Dist.	(i)	Yes	Karnataka	Udupi	45,920.00	Yes	NA NA
	k) Support to procure ventilator and cardiac monitors for Sri Rangadorai Memorial Hospital, Bengaluru.	(i)	Yes	Karnataka	Bengaluru	26,50,000.00	Yes	NA NA
	l) Support to procure 5000 numbers of surgical gloves to Lady Goschen Hospital, Mangaluru.	(i)	Yes	Karnataka	Dakshina Kannada	87,472.00	Yes	NA NA
	m) Support to procure PPE Kits to District Health & Family Welfare Office, Ajjarkad, Udupi.	(i)	Yes	Karnataka	Udupi	11,02,500.00	Yes	NA NA
	n) Various other activities as per schedule (i)	(i)	Yes	Punjab, Karnataka	Ludhiana & Various districts in Karnataka	8,69,390.00	Yes	NA NA
<b>5</b>	<b>Protection of Heritage/Culture</b>							
	a) Renovation of various sites having historical importance.	(v)	Yes	Karnataka	Dakshina Kannada, Udupi, Chikkamagaluru	11,54,693.00	Yes	NA NA
	b) Support to promote classical language 'Sanskrit' through the institution, Samskrita Bharathi, Bengaluru	(v)	Yes	Karnataka	Bengaluru	1,12,100.00	Yes	NA NA
<b>6</b>	<b>Rural Development</b>	(x)	Yes	Karnataka	Udupi	3,00,000.00	Yes	NA NA

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in ₹.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.
				State.	District.			Name. CSR registration number.
<b>7</b>	<b>Swachh Bharat</b>							
a)	Support for the construction of toilet block at Kalavaru Higher Primary School, Chelairu, Mangaluru	(i)	Yes	Karnataka	Dakshina Kannada	7,00,000.00	Yes	NA NA
b)	Support to install sanitary napkin incinerator at Gokama Grama Panchayath.	(i)	Yes	Karnataka	Uttara Kannada	46,610.00	Yes	NA NA
c)	Provision to dispose the liquid waste at Sri Mahalingeshwara Mahaganapathy Temple, Postral, Udupi	(i)	Yes	Karnataka	Udupi	70,800.00	Yes	NA NA
	<b>TOTAL</b>					<b>5,66,78,222.69</b>		

- (d) Amount spent in Administrative Overheads : ₹ 48,00,000.00  
(e) Amount spent on Impact Assessment, if applicable : Nil  
(f) Total amount spent for the Financial Year : ₹ 9,79,04,319.59  
(8b+8c+8d+8e)  
(g) Excess amount for set off, if any : ₹ 19,04,319.59

Sl. No.	Particular	Amount (in ₹.)
(i)	Two per cent of average net profit of the company as per section 135(5)	9,60,00,000.00
(ii)	Total amount spent for the Financial Year	9,79,04,319.59
(iii)	Excess amount spent for the financial year [(ii)-(i)]	19,04,319.59
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	19,04,319.59

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to UnspentCSR Account under section 135 (6) (in ₹.)	Amount spent in the reporting Financial Year (in ₹.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹.)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
1.	FY 19-20	96,04,124.00	NA*	NA	Nil	NA	96,04,124.00
2.	FY 18-19	57,99,542.00	NA*	NA	Nil	NA	57,99,542.00
<b>TOTAL</b>		<b>1,54,03,666.00</b>					<b>1,54,03,666.00</b>

\* As the funds were transferred to Unspent CSR Account on 30-04-2021.

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹.).	Amount spent on the project in the reporting Financial Year (in ₹.).	Cumulative amount spent at the end of reporting Financial Year. (in ₹.)	Status of the project - Completed /Ongoing.
1.	CSR Code No: 2	Education	2019-2020	3 Years	1,44,25,765.00	74,18,643.00	1,01,10,465.00	Ongoing
	CSR Code No: 3	Empowering Women/Socially & Economically Disadvantaged	2019-2020	3 Years	12,50,000.00	2,00,000.00	10,00,000.00	Ongoing
	CSR Code No. 4	Environmental Sustainability/ Green Initiatives	2019-2020	3 Years	63,85,000.00	50,11,000.00	53,79,000.00	Ongoing
	CSR Code No.1	Healthcare	2019-2020	3 Years	7,54,896.00	4,09,447.00	4,09,447.00	Ongoing
	CSR Code No.7	Promotion of sports	2019-2020	3 Years	75,000.00	25,000.00	25,000.00	Ongoing
	CSR Code No. 5	Protection of Heritage /Culture	2019-2020	3 Years	1,01,90,000.00	36,60,000.00	80,60,000.00	Ongoing
	CSR Code No. 1	Swachh Bharat	2019-2020	3 Years	17,35,750.00	5,47,200.00	6,29,800.00	Ongoing
2.	CSR Code No.2	Education	2018-2019	3 Years	36,29,159.00	3,12,100.00	12,36,300.00	Ongoing
	CSR Code No: 3	Empowering Women/ Socially & Economically Disadvantaged	2018-2019	3 Years	55,000.00	0	0	Ongoing
	CSR Code No. 4	Environmental Sustainability/Green Initiatives	2018-2019	3 Years	23,10,000.00	0	0	Ongoing
	CSR Code No.1	Healthcare	2018-2019	3 Years	4,31,600.00	0	2,00,000.00	Ongoing
	CSR Code No.7	Promotion of sports	2018-2019	3 Years	28,000.00	0	0	Ongoing
	CSR Code No. 5	Protection of Heritage /Culture	2018-2019	3 Years	6,70,000.00	20,000.00	3,20,000.00	Ongoing
	CSR Code No. 10	Rural Development	2018-2019	3 Years	4,00,000.00	0	2,00,000.00	Ongoing
CSR Code No.1	Swachh Bharat	2018-2019	3 Years	1,80,783.00	0	0	Ongoing	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹.).	Amount spent on the project in the reporting Financial Year (in ₹.).	Cumulative amount spent at the end of reporting Financial Year. (in ₹.).	Status of the project - Completed /Ongoing.
3.	CSR Code No. 2	Education	2017-2018	4 Years	10,50,000.00	5,00,000.00	8,50,000.00	Ongoing
	CSR Code No.3	Empowering Women/ Socially & Economically Disadvantaged	2017-2018	3 Years	1,00,000.00	50,000.00	1,00,000.00	Completed
	CSR Code No.4	Environmental Sustainability/Green Initiatives	2017-2018	4 Years	1,01,750.00	0	81,740.00	On going
	CSR Code No.5	Protection of Heritage / Culture	2017-2018	4 Years	21,00,000.00	2,50,000.00	10,50,000.00	On going
4.	CSR Code No.2	Education	2016-2017	4 Years	1,60,000.00	1,60,000.00	1,60,000.00	Completed
	CSR Code No.4	Environmental Sustainability/Green Initiatives	2016-2017	4 Years	50,000.00	50,000.00	50,000.00	Completed
5	CSR Code No.5	Protection of Heritage/Culture	2014-2015	6 Years	60,000.00	60,000.00	60,000.00	Completed
	<b>Sub total</b>				<b>4,61,42,703.00</b>	<b>1,86,73,390.00</b>	<b>2,99,21,752.00</b>	
						-1,24,863.29*		
	<b>Total</b>				<b>4,61,42,703.00</b>	<b>1,85,48,526.71</b>	<b>2,97,96,888.71</b>	

\*A sum of ₹ 1,24,863.29 disbursed by the Bank in FY 19-20 to Jnana Jyothi Financial Literacy Centre as part of promoting financial literacy was returned to the Bank in the financial year.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (**asset-wise details**).

- Date of creation or acquisition of the capital asset(s). : Nil
- Amount of CSR spent for creation or acquisition of capital : Nil
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: N.A.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : Nil

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). NA

Sd/-  
(Chief Executive Officer or  
Managing Director or Director)

Sd/-  
(Chairman-CSR Committee)

Signature of Person specified under clause (d) of sub-section (1) of section 380 of the Act (Wherever applicable) :  
Not Applicable

# Annexure IV

## Form AOC- 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### Statement containing salient features of the financial statement of subsidiaries or associate companies or Joint ventures

#### PART-A

#### SUBSIDIARIES

(Information in respect of each subsidiary to be presented with amounts in ₹)

1.	Name of the subsidiary	KBL SERVICES LTD
2.	The date since when subsidiary was acquired	June 21, 2020*
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	June 21, 2020 to March 31, 2021
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not Applicable

\* Date of incorporation

		(Amount in ₹ Crore)
5.	Share capital (Paid Up)	0.50
6.	Reserves and surplus	-0.11
7.	Total assets	0.39
8.	Total Liabilities	Nil
9.	Investments	Nil
10.	Turnover (commenced full-fledged operations on 30.03.2021)	Nil
11.	Profit before taxation	-0.11
12.	Provision for taxation	Nil
13.	Profit after taxation	-0.11
14.	Proposed Dividend	Nil
15.	Extent of shareholding (in percentage)	100%

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations- Nil
- Names of subsidiaries which have been liquidated or sold during the year.- Nil
- Part B of the Annexure is not applicable as there are no Associate Companies/ Joint ventures of the Bank as on 31<sup>st</sup> March, 2021.

# Annexure V

## REPORT ON CORPORATE GOVERNANCE

### 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 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 the workforce of 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

Your Directors present below the Bank's Report on compliance to the Corporate Governance requirements as prescribed under Regulation 17 to 27 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (hereinafter referred as "SEBI LODR") and confirm that the Bank has complied with the corporate governance requirements as specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation 2 of Regulation 46 of SEBI LODR.

### 1. Board Of Directors:

- a. Composition of the Board:** The Board of Directors of the Bank consists of 10 Directors (as on March 31, 2021) including the Part-time Non-Executive Chairman and Managing Director & CEO. The constitution of the Board conforms to the provisions of Section 10A of the Banking Regulation Act, 1949, Section 149 of the Companies Act, 2013 and SEBI LODR. The Board consists of eminent persons having specialized knowledge or practical experience in the areas such as Banking, Finance, Accountancy, Law, Agriculture & Rural Economy, Cooperation & SSI, Information Technology, Risk Management and other areas as specified in the Banking Regulation Act, 1949. Details of the directors as on March 31, 2021 are as under:

Sl. No.	Name of the Director ( Messrs / Mrs.)	Type of Directorship
1.	P Jayarama Bhat	Part-time Non-Executive Chairman
2.	Mahabaleshwara M S	Managing Director & CEO
3.	Rammohan Rao Belle	Independent Director
4.	Keshav K Desai	Independent Director
5.	D Surendra Kumar	Independent Director
6.	Mythily Ramesh	Independent Director
7.	B R Ashok	Non-Executive Director
8.	Justice A V Chandrashekar (w.e.f 19.08.2020)	Additional Director (Non-Executive, Independent Director)
9.	Pradeep Kumar Panja (w.e.f 19.08.2020)	Additional Director (Non-Executive, Independent Director)
10.	Uma Shankar(w.e.f 01.11.2020)	Additional Director (Non-Executive, Independent Director)

During the year under report, Mr. Ashok Haranahalli and Mr. U R Bhat retired from the office of the Independent Director on September 13, 2020 and February 18, 2021 respectively on completion of their respective tenure as per BR Act/ Companies Act, 2013. Further, Mr. D Surendra Kumar retired from office of Independent Director on May 31, 2021 upon completion of his term. The Bank has inducted Mr. Justice A V Chandrashekar, Mr. Pradeep Kumar Panja as Additional Directors (Non-Executive, Independent) w.e.f. August 19, 2020 and Mrs. Uma Shankar as an Additional Director (Non-Executive, Independent) w.e.f. November 1, 2020.

Further, during the FY 2021-22, Bank has also inducted two Additional Directors (Non-Executive, Independent) viz., Dr. D S Ravindran (w.e.f. April 01, 2021) and Mr. Balakrishna Alse S (w.e.f. May 27, 2021).

**b. Competency at the Board level:**

The chart mapping the skills/expertise/competence of the Board of Directors of the Bank is as under:

List of core skills/ expertise/ competencies required in terms of statutory requirement as per BR Act	Board of Directors position as on March 31, 2021									
	P Jayarama Bhat*	Mahabale shwara M S*	Rammohan Rao Belle*	Keshav K Deroi <sup>§</sup>	D Surendra Kumar <sup>§</sup>	Mythily Ramesh <sup>§</sup>	B R Ashok*	A V Chandrashekar*	Pradeep Kumar Panja*	Uma Shankar*
Accountancy	✓	✓	✓				✓		✓	✓
Agriculture and rural economy		✓		✓	✓					
Banking	✓	✓	✓		✓		✓		✓	✓
Co-operation & SSI	✓	✓		✓	✓				✓	✓
Economics			✓				✓			✓
Finance	✓	✓	✓				✓		✓	✓
Law								✓		
IT	✓	✓	✓			✓	✓		✓	
Risk Management	✓	✓	✓			✓	✓		✓	✓
Payment & Settlement	✓	✓				✓	✓		✓	
HR	✓	✓	✓	✓	✓	✓		✓	✓	
Business Management	✓	✓	✓	✓	✓	✓		✓	✓	✓
In terms of Banking Regulation Act, 1949	* Director represents Majority Sector means that director does not have substantial interest in any company/firm carrying on trade, commerce or industry. <sup>§</sup> Director represents Minority Sector means director have substantial interest in any company/firm carrying on trade, commerce or industry.									

**c. Board Meetings:**

During the financial year ended March 31, 2021 the Board met **15** times on the following dates:

Sl. No.	Date of the meeting	Sl. No.	Date of the meeting
1	11.04.2020	9	21.11.2020
2	24.04.2020	10	21.12.2020
3	06.06.2020	11	12.01.2021
4	30.06.2020	12	16.02.2021
5	10.07.2020	13	22.03.2021
6	19.08.2020	14	23.03.2021
7	11.09.2020	15	24.03.2021
8	13.10.2020		

Details of the attendance of directors at the Board meetings during the year under report and at the last Annual General Meeting were as under:

Sl. No.	Name of the Director (Messrs/ Mrs.)	No. of meetings attended	Whether attended the last AGM
1.	P Jayarama Bhat	15	YES
2.	Mahabaleshwara M S	15	YES
3.	Ashok Haranahalli (up to 13.09.2020)	7	YES
4.	Rammohan Rao Belle	15	YES
5.	U R Bhat (up to 18.02.2021)	12	YES
6.	Keshav K Desai	15	YES
7.	D Surendra Kumar	14	YES
8.	Mythily Ramesh	15	YES
9.	B R Ashok	15	YES
10.	Justice A V Chandrashekar (w.e.f 19.08.2020)	9	N.A.
11.	Pradeep Kumar Panja (w.e.f 19.08.2020)	9	N.A.
12.	Uma Shankar (w.e.f 01.11.2020)	7	N.A.

**d. Directorships/committee positions held in other companies as on March 31, 2021:**

Sl. No.	Name of the Director (Messrs/ Mrs.)	Directorship in other public Limited Companies	Committee positions in other Public Limited Companies	Directorship in other listed entity	Nature of Directorship in other listed entity
1.	P Jayarama Bhat	1	NIL	NIL	NIL
2.	Mahabaleshwara M S	1	NA	NIL	NIL
3.	Rammohan Rao Belle	1	NA	NIL	NIL
4.	Keshav K Desai	NIL	NA	NIL	NIL
5.	D Surendra Kumar	NIL	NA	NIL	NIL
6.	Mythily Ramesh	3	NIL	01 (WeP Solutions Ltd)	Independent Director
7.	B R Ashok	1	NIL	NIL	NIL
8.	A V Chandrashekar	NIL	NIL	NIL	NIL
9.	Pradeep Kumar Panja	4	5	3 1) Brigade Enterprises Ltd 2) Shriram Transport Finance Company Ltd 3) Trigyn Technologies Ltd	Independent Director
10.	Uma Shankar	1	1	NIL	NIL

**Note:** In terms of Regulation 26 of the SEBI (LODR), 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 serves as members of more than ten Committees or acts as Chairpersons of more than five Committees across all listed entities in which they are directors. In the opinion of the Board, all the Independent Directors fulfill the criteria of independence as specified under the Companies Act, 2013 and SEBI LODR and are independent of the management.

**e. Relationship between Directors inter-se:** None of the Directors of the Board is related inter-se.



**f. Details of Familiarization Programme imparted to Directors:**

The Directors of the Bank were nominated to various training programmes in specialized areas such as IT, Governance, Cyber Security, Risk Management and Corporate Governance etc., conducted by IDRBT, CAFRAL, NIBM etc., and the details of training undergone during the reporting period are posted on the website of the Bank at the URL <https://karnatakabank.com/investor-portal>. These trainings are in addition to the familiarization programme relating to Bank's internal process & systems and procedures.

**g. Remuneration of Directors:**

**i. Remuneration of Whole Time Director/Managing Director & CEO:**

The Bank has adopted a "Policy on compensation of Whole Time Directors/Chief Executive Officers, Material Risk Takers etc". 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. Bank has implemented the revised guidelines issued by Reserve Bank of India on 'Compensation of Whole Time Directors/Chief Executive Officers/Material Risk Takers and Control Function staff etc.' vide circular No. DOR.Appt. BC. No.23/ 29.67.001/2019-20 dated November 4, 2019. Accordingly, the Compensation Policy of the Bank has been amended for the pay cycles beginning from April 2020. The compensation package of Managing Director & CEO includes the fixed pay and allowances as approved by Reserve Bank of India. Besides, the compensation policy provides for a variable pay (VP), maximum up to 200% of the fixed pay, payable after evaluation of the performance and risk score assigned thereon and subject to approval of the RBI each year. The said variable pay is equally split into cash and non-cash components with each component having upfront (presently for 40% of VP) and deferred portions (presently for 60% of VP with deferral period of three years). The policy has also malus/clawback arrangements in line with the RBI guidelines.

The remuneration of the Managing Director & CEO of the Bank is recommended by the NRC to the Board for approval in accordance with the aforesaid policy. The Board of Directors on the basis of recommendation of the NRC approves the remuneration, subject to necessary approvals from Reserve Bank of India and the shareholders. The remuneration comprises of fixed pay and variable pay linked to the achievement in financial and non-financial parameters duly aligned to the risk, cost to income ratio etc., in accordance with compensation policy of the Bank.

**Remuneration of Managing Director & CEO – Mr. Mahabaleshwara M S:**

Sl. No.	Particulars of Remuneration	(₹ in Crore)
1	Gross Salary	
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	0.86
	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 <sup>#</sup>	-
3	Sweat Equity	-
4	Commission ( as a % of profit & others)	-
5	Others	0.03 <sup>^</sup>
	Contribution to PF	0.07
	Variable Pay (2018-19)	0.21
	<b>Total (A)</b>	<b>1.17</b>

<sup>^</sup> includes the amount of contribution towards gratuity as provided in the RBI approval.

\* Perquisite value arising out of free use of Bank's car for official and private purposes amounting to ₹ 50,000 has been included in the sl no. 5 of the table under "Others".

**Variable Pay 2019-20<sup>#</sup>:**

The Managing Director & CEO had decided to forgo the variable pay payable to him for the Financial Year 2019-20 as a prudent gesture towards expenditure reduction related initiative undertaken due to the challenges posed by COVID-19 pandemic. Further, 2,50,000 stock options were granted to him under ESOS 2018 Scheme and approval of the RBI has been received.

## Variable Pay 2020-21:

For the FY 2020-21, the variable pay in terms of extant RBI guidelines will be decided in the Financial Year 2021-22, which shall not exceed 200% of the fixed pay as provided in the table. The variable pay is also subject to prior approval of the RBI and as such, the quantum cannot be decided at present. The variable pay for the pay cycle commencing from FY 2020-21 shall mandatorily include share linked benefits, and the same will be implemented after obtaining necessary approval from the shareholders for introducing a new share based compensation scheme in due course so as to comply with the RBI guidelines.

## ii. Remuneration of Non-Executive Directors:

The Non-Executive Directors including Chairman of the Board were 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 besides reimbursement of traveling expenses wherever applicable and halting allowance at the rates fixed by the Board. Besides, consolidated monthly salary of Rupees One Lakh was paid to the Part-time Non Executive Chairman of the Bank as approved by the RBI. No compensation in the form of profit related commission was paid to the Non-Executive Directors/Independent Directors during the year under report.

The details of remuneration to Non Executive directors during the year under report are as under:

(₹ in Crore)

Particulars of Remuneration	Name of the Directors (Messrs/Mrs.)										Total Amount	
	P Jayarama Bhat	Ashok Haranahalli (Upto 13.09.2020)	Rammohan Rao Belle	U R Bhat (Upto 18.02.2021)	Keshav K Desai	D Surendra Kumar	Mythily Ramesh	B R Ashok	A V Chandrashekar (w.e.f 19.08.2020)	Pradeep Kumar Panja (w.e.f 19.08.2020)		Uma Shankar (w.e.f 01.11.2020)
<b>Independent Directors</b>												
Sitting Fees for attending Board/ Committees		0.05	0.20	0.16	0.15	0.13	0.17		0.07	0.12	0.07	1.12
Commission		0	0	0	0	0	0		0	0	0	0
Others		0	0	0	0	0	0		0	0	0	0
<b>Total(1)</b>		<b>0.05</b>	<b>0.20</b>	<b>0.16</b>	<b>0.15</b>	<b>0.13</b>	<b>0.17</b>		<b>0.07</b>	<b>0.12</b>	<b>0.07</b>	<b>1.12</b>
<b>Non-Executive Directors</b>												
Sitting Fees for attending meetings of the Board/ Committees	0.21							0.19				0.40
Commission	0							0				0
Others (Salary)	0.12							0				0.12
<b>Total(2)</b>	<b>0.33</b>							<b>0.19</b>				<b>0.52</b>
<b>Total (B)=(1+2)</b>	<b>0.33</b>	<b>0.05</b>	<b>0.20</b>	<b>0.16</b>	<b>0.15</b>	<b>0.13</b>	<b>0.17</b>	<b>0.19</b>	<b>0.07</b>	<b>0.12</b>	<b>0.07</b>	<b>1.64</b>
<b>Total Managerial Remuneration (A+B)</b>												<b>2.81</b>

Overall ceiling as per the Companies Act, 2013<sup>®</sup>

<sup>®</sup>Being 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. Presently, Independent/ Non-Executive Directors are paid only sitting fees. Mr. P Jayarama Bhat, Non-Executive Chairman is also being paid with a consolidated remuneration of ₹1.00 lakh per month, as approved by RBI, which is within limits prescribed under the Companies Act, 2013.

## **h. Performance Evaluation Criteria for Directors**

As required under the Companies Act, 2013 and the SEBI LODR, 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 (i) performance of the Board as a whole taking into account the views of the Managing Director, Non-Executive Directors, Chairman of the Board (ii) Chairman of the Board (iii) MD & CEO and (iv) Non Executive Directors.

Board shall review the performance of all Independent Directors (excluding the director being evaluated) as well as the Committees of the Board.

### **EVALUATION CRITERIA**

Bank has aligned its performance evaluation templates in line with SEBI Guidance Note dated January 5, 2017 and the basis of evaluation is as under:

#### **Board**

The criteria for evaluation of performance of the Board includes 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 etc.

#### **Committees of the Board**

The performance of the Board Committees was evaluated taking into consideration the terms of reference of each Committee, periodicity of meetings, collective judgment and contribution by each committee in attaining 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 & CEO etc.

#### **Managing Director & CEO**

While evaluating the performance of the Managing Director & CEO, besides his leadership qualities, performance in key financial and non-financial areas such as achieving the business targets, meeting stakeholder's expectations and maintaining harmonious relationship with the employee unions 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 specialization, attendance record at the meetings of the Board and the Committees thereof, value addition in the decision-making process in the meetings, their ability to update their knowledge about the business and regulatory environment in which the Bank is functioning, leading to bringing in an independent judgment and safeguarding the interest of stakeholders etc.

## 2. Committees of the Board:

In compliance with the regulatory requirements and for the operational convenience, Bank has constituted Board level Committees and the composition, name of members and chairperson of the Committees as on March 31, 2021 were as under:

Director's Name (Messrs/Mrs.)	Name of the Committee								
	ACB	NRC	MCB*	SCRC	Special Committee	RCMC	IT	CSR	RCNCWD
<b>Non-Executive Chairman</b>									
P Jayarama Bhat	✓	✓		•	•	•	✓		
<b>Whole Time Director</b>									
Mahabaleshwara M S			•	✓	✓	✓	✓	•	•
<b>Independent Directors</b>									
Rammohan Rao Belle	•	•	✓	✓	✓				
Keshav K Desai		✓		✓					✓
D Surendra Kumar				✓				✓	✓
Mythily Ramesh	✓	✓					•	✓	
A V Chandrashekar					✓			✓	✓
Pradeep Kumar Panja	✓		✓			✓	✓		
Uma Shankar	✓					✓	✓		
<b>Non-Executive Director</b>									
B R Ashok	✓		✓		✓	✓			

\*erstwhile Executive Committee and renamed as Management Committee of the Board (MCB) w.e.f February 16, 2021.

• Chairman of the Committee

✓ Member of the Committee

The following committees were functioning in the Bank as on March 31, 2021:

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

As per the directions of Reserve Bank of India, Bank has constituted an Audit Committee of the Board (ACB) which also conforms to the requirements of Companies Act, 2013 and SEBI LODR.

#### Brief terms of reference

- Overseeing the Bank's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending appointment and removal of external auditors and fixing of their fees;
- Reviewing with management the annual financial statements and auditor's report before submission to the Board with special emphasis on accounting policies and practices, compliance with accounting standards, disclosure of related party transactions and other legal requirements relating to financial statements;
- Reviewing the adequacy of the Audit and Compliance functions, including their policies, procedures, techniques and other regulatory requirements;
- Any other terms of reference as may be included from time to time in the Banking Regulations Act, 1949 or extant guidelines of RBI in the form of Calendar of reviews or by separate circulars, Companies Act, 2013, SEBI Listing Regulations, 2015, including any amendments/re-enactments thereof.

**Number of meetings held** : 11 meetings

All the members of the ACB are financially literate. The Company Secretary acted as the secretary to the Committee. The Managing Director & CEO, Chief Operating Officer, Chief Business Officer, Chief Financial Officer, Chief Compliance Officer, Chief Risk Officer and the Head of the Inspection & Audit Department of the Bank were invited to attend the meetings of the Committee as and when desired by the Committee. The Statutory Central Auditors were also invited to attend the meetings whenever interim / annual financial reports/Long Form Audit Report etc., were considered.

The meeting dates and the attendance record is as below:

Dates of Meeting	Rammohan Rao Belle	P Jayarama Bhat	U R Bhat (From 11.09.20 to 18.02.21) <sup>§</sup>	Mythily Ramesh	Keshav K Desai (Upto 10.09.20) <sup>#</sup>	B R Ashok	D Surendra Kumar (Upto 10.09.20) <sup>#</sup>	Pradeep Kumar Panja (w.e.f 11.09.20)	Uma Shankar (w.e.f 21.11.20)
06.06.2020	✓	✓		✓	✓	✓	✓		
24.06.2020	✓	✓		✓	✓	✓	✓		
09.07.2020	✓	✓		✓	✓	✓	✓		
27.08.2020	✓	✓		✓	✓	✓	✓		
07.09.2020	✓	✓		✓	✓	✓	✓		
12.10.2020	✓	✓	✓	✓		✓		✓	
23.11.2020	✓	✓	✓	✓		✓		✓	✓
23.12.2020	✓	✓	✓	✓		✓		✓	✓
11.01.2021	✓	✓	✓	✓		✓		✓	✓
08.03.2021	✓	✓		✓		✓		✓	✓
23.03.2021	✓	✓		✓		✓		✓	✓
<b>Total</b>	<b>11<sup>^</sup></b>	<b>11<sup>^</sup></b>	<b>4<sup>^</sup></b>	<b>11<sup>^</sup></b>	<b>5<sup>^</sup></b>	<b>11<sup>^</sup></b>	<b>5<sup>^</sup></b>	<b>6<sup>^</sup></b>	<b>5<sup>^</sup></b>

<sup>§</sup>Inducted into the ACB w.e.f. 12.10.2020 and held the membership upto the date of his retirement on 18.02.2021.

<sup>#</sup>Held membership in the Committee upto the date of reconstitution.

<sup>^</sup> Attended all the meetings held during their tenure.

## b. Nomination and Remuneration Committee (NRC)

Pursuant to the Companies Act, 2013, SEBI LODR and the extant guidelines of Reserve Bank of India, Bank has constituted "Nomination & Remuneration Committee (NRC)".

### Brief terms of reference

- Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down;
- Undertake the due diligence of candidates before their appointment/ re-appointment as directors;
- Recommend to the Board, appointment of directors and senior management personnel and their removal;
- Formulate the criteria for determining qualifications, positive attributes and independence of a director, Key Managerial Personnel and other employees;
- Recommend to the Board the policy for evaluation of performance of directors;
- Recommend to the Board on the remuneration of Whole Time Directors/Chief Executive Officers, etc;
- To administer the Employees Stock Option Scheme of the Bank;
- Any other terms of reference as may be included from time to time in the Banking Regulations Act, 1934 or extant guidelines of RBI, Companies Act, 2013, SEBI Listing Regulations, 2015, including any amendments / re-enactments thereof from time to time;

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 Director on the Board of the Bank and also a policy on remuneration of Directors.

**Number of meetings held:** 4 meetings

The meeting dates and the attendance record is as below:

Dates of Meeting	Ashok Haranahalli (Chairman of the committee upto 10.09.20) <sup>®</sup>	P Jayarama Bhat	Rammohan Rao Belle (w.e.f 11.09.20) & (Chairman of the Committee w.e.f 19.02.21) <sup>#</sup>	U R Bhat (Chairman of the Committee from 11.09.20 to 18.02.21) <sup>§</sup>	Keshav K Desai (w.e.f. 11.09.20) <sup>#</sup>	Mythily Ramesh
24.04.2020	✓	✓		✓		✓
12.08.2020	✓	✓		✓		✓
03.10.2020		✓	✓	✓	✓	✓
15.02.2021		✓	✓	✓	✓	✓
<b>Meetings Attended</b>	<b>2<sup>^</sup></b>	<b>4</b>	<b>2<sup>**</sup></b>	<b>4</b>	<b>2<sup>**</sup></b>	<b>4</b>

<sup>®</sup> Held the Chairmanship of the Committee upto 10.09.2020.

<sup>§</sup> Chairman of the Committee from 11.09.2020 upto the date of his retirement i.e., 18.02.2021.

<sup>#</sup> Inducted as member of the Committee w.e.f 11.09.2020.

<sup>^</sup> all the meetings held up to the date of retirement.

<sup>\*\*</sup> all the meetings held from the date of induction to the Committee.

All the Committee members attended all the meetings during their membership in the above committee.

#### c. Management Committee of the Board of Directors (MCB)<sup>§</sup>(Erstwhile Executive Committee)

##### Brief terms of reference

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 Management Committee of the Board of Directors.

##### Number of meetings held: 8 meetings

<sup>§</sup> The Committee has been renamed from Executive Committee to Management Committee of the Board w.e.f. February 16, 2021. However, there was no change in the delegated powers and its role.

The meeting dates and the attendance record is as below:

Dates of Meeting	Mahabaleshwara MS	Rammohan Rao Belle (upto 10.09.20 & from 16.02.21) <sup>®</sup>	U R Bhat (upto 18.02.21) <sup>§</sup>	B R Ashok	Pradeep Kumar Panja (w.e.f 11.09.20) <sup>#</sup>
28.05.2020	✓	✓	✓	✓	
26.06.2020	✓	✓	✓	✓	
12.08.2020	✓	✓	✓	✓	
25.09.2020	✓		✓	✓	✓
25.11.2020	✓		✓	✓	✓
30.12.2020	✓		✓	✓	✓
30.01.2021	✓		✓	✓	✓
20.03.2021	✓	✓		✓	✓
<b>Meetings Attended</b>	<b>8<sup>^</sup></b>	<b>4<sup>^</sup></b>	<b>7<sup>^</sup></b>	<b>8<sup>^</sup></b>	<b>5<sup>^</sup></b>

<sup>§</sup> member of the Committee upto the date of his retirement on 18.02.2021.

