

89th

ANNUAL
REPORT

2012-13



Karnataka Bank Ltd.
Your Family Bank. Across India.

Regd. & Head Office: Mangalore - 575 002

E-mail: info@ktkbank.com Visit us at: www.karnatakabank.com

Board of Directors - ನಿರ್ದೇಶಕರ ಮಂಡಳಿ



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Non-Executive Chairman
ಕಾರ್ಯನಿರ್ವಾಹಕೇತರ ಅಧ್ಯಕ್ಷರು



Sri P. Jayarama Bhat
ಶ್ರೀ ಪಿ. ಜಯರಾಮ ಬೆಟ್
Managing Director
ವ್ಯವಸ್ಥಾಪಕ ನಿರ್ದೇಶಕರು



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ಶ್ರೀ ಆರ್.ವಿ. ಶಾಸ್ತ್ರಿ



Sri U.R. Bhat
ಶ್ರೀ ಯು.ಆರ್. ಭಟ್



Sri T.S. Vishwanath
ಶ್ರೀ ಟಿ.ಎನ್. ವಿಶ್ವನಾಥ್



Sri Sitarama Murty M.
ಶ್ರೀ ಸೀತಾರಾಮ ಮೂರ್ತಿ ಎಂ.



Sri S.V. Manjunath
ಶ್ರೀ ಎಸ್.ವಿ. ಮಂಜುನಾಥ



Sri D. Harshendra Kumar
ಶ್ರೀ ಡಿ. ಹರ್ಷೇಂದ್ರ ಕುಮಾರ್



Dr. H. Ramamohan
ಡಾ. ಎಚ್. ರಾಮಮೋಹನ್



Sri T.R. Chandrasekaran
ಶ್ರೀ ಟಿ.ಆರ್. ಚಂದ್ರಶೇಖರನ್



Sri Ashok Haranahalli
ಶ್ರೀ ಅಶೋಕ್ ಹಾರನಹಳ್ಳಿ

GENERAL MANAGERS

Sri P. Jairama Hande
Sri N. Upendra Prabhu
Sri M.V.C.S. Karanth
Sri M.S. Mahabaleshwara
Dr. Meera Laetitia B. Aranha

ಮಹಾ ಪ್ರಬಂಧಕರು

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ಶ್ರೀ ಎನ್. ಉಪೇಂದ್ರ ಪ್ರಭು
ಶ್ರೀ ಎಮ್.ವಿ.ಸಿ.ಎಸ್. ಕಾರಂತ್
ಶ್ರೀ ಎಮ್.ಎಸ್. ಮಹಾಬಲೇಶ್ವರ
ಡಾ. ಮೀರಾ ಲೇಟಿಷಿಯಾ ಬಿ. ಆರಾನ್ಹ

DEPUTY GENERAL MANAGERS

Sri K.G. Ramesh Rao
Sri V.N. Manohar
Sri I. Santhosh Kumar
Sri S. Ramachandra Bhat
Sri Raghurama
Sri M.V. Mohan
Sri Gajanan T. Hegde
Sri M. Raghavendra Bhat
Sri Subhaschandra Puranik
Sri S. Ramesh
Sri K.V. Vijayashankar Rai
Sri B. Chandrashekar Rao
Sri Muralidhar K. Rao
Sri Nagaraja Rao B.
Sri Venkappayya K. Bhat
Sri Rudraiah H.S.

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ಶ್ರೀ ಎಸ್. ರಾಮಚಂದ್ರ ಭಟ್
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ಶ್ರೀ ಎಮ್.ವಿ. ಮೋಹನ್
ಶ್ರೀ ಗಜಾನನ್ ಟಿ. ಹೆಗಡೆ
ಶ್ರೀ ಎಮ್. ರಾಘವೇಂದ್ರ ಭಟ್
ಶ್ರೀ ಸುಭಾಷ್‌ಚಂದ್ರ ಪುರಾನಿಕ್
ಶ್ರೀ ಎಸ್. ರಮೇಶ್
ಶ್ರೀ ಕೆ.ವಿ. ವಿಜಯಶಂಕರ್ ರೈ
ಶ್ರೀ ಬಿ. ಚಂದ್ರಶೇಖರ ರಾವ್
ಶ್ರೀ ಮುರಳೀಧರ ಕೆ. ರಾವ್
ಶ್ರೀ ನಾಗರಾಜ ರಾವ್ ಬಿ.
ಶ್ರೀ ವೆಂಕಪ್ಪಯ್ಯ ಕೆ. ಭಟ್
ಶ್ರೀ ರುದ್ರಯ್ಯ ಹೆಚ್.ಎಸ್.

COMPANY SECRETARY

Sri Y.V. Balachandra

ಕಂಪನಿ ಕಾರ್ಯದರ್ಶಿ

ಶ್ರೀ ವೈ.ವಿ. ಬಾಲಚಂದ್ರ

LEGAL ADVISER

Sri M.V. Shanker Bhat

ಕಾನೂನು ಸಲಹೆಗಾರರು

ಶ್ರೀ ಎಂ.ವಿ. ಶಂಕರ್ ಭಟ್

AUDITORS

M/s. Vishnu Daya & Co., Bangalore
M/s. R.K. Kumar & Co., Chennai

ಲೆಕ್ಕ ಪರಿಶೋಧಕರು

ಮೆ ವಿಷ್ಣು ದಯಾ ಎಂಡ್ ಕೋ., ಬೆಂಗಳೂರು
ಮೆ ಆರ್.ಕೆ. ಕುಮಾರ್ ಎಂಡ್ ಕೋ., ಚೆನ್ನೈ

REGISTRAR & SHARE TRANSFER AGENT

M/s. Integrated Enterprises (India) Ltd., Bangalore

ನೋಂದಣಾಧಿಕಾರಿ ಮತ್ತು ಶೇರು ವರ್ಗಾವಣಾ ಪ್ರತಿನಿಧಿ

ಮೆ ಇಂಟಿಗ್ರೇಟೆಡ್ ಎಂಟರ್‌ಪ್ರೈಸಸ್ (ಇಂಡಿಯಾ) ಲಿ., ಬೆಂಗಳೂರು

Regd. & Head Office: Mahaveera Circle, Mangalore

ನೋಂದಾಯಿತ ಮತ್ತು ಪ್ರಧಾನ ಕಛೇರಿ: ಮಹಾವೀರ ವೃತ್ತ, ಮಂಗಳೂರು

Progress over a Decade

(Amount in lakh of Rupees)

Year	Capital & Reserves ₹	Deposits ₹	Advances ₹	Gross Earnings ₹	Net Profit ₹	Dividend Paid %	No. of Branches	No. of Employees
2003-2004	69815.23	940693.68	466791.50	111873.34	13316.75	40	370	4300
2004-2005	97804.06	1083705.81	628744.06	106108.19	14714.64	20	381	4393
2005-2006	111113.06	1324316.04	779156.78	118483.88	17603.39	30	395	4346
2006-2007	123862.77	1403743.54	955267.99	143052.31	17703.44	35	410	4456
2007-2008	137960.33	1701619.23	1084197.46	179789.76	24174.10	50	431	4677
2008-2009	156702.70	2033328.53	1181004.50	227055.14	26670.50	60	447	4947
2009-2010	183274.93	2373064.88	1443568.33	235468.10	16711.97	40	464	5244
2010-2011	242908.10	2733644.63	1734807.09	266260.26	20461.13	30	478	5795
2011-2012	259821.05	3160832.43	2072069.83	344726.74	24607.02	35	503	6087
2012-2013	285708.14	3605622.13	2520767.88	416192.94	34808.21	40	550	6339

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DIRECTORS' 89th ANNUAL REPORT

Your Directors have pleasure in presenting the Eighty Ninth Annual Report together with the Audited Statement of Accounts for the year ended, 31st March 2013 and the Auditors' Report.

PERFORMANCE HIGHLIGHTS

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

Particulars	₹ in Crore)	
	As on / for the year ended 31.03.2013	As on / for the year ended 31.03.2012
Deposits	36056.22	31608.32
Advances	25207.68	20720.70
Investments	13432.48	12841.23
Gross Income	4161.93	3447.27
Operating Profit	635.34	510.21
Net Profit	348.08	246.07

The total business turnover of the Bank was ₹ 61283.90 crore as on 31st March 2013, an increase of 17.07 percent over the preceding year. The total assets of the Bank increased from ₹ 36321.57 crore to ₹ 41526.38 crore recording a growth of 14.33 percent for the year 2012-13.

The total deposits of the Bank grew from ₹ 31608.32 crore as on 31st March, 2012 to ₹ 36056.22 crore as on 31st March 2013, registering a growth of 14.07 percent. During the year, low cost deposits of the Bank, viz. Savings and Current Account Deposits, have shown growth of 15.71 percent. The market share of the Bank in deposits was 0.52 percent as against 0.51 percent last year.

The total advances grew from ₹ 20720.70 crore as on 31st March, 2012 to ₹ 25207.68 crore as on 31st March, 2013, an increase of 21.65 percent. The priority sector advances increased from ₹ 7570.27 crore to ₹ 9362.62 crore forming 45.19 percent of ANBC as against 40 percent stipulated by RBI and agricultural advances increased from ₹ 2586.36 crore to ₹ 3715.24 crore forming 18.47 percent of ANBC as against stipulated 18 percent. Lending under various socio-economic schemes has shown satisfactory progress. The market share of the Bank in loans and advances remained at 0.43 percent.

As on 31st March, 2013 the total investments of the Bank stood at ₹ 13432.48 crore as against ₹ 12841.23 crore as on 31st March 2012, an increase of 4.60 percent.

ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ 89ನೇ ವಾರ್ಷಿಕ ವರದಿ

ಬ್ಯಾಂಕಿನ 89ನೇ ವಾರ್ಷಿಕ ವರದಿ, 31ನೇ ಮಾರ್ಚ್, 2013ಕ್ಕೆ ಅಂತ್ಯಗೊಂಡ ಆರ್ಥಿಕ ವರ್ಷದ ಪರಿಶೋಧಿಸಲ್ಪಟ್ಟ ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ ಮತ್ತು ಲಾಭನಷ್ಟ ತಜ್ಞರನ್ನು ಲೆಕ್ಕಪರಿಶೋಧಕರ ವರದಿಯೊಂದಿಗೆ ನಿಮ್ಮ ಮುಂದಿನ ಸಲಹೆ ನಿರ್ದೇಶಕರು ಸಂಶೋಧಿಸುವುದು.

ಸಾಧನೆಯ ಹೆಗ್ಗುರುತುಗಳು

ಪ್ರಸ್ತುತ ವರದಿ ವರ್ಷದಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು ತನ್ನ ವಹಿವಾಟುಗಳಲ್ಲಿ ತೃಪ್ತಿಕರವಾದ ಸಾಧನ ಮಾಡಿದ ಎನ್ನಲು ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಹರ್ಷಿಸುತ್ತಾರೆ. ಆರ್ಥಿಕ ವರ್ಷದ ಸಾಧನೆಯ ಪ್ರಮುಖ ಸೂಚಕಗಳು ಈ ಕೆಳಗಿನಂತಿವೆ.

ವಿವರಗಳು	₹ ಕೋಟಿಗಳಲ್ಲಿ	
	31.03.2013 ವರ್ಷಾಂತ್ಯದಂತೆ	31.03.2012 ವರ್ಷಾಂತ್ಯದಂತೆ
ಲೇವಣಿಗಳು	36056.22	31608.32
ಮುಂಗಡಗಳು	25207.68	20720.70
ಹೂಡಿಕೆಗಳು	13432.48	12841.23
ಒಟ್ಟು ಆದಾಯ	4161.93	3447.27
ನಿರ್ವಹಣಾ ಲಾಭ	635.34	510.21
ನಿವ್ವಳ ಲಾಭ	348.08	246.07

ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ವ್ಯವಹಾರವು 31 ಮಾರ್ಚ್, 2013ಕ್ಕೆ ₹ 61283.90 ಕೋಟಿಗೆ ತಲುಪಿದ್ದು ಇದು ಹಿಂದಿನ ವರ್ಷಕ್ಕಿಂತ ಶೇ. 17.07 ಹೆಚ್ಚಳವಾಗಿದೆ. ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಆಸ್ತಿಯು 2012-13ನೇ ವರ್ಷದಲ್ಲಿ ₹ 36321.57 ಕೋಟಿಯಿಂದ ₹ 41526.38 ಕೋಟಿಗೆ ಏರಿತು, ಶೇ. 14.33 ಅಭಿವೃದ್ಧಿ ದಾಖಲಾಗಿರುತ್ತದೆ.

ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಲೇವಣಿಯು 31, ಮಾರ್ಚ್ 2012ರಲ್ಲಿದ್ದ ₹ 31608.32 ಕೋಟಿಯಿಂದ 31, ಮಾರ್ಚ್ 2013ಕ್ಕೆ ₹ 36056.22 ಕೋಟಿಗೆ ಏರಿತು, ಶೇ. 14.07 ವೃದ್ಧಿ ದಾಖಲಾಯಿತು. ಪ್ರಸಕ್ತ ವರ್ಷದಲ್ಲಿ ಕಡಿಮೆ ವ್ಯಯದ ಲೇವಣಿಗಳಾದ ಉಳಿತಾಯ ಮತ್ತು ಚಾಲ್ತಿ ಖಾತೆಗಳ ವೃದ್ಧಿ ಶೇ. 15.71 ರಷ್ಟಾಗಿದೆ. ಮಾರುಕಟ್ಟೆಯ ಒಟ್ಟು ಲೇವಣಿಯಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಅಂಶ ಶೇ. 0.52 ರಷ್ಟಿದ್ದು ಹಿಂದಿನ ವರ್ಷದಲ್ಲಿ ಇದು ಶೇ. 0.51 ರಷ್ಟಿತ್ತು.

ಒಟ್ಟು ಮುಂಗಡವು 31 ಮಾರ್ಚ್ 2012ರಲ್ಲಿದ್ದ ₹ 20720.70 ಕೋಟಿಯಿಂದ 31 ಮಾರ್ಚ್ 2013ಕ್ಕೆ ₹ 25207.68 ಕೋಟಿಯಷ್ಟು ಏರಿಕೆಯಾಗಿದ್ದು ಶೇ. 21.65 ವೃದ್ಧಿ ದಾಖಲಾಗಿದೆ. ಆದ್ಯತಾರಂಗದ ಮುಂಗಡವು ₹ 7570.27 ಕೋಟಿಯಿಂದ ₹ 9362.62 ಕೋಟಿಗೆ ತಲುಪಿದ್ದು ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ ನಿಯಮಾವಳಿಯಂತೆ ಎನ್‌ಬಿಸಿಯ ಶೇ 40ರ ಮಿತಿಯನ್ನು ಮೀರಿ ಶೇ. 45.19 ರಷ್ಟಾಗಿದೆ ಮತ್ತು ಕೃಷಿ ಮುಂಗಡವು ₹ 2586.36 ಕೋಟಿಯಿಂದ ₹ 3715.24 ಕೋಟಿಗೆ ಏರಿತು ಇಲ್ಲಿಯೂ ಆರ್‌ಬಿಐ ವಿಧಿಸಿದ ಎನ್‌ಬಿಸಿಯ ಕನಿಷ್ಠ ಮತಿ ಶೇ. 18 ರನ್ನು ಮೀರಿ ಶೇ 18.47 ರಷ್ಟಾಗಿದೆ. ಎಎಫ್ ಸಾಮಾಜಿಕ ಆರ್ಥಿಕ ಯೋಜನೆಗಳನ್ನಯ ವಿತರಿಸಲಾದ ಮುಂಗಡಗಳಲ್ಲೂ ತೃಪ್ತಿಕರವಾದ ಅಭಿವೃದ್ಧಿ ದಾಖಲಾಗಿರುತ್ತದೆ. ಮಾರುಕಟ್ಟೆಯ ಒಟ್ಟು ಮುಂಗಡಗಳಲ್ಲಿ ಬ್ಯಾಂಕಿನ ಅಂಶ ಶೇ. 0.43 ಆಗಿರುತ್ತದೆ.

31 ಮಾರ್ಚ್ 2013ರಂದು ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಹೂಡಿಕೆಯ ಮಟ್ಟ ₹ 13432.48 ಕೋಟಿಯಾಗಿದ್ದು ಇದು 31 ಮಾರ್ಚ್ 2012ರಲ್ಲಿ ₹ 12841.23 ಕೋಟಿಯಷ್ಟಿದ್ದು ಇಲ್ಲಿ ಶೇ. 4.60 ರಷ್ಟು ವೃದ್ಧಿ ದಾಖಲಾಗಿರುತ್ತದೆ.

OPERATIONAL PERFORMANCE

In the competitive and challenging business environment, the overall performance of your Bank during the year 2012-13 was satisfactory. The gross income of the Bank was ₹ 4161.93 crore and total expenditure (excluding provisions and contingencies) was ₹ 3526.59 crore. The net interest income was ₹ 903.73 crore.

PROFIT

Your Bank earned an operating profit of ₹ 635.34 crore for the year 2012-13 as against ₹ 510.21 crore for the previous year showing a growth of 24.53 percent. The net profit of the Bank increased from ₹ 246.07 crore to ₹ 348.08 crore.

APPROPRIATIONS

The net profit of ₹ 348.08 crore which along with a sum of ₹ 0.03 crore brought forward from the previous year, aggregating ₹ 348.11 crore, is appropriated as under. The corresponding figure for the previous year was ₹ 246.10 Crore.

Appropriation	₹ in Crore
Transfer to Statutory Reserve	160.00
Transfer to Capital Reserve	3.26
Transfer to Revenue, General & Special Reserves	85.11
Transfer to Investment Reserve	11.47
Transfer to Proposed Dividend (including tax)	88.18
Balance carried to Balance Sheet	0.09
Total	348.11

DIVIDEND

Having regard to the overall performance of the Bank and the positive outlook for the future, the Board of Directors recommended a dividend of 40 percent for the reporting year. The dividend payout ratio for the year works out to 21.66 percent.

EARNINGS PER SHARE/BOOK VALUE

The earnings per share (basic) and the book value of the share as on 31st March, 2013 stood at ₹ 18.48 and ₹ 151.70 respectively.

NET OWNED FUNDS AND CAPITAL ADEQUACY RATIO

In order to augment its Capital funds, during the year under report, your Bank has raised ₹ 250 crore by way of issue of Unsecured Redeemable Non-Convertible Subordinated (lower Tier-II) debt instruments redeemable at the end of 10 years on private placement basis taking the aggregate of such funds raised to

ವ್ಯವಹಾರಿಕ ನಿರ್ವಹಣೆ

ತೀವ್ರ ಸ್ಪರ್ಧಾತ್ಮಕ ಮತ್ತು ಪಂಥಾಹ್ವಾನ ನೀಡುವ ವ್ಯವಹಾರಿಕ ಪರಿಸರದಲ್ಲಿ, 2012-13ರ ವ್ಯಾಂಕಿನ ಒಟ್ಟಾರೆ ವಹಿವಾಟು ಕೃಷ್ಣಕರವಾಗಿದೆ. ವ್ಯಾಂಕಿನ ಒಟ್ಟು ಆದಾಯವು ₹ 4161.93 ಕೋಟಿಯಾಗಿದ್ದು, ಮತ್ತು ಒಟ್ಟು ವೆಚ್ಚ (ಸವಕಳಿ ಮತ್ತು ಆಕಸ್ಮಿಕ ಮಿಷನರಿನ ಹೊರತಾಗಿ) ₹ 3526.59 ಆಗಿರುತ್ತದೆ. ನಿವ್ವಳ ಬಡ್ಡಿ ಆದಾಯವು ₹ 903.73 ಕೋಟಿಯಾಗಿದೆ.

ಲಾಭ

ನಿಮ್ಮ ಬ್ಯಾಂಕು 2012-13ರಲ್ಲಿ ₹ 635.34 ಕೋಟಿಯಷ್ಟು ನಿರ್ವಹಣಾ ಲಾಭವನ್ನು ದಾಖಲಿಸಿದ್ದು ಇದು ಹಿಂದಿನ ವರ್ಷದಲ್ಲಿನ ₹ 510.21 ಕೋಟಿಗಿಂತ ಶೇ. 24.53 ವೃದ್ಧಿಗೊಂಡಿದೆ. ವ್ಯಾಂಕಿನ ನಿವ್ವಳ ಲಾಭವು ₹ 246.07 ಕೋಟಿಯಿಂದ ₹ 348.08 ಕೋಟಿಗೆ ಏರಿತು.

ವಿನಿಯೋಗಗಳು

ನಿವ್ವಳ ಲಾಭ ₹ 348.08 ಕೋಟಿಯೊಂದಿಗೆ ಹಿಂದಿನ ವರ್ಷದ ಸೇರ್ಪಡೆ ₹ 0.03 ಕೋಟಿ ಒಳಗೊಂಡಂತೆ ₹ 348.11 ಕೋಟಿಯಾಗಿದ್ದು ಅದನ್ನು ಈಶಿಕೆಗೆ ಕಾಣಿಸಿದಂತೆ ವಿನಿಯೋಗಿಸಲು ಉದ್ದೇಶಿಸಲಾಗಿದೆ. ಹಿಂದಿನ ವರ್ಷದ ಅನುರೂಪ ಅಂಶ ಅಂತ ₹ 246.10 ಕೋಟಿ.

ವಿನಿಯೋಗಗಳು	₹ ಕೋಟಿಗಳಲ್ಲಿ
ಶಾಸನಾತ್ಮಕ ಕಾದಿಟ್ಟ ನಿಧಿಗೆ ವರ್ಗಾವಣೆ	160.00
ಬಂಡವಾಳ ಶೇರು ನಿಧಿಗೆ ವರ್ಗಾವಣೆ	3.26
ಕಂದಾಯ-ಸಾಮಾನ್ಯ ಮತ್ತು ವಿಶೇಷ ಕಾದಿಟ್ಟ ನಿಧಿಗೆ ವರ್ಗಾವಣೆ	85.11
ಹೂಡಿಕೆ ಮಿಷನರಿನ ಹೊರತಿಗೆ ವರ್ಗಾವಣೆ	11.47
ಉದ್ದೇಶಿತ ಲಾಭಾಂಶ ವಿತರಣೆಗಾಗಿ (ಶೇರಿಗೆ ಸೇರಿದಂತೆ) ವರ್ಗಾವಣೆ	88.18
ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿಗೆ ಶೇಷಾಂಶ ಸೇರಿಕೆ	0.09
ಒಟ್ಟು	348.11

ಲಾಭಾಂಶ

ವ್ಯಾಂಕಿನ ಸರ್ವಾಂಗೀಣ ನಿರ್ವಹಣೆಯನ್ನು ಮತ್ತು ಭವಿಷ್ಯದ ಧನಾತ್ಮಕ ನೋಟವನ್ನು ಗಮನದಲ್ಲಿಟ್ಟುಕೊಂಡು, ಪ್ರಸಕ್ತ ವರದಿ ವರ್ಷಕ್ಕೆ ಶೇ. 40ರ ಲಾಭಾಂಶ ನೀಡಿಕೆಯನ್ನು ನಿಮ್ಮ ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯು ಶಿಫಾರಸು ಮಾಡಿರುತ್ತದೆ. ಪ್ರಸ್ತಾವಿತ ಲಾಭಾಂಶ ಹೊರಹರಿಸಿದ ಪ್ರಸಕ್ತ ವರ್ಷದ ಪರಿಮಾಣವು ಶೇ. 21.66 ಆಗುತ್ತದೆ.

ಶೇರಿನ ತಲಾ ಆದಾಯ / ಪ್ರಸಕ್ತ ಮೌಲ್ಯ

31 ಮಾರ್ಚ್ 2013ಕ್ಕೆ ವ್ಯಾಂಕಿನ ಶೇರಿನ ತಲಾ ಆದಾಯ (ಮೂಲಭೂತ) ಮತ್ತು ಪ್ರಸಕ್ತ ಮೌಲ್ಯ ಅನುಕ್ರಮವಾಗಿ ₹ 18.48 ಮತ್ತು ₹ 151.70 ಆಗಿರುತ್ತದೆ.

ನಿವ್ವಳ ಸ್ವತ್ತಿನ ನಿಧಿ ಮತ್ತು ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಅನುಪಾತ

ವರದಿ ವರ್ಷದಲ್ಲಿ ಬಂಡವಾಳ ನಿಧಿಯ ವರ್ಧನೆಗಾಗಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಹತ್ತು ವರ್ಷಗಳ ಕೊನೆಯಲ್ಲಿ ವಿಮೋಚಿಸಲ್ಪಡುವ, ಭದ್ರತಾಕೂತ ವಿಮೋಚನೀಯ ಪರಿವರ್ತನಾರಹಿತ ಅಧೀನ (ಕೆಳಸ್ತರ ಶ್ರೇಣಿ II) ಮೂಲಪತ್ರಗಳನ್ನು ಖಾಸಗಿಯಾಗಿ ನಿಯೋಜಿಸಿ ₹ 250 ಕೋಟಿ ಎತ್ತಿದ್ದು ಇಂತಹ ನಿಧಿಯ ಒಟ್ಟು ಸಂಗ್ರಹ ₹ 600 ಕೋಟಿಗೆ ಏರಿತು. ಪ್ರಸ್ತುತ ವರದಿ ವರ್ಷದಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಸ್ವಂತನಿಧಿಯು

₹ 600 crore. During the year under review, the net owned funds of your Bank increased from ₹ 2598.21 crore to ₹ 2857.08 crore, registering a growth of 9.96 percent. The Capital Adequacy Ratio stood at 13.22 percent as on 31-03-2013, as per BASEL II norms (Previous year 12.84 percent). The Bank has been consistently maintaining the Ratio well above the minimum of 9 percent stipulated by the Reserve Bank of India. The market capitalisation as on March 31, 2013 was ₹ 2462.59 crore.