<sup>#</sup> inducted as member of the Committee w.e.f 11.09.2020.

<sup>®</sup> held membership of the committee upto 10.09.2020 and again inducted as a member of the committee w.e.f 16.02.2021.

<sup>^</sup> attended all the meetings of the Committee held during their respective membership tenure.

#### d. Stakeholders and Customer Relations Committee (SCRC)

To enhance the customer service standards in the Bank and to ensure a mutually rewarding relationship with the shareholders and also to redress their grievances, a 'Stakeholders and Customer Relations Committee' (SCRC) has been functioning at the Board level as per the requirements of the Companies Act, 2013, and SEBI (LODR) Regulation, 2015 and the extant RBI guidelines.

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##### Brief terms of reference

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- Formulation of a comprehensive deposit policy;
- Product approval process;
- Annual survey of depositor satisfaction;
- Tri-ennial audit of such services;
- Periodical review the performance of the Ad-hoc committee;
- To specifically look into various aspects of interest of shareholders, debenture holders and other security holders.

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**Number of meetings held:** 4 meetings

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The meeting dates and the attendance record is as below:

Dates of Meeting	P Jayarama Bhat	Mahabaleshwara M S	Keshav K Desai	Rammohan Rao Belle (w.e.f 11.09.20) <sup>§</sup>	D Surendra Kumar
23.06.2020	✓	✓	✓		✓
12.08.2020	✓	✓	✓		✓
30.11.2020	✓	✓	✓	✓	✓
10.03.2021	✓	✓	✓	✓	✓
<b>Meetings Attended</b>	<b>4<sup>^</sup></b>	<b>4<sup>^</sup></b>	<b>4<sup>^</sup></b>	<b>2<sup>^</sup></b>	<b>4<sup>^</sup></b>

<sup>§</sup> inducted as a member of the Committee w.e.f. 11.09.2020.

<sup>^</sup> attended all the meetings of the Committee held during their respective membership tenure.

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

Mr. Prasanna Patil, Company Secretary.

During the FY 2020-21, a total of 27 grievances were received from the Investors/Shareholders and all of them have been redressed satisfactorily within the timelines. An exclusive Email ID viz., **investor.grievance@ktkbank.com** has been maintained by the Bank for the purpose of redressal of investors' grievances, if any. Further, the complaints received online via SEBI's Complaint Redress System (SCORES) were also redressed promptly.

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

As per the directions of the Reserve Bank of India, the Board has constituted a Special Committee exclusively to monitor, investigate and follow-up cases of fraud involving amounts of Rupees One crore and above.

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##### Brief terms of reference

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- Identify the systems lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same;
- Identify the reasons for delay in detection, if any, in reporting to top management of the Bank and RBI;
- Monitor progress of CBI/Police investigation and recovery position;
- Ensuring examination of staff accountability at all levels in all cases of frauds and quick completion of staff side action, if required, without loss of time;
- Review the efficacy of the remedial action taken to prevent recurrence of frauds such as strengthening of internal controls;
- Put in place other measures as may be considered relevant to strengthen preventive measures against frauds etc.

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**Number of meetings held :** 6 meetings

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The Committee meets quarterly to review and monitor all cases. Also, the Committee meets immediately on detection of any fraud involving amount of Rupees One crore and above.

The meeting dates and the attendance record is as below:

Dates of Meeting	P Jayarama Bhat	Mahabaleshwara M S	Rammohan Rao Belle	U R Bhat (upto 10.09.20) <sup>§</sup>	Keshav K Desai (upto 10.09.20) <sup>§</sup>	B R Ashok (w.e.f 11.09.20) <sup>#</sup>	Justice A V Chandrashekar (w.ef 11.09.20) <sup>#</sup>
30.04.2020	✓	✓	✓	✓	✓		
05.06.2020	✓	✓	✓	✓	✓		
18.08.2020	✓	✓	✓	✓	✓		
09.10.2020	✓	✓	✓			✓	✓
29.12.2020	✓	✓	✓			✓	✓
19.02.2021	✓	✓	✓			✓	✓
<b>Meetings Attended</b>	<b>6<sup>^</sup></b>	<b>6<sup>^</sup></b>	<b>6<sup>^</sup></b>	<b>3<sup>^</sup></b>	<b>3<sup>^</sup></b>	<b>3<sup>^</sup></b>	<b>3<sup>^</sup></b>

<sup>§</sup> held the membership of the Committee upto 10.09.2020.

<sup>#</sup> Inducted as a member of the Committee w.e.f 11.09.2020.

<sup>^</sup> attended all the meetings of the Committee held during their respective membership tenure.

#### f. Risk and Capital Management Committee (RCMC):

With a view to devise and policy and strategy for integrated risk management containing various risk exposures, Bank has constituted "Risk and Capital Management Committee" (RCMC). The Committee also reviews and recommends to the Board the capital plan of the Bank and lays down the capital planning process and responsibilities as well as contingency planning to deal with deviations and unexpected events and matters incidental thereto.

The Committee conforms to the guidelines of Reserve Bank of India and SEBI LODR.

#### Brief terms of reference

##### Risk Function:

- Devise the policy and strategy for integrated risk management containing various risk exposures of the Bank including Credit Risk, Market Risk and Operational Risk;
- Review of Risk Profile of the Bank, evaluation of overall risks faced by the Bank;
- Review the decision of the 3 sub-committees namely ALCO, ORMC and CPC and ensure smooth transition to new capital adequacy framework;
- Develop policies and strategies for integrated risk management containing the credit, market, operational risk, etc;
- Ensure robustness of the financial models used for measuring risks and to ensure a smooth transition to the New Capital Adequacy Framework;
- Ensuring that new risks arising out of events like new product launch, new business, increased volume, changes in concentration, changes in quality of portfolio or in overall economic scenario have been properly incorporated in the risk assessment.



### Capital Function:

- g. To review the business projections, Risk Profile Assessment and Capital Budgeting and to set short term and long-term goals for capital levels based on current and projected changes to the risk profile;
- h. To approve the Basel III Pillar II CRAR calculations along with the results of Stress Testing and Leverage Ratio & Liquidity Coverage Ratio;
- i. To review and recommend to the Board the capital plan of the Bank at annual intervals and lay down capital planning process and responsibilities as well as contingency planning for dealing with deviations and unexpected events like restrictions on business activities etc;
- j. To develop an internal strategy for maintaining adequate capital, which reflects desired level of risk coverage, expected balance sheet growth, future sources and application of fund, acquisitions, new products and services, market image, strategic goals;
- k. To review and appraise the capital management and planning policy of the Bank and review the capital targets and levels in relation to such policy;
- l. To ensure that detailed documentation of methodologies, assumptions, procedures and minutes of meeting etc. is available for all the processes of ICAAP and is communicated to the concerned stakeholders and appropriate authority and responsibilities have been allocated.

**Number of meetings held:** 4 meetings

The meeting dates and the attendance record is as below:

Dates of Meeting	P Jayarama Bhat	Mahabaleshwara M S	U R Bhat (upto 18.02.21)**	Rammohan Rao Belle (upto 10.09.20) §	B R Ashok	Pradeep Kumar Panja (w.e.f 11.09.20)#	Uma Shankar (w.e.f 21.11.20)@
24.06.2020	✓	✓	✓	✓	✓		
27.08.2020	✓	✓	✓	✓	✓		
17.11.2020	✓	✓	✓		✓	✓	
09.03.2021	✓	✓			✓	✓	✓
<b>Meetings Attended</b>	<b>4<sup>^</sup></b>	<b>4<sup>^</sup></b>	<b>3<sup>^</sup></b>	<b>2<sup>^</sup></b>	<b>4<sup>^</sup></b>	<b>2<sup>^</sup></b>	<b>1<sup>^</sup></b>

Note: Various dates of induction or exit of the Directors from the Committee upon reconstitution/retirement have been mentioned along with the names of the Directors and the Committee Members have attended all the meetings of the Committee held during their respective membership tenure.

§ Held the membership of the Committee upto 10.09.2020.

\*\* Held the membership of the Committee the membership up to the date of retirement i.e., 18.02.2021.

# Inducted as a member of the Committee w.e.f 11.09.2020.

@ Inducted as member of the Committee w.e.f 21.11.2020.

<sup>^</sup> Committee Members have attended all the meetings of the Committee held during their respective membership tenure.

### g. Committee for IT Strategy and Governance (IT)

A Board Level Committee on IT Strategy and Governance has been constituted to oversee the Information Technology (IT) related areas such as IT Governance, Information Security, Information System Audit, IT Operations, IT Services Outsourcing, Cyber Fraud, Business Continuity Planning etc.

## Brief terms of reference

- a. Approving IT strategy and policy documents;
- b. Ensuring that the management has put an effective strategic planning process in place;
- c. Ratifying that the business strategy is indeed aligned with IT strategy;
- d. Ensuring that the IT organizational structure complements the business model and its Direction;
- e. Ascertaining that management has implemented processes and practices to ensure that the IT delivers value to the business;
- f. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- g. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and to provide high-level direction for sourcing and use of IT resources;
- h. Ensuring proper balance of IT investments for sustaining bank's growth;
- i. Becoming aware about exposure towards IT risks and controls and evaluating effectiveness of management's monitoring of IT risks;
- j. Assessing Senior Management's performance in implementing IT strategies;
- k. Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks);
- l. Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT;
- m. 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;
- n. Monitoring progress in Digital Banking transactions.

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".

**Number of meetings held:** 4 meetings

The meeting dates and the attendance record is as below:

Dates of Meeting	Mythily Ramesh	P Jayarama Bhat	Mahabaleshwara M S	U R Bhat (upto 10.09.20) <sup>5</sup>	Pradeep Kumar Panja (w.e.f 11.09.20) <sup>#</sup>	Uma Shankar (w.e.f 21.11.20) <sup>@</sup>
14.05.2020	✓	✓	✓	✓		
18.08.2020	✓	✓	✓	✓		
26.11.2020	✓	✓	✓		✓	✓
09.03.2021	✓	✓	✓		✓	✓
<b>Meetings Attended</b>	<b>4<sup>^</sup></b>	<b>4<sup>^</sup></b>	<b>4<sup>^</sup></b>	<b>2<sup>^</sup></b>	<b>2<sup>^</sup></b>	<b>2<sup>^</sup></b>

<sup>5</sup> Held the membership of the Committee upto 10.09.2020.

<sup>#</sup> Inducted as member of the Committee w.e.f 11.09.2020.

<sup>@</sup> Inducted as member of the Committee w.e.f 21.11.2020.

<sup>^</sup> attended all the meetings of the Committee held during their respective membership tenure.

## h. Corporate Social Responsibility (CSR) Committee:

### Brief terms of reference

Pursuant to Section 135 of the Companies Act, 2013, a Committee has been constituted by the Board to formulate and recommend 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.

**Number of meetings held:** 2 meetings

The meeting dates and the attendance record is as below:

Dates of Meeting	Mahabaleshwara M S	Ashok Haranahalli (upto 10.09.20) <sup>§</sup>	Keshav K Desai (upto 10.09.20) <sup>§</sup>	D Surendra Kumar	Mythily Ramesh (w.e.f 11.09.20) <sup>#</sup>	Justice A V Chandrashekar (w.e.f 11.09.20) <sup>#</sup>
23.06.2020	✓	✓	✓	✓		
20.02.2021	✓			✓	✓	✓
<b>Meetings Attended</b>	<b>2<sup>^</sup></b>	<b>1<sup>^</sup></b>	<b>1<sup>^</sup></b>	<b>2<sup>^</sup></b>	<b>1<sup>^</sup></b>	<b>1<sup>^</sup></b>

<sup>§</sup> Held the membership of the Committee upto 10.09.2020.

<sup>#</sup> Inducted as a member of the Committee w.e.f. 11.09.2020.

<sup>^</sup> attended all the meetings of the Committee held during their respective membership tenure.

Necessary disclosure pursuant to Section 135(4) of the Companies Act, 2013 read with Companies (CSR) Rules 2014, has been furnished in Annexure III forming part of Directors Report and also posted on our website.

## i. Review Committee for Identification of Non-Cooperative Borrowers and Wilful Defaulters:

### Brief terms of reference

- Reviewing and confirming the order of the Internal Screening Committee for Identification of Non-Cooperative Borrowers.
- Reviewing and confirming the order of the Internal Committee for identification of wilful defaulters.

**Number of meetings held:** 1 meeting

The meeting dates and the attendance record is as below:

Dates of Meeting	Mahabaleshwara M S	Keshav K Desai (w.e.f 11.09.20) <sup>#</sup>	D Surendra Kumar (w.e.f 11.09.20) <sup>#</sup>	Justice A V Chandrashekar (w.e.f 11.09.20) <sup>#</sup>
26.11.2020	✓	✓	✓	✓
<b>Meetings Attended</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

<sup>#</sup> Inducted as members of the Committee w.e.f 11.09.2020.

Detailed terms of reference of each of above Committees are also provided in the Bank's website under the section 'Investors Portal/Corporate Governance'

## 3. Committees of Executives:

Apart from the Board and Committees, 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, Risk Based Supervision (RBS) Top Management Committee, Inspection Monitorable Action Plan (IMAP) Committee, KBL Vikas Steering Committee, etc. These Committees meet regularly to deliberate and take decisions on respective matters.

#### 4. Annual General Meetings:

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

Year	Venue	Date	Day	Time (IST)	Whether any Special resolution/ s passed
2020	Held through Video Conferencing	17.07.2020	Friday	11.30 AM	Yes
2019	Registered Office, Mangaluru	07.08.2019	Wednesday	11.30 AM	Yes#
2018	Registered Office, Mangaluru	21.07.2018	Saturday	11.30 AM	Yes

# Resolution seeking reappointment of an Independent Director could not secure requisite Majority.

#### 5. Means of Communication:

The quarterly/half yearly/annual results are published in the leading national English dailies such as Business Line, etc. and vernacular newspaper such as Udayavani, etc. The results and presentation on analysis of financial results were also posted on our website <https://karnatakabank.com/investor-portal> and also on the websites of stock exchanges i.e., [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com). Also, material updates/developments are disclosed to the stock exchanges and hosted on Bank's website. Further, on voluntary basis the gist of quarterly financial results is also shared on a with all the shareholders who have registered their email ids with the Bank.

#### 6. Shareholders' Information:

##### A. Annual General Meeting for the FY 2020-21 (e-AGM) to be held through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM"):

Day	:	Thursday
Date	:	September 2, 2021
Time	:	11.00 AM IST
Venue	:	Not Applicable (to be held through VC/OAVM)
Mode	:	Will be held through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM") as advised by the Ministry of Corporate Affairs vide its General Circular 02/2021 dtd. 13.01.2021 read with circulars 14/2020 dtd 08.04.2020, 17/2020 dtd 13.04.2020 and 20/2020 dtd 05.05.2020. The detailed guidelines on the procedure to be followed for participating in the AGM are furnished in the Notice of AGM.
Bank's Address for Correspondence	:	The Karnataka Bank Ltd., Secretarial Department, Regd. & Head Office, Mahaveer Circle, Kankanady, Mangaluru-575002, Karnataka, India. Tel: +91-824-2228222, Email: <a href="mailto:investor.grievance@ktkbank.com">investor.grievance@ktkbank.com</a> Website: <a href="https://karnatakabank.com/">https://karnatakabank.com/</a>

##### B. 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 ended June 30, 2021 : July, 2021
- Quarter ending September 30, 2021 : October, 2021
- Quarter ending December 31, 2021 : January, 2022
- Quarter ending March 31, 2022 : May/June, 2022

**C. Dividend:**

The Board of Directors has recommended a dividend of ₹1.80 per share for the year ended March 31, 2021 (i.e., 18 per cent on paid up capital) and subject to the approval by the members at the AGM to be held on September 2, 2021, the same will be paid to the shareholders holding shares as on August 20, 2021 in respect of shares held both in physical form and in electronic form.

Dividend Payment Date: Between September 6, 2021 and September 10, 2021.

**D. Year wise details of Unclaimed Dividend:**

The following Table gives the position of unclaimed dividend for the past seven years as on March 31, 2021:

Year	Unclaimed dividend(₹)	Date of declaration	Last date for claiming dividend
2013-2014	67,03,232.00	09.08.2014	08.09.2021
2014-2015	81,62,320.00	16.07.2015	15.08.2022
2015-2016	85,40,845.00	28.07.2016	27.08.2023
2016-2017	84,39,284.00	17.07.2017	16.08.2024
2017-2018	71,14,419.00	21.07.2018	20.08.2025
2018-2019	84,94,423.00	07.08.2019	06.09.2026
2019-2020	No Dividend Declared		

**E. Demat Suspense Account:** Pursuant to Schedule V of SEBI LODR, after sending three reminders to the shareholders at the latest available address, in respect of unclaimed shares, Bank had transferred these unclaimed shares to the separate Demat Suspense Account. The Voting rights on these shares shall remain frozen till such shares are claimed by the rightful owner. The summary of shares transferred and released in favour of shareholders is furnished below:

Particulars	No. of shareholders	Total Number of shares
1. Number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	530	94671
2. Shareholders who approached us for transfer of shares from suspense account during the year	14	2504
Less: Shareholders to whom shares were transferred from suspense account during the year	14	2504
3. Less: Shares transferred to IEPF	17	1118
4. Number of shareholders and the outstanding shares in the suspense account lying at the end of the year (4=1-2-3)	<b>499</b>	<b>91049</b>

**F. Transfer of unclaimed dividend to IEPF:**

As per the provisions of Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (in short "IEPF rules"), the unclaimed dividend for the financial year 2012-13 of ₹59,03,720/- has been transferred on September 4, 2020 to the Investor Education and Protection Fund established by the Central Government.

**G. Transfer of shares to IEPF:**

Pursuant to Section 124(6) of the Act read with IEPF rules, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more are required to be transferred in the name of Investor Education and Protection Fund. Accordingly, 88,599 shares in respect of which the dividend for the FY 2012-13 had remained unclaimed for a period of seven years or more, were transferred to IEPF on September 8, 2020.

**H. Listing of shares:**

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

ISIN	INE614B01018	
Scrip Code	Name of the Stock Exchange	Address
KTKBANK	National Stock Exchange of India Ltd. (NSE)	Regd. Office: Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai- 400051
532652	BSE Ltd. (BSE)	Regd. Office: Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001

The Bank has paid the annual listing fees for the year 2021-22 to the above Stock Exchanges.

#### I. Registrar & Share Transfer Agent (RTA):

The Bank has appointed Integrated Registry Management Services Pvt Ltd, as common Share Transfer Agent for both physical and electronic shares. Therefore, all communications relating to share transmission, dividend, change of address for shares held in physical form and dematerialization of shares etc., are to be addressed to the Registrar and Share Transfer Agent at the following address:

##### **Integrated Registry Management Services Pvt Ltd**

30, Ramana Residency, 4th Cross,  
Sampige Road, Malleshwaram, Bengaluru-560003  
Tel: (080) 23460815-818 Fax: (080) 23460819  
Email: irg@integratedindia.in

#### J. Share transfer procedure:

The shares of the Bank being traded in dematerialized form are transferable through the depository system. Pursuant to the proviso to Regulation 40(1) of SEBI (LODR) Regulations, w.e.f. 01.04.2019, the requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository and accordingly, transfer of securities in physical form is not permissible.

#### K. 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 February 26, 2001. The Bank had entered into tripartite agreement with the depositories viz., National Securities Depository Ltd. and Central Depositories Services (India) Ltd. and share transfer agent, for dematerialization of shares. 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 and about 95.37 per cent of the equity shares of the Bank are in demat form as on March 31, 2021.

#### L. 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 NSE and BSE. The monthly high & low prices along with the volumes traded from April 1, 2020 to March 31, 2021 on the above Stock Exchanges are given below together with bench mark indices.

##### **Trading statistics on NSE:**

Month	Share price		No. of Shares Traded	NIFTY 50	
	High	Low		High	Low
Apr 2020	47.00	41.10	24046265	9889.05	8055.80
May 2020	43.55	34.20	32840145	9598.85	8806.75
June 2020	47.00	34.85	122303005	10553.15	9544.35
July 2020	49.70	41.20	85981882	11341.40	10299.60
Aug 2020	49.90	41.45	53595973	11794.25	10882.25
Sep 2020	47.15	39.50	20364399	11618.10	10790.20
Oct 2020	46.20	39.90	30693060	12025.45	11347.05
Nov 2020	48.40	41.65	39547613	13145.85	11557.40
Dec 2020	61.40	47.15	111612860	14024.85	12962.80
Jan 2021	71.30	57.75	102279127	14753.55	13596.75
Feb 2021	72.80	59.75	84073100	15431.75	13661.75
Mar 2021	73.50	59.50	50564381	15336.30	14264.40

**Trading statistics on BSE:**

Month	Share price		No. of Shares Traded	S&P BSE SENSEX	
	High	Low		High	Low
Apr 2020	49.95	41.20	1050428	33887.25	27500.79
May 2020	44.25	34.20	2768981	32845.48	29968.45
June 2020	46.95	34.95	9277782	35706.55	32348.10
July 2020	49.75	41.20	8061054	38617.03	34927.20
Aug 2020	49.90	41.45	4796424	40010.17	36911.23
Sep 2020	47.00	39.50	1797179	39359.51	36495.98
Oct 2020	46.05	40.00	2092155	41048.05	38410.20
Nov 2020	48.35	41.50	2829638	44825.37	39334.92
Dec 2020	61.35	47.35	8260635	47896.97	44118.10
Jan 2021	71.35	57.80	6779821	50184.01	46160.46
Feb 2021	72.80	58.30	6399044	52516.76	46433.65
Mar 2021	73.45	59.45	4955894	51821.84	48236.35

**M. Distribution of shareholding as on March 31, 2021:**

Shares holding of nominal value of ₹	Share holders		Share Amount	
	Number	% to Total	in ₹	% to Total
(1)	(2)	(3)	(4)	(5)
Upto 5,000	167926	74.48	227414930	7.32
5,001 - 10,000	23506	10.42	172954030	5.56
10,001 - 20,000	15878	7.04	225179990	7.24
20,001 - 30,000	6029	2.67	149256820	4.80
30,001 - 40,000	2963	1.31	103232700	3.32
40,001 - 50,000	2083	0.92	95135760	3.06
50,001 - 1,00,000	3930	1.74	277201900	8.92
1,00,001 and above	3163	1.40	1858320760	59.78
<b>Total</b>	<b>225478</b>	<b>100.00</b>	<b>3108696890</b>	<b>100.00</b>

## N. SHAREHOLDING PATTERN:

### i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (i.e. as on April 1, 2020)				No. of Shares held at the end of the year (i.e. as on March 31, 2021)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF									
b) Central Govt. or State Govt.									
c) Bodies Corporates									
d) Bank/FI									
e) Any other									
<b>SUB TOTAL:(A) (1)</b>									
<b>(2) Foreign</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) NRI- Individuals									
b) Other Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any other									
<b>SUB TOTAL (A) (2)</b>									
<b>Total Shareholding of Promoter (A)=(A) (1)+(A)(2)</b>									
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	14171872	0	14171872	4.56	645035	0	645035	0.21	-95.45
b) Banks/FI	1091539	0	1091539	0.35	9174	0	9174	0.00	-99.16
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 Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	17843063	0	17843063	5.74	17524428	0	17524428	5.64	-1.79
g) FPIs	39801510	0	39801510	12.80	29219617	0	29219617	9.40	-26.59
i) Others (specify) Alternate Investment Fund	0	0	0	0	0	0	0	0	-100
<b>SUB TOTAL (B)(1):</b>	<b>72907984</b>	<b>0</b>	<b>72907984</b>	<b>23.45</b>	<b>47398254</b>	<b>0</b>	<b>47398254</b>	<b>15.25</b>	<b>-34.99</b>
<b>(2) Non Institutions</b>									
a) Bodies corporate									
i) Indian	24619971	2888284	24908255	8.01	13723181	245339	13968520	4.48	-43.92
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	93501155	12053720	105554875	33.96	108622529	11698229	120320758	38.70	13.99
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	89710987	2579480	92290467	29.69	114174153	2448490	116622643	37.51	26.36
c) Others (specify)									



Category of Shareholders	No. of Shares held at the beginning of the year (i.e. as on April 1, 2020)				No. of Shares held at the end of the year (i.e. as on March 31, 2021)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Trust	17498	0	17498	0.01	25598	0	25598	0.01	46.29
Clearing Members	4137380	0	4137380	1.33	1462290	0	1462290	0.47	-64.66
Unclaimed Suspense a/c	94671	0	94671	0.03	91049	0	91049	0.03	-3.83
NRIs	10169511	5500	10175011	3.27	10106946	5500	10112446	3.25	-0.67
IEPF	783548	0	783548	0.25	868131	0	868131	0.28	10.79
<b>SUB TOTAL (B)(2):</b>	<b>223034721</b>	<b>14926984</b>	<b>237961705</b>	<b>76.55</b>	<b>249073877</b>	<b>14397558</b>	<b>263471435</b>	<b>84.75</b>	<b>10.72</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>295942705</b>	<b>14926984</b>	<b>310869689</b>		<b>296472131</b>	<b>14397558</b>	<b>310869689</b>		
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0		
<b>Grand Total (A+B+C)</b>	<b>295942705</b>	<b>14926984</b>	<b>310869689</b>	<b>100</b>	<b>296472131</b>	<b>14397558</b>	<b>310869689</b>		

ii) **Shareholding of Promoters:** Not applicable as the Bank does not have any promoters in control of the management.

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

Sl. No.	Name	At the beginning of the year		Change in Shareholding (No. of Shares) Increase/ (Decrease)	At the end of the year	
		No. of shares	% to total shares of the Bank		No. of shares	% to total shares of the Bank
1.	Life Insurance Corporation of India	15458513	4.97	0	15458513	4.97
2.	B Sumanthkumar Reddy & Relatives	9204173	2.96	4608735	13812908	4.44
3.	LSV Emerging Markets Equity Fund LP	4332240	1.39	0	4332240	1.39
4.	Sreenadha Reddy Nayani	3066805	0.99	982759	4049564	1.30
5.	Chirag Dilipkumar Lakhi	2538728	0.82	89785	2628513	0.85
6.	Vivek Chand Burman	2392500	0.77	0	2392500	0.77
7.	Chandravadan Desai	1766054	0.57	610496	2376550	0.76
8.	Venkata Seshamma Nayudu	119990	0.04	2225669	2345659	0.75
9.	Acadian Emerging Markets Small Cap Equity Fund	165094	0.05	2161112	2326206	0.75
10.	Vanguard Total International Stock Index Fund	2703279	0.87	-559645	2143634	0.69

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

iv) **Shareholding of Directors & Key Managerial Personnel as on March 31, 2021:**

Sl. No	The Director and KMP (Messrs./Mrs.)	At the beginning of the year		Date-wise increase/decrease during the year	Reasons for increase/decrease	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>							
1.	P Jayarama Bhat	6599	0.00	Nil	NA	6599	0.00
2.	Mahabaleshwara M S	17178	0.00	Nil		17178	0.00
3.	Rammohan Rao Belle	392	0.00	Nil		392	0.00
4.	Keshav K Desai	11000	0.00	Nil		11000	0.00
5.	D Surendra Kumar	19427	0.00	Nil		19427	0.00
6.	Mythily Ramesh	165	0.00	Nil		165	0.00
7.	B R Ashok	1650	0.00	Nil		1650	0.00
8.	Justice A V Chandrashekar	NA	0.00	Nil		500	0.00
9.	Pradeep Kumar Panja	NA	0.00	Nil		3410	0.00
10.	Uma Shankar	NA	0.00	Nil		1000	0.00
<b>Key Managerial Personnel</b>							
1	Muralidhar Krishna Rao, Chief Financial Officer	1216	0.00	Nil	N.A	1216	0.00
2	Prasanna Patil, Company Secretary	110	0.00	Nil		110	0.00

**O. Subordinated Bonds:**

The Bonds of the Bank are listed on the following Stock Exchange.

Name of the Stock Exchange	Address
National Stock Exchange of India Ltd.- Debt Market Segment	Regd. Office: Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai-400051

The Bank has paid the annual listing fees for the year 2021-22 to the above Stock Exchange.

**ISIN:**

Particulars	Series IV	Series V	Series VI
ISIN at NSDL/CDSL	INE614B08021	INE614B08039	INE614B08047

**Debenture Trustee:**

In respect of the Subordinated debt instruments outstanding as on March 31, 2021, the Bank has appointed 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 66311776 Email: itsl@idbitrustee.co.in Website: www.idbitrustee.com

**Credit Ratings: Tier 2 Bonds:**

Series	Face Value	Coupon Rate p.a.*	Date of Issue	Tenor (Years)	Amount (₹ in Crore)	Credit Rating		Outlook
						CARE	ICRA	
Series IV	₹10 Lakh	11%	17.11.12	10	250.00	CARE "A"	ICRA "A"	Stable
Series V	₹1 Lakh	12%	16.11.18	10	400.00	CARE "A"	ICRA "A"	Stable
Series VI	₹1 Lakh	12%	18.02.19	10	320.00	CARE "A "	ICRA "A "	Stable

\*Bank has paid interest on these debt instruments on a timely basis since the issue of respective debt instruments as per the terms of the issue.

**P. OTHER DISCLOSURES (as per Schedule V SEBI LODR):**

- 1. 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 and a report on corporate Governance in the prescribed format has been submitted to the Stock Exchange every quarter.
- 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, 2021. 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.

The policy on dealing with related party transactions is available on the Bank's website <https://karnatakabank.com/> under section Investor Portal >Corporate Governance>Policies.

**3. STATUTORY NON-COMPLIANCE, PENALTIES AND STRICTURES DURING THE LAST THREE YEARS: (₹ in Crore)**

Name of the Authority	2020-21	2019-20	2018-19
SEBI	NIL	NIL	NIL
BSE/NSE	NIL	0.02*	NIL
RBI	NIL	1.20~	4.00**
Other Statutory Authority	NIL	NIL	NIL

\*penalty of ₹1.24 lakh each as per the Standard Operating Procedure prescribed by SEBI Circular for the non-compliance of Regulation 17 of SEBI (LODR) Regulations 2015 with reference to constitution of Audit Committee of Directors for a short period. In this connection, Bank had made representations to both exchanges seeking waiver of the penalty and NSE has not considered the representation favorably for the Bank and Bank is awaiting the final outcome from the BSE in this regard.

\*\*related to delayed implementation of SWIFT related four operational controls out of total of 29 controls.

~₹1.00 crore for divergence in NPA and ₹0.20 crore for non-adherence to IRAC norms for the financial position as on March 31, 2017 and March 31, 2018. However, the Bank has fully provided in respect of these NPA Accounts in the earlier years.

Penalty imposed during 2021-22: The Reserve Bank of India imposed a monetary penalty of ₹1.00 Crore (Rupees one crore only) on the Bank for contravention of the directions contained in RBI Circulars on 'Lending to Non-Banking Financial Companies (NBFCS)' and 'Bank Finance to Non-Banking Financial Companies (NBFCS)' while sanctioning credit facilities to M/s. Infrastructure Leasing and Financial Services Ltd.(IL&FS) and its group companies. However, the Bank had already made full loan provision there is no other financial impact other than the penalty amount.

**4. Commodity Price Risk or Foreign Exchange Risk and hedging activities:**

The risks and concerns and mitigation measures are discussed in the Directors Report.

5. **Vigil Mechanism:** Details furnished in the Directors Report.

6. **Policy for determining material subsidiary:**

Bank has no material subsidiary as per definition prescribed under Regulation 16(1)(c) of SEBI LODR and accordingly, the requirement of formulating policy in this connection is not applicable.

7. **Details of fees paid to the Statutory Auditors for FY 2020-21:**

The total fees incurred by the Bank and its subsidiary on a consolidated basis for services rendered by the Statutory Auditors is given below:

Entity	Amount (₹ Crore)
Audit Fee	4.35
Reimbursement of Expenses*	0.08
<b>Total</b>	<b>4.43</b>

\*includes Certification and other matters

8. **Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

Particulars	No. of cases
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 disposed during the financial year	Nil
Number of complaints pending as at end of the financial year	Nil

9. Disclosure in relation to establishment of vigil mechanism etc as per Para C(9)(c) of SEBI LODR has been furnished in the Directors Report.