FOREX BUSINESS

During the year under report, your Bank achieved a turnover of ₹ 10083.26 crore in foreign exchange business as against ₹ 9243.71 crore in the previous year. The outstanding advances to export sector stood at ₹ 1702.09 crore as on 31-03-2013.

NON-PERFORMING ASSETS AND PROVISION COVERAGE RATIO

Your Bank has been focusing on containing the non-performing assets through better credit monitoring as well as intensified efforts to recover the impaired assets. Bank's, Gross NPAs as on 31st March, 2013 had decreased from ₹ 684.72 crore (3.27 percent) to ₹ 638.86 crore by the year end (2.51 percent). The Net NPAs stood at ₹ 377.75 crore (1.51 percent) as against ₹ 435.20 crore (2.11 percent) as on 31st March 2012. The Provision Coverage Ratio (PCR) computed in accordance with the RBI guidelines works out to 55.36 percent as on March 31, 2013 (Previous year 47.18 percent).

CREDIT RATING

The credit rating agency, ICRA Ltd. (ICRA) has accorded 'A1+' rating to the Bank's Certificate of Deposit Programme. The rating symbol, 'A1+' indicates the highest degree of safety for timely payment of principal and interest.

The Unsecured Redeemable Non-Convertible Subordinated (lower Tier-II) debt instruments issued during the year have been rated '[ICRA] A' (pronounced ICRA A) by ICRA Limited ("ICRA") and 'CARE A'(single A) by Credit Analysis and Research Limited, ("CARE"). The above rating agencies have also retained the rating "ICRA A" and "CARE A" respectively assigned to the subordinated debt instruments of ₹ 350 crore issued by the Bank during the earlier years. The instruments with these rating are considered to have adequate/high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

DISTRIBUTION NETWORK

During the year under report, your Bank has opened 47 new branches in 12 states i.e. three in Andhra Pradesh,

₹ 2598.21 ಕೋಟಿಯಿಂದ ₹ 2857.08 ಕೋಟಿಗೆ ಏರಿಕೆ 9.96% ವೃದ್ಧಿ ದಾಖಲಾಯಿತು. ಬೇಸಲ್ II ಮಾದರಿಯನ್ವಯ ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಅನುಪಾತವು 31.03.2013 ರಂದು ಶೇ. 13.22ರಷ್ಟಾಗಿರುತ್ತದೆ (ಹಿಂದಣ ವರ್ಷ ಇದು ಶೇ. 12.84). ಭಾರತೀಯ ರಿರ್ವರ್ಸ್ ಬ್ಯಾಂಕ್ ನಿಗದಿಪಡಿಸಿದ ಕನಿಷ್ಠ ಮಿತಿ ಶೇ. 9.00ಕ್ಕಿಂತ ಹೆಚ್ಚಿನ ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಅನುಪಾತದ ಮಟ್ಟವನ್ನು ನಿಮ್ಮ ಬ್ಯಾಂಕು ನಿಷ್ಠೆವಾಗಿ ಕಾಯ್ದುಕೊಂಡು ಬಂದಿರುತ್ತದೆ. 31 ಮಾರ್ಚ್ 2013ಕ್ಕೆ ಮಾರುಕಟ್ಟೆ ಬಂಡವಾಳೀಕರಣ ₹ 2462.59 ಕೋಟಿ ಆಗಿರುತ್ತದೆ.

ವಿದೇಶಿ ವಿನಿಮಯ ವ್ಯವಹಾರ

ವರದಿ ವರ್ಷದಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ವಿದೇಶಿ ವಿನಿಮಯ ವ್ಯವಹಾರವು ₹ 10083.26 ಕೋಟಿಯಷ್ಟು ಸಾಧಕಗೊಂಡಿದ್ದು ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ಇದು ₹ 9243.71 ಕೋಟಿಯಷ್ಟಾಗಿತ್ತು. 31.03.2013ಕ್ಕೆ ನಿಯಾತ ವಲಯದ ಮುಂಗಡದ ಮಟ್ಟ ₹ 1702.09 ಕೋಟಿ.

ಅನುತ್ಪಾದಕ ಆಸ್ತಿಗಳು ಮತ್ತು ಹಂಚಿಕಾ ಅಭಿವೃದ್ಧಿ ಅನುಪಾತ

ಅನುತ್ಪಾದಕ ಮುಂಗಡಗಳನ್ನು ತಹಬಂದಿಗೆ ತರಲು ನಿಮ್ಮ ಬ್ಯಾಂಕು ಜಾಗೃತ ಮುಂಗಡ ನಿಗಾ ಮತ್ತು ದುರ್ಬಲ ಅನುತ್ಪಾದಕ ಆಸ್ತಿಗಳ ವಸೂಲಾಕಿಯಲ್ಲಿ ಕ್ಷಿಪ್ರ ಸ್ಪಂದನಪಡ ಸಂಚಾಲನೆ ಕೈಗೊಂಡಿದೆ. 31 ಮಾರ್ಚ್ 2013 ವರ್ಷಾಂತ್ಯಕ್ಕೆ ಅನುತ್ಪಾದಕ ಆಸ್ತಿಯ ಮಟ್ಟ ₹ 684.72 ಕೋಟಿಯಿಂದ (ಶೇ. 3.27) ₹ 638.86 ಕೋಟಿಗೆ (ಶೇ. 2.51) ಇಳಿದಿದೆ. ನಿವೃತ್ತ ಅನುತ್ಪಾದಕ ಆಸ್ತಿಯ ಮೊತ್ತವು ₹ 377.75 ಕೋಟಿ (ಶೇ. 1.51) ಆಗಿದ್ದು ಹಿಂದಣ ವರ್ಷ 31 ಮಾರ್ಚ್ 2012ಕ್ಕೆ ಇದು ₹ 435.20 ಕೋಟಿಯಷ್ಟಿತ್ತು (ಶೇ. 2.11). ಹಂಚಿಕಾ ಅಭಿವೃದ್ಧಿ ಅನುಪಾತವನ್ನು ಭಾರತೀಯ ರಿರ್ವರ್ಸ್ ಬ್ಯಾಂಕಿನ ಮಾರ್ಗದರ್ಶಕ ಯಂತ್ರ ಲೆಕ್ಕ ಹಾಕಿದ್ದು ಅದು 31, ಮಾರ್ಚ್ 2013ಕ್ಕೆ ಶೇ. 55.36ರಷ್ಟಾಗಿರುತ್ತದೆ (ಹಿಂದಣ ವರ್ಷ ಶೇ. 47.18).

ವಿಶ್ವಾಸಾರ್ಹತೆ ಮೌಲ್ಯಮಾಪನ

ಶೇವಣಿ ಉದರಿ ಮಾನದಂಡ ನಿರ್ಣಯಿಸುವ ಸಂಸ್ಥೆಗಳಲ್ಲಿ ಒಂದಾದ ಇಕ್ವಿ ಲಿಮಿಟೆಡ್, (ಐ ಸಿ ಆರ್ ಎ) ಬ್ಯಾಂಕಿನ ಶೇವಣಿ ಪ್ರಮಾಣ ಪತ್ರಗಳ ಯಶಸ್ವಿ ಕಾರ್ಯಸರಣಿಗಾಗಿ ಎ1+ ಮೌಲ್ಯಾಂಕ ನೀಡಿದೆ. ಈ ಎ1+ ಮೌಲ್ಯಾಂಕವು, ಆಸಲು ಮತ್ತು ಬಡ್ಡಿಯ ಸಕಾಲಿಕ ಮರುಪಾವತಿಯ ಸುರಕ್ಷಿತತೆಯ ಶ್ರೇಷ್ಠ ಸಂಕೇತವಾಗಿರುತ್ತದೆ.

ಪ್ರಸ್ತುತ ವರ್ಷದಲ್ಲಿ ನಿಯೋಜಿಸಲ್ಪಟ್ಟ ಭದ್ರತಾರಹಿತ ವಿವೋಚನೀಯ ಪರಿವರ್ತನಾರಹಿತ ಅಧೀನ (ಕೆಳಸ್ತರ ಶ್ರೇಣಿ II) ಖಣಪತ್ರಗಳ ಮೇಲೆ '["ಐಸಿಆರ್ಎ"] ಎ' (ಉಚ್ಚರ-ಇಕ್ವಿ-ಎ) ಮೌಲ್ಯಾಂಕವನ್ನು ಇಕ್ವಿ ಲಿಮಿಟೆಡ್ ["ಐಸಿಆರ್ಎ"] ಮತ್ತು 'ಕೇರ್-ಎ' (ಸಿಂಗಲ್ ಎ) ಮೌಲ್ಯಾಂಕವನ್ನು ಕ್ರೆಡಿಟ್ ಅನಾಲಿಸಿಸ್ ಆಂಡ್ ರಿಸರ್ಚ್ ಲಿಮಿಟೆಡ್ (ಸಿಎಆರ್ಇ) ನೀಡಿವೆ. ಈ ಮೌಲ್ಯಾಂಕವು ಪ್ರಸ್ತುತ ಅರ್ಥಿಕ ವರ್ಷದಲ್ಲಿ ಬ್ಯಾಂಕು ಭದ್ರತಾರಹಿತ ವಿವೋಚನೀಯ ಪರಿವರ್ತನಾರಹಿತ ಅಧೀನ (ಕೆಳಸ್ತರ ಶ್ರೇಣಿ - II) ಬಾಂಡ್ ಗಳ ಮೂಲಕ ಹಿಂದಣ ವರ್ಷಗಳಲ್ಲಿ ಬ್ಯಾಂಕು ಎತ್ತಿದ ₹ 350 ಕೋಟಿ ಖಣಪತ್ರಗಳ ಮೇಲಣ ಮುಂಗಡ ಗುಣಮಾನದ ಅರ್ಹತೆಯ ಬಗ್ಗೆ ಶ್ರೇಷ್ಠ ಸಂಕೇತವಾಗಿರುತ್ತದೆ. ಈ ಖಣಪತ್ರಗಳ ಮೇಲೆ ನೀಡಲ್ಪಟ್ಟ ಈ ಮೌಲ್ಯಾಂಕವು ಸಾಕಷ್ಟು/ ಸುರಕ್ಷಿತತೆಯ ಉನ್ನತ ಮಟ್ಟದ ಸಂಕೇತವಾಗಿದ್ದು ಅರ್ಥಿಕ ಬದ್ಧತೆಗೆ ಸಕಾಲಿಕ ಸೇವೆ ನೀಡುವ ಸಾಮರ್ಥ್ಯವನ್ನು ಬಿಂಬಿಸುತ್ತದೆ. ಇಂತಹ ಖಣಪತ್ರಗಳು ಬಹಳ ಕಡಿಮೆ ಮುಂಗಡ ಅಪಾಯವನ್ನು ಹೊಂದಿರುತ್ತವೆ.

ಕಾರ್ಯಾಲಯ ಹಂಚಿಕೆ

ಪ್ರಸ್ತುತ ವರದಿ ವರ್ಷದಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು ದೇಶದ 12 ರಾಜ್ಯಗಳಲ್ಲಿ 47 ನೂತನ ಶಾಖೆಗಳನ್ನು ತೆರೆದಿದೆ. ಅವುಗಳಲ್ಲಿ ಆಂಧ್ರಪ್ರದೇಶದಲ್ಲಿ ಮೂರು, ದೆಹಲಿಯಲ್ಲಿ

one in Delhi, one in Goa, three in Haryana, one in Jharkhand, 32 in Karnataka, one in Kerala, one in Madhya Pradesh, one in Maharashtra, one in Odisha, one in Tamil Nadu and one in West Bengal. Out of 32 new branches opened in Karnataka, 10 are Branches opened under the financial inclusion plan. Further, as per the direction of Govt. of India (GOI), your Bank has opened 26 Ultra Small Branches in the villages where Brick & Mortar Branches are not viable. In addition to these branches, your Bank also opened an Extension counter at Reva Group of Educational Institution, Kattigenahalli, Bangalore. Further, your Bank added 152 ATM outlets at various locations during the year 2012-13.

As at 31st March, 2013, your Bank had 1,058 Service Outlets i.e. 550 branches (which include one Corporate Finance branch at Fort Mumbai, an Agricultural Development Branch at Chickmagalur, 160 specialised MSME branches, 19 financial inclusion branches) four extension counters and 504 ATMs, five service branches, two currency chests, three asset recovery management branches, 10 Regional Offices, an International Division, a Data Centre, a Customer Care Centre, and two Central Processing Centers spread across 20 States and two Union Territories. Further, for better ambience and improved customer service, your Bank had shifted 21 branches/offices to new premises during the year 2012-13.

EMPLOYEE STOCK OPTION SCHEME

A total of 59020 equity shares were allotted to the employees of your Bank, pursuant to the exercise of options vested under the Employee Stock Option Scheme of the Bank. Disclosure in respect of Employee Stock Option Scheme pursuant to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 is given in Annexure I to this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Macro - economic and industry Developments: Economic growth in financial year 2012-13 (FY2012-13) decelerated to 5 percent, its lowest in a decade, from 6.2 percent in the previous year. While tepid industrial growth and a downturn in investment continued from financial year 2011-12, it was exacerbated by a slump in services activity, weakening consumption, and contracting exports. Subdued economic activity, high inflation, a weak currency and steep interest rates dented consumer confidence. In FY2012-13 industry weakened further, driven by a slump in manufacturing and mining. At 1.9 percent, manufacturing registered one of its weakest expansions in the post-1991 reform era as capital goods production contracted for a second year in a row. Delays over land and environmental clearances continued to hamper mining operations, keeping growth tepid at 0.4 percent despite a low base.

ಒಂದು, ಗೋವಾದಲ್ಲಿ ಒಂದು, ಹರಿಯಾಣದಲ್ಲಿ ಮೂರು, ಜಾರ್ಖಂಡ್‌ನಲ್ಲಿ ಒಂದು, ಕರ್ನಾಟಕದಲ್ಲಿ 32, ಕೇರಳದಲ್ಲಿ ಒಂದು, ಮಧ್ಯಪ್ರದೇಶದಲ್ಲಿ ಒಂದು, ಮಹಾರಾಷ್ಟ್ರದಲ್ಲಿ ಒಂದು, ಒರಿಸ್ಸಾದಲ್ಲಿ ಒಂದು, ತಮಿಳುನಾಡಿನಲ್ಲಿ ಒಂದು, ಪಶ್ಚಿಮ ಬಂಗಾಳದಲ್ಲಿ ಒಂದು - ಇವುಗಳು ನೂತನ ಶಾಖೆಗಳಾಗಿವೆ. ಕರ್ನಾಟಕದಲ್ಲಿ ತೆರೆಯಲಾದ 32 ಶಾಖೆಗಳಲ್ಲಿ 10 ಶಾಖೆಗಳು ವಿತ್ತೀಯ ಸೇವೆಗಳ ಯೋಜನೆಯನ್ವಯ ರೂಪಿತಗೊಂಡಿವೆ. ಅಲ್ಲದೇ, ಕೇಂದ್ರ ಸರ್ಕಾರದ ನಿರ್ದೇಶನಕ್ಕೆನುಸಾರವಾಗಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಬ್ರಿಕ್ ಅಂಡ್ ಮಾರ್ಟರ್ ಶಾಖೆಗಳು ಪ್ರಾಯೋಗಿಕವಲ್ಲದ ಗ್ರಾಮೀಣ ಪ್ರದೇಶಗಳಲ್ಲಿ 26 ಅತಿ ಸಣ್ಣ ಶಾಖೆಗಳನ್ನು ತೆರೆದಿದೆ. ಈ ಶಾಖೆಗಳೊಂದಿಗೆ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಬೆಂಗಳೂರು ಕಟ್ಟಿಗೆನ ಹಳ್ಳಿಯ ರೆವಾ ಗ್ರೂಪ್ ಆಫ್ ಎಜುಕೇಶನಲ್ ಇನ್‌ಸ್ಟಿಟ್ಯೂಶನ್ ಆವರಣದಲ್ಲಿ, ವಿಸ್ತರಣಾ ಕೌಂಟರ್‌ನ್ನು ಪ್ರಾರಂಭಿಸಿದೆ. ಅಲ್ಲದೇ ನಿಮ್ಮ ಬ್ಯಾಂಕು 2012-13ರಲ್ಲಿ ವಿವಿಧ ಸ್ಥಳಗಳಲ್ಲಿ 152 ಎಟಿಎಂ ಸ್ಥಾವರಗಳನ್ನು ಹೆಚ್ಚುವರಿಯಾಗಿ ತೆರೆದಿದೆ.

31 ಮಾರ್ಚ್, 2013ಕ್ಕೆ ನಿಮ್ಮ ಬ್ಯಾಂಕು 1,058 ಸೇವಾ ಕೇಂದ್ರಗಳನ್ನು ಹೊಂದಿದ್ದು ಅವುಗಳಲ್ಲಿ 550 ಶಾಖೆಗಳು, (ಫೋರ್ಬ್ ಮುಂಬೈನ ಕಾರ್ಪೊರೇಟ್ ಫೈನಾನ್ಸ್ ಶಾಖೆ ಮತ್ತು ಚಿಕ್ಕಮಗಳೂರಿನ ಕೃಷಿ ಅಭಿವೃದ್ಧಿ ಶಾಖೆ, 160 ವಿಶೇಷ ಎಂಎಸ್‌ಎಂಇ ಶಾಖೆಗಳು, 19 ವಿತ್ತೀಯ ಸೇವೆಗಳ ಶಾಖೆಗಳು ಸೇರಿದಂತೆ) 4 ವಿಸ್ತರಣಾ ಕೌಂಟರ್‌ಗಳು ಮತ್ತು 504 ಎಟಿಎಂ ಸ್ಥಾವರಗಳು, 5 ಸೇವಾ ಶಾಖೆಗಳು, 2 ನಗದು ಖಜಾನೆಗಳು, 3 ಮುಂಗಡ ಮೂಲಾಂತಿ ನಿರ್ವಹಣಾ ಶಾಖೆಗಳು, 10 ಪ್ರಾದೇಶಿಕ ಕಚೇರಿಗಳು, ಒಂದು ಅಂತಾರಾಷ್ಟ್ರೀಯ ವಿಭಾಗ, ಒಂದು ದತ್ತಾಂಶ ಕೇಂದ್ರ, ಒಂದು ಗ್ರಾಹಕ ಸೇವಾ ನಿಗಾಕೇಂದ್ರ ಮತ್ತು ಎರಡು ಕೇಂದ್ರೀಯ ಸಂಸ್ಕರಣಾ ಕೇಂದ್ರಗಳನ್ನು ಹೊಂದಿದ್ದು ಇವುಗಳು ದೇಶದ 20 ರಾಜ್ಯಗಳಲ್ಲಿ ಮತ್ತು 2 ಕೇಂದ್ರಾಡಳಿತ ಪ್ರದೇಶಗಳಲ್ಲಿ ವ್ಯಾಪಿಸಿವೆ. ಇಷ್ಟಲ್ಲದೆ, ಆಕರ್ಷಕ ಹೂಡನೋಟ ಮತ್ತು ಗ್ರಾಹಕ ಸೇವಾಸುಧಾರಣೆಯ ನೆಲೆಯಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು 2012-13ರಲ್ಲಿ 21 ಶಾಖೆಗಳನ್ನು/ಕಚೇರಿಗಳನ್ನು ನೂತನ ವಿಸ್ತೃತ ಸುಸಜ್ಜಿತ ಆವರಣಕ್ಕೆ ಸ್ಥಳಾಂತರಿಸಿದೆ.

ನೌಕರರ ನಿಧಿ ಪತ್ರ ಆಯ್ಕೆ

ಬ್ಯಾಂಕಿನ ನೌಕರರ ನಿಧಿ ಪತ್ರ ಆಯ್ಕೆ ಪ್ರಕ್ರಿಯೆಯನ್ವಯ ಒಟ್ಟು 59020 ಇಕ್ವಿಟಿ ಶೇರುಗಳನ್ನು ನೌಕರರಿಗೆ ಬಿಡುಗಡೆಗೊಳಿಸಲಾಗಿದೆ. 'ಸಿಬಿ' ನಿಯಮಾವಳಿಯಂತೆ ನೌಕರರ ನಿಧಿ ಪತ್ರ ಆಯ್ಕೆ ಕುರಿತಂತೆ ಮಾರ್ಗದರ್ಶಿ 1999ರ ಅನ್ವಯ ಪ್ರಕಟಿಸಲ್ಪಟ್ಟಿರುವ ಮಾಹಿತಿಗಳನ್ನು ಈ ವರದಿಯ ಅನುಬಂಧ-1ರಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

ಕಾರ್ಯಕಾರಿ ಮಂಡಳಿ ಕಲಾಪ ಮತ್ತು ವಿಶ್ಲೇಷಣೆ

ಸ್ವಲ್ಪ - ಆರ್ಥಿಕ ಮತ್ತು ಉದ್ಯಮ ಅಭಿವೃದ್ಧಿ

2012-13 ಆರ್ಥಿಕ ವರ್ಷದ ಆರ್ಥಿಕ ಅಭಿವೃದ್ಧಿಯ ಮಾನದಂಡ ಹಿಂದಣ ವರ್ಷದಲ್ಲಿದ್ದ ಶೇ. 6.2ರಿಂದ ಶೇ. 5ಕ್ಕೆ ಕುಸಿದು, ಕಳೆದೊಂದು ದಶಕದಲ್ಲೇ ಅತ್ಯಂತ ನಿಮ್ಮ ಮಟ್ಟಕ್ಕೆ ಇಳಿಯಿತು. 2011-12ರಲ್ಲಿದ್ದ ಜೀವಧಾರಣೆ ಅಷ್ಟೇ ಗೃಹ ಕೈಗಾರಿಕಾ ಬೆಳವಣಿಗೆ ಹೂಡಿಕೆಯಲ್ಲಿನ ಇಳಿಮುಖಿತ ಈ ಆರ್ಥಿಕ ವರ್ಷಕ್ಕೂ ಮುಂದುವರಿದು, ಸೇವಾ ಚಟುವಟಿಕೆಗಳ ಕುಸಿತ ಬಳಕೆ-ಬೇಡಿಕೆಯ ಕೊರತೆ ಮತ್ತು ಮುಂದುವಿದ ದ್ರವ್ಯರಂಗ ಆರ್ಥಿಕ ಕುಸಿತದ ಉಲ್ಕಾಕಾಂತಿ ಕಾರಣಗಳಾದುವು ಮೃದುಗೊಂಡ ಆರ್ಥಿಕ ಚಟುವಟಿಕೆ, ಉನ್ನತ ಪಡುಬುಧ್ಧಿ, ನಿಶ್ಚಕ್ರಗೊಂಡ ಕೆರೆಸ್ಸು ಮತ್ತು ದುರ್ಗಮ ಬಡ್ಡಿದರಗಳು ಗ್ರಾಹಕ ವಿಶ್ವಾಸವನ್ನು ಘಾಟಗೊಳಿಸಿದವು. 2012-13ರಲ್ಲಿ ಕೈಗಾರಿಕೆ ಮತ್ತು ಸ್ವಲ್ಪ ನಿಶ್ಚಕ್ರಗೊಂಡು, ಹೆಚ್ಚಿನ ಉತ್ಪನ್ನ ಮತ್ತು ಗಣಿಗಾರಿಕೆ ಮತ್ತು ಸ್ವಲ್ಪ ಕುಸಿತಕಂಡವು. ಶೇ. 1.9 ರ ಅಭಿವೃದ್ಧಿ ದರ, ಉತ್ಪನ್ನ ರಂಗದಲ್ಲಿ 1991ರ ನಂತರ ಸುಧಾರಣಾ ಯುಗದಲ್ಲೇ ನಿಶ್ಚಕ್ರ ಅಭಿವೃದ್ಧಿಯಾಗಿದ್ದು ಪ್ರಮುಖ ಉತ್ಪನ್ನಾಭಿವೃದ್ಧಿಯ ಕುಸಿತ ಸಹಿತ ಎರಡನೇ ವರ್ಷದ ಸರಿದಿ ಕಂಡಿತು. ಭೂಮಿ ಮತ್ತು ಪರಿಸರಗಳ ಪರವಾನಿಗೆ ಪ್ರಕ್ರಿಯೆಯ ನಿಧಾನಗತಿಯೂ, ಗಣಿಗಾರಿಕೆ ಚಟುವಟಿಕೆಯ ಮೇಲೆ ದಾರುಣ ಪರಿಣಾಮ ಬೀರಿ ವೃದ್ಧಿಯು ಶೇ. 0.4 ರಷ್ಟಾಗಿ ಪ್ರಪಾತದ ಹಾದಿ ಹಿಡಿಯಿತು.

The late onset of the southwest monsoon and its subsequent unfavorable progress cut agriculture growth by half to 1.8 percent in FY2012-13. While wholesale price inflation moderated from highs in previous years, it remained elevated, averaging 7.4 percent in FY2012-13. Tight monetary policy and a slowing economy brought down inflation in non-food manufactured goods to below 5 percent as the year progressed. However, food inflation persisted near double digits from the impact of a deficient monsoon on production and a weak farm supply response for high-protein items. Inflation based on consumer prices continued to trend at a higher level of about 10 percent.