10. **Non-mandatory (Discretionary) requirements:**

The compliance statuses of Non-mandatory requirements were as under:

Requirements	Compliance status
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.	The Bank has provided a separate office to the Part Time Chairman at its Registered & Head office, Mangaluru and the Chairman is entitled to allowances such as Travelling / Halting allowances etc. as paid to other directors.
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 addition to the mandatory exchange/newspaper publications on the financial results in terms of Regulation 30 of SEBI LODR, Bank has been disseminating corporate communications periodically about financial results or major events etc., on a voluntary basis to the shareholders whose email ids are registered and such communications are also hosted on Bank's website for information of the shareholders.
Modified opinion(s) in audit report: Company may move towards a regime of unqualified financial statements.	There were no audit qualifications.
Reporting of Internal Auditor (The Internal auditor may report directly to the Audit Committee)	Complied with. Bank follows guidelines issued by Reserve Bank of India in the matter of Risk Based Internal Audit and has put in place policies for ensuring the compliance with the requirements.

## 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 31st March 2021.

Place: Mangaluru  
Date: May 26, 2021

Sd/-  
Mahabaleshwara M.S.  
Managing Director & CEO

## 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 for the financial year ended 31st March 2021 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 in relation to the listing of securities on National Stock Exchange of India Limited and BSE Limited.

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 the 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 Manohar Chowdhry & Associates  
Chartered Accountants  
Firm Regn. No. 001997S

Sd/-  
(Murali Mohan)  
Partner - M. No.203592  
UDIN: 21203592AAAAACP1716

Place : Mangaluru  
Date : May 29, 2021

For Badari, Madhusudhan & Srinivasan  
Chartered Accountants  
Firm Registration No.005389S

Sd/-  
(S Rajendiran)  
Partner -M. No.021883  
UDIN: 21021883AAAAAI19884

## SECRETARIAL AUDIT REPORT

Form No. MR-3-Secretarial Audit Report

For the financial year ended 31<sup>st</sup> March 2021

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To,  
The Members,  
The Karnataka Bank Limited  
CIN: L85110KA1924PLC001128  
Regd. & Head Office:  
P.B.NO.599, Mahaveera Circle, Kankanady  
Mangaluru – 575 002

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by The Karnataka Bank Limited ('the Bank') covering the Financial Year ended 31<sup>st</sup> March 2021. The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our 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, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2021, 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.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on 31<sup>st</sup> March 2021 according to the provisions of:

1. The Companies Act, 2013 (CA 2013) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 (FEMA) and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. 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, 2015.
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) 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 (Bankers to an Issue) Regulations, 1994.
6. Other Laws :
  - a. The Banking Regulation Act, 1949 (BR Act)

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

- (i) Secretarial Standards (SS) issued by the Institute of Company Secretaries of India.
- (ii) Listing Agreements entered into by the Bank with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).
- (iii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further state that, during the period under review and based on our verification of the records maintained by the Bank and also on review of compliance reports/statements by the respective department heads/Chief Financial Officer/Company Secretary taken on record by the Board of Directors of the Bank, in our opinion, adequate systems and processes and control mechanism commensurate to the size and nature of the bank's business exist in the bank to monitor and ensure compliances with applicable laws, industry specific laws, labour laws, intellectual property laws and environmental laws. We have not reviewed the applicable financial laws, direct and indirect tax laws since the same have been subject to review and audit by the Statutory Auditors of the Bank. Further, we state that due to restrictions imposed by the Government on account of COVID-19, we were not able to verify certain records physically and relied on the soft copies provided electronically by the Bank.

We, further report that:

- 1) The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and BR Act.
- 2) 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.
- 3) All decisions of the Board were carried through unanimous votes only.

We further report that during the audit period:

- a) the Bank has altered the provisions of capital clause of Memorandum of Association for reduction of the Authorised share capital from ₹800 Crores to ₹600 Crores and consequential amendments to clause 3(a) of the Articles of Association at the 96<sup>th</sup> Annual General Meeting of the members of the Bank held on 17/07/2020.
- b) the bank has incorporated a wholly owned subsidiary(WOS) in the name and style "KBL Services Limited" with the necessary approval of the Reserve Bank of India.
- c) the Bank has not undertaken any merger/amalgamation/reconstruction.
- d) the Bank has not undertaken any foreign technical collaborations.

For Gopalakrishnaraj H H & Associates  
Company Secretaries

Sd/-  
Gopalakrishnaraj H H  
Proprietor  
FCS: 5654; CP: 4152  
UDIN F005654C000370854  
PR : 945/2020

Place: Bengaluru  
Date: 26.05.2021

## Annexure to Secretarial Audit

To,

The Members,

The Karnataka Bank Limited

CIN: L85110KA1924PLC001128

Regd. & Head Office:

P.B.NO.599,Mahaveera Circle, Kankanady

Mangaluru – 575 002

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Gopalakrishnaraj H H & Associates  
Company Secretaries

Sd/-

Gopalakrishnaraj H H

Proprietor

FCS: 5654; CP: 4152

UDIN F005654C000370854

PR : 945/2020

Place: Bengaluru

Date: 26.05.2021



**CERTIFICATE UNDER OF CLAUSE C (10)(i) OF SCHEDULE V UNDER REGULATION 34(3)  
AND 53(f) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS,  
2015 FOR THE YEAR ENDED ON 31 MARCH, 2021**

We have examined relevant books and records of The Karnataka Bank Limited (CIN: L85110KA1924PLC001128) (hereinafter referred to as the Bank) for the financial year ended 31 March, 2021 for the purpose of issuing a Certificate under of clause c(10) (i) of Schedule V under Regulation 34(3) and 53(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Bank and its officers, we hereby certify that none of the Directors on the Board of the Bank, for the financial year ended 31st March 2021, have been debarred or disqualified from being appointed or continuing as Directors of the Bank by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authorities.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For Gopalakrishnaraj H H & Associates  
Company Secretaries

Sd/-  
Gopalakrishnaraj H H  
Proprietor

FCS: 5654; CP: 4152  
UDIN F005654C000370854  
PR : 945/2020

Place: Bengaluru  
Date: 26.05.2021

# ANNEXURE VI

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 : 14.95x Non-Executive Chairman : 1.53x
(ii) the percentage increase in remuneration of each director, Chief Financial Officer(CFO), Chief Executive Officer (CEO), Company Secretary (CS) or Manager, if any, in the financial year	<p><b>MD &amp; CEO:</b></p> <p>The remuneration paid to MD &amp; CEO during the FY 2020-21 has increased by 27.47% w.e.f. April 1, 2020 as approved by Reserve Bank of India vide its letter dated March 24, 2020. Further, variable pay for the FY 2018-19 amounting to ₹21.00 lakhs has been paid to him during the year as per the approval received from Reserve Bank of India.</p> <p><b>Non-Executive Chairman:</b></p> <p>A consolidated monthly salary of ₹1.00 lakh was paid to the Part-time Non Executive Chairman as per the approval received from RBI in this regard.</p> <p>The remuneration of CFO and CS are as per the industry level settlement and hence, except increase in salary on account of bipartite settlement and increase in the Dearness Allowance portion, there was no increase in the remuneration of the CFO and CS during the year.</p>
iii) the percentage increase in the median remuneration of employees in the financial year	Increase in the median remuneration of employees in the financial year was 11.14 per cent.
iv) the number of permanent employees on the rolls of company	8421
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;	During the FY 2020-21, there was an increase of 8.14 per cent in the average salaries of all employees (other than managerial personnel) as per industry level settlements 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.
(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.	Yes. It is confirmed.

\*clauses (v), (vi), (vii) and (ix) to (xi) omitted by MCA notification no. 646(E) dated 30th June, 2016.

# Annexure VII

## BUSINESS RESPONSIBILITY REPORT

Bank has adopted various policies that imbibe the best practices with regard to environmental, social and governance principles. In this context, Bank is presenting its Business Responsibility Report (BRR) for the Financial Year 2020-21 prepared in accordance with the requirements under Regulation 34(2)(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the format devised by the Securities and Exchange Board of India vide Circular CIR/CFD/CMD/10/2015 dated November 04, 2015. This report is also made available on our website: <https://karnatakabank.com/>.

<b>SECTION A: GENERAL INFORMATION ABOUT THE COMPANY</b>	
1. Corporate Identity Number (CIN) of the Company	L85110KA1924PLC001128
2. Name of the Company	THE KARNATAKA BANK LIMITED
3. Registered Address	Regd. & Head Office, Post Box No. 599, Mahaveera Circle, Kankanady, Mangaluru-575002 Karnataka, India.
4. Website	<a href="https://karnatakabank.com/">https://karnatakabank.com/</a>
5. E-mail Id	info@kktbank.com
6. Financial Year reported	2020-21
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	National Industrial Classification: 2008 Section K: Financial and Insurance Activities Code: 64191
8. List three key products/services that the Company manufactures/provides (as in balance sheet)	Bank is engaged in providing banking and financial services such as: <ul style="list-style-type: none"><li>• Acceptance of Deposits</li><li>• Loans and advances</li><li>• Investments and Treasury operations</li></ul>
9. Total number of locations where business activity is undertaken by the Company	22 States and 2 Union Territories
a. Number of International Locations (Provide details of major 5)	Nil
b. Number of National Locations	Located in 554 Centres with 858 Branches pan India as on March 31, 2021.
10. Markets served by the Company – Local/State/ National/International	National

<b>SECTION B: FINANCIAL DETAILS OF THE COMPANY</b>	
1. Paid up Capital (₹ In crore)	₹310.88* crore
2. Total Turnover (₹ In crore)	₹127348.56 crore
3. Total profit after taxes (₹ In crore)	₹482.57 crore
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Two percentage of the three years' average net profit as calculated in terms of Section 198 (percentage for the year ended 31 <sup>st</sup> March 2021)
5. List of activities in which expenditure in 4 above has been incurred:- (a)(b)(c)	Kindly refer to the Annexure III of the Directors' Report of the Bank for more details on expenditure towards Corporate Social Responsibilities during the FY 2020-21.

\*Inclusive of forfeiture of shares

## SECTION C : OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	Yes. Bank has incorporated one wholly owned Non-Financial Subsidiary viz. KBL Services Ltd., on June 21, 2020.
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

## SECTION D: BR INFORMATION

1.	<b>Details of Director/Directors responsible for BR</b>	
a.	Details of the Director/Director responsible for implementation of the BR policy/policies	
i.	DIN Number	DIN 07645317
ii.	Name	Mr. Mahabaleshwara M S
iii.	Designation	Managing Director & CEO
b.	Details of the BR head	
No	<b>Particulars</b>	
1	DIN Number (if applicable)	DIN 07645317
2	Name	Mr. Mahabaleshwara M S
3	Designation	Managing Director & CEO
4	Telephone number	0824-2228222
5	e-mail id	info@ktkbank.com

### 1. Mapping of Policies of the Bank with the Principles.

Principle	Policies
P1: Ethics, Transparency and Accountability	<ul style="list-style-type: none"> <li>a. Code of Conduct for Board of Directors and Senior Management</li> <li>b. Compliance Policy</li> <li>c. KYC Standards and AML Measures Policy</li> <li>d. Policy for dealing with Related Party Transactions</li> <li>e. Code of conduct to Regulate, Monitor and Report trading by Insiders</li> <li>f. Protected Disclosure Scheme [Whistle-Blower policy]</li> <li>g. Fraud Risk Management Policy</li> <li>h. Staff Accountability Policy</li> <li>i. Grievance Redressal Policy</li> <li>j. Fair Practice Code</li> </ul>
P2: Sustainable products & services	<ul style="list-style-type: none"> <li>a. Code of Bank's Commitment to Customers</li> <li>b. Code of Bank's Commitment to Micro &amp; Small Enterprises</li> <li>c. Loan Policy</li> <li>d. Financial Inclusion plan</li> </ul>

Principle	Policies
P3 Workforce Well-being	a. HRM Policy b. HR Security Policy c. Policy on prevention of Sexual Harassment of Women at Workplace
P4: Stakeholder engagement	a. Lending Policy for MSME b. Code of Bank's Commitment to Micro & Small Enterprises c. Financial Inclusion plan d. Corporate Social Responsibility Policy
P5: Promotion of Human Rights	a. Customer Rights Policy & Policy on Product Suitability b. Citizens Charter c. Fair Practice Code
P6: Restoration of environment	Corporate Social Responsibility Policy
P7: Policy advocacy	The Bank works closely with the industry associations, however, there is no specific policy outlined for this principle.
P8: Inclusive growth & equitable development	a. Financial Inclusion plan b. Corporate Social Responsibility Policy
P9: Value to customers	a. Code of Bank's Commitment to Customers b. Code of Bank's Commitment to Micro & Small Enterprises c. Loan Policy d. Outsourcing Policy e. Deposit Policy f. Information Security Policy g. Customer Rights Policy & Policy on Product Suitability h. Citizens Charter i. Fair Practice Code

## 2. Principle-wise (as per NVGs) BR Policy/policies

### a. Details of Compliance

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for 1	Y	Y	Y	Y	Y	Y	N*	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Y <sup>2</sup>	Y <sup>2</sup>	Y <sup>2</sup>	Y <sup>2</sup>	Y <sup>2</sup>	Y <sup>2</sup>	-	Y <sup>2</sup>	Y <sup>2</sup>
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y <sup>3</sup>	Y <sup>3</sup>	Y <sup>3</sup>	Y <sup>3</sup>	Y <sup>3</sup>	Y <sup>3</sup>	-	Y <sup>3</sup>	Y <sup>3</sup>
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y

6.	Indicate the link for the policy to be viewed online?	
a.	Code of Bank's Commitment to Customers	<a href="https://karnatakabank.com/BCSBI-code">https://karnatakabank.com/BCSBI-code</a>
b.	Customer Rights Policy & Policy on Product Suitability	<a href="https://karnatakabank.com/sites/default/files/2021-07/Policy%20on%20Customer%20Rights%20%26%20Product%20Suitability%20%E2%80%93%202021-22.pdf">https://karnatakabank.com/sites/default/files/2021-07/Policy%20on%20Customer%20Rights%20%26%20Product%20Suitability%20%E2%80%93%202021-22.pdf</a>
c.	Citizens Charter	<a href="https://karnatakabank.com/sites/default/files/2019-07/CITIZENS%20CHARTER.pdf">https://karnatakabank.com/sites/default/files/2019-07/CITIZENS%20CHARTER.pdf</a>
d.	Fair Practice Code	<a href="https://karnatakabank.com/fair-practise-code">https://karnatakabank.com/fair-practise-code</a>
e.	Lending Policy for MSME	<a href="https://karnatakabank.com/sites/default/files/2020-03/MSME%20Lending%20Policy.pdf">https://karnatakabank.com/sites/default/files/2020-03/MSME%20Lending%20Policy.pdf</a>
f.	Deposit Policy	<a href="https://karnatakabank.com/sites/default/files/2021-07/Policy%20on%20Deposits%20-%202021-22.pdf">https://karnatakabank.com/sites/default/files/2021-07/Policy%20on%20Deposits%20-%202021-22.pdf</a>
g.	Code of Conduct for Board of Directors and Senior Management	<a href="https://karnatakabank.com/investor-portal/corporate-governance#collapseThreeInner">https://karnatakabank.com/investor-portal/corporate-governance#collapseThreeInner</a>
h.	Policy for dealing with Related Party Transactions	<a href="https://karnatakabank.com/investor-portal/corporate-governance#collapseThreeInner">https://karnatakabank.com/investor-portal/corporate-governance#collapseThreeInner</a>
i.	Code Of Practices & Procedures For Fair Disclosure Of Unpublished Price Sensitive Information	<a href="https://karnatakabank.com/investor-portal/corporate-governance#collapseThreeInner">https://karnatakabank.com/investor-portal/corporate-governance#collapseThreeInner</a>
j.	Protected Disclosure Scheme [Whistle-Blower policy]	<a href="https://karnatakabank.com/sites/default/files/2020-04/Policy%20on%20Whistle%20Blower%202020-21.pdf">https://karnatakabank.com/sites/default/files/2020-04/Policy%20on%20Whistle%20Blower%202020-21.pdf</a>
k.	Grievance Redressal Policy	<a href="https://karnatakabank.com/sites/default/files/2021-07/Policy%20on%20Grievance%20Redressal%20-%202021-22.pdf">https://karnatakabank.com/sites/default/files/2021-07/Policy%20on%20Grievance%20Redressal%20-%202021-22.pdf</a>
l.	Corporate Social Responsibility Policy	<a href="https://karnatakabank.com/sites/default/files/2021-07/policy%20on%20corporate%20social%20responsibility.pdf">https://karnatakabank.com/sites/default/files/2021-07/policy%20on%20corporate%20social%20responsibility.pdf</a>
m.	Policy for Dealing with Related Party Transaction	<a href="https://karnatakabank.com/sites/default/files/2020-08/a_Policy_on_Related_Party_Transactions_compressed.pdf">https://karnatakabank.com/sites/default/files/2020-08/a_Policy_on_Related_Party_Transactions_compressed.pdf</a>
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	<a href="https://karnatakabank.com/investor-portal/corporate-governance#collapseThreeInner">https://karnatakabank.com/investor-portal/corporate-governance#collapseThreeInner</a>

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
8.	Does the company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	-	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	All policies are reviewed internally on an annual basis.								

**b. If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	*	-	-

\*Note: Bank works closely with trade association for the collective good of the society, though there is no specific policy for this principle.

Y<sup>2</sup> Bank's policies are developed keeping in mind the requirements of extant RBI Guidelines, SEBI Regulations, Companies Act, 2013 and also Bank's internal requirements and best practices.

Y<sup>3</sup> Policies are approved by the Board/Committee of the Board or Senior Management as the case may be.

3.	<b>Governance related to BR</b>	
a.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.	Annually.
b.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published	Bank is reporting BR annually w.e.f. April 1, 2016. The BR for the FY 2020-21 is made available on the Bank's website <a href="http://www.karnatakabank.com">www.karnatakabank.com</a> (Investors Portal)

## SECTION E : PRINCIPLE-WISE PERFORMANCE

### PRINCIPLE 1:- Ethics, Transparency and Accountability:

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/Suppliers/Contractors/ NGOs /Others?

The Bank has devised polices such as Code of Conduct and Fair Practices Code applicable to all its employees. Bank has also devised a Code of Conduct for Board of Directors and Senior Management, Fair Practice Code and Code of Conduct to Regulate, Monitor and Report Trading by Insiders and Staff Accountability Policy to ensure highest standards of ethics and corporate governance. Further, the Bank has put in place Whistle Blower Mechanism to encourage staff members to report any purported irregularities in the operations.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the Financial Year, Bank received 3 complaints related to this principle and all the three have been resolved satisfactorily.

### PRINCIPLE 2:- Sustainable products & services:

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

(a) Schemes providing finance to MSE's and other Priority sectors like agriculture & allied activities, housing, education etc.

- (b) Corporate Finance for renewable energy sources.
- (c) KBL Suraksha (a co-branded product with Universal Sompo General Insurance Co. Ltd.) providing personal accident insurance policy at a nominal cost.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

- a. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
- b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not applicable since we are engaged in providing banking & financial services.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

We are in the financial services sector and there is no directly attributable consumables to be covered here. However, as a responsible corporate, we are constantly working towards reducing paper consumption by adopting new technology in its processes. Some of the initiatives in this direction were thrust towards digital banking, introduction of online account opening, creating awareness among the public to shift towards cashless transactions, paperless virtual board & internal meetings, encouraging the shareholders to register email & bank a/c details for electronic dissemination of corporate communication and electronic credit of corporate benefits. Bank has also introduced 'Self Registration' process to avoid printing of PIN mailers for Internet Banking & Mobile banking and alternatively it is also proposed to GREEN PIN. Thus, Bank is making extensive use of electronic means to promote "green initiative" among the public.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

- (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Not applicable for the Bank.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Bank, being in the service industry, recycling of products does not arise. Bank has taken adequate steps to ensure proper disposal of waste, especially paper waste and electronic waste. Paper waste and electronic waste generated are provided to third party local vendors who are in the business of recycling of waste materials.

**PRINCIPLE 3:- Workforce Well-being:**

1.	Please indicate the Total number of employees	8421
2.	Please indicate the Total number of employees hired on temporary/ contractual/ casual basis	9
3.	Please indicate the Number of permanent women employees	2493
4.	Please indicate the Number of permanent employees with disabilities	21
5.	Do you have an employee association that is recognized by management	Yes. i) AIKBEA (All India Karnataka Bank Employees Association) for Award Staff. ii) KBOO (Karnataka Bank Officers Organization) for Officers (Scale I, II & III)
6.	What percentage of your permanent employees is members of this recognized employee association?	AIKBEA- 99.25% KBOO - 99.38%
7.	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year(FY).	



No	Category	No of complaints filed during the FY	No of compliant disposed during the FY	No of complaints pending as on end of the FY
1	Child labour/forced labour/ involuntary labour	NA	NA	NIL
2	Sexual harassment	NIL	NA	NIL
3	Discriminatory employment	NIL	NA	NIL

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

	Safety Training*	Skill up-gradation Training*
a. Permanent Employees	9.48	100
b. Permanent Women Employees	8.21	100
c. Casual/Temporary/Contractual Employees	11.11	67
d. Employees with Disabilities	4.76	100

\* including e-learning /excluding Attenders & Part Time Sub-Staffs

#### PRINCIPLE 4:- Stakeholder engagement

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes. Bank has mapped its internal and external stakeholders. All members of the entire value chain including investors, customers, employees, vendors, outsourcing agencies, technical consultants, valuers, legal advisors, society in general are considered as stakeholders.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Bank had identified the unbanked population living in the rural and semi-urban areas, who do not have access to the basic and advanced banking products. All the branches of the Bank are opening accounts under Prime Minister Jan Dhan Yojana (PMJDY) and contributed toward the financial inclusion in rural, semi urban and urban areas.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

As part of its social obligation, Bank has been opening branches in Gram Panchayat locations and Financial Inclusion Branches to cater to the needs of the unbanked and economically underdeveloped areas. Bank also encourages schemes introduced by the Government of India. The CSR activities of the Bank also focus towards these sections of the society by providing assistance in the areas of Health, Education, Environment sustainability, Inclusive Development etc.

#### PRINCIPLE 5:- Promotion of Human Rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

Bank respects every human being connected to the Bank in various forms such as customer, employees, contractors etc., and Bank's policies are aligned to include clauses in respect of each other's obligations and rights and also adherence to local laws relating to such stakeholders. Bank also aims to educate everyone who deals with the Bank about their rights with regard to the various banking products. The Bank adheres to the code issued by The Banking Codes and Standards Board of India, for protection of customer's rights. The Bank also has separate machinery to address the grievances of employees/customers and also on the complaints of sexual harassment at workplace.

2. How many stakeholder complaints have been received in the past financial year and what per cent was satisfactorily resolved by the management?

The Bank did not receive any complaint in the area of human rights violations from internal or external stakeholders.

## PRINCIPLE 6:- Restoration of environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

As an on-going process, Bank has been taking up initiatives to support the activities that aim to protect the environment. Bank has devised Corporate Social Responsibility Policy wherein the projects related to protection of environment including encouragement to utilization of natural resources are considered under its budget. The Policy covers society in general.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

Bank advocates the need for addressing global environmental issues like global warming, scarcity of water, encouragement to renewable energy sources etc., not only through its lending decisions, but also as part of its CSR Strategy. Besides, Bank aims to achieve minimum paper consumption and reduce its carbon footprint through efficient energy management at its Branches/offices. Details of CSR decisions in this regard have been provided under Annexure III of the Directors' Report.

3. Does the company identify and assess potential environmental risks? Y/N

Potential environment risks are assessed as part of Bank's lending decisions.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

No.

5. Has the company undertaken any other initiatives on-clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

As part of CSR initiatives, Bank has extensively funded projects promoting solar energy to various beneficiaries. Bank is continuing the maintenance of solar street lights on an ongoing basis which it installed at Kadri Park, Mangaluru (Karnataka)– a prominent green space for the city dwellers of Mangaluru city. Further, Bank has committed a sum not exceeding ₹ 20.00 lakh to Haranahally Ramaswamy Institute of Higher Education, Hassan towards setting up of a 30KVA "off-grid" solar power plant at the college campus. The projects completed during the year include, installation of solar street lights at rural households at Kelakoppa Kavadi area of Addagadde Village, Chikkamagaluru Dist (Karnataka), Sri Jagadguru Chandrashekara Bharathi Memorial College, Sringeri (Karnataka), installation of roof top solar system at Nanjangudu Sri Raghavendra Swami Math, Bhavani Nagar, Hubballi (Karnataka), and installation of solar lights at public place of worship, Badabettu Kodialbailu Bobbarya Daivasthana, Kotathattu – Padukare, Udupi Dist (Karnataka) etc.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Not applicable.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil

## PRINCIPLE 7:- Policy advocacy

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Bank has been associated with Federation of Indian Export Organization (FIEO) and is a member of Indian Banks Association (IBA) and Indian Institute of Banking and Finance (IIBF), Mumbai.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Bank, through its association with the trade houses, has been encouraging the exports and also lending to MSME sector thereby playing a pivotal role in encouraging the economic growth. Further, the Bank has made a number of suggestions through the industry bodies with respect to the matters affecting the economy, in particular the banking sector. The Bank actively participates in various schemes and initiatives undertaken by the government.

**PRINCIPLE 8:- Inclusive growth & equitable development**

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Bank has been involving in various social welfare activities to improve the lives of socially and economically weaker sections of the society as part of its CSR initiatives. Guided by the projects/programmes as indicated in Schedule VII of the Companies Act, 2013, Bank has undertaken various projects/programmes in areas of Education, Environmental Sustainability, Healthcare, Rural Development, Swachh Bharat etc.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The CSR projects/programmes are undertaken through an in-house team of the Bank.

3. Have you done any impact assessment of your initiative?

Yes. Bank’s contribution under its CSR initiatives has touched a broad spectrum of areas covering education, healthcare, environmental sustainability, protection of heritage and culture, rural development, empowering women etc. and has resulted in improving the quality of lives of less privileged sections of the society. The progress in implementation of various initiatives are monitored and reviewed periodically to ensure the end utilization of funds.

4. What is your company’s direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

Bank has bestowed special attention in rejuvenating water bodies in different parts in the state of Karnataka. Bank has provided financial assistance towards the rejuvenation of following lakes namely; the one situated near Sri Panchalingeshwara Temple, Urwa, Mangaluru (Karnataka), the lake known as ‘Chowdi Kere’ at Neechadi, Hirebilagunji Village Panchayath, Shivamogga Dist(Karnataka), and Bommasandra Lake(Karnataka), spread over 28 acres in the middle of an industrial area in Bengaluru. In order to promote road safety and develop greenery within the city limits, Bank undertook the responsibility of laying metal road barricades and developing greenery along the road divider in National Highway 66 from Mahaveera Circle to KPT Junction, Mangaluru, covering a distance of about 3100 meters, under the guidance and support of National Highways Authority of India, PIU, Mangaluru. The total contribution of the Bank for community development projects is ₹ 1.35 Crore.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Bank ensures the participation of local community in community development projects at all stages of a project, right from its conceptualization to different stages of implementation. Bank also works in tandem with other important stakeholders in these projects. It is also ensured that branches and respective regional offices near the project sites assume the responsibility of monitoring the end use of funds.

**PRINCIPLE 9:- Value to customers**

1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.

complaints pending at the beginning of the FY 2020-21	complaints received during the FY 2020-21	complaints redressed during the FY 2020-21	complaints pending at the end of FY 2020-21
350	41,634 *	41,526	458

\*out of which, 39641 are relating to ATM/Debit Card transactions.

- 2.** Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

Considering the said nature of business, Bank has put in place Code of Bank's Commitment to Customers and Customer Rights Policy & Policy on Product Suitability besides Fair Trade Practice. All relevant material information which could affect the customers' decisions are disclosed in the relevant Bank forms and loan agreements. Bank also publishes periodic information about the products & services along with details of the interest rates on its website.

- 3.** Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

Nil

- 4.** Did your company carry out any consumer survey/ consumer satisfaction trends?

Bank has adopted both formal and informal methods of obtaining customer feedback regarding the Bank's services. Bank has been conducting digital survey for obtaining Customer Satisfaction Score for the digital journeys like KBL Xpress Home Loan, KBL Xpress Car Loan and KBL Xpress Cash Loan and as per the survey conducted for Feb'2021, the score was at 4.29, 4.39, and 4.54 respectively (out of 5). Bank's staff members are specifically trained to ensure prompt customer service and also obtain feedback for ongoing improvement. Bank also has a dedicated grievance redressal portal to ensure time-bound disposal of customer complaints. In addition, Stakeholders and Customer Relations Committee of the Bank meets periodically to assess the customer satisfaction levels and improve on the gaps if any on an ongoing basis.

# Independent Auditors' Report

## To the Members of The Karnataka Bank Limited Report on audit of the Standalone Financial Statements

### Opinion

- 1.01 We have audited the standalone financial statements of The Karnataka Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31<sup>st</sup> March 2021, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns for the year ended on that date of 132 Branches/Offices audited by us and 762 Branches/Offices audited by the Statutory Branch Auditors.
- 1.02 In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 the Banking Companies and are in conformity with the accounting principles generally accepted in India and give a true and fair view of the state of affairs of the Bank as at 31<sup>st</sup> March 2021, and its Profit and Cash Flows for the year ended on that date.

### Basis for Opinion

- 2.01 We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities

under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

- 3.01 We draw attention to Schedule 18 - Note A.10 (b) of the accompanying financial statements which describes the uncertainties due to outbreak of novel coronavirus (COVID 19). In view of these uncertainties, the impact on the Bank's financial statements is significantly dependent on future developments.
- 3.02 Our opinion is not modified in respect of this matter.

### Key Audit Matters

- 4.01 Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the Key Audit Matters
<b>Identification of Non Performing Assets, Income Recognition and Adequacy of Provisions</b> <p>Loans and Advances and Investments are classified as performing and non performing assets in accordance with the prudential norms issued by the Reserve Bank of India.</p> <p>The identification of non performing assets and creation of provision on such assets involves key management judgements relating to performance, determination of realizable securities available to the Bank and their valuation.</p>	<p>We have assessed the Bank's systems in place for classification of the assets, identification and provision for the non performing assets including assessment of realizable securities and their valuations. Our audit approach consisted of testing the design of the systems for identification of the non performing assets to ensure conformity with the guidelines of the Reserve Bank of India in the matter and test checking the identification and valuation of non performing assets.</p> <p>We have reviewed the Branch audit reports and ensured that changes suggested by the Branch Auditors' were duly carried out, wherever necessary.</p>

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**Key Audit Matters**

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**How our audit addressed the Key Audit Matters**

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**Identification of Non Performing Assets, Income Recognition and Adequacy of Provisions**

In the event of any improper application of the prudential norms or consideration of the incorrect value of the security, the carrying value of the assets could be materially misstated either individually or collectively, and in view of the significance of the amount of advances and investments in the financial statements, the classification of the advances and investments and provisioning thereon has been considered as Key Audit Matter in our audit.

Due to the Covid pandemic and its consequential effect on the Bank, we have also identified implementation of the Covid Regulatory Package and the Hon. Supreme Court judgement on this matter as a Key Audit Matter.

Further we have reviewed on a test check basis the reports of the credit, inspection, risk based internal, concurrent audits and other special reports to ascertain the advances having any adverse features/ comments, and reviewed the MIS and reports generated from the Bank's system for the same.

With respect to those borrowers to whom moratorium was granted in accordance with the Regulatory Package, on a sample basis, we tested that the moratorium was granted in accordance with the Board approved policy.

With respect to asset classification and income recognition, on a sample basis, we tested that such asset classification and income recognition was carried out in accordance with the guidelines of the Hon'ble Supreme Court and Reserve Bank of India.

Modified Audit Procedures were carried out, wherever physical inspection of documents and records could not be carried due to the Pandemic, by remote access and digitally scanned documents and discussions over email/telephone and video conference and other electronic modes.

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**Information Technology ("IT") Systems and Controls**

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The IT environment of the Bank is complex and involves a large number of independent and inter dependent IT systems used in the operations of the Bank for processing and recording large volume of transactions at numerous locations.

Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting.

We have identified 'IT Systems and Controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the complexity of the IT architecture and its impact on the financial reporting system.

We evaluated and understood the IT system adopted by the Bank for its Core Banking and other operations.

We assessed the operative effectiveness of key automated controls within various business processes. This includes testing the integrity of system interfaces, completeness and accuracy of the data, system reconciliation controls and automated calculations.

We assessed the system of data feeding and extraction of the financial information and statements from the IT system existing in the Bank, reviewed the output and reports generated by the system on a sample basis and where deficiencies were observed/identified, tested the compensating controls and alternate procedures.

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**Recognition of Deferred Tax Assets**

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Deferred Income Tax reflects the impact of timing difference between the taxable income and accounting income. Deferred Tax Asset is not recognized unless there is a virtual certainty that sufficient future taxable income will be available against which such asset will be realized.

We have relied upon the management estimates and expert opinions taken by the Bank regarding eligibility of carried forward tax losses for set off against future taxable income and used our own internal expertise in evaluating the claims, assumptions and profitability forecasts and assertions of the management provided to us, that sufficient future taxable income will be available for set off against the tax losses carried forward.

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**Key Audit Matters**

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**How our audit addressed the Key Audit Matters**

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**Contingent Liabilities, tax litigations and claims**

Contingent liability is a possible obligation, outcome of which is contingent upon occurrence or non occurrence of one or more uncertain future events. In the judgement of the management, such claims and litigations including tax demands against the Bank would not eventually lead to a liability. However, should there be an adverse outcome, the Bank will be liable to pay the disputed amount with interest/penalty as may be decided by the competent authorities, the impact of which is uncertain/unascertainable at this stage.

We have relied upon the management note/estimates and the expert/legal opinions obtained by the Bank regarding the claims and tax litigations and reviewed internally the nature of such litigations and claims, their sustainability and likelihood of the claims/litigations materializing into eventual liability upon final resolution, from the available records and developments to date.

**Information Other than the Standalone Financial Statements and Auditors' Report Thereon**

- 5.01 The Bank's Board of Directors' are responsible for the other information. The other information comprises the information included in the Annual Report including Pillar 3 Disclosure under the New Capital Adequacy Framework (Basel III disclosures), but does not include the standalone financial statements and the Auditors' report thereon. The Annual Report is expected to be made available to us after the date of this Auditors' report.
- 5.02 Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
- 5.03 In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.
- 5.04 When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibilities of the Management and those charged with Governance for the Standalone Financial Statements**

- 6.01 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 standalone 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, 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 judgements 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.

- 6.02 In preparing the financial statements, the management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

**Auditors' Responsibilities for the audit of the Standalone Financial Statements**

- 7.01 Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users' taken on the basis of these financial statements.

7.02 As part of an audit in accordance with the SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Audit report. However, future events or conditions may cause the Bank to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

7.03 We communicate with those charged with governance regarding, among other matters, the planned scope

and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

7.04 We also provide those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

7.05 From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our Audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matter**

8.01 We did not audit the financial statements/information of 762 Branches/Offices included in the standalone financial statements of the Bank whose financial statements/financial information reflect total advances of ₹ 30,155.28 crore as at 31<sup>st</sup> March 2021 and total revenue of ₹ 3307.99 crore for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these Branches have been audited by the Branch Auditors' whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures pertaining to such Branches, is based solely on the report of the Branch Auditors'.

8.02 Our opinion is not modified in respect of this matter.

#### **Report on Other Legal and Regulatory Requirements**

9.01 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 and Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

9.02 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;
- (c) the returns received from the offices; and Branches of the Bank have been found adequate for the purposes of our audit.

9.03 Further, as required by Section 143(3) of the Act, we report that:

- (a) 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;
- (b) 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/Offices not visited by us;
- (c) the reports on the accounts of the Branch/Offices of the Bank audited under section 143(8) of the Act by the Statutory Branch Auditors' of the Bank have been sent to us and have been properly dealt with by us in preparing this report;
- (d) 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;
- (e) in our opinion, the aforesaid standalone 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 the Reserve Bank of India;

- (f) on the basis of written representations received from the Directors as on 31<sup>st</sup> March 2021 and taken on record by the Board of Directors, none of the Director is disqualified as on 31<sup>st</sup> March 2021 from being appointed as a Director in terms of Section 164(2) of the Act;

- (g) With respect to the matter to be included in the Auditors' Report under section 197(16), as informed to us, requirements with respect to the matter to be included in the Auditor's Report under section 197(16) of the Act are not applicable to the Banking companies.

- (h) with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, separate Report in "Annexure A" may please be referred;

- (i) with respect to other matters to be included in the Auditors' 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:

- (i) the Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Schedule 18 Notes C. 21 to the financial statements;
- (ii) the Bank does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- (iii) there has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund, by the Bank.

**for Manohar Chowdhry & Associates**

Chartered Accountants  
FR No. 0019975

**Sd/-**

**(Murali Mohan Bhat)**

Partner  
M. No. 203592  
UDIN: 21203592AAAACJ3515

Place: Mangalore

Date: 26.05.2021

**for Badari, Madhusudhan & Srinivasan**

Chartered Accountants  
FR No. 0053895

**Sd/-**

**(S. Rajendiran)**

Partner  
M. No. 021883  
UDIN: 21021883AAAAAC8729

## Annexure A to the Independent Auditors' Report of even date on the standalone financial statements of The Karnataka Bank Limited

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub section 3 of Section 143 of the Companies Act, 2013

1.01 We have audited the internal financial controls over financial reporting of The Karnataka Bank Limited ('the Bank') as at 31<sup>st</sup> March 2021 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

### Management's Responsibility for Internal Financial Controls Over Financial Reporting

2.01 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').

2.02 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').

### Auditors' Responsibility

3.01 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'), both 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. Those Standards and the Guidance Note require that we comply with the 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.

3.02 Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial 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 Auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

3.03 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

4.01 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 the 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 the transactions are recorded as necessary to permit preparation of the financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditure of the Bank are being made only in accordance with authorizations of management and Directors' of the Bank; and
- c) 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**

5.01 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 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.

#### **for Manohar Chowdhry & Associates**

Chartered Accountants  
FR No. 0019975

**Sd/-**

**(Murali Mohan Bhat)**

Partner  
M. No. 203592  
UDIN: 21203592AAAACJ3515

Place: Mangalore  
Date: 26.05.2021

### **Opinion**

6.01 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 2021, 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.

#### **for Badari, Madhusudhan & Srinivasan**

Chartered Accountants  
FR No. 0053895

**Sd/-**

**(S. Rajendiran)**

Partner  
M. No. 021883  
UDIN: 21021883AAAAAC8729

# Balance Sheet as on 31<sup>st</sup> March 2021

(₹ in' 000s)

	Schedule No.	As on 31.03.2021	As on 31.03.2020
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	310,87,95	310,87,95
Reserves and Surplus	2	6331,47,55	5659,56,41
Deposits	3	75654,86,16	71785,15,40
Borrowings	4	1764,88,00	4065,11,80
Other Liabilities and Provisions	5	1519,24,26	1492,77,20
<b>TOTAL</b>		<b>85581,33,92</b>	<b>83313,48,76</b>
<b>ASSETS</b>			
Cash and balances with Reserve Bank of India	6	4866,14,91	2756,05,04
Balances with Banks and Money at Call and Short Notice	7	449,41,71	163,44,02
Investments	8	21635,18,54	17545,34,22
Advances	9	51693,69,73	56964,27,18
Fixed Assets	10	837,84,67	826,41,89
Other Assets	11	6099,04,36	5057,96,41
<b>TOTAL</b>		<b>85581,33,92</b>	<b>83313,48,76</b>
Contingent Liabilities	12	8387,48,61	7723,75,78
Bills for Collection		2378,63,20	2315,38,01
Significant Accounting Policies	17		
Notes on Account	18		

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

**Sd/-**  
**Prasanna Patil**  
Company Secretary

**Sd/-**  
**Muralidhar K Rao**  
General Manager & CFO

**Sd/-**  
**Gokuldas Pai**  
Chief Business Officer

**Sd/-**  
**Y V Balachandra**  
Chief Operating Officer

**Sd/-**  
**Mahabaleshwara M S**  
Managing Director & CEO

**Sd/-**  
**P Jayarama Bhat**  
Chairman

**Sd/-**  
**Rammohan Rao Belle**  
Director

**Sd/-**  
**B R Ashok**  
Director

**Sd/-**  
**Pradeep Kumar Panja**  
Director

Refer our report of even date

**For Manohar Chowdhry & Associates**  
Chartered Accountants  
Firm Regn. No. 001997S

**For Badari Madhusudhan & Srinivasan**  
Chartered Accountants  
Firm Regn. No. 005389S

**Sd/-**  
**(Murali Mohan Bhat)**  
Partner  
M. No. 203592

**Sd/-**  
**(S. Rajendiran)**  
Partner  
M. No.021883

Place : Mangaluru  
Date : 26<sup>th</sup> May 2021

# Profit and Loss Account

## For the Year Ended 31<sup>st</sup> March 2021

(₹ in' 000s)

	Schedule No.	Year ended 31.03.2021	Year ended 31.03.2020
<b>I. INCOME</b>			
Interest Earned	13	6232,41,47	6474,76,99
Other Income	14	1495,06,50	1261,62,54*
<b>Total</b>		<b>7727,47,97</b>	<b>7736,39,53</b>
<b>II. EXPENDITURE</b>			
Interest Expended	15	4049,22,68	4444,41,24
Operating Expenses	16	1679,10,91	1635,21,76*
Provisions and Contingencies		1516,57,44	1224,98,88
<b>Total</b>		<b>7244,91,03</b>	<b>7304,61,88</b>
<b>III. PROFIT</b>			
Net Profit for the Year		482,56,94	431,77,65
Profit brought forward		101,68,14	119,64,95
<b>Total</b>		<b>584,25,08</b>	<b>551,42,60</b>
<b>IV. APPROPRIATIONS</b>			
Transfer to Statutory Reserve		125,00,00	110,00,00
Transfer to Capital Reserve		199,68,68	183,08,22
Transfer to Revenue Reserve		100,00,00	30,00,00
Transfer to Special Reserve u/s 36 (1) (viii) of the Income Tax Act, 1961		47,20,66	6,73,79
Transfer from Investment Reserve Account		0	0
Transfer to Investment Fluctuation Reserve		26,88,41	77,81
Transfer to Other Funds		0	0
Dividend Paid		0	98,82,75
Tax on Dividend Paid		0	20,31,89
Balance carried to Balance Sheet		85,47,33	101,68,14
<b>Total</b>		<b>584,25,08</b>	<b>551,42,60</b>
Earning per share			
Basic	₹	15.52	13.89
Diluted	₹	15.48	13.89
Significant Accounting Policies	17		
Notes on Account	18		

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

\* Previous year figures recomputed to exclude GST wherever applicable

Sd/-  
**Prasanna Patil**  
Company Secretary

Sd/-  
**Muralidhar K Rao**  
General Manager & CFO

Sd/-  
**Gokuldas Pai**  
Chief Business Officer

Sd/-  
**Y V Balachandra**  
Chief Operating Officer

Sd/-  
**Mahabaleshwara M S**  
Managing Director & CEO

Sd/-  
**P Jayarama Bhat**  
Chairman

Sd/-  
**Rammohan Rao Belle**  
Director

Sd/-  
**B R Ashok**  
Director

Sd/-  
**Pradeep Kumar Panja**  
Director

Refer our report of even date

**For Manohar Chowdhry & Associates**  
Chartered Accountants  
Firm Regn. No. 0019975

**For Badari Madhusudhan & Srinivasan**  
Chartered Accountants  
Firm Regn. No. 0053895

Sd/-  
**(Murali Mohan Bhat)**  
Partner  
M. No. 203592

Sd/-  
**(S. Rajendiran)**  
Partner  
M. No.021883

Place : Mangaluru  
Date : 26<sup>th</sup> May 2021

# Cash Flow Statement

## For the Year Ended 31<sup>st</sup> March 2021

(₹ in' 000s)

	Year ended 31.03.2021		Year ended 31.03.2020	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit after Tax and Extra Ordinary Items</b>		482,56,94		431,77,65
<b>Add:</b>				
Adjustments for :				
Provision for Tax	129,36,02		90,24,67	
(Profit)/Loss on sale Fixed Assets	1,88,46		70,71	
Depreciation on Fixed Assets including Lease Adjustment charges	73,52,19		63,76,49	
Provisions and Contingencies	1387,21,42		1134,74,21	
Amortisation of premium on Held to Maturity Investments	125,32,00		76,05,35	
Loss on sale to SC/RC amortised during the year	-		-	
Write-off of Fixed Assets	665	1717,36,74	-	1365,51,43
<b>Operating Profit Before Working Capital Changes</b>		2199,93,68		1797,29,08
<b>Adjustment for :</b>				
i) (Increase)/Decrease in Advances & Other Assets	4653,52,90		-3608,73,67	
ii) (Increase)/Decrease in Investments	-4311,18,00		-1431,41,46	
iii) Increase/(Decrease) in Deposits,Borrowings & Other Liabilities	971,41,76		3367,73,82	-1672,41,31
iv) Change in Revenue Reserve	189,37,03	1503,13,69		
<b>Cash Generated from Operations</b>		3703,07,37		124,87,77
<b>Less: Direct taxes paid</b>		334,31,31		214,47,41
<b>Net Cash Flow from Operating Activities (A)</b>		<b>3368,76,06</b>		<b>-89,59,64</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets		-87,61,13		-57,52,90
Sale of Fixed Assets		71,05		1,48,09
Investment in wholly owned subsidiary-KBL Services Ltd		-50,00		-
<b>Net Cash used in Investing Activities (B)</b>		<b>-87,40,08</b>		<b>-56,04,81</b>
<b>TOTAL (A+B)</b>		<b>3281,35,98</b>		<b>-145,64,45</b>

(₹ in' 000s)

	Year ended 31.03.2021	Year ended 31.03.2020
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital (net of expenses)	-2,83	61
Proceeds from long term borrowings	-885,25,59	-425,37,50
Dividend paid (Including Tax on Dividend)	-	-1,19,24,45
<b>Net Cash Generated from Financing Activities ( C )</b>	<b>-885,28,42</b>	<b>-544,61,34</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>2396,07,56</b>	<b>-690,25,79</b>
Cash & Cash Equivalents as at the beginning of the year	2919,49,06	3609,74,85
Cash & Cash Equivalents as at the end of the year	5315,56,62	2919,49,06

Note:

- The Cash Flow Statement has been prepared under the Indirect Method and figures of the previous year have been re-grouped wherever necessary.
- 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/-**  
**Prasanna Patil**  
Company Secretary

**Sd/-**  
**Muralidhar K Rao**  
General Manager & CFO

**Sd/-**  
**Gokuldas Pai**  
Chief Business Officer

**Sd/-**  
**Y V Balachandra**  
Chief Operating Officer

**Sd/-**  
**Mahabaleshwara M S**  
Managing Director & CEO

**Sd/-**  
**P Jayarama Bhat**  
Chairman

**Sd/-**  
**Rammohan Rao Belle**  
Director

**Sd/-**  
**B R Ashok**  
Director

**Sd/-**  
**Pradeep Kumar Panja**  
Director

Refer our report of even date

**For Manohar Chowdhry & Associates**  
Chartered Accountants  
Firm Regn. No. 0019975

**For Badari Madhusudhan & Srinivasan**  
Chartered Accountants  
Firm Regn. No. 0053895

**Sd/-**  
**(Murali Mohan Bhat)**  
Partner  
M. No. 203592

**Sd/-**  
**(S. Rajendiran)**  
Partner  
M. No.021883

Place : Mangaluru  
Date : 26<sup>th</sup> May 2021

## SCHEDULES FORMING PART OF BALANCE SHEET

### SCHEDULE - 1 CAPITAL

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
<b>Authorised Capital</b>		
60,00,00,000 Equity shares of ₹ 10/- each	600,00,00	800,00,00
(Previous Year 80,00,00,000 Equity shares of ₹ 10/- each)		
<b>Issued Capital</b>		
31,09,98,210 Equity shares of ₹ 10/- each	310,99,82	310,99,82
(previous year 31,09,98,210, equity shares of ₹ 10/- each)		
<b>Subscribed Capital</b>		
31,08,86,239 Equity shares of ₹ 10/- each	310,88,62	310,88,62
(previous year 31,08,86,239 Equity shares of ₹ 10/- each)		
<b>Paid-up Capital</b>		
31,08,69,689 Equity shares of ₹ 10/- each fully paid up	310,86,97	310,86,97
(Previous year 31,08,69,689 Equity shares of ₹ 10/- each)		
Add : Forfeited Shares	98	98
<b>Total</b>	<b>310,87,95</b>	<b>310,87,95</b>

Note: The Bank has reduced the Authorised Capital from 800,00,00 to 600,00,00 as per the resolution passed at the Annual General Meeting held on July 17, 2020.

### SCHEDULE - 2 RESERVES AND SURPLUS

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
<b>I. Statutory Reserve</b>		
Opening balance	2480,00,00	2370,00,00
Additions during the year	125,00,00	110,00,00
	2605,00,00	2480,00,00
Deductions during the year	0	0
<b>Total</b>	<b>2605,00,00</b>	<b>2480,00,00</b>
<b>II. Capital Reserve</b>		
Opening balance	425,87,74	242,79,52
Additions during the year <sup>1</sup>	199,68,68	183,08,22
	625,56,42	425,87,74
Deductions during the year	0	0
<b>Total</b>	<b>625,56,42</b>	<b>425,87,74</b>
<b>III. Share Premium</b>		
Opening balance	1255,04,15	1283,96,42
Additions during the year	0	62
	1255,04,15	1283,97,04
Deductions during the year	2,83	28,92,89
<b>Total</b>	<b>1255,01,32</b>	<b>1255,04,15</b>



(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
<b>IV. Revenue and Other Reserves</b>		
<b>a) Revenue Reserve</b>		
Opening balance	628,05,44	782,70,77
Additions during the year <sup>2</sup>	294,09,94	34,71,70
	922,15,38	817,42,47
Deductions during the year	0	189,37,03
<b>Total</b>	<b>922,15,38</b>	<b>628,05,44</b>
<b>b) Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961</b>		
Opening balance	230,15,33	223,41,54
Additions during the year	47,20,66	6,73,79
	277,35,99	230,15,33
Deletion during the year	0	0
<b>Total</b>	<b>277,35,99</b>	<b>230,15,33</b>
<b>c) Investment Fluctuation Reserve Account</b>		
Opening balance	68,69,04	67,91,23
Additions during the year	26,88,41	77,81
	95,57,45	68,69,04
Deductions during the year	0	0
<b>Total</b>	<b>95,57,45</b>	<b>68,69,04</b>
<b>d) Revaluation Reserve Account</b>		
Opening balance	470,06,57	412,12,10
Additions during the year	0	63,81,26
	470,06,57	475,93,36
Deductions during the year	4,72,91	5,86,79
<b>Total</b>	<b>465,33,66</b>	<b>470,06,57</b>
<b>IV. Total (a to d)</b>	<b>1760,42,48</b>	<b>1396,96,38</b>
<b>V. Balance in Profit and Loss Account</b>	<b>85,47,33</b>	<b>101,68,14</b>
<b>Grand Total ( I to V )</b>	<b>6331,47,55</b>	<b>5659,56,41</b>

Note 1. Appropriation on account of profit on sale of investments held under HTM category, net of taxes and transfer to Statutory Reserve.  
2. Includes reversal of unamortised amount of provision of 189,32,00 for frauds debited during the previous year.

### SCHEDULE - 3 DEPOSITS

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
<b>A. I. Demand Deposits</b>		
1. From Banks	4,42,12	6,77,11
2. From others	4817,83,70	4156,16,51
	<b>4822,25,82</b>	<b>4162,93,62</b>
<b>II. Savings Bank Deposits</b>	<b>19001,06,27</b>	<b>16588,68,33</b>
<b>III Term Deposits</b>		
1. From Banks	9,79,81	53,74,36
2. From others	51821,74,26	50979,79,09
	<b>51831,54,07</b>	<b>51033,53,45</b>
<b>Total : (I, II and III)</b>	<b>75654,86,16</b>	<b>71785,15,40</b>
<b>B. 1. Deposits of branches in India</b>	<b>75654,86,16</b>	<b>71785,15,40</b>
2. Deposits of branches outside India	0	0
<b>Total (1+2)</b>	<b>75654,86,16</b>	<b>71785,15,40</b>

**SCHEDULE - 4 BORROWINGS**

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
<b>I. Borrowings in India</b>		
1. Reserve Bank of India	0	1414,98,20
2. Other Banks	0	0
3. Other Institutions and Agencies	794,88,00	1680,13,60
4. Subordinated Debts for Tier II Capital	970,00,00	970,00,00
<b>Total</b>	<b>1764,88,00</b>	<b>4065,11,80</b>
<b>II. Borrowings outside India</b>	0	0
<b>Total : (I and II)</b>	<b>1764,88,00</b>	<b>4065,11,80</b>
Secured borrowings included in I & II above	0	1414,98,20

**SCHEDULE - 5 OTHER LIABILITIES AND PROVISIONS**

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
I. Bills Payable	222,85,54	188,16,15
II. Inter Office Adjustments(Net)	1,48	0
III. Interest Accrued	60,53,06	58,52,93
IV. Deferred Tax Liability (Net)	0	0
V. Others (including Provisions)	1235,84,18	1246,08,12
<b>Total</b>	<b>1519,24,26</b>	<b>1492,77,20</b>

**SCHEDULE - 6 CASH AND BALANCES WITH RBI**

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
<b>I. Cash in Hand</b>	<b>501,96,84</b>	<b>549,04,46</b>
(including foreign currency notes)		
<b>II. Balances with Reserve Bank of India</b>		
1. In Current Account	2614,18,07	2082,00,58
2. In Other Accounts	1750,00,00	125,00,00
<b>Total</b>	<b>4364,18,07</b>	<b>2207,00,58</b>
<b>Total : (I and II)</b>	<b>4866,14,91</b>	<b>2756,05,04</b>

## SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
<b>I. IN INDIA</b>		
<b>i. Balances with Banks</b>		
a) In Current Accounts	20,71,36	24,52,71
b) In Other Deposit Accounts	0	0
<b>Total</b>	<b>20,71,36</b>	<b>24,52,71</b>
<b>ii. Money at Call and Short Notice</b>		
a) With Banks	0	0
b) With Other Institutions	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Total (i) &amp; (ii)</b>	<b>20,71,36</b>	<b>24,52,71</b>
<b>II. OUTSIDE INDIA</b>		
i. In Current Accounts	19,28,75	-12,41,69
ii. In Other Deposit Accounts	409,41,60	151,33,00
iii. Money at Call and Short Notice	0	0
<b>Total</b>	<b>428,70,35</b>	<b>138,91,31</b>
<b>Grand Total (I and II)</b>	<b>449,41,71</b>	<b>163,44,02</b>

## SCHEDULE - 8 INVESTMENTS

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
<b>I. Investments in India (Gross)</b>	21912,02,20	17725,66,21
Less: Provision / Depreciation	276,83,66	180,31,99
<b>Net Value of Investments In India</b>	<b>21635,18,54</b>	<b>17545,34,22</b>
<b>Break-up :</b>		
1. Government Securities *	19245,19,22	15304,05,36
2. Other Approved Securities	0	0
3. Shares	81,51,95	55,21,15
4. Debentures and Bonds	1377,19,33	1534,98,46
5. Subsidiaries and/or Joint Ventures	5000	0
6. Others	930,78,04	651,09,25
<b>Total</b>	<b>21635,18,54</b>	<b>17545,34,22</b>
<b>II. Investments outside India</b>	0	0
<b>Total (I+II)</b>	<b>21635,18,54</b>	<b>17545,34,22</b>

\* includes Securities of ₹ Nil (Previous Year 1414,98,00) pledged for Borrowings

## SCHEDULE - 9 ADVANCES

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
A) 1. Bills Purchased and Discounted	464,21,11	751,17,39
2. Cash Credits, Overdrafts and Loans repayable on demand	17141,54,92	21230,10,41
3. Term Loans	34087,93,70	34982,99,38
<b>Total</b>	<b>51693,69,73</b>	<b>56964,27,18</b>
B) 1. Secured by Tangible Assets (including Book Debts)	46181,22,89	49773,97,44
2. Secured by Bank/Government Guarantees	3589,90,14	1418,39,40
3. Unsecured	1922,56,70	5771,90,34
<b>Total</b>	<b>51693,69,73</b>	<b>56964,27,18</b>
<b>C) I. Advances in India</b>		
1. Priority Sector	24210,94,15	21579,72,11
2. Public Sector	1193,54,83	4267,55,99
3. Banks	0	0
4. Others	26289,20,75	31116,99,08
<b>Total</b>	<b>51693,69,73</b>	<b>56964,27,18</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>51693,69,73</b>	<b>56964,27,18</b>

## SCHEDULE - 10 FIXED ASSETS

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
<b>I. Premises</b>		
At Cost / Revaluation as on 31 <sup>st</sup> March of the Previous Year	676,56,53	604,46,21
Additions during the year	92,67	72,14,18
	<b>677,49,20</b>	<b>676,60,39</b>
Deductions during the year	3,85	3,85
	<b>677,45,35</b>	<b>676,56,54</b>
Depreciation to date	51,85,31	44,92,71
<b>Total</b>	<b>625,60,04</b>	<b>631,63,83</b>
<b>II. Other Fixed Assets</b>		
(including Furniture and Fixtures)		
At cost as on 31 <sup>st</sup> March of the Previous Year	583,74,18	555,77,42
Additions during the year	86,71,82	44,66,03
	<b>670,46,00</b>	<b>600,43,45</b>
Deductions during the year	12,31,60	16,69,27
	<b>658,14,40</b>	<b>583,74,18</b>
Depreciation to date	445,89,77	388,96,12
<b>Total</b>	<b>212,24,63</b>	<b>194,78,06</b>
<b>Total (I+II)</b>	<b>837,84,67</b>	<b>826,41,89</b>

## SCHEDULE - 11 OTHER ASSETS

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
I. Interest Accrued	310,14,28	286,66,79
II. Tax paid in advance/tax deducted at source(net of provisions) *	766,51,49	762,14,40
III. Stationery and Stamps	6,54,77	7,28,13
IV. Non-Banking Assets acquired in satisfaction of claims	17,31,61	19,60,62
V. Others **	4998,52,21	3982,26,47
<b>Total</b>	<b>6099,04,36</b>	<b>5057,96,41</b>

\* includes MAT Entitlement Credit of 44,53,90 (Previous Year 55,03,55 )

\*\* includes deferred tax assets (net) of 425,73,56 (Previous Year 440,80,75)

## SCHEDULE - 12 CONTINGENT LIABILITIES

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
I. Claims against the Bank not acknowledged as debts	48,78,43	38,12,82
II. Liability for Partly paid Investments	0	0
III. Liability on account of outstanding Forward Exchange Contracts	3873,05,15	3124,17,48
IV. Guarantees given on behalf of constituents		
a) In India	3472,48,04	3583,57,03
b) Outside India	0	0
V. Acceptances, Endorsements and Other Obligations	862,28,96	854,89,63
VI. Other items for which the Bank is contingently liable	130,88,03	122,98,82
<b>Total</b>	<b>8387,48,61</b>	<b>7723,75,78</b>

## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

### SCHEDULE - 13 INTEREST EARNED

(₹ in' 000s)

	Year ended 31.03.2021	Year ended 31.03.2020
I. Interest/Discount on Advances/Bills	4937,29,17	5155,84,16
II. Income on Investments	1142,35,38	1160,13,16
III. Interest on balances with R.B.I / Other Inter-Bank Funds	29,97,10	44,59,80
IV. Others	122,79,82	114,19,87
<b>Total</b>	<b>6232,41,47</b>	<b>6474,76,99</b>

**SCHEDULE - 14 OTHER INCOME**

(₹ in' 000s)

	<b>Year ended 31.03.2021</b>	<b>Year ended 31.03.2020</b>
I. Commission, Exchange and Brokerage	355,86,06	412,10,02
II. Profit on Sale of Investments (net)	624,78,90	400,29,35
III. Profit on Revaluation of Investments (net)	0	0
IV. Profit/(Loss) on Sale of Land, Buildings and Other Assets (net)	-1,88,46	-70,71
V. Profit on Exchange Transactions(net)	16,93,58	18,28,50
VI. Income earned by way of dividends etc., from Subsidiaries/ Companies and /or Joint Ventures abroad/ in India	0	0
VII. Miscellaneous Income	499,36,42	431,65,38
<b>Total</b>	<b>1495,06,50</b>	<b>1261,62,54</b>

**SCHEDULE - 15 INTEREST EXPENDED**

(₹ in' 000s)

	<b>Year ended 31.03.2021</b>	<b>Year ended 31.03.2020</b>
1. Interest on Deposits	3850,78,31	4204,14,62
2. Interest on Reserve Bank of India/Inter-Bank Borrowings	41,42,12	25,88,02
3. Others	157,02,25	214,38,60
<b>Total</b>	<b>4049,22,68</b>	<b>4444,41,24</b>

**SCHEDULE - 16 OPERATING EXPENSES**

(₹ in' 000s)

	<b>Year ended 31.03.2021</b>	<b>Year ended 31.03.2020</b>
I. Payments to and Provisions for Employees	913,31,03	897,00,24
II. Rent, Taxes and Lighting	143,04,95	146,90,61
III. Printing and Stationery	5,91,76	6,90,63
IV. Advertisement and Publicity	5,20,23	5,84,48
V. Depreciation on Bank's Property	73,52,19	63,76,49
VI. Directors' Fees, Allowances and Expenses	172,66	236,64
VII. Auditors' Fees and Expenses (including Branch Audit Fees )	4,35,01	4,25,14
VIII. Law Charges	10,26,90	7,47,80
IX. Postage, Telegrams, Telephones etc.	24,73,57	20,31,27
X. Repairs and Maintenance	51,30,55	45,33,98
XI. Insurance	95,06,77	75,92,06
XII. Other Expenditure	350,65,29	359,12,42
<b>Total</b>	<b>1679,10,91</b>	<b>1635,21,76</b>

## SCHEDULE-17 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES ADOPTED IN PREPARING THE 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 in accordance with requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949, following the going concern concept, on historical cost basis and accrual basis of accounting unless otherwise stated, conforming 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, the accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the Banking industry in India.

### USE OF ESTIMATES

The preparation of the financial statements requires the Management to make estimates and assumptions considered in 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. Any revision in the accounting estimates is recognised prospectively in the current and future periods.

### SIGNIFICANT ACCOUNTING POLICIES

#### 1. REVENUE RECOGNITION

Interest and discount on performing advances and investments is accounted for on accrual basis. Income on discounted instruments is recognised over the tenor of the instrument on a Constant Yield to Maturity method.

Interest and discount on non performing advances and investments is accounted on realisation as per the RBI prudential norms on Income Recognition and Asset classification.

Commission on Para Banking business is accounted on accrual basis. Commission on Guarantees/Letter of Credit, Funded Interest on Term Loan, Processing Fees, Rent on Safe Deposit Lockers and Other Fees and Incomes are accounted on receipt basis.

Dividend Income is recognised when right to receive the dividend is established.

Recoveries in the non performing advances are appropriated as under:

- a) In case of Term Loan/DPN, recoveries are appropriated towards 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.
- d) In case of suit filed accounts, related legal and other expenses incurred are charged to Profit and Loss Account and on recovery the same are accounted as income.
- e) Recoveries from advances written-off are recognised in the Profit and Loss account under other income and recovery of Unrealised Interest under Income Interest on Loans & Advances.

Profit or Loss on sale of investments is recognised in the Profit and Loss Account. However, the profit on sale of investments in the "Held to Maturity" category is appropriated (net of applicable taxes and amount required to be transferred to Statutory Reserve account) in accordance with the RBI guidelines.

Interest on income tax refund is recognised based on the refund intimation / order received under the provisions of the Income tax Act 1961 from time to time.