After maintaining a tight monetary stance to contain high inflation and inflation expectations, the Reserve Bank of India (RBI), cut policy interest rates by 100 basis points in FY2012-13 to promote growth with the expectation of a less expansive fiscal policy and steps to remove impediments that have stifled a supply-side response. Further, since September 2012, the RBI has cut the cash reserve ratio by 75 basis points to 4 percent to alleviate liquidity shortfalls in the banking system. High interest rates, slackening economic activity, and slowing business and consumer demand combined to decelerate credit growth. Despite the economic slowdown, the central government budget deficit for FY2012-13 was contained at 5.2 percent of GDP, well below the deficit of 5.7 percent in FY2011-12 but marginally above the 5.1 percent target.

The Indian rupee strengthened after June 2012, but it nevertheless depreciated in FY2012-13 by 7.5 percent against the US dollar and the real effective exchange rate fell by about 5 percent. The increase in portfolio investment helped to lift stock prices, with the Bombay Stock Exchange Sensex up by about 8 percent for the year. Foreign exchange reserves depleted by US dollar 1.75 bn during the year and stood at USD 292.65 bn as on 31 March 2013.

2012-13 witnessed general softening of 10-year yields from 8.73 percent to 7.96 percent. The 10-year benchmark government security yield fell sharply between May 31, 2012 and June 15, 2012 by almost 50 bps to 8.05 percent. This was followed by yields remaining range bound for almost 6 months between 8.00-8.26 percent. Between December 21, 2012 and January 14, 2013 the 10-year yield witnessed another sharp fall of 28 bps from 8.11 percent to 7.83 percent. From there onwards the yield has been range bound from 7.83 percent to 7.96 percent. March, 2013 however, saw marginal tightening of yields from 7.8 percent to 7.96 percent.

ಆರ್ಥಿಕ ವರ್ಷ 2012-13ರಲ್ಲಿ ನೈರುತ್ಯ ಮಾರುತದ ವಿಳಂಬವು, ಬಳಕೆಯ ಅನಾನುಕೂಲಕರ ವರ್ಷಧಾರೆ, ಕೃಷಿ ಅಭಿವೃದ್ಧಿಗೆ ಮಾರಕವಾಗಿ, ಅಭಿವೃದ್ಧಿ ದರ ಅರ್ಧಮಟ್ಟಕ್ಕೆ ಕುಸಿದು ಶೇ. 1.8ರಷ್ಟಾಯಿತು. ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ಹೆಚ್ಚು ಕಡಿಮೆ ಸುಧಾರಿಸಿಕೊಂಡಿರುವ ಸಗಟು ಬೆಲೆಯುಬೃದ್ಧಿ, ಪುನಃ ಗಗನಕ್ಕೇರುತ್ತಾ ಸರಾಸರಿ ಶೇ. 7.4ಕ್ಕೆ ಏರಿತು. ಕಠಿಣ ಹಣಕಾಸಿನ ಧೋರಣೆ ಮತ್ತು ಆರ್ಥಿಕತೆಯ ನಿಧಾನಗತಿ, ಆರ್ಥಿಕ ವರ್ಷದಲ್ಲಿ ಕ್ರಮೇಣ ಆಹಾರೇತರ ಉತ್ಪನ್ನ ಸರಕುಗಳ ಹಣದುಬ್ಬರವನ್ನು ಶೇ. 5 ಒಳಗಿನ ವ್ಯಾಪ್ತಿಗೆ ತಂದುವು. ಏನಿದ್ದರೂ, ಆಹಾರ ಹಣದುಬ್ಬರವು ಎರಡಂಕಿಯ ಮಟ್ಟಕ್ಕೇರಿತು. ಇದಕ್ಕೆ ಮೇಲೆಯ ಕೊರತೆಯಿಂದ ಕೃಷಿ ಉತ್ಪನ್ನ ಅಭಿವೃದ್ಧಿಗೆ ಹಾನಿಯಾದುದು ಹಾಗೂ ದುರ್ಬಲ ಕೃಷಿ ಆಗತ್ಯಗಳ ಪೂರೈಕೆಯೂ ಕಾರಣಗಳಾದವು. ಹಣದುಬ್ಬರಕ್ಕೆ ತಳಹದಿಯಾದ ಗ್ರಾಹಕ ವಸ್ತುಗಳ ಬೆಲೆಯೇರಿಕೆಯಿಂದಾಗಿ ಹಣದುಬ್ಬರದ ಮಟ್ಟವು ಶೇ. 10ರ ಎತ್ತರದತ್ತಲೇ ಮುಂದುವರಿದಿದೆ.

ಉನ್ನತ ಹಣದುಬ್ಬರ ಪರಿಮಾಣ ಮತ್ತು ಹೆಚ್ಚಿನ ಹಣದುಬ್ಬರದ ಅಂದಾಜಿನಲ್ಲಿ ಕಠಿಣ ಆರ್ಥಿಕ ನಿಲುವನ್ನು ಧಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ಮುಂದುವರಿಸಿಕೊಂಡು ಬಂದು ಹಣದುಬ್ಬರದ ತಹಬಂದಿಗಾಗಿ ಆರ್ಥಿಕ ವರ್ಷ 2012-13ರಲ್ಲಿ ಪಾಲಿಸಿ ಬದ್ಧಿದರಗಳಲ್ಲಿ ಶೇ. 100 ತಳಹದಿ ಪಾಯಿಂಟ್ ಕಡಿತಗೊಳಿಸಿದ್ದು ಅಭಿವೃದ್ಧಿಯ ವೃದ್ಧಿಗಾಗಿ ಸ್ವಲ್ಪ ಮೃದು ಹಾಗೂ ವಿಸ್ತೃತವಲ್ಲದ ಪಾರ್ಶ್ವ ಧೋರಣೆಯನ್ನು ಅಂಗೀಕರಿಸಿದ್ದು ಇದು ಹಣದುಬ್ಬರವನ್ನು ತಹಬಂದಿಗೆ ತರುವಲ್ಲಿ ಮತ್ತು ಅಡತಡೆಗಳನ್ನು ನಿವಾರಿಸುವಲ್ಲಿ ಸಹಾಯಕವಾಗಿದೆ. ಅಲ್ಲದೇ, ಸೆಪ್ಟೆಂಬರ್ 2012 ಬಳಿಕ, ಆರ್ ಬಿ ಐ ಯು ನಗದು ಮಿಷನ್ ಅನುಪಾತವನ್ನು 75 ತಳಹದಿ ಪಾಯಿಂಟ್ ಕಡಿತಗೊಳಿಸಿ ಶೇ. 4ಕ್ಕೆ ತಂದು ಬ್ಯಾಂಕಿಂಗ್ ವ್ಯವಸ್ಥೆಯಲ್ಲಿನ ದ್ರವ್ಯ ಕೊರತೆಯನ್ನು ನೀಗಿಸಿತು. ಉನ್ನತ ಬಡ್ಡಿದರ, ಮುಂದುವರಿದ ಆರ್ಥಿಕ ಚಟುವಟಿಕೆ, ನಿಧಾನಗತಿ ಕಂಡ ವ್ಯವಹಾರ ಮತ್ತು ಗ್ರಾಹಕ ಬೇಡಿಕೆ ಜಂಟಿಯಾಗಿ, ಮುಂಗಡ ಬೆಳವಣಿಗೆಯ ಇಳಿಮುಖತೆಗೆ ಕಾರಣವಾಯಿತು. ಇಷ್ಟಲ್ಲದೇ, ಆರ್ಥಿಕತೆಯ ಇಳಿಮುಖತೆಯೊಂದಿಗೆ ಕೇಂದ್ರ ಸರ್ಕಾರದ ಆರ್ಥಿಕ ವರ್ಷ 2012-13ರ ಬಜೆಟ್ ಕೊರತೆಯು ನಿರೀಕ್ಷಿತ ಶೇ. 5.2ರ ಮಟ್ಟದಲ್ಲೇ ನಿಂತಿದ್ದು ಇದು 2011-12 ಕೊರತೆಯ ಶೇ. 5.7ರ ಮಟ್ಟಕ್ಕಿಂತ ಕೊಂಚ ನಿಮ್ಮ ಮಟ್ಟದಲ್ಲೇ ಉಳಿದರೂ, ಆರ್ಥಿಕ ವರ್ಷ 2012-13ರ ಗುರಿ ಶೇ. 5.1 ಮಟ್ಟಕ್ಕಿಂತ ಸ್ವಲ್ಪ ಹೆಚ್ಚಾಯಿತು.

ಜೂನ್ 2012 ರ ಬಳಿಕ ಧಾರತೀಯ ರೂಪಾಯಿ ಬಲವರ್ಧನೆಗೊಂಡರೂ ಆರ್ಥಿಕ ವರ್ಷ 2012-13ರಲ್ಲಿ ಡಾಲರ್‌ನ ಇದಿರು ಶೇ. 7.5ರಷ್ಟು ಸವಕಳಿ ಕಂಡು ವಿನಿಮಯ ದರ ಶೇ. 5ರಷ್ಟು ಕುಸಿಯಿತು. ಫೋರ್ಬ್ಸ್‌ಫೋಲಿಯೋ ಹೂಡಿಕೆಯಲ್ಲಿ ಆದ ಹೆಚ್ಚಳ, ಶೇರು ಬೆಲೆ ಹೆಚ್ಚಳಕ್ಕೆ ಸಹಾಯ ಮಾಡಿದ್ದು ಬಾಂಬೆ ಸ್ಟಾಕ್ ಎಕ್ಸ್‌ಚೇಂಜ್‌ನ ಸೆನ್‌ಸೆಕ್ಸ್ ಪ್ರಸಕ್ತ ವರ್ಷದಲ್ಲಿ ಶೇ. 8ರಷ್ಟು ಮೇಲ್ಮೆ ಕಂಡಿತು. ವಿದೇಶಿ ವಿನಿಮಯ ಮಿಷನ್ ಯು.ಎಸ್.ಡಾಲರ್ 1.75 ಬಿಲಿಯನ್‌ನಷ್ಟು ಕರಗಿಹೋಗಿದ್ದು 31 ಮಾರ್ಚ್ 2013 ಅಂತ್ಯಕ್ಕೆ ಇದು ಯು.ಎಸ್.ಡಾಲರ್ 292.65 ಬಿಲಿಯನ್‌ನಷ್ಟಾಯಿತು.

2012-13, ಹತ್ತು ವರ್ಷಗಳ ಇಳುವರಿಯಲ್ಲೇ ಮೃದುಗೊಂಡು ಶೇ. 8.73 ರಿಂದ ಶೇ. 7.96ಕ್ಕೆ ನಿಂತಿತು. 10 ವರ್ಷಗಳ ಅವಧಿಯ ಬೆಂಚ್‌ಮಾರ್ಕ್ ಸರ್ಕಾರಿ ಭದ್ರತೆಗಳ ಇಳುವರಿ, ಮೇ 31, 2012 ಮತ್ತು ಜೂನ್ 15, 2012ರ ನಡುವಿನ ಅವಧಿಯಲ್ಲಿ ಅಧಿಕ ಇಳಿಮುಖತೆ ಕಂಡು ಹೆಚ್ಚು ಕಡಿಮೆ 50 ಬಿಪಿಎಸ್‌ನಷ್ಟು ಇಳಿದು ಶೇ. 8.05ರಲ್ಲಿ ನಿಂತಿತು. ಇದನ್ನು ಹಿಂದಾಲಿಸಿ ಇಳುವರಿಯು ನಂತರದ ಆರು ತಿಂಗಳಲ್ಲಿ ಶೇ. 8.00 - ಶೇ. 8.26 ರಲ್ಲೇ ಪಲ್ಲಟಗೊಳ್ಳುತ್ತಿತ್ತು. ಡಿಸೆಂಬರ್ 21, 2012 ಮತ್ತು ಜನವರಿ 14, 2013ರ ನಡುವಣ ಅವಧಿಯಲ್ಲಿ ಹತ್ತು ವರ್ಷಗಳ ಇಳುವರಿ ಮತ್ತೊಮ್ಮೆ ತೀವ್ರ ಇಳಿಮುಖತೆ ಕಂಡು 28 ಬಿ.ಪಿ.ಎಸ್ ನಷ್ಟು ಅಂದರೆ ಶೇ. 8.11ರಿಂದ ಶೇ. 7.83ಕ್ಕೆ ಇಳಿಯಿತು. ಆ ನಂತರ ಇಳುವರಿಯು ಶೇ. 7.83 ಮತ್ತು ಶೇ. 7.96 ನಡುವಿನ ಸೀಮೆಯಲ್ಲಿ ಪಲ್ಲಟವಾಗುತ್ತಿತ್ತು. ಮಾರ್ಚ್ 2013ರಲ್ಲಿ ಇಳುವರಿಯಲ್ಲಿ ಕೊಂಚ ಬಿಗುತನ ಕಂಡುಬಂದು ಶೇ. 7.8ರಿಂದ ಶೇ. 7.96ರ ನಡುವೆ ಪಲ್ಲಟವಾಯಿತು.

Steps have also been taken on financial-sector reform. The Banking Laws (Amendment) Act 2012 strengthens the regulatory powers of the RBI and paves the way for grant of new bank licences. The Financial Sector Legislative Reforms Commission has also submitted its report to GOI recommending the basic frame work of draft law governing the financial sector.

Development in the Banking Sector

During the year 2012-13 the aggregate deposits of scheduled commercial banks (SCBs) increased at a good pace of 17.4 percent (₹ 10,26,920 crore) and stood at ₹ 69,36,000 crore as on 31 March, 2013 as against ₹ 59,09,080 crore as on March 31, 2012. This year, the time deposits recorded a growth of 16.8 percent, year on year, as compared to 15.7 percent a year ago, while demand deposits grew at a better rate of 22.4 percent.

During the financial year 2012-13, growth in overall credit flow from SCBs remained at the last year's level of around 17 percent. While the Food credit of SCBs increased by 19.8 percent and stood at ₹ 97,430 crore as at the end of the year as compared to a growth at 26.5 percent in the previous year. Non-food credit extended by the SCBs was up by 16.94 percent (₹ 7,67,300 crores) and total outstanding as at the end of March, 2013 was ₹ 52,97,850 crore as compared to 16.84 percent growth recorded in the previous year. Non performing Assets of the banking system continued to be on higher side during the year 2012-13.

SCB's investment in government and other approved securities increased by 15.08 percent during 2012-13 compared to 15.73 percent in the previous year, mainly due to relatively lower resource mobilization and tight liquidity in the market.

Opportunities

While the drive to facilitate the flow of credit to critical sectors of the economy including agriculture, infrastructure, micro, small and medium enterprises, housing, and export continues, your Bank sees it as an opportunity to expand credit to these sectors. The financial inclusion and improved accessibility of banking infrastructure remain high on the list of priorities of the government. Your Bank accepts these initiatives as part of its commitment to the society.

With a view to improve the overall performance and the business, your Bank has embarked upon a business process re-engineering exercise christened "Project Tejas" with the help of M/s KPMG Advisory Services (P) Ltd., Chennai, by implementing various initiatives identified under the project.

ಆರ್ಥಿಕ ರಂಗದ ಸುಧಾರಣೆಗೆ ಸೂಕ್ತ ಹೆಜ್ಜೆಗಳನ್ನು ತೆಗೆದುಕೊಳ್ಳಲಾಗಿದೆ. ಬ್ಯಾಂಕಿಂಗ್ ಕಾನೂನು (ತಿದ್ದುಪಡಿ) ಕಾಯಿದೆ 2012ಯು ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ ನಿಯಂತ್ರಕ ಅಧಿಕಾರಗಳನ್ನು ಸುಶಕ್ತಗೊಳಿಸಿದ್ದು ನೂತನ ಬ್ಯಾಂಕುಗಳ ಅವಿಷ್ಕಾರಕ್ಕೆ ಅನುಮತಿ ನೀಡುವಲ್ಲಿ ಸಹಕಾರಿಯಾಗಿದೆ. ಆರ್ಥಿಕ ರಂಗದ ಕಾನೂನಾತ್ಮಕ ಸುಧಾರಣಾ ಆಯೋಗ ಸಹ ಕೇಂದ್ರ ಸರ್ಕಾರಕ್ಕೆ ತನ್ನ ವರದಿಯನ್ನು ಸಲ್ಲಿಸಿದ್ದು ಇದು ಆರ್ಥಿಕ ರಂಗದ ಸುಧಾರಿತ ಆಡಳಿತಕ್ಕಾಗಿ ತಳಹದಿ ರೂಪುರೇಷೆಯ ಕಾನೂನಿನ ಕೆಲಸವನ್ನು ಒಳಗೊಂಡಿದೆ.

ಬ್ಯಾಂಕಿಂಗ್ ರಂಗದಲ್ಲಿ ಅಭಿವೃದ್ಧಿ

2012-13ರ ವರ್ಷದಲ್ಲಿ ಅನುಸೂಚಿತ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳ ಸಮಗ್ರ ಠೇವಣಿಗಳು ಶೇ. 17.4ರ ಉತ್ತಮ ಗತಿಯಲ್ಲಿ ವೃದ್ಧಿಗೊಂಡು, (₹ 10,26,920 ಕೋಟಿ) 31 ಮಾರ್ಚ್, 2013ಕ್ಕೆ ₹ 69,36,000 ಕೋಟಿಗೇರಿತು. (ಹಿಂದಣ ವರ್ಷ ಇದು ₹ 59,09,080 ಕೋಟಿ) ಪ್ರಸ್ತುತ ವರ್ಷ, ಸಾವಧಿ ಠೇವಣಿಯು ಶೇ. 16.8ರ ಅಭಿವೃದ್ಧಿಸಾಧಿಸಿ, ವರ್ಷ ಮೇಲಣ ವರ್ಷದ ತಳಹದಿಯಲ್ಲಿ ಹಿಂದಣ ವರ್ಷಕ್ಕಿಂತ ಶೇ. 15.7 ವೃದ್ಧಿಗೊಂಡಿದ್ದು ಬೇಡಿಕೆ ಠೇವಣಿಯೂ ಶೇ. 22.4 ರ ವೃದ್ಧಿಯನ್ನು ಸಾಧಿಸಿದೆ.

2012-13ರ ವರ್ಷದಲ್ಲಿ ಒಟ್ಟಾರೆ ಮುಂಗಡದ ಹರಿವು ಅನುಸೂಚಿತ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳಲ್ಲಿ ಒಟ್ಟು ಶೇ. 17 ರಷ್ಟು ಅಂದರೆ ಹಿಂದಣ ವರ್ಷದಷ್ಟೇ ಸಾಧನೆಯಾಗಿದೆ. ಅನುಸೂಚಿತ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳ ಆಹಾರ ಮುಂಗಡವು ಶೇ. 19.8 ವೃದ್ಧಿಗೊಂಡು 2012-13ರಲ್ಲಿ ₹ 97,430 ಕೋಟಿ ಆಗಿದ್ದು ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ಇದು ಶೇ. 26.5ರ ವೃದ್ಧಿ ದಾಖಲಾಗುತ್ತಾ ಅನುಸೂಚಿತ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳ ಒಟ್ಟು ಆಹಾರೇತರ ಮುಂಗಡ ವಿತರಣೆಯು ಶೇ. 16.94 (₹ 7,67,300 ಕೋಟಿ) ರಷ್ಟು ವೃದ್ಧಿಗೊಂಡಿದ್ದು ಮತ್ತು 31, ಮಾರ್ಚ್ 2013 ರಂದು ಹೊರಬಾಕಿ ₹ 52,97,850 ಕೋಟಿ, ಹಿಂದಣ ವರ್ಷದಲ್ಲಿ ವೃದ್ಧಿ ಶೇ. 16.84. 2012-13ರಲ್ಲಿಯೂ ಬ್ಯಾಂಕಿಂಗ್ ವ್ಯವಸ್ಥೆಯಲ್ಲಿ ಅನುಕ್ರಮದ ಅಸ್ತಿಗಳ ಮೊತ್ತವು ಮಾರ್ಗದಲ್ಲೇ ಮುನ್ನಡೆದಿದೆ.

ಸರ್ಕಾರಿ ಹಾಗೂ ಅಂಗೀಕೃತ ಭದ್ರತೆಗಳಲ್ಲಿ ಅನುಸೂಚಿತ ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳ 2012-13ರ ಹೂಡಿಕೆಯು ಶೇ. 15.08 ವೃದ್ಧಿಗೊಂಡಿದ್ದು ಹಿಂದಣ ವರ್ಷದ ವೃದ್ಧಿ ದರ ಶೇ. 15.73 ಆಗಿತ್ತು ಇದು ಮುಖ್ಯವಾಗಿ ಹಿನ್ನಡೆಯ ಸಂಪನ್ಮೂಲ ಅಕರಣೆ ಮತ್ತು ಮಾರುಕಟ್ಟೆಯ ಕಠಿಣ ದ್ರವತ್ವ ಸ್ಥಿತಿಯಿಂದ ಉಂಟಾಗುತ್ತಾ.

ಅವಕಾಶಗಳು

ಆರ್ಥಿಕತೆಯ ಹಿನ್ನಡೆಯಿಂದ ಸಂಕಷ್ಟಕ್ಕೆ ಸಿಲುಕಿರುವ ಕೃಷಿ, ಅಧೋರಚನೆ ಸೂಕ್ಷ್ಮ ಸಣ್ಣ ಮತ್ತು ಮಧ್ಯಮ ಉದ್ಯಮ, ಗೃಹ, ರಫ್ತು ಮುಂತಾದ ರಂಗಗಳಿಗೆ ಮುಂಗಡ ಹೊರಹರಿವಿನ ಕ್ಷಿಪ್ರ ಹಾಗೂ ಅತ್ಯಗತ್ಯತೆ ಇರುವ ಕಾರಣ, ಅತೀ ತುರ್ತಾಗಿ ಈ ರಂಗಗಳಿಗೆ ಮುಂಗಡ ವಿಸ್ತರಿಸುವ ಅವಕಾಶವನ್ನು ನಿಮ್ಮ ಬ್ಯಾಂಕು ಕಂಡುಕೊಂಡಿದೆ. ವಿತ್ತೀಯ ಸೇರ್ಪಡೆ ಮತ್ತು ಬ್ಯಾಂಕಿಂಗ್ ಅಧೋರಚನೆಯ ಪರಿಷ್ಕೃತ ಲಭ್ಯತೆ ಸಮಾಜಕ್ಕೆ ಲಭಿಸಬೇಕು ಅನ್ನುವ ಆದ್ಯತೆಯೂ ಸರ್ಕಾರದ್ದಾಗಿರುತ್ತದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕು ಸಮಾಜದ ಸರ್ವಾಂಗೀಣ ಅಭಿವೃದ್ಧಿಯ ಬದ್ಧತೆಯಿಂದ ಇಂತಹ ಅವಕಾಶಗಳನ್ನು ಸಂತೋಷದಿಂದ ಸ್ವೀಕರಿಸುತ್ತದೆ.

ಒಟ್ಟಾರೆ ದಕ್ಷತೆ ಮತ್ತು ವಹಿವಾಟಿನ ದೃಷ್ಟಿಯಿಂದ ನಿಮ್ಮ ಬ್ಯಾಂಕು "ವ್ಯವಹಾರ ಪ್ರಕ್ರಿಯೆ ವುನರ್ ರೂಪಣೆ" ಎನ್ನುವ ಮಹತ್ವಾಕಾಂಕ್ಷಿ ಯೋಜನೆಯನ್ನು ಬ್ಯಾಂಕಿನಲ್ಲಿ ಈಗಾಗಲೇ ಅವಿಷ್ಕರಿಸಿ ಪ್ರಾಜೆಕ್ಟ್ ತೇಜಸ್ ಅನ್ನುವ ಶಿರೋನಾಮೆಯಡಿ, ಚೆನ್ನೈನ ಮೆ. ಕೆ.ಪಿ.ಎಂ.ಜಿ ಅಡ್ವೈಸರಿ ಸರ್ವಿಸಸ್ (ಪ್ರೈ) ಲಿಮಿಟೆಡ್ ಎನ್ನುವ ಸಂಸ್ಥೆಯ ನೆರವಿನಿಂದ ಕಾರ್ಯೋನ್ಮುಖಗೊಂಡು, ಅನೇಕ ಪ್ರಾಜೆಕ್ಟ್‌ನಲ್ಲಿ ಗುರುತಿಸಲಾದ ವಿವಿಧ ಚಟುವಟಿಕೆಗಳನ್ನು ವಿಸ್ತರಿಸುವಲ್ಲಿ ಆದ್ಯತೆಯನ್ನು ತೋರುತ್ತಿದೆ.

OUTLOOK

During the year 2013-14, economic activity is expected to show only a modest improvement over the last year, with a pick-up likely in the second half of the year. Progress on reforms in FY2013-14 is expected to improve business and consumer confidence sufficiently to underpin a moderate improvement in investment and consumer spending. The RBI is expected to further ease the monetary policy, which would help to sustain and build demand momentum. The initiatives from the Government and the Reserve Bank of India are expected to revive the economy and your Bank is well positioned to utilise opportunities for business expansion in the coming years. However deteriorating asset quality in sectors such as infrastructure, power remains a cause for concern.