#### 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 lower of the 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. In respect of Non performing Non SLR debt instruments the bank makes provisions as per RBI prudential norms on Income Recognition and Classification as applicable to advances.

### 3. DERIVATIVE CONTRACTS

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

Derivative 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

a) 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, unrealised interest and claims received from Guarantee corporations. etc.

Provisions are made in accordance with the prudential norms as prescribed by Reserve Bank of India from time to time.

b) In case of financial assets sold to Securitisation/ Reconstruction Company, if the sale is for the price higher than the net book value, excess provision held is not reversed but retained till redemption of the security receipt, wherever applicable. If the sale is at a price below the net book value (NBV), the shortfall is debited to the Profit and Loss account, as per the RBI Guidelines.

c) For restructured / rescheduled assets, provision is made in accordance with the guidelines issued by the RBI, which requires diminution in the fair value of assets to be provided at the time of restructuring. Restructured accounts are classified in accordance with the RBI guidelines, including special dispensation wherever allowed.

### 5. FIXED ASSETS

Fixed assets are stated at cost (except premises revalued based on values determined by the approved valuers) less accumulated depreciation and impairment, if any. Cost includes incidental expenditure incurred on the assets before they are ready for intended use and Taxes and duties to the extent not eligible for input credits if any. Appreciation on account of revaluation is credited to the Revaluation Reserve. Depletion in value arising out of revaluation is charged to the Revaluation Reserve.

Computer Software is capitalised along with computer hardware and included under other fixed assets.

Carrying amount of fixed assets is reviewed at each balance sheet date for indication of impairment. Impairment loss if any, is recognised in the Profit and Loss Account to the extent the carrying amount of an asset exceeds its estimated recoverable value.

### 6. DEPRECIATION

Depreciation on fixed assets (including revalued portion thereon) 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 the 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 pro rata basis from the date of such addition or as the case maybe, up to the date on which such asset has been sold, discarded, demolished or destroyed.

Premium paid on leasehold properties is charged off over the lease period. Depreciation on leased assets is calculated so as to spread the depreciable amount over the primary lease period.

Pursuant to Accounting Standard -10 (Revised 2016) on Property, Plant & Equipment, depreciation on Revalued portion of the fixed assets is transferred from the Revaluation Reserve to the Revenue Reserve.

### 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 the FEDAI and in accordance with Accounting Standard 11.



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

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.

Liability towards Gratuity, Pension, Sick Leave and En-cashable 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.

Short term employee benefits are accounted for on actual 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 Accounting Standard 17.

Business Segment is classified into (a) Treasury, (b) Corporate and Wholesale Banking, (c) Retail Banking and (d) Other Banking Operations and revenues / expenses allocated in accordance with the RBI guidelines.

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

## **11. EARNINGS PER SHARE**

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

Diluted Earnings per share are computed by dividing the net profit or loss for the year attributable to the equity shareholders using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end.

## **12. TAXATION**

Tax expenses comprise current and deferred taxes. Current income tax is measured as the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, rules framed thereunder and 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. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the Profit and Loss Account in the period of change.

Deferred tax assets and liabilities are recognised for future tax consequences of timing differences between the carrying values of assets and liabilities and their respective tax bases, and operating loss carry forwards.

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.

Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted.

## **13. PROVISIONS AND CONTINGENT LIABILITIES & ASSETS**

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.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank or a present obligation that arises from past events that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the

amount of the obligation cannot be made. The Bank does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent liabilities on account of foreign exchange contracts, letters of credit, bank guarantees and acceptances and endorsements denominated in foreign currencies and outstanding as at the Balance Sheet date are translated at year end rates notified by the FEDAI.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

#### **14. 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, (v) Depreciation on Investments and (vi) other necessary and applicable provisions.

#### **15. CASH AND CASH EQUIVALENT**

Cash and cash equivalents include cash in hand, balances with the RBI, balances with other banks and money at call and short notice.

#### **16. CORPORATE SOCIAL RESPONSIBILITY**

Expenditure towards corporate social responsibility, in accordance with the Companies Act, 2013, are recognised in the Profit and Loss account.

**SCHEDULE – 18 NOTES ON ACCOUNTS FORMING PART OF THE BALANCE SHEET AS ON 31<sup>ST</sup> MARCH 2021, THE PROFIT AND LOSS ACCOUNT AND THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

**A) Disclosures as laid down by the RBI Circulars**

**1. a) Capital**

Sl. No.	Particulars	Current Year 2020-21	Previous Year 2019-20
		Basel III	Basel III
A	Common Equity Tier 1 capital ratio (%)	12.34	10.66
B	Tier 1 capital ratio (%)	12.34	10.66
C	Tier 2 capital ratio (%)	2.51	2.22
D	Total Capital ratio (CRAR) (%)	14.85	12.88
E	Amount of equity capital raised (₹ in Crore)*	0.00	28.26
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

In terms of Accounting Standard (AS) 4 “Contingencies and events occurring after the Balance Sheet date” the Bank has not appropriated proposed dividend aggregating to ₹ 55.96 crore from the Profit and loss account for the year ended March 31, 2021. However, the effect of the proposed dividend has been reckoned in determining capital funds in the computation of Capital adequacy ratio as on March 31, 2021.

**b) Subordinated Debt Instruments**

With a view to maintain a healthy capital position on an ongoing basis, the Bank raised capital fund by issuing subordinated debt instruments (i.e., Unsecured Non-Convertible Subordinated (Lower Tier-2) BASEL III Debt Instruments) as part of Tier 2 Capital under different series by private placement and listed on NSE and details of the debt instruments outstanding as at 31<sup>st</sup> March 2021 are as under:

Series	Date of issue	Face value per Bond (₹)	Number of bonds	Amount (₹ in crore)	Tenure from date of issue	Coupon Rate per annum (%)	Credit Rating	Listing	ISIN of the Bonds
IV	17.11.2012	10,00,000	2500	250.00	120 Months	11	ICRA A & CARE A	Listed on NSE-Debt Segment	INE614B08021
V	16.11.2018	1,00,000	40000	400.00		12			INE614B08039
VI	18.02.2019	1,00,000	32000	320.00		12			INE614B08047

The Bank has paid interest on the debt instruments as per the terms of the issue, on a timely basis since the issue of respective debt instruments.

## 2. Investments

(₹ in crore)

Sl. No.	Particulars	Current Year 2020-21	Previous Year 2019-20
<b>1</b>	<b>Value of Investments</b>		
<b>A</b>	<b>Gross Value of Investments</b>	21912.02	17725.66
	a In India	21912.02	17725.66
	b Outside India	Nil	Nil
<b>B</b>	<b>Provisions/ Depreciation</b>		
	a In India	276.84	180.32
	b Outside India	Nil	Nil
<b>C</b>	<b>Net Value of Investments</b>		
	a In India	21635.18	17545.34
	b Outside India	Nil	Nil
<b>2</b>	<b>Movement of provisions held towards depreciation on investments</b>		
	a Opening balance	180.32	185.31
	b Add: Provision made in the year	96.84	4.50
	c Less: Write off/write back of excess provision in the year	0.32	9.49
	<b>d Closing balance</b>	<b>276.84</b>	<b>180.32</b>

## 3. Repo Transactions (in face value terms)

(₹ in crore)

Sl. No.	Particulars	Outstanding during the year			Outstanding as on 31.03.2021
		Min.	Max.	Daily average	
<b>1</b>	<b>Securities sold under Repo</b>				
	a Government securities	865.00	865.00	400.43	0.00
	b Corporate Debt securities	Nil	Nil	Nil	Nil
<b>2</b>	<b>Securities purchased under reverse Repo</b>				
	a Government securities	25.00	2700.00	855.43	1750.00
	b Corporate Debt securities	Nil	Nil	Nil	Nil

## 4. Non SLR Investment Portfolio

### a) Issuer composition of Non SLR Investments

(₹ in crore)

Sl. No.	Issuer	Amount	Extent of private placements	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
1	2	3	4	5	6	7
1	PSUs	599.27	104.50	Nil	294.31	Nil
2	Financial Institutions	436.66	185.00	Nil	Nil	Nil
3	Banks	60.06	35.00	Nil	Nil	Nil
4	Private Corporates	1246.20	962.64	9.10	Nil	2.00
5	Subsidiaries/Joint Ventures	0.50	Nil	Nil	Nil	Nil
6	Others	295.45	170.00	Nil	Nil	Nil
7	Less: Provision/depreciation	248.15				
	<b>Total</b>	<b>2389.99</b>				

**Note:** Amounts reported under Columns (4) to (7) above are not mutually exclusive

**b) Non Performing Non SLR Investments (NPI)****(₹ in crore)**

<b>Particulars</b>	<b>Current Year 2020-21</b>	<b>Previous Year 2019-20</b>
Opening Balance	75.15	69.00
Additions in the year since 1 <sup>st</sup> April	0.00	10.00
Reductions in the above period	0.00	3.85
Closing Balance	<b>75.15</b>	<b>75.15</b>
<b>Total Provisions Held towards NPI</b>	<b>75.15</b>	<b>69.49</b>

**c) Sale and transfers to/from HTM Category**

During the period under review bank has shifted securities from HTM to a tune of ₹ 3,000 Crores of Face Value.

During the year ended 31<sup>st</sup> March, 2021, the Bank has sold securities from HTM category exceeding 5% of the book value of investments held in HTM category at the beginning of the year. The book value of HTM investment sold during the year ended March 31<sup>st</sup>, 2021 was ₹ 11,304.87 crore (excluding OMO sale worth ₹ 1941.83 crore). The market value of investments under HTM category was at ₹ 16581.84 crore and was lower than the book value to an extent of ₹ 274.62 crore as on March, 2021.

The percentage of SLR investments under "Held to Maturity" category as on 31<sup>st</sup> March 2021 was 21.68%(Previous Year 18.20%) of the Net Demand and Time Liabilities of the Bank, which is within the permissible limit as per the RBI guidelines.

**5. Derivatives**

**a) Forward Rate Agreement/ Interest Rate Swap:** Nil

**b) Exchange Traded Interest Rate Derivatives:** Nil

**c) 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 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 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 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 Disclosure****(₹ in crore)**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Currency Derivatives</b>	<b>Interest Rate Derivatives</b>
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 rate (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

The 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, 2021.

**6. Asset Quality****a) Non Performing Assets (Funded)****(₹ in crore)**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Current Year 2020-21</b>	<b>Previous Year 2019-20</b>
1	Gross NPA to Gross Advances (%)	4.91	4.82
2	Net NPA to Net Advances (%)	3.18	3.08
3	Movement of NPAs(Gross)		
	a) Opening Balance	2799.93	2456.38
	b) Additions during the year	1346.37	1998.58
	c) Reductions during the year	1557.89	1655.03
	(i) Up-gradations	53.71	241.32
	(ii) Recoveries(excluding recoveries made from upgraded accounts)	350.78	322.87
	(iii) Technical/Prudential write offs	1076.72	943.65
	(iv) Write offs other than those under (iii) above	76.68	147.19
	d) Closing balance	2588.41	2799.93
4	Movement of Net NPAs		
	a) Opening Balance	1755.01	1616.71
	b) Additions during the year	1042.66	1022.45
	c) Reductions during the year	1155.58	884.15
	d) Closing balance	1642.09	1755.01

(₹ in crore)

Sl. No.	Particulars	Current Year 2020-21	Previous Year 2019-20
5	Movement of provision for NPAs		
	a) Opening Balance	1017.31	810.55
	b) Provision made during the year	1038.04	1297.59
	c) Write off/write back of excess provision	1153.40	1090.83
	d) Closing balance	901.95	1017.31

**b) Movements in Technical Write Off**

(₹ in crore)

Particulars	Current Year 2020-21	Previous Year 2019-20
Opening balance of Technical/Prudential write off accounts as at 1 <sup>st</sup> April	2172.34	1434.27
Add: Technical/prudential write off during the year	1076.72	943.65
<b>Sub total (A)</b>	<b>3249.06</b>	<b>2377.92</b>
Less: Recoveries made from previously technical/prudential write off accounts during the year(including sale of assets to ARC)(B)	355.30	205.58
Closing balance as at 31st March( A-B)	<b>2893.76</b>	<b>2172.34</b>

**c) Provision Coverage Ratio (PCR)**

The Bank's provision coverage ratio as of March 31, 2021 is 70.05 % (Previous year 64.70%).

**d) Concentration of NPAs**

(₹ in crore)

Sl. No.	Particulars	Current Year 2020-21	Previous Year 2019-20
1	Total fund based exposure of top four NPA accounts	273.02	517.03

## 7. Sector wise Advances

(₹ In crore)

Sl. No	Sector	Current Year 2020-21			Previous Year 2019-20		
		Out-standing 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	<b>Agriculture and allied activities</b>	<b>7101.28</b>	<b>602.39</b>	<b>8.48</b>	<b>6646.82</b>	<b>563.96</b>	<b>8.48</b>
2	<b>Advances to industries sector eligible as priority sector lending</b>	<b>3985.68</b>	<b>333.35</b>	<b>8.36</b>	<b>3402.47</b>	<b>301.13</b>	<b>8.85</b>
A	Textiles	1017.89	100.64	9.89	848.62	88.40	10.42
B	Others	2967.79	232.71	7.84	2553.85	212.73	8.33
3	<b>Services</b>	<b>10667.86</b>	<b>645.82</b>	<b>6.05</b>	<b>8943.29</b>	<b>445.79</b>	<b>4.98</b>
A	Professional and self employed	3625.69	172.58	4.76	3061.95	103.23	3.37
B	Trade and Business	5134.26	354.51	6.90	4371.38	253.83	5.81
C	Small road and water transport operators	401.87	58.87	14.65	406.88	46.71	11.48
D	Others	1506.04	59.86	3.97	1103.08	42.02	3.81
4	<b>Personal and Other Loans</b>	<b>3016.78</b>	<b>100.23</b>	<b>3.32</b>	<b>3006.65</b>	<b>39.61</b>	<b>1.32</b>
A	Housing Loan	2740.92	92.89	3.39	2689.62	35.43	1.32
B	Others	275.86	7.34	2.66	317.03	4.18	1.32
	<b>Sub total(A)</b>	<b>24771.60</b>	<b>1681.79</b>	<b>6.79</b>	<b>21999.23</b>	<b>1350.49</b>	<b>6.14</b>
<b>B</b>	<b>Non Priority Sector</b>						
1	<b>Agriculture and allied activities</b>	<b>60.47</b>	<b>7.32</b>	<b>12.11</b>	<b>53.11</b>	<b>3.09</b>	<b>5.82</b>
2	<b>Industry</b>	<b>2110.57</b>	<b>179.02</b>	<b>8.48</b>	<b>3099.06</b>	<b>394.17</b>	<b>12.10</b>
A	Automobiles	151.42	0.00	0.00	153.96	9.82	6.38
B	Textiles	397.61	47.21	11.87	559.13	123.91	22.16
C	Iron & Steel	131.82	0.00	0.00	196.12	0.00	0.00
D	Others	1429.72	131.81	9.22	2189.85	260.44	11.89
3	<b>Services</b>	<b>2909.07</b>	<b>104.41</b>	<b>3.59</b>	<b>4255.88</b>	<b>156.55</b>	<b>3.68</b>
A	Professional and self employed	1262.13	97.28	7.71	1704.71	147.70	8.66
B	Other Service activity	1646.94	7.13	0.43	2551.17	8.85	0.35
4	<b>Personal loans</b>	<b>10993.55</b>	<b>414.80</b>	<b>3.77</b>	<b>10979.22</b>	<b>223.42</b>	<b>2.03</b>
A	Housing	7978.15	267.72	3.36	7791.42	148.03	1.90
B	Other Personal Loan	3015.40	147.08	4.48	3187.80	75.39	2.36
5	<b>Other Non priority Loan</b>	<b>11879.83</b>	<b>201.06</b>	<b>1.69</b>	<b>17656.70</b>	<b>672.21</b>	<b>4.74</b>
A	Commercial Real Estate	4253.41	110.21	2.59	4285.36	87.26	2.04
B	Infrastructure Loan	1238.56	79.71	6.44	2854.91	186.80	6.52
C	Others	6387.86	11.14	0.17	10516.43	398.15	5.26
	<b>Sub total (B)</b>	<b>27953.49</b>	<b>906.61</b>	<b>3.24</b>	<b>36043.97</b>	<b>1449.44</b>	<b>4.02</b>
	<b>Total (A+B)</b>	<b>52725.09*</b>	<b>2588.40*</b>	<b>4.91</b>	<b>58043.20*</b>	<b>2799.93</b>	<b>4.82</b>

\*excludes provisions for NPAs & other netting items.



## 8. Details of Loan Assets Subject To Restructuring

(₹ in crore)

Sl. No.	Type of Restructuring	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)	0	0	0	0	0	1	0	0	0	1	470	27	21	3	521	471	27	21	3	522	
	Amount outstanding	0	0	0	0	0	1.85	0	0	0	1.85	411.90	64.47	26.86	31.41	534.64	413.75	64.47	26.86	31.41	536.49	
	Provision thereon	0	0	0	0	0	0.09	0	0	0	0.09	43.10	10.91	7.47	31.34	92.82	43.19	10.91	7.47	31.34	92.91	
2	Fresh Restructuring During the Year	0	0	0	0	0	0	0	0	0	0	1235	62	7	0	1304	1235	62	7	0	1304	
	Amount outstanding	0	0	0	0	0	0.60	0	0	0	0.60	1261.05	49.69	3.26	0	1314	1261.65	49.69	3.26	0	1314.60	
	Provision thereon*	0	0	0	0	0	0.03	0	0	0	0.03	140.70	8.44	2.24	0	151.38	140.73	8.44	2.24	0	151.41	
3	Upgradation to Restructured Standard Category during the Year	0	0	0	0	0	0	0	0	0	0	1	-1	0	0	0	0	1	-1	0	0	0
	Amount outstanding	0	0	0	0	0	0	0	0	0	0.19	-0.18	0	0	0	0.01	0.19	-0.18	0	0	0	0.01
	Provision thereon	0	0	0	0	0	0	0	0	0	0.02	-0.04	0	0	-0.02	0.02	0.02	-0.04	0	0	-0.02	
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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Amount outstanding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Provision thereon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Downgradation of Restructured Accounts during the FY	0	0	0	0	0	0	0	0	0	0	-82	1	88	4	11	-82	1	88	4	11	
	Amount outstanding	0	0	0	0	0	0	0	0	0	-118.05	-45.19	154.70	8.19	-0.35	-118.05	-45.19	154.70	8.19	8.19	-0.35	
	Provision thereon	0	0	0	0	0	0	0	0	0	-7.21	-6.86	79.48	8.19	73.60	-7.21	-6.86	79.48	8.19	8.19	73.60	
6	Writeoff of Restructured Accounts during the FY	0	0	0	0	0	0	0	0	0	-83	-17	-14	-1	-115	-83	-17	-14	-1	-115		
	Amount outstanding	0	0	0	0	0	0	0	0	0	-67.77	-7.16	-6.13	-31.27	-112.33	-67.77	-7.16	-6.13	-31.27	-112.33		
	Provision thereon*	0	0	0	0	0	0	0	0	0	-4.77	-1.25	-1.51	-31.27	-38.80	-4.77	-1.25	-1.51	-31.27	-38.80		
7	Restructured Accounts as on March 31 of FY (Closing figure)	0	0	0	0	0	1	0	0	1	1541	72	102	6	1721	1542	72	102	6	1722		
	Amount outstanding	0	0	0	0	0	2.45	0	0	2.45	1487.32	61.63	178.69	8.33	1735.97	1489.77	61.63	178.69	8.33	1738.42		
	Provision thereon	0	0	0	0	0	0.12	0	0	0.12	171.84	11.20	87.68	8.26	278.98	171.96	11.20	87.68	8.26	279.10		

\*Including incremental provision

### Notes

- The figures under Sl. No. 2 include additional/fresh funding to existing restructured accounts.
- Write off of Restructured Accounts during the year include reduction of ₹ 73.66 crore from the existing Restructured Accounts by way of closure/recovery.
- Provision includes total provision held on Restructured Accounts.
- Others include MSME accounts restructured.

9. a) Details of Financial Assets sold to Securitisation/Reconstruction Company(SC/RC) for Asset Reconstruction

(₹ in crore)

Sl. No.	Particulars	Current Year 2020-21	Previous Year 2019-20
1	No. of Accounts (including technically written off accounts)	2	3
2	Aggregate Value(net of Provisions) of accounts sold to SC/RC	104.87	63.08
3	Aggregate consideration	114.95	89.82
4	Additional consideration realised in respect of accounts transferred in earlier years	-	-
5	Aggregate Gain/(Loss) over net book value	10.08	26.74

b) Details of Security Receipts (SR) 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	
	Current Year 2020-21	Previous Year 2019-20	Current Year 2020-21	Previous Year 2019-20	Current Year 2020-21	Previous Year 2019-20
Book value of investments in security receipts	399.54	381.50	0.88	0.88	400.42	382.38

c) Further details on Investment in SRs

Sl. No.	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
i)	Book value of SRs backed by NPAs sold by the Bank as underlying	172.01	173.58	53.95
	Provision held against (a)	78.98	39.03	53.95
ii)	Book value of SRs backed by NPAs sold by other Banks/financial institutions/non- banking financial companies as underlying	-	-	0.88
	Provision held against (b)	-	-	0.88
	<b>Total (a) + (b)</b>	<b>78.98</b>	<b>39.03</b>	<b>54.83</b>

d) Details of non performing Financial assets purchased from other Banks/Sold to Other Banks: Nil

10. a) Provisions on Standard Assets

(₹ in crore)

Item	Current Year 2020-21	Previous Year 2019-20
Provisions towards Standard Assets	388.13	289.58

- b) The outbreak of Covid-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities.

The RBI had announced various Covid-19 regulatory measures ('COVID-19 Regulatory packages') on asset classification and provisioning. The Bank, in accordance with the Board approved policy, had offered moratorium on repayment of loan instalments and/or deferment of interest, as applicable, falling due between Mar 1<sup>st</sup>, 2020 and August 31<sup>st</sup>, 2020 ('moratorium period') to eligible borrowers classified as standard, even if overdue, as on February 29<sup>th</sup>, 2020, without considering the same as restructuring. Further, in respect of such accounts that were granted moratorium, the asset classification remained at a standstill during the moratorium period.

The Honourable Supreme Court of India in Writ Petition by Gajendra Sharma Vs Union of India & Anr and other connected matters had vide its interim order dated September 3<sup>rd</sup>, 2020 directed the banks that borrower accounts which were not declared NPA till August 31<sup>st</sup>, 2020 shall not be declared NPA, till further orders, pending disposal of the cases by the Hon'ble Supreme Court. The Bank had made contingency provision of ₹ 97.99 Crores as at December 31<sup>st</sup>, 2020 for such borrower accounts not classified as non-performing. Pursuant to the Supreme Court's final order dated March 23<sup>rd</sup>, 2021, and the related RBI notification issued on April 7<sup>th</sup>, 2021, the Bank has classified these borrower accounts as per extant RBI instructions/IRAC Norms and utilized the above contingency provision towards provision for these accounts.

Apart from the provisions as required under IRAC norms, the Bank has made additional provision during the current financial year ended March 31<sup>st</sup> 2021 for non performing and stress advances as a matter of prudence.

The continued impact of COVID-19 and pandemic fears, as well as the renewed restrictions on business and individual activities due to regional lockdowns across the country, has affected the global economy including India. The slowdown may lead to a rise in the number of customer defaults and consequently an increase in provisions there against. The extent to which the COVID-19 pandemic (including the current second wave) may continue to impact the Bank's operations and asset quality is dependent on the ongoing as well as future developments, which are highly uncertain.

- c) In accordance with RBI Circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 on COVID'19 Regulatory Package, the Bank was required to make provision at 10% of outstanding advances in respect of borrower accounts where asset classification benefit has been taken as per the RBI Guidelines. The details are as under-

<b>Particulars</b>	<b>₹ in crore</b>
Respective amounts in SMA / overdue categories where the moratorium/ deferment was extended (as on 31.03.2020)	3881.68
Respective amount where asset classification benefit is extended (net of NPAs) (as on 31.03.2021)	Nil
Provisions held as on 31.03.2021	147.97
Provisions adjusted against slippages (NPA & Restructuring)	147.97
Residual provisions as on 31.03.2021	Nil

Note: 1) The respective amount where asset classification is extended as on 31.03.2020 was ₹ 240.81 crore and as on 30.06.2020 was ₹ 979.92 crore.

2) Provisions held as on 31.03.2021 consists of provision made during Q4 FY 2020 of ₹ 24.08 crore and Q1 FY 2021 ₹ 73.91 crore and adhoc provision for Q3 FY 2021 of ₹ 50 crore.

- d) On August 6<sup>th</sup>, 2020, the RBI issued guidelines on 'Resolution Framework for Covid-19 related Stress' which enable lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while permitting classifying such exposures as Standard, subject to specified conditions. Details of resolution plan implemented under the Resolution Framework for Covid-19 related stress as per RBI circular dated August 6<sup>th</sup>, 2020 are given below-

Type of Borrower	(A) Number of borrowers where resolution plan has been implemented under this window	(B) Exposure to borrowers mentioned at (A) before implementation of the plan (₹ in crores)	(C) of (B), aggregate amount of debt that was converted into other securities (₹ in crores)	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation (₹ in crores)	(E) Increase in provisions on account of the implementation of the Resolution (₹ in crores)
Personal loans	667	335.29	0.00	0.00	43.76
Corporate persons	7	113.53	0.00	0.00	11.79
Of which MSMEs	0	0.00	0.00	0.00	0.00
Others	9	51.20	0.00	0.00	5.15
<b>Total</b>	<b>683</b>	<b>500.02</b>	<b>0.00</b>	<b>0.00</b>	<b>60.70</b>

- e) The disclosures as required under RBI Circular DOR.No.BP.BC.62/21.04.048/2019-20 dated April 17<sup>th</sup>,2020 with respect to the number of accounts and the amount involved in those accounts where the resolution period was extended is given below for the year ended as on March 31<sup>st</sup>, 2021-

Particulars	As on 31.03.2021
No. of accounts in which Resolution Period was extended	1
Amount involved (Fund based outstanding) (₹ in Crores)	101.20

As a matter of prudence, the Bank has made provision to the full extent of ₹ 101.20 crores.

- f) In accordance with RBI Circular No. DBR.No.BP.BC.18/21.04.048/2018-19 dated 01.01.2019, DOR.No.BP.BC.34/21.4.048/2019-20 dated 11.02.2020 and RBI/2020-21/17 DOR.No BP.BC.BC/4/21.04.048/2020-21 dated 06.08.2020, on 'Relief for MSME borrowers either exempted or registered under Goods & Service Tax (GST)', the details of MSME restructured accounts from 01.01.2019 to 31.03.2021 are as under-

No. of borrowers restructured	Amount as on 31.03.2021 (₹ in Crores)
243	511.96

11. In accordance with RBI notification dated April 7<sup>th</sup>, 2021, the Bank is required to refund/ adjust 'interest on interest' charged to borrowers during the moratorium period as per the methodology for calculation of such interest on interest circulated by the Indian Banks' Association. The Bank is in the process of implementing the said methodology and calculation of the interest relief due to eligible customers. Pending this, as of March 31<sup>st</sup>, 2021, the Bank has provided towards estimated interest relief of ₹ 15 crore and reduced the same from the interest income.

## 12. Business Ratios

Sl. No.	Particulars	Current Year 2020-21	Previous Year 2019-20
1	Interest Income to working funds	7.33%	7.94%
2	Non interest income to working funds	1.76%	1.71%
3	Operating Profit to working funds	2.35%	2.04%
4	Return on Assets	0.57%	0.53%
5	Business (Deposits Plus Advances) per employee (₹ in crore)	15.12	15.12
6	Profit per employee (₹ in crore)	0.06	0.05

### 13. 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	311.43	1223.80	13.20	46.25	82.21	124.92
2 to 7 days	484.53	348.89	27.07	0.00	1001.83	953.78
8 to 14 days	498.48	345.42	0.00	28.93	122.73	3.98
15 to 30 Days	671.17	540.30	51.09	46.25	317.17	347.15
31 Days to 2 Months	1283.80	850.03	186.18	28.93	232.26	200.42
2 to 3 Months	1580.85	2077.21	0.00	75.18	271.17	227.29
Over 3 Months to 6 Months	4751.68	2705.49	917.85	192.89	483.58	382.26
Over 6 Months to 12 Months	6161.42	4839.61	321.51	179.38	155.78	334.81
Over 1 Year to 3 Years	38636.66	19885.44	1835.62	447.07	9.95	148.54
Over 3 Years to 5 Years	3347.02	5756.80	2082.42	0.00	38.92	46.65
Over 5 Years	17927.82	13120.71	16200.25	720.00	0.00	0.00
<b>Total</b>	<b>75654.86</b>	<b>51693.70</b>	<b>21635.19</b>	<b>1764.88</b>	<b>2715.60</b>	<b>2769.80</b>

### 14. Exposures

#### a) Exposure to Real Estate Sector

(₹ in crore)

Sl. No.	Particulars	Current Year 2020-21	Previous Year 2019-20
1	<b>Direct Exposure Residential Mortgage</b>	9395.07	9255.15
i)	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	2740.92	2689.62
ii)	<b>Commercial Real Estate</b> Lending (including Non Fund Based Limits) secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.,)	5179.45	5346.94
iii)	<b>Investments in Mortgage Backed Securities (MBS) and other Securitised Exposure</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)	0.00	35.92
	<b>Total Exposure to Real Estate Sector</b>	<b>14574.52</b>	<b>14638.01</b>

**b) Exposure to Capital Market**

(₹ in crore)

Sl. No.	Category	Current Year 2020-21	Previous Year 2019-20
i	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	83.16	55.61
ii	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
iii	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	Nil	Nil
iv	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares /convertible bonds/convertible debentures /units of equity oriented mutual funds 'does not fully cover the advances'	Nil	Nil
v	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	31.90	38.44
vi	Loans sanctioned to corporate against the security of shares/bonds/debentures or others securities or on clean basis for meeting promoters contribution to the equity of new companies in anticipation of raising resources.	Nil	Nil
vii	Bridge loans to companies against expected equity flows/issues	Nil	Nil
viii	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil
ix	Financing to Stockbrokers for margin trading	Nil	Nil
x	All exposures to Venture Capital Funds(both registered and unregistered)	Nil	Nil
<b>Total capital market exposure</b>		<b>115.06</b>	<b>94.05</b>

**c) Risk Categorywise Country Exposure**

(₹ in crore)

Risk Category	Exposure(net) as at 31.03.2021	Provision held as at 31.03.2021	Exposure(net) as at 31.03.2020	Provision held as at 31.03.2020
Insignificant	60.26	Nil	43.10	Nil
Low	82.55	Nil	68.26	Nil
Moderate	3.30	Nil	4.36	Nil
High	0.00	Nil	1.22	Nil
Very High	0.00	Nil	0.00	Nil
Restricted	0.00	Nil	0.00	Nil
Off-Credit	0.00	Nil	0.00	Nil
<b>Total</b>	<b>146.11</b>	<b>Nil</b>	<b>116.94</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 the extant RBI guidelines. The Bank has used 7 categories of classifications followed by the ECGC for purpose of classification and making provision for country risk exposures.

## 15. Concentration of Deposits

Sl. No.	Particulars	Current Year 2020-21	Previous Year 2019-20
1	Total deposits of 20 largest depositors (₹ in Crore)	2312.79	2420.35
2	% age of deposits of 20 largest depositors to total deposits	3.06	3.37

## 16. Concentration of Advances

Sl. No.	Particulars	Current Year 2020-21	Previous Year 2019-20
1	Total advances of 20 largest borrowers (₹ in Crore)	5906.87	8840.80
2	% age of advances of 20 largest borrowers to total advances(credit exposures including derivatives)	8.54	12.02

## 17. Concentration of Exposures

Sl. No.	Particulars	Current Year 2020-21	Previous Year 2019-20
1	Total exposure of 20 largest borrowers/customers (₹ in crore)	6590.72	9293.93
2	Percentage of exposure to 20 largest borrowers/ customers to total exposure of the Bank on borrowers/customers	9.17	12.20

## 18. Details of Single Borrower Limit (SBL)/Group Borrower Limits (GBL) exceeded by the Bank

During the year ended 31<sup>st</sup> March 2021, the Bank has not exceeded the Individual/Group Borrowers' Prudential exposure limits fixed by the RBI (Previous Year- Nil)

## 19. Unsecured Advances

The Bank has granted advances against intangible securities such as charge over the rights, licences, authorisations etc., and the outstanding balance as on March 31, 2021 was ₹ 111.60 crore (Previous year ₹ 108.86 crore).

## 20. Penalties imposed by the RBI

During the year under review, no penalty has been imposed by The Reserve Bank of India (Previous year ₹ 1.20 crore).

## B. Accounting Standards

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

### 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.

In the preparation of these Financial Statements, the Bank has followed the same accounting policies and generally accepted accounting practices adopted for the preparation of the Audited Financial Statements for the year ended March 31, 2020.

### 2. Accounting Standard 9 – Revenue Recognition

Revenue is recognized on accrual basis as per Accounting Policy No. 1 of Schedule 17 to the financial statements. Certain items of income are recognized on cash basis and same is not material.

### 3. Accounting Standard 10 - Fixed Assets

During the years ended March 31, 2017 and March 31, 2020, as permitted by the Board, the Bank had revalued land & buildings owned by it. Net appreciation of ₹ 422.58 crore and ₹ 60.11 crore respectively arising out of such revaluation was accounted with corresponding credit to the Revaluation Reserve, as under:

(₹ in crore)

Details	Amount
Book value of Land & Building as on March 31, 2021	160.37
Incremental value on account of revaluation made in 2016-17 and credited to the Revaluation Reserve	422.58
Incremental value on account of revaluation made in 2019-20 and credited to the Revaluation Reserve (net of reduction in value due to revaluation)	60.11
Depreciation up to March 31, 2021 on revalued amount	20.84
Written Down Value of the revalued assets	622.22

Depreciation on the book value of the land & building up to March 31, 2021 is ₹ 51.85 crore. Profit and Loss Account for the current financial year has been debited with additional depreciation charge of ₹ 4.79 crore representing the incremental depreciation on the revalued amount.

#### 4. Accounting Standard 15 – Employee Benefits

##### Various Benefits made available to the Employees

- Pension:** The Bank has a defined benefit plan under Pension Trust to cover employees who have joined employment up to 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.
- 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.
- Leave Encashment (PL):** The Bank permits encashment of leave accumulated by the employees. The liability for encashment of such leave is determined and provided on the basis of actuarial valuation. For the current financial year, Bank has provided an amount of ₹ 26.40 crore (Previous year ₹ 26.40 crore).
- 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 2021, there was no liability due and outstanding to the Fund by the Bank.
- Other Employee Benefits:** Other than the benefits listed above, the Bank also gives certain other benefits to the employees, which include Medical Aid, Sick Leave, Casual Leave etc.,
- The summarised position of post-employment benefits and employees’ long term benefits are recognized in the financial statements 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	7.00%	6.90%
3	Salary escalation rate	4.00%	4.00%
4	Attrition rate	2.00%	2.00%
5	Expected rate of return on plan assets	7.50%	7.50%
6	Mortality		IALM (2012-14) ult



### 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 2020	874.90	237.90
2	Interest Cost	54.32	15.34
3	Current Service Cost	33.49	22.74
4	Past Service Cost	-	-
5	Benefits Paid	(152.27)	(24.61)
6	Actuarial Loss/(Gain) on Obligations	43.56	30.93
7	Present Value of defined benefit obligation as at 31 <sup>st</sup> March 2021	<b>854.00</b>	<b>282.30</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	874.90	237.90
2	Expected return on Plan Assets	62.73	18.93
3	Bank's Contribution related to Current year	75.37	53.70
4	Benefits Paid	(152.27)	(24.61)
5	Actuarial Gain/(Loss) on plan assets	(6.73)	(3.62)
6	Fair Value of Plan Asset at the end of the year	<b>854.00</b>	<b>282.30</b>

### Actual Return on Plan Assets

(₹ in crore)

Sl. No.	Particulars	Pension (Funded)	Gratuity (Funded)
1	Expected return on Plan Assets	62.73	18.93
2	Actuarial Gain/(Loss) on plan Assets	(6.73)	(3.62)
3	Actual Return on Plan Assets	56.00	15.31

### Actuarial Gain/Loss Recognized

(₹ in crore)

Sl. No.	Particulars	Pension (Funded)	Gratuity (Funded)
1	Actuarial (Gain)/Loss for the period- Obligations	43.56	30.93
2	Actuarial (gain)/Loss for the period- Plan Assets	6.73	3.62
3	Total (Gain)/Loss for the period- Plan Assets	50.29	34.55
4	Actuarial (Gain)/Loss recognized in the year	50.29	34.55
5	Unrecognized actuarial (Gain)/Loss at the end of the year	-	-

### Amounts recognized in Balance Sheet and Related Analysis

(₹ in crore)

Sl. No.	Particulars	Pension (Funded)	Gratuity (Funded)
1	Present value of the obligations	854.00	282.30
2	Fair Value of Plan Assets	854.00	282.30
3	Surplus/(Deficit)	-	-
4	Assets/(Liability) recognised in the Balance Sheet	-	-

**Expenses recognised in the Profit and Loss Account****(₹ in crore)**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Pension (Funded)</b>	<b>Gratuity (Funded)</b>
1	Current Service Cost	33.49	22.74
2	Interest Cost	54.32	15.34
3	Expected Return on Plan Assets	62.73	18.93
4	Net actuarial (Gain)/Loss recognized in the year	50.29	34.55
5	Expenses recognised in the Profit and Loss Account	75.37	53.70

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

<b>Sl. No.</b>	<b>Particulars</b>	<b>Pension Fund</b>	<b>Gratuity Fund</b>
1	Government of India Securities	-	2.21
2	State Government Securities	-	-
3	High Quality Corporate Bonds	-	0.53
4	Equity Shares of Listed Companies	-	-
5	Property	-	-
6	Funds managed by the Insurer	100.00	97.06
7	Mutual Funds	-	-
8	Bank Deposits- Current Accounts	-	-
9	Others	-	0.20
10	<b>Total</b>	<b>100.00</b>	<b>100.00</b>

**Estimated expenses/contribution for the next year****(₹ in crore)**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Pension (Funded)</b>	<b>Gratuity (Funded)</b>
1	Enterprises Best estimate of expenditure to be incurred during the next year(inclusive of proportionate amortisation)	125.40	26.20

**5. Accounting Standard 17 – Segment Reporting:**

For the purpose of segment reporting in terms of AS 17 of the ICAI and as prescribed in the 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.

(₹ in crore)

## Business Segments

BUSINESS SEGMENTS	TREASURY		CORPORATE/WHOLESALE BANKING		RETAIL BANKING		OTHER BANKING OPERATIONS		TOTAL	
	Mar'21	Mar'20	Mar'21	Mar'20	Mar'21	Mar'20	Mar'21	Mar'20	Mar'21	Mar'20
Particulars	1814.17	1625.94	2739.23	3073.11	2741.26	2602.98	427.80	414.37	7722.46	7716.40
Revenue										
Unallocated Income									5.02	20.00
Total Income									7727.48	7736.40
Result	778.23	574.20	450.64	556.03	813.81	451.31	24.95	118.99	2067.63	1700.53
Unallocated expenses									-1455.70	-1178.50
Profit before tax									611.93	522.03
Income taxes									129.36	90.25
Extraordinary/ Exceptional Profit / Loss									-	-
Net Profit									482.57	431.78
Other Information									-	-
Segment Assets	27505.89	20953.25	24527.74	31237.24	27628.87	26279.46	3917.41	3163.29	83579.91	81633.24
Unallocated Assets									2001.43	1680.25
Total Assets									85581.34	83313.49
Segment Liabilities	25213.57	19359.49	22764.95	29073.28	25521.13	24416.51	3604.70	2941.31	77104.35	75790.59
Unallocated liabilities									1834.63	1552.45
Total Liabilities									78938.98	77343.04
Capital employed									6642.36	5970.45

## 6. Accounting Standard 18 – Related Party Disclosures

There is no related party transaction other than remuneration paid to key management personnel, Sri Mahabaleshwara M S, Managing Director and Chief Executive Officer, amounting to ₹ 1.17 crore (Previous year ₹ 0.92 crore) including Variable Pay of ₹ 0.21 crore paid for FY 2018-19 paid on receipt of RBI approval.

Bank has only one entity in each category of Key Managerial Personnel and subsidiary and hence the transactions with subsidiary has not been disclosed in view of Para 8 of the Accounting Standard.

Transactions with related party & entities in the nature of Banker Customer relationship are not disclosed.

## 7. 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 2020-21	Previous Year 2019-20
Earnings per share- Basic(₹)	15.52	13.89
Earnings per share- Diluted(₹)	15.48	13.89
Net Profit for the year attributable to Equity shares (₹ in crore)	482.57	431.78
Weighted Average number of Equity Shares –Basic	31,08,69,689	31,08,68,875
Weighted Average number of Equity Shares - Diluted	31,17,86,799	31,09,21,191
Nominal value per equity share(₹)	10.00	10.00

Allotment of 1,28,521 equity shares (Previous year 1,28,521) is kept in abeyance including 1800 equity shares (Previous Year 1,800), where the entitlement matter is sub judice. These shares have not been considered for EPS calculation, as the shares are not allotted.

## 8. Accounting Standard 22 – Accounting for Taxes on Income

Provision made for taxes during the year

(₹ in crore)

Particulars	Current Year 2020-21	Previous Year 2019-20
Current Tax	114.29	166.00
Deferred Tax	15.07	-75.75
<b>Total</b>	<b>129.36</b>	<b>90.25</b>

a) Major components of Deferred Tax Assets and Liabilities recognised are as Under:

(₹ in crore)

Sl. No.	Particulars	Current Year 2020-21	Previous Year 2019-20
A	<b>Deferred Tax Liabilities</b>		
1	Depreciation on fixed assets	16.95	18.24
2	Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	96.92	85.23
3	Deferred Revenue Expenditure	0.00	0.00
4	Others	0.00	66.17
	<b>Total</b>	<b>113.87</b>	<b>169.64</b>
B	<b>Deferred Tax Assets</b>		
1	PL/LFC Encashment	71.49	60.94
2	Provision for advances	315.18	355.49
3	Provision for Standard advances	116.78	101.19
4	Provision for arrears of salary	0.00	54.60
5	Provision for Fair Value Loss	11.91	3.84
6	Others	24.25	34.39
	<b>Total</b>	<b>539.61</b>	<b>610.45</b>
	<b>Net Deferred Tax Liability/(Asset)(A) – (B)</b>	<b>(425.74)</b>	<b>(440.81)</b>

## 9. Accounting Standard 28 – Impairment of Assets

An assessment is made at each Balance sheet date as to 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, 2021, there was no indication of impairment of any asset.

## 10 Accounting Standard 29 – Provision, Contingent Liabilities and Contingent Assets

### Movement in Provision for Contingencies

(₹ in crore)

Particulars	Opening as on 01.04.2020	Provision made during the year	Provisions reversed/ adjusted	Closing as on 31.03.2021
Provision for Contingencies	18.63	-	4.86	13.77

## C. Additional Disclosures

### 1. Details of Provisions and Contingencies made during the year

(₹ in crore)

Sl. No.	Particulars	Current Year 2020-21	Previous Year 2019-20
1	Provision/Depreciation on Investment	96.51	-5.00
2	Provision towards NPA	1,227.42	1,108.22
3	Provision towards Standard Assets (including NPV of Restructured Standard advances)	67.69	25.68
4	Provision made towards taxes	129.36	90.25
5	Other Provisions & Contingencies-for frauds, claims against the Bank not acknowledged as debt and other intangibles.	-4.41	5.84
	<b>Total</b>	<b>1516.57</b>	<b>1224.99</b>

### 2. Floating/Countercyclical Provisions

The Bank does not hold any floating/countercyclical provision in the current year (Previous year- Nil)

### 3. Drawdown from Reserves

The Bank has not undertaken any drawdown from reserves during the year ended March 31, 2021.

### 4 Complaints/unimplemented Awards of Banking Ombudsman

#### a) Customer Complaints

Sl. No.	Particulars	Current Year 2020-21	Previous Year 2019-20
(a)	No. of complaints pending at the beginning of the year	350	698
(b)	No. of complaints received during the year	41,634	54,506
(c)	No. of complaints redressed during the year	41,526	54,854
(d)	No. of complaints pending at the end of year	458	350

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

Sl. No.	Particulars	Current Year 2020-21	Previous Year 2019-20
(a)	No. of complaints pending at the beginning of the year	148	463
(b)	No. of complaints received during the year	27,672	40,534
(c)	No. of complaints redressed during the year	27,534	40,849
(d)	No. of complaints pending at the end of year	286	148

**b) Awards passed by the Banking Ombudsman**

Sl. No.	Particulars	Current Year 2020-21	Previous Year 2019-20
(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

**5. Disclosure of Letters of Comfort (LoC)**

There were no LoCs outstanding (Previous year Nil).

**6. Bank Assurance Business**

(₹ in crore)

Sl. No.	Nature of Income	Current Year 2020-21	Previous Year 2019-20
1	For selling Life Insurance Policies	39.11	38.50
2	For selling Non Life Insurance Policies	11.75	11.19
	<b>Total</b>	<b>50.86</b>	<b>49.69</b>

**7. Overseas Assets, NPA and Revenue: Nil**

**8. Off Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms): Nil**

**9. Disclosure of Remuneration**

**a) Qualitative disclosure**

**Remuneration Committee**

The Nomination & Remuneration Committee (NRC) consists of 4 Directors, three of them are Independent Directors. One member is also the member of Risk and Capital Management Committee of the Board (RCMC).

The mandate of the NRC include identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board for their appointment, fixing their compensation and/or removal, undertaking the due diligence of candidates before their appointment/re-appointment as directors, formulating the criteria for determining qualification, positive attributes and independence of a Director, key managerial personnel and other employees, Formulation of criteria for evaluation of performance of independent directors and the board of directors etc. NRC also reviews Compensation Policy of the Bank, besides, administration of ESOP scheme.

**Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration 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, keeping in mind the Circulars issued by the RBI in the matter. 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.

**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 qualitative elements. Compensation outcomes are symmetric with risk outcomes and compensation pay-outs 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 & Material Risk Takers(MRTs), 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 (including risk adjustment) are assessed.

The Reserve Bank of India vide Cir. DOR.Appt.BC.No.23/29.67.001/2019-20 dated November 4, 2019, revised methodology to be adopted by the banks while determining performance based Variable Pay Payable to the WTD/CEO/MRTs. The revised methodology was made effective for all pay cycles commencing from April 2020 onwards. Accordingly, the Bank amended its Compensation Policy and aligned it with the new requirements. As per the Bank's compensation policy effective Pay cycles commencing from April 2020, the maximum permissible variable pay is at 200% of the fixed pay for WTD/CEO, which is split into cash (50%) and share linked components (50%). Further in each of these components, 60% of the variable pay is deferred to be vested over a period of three years in the ratio of 30:30:40. In case of Material Risk Takers, the maximum permissible limit of variable pay is at 100% of fixed pay with similar deferral arrangement. The policy also provides that the deferred compensation will be subject to malus /clawback arrangements in the event of subdued or negative financial performance of the bank and/or the relevant line of business in any year and the policy has identified certain set of situation which, if triggered, empower the NRC/Board of Directors to invoke malus/clawback clauses. The payment of variable pay to the WTD/CEO is subject to prior approval of the RBI.

The variable pay is split into equal components of cash and share linked instruments to have proper mix of remuneration. The share linked instruments act as a retention and motivation tool and provide the incumbent with a sense of belongingness with the Bank.

#### b) Quantitative disclosures

Sl. No.	Particulars	Current Year 2020-21	Previous Year 2019-20
(i)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	Four Sitting fees of ₹ 40000 to each non-whole time Director members per meeting attended^	Seven Sitting fees of ₹ 50000 to each non whole time Director per meeting attended
(ii)	Number of employees having received a variable remuneration award during the financial year.	Three	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.	As furnished in table below	Fixed: ₹ 0.71 crore Variable: ₹ 0.21 crore for the year 2017-18* *Paid during 2019-20 upon receipt of RBI approval.

Sl. No.	Particulars	Current Year 2020-21	Previous Year 2019-20
(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
	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
	Number of MRTs identified.	2	NA
	<ul style="list-style-type: none"> <li>• Number of cases where malus has been exercised.</li> <li>• Number of cases where clawback has been exercised.</li> <li>• Number of cases where both malus and clawback have been exercised.</li> </ul>	Nil	NA
	<b>General Quantitative Disclosure</b>	Mean Pay	NA
	1. The mean pay for the bank as a whole (excluding sub-staff) and	₹ 0.09 crore	
	2. the deviation of the pay of each of its WTDs from the mean pay.	MD & CEO: 12.60X	

^Note: In line with the Bank's policy of curtailing expenditure in the backdrop of the uncertainties caused by COVID-19 pandemic, the Board of Directors' decided upon reduction in the sitting fees for Board meetings from ₹ 70000/- to ₹ 50000/- and for the Board level Committees from ₹ 50,000/- to ₹ 40,000/- for the period from 06.06.2020 to 31.03.2021.

Breakdown of the amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred paid to the Managing Director & CEO and Material Risk Takers(FY 2020-21)

	Fixed Pay (₹ crore)	Variable Pay	
		Cash Component	Share Linked remuneration (ESOPs)
Mr. Mahabaleshwara M S, Managing Director & CEO	0.96	1. Rs 0.21 crore for the FY 2018-19 (paid during 2020-21 upon receipt of RBI approval) 2. Nil for FY 2019-20(see note below)	2,50,000 <sup>@</sup> (to be vested in the ratio of 40:30:30)
Mr. Y V Balachandra, Chief Operating Officer	0.32	₹ 0.11 crore for the FY 2019-20	40,000 <sup>#</sup> (to be vested in the ratio of 40:30:30)
Mr. Gokuldas Pai Chief Business Officer	0.32	₹ 0.08 crore for the FY 2019-20	30,000 <sup>#</sup> (to be vested in the ratio of 40:30:30)

@ pertaining to FY 2019-20, approval of RBI received during the FY 2020-21.

# pertaining to FY 2019-20, granted during the FY 2020-21.

Note: The MD & CEO opted to forego variable pay entitlement for FY 2019-20 as part of initiatives to curtail expenditure on account of challenges posed by COVID-19 pandemic.



## 10. Disclosure relating to Securitization

The Bank has not sponsored any SPVs for securitisation transactions

## 11. Credit Default Swap

The Bank has not entered into any credit default swap.

## 12. Intra-Group Exposures

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

## 13. Transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in crore)

Particulars	Current year	Previous year
Opening balance of amounts transferred to DEAF	122.99	108.06
Add: Amounts transferred to DEAF during the year	8.67	17.72
Less: Amounts reimbursed by DEAF towards claims	0.78	2.79
Closing balance of amounts transferred to DEAF	<b>130.88</b>	<b>122.99</b>

## 14. Unhedged 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 unhedged foreign currency exposure in line with the extant RBI guidelines. Further, the Bank has made a provision of ₹ 17.31crore (Previous year ₹ 16.91 crore) and has provided capital for the unhedged foreign currency exposure of borrowal entities of ₹ 2.36 crore (Previous year ₹ 3.49 crore) in line with the extant RBI guidelines.

## 15. Frauds

Details of Frauds reported are:

(₹ in crore)

Particulars	Current year 2020-21	Previous year 2019-20
Number of frauds reported*	19	216
Amount involved in frauds*	507.88	486.58
Provision made	507.88	486.58

\*Excludes 151 cases (Previous year 164 cases) Debit Card related frauds amounting to ₹ 0.27 crores (Previous year ₹ 0.37 crores).

## 16. Liquidity Coverage Ratio

(₹ in crore)

Particulars	2020-21 (Q4)		2019-20(Q4)	
	Total Un-weighted value	Total weighted value	Total Un-weighted value	Total weighted value
High Quality Liquid Assets				
1 Total High Quality Liquid Assets (HQLA)	20295.33	20130.85	15471.80	15381.37
Cash Outflows				
1 Retail Deposits and Deposits from small business customers	59488.33	5218.10	57581.39	5216.72
(i) Stable Deposits	14614.58	730.73	10828.54	541.43
(ii) Less: Stable Deposits	44873.75	4487.37	46752.85	4675.29
2 Unsecured Whole Funding, of which:	4671.07	2069.57	4456.59	2045.76

Particulars		2020-21 (Q4)		2019-20(Q4)	
		Total Un-weighted value	Total weighted value	Total Un-weighted value	Total weighted value
(i)	Operational Deposits(all counterparties)	0.00	0.00	0.00	0.00
(ii)	Non-operational deposits(all counterparties)	4671.07	2069.57	4456.59	2045.76
(iii)	Unsecured debt	0.00	0.00	0.00	0.00
3	Secured wholesale funding	0.00	0.00	318.86	0.00
4	Additional requirements, of which	7933.16	952.16	7989.86	914.45
(i)	Outflows related to derivative exposures and other collateral requirements	0.00	0.00	1.14	1.14
(ii)	Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00
(iii)	Credit and liquidity facilities	7933.16	952.16	7988.72	913.31
5	Other contractual funding obligations	193.27	193.27	221.29	221.29
6	Other contingent funding obligations	4918.29	147.55	5109.68	153.29
	<b>Total Cash Outflows</b>	<b>77204.13</b>	<b>8580.65</b>	<b>75677.67</b>	<b>8551.51</b>
<b>Cash Inflows</b>					
1	Secured lending (e.g. reverse repos)	617.99	0.00	107.57	0.00
2	Inflows from fully performing exposures	1817.30	908.65	2289.27	1144.63
3	Other cash inflows	1144.34	1144.34	1170.24	1170.24
	<b>Total Cash Inflows</b>	<b>3579.64</b>	<b>2053.00</b>	<b>3567.08</b>	<b>2314.87</b>
	<b>Total HQLA</b>	<b>20295.33</b>	<b>20130.85</b>	<b>15471.80</b>	<b>15381.37</b>
	<b>Total Net Cash Outflows</b>	<b>73624.49</b>	<b>6527.66</b>	<b>72110.59</b>	<b>6236.64</b>
	Liquidity Coverage Ratio (%)			308.39	246.63

\*Note: Average is calculated based on the previous 3 months (90 Days) data points.

### Qualitative Disclosures on LCR

The Bank is computing LCR on a daily 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". 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 90% of the net cash outflows. [As per RBI circular vide DOR.BP.BC.No.65/21.04.098/2019-20 dated April 17, 2020, bank is required to maintain LCR of above 90% with effect from 01.10.2020 to 31.03.2021. However from April 01, 2021, bank is required to maintain LCR of 100%.]

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 90% in view of SLR investments in excess of statutory requirement and 18.00% 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.

The Bank during the three months ended March 31, 2021 maintained average HQLA (after haircut) of ₹ 20,130.85 Crore(March 31, 2020: ₹ 15,381.37 crore). HQLA primarily includes Government securities in excess of minimum statutory liquidity ratio(SLR), 3% of NDTL under "marginal standing facility(MSF)", 15% of NDTL under "facility to avail liquidity for LCR(FALLCR)", investments under Corporate bonds & commercial papers rate "AA- and above".

The weighted cash outflows are primarily driven by deposits from retail & small business customers, unsecured wholesale funding which includes non operational deposits and unsecured debt. During the three months ended March 31, 2021, funding from “retail & small business customers” and “Unsecured wholesale funding” contributed 60.81% & 24.11% to the total weighted cash outflows respectively. The other contingent funding obligations primarily include bank guarantees (BGs) and letters of credit (LCs) issued on behalf of the Bank’s clients.

The average LCR of the Bank for the three months ended March 31, 2021 was 308.39% (March 31, 2020: 246.63%). (Note: Increase in FALLCR from 14.50% to 15% of NDTL resulted in increase in HQLAs. Hence LCR increased when compared with March 31, 2020). [As per RBI circular vide DOR.BP.BC.No.65/21.04.098/2019-20 dated April 17, 2020, bank is required to maintain FALLCR 15% to the banks NDTL. w.e.f. 01.04.2020]

At March 31, 2021, top liability products/instruments and their percentage contribution to the total liabilities of the Bank was term deposits: 60.56%, savings account deposits: 22.20%, current account deposits: 5.63%. Top 20 depositors constituted 3.03% of total deposits of the Bank.

The 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 the 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 the Bank, TAD evaluates current and future liquidity requirement and takes necessary action.

17. During the year, there was no conversion of debt into equity on restructuring (Previous year Nil).
18. Operating Expenses stated in Schedule 16 to the Profit and Loss Account includes ₹ 13.19 crore (Previous year ₹ 9.32 crore) spent towards Corporate Social Responsibility (CSR) activities.

The Bank has spent 2.04% (Previous Year: 2.02%) of its average net profit for the last three Financial Years as part of its Corporate Social Responsibility for the year ended March 31, 2021.

The details of the amount spent during the respective years towards CSR are as under: (₹ in crore)

Sl. No.	Particulars	March 31, 2021			March 31, 2020		
		Amount Spent	Amount unpaid/ provided	Total	Amount Spent	Amount unpaid/ provided	Total
i)	Construction / acquisition of any asset	--	--	--	--	--	--
ii)	On purpose other than (i) above	8.69*	4.50**	13.19	9.32	--	9.32

\* includes ₹ 1.85 crore of earlier years sanctions spent during the FY 2020-21.

\*\* includes ₹ 2.96 crore pertaining to the FY 2020-21 and balance ₹ 1.54 crore pertains to the earlier years.

19. In terms of RBI Circular DOR.ACC.REC.7/21.02.067/2021-22 dated April 22, 2021, Banks may pay dividend on equity shares from the profits for the financial year ended March 31, 2021, subject to the quantum of dividend being not more than fifty per cent of the amount determined as per the dividend payout ratio prescribed in Paragraph 4 of the said circular. Duly complying with the above guidelines, the Board of Directors’ of the Bank have proposed a dividend of ₹ 1.80 per Equity share having face value of ₹ 10/- each for the year ended 31<sup>st</sup> March 2021(Previous year ₹ Nil, subject to the approval of the members at the ensuing Annual General Meeting. In terms of Accounting Standard (AS) 4 “Contingencies and events occurring after the Balance Sheet date” the Bank has not appropriated proposed dividend aggregating ₹ 55.96 crore from the Profit and loss account for the year ended March 31, 2021. However, the effect of the proposed dividend has been reckoned in determining capital funds in the computation of Capital adequacy ratio as on March 31, 2021

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

- a) Balancing of Subsidiary Ledgers is completed at all the Branches/Offices
- b) Reconciliation of Branch Adjustments/Inter Bank accounts has been completed up to 31<sup>st</sup> March 2021 and steps are being taken to give effect to consequential adjustments of pending items.

## 21. Litigations and claims

A sum of ₹ 708.38 crore (Previous year ₹ 655.49 crore) is outstanding on account of demands raised by the Income Tax Department in the earlier years which have been fully paid under protest by debit to Sundry Assets - Protested Tax Account. In addition to the above, the Income Tax Department has gone on appeal on various issues wherein Appellate Authority has given decisions in favour of the Bank to the extent of ₹ 459.16 crore.

The Bank has also preferred appeal against certain service tax demands to the extent of ₹ 189.59 crore and paid pre deposit of ₹ 1.05 crore by debit to Sundry Assets – Service Tax Paid under Protest.

The Bank has been advised that there are good chances of success in these appeals, considering favorable judicial pronouncements and / or appellate orders on identical issues for earlier years. Hence, the Bank does not consider it necessary to make any provision or include the same under Schedule 12 - Contingent Liability, to the Balance sheet.

The Bank confirms that all pending litigations which may have an impact on its financial position have been estimated and provided for. In respect of other pending litigations, the Bank believes that no provision is required since these pending litigations have no impact on its financial position.

## 22. Basel III

In accordance with the RBI Circular DBR. No. BPBC.2/21.06.201/2018-19 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.

## 23. Employee Stock Option

The shareholders of the Bank, on July 21, 2018, have approved 'KBL Employee Stock Option Scheme-2018' (ESOS-2018) with a total of 50,00,000 stock options available for grant each of which is convertible into one equity share. The scheme has been framed in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 as amended from time to time. Further, to give effect to the corporate action in FY 2019-20 by way of Bonus issue in the ratio of 1:10, additional 1,07,147 options have been accounted and hence, the total available options under the scheme stand increased to 51,07,147 stock options.

The Bank has followed Intrinsic Value method for accounting the stock options in accordance with the aforesaid SEBI Regulations. As per the scheme, the exercise price per option shall be the closing price per equity share of the Bank on the date of the grant.

The options granted under ESOS 2018 would vest after one year from the date of grant of such options in a graded manner over a period of three years (i.e. 40%, 30% & 30% respectively on completion of 1<sup>st</sup>, 2<sup>nd</sup> & 3<sup>rd</sup> year), as determined by the Nomination & Remuneration Committee (NRC), a committee of the Board of Directors, subject to continued employment with the Bank on the date of vesting.

During the year ended March 31, 2021, no modifications were made to the terms and conditions of ESOPs as approved by the NRC.

Activity in the options outstanding under the Employee Stock Option Plan:

Particulars	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1342416*	93.07
Granted during the year	3619450	42.10
Vested during the year	436312*	90.10
Exercised during the year	Nil	
Lapsed/ forfeited/ cancelled (Nos.)	37826*	
Outstanding as on March 31, 2021	4924040*	55.76
Exercisable at the end of the year March 31, 2021	814333*	97.27

\*after giving effect to Bonus issue in 2020

#### Application of Fair value methodology

Since, the Bank has followed intrinsic value method, the fair value of options used to compute the net profit and earnings per equity share has been estimated on the dates of each grant using the Black and Scholes Formula. The Bank estimates the volatility based on the historical prices of its equity shares and expected life of options. The Bank granted 36,19,450 options during the year ended March 31, 2021 (previous year: 3,64,400). The various assumptions considered in the pricing model for the ESOPs granted during the year ended March 31, 2021 are:

Grant Date	03.10.2020	21.11.2020	15.02.2021
a. Expected dividends yield	2.81%	2.81%	2.81%
b. Expected volatility	35.48% to 36.62%	34.94% to 36.32%	36.30% to 37.35%
c. Risk –free interest rate	5.06% to 5.68%	4.71% to 5.39%	5.10% to 5.75%
d. Expected life of the options	3.50 to 5.50	3.50 to 5.50	3.50 to 5.50
e. The price of the underlying share in the market at the time of option grant.	41.50	44.25	65.25

#### Impact of the fair value method on the net profit and earnings per share

Had the Bank followed fair value method for accounting, the stock option compensation expense would have been ₹ 5.06 crore and the Bank's net profit for the year and earnings per share would have been as per the proforma amounts indicated below:

Particulars	As on March 31, 2021
Net Profit (as reported)(₹ in crore)	482.57
Add: Stock based employee compensation expense included in net income	0.00
Less: Stock based employee compensation expense determined under fair value method (₹ in crore)	5.06
Net Profit(Proforma)(₹ in crore)	477.51
Basic earnings per share(As reported)	15.52
Basic earnings per share(Proforma)	15.36
Diluted earnings per share(As reported)	15.48
Diluted earnings per share(Proforma)	15.32

24. Previous year's figures have been regrouped/rearranged/given in brackets wherever necessary and feasible to conform to current year's classification.