BUSINESS GOALS FOR THE CURRENT YEAR

Your Bank has projected a growth of its business at 27 percent during the financial year 2013-14. While deposits are expected to grow at 26 percent, advances growth has been estimated at 29 percent. Your Bank is confident of achieving the growth through better customer services and increased operational efficiency. Besides, the Bank also plans to increase its total number of business units by opening new branches and installation of ATMs.

SEGMENT REPORTING

Pursuant to the Guidelines issued by the 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 31st March 2013.

Treasury Operations

During the year-ended 31st March, 2013, your Bank has earned total revenue of ₹ 1043.95 crore from Treasury operations with a net result of (-) ₹ 25.95 crore.

Corporate / Wholesale Banking

The revenue earned by the Bank during year under report from this Segment was ₹ 1349.12 crore with a contribution of ₹ 73.81 crore.

Retail Banking

During the year 2012-13, this Segment has earned revenue of ₹ 1681.25 crore with a net result of ₹ 382.62 crore.

Other Banking Operations

During the year-ended 31st March 2013, this segment has generated revenues of ₹ 87.61 crore and a net result of ₹ 57.73 crore.

ಹೊರನೋಟ

2013-14ನೇ ವರ್ಷದಲ್ಲಿ ಆರ್ಥಿಕತೆಯ ಚಟುವಟಿಕೆಗಳು ಹಿಂದಿನ ವರ್ಷಕ್ಕಿಂತ ಉತ್ತಮ ಬೆಳಕಿನಲ್ಲಿ ನಿರೀಕ್ಷಿಸಲಾಗಿದೆ. ಆರ್ಥಿಕತೆಯು ವರ್ಷದ ಉತ್ತರಾರ್ಧದಲ್ಲಿ ವೇಗೋತ್ಕರ್ಷ ಹೊಂದುವ ಆಶಾವಾದವಿದೆ. ಆರ್ಥಿಕ ವರ್ಷ 2013-14ರಲ್ಲಿ ಸುಧಾರಣೆಯು ವ್ಯವಹಾರ ಉತ್ಪಾದನೆ ಮತ್ತು ಗ್ರಾಹಕ ವಿಶ್ವಾಸದಿಂದ ಹೊಡೆತಿಯಲ್ಲಿಯೂ ಸುಧಾರಿತ ಬೆಳಕಿನಲ್ಲಿ ನಿರೀಕ್ಷಿಸುವಂತಿದ್ದು ಗ್ರಾಹಕರಿಂದ ದೇಶದ ಹಾಗೂ ವಿದೇಶೀ ನಿರೀಕ್ಷಿಸಲಾಗಿದೆ. ಭಾರತೀಯ ರಿರ್ವರ್ಸ್ ಬ್ಯಾಂಕು ತನ್ನ ಹಣಕಾಸು ನೀತಿಯನ್ನು ಮತ್ತಷ್ಟು ಸಡಿಲಿಸಿರುವ ನಿರೀಕ್ಷೆ ಇದ್ದು ತನ್ನೂಲಕ ಬೆಳಕಿನ ಮತ್ತು ಬೇಡಿಕೆಯ ಸಂಚಲನೆಗೆ ಹೆಚ್ಚು ಒತ್ತು ಬರಬಹುದಾಗಿದೆ. ಸರ್ಕಾರ ಮತ್ತು ಆರ್.ಬಿ.ಐ. ಆರ್ಥಿಕತೆಯ ಪ್ರವರ್ಧನೆಗೆ ಸಂಕಲ್ಪಿಸಿದ್ದು ಸೂಕ್ತ ಕ್ರಮಗಳನ್ನು ಕೈಗೊಳ್ಳಬಹುದಾಗಿದ್ದು ಅಂತಹ ಸಂದರ್ಭದಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಸುಧಾರಣೆ ಸಜ್ಜಾಗಿದ್ದು ಅಂತಹ ಅವಕಾಶಗಳನ್ನು ವ್ಯವಹಾರ ವ್ಯಾಪಕತೆಗಾಗಿ ಒಳಗೊಂಡು ದಿನಗಳಲ್ಲಿ ಬ್ಯಾಂಕು ಕ್ರಮಿಸುತ್ತದೆ. ಏನಿದ್ದರೂ, ಕೆಲವೊಂದು ರಂಗಗಳಲ್ಲಿ ಉದಾ- ಆಧಾರ್‌ನಂತೆ, ಶಕ್ತಿಯುಳ್ಳ ಕ್ಷೇತ್ರಗಳಲ್ಲಿನ ಅಸ್ಥಿತ್ವ ಗುಣಮಟ್ಟ ತೀರಾ ಕುಸಿಯುತ್ತಿರುವುದು, ಚಿಂತೆಗೆ ಕಾರಣವಾಗಿದೆ.

ಪ್ರಸ್ತುತ ವರ್ಷದ ವ್ಯವಹಾರ ಗುರಿ

31 ಮಾರ್ಚ್ 2014 ಕ್ಕೆ ನಿಮ್ಮ ಬ್ಯಾಂಕು ತನ್ನ ಒಟ್ಟು ವ್ಯವಹಾರವನ್ನು ಶೇ. 27 ರಷ್ಟು ವಿಸ್ತರಿಸುವ ಗುರಿಯನ್ನು ಹೊಂದಿದೆ. ಅದರಲ್ಲಿ ಲೇವಣಿ ಅಭಿವೃದ್ಧಿ ಶೇ. 26 ರಷ್ಟು ಅಂದಾಜಿಸಲಾಗಿದ್ದು ಮುಂಗಡ ವೃದ್ಧಿಯನ್ನು ಶೇ. 29 ಕ್ಕೆ ಅಂದಾಜಿಸಲಾಗಿದೆ. ಅತ್ಯುತ್ತಮ ಗ್ರಾಹಕ ಸೇವೆ ಮತ್ತು ನಿರ್ವಹಣಾ ಶ್ರೇಣಿಯ ಮೂಲಕ ಈ ಗುರಿಯನ್ನು ಸಾಧಿಸುವ ವಿಶ್ವಾಸವನ್ನು ನಿಮ್ಮ ಬ್ಯಾಂಕು ಹೊಂದಿದೆ. ಇದರೊಂದಿಗೆ ಬ್ಯಾಂಕು ವ್ಯವಹಾರ ಕೇಂದ್ರಗಳನ್ನು ಇನ್ನೂ ವ್ಯಾಪಕವಾಗಿ ವಿಸ್ತರಿಸುವ ಯೋಜನೆ ಹೊಂದಿದ್ದು ನೂತನ ಶಾಖೆಗಳ ಹಾಗೂ ಎಟಿಎಂ ಕೇಂದ್ರಗಳನ್ನು ತೆರೆಯುವ ಮೂಲಕ ಇದು ಸಾಧ್ಯವಾಗುತ್ತದೆ.

ವರದಿ ಮಾಡಿರುವ ಭಾಗಗಳು

ಭಾರತೀಯ ರಿರ್ವರ್ಸ್ ಬ್ಯಾಂಕು ನಿರ್ದೇಶಿಸಿದ ಆಕೌಂಟಿಂಗ್ ಸ್ಟಾಂಡರ್ಡ್ 17 (ವರದಿ ಮಾಡಿರುವ ಭಾಗಗಳು) ಮಾರ್ಗದರ್ಶಿ ಅನುಸಾರವಾಗಿ ಬ್ಯಾಂಕು, ಮಾರ್ಚ್ 31, ಮಾರ್ಚ್ 2013 ಕ್ಕೆ ನಾಲ್ಕು ವ್ಯವಹಾರ ಅಂಗಗಳಲ್ಲಿ ಗುರುತಿಸಲ್ಪಟ್ಟಿದ್ದು ಅವುಗಳು ಖಜಾನೆ, ಸಾಂಸ್ಥಿಕ / ಸರ್ಕಾರಿ ಬ್ಯಾಂಕಿಂಗ್, ಚಿಲ್ಲರೆ ಬ್ಯಾಂಕಿಂಗ್ ಮತ್ತು ಇತರ ಬ್ಯಾಂಕಿಂಗ್ ಚಟುವಟಿಕೆಗಳು - ಇವುಗಳನ್ನು ಒಳಗೊಂಡಿದೆ.

ಖಜಾನೆ ವಹಿವಾಟುಗಳು

ಪ್ರಸ್ತುತ ವರ್ಷಕ್ಕೆ 31, ಮಾರ್ಚ್ 2013 ಕ್ಕೆ ನಿಮ್ಮ ಬ್ಯಾಂಕು, ಖಜಾನೆ ವಹಿವಾಟಿನಿಂದ ಒಟ್ಟು ₹ 1043.95 ಕೋಟಿ ಆದಾಯ ಗಳಿಸಿದ್ದು ನಿವ್ವಳ ಫಲಿತಾಂಶ (-) ₹ 25.95 ಕೋಟಿ ಆಗಿದೆ.

ಸಾಂಸ್ಥಿಕ / ಸರ್ಕಾರಿ ಬ್ಯಾಂಕಿಂಗ್

ಈ ಅಂಗದಲ್ಲಿ ವರದಿ ವರ್ಷದಲ್ಲಿ ಬ್ಯಾಂಕು ಗಳಿಸಿದ ಹುಟ್ಟುಹಣ ₹ 1349.12 ಕೋಟಿ ಆಗಿದ್ದು ಕೊಡುಗೆ ₹ 73.81 ಕೋಟಿ ಆಗಿದೆ.

ಚಿಲ್ಲರೆ ಬ್ಯಾಂಕಿಂಗ್

ಈ ಅಂಗದಲ್ಲಿ ವರದಿ ವರ್ಷ 2012-13ರಲ್ಲಿ ₹ 1681.25 ಕೋಟಿ ಹುಟ್ಟುಹಣ ಲಭ್ಯವಾಗಿದ್ದು ನಿವ್ವಳ ಫಲಿತಾಂಶ ₹ 382.62 ಕೋಟಿ ಆಗಿರುತ್ತದೆ.

ಇತರ ಬ್ಯಾಂಕಿಂಗ್ ವಹಿವಾಟುಗಳು

31, ಮಾರ್ಚ್ 2013 ಕ್ಕೆ ಈ ಅಂಗದಲ್ಲಿ ₹ 87.61 ಕೋಟಿ ಹುಟ್ಟುಹಣ ಉತ್ಪನ್ನಗೊಂಡಿದ್ದು ನಿವ್ವಳ ಫಲಿತಾಂಶ ₹ 57.73 ಕೋಟಿ ಆಗಿರುತ್ತದೆ.

RISKS AND CONCERNS

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

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

Various senior management committees such as Credit Policy Committee [CPC], Asset-Liability 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 the guidelines issued by RBI, your Bank has implemented the New Capital Adequacy Framework and is Basel II compliant with effect from March 31, 2009, by adopting the basic approaches available under the guidelines. While complying with all the requirements of the basic approaches under Basel II, your Bank has taken the necessary steps to move over to Basel II Advanced Approaches as per the Road Map approved by the Bank's Board in this regard. As a part of the Basel II Pillar III –Market Disclosure requirement, your Bank has made a detailed Pillar III Disclosure, which is appended to this report as Annexure II. The Bank has also assessed the impact of introduction of Basel III norms from April 2013.

In compliance with the Basel II guidelines, the Bank has put in place a policy document for Internal Capital Adequacy Assessment Process [ICAAP] to evaluate its

ಸಂಭಾವ್ಯ ಅಪಾಯಗಳು ಮತ್ತು ಶೇಕಳಗಳು

ಬ್ಯಾಂಕಿನ ದೈನಂದಿನ ವ್ಯವಹಾರಗಳಲ್ಲಿ ಸಾಮಾನ್ಯವಾಗಿ ಹಲವಾರು ಅಪಾಯಗಳಿಗೆ ಒಡ್ಡಿಕೊಳ್ಳಬೇಕಾಗಿದ್ದು ಅವುಗಳಲ್ಲಿ ಮುಖ್ಯವಾಗಿ ಮುಂಗಡ ಅಪಾಯ, ಮಾರುಕಟ್ಟೆ ಅಪಾಯ ಮತ್ತು ನಿರ್ವಹಣಾ ಅಪಾಯ ಹಾಗೂ ಇತರ ಉಳಿತಾಯ ಅಪಾಯಗಳಾದ ದ್ರವತ್ವದ ಅಪಾಯ, ಬಡ್ಡಿದರ ಅಪಾಯ, ಕೇಂದ್ರೀಕರಣ ಅಪಾಯ, ವ್ಯಾಪಾರಾತ್ಮಕ ಅಪಾಯ, ಪ್ರತಿಷ್ಠಾ ಅಪಾಯ ಇತ್ಯಾದಿ. ಇಂತಹ ಅಪಾಯಗಳನ್ನು ದಕ್ಷತೆಯಿಂದ ನಿರ್ವಹಿಸಲು, ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ಹಲವಾರು ಅಪಾಯ ನಿರ್ವಹಣಾ ವ್ಯವಸ್ಥೆಗಳನ್ನು ರಚಿಸಿ ಕಾರ್ಯರೂಪಕ್ಕೆ ತಂದಿದೆ. ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್ ಆಗಿಂದಾಗ್ಗೆ ನೀಡಿದ ಮಾರ್ಗದರ್ಶಿಕೆಯಂತೆ, ಹಲವಾರು ಅಪಾಯ ನಿರ್ವಹಣಾ ವ್ಯವಸ್ಥೆಗಳ ಮೂಲಕ ಧೋರಣೆ, ಹಾಂತ್ರಿಕತೆ, ಪರಿಕರ ದ್ವಾರಾ ಅತ್ಯುತ್ತಮ ನಿರ್ವಹಣೆಯನ್ನು ಒಲಿಪ್ಪಿಸಿಕೊಳ್ಳುತ್ತಿದ್ದು ಅದನ್ನು ಬ್ಯಾಂಕು ಮುಂದುವರಿಸಿಕೊಂಡು ಬರುತ್ತಿದೆ.

ನಿಮ್ಮ ಬ್ಯಾಂಕ್ ಶೇರುದಾರರ ಓತಾಸಕ್ತಿ ಮೌಲ್ಯವನ್ನು ಗುರುತಿಸಿ ಕಾಪಾಡಿಕೊಂಡು ಬರುತ್ತಿದ್ದು ಅಪಾಯ ಮತ್ತು ಉತ್ಪತ್ತಿಯ ನಡುವೆ ಸೂಕ್ತವ್ಯಾಪಾರ ಕಡಿತದ ಮೂಲಕ ಕಾಲಜೆ ವಹಿಸುತ್ತಿದೆ. ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಅಪಾಯ ನಿರ್ವಹಣಾ ವಿಭಾಗವು ಪ್ರಮುಖವಾಗಿ ಅಪಾಯಗಳ ಸಹಾಲಿಕೆ ಗುರುತಿಸುವಿಕೆ, ಅಪಾಯಗಳ ಮಟ್ಟದ ಆಳತೆ, ಮೇಲ್ವಿಚಾರಣೆ ಹಾಗೂ ದಕ್ಷ ನಿರ್ವಹಣೆಯನ್ನು ಕೈಗೊಂಡು ವ್ಯವಹಾರದ ಪ್ರಕ್ರಿಯೆಯಲ್ಲಿ ಅಪಾಯ ಪಂಭಾಷ್ಯಾನವನ್ನು ಸಮರ್ಥವಾಗಿ ನಿರ್ವಹಿಸುತ್ತಿದೆ. ಬ್ಯಾಂಕು ಆಳವಡಿಸಿಕೊಂಡ ಅಪಾಯ ಸಂಭಾವ್ಯತೆ ನಿರ್ವಹಣಾ ಧೋರಣೆಯು ಅಪಾಯಗಳ ಬಗ್ಗೆ ಸಂಪೂರ್ಣ ಅರಿವು ಮತ್ತು ಅಪಾಯ ಸಂಭಾವ್ಯತೆಯ ಮಟ್ಟದ ಪೂರ್ಣ ಅರಿವಿನಿಂದ ಹೊಂದಿದ್ದು ಅಂತಹ ಅಪಾಯ ಸಂಭಾವ್ಯತೆಯನ್ನು ವ್ಯವಹಾರದ ಅಭಿವೃದ್ಧಿಯ ದೃಷ್ಟಿಯಿಂದ ಸ್ವೀಕರಿಸಲೂ ಬ್ಯಾಂಕು ಮುಂದಾಗಿದೆ. ನಿರ್ದೇಶಕರ ಮಂಡಳಿ ಮಟ್ಟದ ಸಂಕೀರ್ಣ ಸಮಗ್ರ ಅಪಾಯ ನಿರ್ವಹಣಾ ಸಮಿತಿ, ಆಗಿಂದಾಗ್ಗೆ ಬ್ಯಾಂಕಿಗೆ ಇದಿರಾಗುವ ಅಪಾಯ ಸಂಭಾವ್ಯತೆಯ ಬಗ್ಗೆ ಅವಲೋಕನ, ಬ್ಯಾಂಕು ಒಟ್ಟಾರೆಯೆ ಎದುರಿಸುತ್ತಿರುವ ಅಪಾಯಗಳ ಬಗ್ಗೆ ಸೂಕ್ತ ಪುನರಾವಲೋಕನ, ಸೂಕ್ತ ಮೌಲ್ಯೀಕರಣ ಮತ್ತು ಅತ್ಯುತ್ತಮ ನಿರ್ವಹಣೆಗಾಗಿ ಧೋರಣೆ ಮತ್ತು ಅನುಷ್ಠಾನಗಳ ಕಡೆ ಆದ್ಯ ಗಮನ ಹರಿಸುತ್ತಿದೆ.

ಪರಿಷ್ಕರಿಸಿದ ವಿವಿಧ ವ್ಯವಸ್ಥಾಪನಾ ಸಮಿತಿಗಳನ್ನು ರಚಿಸಲಾಗಿದ್ದು ಅವುಗಳಲ್ಲಿ ಮುಂಗಡ ಧೋರಣೆ ಸಮಿತಿ, ಆಸ್ತಿ-ಉಣ ಸಮಿತಿ, ನಿರ್ವಹಣಾ ಅಪಾಯ ವ್ಯವಸ್ಥಾಪನಾ ಸಮಿತಿ ಮುಂತಾದವುಗಳು ಬ್ಯಾಂಕಿನ ವಿವಿಧ ಧೋರಣಾ ಚೌಕಟ್ಟಿನಲ್ಲಿ ಕಾರ್ಯವಹಿಸುತ್ತಿದ್ದು ಅಪಾಯ ನಿಯಂತ್ರಣಕ್ಕಾಗಿ ಬ್ಯಾಂಕಿನ ಪರಿಮಿತಿಯಲ್ಲಿ ಗರಿಷ್ಠ ಕ್ರಮ ನಿರ್ವಹಿಸುತ್ತಿವೆ. ಪ್ರಧಾನ ಕಛೇರಿಯ ಅಪಾಯ ನಿರ್ವಹಣಾ ವಿಭಾಗವು ಅಪಾಯ ನಿರ್ವಹಣೆಯ ಮತ್ತು ನಿಯಂತ್ರಣ ಕ್ರಮದ ಸಹಾಲಿಕೆ ಅನುಷ್ಠಾನದ ವಿವಿಧ ಚಟುವಟಿಕೆಗಳ ಮೇಲ್ವಿಚಾರಣೆ ನಡೆಸುತ್ತಿದೆ.

ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ ಮಾರ್ಗದರ್ಶಿಕೆಯಂತೆ ನಿಮ್ಮ ಬ್ಯಾಂಕು ನೂತನ ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಚೌಕಟ್ಟಿನಲ್ಲಿ ಬೇಸಲ್ II ಅನುಸರಣೆಯನ್ನು 31, ಮಾರ್ಚ್ 2009ಕ್ಕೆ ಪೂರ್ಣ ಅನುಷ್ಠಾನಗೊಳಿಸಿದ ಹಾಗೂ ಮಾರ್ಗದರ್ಶಿಕೆಯ ಮೂಲಭೂತ ಅನುಸಂಧಾನವನ್ನು ಅನುಷ್ಠಾನಗೊಳಿಸಿದೆ. ಬೇಸಲ್ II ಅನುಸರಣೆಯನ್ನು ಪೂರ್ಣ ಕಾರ್ಯಗತಗೊಳಿಸುವಾಗಲೇ ನಿಮ್ಮ ಬ್ಯಾಂಕು, ಬೇಸಲ್ II ಪರಿಧರ್ಶಕದ ಮುಂದುವರಿಯ ಅನುಸರಣೆಯನ್ನು ಬ್ಯಾಂಕಿನ ಆಡಳಿತ ಮಂಡಳಿಯ ಅನುಮೋದನೆಯೊಂದಿಗೆ ಕಾರ್ಯರೂಪಕ್ಕೆ ತರಲು ಸರ್ವಕ್ರಮಗಳನ್ನು ಕೈಗೊಂಡಿದೆ. ಈ ಕುರಿತಂತೆ ಬೇಸಲ್ II ಸಂಭೂತ III - ಮಾರುಕಟ್ಟೆ ಪ್ರಕಾಶನ ಅಗತ್ಯತೆ ಸಂಬಂಧಿಸಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಒಂದು ವಿವರಣಾತ್ಮಕ ಸಂಭೂತ IIIರ ಪ್ರಕಾಶನವನ್ನು ಮಾಡಿದ್ದು ಅದನ್ನು ಅನುಬಂಧ IIರಲ್ಲಿ ಲಗ್ನೀಕರಿಸಲಾಗಿದೆ. ಬೇಸಲ್ III ಗುಣಮಟ್ಟ ಆಳವಡಿಕೆಯ ಬಳಿಕ ಅದರ ಪರಿಣಾಮವನ್ನು ವಿಶ್ಲೇಷಿಸಲೂ ಸಹ ಬ್ಯಾಂಕು ಎಪ್ರಿಲ್ 2013ರಂದ ಪ್ರಾರಂಭಿಸಿದೆ.

ಬೇಸಲ್ II ಪರಿಧರ್ಶಕ ಅನುಷ್ಠಾನದೊಂದಿಗೆ ನಿಮ್ಮ ಬ್ಯಾಂಕು ಅಂತರಿಕ ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತತಾ ಮೌಲ್ಯಮಾಪನ ಆದೇಶಿಕೆಯ ಧೋರಣಾದಾಖಲೆಯ ಪ್ರಕ್ರಿಯೆಯನ್ನು ಆರಂಭಿಸಿದ್ದು ಇದು ಅಪಾಯಕ್ಕೆ ಸಂಬಂಧಿಸಿದ ಬಂಡವಾಳ

capital adequacy relative to its risks. Various stress testing framework are also put in place for better understanding of the likely impact even in high stress scenarios. 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.

Information Technology

The Core Banking System (CBS) covers all the branches/offices of the Bank as on 31.03.2013. Alternate delivery channels like ATM, Internet Banking, Mobile Banking etc., have been integrated with the core banking system. 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. The Bank is a part of the RBI initiated technology initiatives such as RTGS, NEFT, ECS, NECS, Speed Clearing, CTS etc which have proved to be highly beneficial to the customers.

The other technology enabled initiatives include the Asset Liability Management System (ALM), Central Data Repository (CDR), Credit Information System (CIS), and Anti Money Laundering (AML) system, Mobile Banking, Integrated Treasury etc.

Bank has implemented a well defined Information Security Management System (ISMS) at its Data Centre, Near Line Site and HO IT Dept. including the DR site.

INTERNAL CONTROL SYSTEMS

The Bank has put in place a robust internal control apparatus commensurate with its size, spread and complexity of operations. While the Audit Committee of the Board of Directors provides macro level guidance and direction to the control aspects and supervises the audit, inspection and all other internal control functions of the Bank, an independent Compliance Department is put in charge of the entire compliance functions of the Bank. Periodic regular inspections and information system (IS) audits of all the branches and offices, concurrent audit of select branches whose aggregate turnover account for over 70 percent of the gross bank credit and over 50 percent of aggregate deposits of the Bank, Short Inspections of all branches which are not subjected to concurrent audit and concurrent audit of treasury, ID and forex transactions, information systems audit of Data Centre and DR site etc. form the means for seeking assurance on the efficacy and adequacy of the internal control mechanism. Beside, the Bank has also been causing Stock and Credit audits of large borrowal accounts by external,

ಪರ್ಯಾಪ್ತಿಯ ಅಂದಾಜು ನಿಖರವಾಗಿರುವಲ್ಲಿ ಸಹಾಯ ಮಾಡುತ್ತದೆ. ಹಲವಾರು ಒತ್ತಡ ಪರೀಕ್ಷಣಾ ಚೌಕಟ್ಟುಗಳನ್ನು ಸ್ಥಾನಾಪನಗೊಳಿಸಿದ್ದು ಇದು ತೀವ್ರ ಒತ್ತಡ ಸಾಧ್ಯತೆಯ ಪರಿಣಾಮ ತಿಳಿಯುವಲ್ಲಿ ಸಹ ಪರಿಣಾಮಕಾರಿಯಾಗಿದೆ. ಆಂತರಿಕ ಬಂಡವಾಳ ಪರ್ಯಾಪ್ತಾ ಮೌಲ್ಯಮಾಪನ ಆದೇಶಿಕೆ ಮತ್ತು ಒತ್ತಡ ಪರೀಕ್ಷಣೆಗಳ ಬಗ್ಗೆ ಆಗಾಗ್ಗೆ ನಿಯಮಿತವಾಗಿ ಮೇಲ್ಮೂಲದ ಹಿರಿಮಟ್ಟದಿಂದ ಯೋಜಿತ ವ್ಯವಹಾರಾಭಿವೃದ್ಧಿಗೆ ಅಗತ್ಯವಾದ ಬಂಡವಾಳದ ಅಗತ್ಯತೆಯನ್ನು ಅಂದಾಜಿಸುವಲ್ಲಿಯೂ, ಬ್ಯಾಂಕಿನ ಅಪಾಯ ನಿರ್ವಹಣಾ ಸಾಮರ್ಥ್ಯ ಸುಧಾರಿಸುವಲ್ಲಿಯೂ ಸಹಕಾರಿಯಾಗಿದೆ.