**Sd/-**  
**Prasanna Patil**  
Company Secretary

**Sd/-**  
**Muralidhar K Rao**  
General Manager & CFO

**Sd/-**  
**Gokuldas Pai**  
Chief Business Officer

**Sd/-**  
**Y V Balachandra**  
Chief Operating Officer

**Sd/-**  
**Mahabaleshwara M S**  
Managing Director & CEO

**Sd/-**  
**P Jayarama Bhat**  
Chairman

**Sd/-**  
**Rammohan Rao Belle**  
Director

**Sd/-**  
**B R Ashok**  
Director

**Sd/-**  
**Pradeep Kumar Panja**  
Director

Refer our report of even date

**For Manohar Chowdhry & Associates**  
Chartered Accountants  
Firm Regn. No. 0019975

**For Badari Madhusudhan & Srinivasan**  
Chartered Accountants  
Firm Regn. No. 0053895

**Sd/-**  
**(Murali Mohan Bhat)**  
Partner  
M. No. 203592

**Sd/-**  
**(S. Rajendiran)**  
Partner  
M. No.021883

Place : Mangaluru  
Date : 26<sup>th</sup> May 2021

# Independent Auditors' Report

## To the Members of The Karnataka Bank Limited Report on the audit of the Consolidated Financial Statements

### Opinion

- 1.01 We have audited the consolidated annual financial statements of The Karnataka Bank Limited (hereinafter referred to as the "the Bank" or "holding company"), and its subsidiary (Holding company and its subsidiary together referred to as "the Group") which comprise the consolidated balance sheet as at 31<sup>st</sup> March 2021, the consolidated profit and loss account, the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").
- 1.02 In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of other auditor on the separate audited financial statements of the subsidiary, the aforesaid consolidated financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31<sup>st</sup> March 2021, true balance of profit in case of consolidated Profit and Loss account for the year ended on that date and true and fair view in case of Consolidated Cash Flows statement for the year ended on that date.

### Basis for opinion

- 2.01 We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section

143 (10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our Ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for opinion on the consolidated financial statements.

### Emphasis of matter

- 3.01 We draw attention to Schedule 18 - Note 14 of the accompanying financial statements which describes the uncertainties due to outbreak of novel coronavirus (COVID 19). In view of these uncertainties, the impact on the Group's financial statements is significantly dependent on future developments.
- 3.02 Our opinion is not modified in respect of this matter.

### Key audit matters

- 4.01 Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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### Key Audit Matters

#### Identification of Non-Performing Assets, Income Recognition and Adequacy of Provisions

Loans and Advances and Investments are classified as performing and non-performing assets in accordance with the prudential norms issued by the Reserve Bank of India.

The identification of non-performing assets and creation of provision on such assets involves key management judgements relating to performance, determination of realizable securities available to the Bank and their valuation.

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### How our audit addressed the Key Audit Matters

We have assessed the Bank's systems in place for classification of the assets, identification and provision for the non-performing assets including assessment of realizable securities and their valuations. Our audit approach consisted of testing the design of the systems for identification of the non-performing assets to ensure conformity with the guidelines of the Reserve Bank of India in the matter and test checking the identification and valuation of non-performing assets.

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**Key Audit Matters**

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**How our audit addressed the Key Audit Matters**

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**Identification of Non-Performing Assets, Income Recognition and Adequacy of Provisions**

In the event of any improper application of the prudential norms or consideration of the incorrect value of the security, the carrying value of the assets could be materially misstated either individually or collectively, and in view of the significance of the amount of advances and investments in the financial statements, the classification of the advances and investments and provisioning thereon has been considered as Key Audit Matter in our audit.

Due to the Covid pandemic and its consequential effect on the Bank, we have also identified implementation of the Covid Regulatory Package and the Hon. Supreme Court judgement on this matter as a Key Audit Matter.

We have reviewed the Branch audit reports and ensured that changes suggested by the Branch Auditors were duly carried out, wherever necessary.

Further we have reviewed on a test check basis the reports of the credit, inspection, risk based internal, concurrent audits and other special reports to ascertain the advances having any adverse features/ comments, and reviewed the MIS and reports generated from the Bank's system for the same.

With respect to those borrowers to whom moratorium was granted in accordance with the Regulatory Package, on a sample basis, we tested that the moratorium was granted in accordance with the Board approved policy.

With respect to asset classification and income recognition, on a sample basis, we tested that such asset classification and income recognition was carried out in accordance with the guidelines of the Hon'ble Supreme Court and Reserve Bank of India.

Modified Audit Procedures were carried out, wherever physical inspection of documents and records could not be carried due to the Pandemic, by remote access and digitally scanned documents and discussions over email/telephone and video conference and other electronic modes.

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**Information Technology ("IT") Systems and Controls**

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The IT environment of the Bank is complex and involves a large number of independent and inter dependent IT systems used in the operations of the Bank for processing and recording large volume of transactions at numerous locations.

Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting.

We have identified 'IT Systems and Controls' as key audit matter because of the high-level automation, significant number of systems being used by the management and the complexity of the IT architecture and its impact on the financial reporting system.

We evaluated and understood the IT system adopted by the Bank for its Core Banking and other operations.

We assessed the operative effectiveness of key automated controls within various business processes. This includes testing the integrity of system interfaces, completeness and accuracy of the data, system reconciliation controls and automated calculations.

We assessed the system of data feeding and extraction of the financial information and statements from the IT system existing in the Bank, reviewed the output and reports generated by the system on a sample basis and where deficiencies were observed/identified, tested the compensating controls and alternate procedures.

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**Recognition of Deferred Tax Assets**

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Deferred Income Tax reflects the impact of timing difference between the taxable income and accounting income. Deferred Tax Asset is not recognized unless there is a virtual certainty that sufficient future taxable income will be available against which such asset will be realized.

We have relied upon the management estimates and expert opinions taken by the Bank regarding eligibility of carried forward tax losses for set off against future taxable income and used our own internal expertise in evaluating the claims, assumptions and profitability forecasts and assertions of the management provided to us, that sufficient future taxable income will be available for set off against the tax losses carried forward.



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**Key Audit Matters**

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**How our audit addressed the Key Audit Matters**

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**Contingent Liabilities, tax litigations and claims**

Contingent liability is a possible obligation, outcome of which is contingent upon occurrence or non occurrence of one or more uncertain future events. In the judgement of the management, such claims and litigations including tax demands against the Bank would not eventually lead to a liability. However, should there be an adverse outcome, the Bank will be liable to pay the disputed amount with interest/penalty as may be decided by the competent authorities, the impact of which is uncertain/unascertainable at this stage.

We have relied upon the management note/estimates and the expert/legal opinions obtained by the Bank regarding the claims and tax litigations and reviewed internally the nature of such litigations and claims, their sustainability and likelihood of the claims/litigations materializing into eventual liability upon final resolution, from the available records and developments to date.

**Information other than the consolidated financial statements and Auditor's Report thereon**

5.01 The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Bank's Annual report, but does not include the consolidated financial statements and our auditor's report thereon. The Group's Annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Group's Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Managements and board of directors' Responsibilities for the Consolidated Financial Statements**

6.01 The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirement of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, provisions of section 29 of

the Banking Regulation Act, 1949 and the circulars and guidelines issued by Reserve Bank of India ('RBI') from time to time. The respective management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by management and Directors of the Holding Company, as aforesaid.

6.02 In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so

6.03 The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each Company

## Auditor's responsibilities for the audit of the consolidated financial statements

7.01 Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

7.02 As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to consolidated financial statements place and the operating effectiveness of such controls based on our audit.
- Conclude on the appropriateness of management and board of directors use of the going concern basis of accounting in preparing consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if

such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in 'Other Matters' in this audit report.

7.03 We believe that the audit evidence obtained by us along with the consideration of the audit report of the other auditors referred to in Para 8 of the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements

7.04 We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and the timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

7.05 We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards

7.06 From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

8.01 We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 39.40 lakhs as at 31<sup>st</sup> March 2021, total revenues of ₹ 0.96 lakhs and total net loss after tax of ₹ 11.06 lakhs for the year ended 31<sup>st</sup> March 2021, and net cash inflow amounting to ₹ 36.68 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of its subsidiary and our report in terms of subsection (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the report of the other auditors.

8.02 We did not audit the financial statements/information of 762 Branches/Offices included in the financial statements of the Parent / Holding Company whose financial statements/financial information cover 57% of total advances, 65% of non-performing assets, 71% of deposits as on 31<sup>st</sup> March 2021 and 42% of revenue for the year ended 31<sup>st</sup> March 2021. The financial statements/information of these Branches/Offices have been audited by the Branch Auditors' whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures pertaining to such Branches/Offices is based solely on the report of the Branch/Office Auditors'

8.03 Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

### Report on other legal and regulatory requirement

9.01 As required by Section 143(3) of the Act, based on our audit and the consideration of the reports of the other auditors on separate financial statements of

such subsidiary as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

- a. 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 of the aforesaid consolidated financial statements;
- b. in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditors;
- c. the consolidated balance sheet, the consolidated profit and loss account, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d. in our opinion, the aforesaid consolidated 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;
- e. on the basis of the written representations received from the directors of the Group as on 31 March 2021 taken on record by the Board of Directors of the Group and the reports of the statutory auditors of its subsidiary companies none of the directors of the Group companies incorporated in India are disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act;
- f. With respect to the matter to be included in the Auditors' Report under section 197(16), as informed to us, requirements with respect to the matter to be included in the Auditor's Report under section 197(16) of the Act are not applicable to the Banking companies. Based on the reports of the statutory auditors of such subsidiary company incorporated in India which was not audited by us, no remuneration has been paid by the subsidiary company to its Directors'. Accordingly, the provisions of Section 197 read with schedule V to the Act are not applicable and hence no reporting under Section 197(16) is required.
- g. with respect to the adequacy of the internal financial controls with reference to financial

statements of the Bank, its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"

9.02 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 and based on the consideration of the report of the other auditor on separate financial statements of the subsidiary, as noted in the 'Other Matters' paragraph:

- i. the consolidated financial statements disclose the impact of pending litigations as at 31<sup>st</sup> March 2021 on its consolidated financial position of the Group – Refer Schedule 18 Notes 15 to the consolidated financial statements;
- ii. the Group does not have any long-term contract including derivative contract for which there were any material foreseeable losses;
- iii. there has been no delay in transferring amounts to the Investor Education and Protection Fund by the Bank or its subsidiary company during the year ended 31<sup>st</sup> March 2021.

**for Manohar Chowdhry & Associates**

Chartered Accountants  
FR No. 001997S

**Sd/-**

**(Murali Mohan Bhat)**

Partner

M. No. 203592

UDIN: 21203592AAAAACK4277

**Place:** Mangaluru

**Date:** 26<sup>th</sup> May 2021

**for Badari, Madhusudhan & Srinivasan**

Chartered Accountants  
FR No. 005389S

**Sd/-**

**(S. Rajendiran)**

Partner

M. No. 021883

UDIN: 21021883AAAAAE2012

**Place:** Bangalore

**Date:** 26<sup>th</sup> May 2021

## Annexure A to the Independent Auditor's Report of even date on the consolidated financial statements of The Karnataka Bank Limited for the year ended 31<sup>st</sup> March 2021

### Report on the Internal Financial Controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1.01 In conjunction with our audit of the consolidated financial statements of The Karnataka Bank Limited and its subsidiary (collectively referred to as the 'Group') as of and for the year ended 31<sup>st</sup> March 2021, we have audited the internal financial controls with reference to consolidated financial statements of The Karnataka Bank Limited (hereinafter referred to as "the Holding Company") and its subsidiary, as of that date.

### Management's Responsibility for Internal Financial Controls

2.01 The respective company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to consolidated financial statement criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note.

2.02 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 the respective company'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

3.01 Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were established and maintained and

if such controls operated effectively in all material respects.

3.02 Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated financial statements, whether due to fraud or error

3.03 We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

### Meaning of Internal Financial Controls with Reference to Financial Statements

4.01 A company's internal financial controls with reference to consolidated financial statements 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 company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) 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 company are being made only in accordance with authorizations of management and directors of the company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

- 5.01 Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Other Matters**

- 6.01 Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness

of the internal financial controls over financial reporting insofar as it relates to its subsidiary company incorporated in India, is based on the corresponding reports of the auditors of such company.

- 6.02 Our opinion on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### **Opinion**

- 7.01 In our opinion, the Holding Company and its subsidiary company have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31<sup>st</sup> March 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### **for Manohar Chowdhry & Associates**

Chartered Accountants  
FR No. 001997S

**Sd/-**

**(Murali Mohan Bhat)**

Partner  
M. No. 203592  
UDIN: 21203592AAAAACK4277

**Place:** Mangaluru

**Date:** 26<sup>th</sup> May 2021

### **for Badari, Madhusudhan & Srinivasan**

Chartered Accountants  
FR No. 005389S

**Sd/-**

**(S. Rajendiran)**

Partner  
M. No. 021883  
UDIN: 21021883AAAAAAE2012

**Place:** Bangalore

**Date:** 26<sup>th</sup> May 2021

# Consolidated Balance Sheet

## As on 31st March 2021

(₹ in' 000s)

	Schedule No.	As on 31.03.2021	As on 31.03.2020
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	310,87,95	310,87,95
Reserves and Surplus	2	6331,36,50	5659,56,41
Deposits	3	75654,49,48	71785,15,40
Borrowings	4	1764,88,00	4065,11,80
Other Liabilities and Provisions	5	1519,23,83	1492,77,20
<b>TOTAL</b>		<b>85580,85,76</b>	<b>83313,48,76</b>
<b>ASSETS</b>			
Cash and balances with Reserve Bank of India	6	4866,14,91	2756,05,04
Balances with Banks and Money at Call and Short Notice	7	449,41,71	163,44,02
Investments	8	21634,68,54	17545,34,22
Advances	9	51693,69,73	56964,27,18
Fixed Assets	10	837,85,73	826,41,89
Other Assets	11	6099,05,14	5057,96,41
<b>TOTAL</b>		<b>85580,85,76</b>	<b>83313,48,76</b>
Contingent Liabilities	12	8387,48,61	7723,75,78
Bills for Collection		2378,63,20	2315,38,01
Significant Accounting Policies	17		
Notes on Account	18		

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

Sd/-  
**Prasanna Patil**  
Company Secretary

Sd/-  
**Muralidhar K Rao**  
General Manager & CFO

Sd/-  
**Gokuldas Pai**  
Chief Business Officer

Sd/-  
**Y V Balachandra**  
Chief Operating Officer

Sd/-  
**Mahabaleshwara M S**  
Managing Director & CEO

Sd/-  
**P Jayarama Bhat**  
Chairman

Sd/-  
**Rammohan Rao Belle**  
Director

Sd/-  
**B R Ashok**  
Director

Sd/-  
**Pradeep Kumar Panja**  
Director

Refer our report of even date

**For Manohar Chowdhry & Associates**

Chartered Accountants  
Firm Regn. No. 0019975

**For Badari Madhusudhan & Srinivasan**

Chartered Accountants  
Firm Regn. No. 0053895

Sd/-  
**(Murali Mohan Bhat)**  
Partner  
M. No. 203592

Sd/-  
**(S. Rajendiran)**  
Partner  
M. No.021883

Place : Mangaluru  
Date : 26<sup>th</sup> May 2021

# Consolidated Profit and Loss Account For the Year Ended 31st March 2021

(₹ in' 000s)

	Schedule No.	Year ended 31.03.2021	Year ended 31.03.2020
<b>I. INCOME</b>			
Interest Earned	13	6232,41,47	6474,76,99
Other Income	14	1495,06,50	1261,62,54*
<b>Total</b>		<b>7727,47,97</b>	<b>7736,39,53</b>
<b>II. EXPENDITURE</b>			
Interest Expended	15	4049,21,72	4444,41,24
Operating Expenses	16	1679,22,92	1635,21,76
Provisions and Contingencies		1516,57,44	1224,98,88*
<b>Total</b>		<b>7245,02,08</b>	<b>7304,61,88</b>
<b>III. PROFIT</b>			
Net Profit for the Year		482,45,89	431,77,65
Profit brought forward		101,68,14	119,64,95
<b>Total</b>		<b>584,14,03</b>	<b>551,42,60</b>
<b>IV. APPROPRIATIONS</b>			
Transfer to Statutory Reserve		125,00,00	110,00,00
Transfer to Capital Reserve		199,68,68	1830822
Transfer to Revenue Reserve		100,00,00	30,00,00
Transfer to Special Reserve u/s 36 (1) (viii) of the Income Tax Act, 1961		47,20,66	6,73,79
Transfer from Investment Reserve Account		0	0
Transfer to Investment Fluctuation Reserve		26,88,41	77,81
Transfer to Other Funds		0	0
Dividend paid		0	98,82,75
Tax on Dividend Paid		0	20,31,89
Balance carried to Balance Sheet		85,36,28	101,68,14
<b>Total</b>		<b>584,14,03</b>	<b>551,42,60</b>
Earning per share			
Basic	₹	15.52	13.89
Diluted	₹	15.47	13.89
Significant Accounting Policies	17		
Notes on Account	18		

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

\* Previous year figures recomputed to exclude GST wherever applicable

Sd/-  
**Prasanna Patil**  
Company Secretary

Sd/-  
**Muralidhar K Rao**  
General Manager & CFO

Sd/-  
**Gokuldas Pai**  
Chief Business Officer

Sd/-  
**Y V Balachandra**  
Chief Operating Officer

Sd/-  
**Mahabaleshwara M S**  
Managing Director & CEO

Sd/-  
**P Jayarama Bhat**  
Chairman

Sd/-  
**Rammohan Rao Belle**  
Director

Sd/-  
**B R Ashok**  
Director

Sd/-  
**Pradeep Kumar Panja**  
Director

Refer our report of even date

**For Manohar Chowdhry & Associates**  
Chartered Accountants  
Firm Regn. No. 001997S

**For Badari Madhusudhan & Srinivasan**  
Chartered Accountants  
Firm Regn. No. 005389S

Sd/-  
**(Murali Mohan Bhat)**  
Partner  
M. No. 203592

Sd/-  
**(S. Rajendiran)**  
Partner  
M. No.021883

Place : Mangaluru  
Date : 26<sup>th</sup> May 2021



# Consolidated Cash Flow Statement For the Year Ended 31st March 2021

(₹ in' 000s)

	Year ended March 31, 2021		Year Ended March 31, 2020	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit after Tax and Extra Ordinary Items</b>		482,45,89		431,77,65
<b>Add:</b>				
Adjustments for :				
Provision for Tax	129,36,02		90,24,67	
(Profit)/Loss on sale Fixed Assets	1,88,46		70,71	
Depreciation on Fixed Assets including Lease Adjustment charges	73,52,26		63,76,49	
Provisions and Contingencies	1387,21,41		1134,74,21	
Amortisation of premium on Held to Maturity Investments	125,32,00		76,05,35	
Loss on sale to SC/RC amortised during the year	-		-	
Write-off of Fixed Assets	6,65	1717,36,80	-	1365,51,43
<b>Operating Profit Before Working Capital Changes</b>		2199,82,69		1797,29,08
<b>Adjustment for :</b>				
i) (Increase)/Decrease in Advances & Other Assets	4653,51,31		-3608,73,67	
ii) (Increase)/Decrease in Investments	-4311,18,00		-1431,41,46	
iii) Increase/(Decrease) in Deposits, Borrowings & Other Liabilities	971,05,53		3367,73,82	-1672,41,31
iv) Change in Revenue Reserve	189,37,03	1502,75,87		
<b>Cash Generated from Operations</b>		<b>3702,58,56</b>		<b>124,87,77</b>
<b>Less: Direct taxes paid</b>		334,31,38		214,47,41
<b>Net Cash Flow from Operating Activities (A)</b>		<b>3368,27,18</b>		<b>-89,59,64</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets		-87,62,25		-57,52,90
Sale of Fixed Assets		71,05		1,48,09
Investment in wholly owned subsidiary-KBL Services Ltd		-50,00		-
<b>Net Cash used in Investing Activities (B)</b>		<b>-87,41,20</b>		<b>-56,04,81</b>
<b>TOTAL (A+B)</b>		<b>3280,85,98</b>		<b>-145,64,45</b>

(₹ in' 000s)

	Year ended March 31, 2021	Year Ended March 31, 2020
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital (net of expenses)	47,17	61
Proceeds from long term borrowings	-885,25,59	-425,37,50
Dividend paid (Including Tax on Dividend)	-	-119,24,45
<b>Net Cash Generated from Financing Activities (C)</b>	<b>-884,78,42</b>	<b>-544,61,34</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>2396,07,56</b>	<b>-690,25,79</b>
Cash & Cash Equivalents as at the beginning of the year	2919,49,06	3609,74,85
Cash & Cash Equivalents as at the end of the year	5315,56,62	2919,49,06

Note:

- The Cash Flow Statement has been prepared under the Indirect Method and figures of the previous year have been re-grouped wherever necessary.
- 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/-**  
**Prasanna Patil**  
Company Secretary

**Sd/-**  
**Muralidhar K Rao**  
General Manager & CFO

**Sd/-**  
**Gokuldas Pai**  
Chief Business Officer

**Sd/-**  
**Y V Balachandra**  
Chief Operating Officer

**Sd/-**  
**Mahabaleshwara M S**  
Managing Director & CEO

**Sd/-**  
**P Jayarama Bhat**  
Chairman

**Sd/-**  
**Rammohan Rao Belle**  
Director

**Sd/-**  
**B R Ashok**  
Director

**Sd/-**  
**Pradeep Kumar Panja**  
Director

Refer our report of even date

**For Manohar Chowdhry & Associates**Chartered Accountants  
Firm Regn. No. 001997S**For Badari Madhusudhan & Srinivasan**Chartered Accountants  
Firm Regn. No. 005389S

**Sd/-**  
**(Murali Mohan Bhat)**  
Partner  
M. No. 203592

**Sd/-**  
**(S. Rajendiran)**  
Partner  
M. No.021883

Place : Mangaluru  
Date : 26<sup>th</sup> May 2021

## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

### SCHEDULE - 1 CAPITAL

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
<b>Authorised Capital</b>		
60,00,00,000 Equity shares of ₹ 10/- each	600,00,00	800,00,00
(Previous Year 80,00,00,000 Equity shares of ₹ 10/- each)		
<b>Issued Capital</b>		
31,09,98,210 Equity shares of ₹ 10/- each	310,99,82	310,99,82
(previous year 31,09,98,210, equity shares of ₹ 10/- each)		
<b>Subscribed Capital</b>		
31,08,86,239 Equity shares of ₹ 10/- each	310,88,62	310,88,62
(previous year 31,08,86,239 Equity shares of ₹ 10/- each)		
<b>Paid-up Capital</b>		
31,08,69,689 Equity shares of ₹ 10/- each fully paid up	310,86,97	310,86,97
(Previous year 31,08,69,689 Equity shares of ₹ 10/- each)		
Add : Forfeited Shares	98	98
<b>Total</b>	<b>310,87,95</b>	<b>310,87,95</b>

Note: The Bank has reduced the Authorised Capital from 800,00,00 to 600,00,00 as per the resolution passed at the Annual General Meeting held on July 17, 2020.

### SCHEDULE - 2 RESERVES AND SURPLUS

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
<b>I. Statutory Reserve</b>		
Opening balance	2480,00,00	2370,00,00
Additions during the year	125,00,00	110,00,00
	<b>2605,00,00</b>	<b>2480,00,00</b>
Deductions during the year	0	0
<b>Total</b>	<b>2605,00,00</b>	<b>2480,00,00</b>
<b>II. Capital Reserve</b>		
Opening balance	425,87,74	242,79,52
Additions during the year <sup>1</sup>	199,68,68	183,08,22
	<b>625,56,42</b>	<b>425,87,74</b>
Deductions during the year	0	0
<b>Total</b>	<b>625,56,42</b>	<b>425,87,74</b>
<b>III. Share Premium</b>		
Opening balance	1255,04,15	1283,96,42
Additions during the year	0	62
	<b>1255,04,15</b>	<b>1283,97,04</b>
Deductions during the year	2,83	28,92,89
<b>Total</b>	<b>1255,01,32</b>	<b>1255,04,15</b>

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
<b>IV. Revenue and other Reserves</b>		
<b>a) Revenue Reserve</b>		
Opening balance	628,05,44	782,70,77
Additions during the year <sup>2</sup>	294,09,94	34,71,70
	<b>922,15,38</b>	<b>817,42,47</b>
Deductions during the year	0	189,37,03
<b>Total</b>	<b>922,15,38</b>	<b>628,05,44</b>
<b>b) Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961</b>		
Opening balance	230,15,33	223,41,54
Additions during the year	47,20,66	6,73,79
	<b>277,35,99</b>	<b>230,15,33</b>
Deletion during the year	0	0
<b>Total</b>	<b>277,35,99</b>	<b>230,15,33</b>
<b>c) Investment Fluctuation Reserve Account</b>		
Opening balance	68,69,04	67,91,23
Additions during the year	26,88,41	77,81
	<b>95,57,45</b>	<b>68,69,04</b>
Deductions during the year	0	0
<b>Total</b>	<b>95,57,45</b>	<b>68,69,04</b>
<b>d) Revaluation Reserve Account</b>		
Opening balance	470,06,57	412,12,10
Additions during the year	0	63,81,26
	<b>470,06,57</b>	<b>475,93,36</b>
Deductions during the year	4,72,91	5,86,79
<b>Total</b>	<b>465,33,66</b>	<b>470,06,57</b>
<b>IV. Total (a to d)</b>	<b>1760,42,48</b>	<b>1396,96,38</b>
<b>V. Balance in Profit and Loss Account</b>	<b>85,36,28</b>	<b>101,68,14</b>
<b>Grand Total ( I to V )</b>	<b>6331,36,50</b>	<b>5659,56,41</b>

Note 1. Appropriation on account of profit on sale of investments held under HTM category, net of taxes and transfer to Statutory Reserve.

2. Includes reversal of unamortised amount of provision of 1893200 for frauds debited during the previous year

## SCHEDULE - 3 DEPOSITS

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
<b>A. I. Demand Deposits</b>		
1. From Banks	4,42,12	6,77,11
2. From others	4817,83,70	4156,16,51
	<b>4822,25,82</b>	<b>4162,93,62</b>
<b>II. Savings Bank Deposits</b>	<b>19001,06,27</b>	<b>16588,68,33</b>
<b>III. Term Deposits</b>		
1. From Banks	9,79,81	53,74,36
2. From others	51821,37,58	50979,79,09
	<b>51831,17,39</b>	<b>51033,53,45</b>
<b>Total : (I, II and III)</b>	<b>75654,49,48</b>	<b>71785,15,40</b>
<b>B. 1. Deposits of branches in India</b>	75654,49,48	71785,15,40
<b>2. Deposits of branches outside India</b>	0	0
<b>Total (1+2)</b>	<b>75654,49,48</b>	<b>71785,15,40</b>

## SCHEDULE - 4 BORROWINGS

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
<b>I. Borrowings in India</b>		
1. Reserve Bank of India	0	1414,98,20
2. Other Banks	0	0
3. Other Institutions and Agencies	794,88,00	1680,13,60
4. Subordinated Debts for Tier II Capital	970,00,00	970,00,00
<b>Total</b>	<b>1764,88,00</b>	<b>4065,11,80</b>
<b>II. Borrowings outside India</b>	0	0
<b>Total : (I and II)</b>	<b>1764,88,00</b>	<b>4065,11,80</b>
Secured borrowings included in I & II above	0	14,149,820

## SCHEDULE - 5 OTHER LIABILITIES AND PROVISIONS

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
I. Bills Payable	222,85,54	188,16,15
II. Inter Office Adjustments(Net)	1,48	0
III. Interest Accrued	60,53,06	58,52,93
IV. Deferred Tax Liability (Net)	0	0
V. Others (including Provisions)	1235,83,75	1246,08,12
<b>Total</b>	<b>1519,23,83</b>	<b>1492,77,20</b>

## SCHEDULE - 6 CASH AND BALANCES WITH RBI

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
<b>I. Cash in Hand</b>	<b>501,96,84</b>	<b>549,04,46</b>
(including foreign currency notes)		
<b>II. Balances with Reserve Bank of India</b>		
1. In Current Account	2614,18,07	2082,00,58
2. In Other Accounts	1750,00,00	125,00,00
<b>Total</b>	<b>4364,18,07</b>	<b>2207,00,58</b>
<b>Total : (I and II)</b>	<b>4866,14,91</b>	<b>2756,05,04</b>

## SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
<b>I. IN INDIA</b>		
<b>i. Balances with Banks</b>		
a) In Current Accounts	20,71,36	24,52,71
b) In other Deposit Accounts	0	0
<b>Total</b>	<b>20,71,36</b>	<b>24,52,71</b>
<b>ii. Money at Call and Short Notice</b>		
a) With Banks	0	0
b) With Other Institutions	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Total (i) &amp; (ii)</b>	<b>20,71,36</b>	<b>24,52,71</b>
<b>II. OUTSIDE INDIA</b>		
i. In Current Accounts	19,28,75	-12,41,69
ii. In Other Deposit Accounts	409,41,60	151,33,00
iii. Money at Call and Short Notice	0	0
<b>Total</b>	<b>428,70,35</b>	<b>138,91,31</b>
<b>Grand Total (I and II)</b>	<b>449,41,71</b>	<b>163,44,02</b>

## SCHEDULE - 8 INVESTMENTS

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
<b>I. Investments in India (Gross)</b>	<b>21911,52,20</b>	<b>17725,66,21</b>
Less: Provision / Depreciation	276,83,66	180,31,99
<b>Net Value of Investments In India</b>	<b>21634,68,54</b>	<b>17545,34,22</b>
<b>Break-up :</b>		
1. Government Securities*	19245,19,22	15304,05,36
2. Other Approved Securities	0	0
3. Shares	81,51,95	55,21,15
4. Debentures and Bonds	1377,19,33	1534,98,46
5. Subsidiaries and/or Joint Ventures	0	0
6. Others	930,78,04	651,09,25
<b>Total</b>	<b>21634,68,54</b>	<b>17545,34,22</b>
<b>II. Investments outside India</b>	<b>0</b>	<b>0</b>
<b>Total (I+II)</b>	<b>21634,68,54</b>	<b>17545,34,22</b>

\* includes Securities of ₹ Nil (Previous year 1414,98,00) pledged for Borrowings

## SCHEDULE - 9 ADVANCES

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
A) 1. Bills Purchased and Discounted	464,21,11	751,17,39
2. Cash Credits, Overdrafts and Loans repayable on demand	17141,54,92	21230,10,41
3. Term Loans	34087,93,70	34982,99,38
<b>Total</b>	<b>51693,69,73</b>	<b>56964,27,18</b>
B) 1. Secured by Tangible Assets (including Book Debts)	46181,22,89	49773,97,44
2. Secured by Bank/Government Guarantees	3589,90,14	1418,39,40
3. Unsecured	1922,56,70	5771,90,34
<b>Total</b>	<b>51693,69,73</b>	<b>56964,27,18</b>
<b>C) I. Advances in India</b>		
1. Priority Sector	24210,94,15	21579,72,11
2. Public Sector	1193,54,83	4267,55,99
3. Banks	0	0
4. Others	26289,20,75	31116,99,08
<b>Total</b>	<b>51693,69,73</b>	<b>56964,27,18</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>51693,69,73</b>	<b>56964,27,18</b>

## SCHEDULE - 10 FIXED ASSETS

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
<b>I. Premises</b>		
At cost / Revaluation as on 31 <sup>st</sup> March of the Previous Year	676,56,53	604,46,21
Additions during the year	92,67	72,14,18
	<b>677,49,20</b>	<b>676,60,39</b>
Deductions during the year	3,85	3,85
	<b>677,45,35</b>	<b>676,56,54</b>
Depreciation to-date	51,85,31	44,92,71
<b>Total</b>	<b>625,60,04</b>	<b>631,63,83</b>
<b>II. Other Fixed Assets</b> (including Furniture and Fixtures)		
At cost as on 31 <sup>st</sup> March of the Previous Year	583,74,18	555,77,42
Additions during the year	86,72,95	44,66,03
	<b>670,47,13</b>	<b>600,43,45</b>
Deductions during the year	12,31,60	16,69,27
	<b>658,15,53</b>	<b>583,74,18</b>
Depreciation to date	445,89,84	388,96,12
<b>Total</b>	<b>212,25,69</b>	<b>194,78,06</b>
<b>Total (I+II)</b>	<b>837,85,73</b>	<b>826,41,89</b>

## SCHEDULE - 11 OTHER ASSETS

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
I. Interest Accrued	310,14,28	286,66,79
II. Tax Paid In Advance/tax deducted at source(net of provisions) *	766,52,09	762,14,40
III. Stationery and Stamps	6,54,77	7,28,13
IV. Non-Banking Assets acquired in satisfaction of claims	17,31,61	19,60,62
V. Others **	4998,52,39	3982,26,47
<b>Total</b>	<b>6099,05,14</b>	<b>5057,96,41</b>

\* includes MAT Entitlement Credit of 44,53,90 (Previous year 55,03,55 )

\*\* includes deferred tax assets (net )of 425,73,56 (Previous year 440,80,75)

## SCHEDULE - 12 CONTINGENT LIABILITIES

(₹ in' 000s)

	As on 31.03.2021	As on 31.03.2020
I. Claims against the Bank not acknowledged as debts	48,78,43	38,12,82
II. Liability for Partly paid investments	0	0
III. Liability on account of outstanding Forward Exchange Contracts	3873,05,15	3124,17,48
IV. Guarantees given on behalf of constituents		
a) In India	3472,48,04	3583,57,03
b) Outside India	0	0
V. Acceptances, Endorsements and other Obligations	862,28,96	854,89,63
VI. Other items for which the Bank is contingently liable	130,88,03	122,98,82
<b>Total</b>	<b>8387,48,61</b>	<b>7723,75,78</b>

## SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

### SCHEDULE - 13 INTEREST EARNED

(₹ in' 000s)

	Year ended 31.03.2021	Year ended 31.03.2020
I. Interest/Discount on Advances/Bills	4937,29,17	5155,84,16
II. Income on Investments	1142,35,38	1160,13,16
III. Interest on Balances With R.B.I /Other Inter-Bank Funds	29,97,10	44,59,80
IV. Others	122,79,82	114,19,87
<b>Total</b>	<b>6232,41,47</b>	<b>6474,76,99</b>



**SCHEDULE - 14 OTHER INCOME**

(₹ in' 000s)

	<b>Year ended 31.03.2021</b>	<b>Year ended 31.03.2020</b>
I. Commission, Exchange and Brokerage	355,86,06	412,10,02
II. Profit on Sale of Investments (net)	624,78,90	400,29,35
III. Profit on Revaluation of Investments (net)	0	0
IV. Profit/(Loss) on Sale of Land, Buildings and Other Assets (net)	-1,88,46	-70,71
V. Profit on Exchange Transactions(net)	16,93,58	18,28,50
VI. Income Earned by way of Dividends etc., from Subsidiaries/ Companies and /or Joint Ventures abroad/ in India	0	0
VII. Miscellaneous Income	499,36,42	431,65,38
<b>Total</b>	<b>1495,06,50</b>	<b>1261,62,54</b>

**SCHEDULE - 15 INTEREST EXPENDED**

(₹ in' 000s)

	<b>Year ended 31.03.2021</b>	<b>Year ended 31.03.2020</b>
1. Interest on Deposits	3850,77,35	4204,14,62
2. Interest on Reserve Bank of India/Inter-Bank Borrowings	41,42,12	25,88,02
3. Others	157,02,25	214,38,60
<b>Total</b>	<b>4049,21,72</b>	<b>4444,41,24</b>

**SCHEDULE - 16 OPERATING EXPENSES**

(₹ in' 000s)

	<b>Year ended 31.03.2021</b>	<b>Year ended 31.03.2020</b>
I. Payments to and Provisions For Employees	913,31,27	897,00,24
II. Rent, Taxes and Lighting	143,05,15	146,90,61
III. Printing and Stationery	5,91,76	6,90,63
IV. Advertisement and Publicity	5,20,23	5,84,48
V. Depreciation	73,52,26	63,76,49
VI. Directors' Fees, Allowances and Expenses	1,74,56	236,64
VII. Auditors' Fees And Expenses (including Branch Audit Fees )	4,35,46	4,25,14
VIII. Law Charges	10,26,90	7,47,80
IX. Postage, Telegrams, Telephones etc.	24,73,57	20,31,27
X. Repairs and Maintenance	51,30,55	45,33,98
XI. Insurance	95,06,77	75,92,06
XII. Other Expenditure	350,74,44	359,12,42
<b>Total</b>	<b>1679,22,92</b>	<b>1635,21,76</b>

## **SCHEDULE-17 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES ADOPTED IN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS**

### **GENERAL**

The Parent Bank, 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.

KBL Services Limited, a wholly owned non-financial subsidiary of the Bank was incorporated on June 21, 2020 and the certificate of commencement of business was filed on August 26, 2020. The subsidiary Company started its operations on 30.03.2021. Accordingly, previous year figures are only in respect of the Parent Bank.

### **BASIS OF PREPARATION**

The Financial Statements of the Parent Bank have been prepared in accordance with requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949, following the going concern concept, on historical cost basis and accrual basis of accounting unless otherwise stated, conforming 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, the accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the Banking industry in India.

The financial statements of the Subsidiary have been prepared under the historical cost convention on accrual basis unless otherwise stated, in accordance with the accounting principles generally accepted in India and comply in all material aspects with the mandatory Accounting Standards notified by the Central Government of India under relevant provisions of the Companies Act, 2013 and rules made thereunder, as amended from time to time.

### **USE OF ESTIMATES**

The preparation of the financial statements requires the Management to make estimates and assumptions considered in 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. Any revision in the accounting estimates is recognised prospectively in the current and future periods.

### **CONSOLIDATION PROCEDURE**

Consolidated Financial Statements (CFS) of the Parent Bank, and its subsidiary has been prepared on the basis of financial statements and in accordance with Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

The Financial Statements of the Parent Bank and its subsidiary has been aggregated on a line by line basis by adding together like sums of assets, liabilities, income and expenses, after eliminating intra group transactions and unrealised profit/loss and making necessary adjustments wherever practicable to conform to the uniform accounting policies. The Financial Statements of the subsidiary are drawn up to the same reporting date as that of the Parent Bank.

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **1. REVENUE RECOGNITION**

Interest and discount on performing advances and investments is accounted for on accrual basis. Income on discounted instruments is recognised over the tenor of the instrument on a Constant Yield to Maturity method.

Interest and discount on non performing advances and investments is accounted on realisation as per the RBI prudential norms on Income Recognition and Asset classification.

Commission on Para Banking business is accounted on accrual basis. Commission on Guarantees/Letter of Credit, Funded Interest on Term Loan, Processing Fees, Rent on Safe Deposit Lockers and Other Fees and Incomes are accounted on receipt basis.

Dividend Income is recognised when right to receive the dividend is established.

Recoveries in the non performing advances are appropriated as under:

- a) In case of Term Loan/DPN, recoveries are appropriated towards 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.
- d) In case of suit filed accounts, related legal and other expenses incurred are charged to Profit and Loss Account and on recovery the same are accounted as income.
- e) Recoveries from advances written-off are recognised in the Profit and Loss account under other income and recovery of Unrealised Interest under Income Interest on Loans & Advances.

Profit or Loss on sale of investments is recognised in the Profit and Loss Account. However, the profit on sale of investments in the "Held to Maturity" category is appropriated (net of applicable taxes and amount required to be transferred to Statutory Reserve account) in accordance with the RBI guidelines.

Interest on income tax refund is recognised based on the refund intimation / order received under the provisions of the Income tax Act 1961 from time to time.

## 2. INVESTMENTS

Investments of the parent Bank 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.

Investment in subsidiary is valued at acquisition cost less diminution, other than temporary in nature.

Transfers of scrip, if any, from one category to another, are done at the lower of the 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. In respect of Non performing Non SLR debt instruments the bank makes provisions as per RBI prudential norms on Income Recognition and Classification as applicable to advances.

## 3. DERIVATIVE CONTRACTS

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

Derivative 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

a) 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, unrealised interest and claims received from Guarantee corporations. etc.

Provisions are made in accordance with the prudential norms as prescribed by Reserve Bank of India from time to time.

b) In case of financial assets sold to Securitisation/ Reconstruction Company, if the sale is for the price higher than the net book value, excess provision held is not reversed but retained till redemption of the security receipt, wherever applicable. If the sale is at a price below the net book value (NBV), the shortfall is debited to the Profit and Loss account, as per the RBI Guidelines.

c) For restructured / rescheduled assets, provision is made in accordance with the guidelines issued by the RBI, which requires diminution in the fair value of assets to be provided at the time of restructuring. Restructured accounts are classified in accordance with the RBI guidelines, including special dispensation wherever allowed.

## 5. FIXED ASSETS

Fixed assets are stated at cost (except premises revalued based on values determined by the approved valuers) less accumulated depreciation and impairment, if any. Cost includes incidental expenditure incurred on the assets before they are ready for intended use and Taxes and duties to the extent not eligible for input credits if any. Appreciation on account of revaluation is credited to the Revaluation Reserve. Depletion in value arising out of revaluation is charged to the Revaluation Reserve.

Computer Software is capitalised along with computer hardware and included under other fixed assets.

Carrying amount of fixed assets is reviewed at each balance sheet date for indication of impairment. Impairment loss if any, is recognised in the Profit and Loss Account to the extent the carrying amount of an asset exceeds its estimated recoverable value.

## 6. DEPRECIATION

Depreciation on fixed assets (including revalued portion thereon) 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 the 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 pro rata basis from the date of such addition or as the case maybe, up to the date on which such asset has been sold, discarded, demolished or destroyed.

Premium paid on leasehold properties is charged off over the lease period. Depreciation on leased assets is calculated so as to spread the depreciable amount over the primary lease period.

Pursuant to Accounting Standard -10 (Revised 2016) on Property, Plant & Equipment, depreciation on Revalued portion of the fixed assets is transferred from the Revaluation Reserve to the Revenue Reserve.

In respect of the Subsidiary, Depreciation on fixed assets is provided proportionate to the period of use on Straight Line basis, based on useful life stipulated in Schedule II of the Companies Act, 2013.

## 7. FOREIGN CURRENCY TRANSACTIONS

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

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

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 Parent Bank to the Provident Fund and Contributory Pension Scheme are charged to the Profit and Loss account.

Liability towards Gratuity, Pension, Sick Leave and En-cashable 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.

Short term employee benefits are accounted for on actual basis.

## 9. EMPLOYEE STOCK OPTION

The Parent 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 Parent 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 Accounting Standard 17.

Business Segment is classified into (a) Treasury, (b) Corporate and Wholesale Banking, (c) Retail Banking and (d) Other Banking Operations and revenues / expenses allocated in accordance with the RBI guidelines.

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

## 11. EARNINGS PER SHARE

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

Diluted Earnings per share are computed by dividing the net profit or loss for the year attributable to the equity shareholders using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end.

## 12. TAXATION

Tax expenses comprise current and deferred taxes. Current income tax is measured as the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, rules framed thereunder and 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. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the Profit and Loss Account in the period of change.

Deferred tax assets and liabilities are recognised for future tax consequences of timing differences between the carrying values of assets and liabilities and their respective tax bases, and operating loss carry forwards.

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.

Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted.

### **13. PROVISIONS AND CONTINGENT LIABILITIES & ASSETS**

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.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from

past events that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent liabilities on account of foreign exchange contracts, letters of credit, Bank guarantees and acceptances and endorsements denominated in foreign currencies and outstanding as at the Balance Sheet date are translated at year end rates notified by the FEDAI.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

### **14. 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, (v) Depreciation on Investments and (vi) other necessary and applicable provisions.

### **15. CASH AND CASH EQUIVALENT**

Cash and cash equivalents include cash in hand, balances with the RBI, balances with other banks and money at call and short notice.

### **16. CORPORATE SOCIAL RESPONSIBILITY**

Expenditure towards corporate social responsibility, in accordance with the Companies Act, 2013, are recognised in the Profit and Loss account.

**SCHEDULE – 18 NOTES ON CONSOLIDATED ACCOUNTS FORMING PART OF THE BALANCE SHEET AS ON 31<sup>ST</sup> MARCH 2021, THE PROFIT AND LOSS ACCOUNT AND THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

1. Consolidated Financial Statements comprises the results of The Karnataka Bank Limited (Parent) and the wholly owned non-financial subsidiary of KBL Services Limited for the period from 21.6.2020 to 31.3.2021.
2. Audited Financial Statements of the Subsidiary has been drawn up to the same reporting date as that of the Parent i.e. 31<sup>st</sup> March 2021

**3. Accounting Standards**

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

**4. 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.

In the preparation of these Financial Statements, the Parent Bank has followed the same accounting policies and generally accepted accounting practices adopted for the preparation of the Audited Financial Statements for the year ended March 31, 2020.

**5. Accounting Standard 9 – Revenue Recognition**

Revenue is recognized on accrual basis as per Accounting Policy No. 1 of Schedule 17 to the financial statements. Certain items of income are recognized on cash basis and same is not material.

**6. Accounting Standard 10 - Fixed Assets**

During the years ended March 31, 2017 and March 31, 2020, as permitted by the Board, the Parent Bank had revalued land & buildings owned by it. Net appreciation of ₹ 422.58 crore and ₹ 60.11 crore respectively arising out of such revaluation was accounted with corresponding credit to the Revaluation Reserve, as under:

	(₹ in crore)
Details	Amount
Book value of Land & Building as on March 31, 2021	160.47
Incremental value on account of revaluation made in 2016-17 and credited to the Revaluation Reserve	422.58
Incremental value on account of revaluation made in 2019-20 and credited to the Revaluation Reserve (net of reduction in value due to revaluation)	60.11
Depreciation up to March 31, 2021 on revalued amount	20.94
Written Down Value of the revalued assets	622.22

Depreciation on the book value of the land & building up to March 31, 2021 is ₹ 51.85 crore. Profit and Loss Account for the current financial year has been debited with additional depreciation charge of ₹ 4.73 crore representing the incremental depreciation on the revalued amount.

**7. Accounting Standard 15 – Employee Benefits**

**Various Benefits made available to the Employees**

- a) **Pension:** The Parent Bank has a defined benefit plan under Pension Trust to cover employees who have joined employment up to 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 Parent 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 Parent Bank permits encashment of leave accumulated by the employees. The liability for encashment of such leave is determined and provided on the basis of actuarial valuation. For the current financial year, Parent Bank has provided an amount of ₹ 26.40 crore (Previous year ₹ 26.40 crore).
- d) Provident Fund:** The Parent 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 Parent Bank is limited to such contributions. As on 31<sup>st</sup> March 2021, there was no liability due and outstanding to the Fund by the Parent Bank.
- e) Other Employee Benefits:** Other than the benefits listed above, the Parent Bank also gives certain other benefits to the employees, which include Medical Aid, Sick Leave, Casual Leave etc.,
- f)** The summarised position of post-employment benefits and employees’ long term benefits are recognized in the financial statements 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	7.00%	6.90%
3	Salary escalation rate	4.00%	4.00%
4	Attrition rate	2.00%	2.00%
5	Expected rate of return on plan assets	7.50%	7.50%
6	Mortality		IALM (2012-14) ult

**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 2020	874.90	237.90
2	Interest Cost	54.32	15.34
3	Current Service Cost	33.49	22.74
4	Past Service Cost	-	-
5	Benefits Paid	(152.27)	(24.61)
6	Actuarial Loss/(Gain) on Obligations	43.56	30.93
7	Present Value of defined benefit obligation as at 31 <sup>st</sup> March 2021	<b>854.00</b>	<b>282.30</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	874.90	237.90
2	Expected return on Plan Assets	62.73	18.93
3	Bank's Contribution related to Current year	75.37	53.70
4	Benefits Paid	(152.27)	(24.61)
5	Actuarial Gain/(Loss ) on plan assets	(6.73)	(3.62)
6	Fair Value of Plan Asset at the end of the year	<b>854.00</b>	<b>282.30</b>

**Actual Return on Plan Assets** (₹ in crore)

Sl. No.	Particulars	Pension (Funded)	Gratuity (Funded)
1	Expected return on Plan Assets	62.73	18.93
2	Actuarial Gain/(Loss) on plan Assets	(6.73)	(3.62)
3	Actual Return on Plan Assets	56.00	15.31

**Actuarial Gain/Loss Recognized** (₹ in crore)

Sl. No.	Particulars	Pension (Funded)	Gratuity (Funded)
1	Actuarial (Gain)/Loss for the period- Obligations	43.56	30.93
2	Actuarial (gain)/Loss for the period- Plan Assets	6.73	3.62
3	Total (Gain)/Loss for the period- Plan Assets	50.29	34.55
4	Actuarial (Gain)/Loss recognized in the year	50.29	34.55
5	Unrecognized actuarial (Gain)/Loss at the end of the year	-	-

**Amounts recognized in Balance Sheet and Related Analysis** (₹ in crore)

Sl. No.	Particulars	Pension (Funded)	Gratuity (Funded)
1	Present value of the obligations	854.00	282.30
2	Fair Value of Plan Assets	854.00	282.30
3	Surplus/(Deficit)	-	-
4	Assets/(Liability) recognised in the Balance Sheet	-	-

**Expenses recognised in the Profit and Loss Account** (₹ in crore)

Sl. No.	Particulars	Pension (Funded)	Gratuity (Funded)
1	Current Service Cost	33.49	22.74
2	Interest Cost	54.32	15.34
3	Expected Return on Plan Assets	62.73	18.93
4	Net actuarial (Gain)/Loss recognized in the year	50.29	34.55
5	Expenses recognised in the Profit and Loss Account	75.37	53.70



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

Sl. No.	Particulars	Pension Fund	Gratuity Fund
1	Government of India Securities	-	2.21
2	State Government Securities	-	-
3	High Quality Corporate Bonds	-	0.53
4	Equity Shares of Listed Companies	-	-
5	Property	-	-
6	Funds managed by insurer	100.00	97.06
7	Mutual Funds	-	-
8	Bank Deposits- Current Accounts	-	-
9	Others	-	0.20
10	<b>Total</b>	<b>100.00</b>	<b>100.00</b>

### Estimated expenses/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)	125.40	26.20

## 8. Accounting Standard 17 – Segment Reporting

For the purpose of segment reporting in terms of AS 17 of the ICAI and as prescribed in the RBI guidelines, the business of the Parent 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	
	Mar'21	Mar'20	Mar'21	Mar'20	Mar'21	Mar'20	Mar'21	Mar'20	Mar'21	Mar'20
Revenue	1814.17	1625.94	2739.23	3073.11	2741.26	2602.98	427.80	414.37	7722.46	7716.40
Unallocated Income									5.02	20.00
Total Income									7727.48	7736.40
Result	778.23	574.20	450.58	556.03	813.77	451.31	24.94	118.99	2067.52	1700.53
Unallocated expenses									-1455.70	-1178.50
Profit before tax									611.82	522.03
Income taxes									129.36	90.25
Extraordinary/ Exceptional Profit / Loss									-	-
Net Profit									482.46	431.78
Other Information									-	-
Segment Assets	27505.39	20953.25	24527.74	31237.24	27628.87	26279.46	3917.42	3163.29	83579.42	81633.24
Unallocated Assets									2001.44	1680.25
Total Assets									85580.86	83313.49
Segment Liabilities	25213.14	19359.49	22764.97	29073.28	25521.16	24416.51	3604.71	2941.31	77103.98	75790.59
Unallocated liabilities									1834.64	1552.45
Total Liabilities									78938.62	77343.04
Capital employed									6642.24	5970.45

## 9. Accounting Standard 18 – Related Party Disclosures

There is no related party transaction other than remuneration paid to key management personnel Sri Mahabaleshwara M.S., Managing Director and Chief Executive Officer, amounting to ₹ 1.17 crore (Previous year ₹ 0.92 crore) including Variable Pay of ₹ 0.21 crore for FY 2018-19 paid on receipt of RBI approval.

Parent Bank has only one entity in each category of Key Managerial Personnel and Subsidiary and hence the transactions with Subsidiary has not been disclosed in view of the Para 8 of the Accounting Standard.

## 10. 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 2020-21	Previous Year 2019-20
Earnings per share- Basic(₹)	15.52	13.89
Earnings per share- Diluted(₹)	15.48	13.89
Net Profit for the year attributable to Equity shares (₹ in crore)	482.57	431.78
Weighted Average number of Equity Shares –Basic	31,08,69,689	31,08,68,875
Weighted Average number of Equity Shares - Diluted	31,17,86,799	31,09,21,191
Nominal value per equity share(₹)	10.00	10.00

Allotment of 1,28,521 equity shares (Previous year 1,28,521) is kept in abeyance including 1800 equity shares(Previous Year 1,800), where the entitlement matter is sub judice. These shares have not been considered for EPS calculation, as the shares are not allotted.

## 11. Accounting Standard 22 – Accounting for Taxes on Income

a) Provision made for taxes during the year (₹ in crore)

Particulars	Current Year 2020-21	Previous Year 2019-20
Current Tax	114.29	166.00
Deferred Tax	15.07	-75.75
<b>Total</b>	<b>129.36</b>	<b>90.25</b>

b) Major components of Deferred Tax Assets and Liabilities recognised are as Under: (₹ in crore)

Sl. No.	Particulars	Current Year 2020-21	Previous Year 2019-20
<b>A</b>	<b>Deferred Tax Liabilities</b>		
1	Depreciation on fixed assets	16.95	18.24
2	Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	96.92	85.23
3	Deferred Revenue Expenditure	0.00	0.00
4	Others	0.00	66.17
	<b>Total</b>	<b>113.87</b>	<b>169.64</b>
<b>B</b>	<b>Deferred Tax Assets</b>		
1	PL/LFC Encashment	71.49	60.94
2	Provision for advances	315.18	355.49
3	Provision for Standard advances	116.78	101.19
4	Provision for arrears of salary	0.00	54.60
5	Provision for Fair Value Loss	11.91	3.84
6	Others	24.25	34.39
	<b>Total</b>	<b>539.61</b>	<b>610.45</b>
	<b>Net Deferred Tax Liability/(Asset)(A) – (B)</b>	<b>(425.74)</b>	<b>(440.81)</b>

## 12. Accounting Standard 28 – Impairment of Assets

An assessment is made at each Balance sheet date as to 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, 2021, there was no indication of impairment of any asset.

## 13. Accounting Standard 29 – Provision, Contingent Liabilities and Contingent Assets

### Movement in Provision for Contingencies

(₹ in crore)

Particulars	Opening as on 01.04.2020	Provision made during the year	Provisions reversed/ adjusted	Closing as on 31.03.2021
Provision for contingencies	18.63	-	4.88	13.75

## 14. The outbreak of Covid-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities.

The RBI had announced various Covid-19 regulatory measures ('COVID-19 Regulatory packages') on asset classification and provisioning. The Bank, in accordance with the Board approved policy, had offered moratorium on repayment of loan installments and/or deferment of interest, as applicable, falling due between Mar 1st, 2020 and August 31<sup>st</sup>, 2020 ('moratorium period') to eligible borrowers classified as standard, even if overdue, as on February 29<sup>th</sup>, 2020, without considering the same as restructuring. Further, in respect of such accounts that were granted moratorium, the asset classification remained at a standstill during the moratorium period.

The Honorable Supreme Court of India in writ petition by Gajendra Sharma Vs Union of India & Anr and other connected matters had vide its interim order dated September 3<sup>rd</sup>, 2020 directed the banks that borrower accounts which were not declared NPA till August 31<sup>st</sup>, 2020 shall not be declared NPA, till further orders, pending disposal of the cases by the Hon'ble Supreme Court. The Bank had made contingency provision of ₹ 147.99 Crores as at December 31<sup>st</sup>, 2020 for such borrower accounts not classified as non-performing. Pursuant to the Supreme Court's final order dated March 23<sup>rd</sup>, 2021, and the related RBI notification issued on April 7<sup>th</sup>, 2021, the Bank has classified these borrower accounts as per extant RBI instructions/ IRAC Norms and utilized the above contingency provision towards provision for these accounts.

Apart from the provisions as required under IRAC norms, the Bank has made accelerated provision during the current financial year ended March 31<sup>st</sup> 2021 for Non- performing and stress advances as a matter of prudence.

The continued impact of COVID-19 and pandemic fears, as well as the renewed restrictions on business and individual activities due to regional lockdowns across the country, has affected the global economy including India. The slowdown may lead to a rise in the number of customer defaults and consequently an increase in provisions there against. The extent to which the COVID-19 pandemic (including the current second wave) may continue to impact the Bank's operations and asset quality is dependent on the ongoing as well as future developments, which are highly uncertain.

## 15. Litigations and claims

A sum of ₹ 708.38 crore (Previous year ₹ 655.49 crore) is outstanding on account of demands raised by the Income Tax Department in the earlier years which have been fully paid under protest by debit to Sundry Assets - Protested Tax Account. In addition to the above, the Income Tax Department has gone on appeal on various issues wherein Appellate Authority has given decisions in favour of the Parent Bank to the extent of ₹ 459.16 crore.

The Parent Bank has also preferred appeal against certain service tax demands to the extent of ₹ 189.59 crore and paid pre deposit of ₹ 1.05 crore by debit to Sundry Assets – Service Tax Paid under Protest.

The Parent Bank has been advised that there are good chances of success in these appeals, considering favorable judicial pronouncements and / or appellate orders on identical issues for earlier years. Hence, the Parent Bank does not consider it necessary to make any provision or include the same under Schedule 12 - Contingent Liability, to the Balance sheet.

The Parent Bank confirms that all pending litigations which may have an impact on its financial position have been estimated and provided for. In respect of other pending litigations, the Parent Bank believes that no provision is required since these pending litigations have no impact on its financial position.

## 16. Employee Stock Option

The shareholders of the Parent Bank, on July 21, 2018, have approved 'KBL Employee Stock Option Scheme-2018' (ESOS-2018) with a total of 50,00,000 stock options available for grant each of which is convertible into one equity share. The scheme has been framed in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 as amended from time to time. Further, to give effect to the corporate action in FY 2019-20, by way of Bonus issue in the ratio of 1:10, additional 1,07,147 options have been accounted and hence, the total available options under the scheme stand increased to 51,07,147 stock options.

Parent Bank has followed Intrinsic Value method for accounting the stock options in accordance with the aforesaid SEBI Regulations. As per the scheme, the exercise price per option shall be the closing price per equity share of the Parent Bank on the date of the grant.

The options granted under ESOS 2018 would vest after one year from the date of grant of such options in a graded manner over a period of three years (i.e. 40%, 30% & 30% respectively on completion of 1st, 2nd & 3rd year), as determined by the Nomination & Remuneration Committee (NRC), a committee of the Board of Directors, subject to continued employment with the Parent Bank on the date of vesting.

During the year ended March 31, 2021, no modifications were made to the terms and conditions of ESOPs as approved by the NRC.

Activity in the options outstanding under the Employee Stock Option Plan:

Particulars	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1342416*	93.07
Granted during the year	3619450	42.10
Vested during the year	436312*	90.10
Exercised during the year	Nil	
Lapsed/ forfeited/ cancelled (Nos,)	37826*	
Outstanding as on March 31, 2021	4924040*	55.76
Exercisable at the end of the year March 31, 2021	814333*	97.27

\*after giving effect to Bonus issue in 2020

### Application of Fair value methodology

Since, the Parent Bank has followed intrinsic value method, the fair value of options used to compute the net profit and earnings per equity share has been estimated on the dates of each grant using the Black and Scholes Formula. The Parent Bank estimates the volatility based on the historical prices of its equity shares and expected life of options. The Parent Bank granted 36,19,450 options during the year ended March 31, 2021 (Previous Year 3,64,400). The various assumptions considered in the pricing model for the ESOPs granted during the year ended March 31, 2021 are:

Grant Date	03.10.2020	21.11.2020	15.02.2021
a. Expected dividends yield	2.81%	2.81%	2.81%
b. Expected volatility	35.48% to 36.62%	34.94% to 36.32%	36.30% to 37.35%
c. Risk –free interest rate	5.06% to 5.68%	4.71% to 5.39%	5.10% to 5.75%
d. Expected life of the options	3.50 to 5.50	3.50 to 5.50	3.50 to 5.50
e. The price of the underlying share in the market at the time of option grant.	41.50	44.25	65.25

### Impact of the fair value method on the net profit and earnings per share

Had the Parent Bank followed fair value method for accounting, the stock option compensation expense would have been ₹ 5.06 crore and the Parent Bank's net profit for the year and earnings per share would have been as per the proforma amounts indicated below:

Particulars	As on March 31, 2021
Net Profit (as reported)(₹ in crore)	482.57
Add: Stock based employee compensation expense included in net income	0.00
Less: Stock based employee compensation expense determined under fair value method (₹ in crore)	5.06
Net Profit(Proforma)(₹ in crore)	477.51
Basic earnings per share(As reported)	15.52
Basic earnings per share(Proforma)	15.36
Diluted earnings per share(As reported)	15.48
Diluted earnings per share(Proforma)	15.32

17. Operating Expenses stated in Schedule 16 to the Profit and Loss Account includes ₹ 13.19 crore (Previous year ₹ 9.32 crore) spent towards Corporate Social Responsibility (CSR) activities.

The Bank has spent 2.04% (Previous Year: 2.02%) of its average net profit for the last three Financial Years as part of its Corporate Social Responsibility for the year ended March 31, 2021.

The details of the amount spent during the respective years towards CSR are as under: (₹ in crore)

Sl. No.	Particulars	March 31, 2021			March 31, 2020		
		Amount Spent	Amount unpaid/ provided	Total	Amount Spent	Amount unpaid/ provided	Total
i)	Construction / acquisition of any asset	--	--	--	--	--	--
ii)	On purpose other than (i) above	8.69*	4.50**	13.19	9.32	--	9.32

\* includes ₹ 1.85 crore of earlier years sanctions spent during the FY 2020-21.

\*\* includes ₹ 2.96 crore pertaining to the FY 2020-21 and balance ₹ 1.54 crore pertains to the earlier years.

### 18. Proposed Dividend on Equity Shares:

In terms of RBI Circular DOR.ACC.REC.7/21.02.067/2021-22 dated April 22, 2021, banks may pay dividend on equity shares from the profits for the financial year ended March 31, 2021, subject to the quantum of dividend being not more than fifty per cent of the amount determined as per the dividend payout ratio prescribed in paragraph 4 of the said circular. Duly complying with the above guidelines, the Board of Directors of the Parent Bank have proposed a dividend of ₹ 1.80 per Equity share having face value of ₹ 10/- each for the year ended 31<sup>st</sup> March 2021. (Previous year ₹ NIL), subject to the approval of the members at the ensuing Annual General Meeting. In terms of Accounting Standard (AS) 4 "Contingencies and events occurring after the Balance Sheet date" the Bank has not appropriated proposed dividend aggregating to ₹ 55.96 crore from the Profit and loss account for the year ended March 31<sup>st</sup>, 2021. However, the effect of the proposed dividend has been reckoned in determining capital funds in the computation of Capital adequacy ratio as on March 31, 2021

## 19. Additional disclosure

Additional statutory information disclosed in the separate financial statements of the Bank and subsidiaries having no material bearing on the true and fair view on the consolidated financial statements and the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements.

20. Previous year's figures have been regrouped/rearranged/given in brackets wherever necessary and feasible to conform to current year's classification.

**Sd/-**  
**Prasanna Patil**  
Company Secretary

**Sd/-**  
**Muralidhar K Rao**  
General Manager & CFO

**Sd/-**  
**Gokuldas Pai**  
Chief Business Officer

**Sd/-**  
**Y V Balachandra**  
Chief Operating Officer

**Sd/-**  
**Mahabaleshwara M S**  
Managing Director & CEO

**Sd/-**  
**P Jayarama Bhat**  
Chairman

**Sd/-**  
**Rammohan Rao Belle**  
Director

**Sd/-**  
**B R Ashok**  
Director

**Sd/-**  
**Pradeep Kumar Panja**  
Director

Refer our report of even date

**For Manohar Chowdhry & Associates**  
Chartered Accountants  
Firm Regn. No. 0019975

**For Badari Madhusudhan & Srinivasan**  
Chartered Accountants  
Firm Regn. No. 0053895

**Sd/-**  
**(Murali Mohan Bhat)**  
Partner  
M. No. 203592

**Sd/-**  
**(S. Rajendiran)**  
Partner  
M. No.021883

Place : Mangaluru  
Date : 26<sup>th</sup> May 2021





**Regd. & Head Office :**

Mahaveera Circle, Kankanady, Mangaluru-575002

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