ಮಾಹಿತಿ ತಂತ್ರಜ್ಞಾನ

31.03.2013 ಬ್ಯಾಂಕಿನ ಸರ್ವಶಾಖೆಗಳು "ಕೋರ್ ಬ್ಯಾಂಕಿಂಗ್ ಸಿಸ್ಟಮ್" ಗೆ ಅಳವಡಿಸಲ್ಪಟ್ಟಿರುತ್ತವೆ. ಪರ್ಯಾಯ ಬಟವಾಡೆ ಸಾಧನಗಳಾದ ಎಟಿಎಂ, ಇಂಟರ್‌ನೆಟ್ ಬ್ಯಾಂಕಿಂಗ್ ಮೊಬೈಲ್ ಬ್ಯಾಂಕಿಂಗ್ ಇತ್ಯಾದಿಗಳೂ ಸಹ ಕೋರ್ ಬ್ಯಾಂಕಿಂಗ್ ಸಿಸ್ಟಮ್‌ಗೆ ಸಂಯುಕ್ತಗೊಂಡಿವೆ. ವಿವಿಧ ನವೀಕರಣ ಸೌಲಭ್ಯವನ್ನು ಎಲ್ಲಾ ಸಂಕೀರ್ಣ ಕಾರ್ಯಪಾಲನಾ ಸಾಧನಗಳಿಗೆ ಸಂಯೋಜಿಸಲಾಗಿದ್ದು ತನ್ನೂಲೆ ನಿರಂತರವಾದ ವ್ಯವಹಾರ ಸಾಧ್ಯವಾಗಿ ಪ್ರಾಥಮಿಕ ಹಂತದ ವಿಫಲತೆಗೆ ತಡೆಗಟ್ಟಲು ಪರಿಹಾರ ಒದಗುತ್ತದೆ. ಪ್ರತಿಯೊಂದು ದತ್ತಾಂಶವೂ ಮೂರು ಸ್ಥಾನಗಳಲ್ಲಿ ದಾಖಲಿಸುವುದರಿಂದ ದತ್ತಾಂಶ ನಾಶ ಉದ್ಭವಿಸುವುದೇ ಇಲ್ಲ. ಈ ವ್ಯವಸ್ಥೆ ಕೋರ್ ಬ್ಯಾಂಕಿಂಗ್ ಸಿಸ್ಟಮ್, ಎಟಿಎಂ ಮತ್ತು ಇಂಟರ್‌ನೆಟ್ ಬ್ಯಾಂಕಿಂಗ್‌ನೊಂದಿಗೆ ಸಂಯುಕ್ತಗೊಂಡಿದೆ. ಭಾರತೀಯ ರಿವರ್ಸ್ ಬ್ಯಾಂಕ್ ರೂಪಿಸಿದ ತಂತ್ರಜ್ಞಾನವುತ ಬ್ಯಾಂಕಿಂಗ್ ಉತ್ಪನ್ನಗಳಾದ ಆರ್‌ಟಿಪಿಎಸ್, ಎನ್‌ಇಎಫ್‌ಟಿ, ಇಸಿಎಸ್, ಎನ್‌ಇಎಸಿಎಸ್, ಸ್ಪೀಡ್ ಕ್ಲೀಯರಿಂಗ್, ಸಿಟಿಎಸ್ ಇತ್ಯಾದಿಗಳನ್ನು ನಿಮ್ಮ ಬ್ಯಾಂಕು ವಿಸ್ತರಿಸುತ್ತಿದೆ. ಇದು ಗ್ರಾಹಕ ಸೇವೆ ಸೇವೆಯಾಗಿ ಯಶಸ್ವಿಯಾಗಿದೆ.

ಇತರ ತಂತ್ರಜ್ಞಾನವುತ ಉಪಕ್ರಮಗಳಾದ ಆಸ್ತಿಮಾಲಾ ನಿರ್ವಹಣಾ ವ್ಯವಸ್ಥೆ ಕೇಂದ್ರೀಯ ದತ್ತಾಂಶ ಭಂಡಾರ, ಮುಂಗಡ ಮಾಹಿತಿ ವ್ಯವಸ್ಥೆ ಮತ್ತು ಆ್ಯಂಟಿಮನಿ ಲಾಂಡರಿಂಗ್ ವ್ಯವಸ್ಥೆ ಮೊಬೈಲ್ ಬ್ಯಾಂಕಿಂಗ್, ಸಂಕೀರ್ಣ ವಿಚಾರಣಾ ವ್ಯವಸ್ಥಿತವಾಗಿ ನಿರ್ವಹಣೆ ಗೈಯುತ್ತಿವೆ.

ಬ್ಯಾಂಕು ಅತ್ಯುತ್ತಮವಾಗಿ 'ಮಾಹಿತಿ ಭದ್ರತಾ ನಿರ್ವಹಣೆ ವ್ಯವಸ್ಥೆ' ಯನ್ನು ದತ್ತಾಂಶ ಕೇಂದ್ರದಲ್ಲಿ (ಮುಖ್ಯ ಸ್ಥಾನದಲ್ಲಿ) ಮತ್ತು ಪ್ರಧಾನ ಕಚೇರಿಯ ಮಾಹಿತಿ ತಂತ್ರಜ್ಞಾನ ಕೇಂದ್ರದಲ್ಲಿ (ವಿವಿಧ ನವೀಕರಣ ಸಾಧನದೊಂದಿಗೆ) ಸ್ಥಾಪಿಸಿದೆ.

ಆಂತರಿಕ ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಗಳು

ಬ್ಯಾಂಕಿನ ಗಾತ್ರ ಮತ್ತು ವ್ಯವಹಾರಗಳಲ್ಲಿನ ಸಂಕೀರ್ಣತೆಯ ಸೂಕ್ಷ್ಮ ಅನುಗುಣವಾದ ಆಂತರಿಕ ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಗಳನ್ನು ಬ್ಯಾಂಕು ಈಗಾಗಲೇ ಪರಿಣಾಮಕಾರಿಯಾಗಿ ಕೈಗೊಂಡಿರುತ್ತದೆ. ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ಲೆಕ್ಕ ಪರಿಶೋಧನಾ ಸಮಿತಿಯ ವಿಶಾಲ ಮಟ್ಟದ ಮಾರ್ಗದರ್ಶನ, ನಿಯಂತ್ರಣ ಮತ್ತು ನಿರ್ದೇಶನ ನೀಡುತ್ತಾ ಪರಿವೀಕ್ಷಣೆ ಮತ್ತು ಪರಿಶೋಧನಾ ಪ್ರಕ್ರಿಯೆಗಳ ಮೇಲ್ವಿಚಾರಣೆ ಹಾಗೂ ಬ್ಯಾಂಕಿನ ಆಂತರಿಕ ಚಟುವಟಿಕೆಯ ಮೇಲೆ ನಿಯಂತ್ರಣ ಹೊಂದಿದೆ, ಅಲ್ಲದೆ ಪ್ರತ್ಯೇಕವಾದ ಸ್ವತಂತ್ರವಾದ ಪರಿಶಾಲನಾ ವಿಭಾಗವೂ ಆಂತರಿಕ ಕಾರ್ಯಭಾರದ ವಿಷ್ಣುಕೆ ನಡೆಸುತ್ತಾ ಇದೆ. ನಿಯಮಿತ ಪರಿವೀಕ್ಷಣೆ ಇಡೀ ಪರಿವೀಕ್ಷಣೆ ಕಿರುಪರಿವೀಕ್ಷಣೆ ಇತ್ಯಾದಿ ಎಲ್ಲಾ ಶಾಖೆ/ ಕಛೇರಿಗಳಲ್ಲೂ ನಡೆಯುತ್ತವೆ. ಆಯ್ದ ಶಾಖೆಗಳ ಸಹಾಯ ಲೆಕ್ಕಪರಿಶೋಧನೆಯೂ ನಡೆಯುತ್ತದೆ (ಇವುಗಳ ಒಟ್ಟು ವ್ಯವಹಾರ ಖಾತೆಗಳ ಮೊತ್ತ, ಬ್ಯಾಂಕಿನ ಒಟ್ಟು ಮುಂಗಡದ ಶೇಕಡಾ 70 ಮೀರಿಲ್ಲದಿದ್ದರೂ ಒಟ್ಟು ಠೇವಣಿಯ ಶೇ 50 ಮೀರಿಲ್ಲದಿದ್ದರೆ) ಸಹಾಯ ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯಿಂದ ಹೊರತಾದ ಶಾಖೆಗಳಲ್ಲಿ ಕಿರುಪರಿವೀಕ್ಷಣೆ ಜರುಗುತ್ತದೆ. ವಿಚಾರಣೆ ವಿಭಾಗದ ಸಹಾಯ ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯೊಂದಿಗೆ ಅಂತರಾಷ್ಟ್ರೀಯ ವಿಭಾಗ, ವಿದೇಶಿ ವಿನಿಮಯ ವ್ಯವಹಾರ, ದತ್ತಾಂಶ ಕೇಂದ್ರದ ಮಾಹಿತಿ ವ್ಯವಸ್ಥೆಯ ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯೊಂದಿಗೆ ಡಿಆರ್ ಸ್ಥಾನದ ಲೆಕ್ಕಪರಿಶೋಧನೆಯೂ ನಡೆಯುತ್ತದೆ. ಇದು ಕಾರ್ಯದಕ್ಷತೆ, ನಿಖರತೆ ಮತ್ತು ಆಂತರಿಕ

professional audit firms as a part of effective credit administration.

A sound internal audit mechanism plays an important role in contributing to the effectiveness of the internal control system. The audit function would provide high quality counsel to the management on the effectiveness of risk management and internal controls, including the regulatory compliance by the Bank. Historically, the internal audit system in banks has been concentrating on transaction testing, testing of accuracy and reliability of accounting records and financial reports, integrity, reliability and timeliness of control reports and adherence to legal and regulatory requirements. Now, in addition to these, with the implementation of risk-based internal audit (RBIA), greater emphasis is placed on the internal auditor's role in mitigating various risks. While focusing on effective risk management and controls, in addition to transaction testing etc., the risk-based internal audit would, not only offer suggestions for mitigating current risks but also anticipate areas of potential risks thereby playing an important role in the risk management process of the bank.

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

HUMAN RESOURCE DEVELOPMENT

With the turn of the century, Banking sector has experienced far reaching changes on account of economic reforms, global competition, a leap in technological innovation and higher customer expectations. There is a growing pressure on the banks to increase productivity and profitability. The present day Banker needs to be customer oriented, possess all the required skills, be a good decision maker, apart from being pragmatic in his approach.

Training plays a significant role in transforming the employee to face all challenges to attain individual and organisational goals. Accordingly, your Bank gives utmost importance to training and human resource

ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಗೆ ಸಾಕ್ಷಿಯಾಗಿದೆ. ಇದರೊಂದಿಗೆ ಬೃಹತ್ ಮುಂಗಡ ಪಾತಕಗಳ ದಾಖಲಾತಿ ಲೆಕ್ಕ ಪರಿಶೋಧನೆ ಮತ್ತು ಮುಂಗಡ ಪರಿಶೋಧನೆಗಳನ್ನು ವ್ಯಕ್ತಿಯರ ಲೆಕ್ಕಪರಿಶೋಧನಾ ಸಂಸ್ಥೆಗಳ ನೆರವಿನಿಂದ ಮುಂದುವರಿಸಿಕೊಂಡು ಬರುತ್ತಿದ್ದು, ಇದು ಮುಂಗಡ ಪಾತಕಗಳ ಪರಿಣಾಮಕಾರಿ ನಿರ್ವಹಣೆಗೆ ಸಹಕಾರಿಯಾಗಿದೆ.

ಪರಿಣಾಮಕಾರಿ ಆಂತರಿಕ ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಯಲ್ಲಿ, ಸದೃಢವಾದ ಆಂತರಿಕ ಲೆಕ್ಕ ಪರಿಶೋಧನಾ ಕೌಶಲ್ಯ ಒಪ್ಪುಮುಖ್ಯ ಪಾತ್ರ ವಹಿಸುತ್ತದೆ. ಲೆಕ್ಕ ಪರಿಶೋಧನಾ ಪ್ರಕ್ರಿಯೆಯು ಬ್ಯಾಂಕ್ ಆಡಳಿತಕ್ಕೆ ಉತ್ತಮ ಗುಣಮಟ್ಟದ ನಿಖರ ಅಭಿಪ್ರಾಯವನ್ನು ಒದಗಿಸುವಲ್ಲಿ ಸಹಕಾರಿ. ಈ ಅಭಿಪ್ರಾಯವು ಪರಿಣಾಮಕಾರಿ ಆಪಾಯ ನಿರ್ವಹಣೆ ಮತ್ತು ಆಂತರಿಕ ನಿಯಂತ್ರಣ, ಬ್ಯಾಂಕ್ ಪೂರೈಸಬೇಕಾದ ನಿಯಮಿತ ನೀಡಿಕೆಗೆ ವಿಶೇಷ ಸಹಕಾರಿಯಾಗುತ್ತದೆ. ಚಾರಿತ್ರಿಕವಾಗಿ ಬ್ಯಾಂಕುಗಳ ಲೆಕ್ಕಪರಿಶೋಧನಾ ವ್ಯವಸ್ಥೆಯು ವಹಿವಾಟಿನ ಪರಿವೀಕ್ಷಣೆ, ನಿಖರತೆಯ ಪರಿಶೀಲನೆ ಮತ್ತು ಲೆಕ್ಕಗಳ ದಾಖಲೆ ಪರಿಶೀಲನೆ ಲೆಕ್ಕಪತ್ರಗಳ ವರದಿಗಳ ಸಾಬೀತು ಪಡಿಸುವ ವಿಶ್ವಾಸಾರ್ಹತೆಯ ಪರಿಶೀಲನೆ ನಿಯಂತ್ರಣ ವರದಿಗಳ ಸೂಲಿಕೆ ಸಲ್ಲಿಸುವ ಪರಿವೀಕ್ಷಣೆ, ಕಾನೂನು ಮತ್ತು ನಿಯಂತ್ರಣ ಅಂಶಗಳಿಗೆ ಒದ್ದವಾಗಿಯೇ ಎನ್ನುವುದನ್ನು ಖಚಿತಪಡಿಸಿಕೊಳ್ಳುವುದನ್ನು ಒಳಗೊಂಡಿರುತ್ತದೆ. ಇಂಥ ಹಿಕ್ಕಿಪುಟಿಯಾಗಿ ಇದೀಗ ವಿವಿಧ ಆಪಾಯಗಳನ್ನು ಮಿತಗೊಳಿಸುವಲ್ಲಿ ಆಂತರಿಕ ಲೆಕ್ಕ ಪರಿಶೋಧಕರ ಪಾತ್ರ ಹೆಚ್ಚಿನ ಮಹತ್ವ ಹೊಂದಿದೆ. ಪರಿಣಾಮಕಾರಿ ಆಪಾಯ ನಿರ್ವಹಣೆ ಮತ್ತು ನಿಯಂತ್ರಣವನ್ನು ಕೇಂದ್ರೀಕರಿಸುವುದರೊಂದಿಗೆ ವಹಿವಾಟಿನ ಸಾಬೀತು ಪಡಿಸುವುದನ್ನು ಒಡಗೂಡಿ, ಆಪಾಯ ಸಂಭಾವ್ಯತಾ ಅಧಾರಿತ ಆಂತರಿಕ ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯು ಜಾರಿ ಆಪಾಯಗಳನ್ನು ಮಿತಗೊಳಿಸುವುದರೊಂದಿಗೆ, ವಿವಿಧ ಕ್ಷೇತ್ರಗಳಲ್ಲಿ ಬಂದಿರಬಹುದಾದ ಆಪಾಯ ಸಂಭಾವ್ಯತೆಯನ್ನು ನಿಖರವಾಗಿ ಅಂದಾಜಿಸುವ ಗುರುತಿಸುವ ಕೋಣೆಯನ್ನು ಬ್ಯಾಂಕಿನ ಪರವಾಗಿ ಆಪಾಯ ನಿರ್ವಹಣಾ ವ್ಯವಸ್ಥೆಯು ಹೊರತು.

ಆಪಾಯ ಸಂಭಾವ್ಯತೆ ಅಧಾರಿತ ಆಂತರಿಕ ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯಲ್ಲಿ ಇತರ ವಿಷಯಗಳ ಜತೆಗೆ ಆಪಾಯದ ಮಾಪನವೂ ಸೇರಿದ್ದು, ಲೆಕ್ಕ ಪರಿಶೋಧನೆ, ಯೋಜನೆಯ ರೂಪಣೆಗೆ ಸಹಕಾರಿಯಾಗುತ್ತದೆ. ಆಪಾಯ ನಿರ್ಧರಣೆ-ಯಾ-ಮಾಪನ ಒಂದು ಸ್ವತಂತ್ರ ಕಾರ್ಯಭಾರವಾಗಿದ್ದರೂ ವಿವಿಧ ಸ್ತರಗಳಲ್ಲಿ (ಸಾಂಸ್ಥಿಕ ಮತ್ತು ಶಾಖಾಪಂಕ್ತಿಗಳಲ್ಲಿ, ಫೋರ್-ಫೋಲಿಯೋ ಮತ್ತು ಏಕವ್ಯಕ್ತಿಪರ ವಹಿವಾಟು ಇತ್ಯಾದಿ) ಕಾರ್ಯ ಜರಗಿಸುತ್ತಾ, ಆಪಾಯದ ಗುರುತಿಸುವಿಕೆ, ಮೌಲ್ಯಮಾಪನ, ನಿಗಾ ಮತ್ತು ನಿಯಂತ್ರಣಕ್ಕೆ ಸಹಾಯವಾಗುತ್ತದೆ. ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ಒಪ್ಪಿಗೆಯೊಂದಿಗೆ ಆಂತರಿಕ ಲೆಕ್ಕ ಪರಿಶೋಧನಾ ವಿಭಾಗವು ಆಪಾಯ ಸಂಭಾವ್ಯತೆ ಅಧಾರಿತ ಆಂತರಿಕ ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯನ್ನು ಆಪಾಯ ಮಾಪನಾ ವ್ಯವಸ್ಥೆಯನ್ನು ಕಾರ್ಯರೂಪಕ್ಕೆ ತಂದು, ಬ್ಯಾಂಕು ನಡೆಸುವ ವ್ಯವಹಾರದ ಗಾತ್ರ ಮತ್ತು ಸಂಕೀರ್ಣತೆಗೆ ಅನುಸಾರವಾಗಿ ನಿರ್ವಹಿಸುತ್ತಿದೆ. ಆಪಾಯ ಮಾಪನಾ ಪ್ರಕ್ರಿಯೆಯು ಬ್ಯಾಂಕು ಕೈಗೊಳ್ಳುವ ವಿವಿಧ ವ್ಯವಹಾರಗಳಲ್ಲಿ ಸಹಜವಾಗಿ ಅಂತರ್ಗತವಾಗಿರುವ ವ್ಯವಹಾರ ಆಪಾಯವನ್ನು ಗುರುತಿಸುವ ಜವಾಬ್ದಾರಿಯನ್ನು ಹೊಂದಿದ್ದು, ಅಂತರ್ಗತ ಆಪಾಯದ ಮೌಲ್ಯಮಾಪನವನ್ನು ಪರಿಣಾಮಕಾರಿ ನಿಯಂತ್ರಣ ವ್ಯವಸ್ಥೆಯ ರೂಪಣೆಯನ್ನು ವ್ಯವಹಾರ ಚಟುವಟಿಕೆಯೊಂದಿಗೆ ಅಂತರ್ಗತವಾದ ಆಪಾಯದ ಮೇಲೆ ನಿಗಾ, ಆಪಾಯ ನಿಯಂತ್ರಣ ಹಾಗೂ ನಿಯಂತ್ರಣಕ್ಕೆ ಅನುರೂಪವಾದ ಆಪಾಯದ ವಿರುದ್ಧ ಕ್ಷೇತ್ರಕಾರ್ಯಾಚರಣೆಯನ್ನು ಅಂತರ್ಗತವಾದ ವ್ಯವಹಾರದ ಆಪಾಯ ಮತ್ತು ಆಪಾಯ ನಿಯಂತ್ರಣದಲ್ಲಿ ಒಳಗೊಳ್ಳುತ್ತದೆ.

ಮಾನವ ಸಂಪನ್ಮೂಲ ಅಭಿವೃದ್ಧಿ

ತತ್ಕಾಲದ ಹೊರಳುವಿಕೆಯ ಬಳಿಕ, ಬ್ಯಾಂಕಿಂಗ್ ವಲಯ ಬಹಳಷ್ಟು ಬದಲಾವಣೆಗಳಿಗೆ ಒಡ್ಡಿಕೊಂಡು ಅನುಭವಿ, ಅನುಕರಿಸಬೇಕಾಗಿದೆ. ಮುಖ್ಯವಾಗಿ ಆರ್ಥಿಕ ಪುನರ್ ರೂಪಣೆ, ಜಾಗತಿಕ ಸ್ಪರ್ಧೆ, ತಾಂತ್ರಿಕ ಅನ್ವೇಷಣೆಗೆ ಜಿಗಿತ ಮತ್ತು ಗ್ರಾಹಕ ಬೇಡಿಕೆಗಳು ಸವಾಲುಗಳಾಗಿವೆ. ಬ್ಯಾಂಕುಗಳ ಮೇಲೆ ಉತ್ಪಾದಕ ಮತ್ತು ಲಾಭವೃದ್ಧಿಯನ್ನು ಹೆಚ್ಚಿಸುವರೇ ದಿನೇ ದಿನೇ ಒತ್ತಡ ಬೀಳುತ್ತಿದೆ. ಇಂದಿನ ಕಾಲದ ಒಬ್ಬ ಬ್ಯಾಂಕರ್ ಗ್ರಾಹಕ ಪರವಾಗಿಯೂ,

development activities. The Bank deposes its staff members to various training and development programmes with an intention to prepare them to perform their task efficiently, shoulder higher responsibilities and accept challenges in achieving organizational goals, understanding structures and observing rules, etc. besides facilitating personal growth. Apart from sending its staff members to training programmes conducted by its own Staff Training College, it also deposes its members to training programmes conducted by other institutions such as National Institute of Bank Management (NIBM), Pune, College of Agricultural Banking (CAB), Pune, Institute for Development and Research in Banking Technology (IDRBT), Hyderabad, SIBSTC, Bangalore etc. to name a few. During the year 2012-13, the Bank has deposed employees to various trainings / workshops / conferences to update & improve their knowledge. There were 2889, 1573 and 78 nominations to various programmes in the category of Officers, Clerks and Substaff respectively during the year.

Your Bank maintains cordial industrial relations in an atmosphere of peace and harmony in the Bank. The number of employees in the Bank stood at 6339 as on 31st March 2013. The Business per employee (excluding inter bank deposits) has improved from ₹ 8.59 crore as on 31st March 2012 to ₹ 9.66 crore as on 31st March 2013.

DIRECTORS

Messrs U R Bhat, Sitarama Murty M and S V Manjunath are retiring by rotation and are eligible for re-appointment at the forthcoming Annual General Meeting. Mr S R Hegde, retired as Director of the Bank upon attaining the upper age limit of 70 years w e f 02.07.2012 as per the extant guidelines of RBI . The Board places on record its appreciation of the active involvement and useful contribution made by Mr S R Hegde during his tenure as a Director of the Bank.

Further, the Board has appointed Mr Ashok Haranahalli, Senior Advocate, Bangalore (former Advocate General - Government of Karnataka) as an Additional Director under Section 260 of the Companies Act, 1956. The brief resume and other details relating to the directors who are to be re-appointed are furnished in the notice of the Annual General Meeting.

CORPORATE GOVERNANCE

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

ಕೌಶಲ್ಯವಂತನೂ, ತ್ವರಿತ ನಿರ್ಧಾರ ಕೈಗೊಳ್ಳುವವನೂ ವ್ಯಾವಹಾರಿಕ ಅಭಿಗಮನ ಉಳ್ಳವನೂ ಏಕಕಾಲದಲ್ಲಿ ಆಗಿರಬೇಕು.

ಈ ದಿನಯಲ್ಲಿ ಸವಾಲುಗಳನ್ನು ಸ್ವೀಕರಿಸಿ ವೈಯಕ್ತಿಕ ವ್ಯತಿಕ್ರೇತದಲ್ಲೂ ಸಾಂಸ್ಥಿಕ ಗುರಿ ತಲುಪುವಲ್ಲೂ ಒಬ್ಬ ಉದ್ಯೋಗಿಯನ್ನು ಮಾರ್ಪಡಿಸಲು ತರಬೇತಿ ಪ್ರಮುಖ ಪಾತ್ರ ವಹಿಸುತ್ತದೆ. ಅಂತೆಯೇ, ನಿಮ್ಮ ಬ್ಯಾಂಕು ಉದ್ಯೋಗಿಗಳ ತರಬೇತಿ ಮತ್ತು ಮಾನವ ಸಂಪನ್ಮೂಲ ಅಭಿವೃದ್ಧಿಯಲ್ಲಿ ವಿಶೇಷ ಕಾಳಜಿ ವಹಿಸಿದೆ. ಬ್ಯಾಂಕು ತನ್ನ ಉದ್ಯೋಗಿಗಳನ್ನು ನಾನಾ ತರಬೇತಿಗಳಿಗೆ ನಿಯೋಜಿಸುತ್ತಿದ್ದು, ಇದು ಉದ್ಯೋಗಿಯ ದಕ್ಷತಾಭಿವೃದ್ಧಿ ಹೆಚ್ಚುವರಿ ಹೊಣೆ ಹೊರುವ ಶಕ್ತಿ ಮತ್ತು ಸಂಸ್ಥೆಯ ಗುರಿಗಳನ್ನು ಸಾಧಿಸುವಲ್ಲಿ ತನ್ನ ಯಥೋಚಿತ ಶಕ್ತಿ ನಿಯೋಜನೆ, ಸಂರಚನೆ ಮತ್ತು ಕಾನೂನುಗಳ ಕಡತಲಾಯಮಯಂತೆ ಇತ್ಯಾದಿ ಸಾಧಿಸುವುದರೊಂದಿಗೆ ವ್ಯಕ್ತಿಗತ ಬೆಳವಣಿಗೆಗೆ ಸಹ ವಿಫಲ ಅವಕಾಶ ನೀಡುತ್ತದೆ. ತನ್ನದೇ ತರಬೇತಿ ಕಾಲೇಜಿಗೆ ನೌಕರರನ್ನು ನಿಯೋಜಿಸುವುದರೊಂದಿಗೆ, ವಿಶೇಷ ತರಬೇತಿಗಾಗಿ ಪುಣೆಯ ನ್ಯಾಷನಲ್ ಇನ್‌ಸ್ಟಿಟ್ಯೂಟ್ ಆಫ್ ಬ್ಯಾಂಕ್ ಮ್ಯಾನೇಜ್‌ಮೆಂಟ್, ಕಾಲೇಜ್ ಆಫ್ ಅಗ್ರಿಕಲ್ಚರಲ್ ಬ್ಯಾಂಕಿಂಗ್, ಹೈದರಾಬಾದ್‌ನ ಇನ್‌ಸ್ಟಿಟ್ಯೂಟ್ ಫಾರ್ ಡೆವಲಪ್‌ಮೆಂಟ್ ಆಂಡ್ ರಿಸರ್ಚ್ ಇನ್ ಬ್ಯಾಂಕಿಂಗ್ ಟೆಕ್ನೋಲಜಿ, ಬೆಂಗಳೂರಿನ ಎಸ್‌ಐಐಎಸ್‌ಟಿಸಿ ಮುಂತಾದ ತರಬೇತಿ ಕೇಂದ್ರಕ್ಕೆ ನಿಯೋಜಿಸಲಾಗುತ್ತಿದೆ. 2012-13ರಲ್ಲಿ, ಬ್ಯಾಂಕು ನಾನಾ ತರಬೇತಿಗಳು/ ಕಾರ್ಯಾಗಾರಗಳು/ಸಮ್ಮೇಳನಗಳಿಗೆ ತನ್ನ ಉದ್ಯೋಗಿಗಳನ್ನು ಅವರ ಸಮಕಾಲೀನ ಜ್ಞಾನ-ಕೌಶಲದ ಅರಿವು ಹೆಚ್ಚಿಸಿಕೊಳ್ಳಲಿಕ್ಕಾಗಿ ನಿಯೋಜಿಸಿದೆ. ವರದಿ ವರ್ಷದಲ್ಲಿ 2889 ಅಧಿಕಾರಿಗಳೂ, 1573 ಸಿಬ್ಬಂದಿ ವರ್ಗದವರಿಗೂ ಮತ್ತು 78 ಸಹಾಯಕ ಸಿಬ್ಬಂದಿಗಳಿಗೂ ತರಬೇತಿ ನೀಡಲಾಗಿದೆ.

ನಿಮ್ಮ ಬ್ಯಾಂಕು ಆತ್ಮತೃಪ್ತ ಸಾಂಸ್ಥಿಕ-ನೌಕರ ಬಾಂಧವ್ಯವನ್ನು ಹೊಂದಿದ್ದು ಬ್ಯಾಂಕಿನಲ್ಲಿ ಪ್ರಶಾಂತ ಹಾಗೂ ಸೌಹಾರ್ದಯುತ ವಾತಾವರಣವಿದೆ. 31 ಮಾರ್ಚ್ 2013ಕ್ಕೆ ಬ್ಯಾಂಕು ಒಟ್ಟು 6339 ಉದ್ಯೋಗಿಗಳನ್ನು ಹೊಂದಿದೆ. ಸಿಬ್ಬಂದಿಯ ತಲಾವಹಿವಾಟು (ಅಂತರ್‌ಬ್ಯಾಂಕ್ ಠೇವಣಿ ಹೊರತಾಗಿ) 31 ಮಾರ್ಚ್ 2012 ರಲ್ಲಿದ್ದ ₹ 8.59 ಕೋಟಿಯಿಂದ, 31 ಮಾರ್ಚ್ 2013ರ ಅಂತ್ಯಕ್ಕೆ ₹ 9.66 ಕೋಟಿಗೆ ಉನ್ನತಗೊಂಡಿದೆ.

ನಿರ್ದೇಶಕರು

ನಿರ್ದೇಶಕರು ಯು.ಆರ್. ಭಟ್, ಸೀತಾರಾಮ ಮೂರ್ತಿ ಎಂ. ಮತ್ತು ಎಸ್.ವಿ. ಮಂಜುನಾಥ ಇವರುಗಳು ಸರದಿ ಪ್ರಕಾರ ನಿವೃತ್ತರಾಗಿದ್ದು ಮತ್ತು ಬರಲಿರುವ ಬ್ಯಾಂಕಿನ ಮಹಾಸಭೆಯಲ್ಲಿ ಇವರುಗಳು ಪುನರ್‌ನೇಮಕಗೊಳ್ಳಲು ಅರ್ಹರಾಗಿರುತ್ತಾರೆ. ಶ್ರೀ ಎಸ್.ಆರ್. ಹೆಗ್ಡೆಯವರು 70ರ ಪ್ರಾಯಮಿತಿಯನ್ನು ದಾಟಿರುವುದರಿಂದ ಭಾರತೀಯ ರಿರ್ವರ್ಸ್ ಬ್ಯಾಂಕಿನ ಮಾರ್ಗದರ್ಶಕಿಯಂತೆ ದಿನಾಂಕ 02.07.2012ರಂದು ಬ್ಯಾಂಕಿನ ನಿರ್ದೇಶಕತ್ವದಿಂದ ನಿವೃತ್ತರಾಗಿರುತ್ತಾರೆ. ಶ್ರೀ ಎಸ್.ಆರ್. ಹೆಗ್ಡೆಯವರು ಬ್ಯಾಂಕಿನ ನಿರ್ದೇಶಕರಾಗಿ ಬ್ಯಾಂಕಿನ ಅಭಿವೃದ್ಧಿಯಲ್ಲಿ ತನ್ನ ಕ್ರಿಯಾಶೀಲತೆ ಮತ್ತು ಕೊಡುಗೆ ನೀಡಿದ ಬಗ್ಗೆ ನಿರ್ದೇಶಕರ ಮಂಡಳಿ ತನ್ನ ಮೆಚ್ಚುಗೆಯನ್ನು ದಾಖಲಿಸುತ್ತದೆ.

ಅಲ್ಲದೇ, ಕಂಪನಿ ಕಾಯಿದೆ 1956, ಸೆಕ್ಷನ್ 260ರ ಪ್ರಕಾರ ಬೆಂಗಳೂರಿನಲ್ಲಿ ಸೀನಿಯರ್ ಅಡ್ವೋಕೇಟ್ ಆಗಿರುವ (ಹಿಂದೆ ಕರ್ನಾಟಕ ಸರ್ಕಾರದ ಅಡ್ವೋಕೇಟ್ ಜನರಲ್ ಆಗಿದ್ದ) ಶ್ರೀ ಅಶೋಕ್ ಹಾರನಾಹಳ್ಳಿ ಅವರನ್ನು ಹೆಚ್ಚುವರಿ ನಿರ್ದೇಶಕರನ್ನಾಗಿ ಬ್ಯಾಂಕಿನ ನಿರ್ದೇಶಕರ ಮಂಡಳಿ ನೇಮಕ ಮಾಡಿಕೊಂಡಿದೆ. ಪುನರ್ ನೇಮಕಗೊಳ್ಳಲಿರುವ ನಿರ್ದೇಶಕರುಗಳ ಸಂಕ್ಷಿಪ್ತ ಪ್ರವರ ಮತಿತರ ವಿವರಗಳನ್ನು ಮಹಾಸಭೆಯ ಸೂಚನಾ ಪತ್ರದೊಂದಿಗೆ ನೀಡಲಾಗಿದೆ.

ಸಾಂಸ್ಥಿಕ ಪ್ರಶಾಸನ

ನಿಮ್ಮ ಬ್ಯಾಂಕು ಆತ್ಮತೃಪ್ತ ಸಾಂಸ್ಥಿಕ ಪ್ರಶಾಸನವನ್ನು ಪಾಲಿಸಲು ಬದ್ಧವಾಗಿದ್ದು ತನ್ನೊಳಗೆ ಬ್ಯಾಂಕಿನ ನಿರ್ದೇಶಕರುಗಳಿಂದ ಅಂದರೆ ಶೇರುದಾರರ, ಠೇವಣಿದಾರರ, ಗ್ರಾಹಕರ ಮತ್ತು ನೌಕರರ ಹಾಗೂ ಪ್ರಮುಖವಾಗಿ ಸಮಾಜದ ಹಿತಾಸಕ್ತಿಯನ್ನು ಕಾಯ್ದುಕೊಂಡಿದ್ದು ನಿರ್ಮಲತೆಯ ಸರ್ವ ಸ್ವರದಲ್ಲೂ ಪಾರದರ್ಶಕತೆಯನ್ನು ಕಾಪಾಡುವ ಗುರಿ ಮತ್ತು ಬದ್ಧತೆಯನ್ನು ಹೊಂದಿರುತ್ತದೆ. ಸಾಂಸ್ಥಿಕ ಪ್ರಶಾಸನಕ್ಕೆ ಸಂಬಂಧಿಸಿದ ವಿವರವಾದ ವರದಿಯನ್ನು ಈ ವಾರ್ಷಿಕ ವರದಿಯ ಅನುಬಂಧ III ರಲ್ಲಿ ನೀಡಲಾಗಿದೆ.

DIRECTORS' RESPONSIBILITY REPORT

As per Section 217(2AA) of Companies (Amendment) Act, 2000, your Directors report that:

- i. The accounts for the year 2012-13 were prepared by following the accounting standards in so far as they apply to banks.
- ii. Accounting policies adopted and applied consistently by the Bank are in tune with the RBI guidelines issued from time to time. Reasonable prudent judgments and estimates have been made in the accounts, so as to give a true and fair view of the state of affairs of the Bank and of the profit of the Bank for the financial year ended 31st March, 2013.
- iii. The Bank had taken proper and sufficient care for maintaining adequate records in accordance with the provisions of the Companies Act 1956, in so far as they apply to banks.
- iv. The annual accounts for the year ended 31st March, 2013 have been prepared on a "Going Concern" basis.

STATUTORY DISCLOSURES

Considering the nature of the Bank's business, the provisions of Section 217(1) (e) of the Companies Act, 1956 relating to conservation of energy and technology absorption do not apply to your Bank. The Bank has, however, used information technology extensively in its operations.

There were no employees who were in receipt of remuneration during the year ended March 31, 2013 requiring disclosure under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

SOCIAL INITIATIVES

Businesses are an integral part of society and have a critical active role in the sustenance and improvement of a healthy ecosystem in fostering social inclusiveness and equity and upholding ethical practices and good governance. It is believed that integrating social, environmental and ethical responsibilities into governance of business ensures long term successes, competencies and sustainability. With this in mind your Bank continues to engage in accepting various social responsibilities. The Corporate Social Responsibility initiatives of the Bank are designed to ensure that the Bank adds social, environmental and economic value in all its activities to make a positive, sustainable impact on both society and business. In this direction the Bank has been responding well over the years through various initiatives like participation in social, cultural,

ನಿರ್ದೇಶಕರ ಜವಾಬ್ದಾರಿಗಳ ಬಗ್ಗೆ ವರದಿ

ಕಂಪನಿ (ತಿದ್ದುಪಡಿ) ಕಾಯಿದೆ 2000, ವಿಭಾಗ 217 (2ಎಎ) ಪ್ರಕಾರ, ನಿಮ್ಮ ನಿರ್ದೇಶಕರು ಈ ಕೆಳಕಂಡಂತೆ ವರದಿ ಮಾಡುತ್ತಾರೆ.

- i. 2012-13ರ ಲೆಕ್ಕಪತ್ರಗಳನ್ನು ಬ್ಯಾಂಕುಗಳಿಗೆ ಅನ್ವಯಿಸುವ ಲೆಕ್ಕಪತ್ರ ಸಂಹಿತೆಯನ್ನು ಅನುಸರಿಸಿ ತಯಾರಿಸಲಾಗಿದೆ.
- ii. ಬ್ಯಾಂಕು ಅಳವಡಿಸಿರುವ ಮತ್ತು ನಿಯಮಿತವಾಗಿ ಅನುಸರಿಸುತ್ತಿರುವ ಲೇಖನ ವಿಧಾನ ನೀತಿಗಳು, ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕು ಕಾಲಕಾಲಕ್ಕೆ ಹೊರಡಿಸಿರುವ ಮಾರ್ಗದರ್ಶಿ ಸೂತ್ರಗಳಿಗೆ ಅನುಗುಣವಾಗಿದೆ. 31 ಮಾರ್ಚ್ 2013ರಂದು ಅಂತ್ಯಗೊಂಡ ವರ್ಷದಂದು ಇದ್ದ ಬ್ಯಾಂಕಿನ ಸ್ಥಿತಿಗತಿಯ ಮತ್ತು ಲಾಭದ ನಿಜವಾದ ಹಾಗೂ ಯಥಾರ್ಥವಾದ ಚಿತ್ರಣ ಕೊಡಲು ಯಥೋಚಿತ ವಿವೇಚಯುಕ್ತ ತೀರ್ಮಾನಗಳನ್ನು ಮತ್ತು ಅಂದಾಜುಗಳನ್ನು ಲೆಕ್ಕಪತ್ರವನ್ನಿಡಲು ಮಾಡಲಾಗಿದೆ.
- iii. 1956ರ ಕಂಪನಿ ಕಾಯಿದೆಯನ್ವಯ ಬ್ಯಾಂಕುಗಳಿಗೆ ಅನ್ವಯಿಸುವ ಉಪಬಂಧಗಳ ಪ್ರಕಾರ ಲೆಕ್ಕಪತ್ರವನ್ನಿಡಲು ಬ್ಯಾಂಕು, ಯುಕ್ತ ಮತ್ತು ಅಗತ್ಯವಾದ ಎಚ್ಚರಿಕೆಯನ್ನು ತೆಗೆದುಕೊಂಡಿದೆ.
- iv. 31 ಮಾರ್ಚ್, 2013ರಂದು ಮುಕ್ತಾಯಗೊಂಡ ವಾರ್ಷಿಕ ಲೆಕ್ಕಪತ್ರಗಳನ್ನು ಪ್ರಚಲಿತ ಸಂಸ್ಥೆ ಮಾಡಿರಲು ತಯಾರಿಸಲಾಗಿದೆ.

ಶಾಸನಬದ್ಧ ಪ್ರಕಟಣೆಗಳು

ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ವ್ಯವಹಾರ ಸ್ವರೂಪಕ್ಕೆ ಅನುಗುಣವಾಗಿ, ಶಕ್ತ ಸಂಪನ್ಮೂಲ ರಕ್ಷಣೆ ಮತ್ತು ತಂತ್ರಜ್ಞಾನ ಅಳವಡಿಕೆಗೆ ಸಂಬಂಧಿಸಿದ ಕಂಪನಿ ಕಾಯಿದೆ 1956, ವಿಭಾಗ 217(1)(ಇ) ನಿಮ್ಮ ಬ್ಯಾಂಕಿಗೆ ಅನ್ವಯಿಸುವುದಿಲ್ಲ. ವಿನಿಧ್ಯರೂ ನಿಮ್ಮ ಬ್ಯಾಂಕು ತನ್ನ ವ್ಯವಹಾರಗಳಲ್ಲಿ ಮಾಹಿತಿ ತಂತ್ರಜ್ಞಾನವನ್ನು ವಿಸ್ತೃತವಾಗಿ ಬಳಸುತ್ತಿದೆ.

ಕಂಪನಿ ಕಾಯಿದೆ 1956ರ ವಿಭಾಗ 217(2ಎ) ಹಾಗೂ ಕಂಪನಿಗಳ (ಸಿಬ್ಬಂದಿ ವಿವರ) ವಿಧಿ 1975ರ ನಿಯಮಾನುಸಾರ ಬಹಿರಂಗಪಡಿಸಬೇಕಾದ ಮಾಹಿತಿ ಏನೂ ಇರುವುದಿಲ್ಲ. 31 ಮಾರ್ಚ್, 2013 ವರ್ಷಾಂತ್ಯಕ್ಕೆ ಮೇಲ್ಕಾಣಿಸಿದ ಕಾಯಿದೆ ಅನುಸಾರವಾಗಿ ಯಾವೊಬ್ಬ ಸಿಬ್ಬಂದಿಯೂ ಬಹಿರಂಗಪಡಿಸ ಬೇಕಾದಷ್ಟು ಮೊತ್ತದ ವೇತನವನ್ನು ಪಡೆದಿರುವುದಿಲ್ಲ.

ಸಾಮಾಜಿಕ ಉಪಕ್ರಮ

ವ್ಯವಹಾರವೆನ್ನುವುದು ಸಮಾಜದ ಅವಿಭಾಜ್ಯ ಅಂಗವಾಗಿದ್ದು, ಸಮಾಜದ ಅರ್ಥವ್ಯವಸ್ಥೆಯ ಉನ್ನತಿಗಾಗಿ ಸಾಮಾಜಿಕ ಒಗ್ಗೂಡಿಕೆ ಹಾಗೂ ಸಮಾನತೆಯನ್ನು ಎತ್ತಿ ಹಿಡಿಯುವುದು, ಸಂಕೀರ್ಣ ಪಾತ್ರದೊಂದಿಗೆ ಸಾಮಾಜಿಕ ಹಿತಾಸಕ್ತಿ ಪೋಷಣೆ, ನೇತೃತ್ವ ಸೇವೆ ಹಾಗೂ ಉತ್ತಮ ಆಡಳಿತ ಒಂದು ಸಂಸ್ಥೆಯ ಹೊಣೆಯಾಗಿರುತ್ತದೆ. ಸಮಾಜ, ಪರಿಸರಗಳ ಸಮಗ್ರ ಪರಿಕಲ್ಪನೆಯಲ್ಲಿ ವ್ಯವಹಾರ ಪ್ರಶಾಸನ ನಡೆಸುವುದು ದೂರಗಾಮಿ ಯಶಸ್ಸು ಅರ್ಹತೆ ಮತ್ತು ಬಾಳಿಕೆಗೆ ತಳಹದಿಯಾಗಿದೆ. ಇದರ ಪೂರ್ಣ ಅರಿವಿನೊಂದಿಗೆ ನಿಮ್ಮ ಬ್ಯಾಂಕು, ಸಾಮಾಜಿಕ ಜವಾಬ್ದಾರಿಗಳನ್ನು ಸತತ ಸ್ಥಿರತೆಯಲ್ಲಿ ನಿರಂತರವಾಗಿ ಕ್ರಮಿಸುತ್ತಿದೆ. ಹೀಗೆ ಸಾಂಸ್ಥಿಕ ಸಾಮಾಜಿಕ ಜವಾಬ್ದಾರಿಯ ಬ್ಯಾಂಕಿನ ಉಪಕ್ರಮವು, ಸಮಾಜ ಪರಿಸರ ಹಾಗೂ ಆರ್ಥಿಕ ಮೌಲ್ಯಗಳ ಉನ್ನತಿಗೆ ಧನಾತ್ಮಕ ಚಟುವಟಿಕೆಗಳಾಗಿ ಯೋಜಿತಗೊಂಡಿದ್ದು, ತನ್ಮೂಲಕ ಸಮಾಜ ಮತ್ತು ವ್ಯವಹಾರ ಉನ್ನತಿಗೆ ಇದು ಸಹಕಾರಿಯಾಗುತ್ತದೆ. ಈ ದಿಶೆಯಲ್ಲಿ ಬ್ಯಾಂಕು ಸುದೀರ್ಘ ಕಾಲದಿಂದ ಸಾಮಾಜಿಕ ಉಪಕ್ರಮದಲ್ಲಿ ತನ್ನನ್ನು ತೊಡಗಿಸಿಕೊಳ್ಳುತ್ತಾ, ಅನೇಕ ಸಾಮಾಜಿಕ, ಸಾಂಸ್ಕೃತಿಕ, ಶೈಕ್ಷಣಿಕ ಇತ್ಯಾದಿ ಚಟುವಟಿಕೆಗಳಲ್ಲಿ ಭಾಗಿಯಾಗುತ್ತಾ, ಜ್ಞಾನಾಭಿವೃದ್ಧಿ

educational activities etc., aimed at improving the knowledge, standard of living and the quality of life of the people and society. The Bank firmly believes that being an integral part of society, it is the inclusive growth of society which contributes ultimately to the growth of the Bank.

FINANCIAL INCLUSION

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

All the branches of the Bank are under Core Banking Solution (CBS) and all the branches to be opened in future will also be under CBS. Out of 550 branches, Bank has 108 Rural branches and all these branches are provided with CBS offering all banking facilities to the rural clientele in the Gram Panchayaths or villages where these branches are located. All the rural branches are acting as financial literacy centers (FLCs) and imparting Banking literacy among the rural Populace.

Summary of activities undertaken by the Bank under Financial Inclusion Initiatives are as under:

1) Financial Literacy and Credit Counseling Centers (FLCCs):-

The Bank's first FLCC Center opened in B.C Road, Bantwal, Karnataka for the financial year 2012-13, conducted 176 financial literacy campaigns covering 55 villages. The second FLCC Center was opened at Kundagol, Dharwad District, Karnataka on 18.03.2013, in association with Jnana Jyothi FLCC Trust Manipal. In adherence to RBI guidelines all the rural branches of your Bank are conducting financial literacy camps. In the financial year 2013-14, the Bank is planning to open four additional FLCC Centers in Karnataka State in association with Jnana Jyothi FLCC Trust, Manipal.

2) Karnataka Farmers Resource Center (KFRC) :-

- The Bank is one of the trustees of the Karnataka Farmers Resource Center.
- The Bank has contributed ₹ 50.00 lakh towards capital expenditure/corpus of KFRC, Bagalkote.

ಜನಸಾಮಾನ್ಯರ ಬದುಕಿನ ಮಟ್ಟದ ಸುಧಾರಣೆ ಹಾಗೂ ಪ್ರಗತಿಗಾಗಿ ನಿರಂತರವಾಗಿ ಶ್ರಮಿಸುತ್ತಿದೆ. ಹೀಗೆ, ಸಮಾಜದ ಒಂದು ಭಾಗವೇ 'ತಾನು' ಎನ್ನುವುದನ್ನು ನಿಮ್ಮ ಬ್ಯಾಂಕು ದೃಢವಾಗಿ ನಂಬಿದ್ದು, ಸಮಾಜದ ಸರ್ವಾಂಗೀಣ ಅಭಿವೃದ್ಧಿಯೇ ಬ್ಯಾಂಕಿನ ಸರ್ವಾಂಗೀಣ ಅಭಿವೃದ್ಧಿಗೆ ಪೂರಕವಾಗುತ್ತದೆ ಎನ್ನುವ ನಿಲುವನ್ನು ಹೊಂದಿದೆ.

ವಿತ್ತೀಯ ಸೇರ್ಪಡೆ

ವಿತ್ತೀಯ ಸೇರ್ಪಡೆ ಎಂದರೆ ಅಧುನಿಕ, ಸುಸಜ್ಜಿತ ಪೂರ್ಣಸ್ವರದ ಬ್ಯಾಂಕಿಂಗ್ ಸೇವೆಯನ್ನು ಕೈಗೆಟುಕುವ ವೆಚ್ಚದಲ್ಲಿ ಕಡಿಮೆ ಆದಾಯದ ಜನ ಸಮುದಾಯಕ್ಕೆ, ಬ್ಯಾಂಕಿಂಗ್ ಸೇವೆಯನ್ನು ಪಡೆಯುವಷ್ಟು ಸ್ಥಿತಿ ಇಲ್ಲದವರಿಗೆ ತಲುಪಿಸುವುದೇ ಆಗಿದೆ. ಯಾವುದೇ ಸಾಮಾನ್ಯ ಆರ್ಥಿಕ ಸಂಸ್ಥೆಗಳ ಬೆಂಬಲವಿಲ್ಲದ ಸಮಾಜದ ದೀನಾತೀದಿನ ಮಂದಿಯ ಮನೆಬಾಗಿಲಿಗೆ ಬ್ಯಾಂಕಿಂಗ್ ಸೇವೆ ತಲುಪಿಸುವುದು ವಿತ್ತೀಯ ಸೇರ್ಪಡೆಯ ಉದ್ದೇಶ. ವಿತ್ತೀಯ ಸೇರ್ಪಡೆ ಯೋಜನೆಯಲ್ಲಿ ಬರೇ ಖಾತೆ ತೆರೆಸುವುದಷ್ಟೇ ಅಲ್ಲ ಜನರನ್ನು ಬ್ಯಾಂಕಿನೊಂದಿಗೆ ನಿಕಟಗೊಳಿಸುವುದೇ ಆಗಿದೆ. ಜನಸಾಮಾನ್ಯರ ಸಣ್ಣ ಸ್ವರೂಪದ ಆರ್ಥಿಕ ಬೇಡಿಕೆಯನ್ನು ಪೂರೈಸುವುದು, ಬ್ಯಾಂಕಿನ ಪಾವತಿ ವ್ಯವಸ್ಥೆಯನ್ನು ಅವರಿಗೆ ಮುಕ್ತವಾಗಿಸುವುದು, ಹಣ ವರ್ಗಾವಣೆಯ ಸೌಲಭ್ಯವನ್ನು ಅವರಿಗೆ ಪರಿಚಯಿಸುವುದು, ಆರೋಗ್ಯ ಮತ್ತು ಜೀವವಿಮಾ ಬಾಲಿಗಳನ್ನು ಅವರಿಗೆ ಮನದಟ್ಟಾಗಿಸುವುದು ಒಗ್ಗೂಡಿಕೆಯ ಕೆಲವೊಂದು ಮಾರ್ಗಗಳಾಗಿವೆ. ಬ್ಯಾಂಕಿಂಗ್ ಸೇವಾ ವಂತಿತರಿಗೆ/ಬ್ಯಾಂಕ್ ಇಲ್ಲದೇ ಇರುವ ಹಳ್ಳಿಗಳಿಗೂ ಬ್ಯಾಂಕ್ ಖಾತೆಯನ್ನು ಮಿಸ್ತರಿಸುವಲ್ಲಿ ಸಾಕಷ್ಟು ಸಂಪನ್ಮೂಲ ಆಕರಣೆಯಲ್ಲಿ ಪ್ರಯತ್ನಗಳು ಸಾಗಿವೆ.

ಬ್ಯಾಂಕಿನ ಎಲ್ಲಾ ಶಾಖೆಗಳು 'ಕೋಲ್ ಬ್ಯಾಂಕಿಂಗ್ ಸೊಲ್ಯೂಶನ್' ತಂತ್ರಜ್ಞಾನ ವ್ಯತಿಪಾದವು. ಹಾಗೆಯೇ ಮುಂದೆ ತೆರೆಯುವ ಎಲ್ಲಾ ಶಾಖೆಗಳೂ 'ಕೋಲ್ ಬ್ಯಾಂಕಿಂಗ್ ಸೊಲ್ಯೂಶನ್' ಕಾರ್ಯಜಾಲದಲ್ಲೇ, ಸ್ಥಾಪನೆಗೊಳ್ಳುತ್ತವೆ. ಬ್ಯಾಂಕಿನ ಒಟ್ಟು 550 ಶಾಖೆಗಳಲ್ಲಿ, 108 ಶಾಖೆಗಳು ಗ್ರಾಮಾಂತರ ಶಾಖೆಗಳಾಗಿದ್ದು, ಈ ಶಾಖೆಗಳು ಸಿಬಿಎಸ್ ಆಧಾರಿತ ಆತ್ಮನೃತ್ಯ, ಅಧುನಿಕ ಸೇವೆಯನ್ನು ಆಯಾ ಗ್ರಾಮ ಪಂಚಾಯತ್ ವ್ಯಾಪ್ತಿಯ ಸರ್ವರಿಗೂ ನೀಡುತ್ತಿವೆ. ಗ್ರಾಮೀಣ ಪರಿಸರದ ಎಲ್ಲಾ ಶಾಖೆಗಳು ಆರ್ಥಿಕ ಸಾಕ್ಷರತಾ ಕೇಂದ್ರಗಳಾಗಿ ರೂಪುಗೊಂಡು, ಗ್ರಾಮೀಣ ಜನರಿಗೆ ಬ್ಯಾಂಕಿಂಗ್ ಸಾಕ್ಷರತೆಯನ್ನು ಬಿತ್ತಿ ಬಿಳಿಸುವಲ್ಲಿ ಯಶಸ್ವಿಯಾಗಿವೆ.

ವಿತ್ತೀಯ ಸೇರ್ಪಡೆ ಯೋಜನೆಯಡಿ ಬ್ಯಾಂಕು ಕೈಗೊಂಡ ವಿವಿಧ ಆರ್ಥಿಕ ಒಗ್ಗೂಡಿಕೆಯ ಚಟುವಟಿಕೆಗಳ ಸಾರಾಂಶ ಕೆಳಗಿನಂತಿವೆ.

- 1) ಆರ್ಥಿಕ ಸಾಕ್ಷರತೆ ಮತ್ತು ಮುಂಗಡ ಸಮಾಲೋಚನಾ ಕೇಂದ್ರಗಳು
ಬ್ಯಾಂಕಿನ ಪ್ರಥಮ ಆರ್ಥಿಕ ಸಾಕ್ಷರತಾ ಮತ್ತು ಮುಂಗಡ ಸಮಾಲೋಚನಾ ಕೇಂದ್ರವು ಕರ್ನಾಟಕ ರಾಜ್ಯದ ಬಂಟ್ವಾಳ- ಬಿ.ಸಿ.ರೋಡ್‌ನಲ್ಲಿ ಆರ್ಥಿಕ ವರ್ಷ 2012-13 ಸ್ಥಾಪನೆಗೊಂಡು 55 ಹಳ್ಳಿಗಳನ್ನು ಒಳಗೊಂಡಂತೆ 176 ಆರ್ಥಿಕ ಸಾಕ್ಷರತೆ ಅಂದೋಲನವನ್ನು ನಡೆಸಿತು. ಎರಡನೇ ಇಂತಹ ಕೇಂದ್ರವು ಕರ್ನಾಟಕ ರಾಜ್ಯದ ಧಾರವಾಡ ಜಿಲ್ಲೆಯ ಕುಂದಗೋಲ್‌ನಲ್ಲಿ 18.03.2013ರಂದು ಮಣಿಪಾಲದ ಜ್ಞಾನಚ್ಯೋತಿ ಎಫ್‌ಎಲ್‌ಸಿಟಿ ಟ್ರಸ್ಟ್ ಸಹಯೋಗದೊಂದಿಗೆ ಪ್ರಾರಂಭಗೊಂಡಿತು. ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ ಮಾರ್ಗದರ್ಶಿ ಸೂತ್ರದಂತೆ ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ಎಲ್ಲಾ ಗ್ರಾಮಾಂತರ ಶಾಖೆಗಳು ಆರ್ಥಿಕ ಸಾಕ್ಷರತಾ ಕ್ಯಾಂಪ್‌ಗಳನ್ನು ಯಶಸ್ವಿಯಾಗಿ ಜರಗಿಸುತ್ತಿವೆ. ಆರ್ಥಿಕ ವರ್ಷ 2013-14ರಲ್ಲಿ ಮಣಿಪಾಲದ ಜ್ಞಾನಚ್ಯೋತಿ ಎಫ್‌ಎಲ್‌ಸಿಟಿ ಟ್ರಸ್ಟ್ ಸಹಯೋಗದೊಂದಿಗೆ ಇನ್ನೊಂದು ಕೇಂದ್ರವನ್ನು ಕರ್ನಾಟಕ ರಾಜ್ಯದಲ್ಲಿ ತೆರೆಯುವ ಯೋಜನೆ ಬ್ಯಾಂಕಿನ ಮುಂದಿದೆ.
- 2) ಕರ್ನಾಟಕ ರೈತರ ಸಂಪನ್ಮೂಲ ಕೇಂದ್ರ
 - 'ಕರ್ನಾಟಕ ರೈತರ ಸಂಪನ್ಮೂಲ ಕೇಂದ್ರ' ದ ಟ್ರಸ್ಟಿಗಳಲ್ಲಿ ಕರ್ನಾಟಕ ಬ್ಯಾಂಕ್ ಸಹ ಒಂದು.
 - ಬಾಗಲಕೋಟೆಯ ಕರ್ನಾಟಕ ರೈತರ ಸಂಪನ್ಮೂಲ ಕೇಂದ್ರಕ್ಕೆ ಮೂಲ ವೆಚ್ಚ/ ಮೂಲ ಧನಕ್ಕಾಗಿ ಕರ್ನಾಟಕ ಬ್ಯಾಂಕ್ ₹ 50 ಲಕ್ಷ ಕೊಡುಗಿ ನೀಡಿದೆ.

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

The Bank is Participating in Govt. of Karnataka (GOK) EBT Pilot project for NREGA/SSP beneficiaries under – "One District –Many Bank Model" with tie up arrangement with M/s Integra Microsystems for technology as well as for providing service. Payments under EBT have commenced in five Gram Panchayath locations in Chitradurga, Bellary and Yadgir districts. During the financial year 2012-13, the Bank has disbursed an amount of ₹ 20.04 lakhs under NREGA/SSP payments scheme by using smart card and hand held machines.

4) Revised strategy and Guidelines for Financial Inclusion Plan

In tune with the revised Strategy & Guidelines of Department of Financial Services(DFS), Ministry of Finance, GOI , the Financial Inclusion Plan of the Bank has been revised . Under the revised Plan, 207 Gram Panchayats consisting of 1002 villages with a total population of about 10,31,000 as per 2001 census has been allocated to the Bank in Karnataka, Andhra Pradesh & Chhattisgarh states. 85 Gram Panchayats (406 villages with a total population of about 5,23,099 as per 2001 census) are covered by brick and mortar branches. These branches will be responsible for all financial inclusion activities. During the financial year, the Bank has opened 10 small branches across the country. In the remaining 122 Gram Panchayats consisting of 591 villages with an approximate population of 5,11,059 as per 2001 census, banking services will be provided through Business Correspondent Model with Ultra Small Branches (USBs). As on date the Bank has opened 26 USBs in Tumkur, Mysore, Dharwad (Karnataka State) and Ananthpur Districts (Andhra Pradesh State). The remaining locations will be covered by 31.12.2013.

5) Direct Benefit Transfer :

The Bank is actively participating in Direct Benefit Transfer (DBT) programme of GOI wherein, benefits under various schemes will be transferred directly to the beneficiaries of 'Aadhaar' enabled bank accounts. For this purpose, the Bank has already on boarded with NPCI for Aadhaar Payment Bridge System (APBS) under National Automated Clearing House (NACH). In this direction more than 1 lakh accounts had been seeded with Aadhaar number, out of which, 40,000 accounts had been enabled as 'Aadhaar Enabled Accounts'.

3) ವಿದ್ಯುನ್ಮಾನ ಫಲ ವರ್ಗಾವಣೆ-ಕರ್ನಾಟಕ ಸರ್ಕಾರದ ಮಾರ್ಗದರ್ಶಿ ಯೋಜನೆ:

ನಿಮ್ಮ ಬ್ಯಾಂಕು ಕರ್ನಾಟಕ ಸರ್ಕಾರದ ಮಾರ್ಗದರ್ಶಿ ಯೋಜನೆ ವಿದ್ಯುನ್ಮಾನ ಫಲ ವರ್ಗಾವಣೆಯಲ್ಲಿ ಪಾಲುಗೊಂಡಿದೆ. ಈ ಯೋಜನೆಯು ನ್ಯಾಶನಲ್ ರೂರಲ್ ಎಂಪ್ಲಾಯ್‌ಮೆಂಟ್ ಗ್ಯಾರಂಟಿ ಸ್ಕೀಮ್ ಮತ್ತು ಸೋಶಿಯಲ್ ಸೆಕ್ಯೂರಿಟಿ ಖೆನ್‌ಶನ್ ಫಲಾನುಭವಿಗಳಿಗೆ ಒಂದು ಜಿಲ್ಲೆ - ಒಂದು ಬ್ಯಾಂಕ್ ಮಾದರಿ ಎನ್ನುವ ಶಿರೋನಾಮೆಯಡಿ, ಮೆಣ್ಣು ಇಂಟಿಗ್ರಾ ಮೈಕ್ರೋಸಿಸ್ಟಮ್ಸ್ ಅನುಬಂಧದೊಂದಿಗೆ ವಿದ್ಯುನ್ಮಾನ ಫಲ ವರ್ಗಾವಣೆಯನ್ನು ಆರಂಭಿಸಿದೆ. ಚಿತ್ರದುರ್ಗ, ಬಳ್ಳಾರಿ ಮತ್ತು ಯಾದಗಿರಿ ಜಿಲ್ಲೆಗಳ ಐದು ಗ್ರಾಮ ಪಂಚಾಯತಿನ ಫಲಾನುಭವಿಗಳಿಗೂ ಸಹ ವಿದ್ಯುನ್ಮಾನ ಫಲ ವರ್ಗಾವಣೆ ನಮ್ಮ ಶಾಖೆಗಳಿಂದ ನಡೆಯುತ್ತಿದೆ. ಆರ್ಥಿಕ ವರ್ಷ 2012-13ರಲ್ಲಿ ಬ್ಯಾಂಕು ₹ 20.04 ಲಕ್ಷ ಹಣವನ್ನು ಎನ್‌ಆರ್‌ಇಡಿಎ ಮತ್ತು ಎಸ್‌ಎಸ್‌ಪಿ ಫಲಾನುಭವಿಗಳಿಗೆ ಸ್ಮಾರ್ಟ್‌ಕಾರ್ಡ್ ಹಾಗೂ ಕರೆಯುತ್ತಿರುವ ಮೂಲಕ ವಿತರಿಸಿದೆ.

4) ವಿತ್ತೀಯ ಸೇವೆಗಳ ಯೋಜನೆ: ಪರಿಷ್ಕೃತ ಕಾರ್ಯತಂತ್ರ ಮತ್ತು ಮಾರ್ಗದರ್ಶಿ:

ಕೇಂದ್ರ ಸರ್ಕಾರದ ವಿತ್ತ ಸಚಿವಾಲಯದ ಆರ್ಥಿಕ ಸೇವಾ ವಿಭಾಗ, ವಿತ್ತೀಯ ಸೇವೆಗಳ ಯೋಜನೆಯ ಪರಿಷ್ಕೃತ ಕಾರ್ಯತಂತ್ರ ಮತ್ತು ಮಾರ್ಗದರ್ಶಿ ಯನ್ವಯ ಬ್ಯಾಂಕಿನ ವಿತ್ತೀಯ ಸೇವೆಗಳ ಯೋಜನೆ ಪರಿಷ್ಕೃತಗೊಂಡಿದೆ. ಪರಿಷ್ಕೃತ ಯೋಜನೆಯಂತೆ 207 ಗ್ರಾಮಪಂಚಾಯತ್ ವ್ಯಾಪ್ತಿಯ 1002 ಹಳ್ಳಿಗಳ ಒಟ್ಟು ಜನಸಂಖ್ಯೆ ಸುಮಾರು 10,31,000 (2001 ಜನಗಣತಿಯಂತೆ) ಮಂದಿ, ಕರ್ನಾಟಕ, ಆಂಧ್ರಪ್ರದೇಶ ಮತ್ತು ಛತ್ತೀಸ್‌ಘರ್ ರಾಜ್ಯ ಸೇರಿದಂತೆ, ನಿಮ್ಮ ಬ್ಯಾಂಕಿನ ವ್ಯಾಪ್ತಿಗೆ ಹೆಚ್ಚುತ್ತಿದ್ದಾರೆ. 85 ಗ್ರಾಮಪಂಚಾಯತ್‌ಗಳು (406 ಹಳ್ಳಿಗಳ ಸುಮಾರು 5,23,099 ಮಂದಿ - 2001ರ ಜನಗಣತಿಯಂತೆ) ಬ್ರಿಕ್ ಅಂಡ್ ಮಾರ್ಟರ್ ಶಾಖೆಗಳ ಸೇವೆ ಪಡೆಯುತ್ತಿವೆ. ಈ ಶಾಖೆಗಳು ವಿತ್ತೀಯ ಸೇವೆಗಳನ್ನು ಪರಿಷ್ಕೃತ ಕಾರ್ಯತಂತ್ರದ ಪೂರ್ಣ ಅವಿಷ್ಕಾರದ ಜವಾಬ್ದಾರಿ ಹೊತ್ತಿವೆ. ಪ್ರಸ್ತುತ ಆರ್ಥಿಕ ವರ್ಷದಲ್ಲಿ ಬ್ಯಾಂಕು ದೇಶಾದ್ಯಂತ 10 ಚಿಕ್ಕ ಶಾಖೆಗಳನ್ನು ಪ್ರಾರಂಭಿಸಿದೆ. ಉಳಿದ 122 ಗ್ರಾಮ ಪಂಚಾಯತ್‌ನ 591 ಹಳ್ಳಿಗಳ ಸುಮಾರು 5,11,059 (2001ರ ಜನಗಣತಿಯಂತೆ) ಮಂದಿಗೆ, ಬ್ಯಾಂಕಿಂಗ್ ಸೇವೆಯು ಬ್ಯುಸಿನೆಸ್ ಕರೆಸ್ಪಾಂಡೆಂಟ್ ಮಾಡೆಲ್/ಆತೀ ಸಣ್ಣ ಶಾಖೆಗಳ ಮೂಲಕ ನೀಡಬೇಕಾಗಿದೆ. ಇಂದಿನ ದಿನಾಂಕದಂದು ಬ್ಯಾಂಕು 26 ಆತೀ ಸಣ್ಣ ಶಾಖೆಗಳನ್ನು ತುಮಕೂರು, ಮೈಸೂರು, ಧಾರವಾಡ (ಕರ್ನಾಟಕ ರಾಜ್ಯ) ಮತ್ತು ಅನಂತಪುರ ಜಿಲ್ಲೆ (ಆಂಧ್ರಪ್ರದೇಶ ರಾಜ್ಯ)ಯಲ್ಲಿ ಕರೆದಿದೆ. ಉಳಿದ ಪ್ರದೇಶಗಳನ್ನು 31-12-2013ರ ಒಳಗೆ ಸೇವಾವ್ಯಾಪ್ತಿಗೆ ತರಲಾಗುವುದು.

5) ನೇರ ಫಲ ವರ್ಗಾವಣೆ:

ಕೇಂದ್ರ ಸರ್ಕಾರದ 'ನೇರ ಫಲ ವರ್ಗಾವಣೆ' ಯೋಜನೆಯಲ್ಲಿ ಬ್ಯಾಂಕು ಭಾಗವಹಿಸಿದ್ದು, ವಿವಿಧ ಯೋಜನೆಗಳ ಫಲಾನುಭವಿಗಳ ಫಲ ಬ್ಯಾಂಕಿನ ಶಾಖೆಗಳ ಮೂಲಕ ನೇರವಾಗಿ ಆಧಾರ್ ಕಾರ್ಡ್ ಸಂಯೋಜಿತ ಬ್ಯಾಂಕ್ ಖಾತೆಗೆ ಜಮಾಾಗೊಳ್ಳಲಿದೆ. ಈ ಉದ್ದೇಶಕ್ಕಾಗಿ ಬ್ಯಾಂಕು ಈಗಾಗಲೇ ಆಧಾರ್ ಪೇಮೆಂಟ್ ಬ್ರಿಡ್ಜ್ ಸಿಸ್ಟಂ ನೊಂದಿಗೆ (ನ್ಯಾಷನಲ್ ಅಟೋಮೆಟೆಡ್ ಕ್ಲಿಯರಿಂಗ್ ಹೌಸ್ ಅಧೀನದ) ಹೆಚ್ಚೆ ಇರಿಸಿದೆ. ಈ ದಿನಯಲ್ಲಿ 1 ಲಕ್ಷಕ್ಕೂ ಅಧಿಕ ಖಾತೆಗಳು ಆಧಾರ್ ಕಾರ್ಡ್ ಸಂಖ್ಯೆ ನಮೂದಿತ ಖಾತೆಗಳಾಗಿದ್ದು ಅವುಗಳಲ್ಲಿ 40,000 ಖಾತೆಗಳು 'ಆಧಾರ್ ಆಧಾರಿತ ಖಾತೆ'ಗಳಾಗಿವೆ.

AWARDS AND RECOGNITIONS

Your Bank bagged the following awards during the year under report in recognition of its technology initiatives, operational excellence and customer friendliness:

- 1) IBA Banking Technology Awards 2011: Adjudged as the Second Runner Up for the Best Financial Inclusion Initiatives under the category of Private Sector Banks.
- 2) IBA Banking Technology Awards 2011: Adjudged as the Second Runner Up for the Best Risk Management and Security Initiatives under the category of Private Sector Banks.
- 3) NFS- Operational Excellence Awards 2012: Special Jury Award for Excellent Performance in Key Parameters in respect of ATMs and Switch connected to NFS ATM network.
- 4) 'Best Banker in Customer Friendliness-Runner Up' award in the Midsized Banks' category at the 'Sunday Standard Finwiz 2012 Best Bankers' awards instituted by the New Indian Express Group.

Further, your Bank has received ISO 27001:2005 certificate for three IT set-ups viz. Data Centre, Near Line Site and Head Office –IT Department including Disaster Recovery Site from NQA, a leading assessment, verification and certification body accredited to the United Kingdom Accreditation Service (UKAS)

ACKNOWLEDGEMENTS

Your Directors would like to place on record their sincere gratitude to the RBI, 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 the employees, for their contribution in your Bank's quest for sustained growth and profitability and look forward to their continued contribution in scaling greater heights.

For and on behalf of the Board of Directors

Place : Mangalore
Date : May 15th, 2013

Ananthkrishna
Chairman

ಪ್ರಶಸ್ತಿಗಳು ಮತ್ತು ಸನ್ಮಾನಗಳು:

ವರದಿ ವರ್ಷದಲ್ಲಿ ನಿಮ್ಮ ಬ್ಯಾಂಕು ತನ್ನ ತಂತ್ರಜ್ಞಾನ ಅಭಿಗಮನ, ವ್ಯವಹಾರ ಉತ್ಕೃಷ್ಟತೆ ಮತ್ತು ಗ್ರಾಹಕ ಸೇವೆ ವಿಭಾಗದಲ್ಲಿ ಗುರುತಿಸಲ್ಪಟ್ಟ ಈ ಕೆಳಗಿನ ಪ್ರಶಸ್ತಿಗಳನ್ನು ಪಡೆದಿರುತ್ತದೆ.

1. ಐಬಿಎ ಬ್ಯಾಂಕಿಂಗ್ ಟೆಕ್ನೋಲಜಿ ಅವಾರ್ಡ್ 2011: ಖಾಸಗಿರಂಗದ ಬ್ಯಾಂಕುಗಳಲ್ಲಿ ವಿತ್ತೀಯ ಸೇರ್ಪಡೆ ಯೋಜನೆಯನ್ನು ಪರಿಣಾಮಕಾರಿಯಾಗಿ ಆಯೋಜಿಸಿದ ಉತ್ತಮ ಬ್ಯಾಂಕ್ - ದ್ವಿತೀಯ - ರನ್ನರ್ ಆಪ್ ಪ್ರಶಸ್ತಿ
2. ಐಬಿಎ ಬ್ಯಾಂಕಿಂಗ್ ಟೆಕ್ನೋಲಜಿ ಅವಾರ್ಡ್ 2011: ಖಾಸಗಿರಂಗದ ಉತ್ತಮ ಅಪಾಯ ನಿರ್ವಹಣೆ ಮತ್ತು ಭದ್ರತಾ ಉಪಕ್ರಮಕ್ಕಾಗಿ - ದ್ವಿತೀಯ ರನ್ನರ್ ಆಪ್ ಪ್ರಶಸ್ತಿ
3. ಎನ್ ಎಫ್ ಎಸ್: ಆಪರೇಶನ್ ಎಕ್ಸಲೆನ್ಸ್ ಅವಾರ್ಡ್ 2012: ವಿಶೇಷ ಜೂರಿ ಪ್ರಶಸ್ತಿ - ಎಟಿಎಂ ಸಂಬಂಧಿಸಿ ಅತ್ಯುತ್ತಮ ನಿರ್ವಹಣೆಗಾಗಿ.
4. ನ್ಯೂ ಇಂಡಿಯನ್ ಎಕ್ಸ್‌ಪ್ರೆಸ್ ಗ್ರೂಪ್ ಆಯೋಜಿಸಿದ ಸಂಡೇ ಸ್ಟಾಂಡರ್ಡ್ ಫಿನ್‌ವಿಜ್ 2012 ಬೆಸ್ಟ್ ಬ್ಯಾಂಕರ್ಸ್ ಅವಾರ್ಡ್: ಬೆಸ್ಟ್ ಬ್ಯಾಂಕರ್ ಇನ್ ಕಸ್ಟಮರ್ ಫ್ರೆಂಡ್ಲಿನೆಸ್ - ರನ್ನರ್ ಆಪ್ ಪ್ರಶಸ್ತಿ

ಇದಲ್ಲದೇ, ನಿಮ್ಮ ಬ್ಯಾಂಕು ಐಎಸ್ಒ 27001:2005 ಪ್ರಶಂಸಾಪತ್ರವನ್ನು ದತ್ತಾಂಶ ಕೇಂದ್ರ (ಮೂಲ ಸ್ಥಾನ) ಹಾಗೂ ಪ್ರಧಾನ ಕಛೇರಿ - ಐಟಿ ವಿಭಾಗ ಮತ್ತು ವಿವಿಧ ಪುನರೋಪಣೆ ಕೇಂದ್ರ ಇವುಗಳ ಅತ್ಯುತ್ತಮ ನಿರ್ಮಿತಗಾಗಿ ಎನ್‌ಕ್ಯೂಎ ಇಂದ (ಯುನೈಟೆಡ್ ಕಿಂಗ್‌ಡಮ್ ಎಕ್ಸಿಲೆನ್ಸ್ ಸರ್ವಿಸ್ ಪ್ರಾಯೋಜಿತ) ಪಡೆದಿದೆ.

ಕೃತ್ಯವೇಗಗಳು:

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

ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ಪರವಾಗಿ ಮತ್ತು ಅಪ್ಪಣೆಯೊಂದಿಗೆ.

ಸ್ಥಳ : ಮಂಗಳೂರು
ದಿನಾಂಕ: ಮೇ 15, 2013

ಅನಂತಕೃಷ್ಣ
ಅಧ್ಯಕ್ಷರು

ANNEXURES FORMING PART OF DIRECTORS' REPORT

ANNEXURE - I

Disclosure in respect of Employee Stock Option Scheme pursuant to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999.

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

The status of the options outstanding under the Employee Stock Option Scheme ESOS- 2006 as at March 31, 2013 is as under:

Total grants authorized under the Scheme	15,00,000 shares		
	Series 1	Series 2	Series 3
Number of Options outstanding at the beginning of the year.	221688	1798	196154
Number of Options granted during the year	Nil	Nil	Nil
Pricing formula -After adjustments for the rights issue	₹ 46.20 per option/share	₹ 46.20 per option/share	₹ 46.20 per option/share
Number of Options vested during the year	Nil	Nil	Nil
Number of Options exercised during the year	21842	0	37178
Total Number of shares arising as a result of exercise of options during the year	21842	0	37178
Options lapsed / forfeited / cancelled (nos)	10325	0	10791
Variation of terms of options	Nil	Nil	Nil
Money realized by exercise of options, including premium (₹)	1009100.40	0	1717623.60
Total Number of Options in force as on March 31, 2013.	189521	1798	148185
Grant to senior Managerial personnel during the year	Nil	Nil	Nil
Employees receiving 5 percent or more of the total number of options granted during the year	Nil	Nil	Nil
Employees granted options equal to or exceeding 1 percent of the issued capital	Nil	Nil	Nil

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

ANNEXURE - II**DISCLOSURE UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (PILLAR III OF BASEL II GUIDELINES) FOR THE YEAR ENDED 31ST MARCH 2013.****1. SCOPE OF APPLICATION**

The Karnataka Bank Limited is a premier private sector bank which was incorporated on February 18th 1924 at Mangalore. The Bank does not have any subsidiary/Associate companies under its Management.

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

2. CAPITAL STRUCTURE

	Particulars	No. of equity shares	Face value per share (₹)	Amount (₹ in crore)
1	Authorized Capital	300000000	10	300.00
2	Issued Capital	188368058	10	188.37
3	Subscribed Capital	188359660	10	188.36
4	Paid up Capital	188343110	10	188.35

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

During the year the Bank has allotted 59020 equity shares to employees under its Employee Stock Option Plan.

The Bank has also raised Tier II capital (Subordinated Debt), with an aggregate value of ₹ 600.00 crore as on 31.03.2013 as per the table below:

Date of allotment	Date of redemption	Rate of Interest	Amount (₹ in Crore)
30-06-2007	30-06-2017	10.50%	120.50
29-03-2008	29-03-2018	10.25%	29.50
27-09-2008	27-09-2018	11.25%	200.00
17-11-2012	17-11-2022	11.00%	250.00
TOTAL			600.00

Breakup of Capital Funds:

The Tier I Capital of the Bank comprises of (₹ in crore)

1	Paid up Capital (Including forfeited shares)	188.35
2	Reserves	2631.47
	Total	2819.82

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

1	Undisclosed reserves	14.95
2	General Provisions and Loss Reserves	142.89
3	Subordinated debts eligible for inclusion in Lower Tier 2 Capital	570.00
	Total	727.84

The total eligible capital comprises of (₹ in crore)

1	Tier I Capital	2819.82
2	Tier II Capital	727.84
	Total	3547.66

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

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

(₹ in crore)

A	Capital requirement for Credit Risk	
	-Portfolios subject to Standardized approach	2160.00
	-Securitization exposures	0
B	Capital requirement for Market Risk	
	Standardized duration approach	128.07
	-Interest rate Risk	87.14
	-Foreign exchange risk	1.80
	-Equity Risk	39.13
C	Capital requirement for Operational Risk	
	-Basic Indicator approach	127.37
D	Total Capital requirement	2415.44
E	Total Capital Funds of the Bank	3547.66
F	Total Risk Weighted Assets	26838.33
G	Capital Adequacy Ratio of the Bank (%)	13.22
H	Tier I CRAR (%)	10.51
I	Tier II CRAR (%)	2.71

3. RISK MANAGEMENT: OBJECTIVES AND ORGANIZATIONAL STRUCTURE

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

a. Objectives and Policies

The Bank's risk management processes are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring through the sub-committees of the Board of Directors. The Bank has a well documented Board approved 'Risk Management Policy' in place. The Board sets the overall risk appetite and philosophy for the Bank. The Board of Directors, the Integrated Risk Management Committee (IRMC) and the Audit Committee of the Board (ACB) 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 the Credit Policy Committee (CPC), the Asset Liability Management Committee (ALCO) and the Operational Risk Management Committee (ORMC). An Integrated Risk Management Committee (IRMC) evaluates the overall risk factors faced by the bank and directly reports to the Board of directors.

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

4. CREDIT RISK MANAGEMENT

Bank has developed an online comprehensive credit risk rating system for all borrower accounts. Risk rating of borrowers 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] and facility rating. Accordingly, the Bank rates the 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 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 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 risks.

Credit sanction and related processes

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

1. Sound credit approval process with well laid credit sanctioning criteria is in place.
2. The acceptability of credit exposure is 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 is done to ensure optimal spread of risk across various rating classes to prevent undue risk concentration across any particular industry segments and for monitoring credit risk migration.
4. Sector specific studies are periodically undertaken to highlight risk and opportunities in those sectors.
5. Rating linked exposure norms have been adopted by the Bank.
6. Industry-wise exposure ceilings are based on the industry performance, prospects and the competitiveness of the sector.
7. Separate risk limits are set out 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 of 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.

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. The Bank captures the Concentration risk by monitoring the geographical exposure.

Geographic distribution of credit exposure

(₹ in crore)

Sl. No.	State / Union Territory	Fund based	Non Fund based	Total
1	Andhra Pradesh	2482.00	598.73	3080.73
2	Assam	41.74	32.95	74.69
3	Bihar	14.61	0.01	14.62
4	Chandigarh	54.27	3.99	58.26
5	Chattisgarh	277.51	40.41	317.92
6	Delhi	3169.87	445.79	3615.66
7	Goa	142.67	35.39	178.06
8	Gujarat	265.79	33.90	299.69
9	Haryana	712.41	278.62	991.03
10	Jharkhand	34.34	1.48	35.82
11	Karnataka	10755.90	1089.84	11845.74
12	Kerala	271.62	6.59	278.21
13	Madhya Pradesh	212.02	11.33	223.35
14	Maharashtra	5292.61	764.72	6057.33
15	Odisha	479.14	51.10	530.24
16	Pondicherry	30.26	1.46	31.72
17	Punjab	365.87	57.28	423.15
18	Rajasthan	746.10	21.40	767.50
19	Tamilnadu	2518.48	344.45	2862.93
20	Uttar Pradesh	589.07	146.98	736.05
21	Uttarakhand	49.81	2.25	52.06
22	West Bengal	918.73	131.10	1049.83
	Total gross credit	29424.82	4099.77	33524.59

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

Exposure to Industries

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

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

Disclosure for portfolios subject to the standardized approach

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

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

(₹ in crore)

SI No	Risk weight	Exposure Outstanding
1	Below 100%	8217.32
2	100%	10196.99
3	More than 100%	3424.50
	Total	21838.81

Credit Risk Mitigation: Disclosures for Standardized Approach

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

Types of eligible financial collateral / Guarantors:

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

This includes cash, Bank's own deposits, gold (including bullion and jewellery, subject to collateralized jewellery being notionally converted/benchmarked to 99.99% 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 classified as senior debt, certain mutual fund units where daily Net Assets Value (NAV) is available in public domain .

Eligible Guarantors (counter-guarantors):

Credit protection given by the following entities is recognized:

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

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

(₹ in crore)

Eligible financial collaterals after haircuts	4475.71
Eligible guarantors	1847.36

Definition of Non-Performing Assets

The 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

A. Total gross credit including geographical distribution of exposures (₹ in crore)

	Domestic	Overseas	Total
Fund Based	29424.82	Nil	29424.82
Non Fund based	4099.77	Nil	4099.77
Total	33524.59	Nil	33524.59

B. Distribution of Credit Exposure by Industry Sector

(₹ in crore)

SI.No.	Industry Classification	Fund based	Non funded
1	Coal and Mining	99.08	2.29
2	Iron and Steel	764.08	80.46
3	Metal and Metal Products	327.69	95.16
4	Other Engineering	548.40	224.41
5	Wood Based Industries	72.29	152.53
6	Electronics	24.00	3.65
7	Cotton Textiles	753.59	98.71
8	Jute Textiles	6.08	0.75
9	Other Textiles	775.76	88.25
10	Tea Industry	51.85	0.28
11	Khandasari and Sugar	33.60	2.11
12	Vegetable Oil	16.62	0.05
13	Tobacco and Tobacco Products	0.88	0.00
14	Paper and paper Products	225.36	18.46
15	Rubber and Rubber Products	13.12	4.23
16	Plastic and Plastic Products	225.85	72.96
17	Chemicals , Dyes	75.96	22.28
18	Drugs and Pharmaceuticals	104.83	35.18
19	Cement and Cement products	321.23	18.31
20	Leather and Leather products	39.92	18.49
21	Petroleum Products	128.51	1.53
22	Distilleries, Breweries including soft drinks	27.63	1.54
23	Cashewnut Processing	16.48	0.00
24	Rice, Flour, Dhal Mills	64.28	6.00
25	Marine Products/Processing	0.01	0.00
26	Food and Food Products	129.79	4.98
27	Gems and Jewellery	529.99	72.14
28	Automobiles	324.72	13.00
29	Computer Software and Computer Hardware	31.76	22.76
30	All Other Industries	621.86	195.18
	TOTAL INDUSTRIAL ADVANCES	6355.22	1255.69

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

SI No	Industry / sectors classification	Percentage of the total credit exposure
1	Infrastructure advances	11.10

C. Residual contractual maturity of Advances and Investments

(₹ in crore)

SI No	Maturity Buckets	Advances	Investments
1	1 Day	613.44	310.69
2	2 to 7 Days	179.93	175.03
3	8 to 14 Days	224.45	0
4	15 to 28 Days	294.54	0
5	29 Days to 3 Months	1620.41	145.57
6	Over 3 Months to 6 Months	1719.59	135.33
7	Over 6 Months to 12 Months	3555.07	216.32
8	Over 1 Year to 3 Years	11376.94	1519.76
9	Over 3 Years to 5 Years	2618.14	1515.18
10	Over 5 Years	3005.17	9414.60
	Total	25207.68	13432.48

D. Classification of Non Performing Advances

(₹ in crore)

		Current Year	Previous Year
A	Amount of NPA's (Gross)	638.86	684.72
	-Substandard	342.41	362.44
	-Doubtful 1	216.00	116.37
	-Doubtful 2	37.53	173.34
	-Doubtful 3	15.81	9.84
	-Loss	27.11	22.73
B	Net NPAs	377.75	435.20

E. Non Performing Investments and movement of provision for depreciation on Investments (₹ in crore)

		Current Year	Previous Year
A	Amount of Non performing Investments	12.85	Nil
B	Amount of Provision held for Non performing Investments	12.85	Nil
C	Movement of provisions for depreciation on Investments		
1	Opening balance	119.36	68.54
2	Add: Provisions made during the year	NIL	50.82
3	Less: Write off/write back of excess provisions	31.44	Nil
4	Closing balance	87.92	119.36

5. MARKET RISK & LIQUIDITY RISK

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

For market risk arising out of various products in treasury and its business activities, the bank has set regulatory and internal limits and ensures adherence thereof. Migration of ratings is tracked regularly. Limits for exposures to counter-parties, industries and countries are monitored and the risks are controlled through Stop Loss, Overnight, Daylight, Aggregate Gap, Individual Gap Value at Risk (VaR) limits for Forex, inter-bank dealings and various investment limits.

For market risk management the Bank has a Mid-Office. The functions of Mid-Office are handled by the RMD

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

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

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

Market Risk in Trading Book

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

The capital requirements for market risk are detailed below: (₹ in crore)

SI No	Risk Category	Capital Charge
I	Interest Rate	87.14
II	Equity	39.13
III	Foreign Exchange, Gold and Derivatives	1.80
IV	Total Capital Charge for market Risk (I+II+III)	128.07

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

Interest rate risk is managed through gap analysis and duration gap analysis. Prudential limits have been fixed for impact on net Interest Income (NII), Net Interest margin (NIM), etc and monitoring Return on Assets(ROA).

The economic value i.e. impact on the capital fund due to change in interest rate by 200 bps on the economic value, is assessed at monthly intervals through duration gap method. As a prudential measure, a limit has been fixed for net duration gap of the assets and liabilities and the same is monitored at monthly intervals.

Earnings at Risk for 200 bps interest rate shock is estimated at ₹ 30.12 crore and change in the Market value of equity for 200 bps interest rate shock is 5.15%.

7. OPERATIONAL RISK

Strategies and Processes

The 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. The Bank has put in place a hierarchical structure to effectively manage operational risks through formation of an internal committee, viz., ORMC.

Scope and Nature of Operational Risk Reporting and Measurement Systems

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

An Operational Risk Management Policy approved by the IRMC 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 to 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 approaches.

ANNEXURE III

CORPORATE GOVERNANCE

Corporate Governance broadly refers to the set of systems, principles and processes by which a company is governed while fulfilling the goals and objectives of the company and also protecting the interest of all the stakeholders in the long run. It is based on the principle such as conducting the business with integrity and fairness, being transparent in all transactions, making all the necessary disclosures and complying with all the applicable laws, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner. Your Directors` present below a report on compliance of corporate governance requirements as prescribed under clause 49 of the listing agreement with the stock exchanges:

Philosophy of Corporate Governance

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

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

Board of Directors:

Composition of the Board: The Board of Directors of the Bank consists of 11 directors including the Managing Director. The constitution of the Board conforms to the provisions of Section 10 B of the Banking Regulation Act, 1949 and the corporate governance requirements. The Board consists of eminent persons drawn from specialized fields such as banking, finance, accountancy, law, agriculture and other areas as specified in the Banking Regulation Act. Except Mr P. Jayarama Bhat, Managing Director & CEO, all other directors on the Board are independent and non-executive directors.

Board Meetings:

During the financial year ended March 31, 2013 the Board met 15 times on the following dates:

SI No	Date of the meeting	SI No	Date of the meeting
1	27.04.2012	9	17.10.2012
2	18.05.2012	10	17.11.2012
3	28.06.2012	11	30.11.2012
4	29.06.2012	12	27.12.2012
5	20.07.2012	13	23.01.2013
6	17.08.2012	14	19.02.2013
7	30.08.2012	15	25.03.2013
8	14.09.2012		

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

Name of the Director (Messrs)	No of meetings Attended	Whether attended the last AGM	Directorship in other Public Limited Companies	Committee positions in other Public Limited Companies
Ananthkrishna	15	YES	02	01
P Jayarama Bhat	15	YES	NIL	NIL
S R Hegde *	04	NA	NIL	NIL
RV Shastri	14	YES	02	04
UR Bhat	15	YES	04	03
T S Vishwanath	12	YES	02	03
Sitarama Murty M.	12	YES	02	02
SV Manjunath	07	NO	NIL	NIL
D Harshendra Kumar	14	YES	NIL	NIL
Dr. H Ramamohan	15	YES	NIL	NIL
T R Chandrasekaran	15	YES	NIL	NIL
Ashok Haranahalli #	04	NA	NIL	NIL

* Retired as Director on attaining upper age limit of 70 years w e f 02.07.2012. # Appointed as an Additional Director w e f 14.09.2012.

Note: For the purpose of committee positions held in other public limited companies, only audit committee and shareholders/investors grievance committees have been considered.

None of the directors on the Board serve as members of more than 10 committees or they act as Chairman of more than five committees across all companies. There is no relationship amongst directors inter-se.

Remuneration of Directors: Except Mr P Jayarama Bhat, Managing Director & CEO, no other director was paid any remuneration except sitting fees for attending the meetings of the Board/Committees of the Board. The details of the remuneration paid to Mr. P Jayarama Bhat during the year ended March 31, 2013 are furnished below:

Break up of Remuneration	(₹ in Lakh)
Basic Salary	32.58
Dearness Allowance	6.52
House Rent Allowance	4.89
Total	43.99

Contribution to the Provident Fund and other benefits such as use of car, telephone at residence, etc. were also provided to Mr P Jayarama Bhat during the reporting period. The remuneration of Mr P Jayarama Bhat, was revised w e f July 14, 2012 and the same has been approved by the Reserve Bank of India vide its letter DBOD.No. 3285/08.40.001/2012-13 dated 29.8.2012.

Other directors were paid sitting fees @ ₹ 15000 /₹ 10000 for attending the meetings of the Board/Committees of the Board respectively during the year under report, the details of which are furnished hereunder:

Name of the Director (Messrs)	Sitting fees paid during 2012-13 (₹ in lakh)
Ananthakrishna	4.25
S R Hegde	1.50
R V Shastri	5.10
U R Bhat	4.25
T S Vishwanath	2.00
Sitarama Murty M.	3.40
S V Manjunath	1.65
D Harshendra Kumar	3.20
Dr. H Ramamohan	3.45
T R Chandrasekaran	3.85
Ashok Haranahalli	0.60

No Stock Option has been granted to any of the directors of the Bank during the above period.

COMMITTEES OF THE BOARD:

In compliance with the regulatory requirements and for the operational needs, the Board had constituted several committees, which were continued during the reporting period, the details of which are given below;

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

In order to facilitate the Board to concentrate on policy matters and strategic planning, etc., certain lending and non-lending powers have been delegated to the Executive Committee of Board of Directors. The Committee was headed by Mr P Jayarama Bhat, Managing Director. The other members of the Committee were Messrs S R Hegde (upto 02.07.2012), R V Shastri, Sitarama Murty M (w e f 28.06.2012), S V Manjunath and Dr H Ramamohan (w e f 28.06.2012). During the year under report 8 meetings of EC were held on 27.04.2012, 07.06.2012, 16.08.2012, 12.10.2012, 30.11.2012, 07.01.2013, 05.02.2013 and 14.03.2013. Details of the attendance at the meeting were as under;

Meetings record

Name of the Director (Messrs)	No of meetings attended
P Jayarama Bhat	08
S R Hegde	02
R V Shastri	08
Sitarama Murty M	06
S V Manjunath	04
Dr H Ramamohan	06

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

The Bank had constituted an Audit Committee of the Board (ACB) in 1995 as per the directions of the Reserve Bank of India to look into the matters specified by RBI. The functioning of the ACB was modified to fall in line with the requirements of the Listing Agreement and the Companies Act, 1956. The terms of reference of the ACB include the following:

1. Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

The ACB was headed by Mr T R Chandrasekaran, an independent director. The members of the ACB consisted of Messrs S R Hegde (upto 02.07.2012), R V Shastri, U R Bhat and D Harshendra Kumar (w e f 28.06.2012). All the members of the ACB are financially literate. The Company Secretary acts as the secretary to the Committee. CFO , the Statutory Central Auditors, Chief Compliance Officer and the Head of the Inspection & Audit Department of the Bank were also invited to attend the meetings of the Committee. During the year under review 10 meetings of ACB were held on 17.04.2012, 17.05.2012, 19.06.2012, 20.07.2012, 14.09.2012, 17.10.2012, 22.01.2013, 23.01.2013, 19.02.2013 and 25.03.2013.

Meetings record of the ACB

Name of the Director(Messrs)	No of meetings attended
T R Chandrasekaran	09
S R Hegde	03
R V Shastri	10
U R Bhat	10
D Harshendra Kumar	07

3. Shareholders/Investors Grievance Committee:

A sub committee of the Board constituted during the year 2002 to specifically look into the grievances of shareholders/investors continued its functioning during the year ended March 31, 2013 also. The Committee is headed by Mr R V Shastri and the other members of the committee are Messrs U R Bhat and T S Vishwanath. The Committee met twice during the year under report on 23.01.2013 and 25.03.2013 and reviewed all the complaints received from the shareholders and the investors.

Name & designation of the Compliance Officer: Y V Balachandra, Company Secretary.

A total of 158 complaints were received from the Investors/Shareholders including the complaints received through SEBI's On-line portal i e SCORES during the year ended March 31, 2013 and all of them have been redressed satisfactorily. As required under the Listing Agreement a separate Email ID – investor.grievance@ktkbank.com has been created exclusively for the purpose of registering complaints by the investors.

4. Fraud Monitoring Committee:

As per the directions of the RBI , the Board had constituted a special committee on 17.2.2004 exclusively to monitor and follow up cases of fraud involving amounts of ₹ 1 crore and above. The terms of reference of the Committee were as under:

- 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.
- Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.
- 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.

The Committee consisted of Messrs Ananthakrishna (Chairman of the Committee), P Jayarama Bhat, S R Hegde (upto 02.07.2012), S V Manjunath, D Harshendra Kumar (w e f 28.06.2012) and T R Chandrasekaran.

During the year under report four meetings of the Committee were held on 18.05.2012, 28.06.2012, 17.10.2012 and 23.01.2013.

5. Integrated Risk Management Committee (IRMC):

A Board level sub- committee called the Integrated Risk Management Committee (IRMC) was constituted on 24.12.2004 to devise a policy and strategy for integrated risk management containing various risk exposures of

the Bank including credit risk and market risk. The Committee is headed by Mr. Ananthakrishna and other members of the Committee are Messrs P Jayarama Bhat, R V Shastri, Sitarama Murty M and T R Chandrasekaran.

The functions of the Committee include the review of risk profile of the Bank, evaluation of the overall risks faced by the Bank, develop policies and strategies for integrating risk management containing the credit, market and operational risk exposures etc and to ensure a smooth transition to the new Capital Adequacy Framework.

IRMC met 4 times during the year on 07.06.2012, 16.08.2012, 17.11.2012 and 05.02.2013.

6. Nomination Committee:

Reserve Bank of India, vide Circular DBOD.No. BC.104/08.139.001/2003-04 dated June 25, 2004 required that:-

- i) Banks in private sector should undertake a process of due diligence to determine the suitability of the persons for appointment /continuing to hold appointment as a director on the Board.
- ii) The process of due diligence should be undertaken by the banks in private sector at the time of appointment /renewal of appointment.
- iii) The Boards of the Banks in private sector should constitute a Nomination Committee to scrutinize the declarations.
- iv) Based on the information provided in the signed declarations, the Nomination Committee should decide on the acceptance and may make references, where considered necessary to the appropriate authority.
- v) Banks should obtain annually a declaration that information already provided has not undergone change and where there is any change, requisite details are furnished by the Directors.
- vi) The Board of the Bank must ensure in public interest that nominated /elected directors execute the deeds of covenants every year.

Accordingly a Nomination Committee was constituted on 29.07.2004. As on March 31, 2013, the Committee consisted of Messrs Ananthakrishna (Chairman of the Committee), P Jayarama Bhat, S R Hegde (upto 02.07.2012), R V Shastri, Sitarama Murty M (w e f 28.06.2012) S V Manjunath and Dr H Ramamohan (w e f 28.06.2012). The committee met twice on 18.05.2012 and 14.09.2012 during the year.

7. Customer Service Committee:

With a view to strengthen the corporate governance structure and also mount innovative measures for enhancing the quality of customer service and improving the level of customer satisfaction for all categories of clientele at all times, the RBI has suggested to banks to constitute a Customer Service Committee of the Board in compliance with the recommendations of Committee on Procedures and Performance Audit on Public Service (CPPAPS). Accordingly a customer service committee headed by the Chairman and CEO of the Bank was constituted on 25.09.2004. The role of the Committee is to address the formulation of a comprehensive deposit policy, product approval process, annual survey of depositor satisfaction, tri-annual audit of such services and to review the performance of the Ad hoc committee periodically. The Committee continued its functioning during this year also. The Committee is headed by Mr. Ananthakrishna, with Messrs P Jayarama Bhat, D Harshendra Kumar and Dr. H Ramamohan as members. The Committee met twice on 29.06.2012 and 22.01.2013 during the year under report. The Committee also invites a few customers to the meetings to get their feed back about the customer services in the Bank.

8. Internal Capital Adequacy Assessment Committee (ICAAC):

In order to review and recommend to the Board, the capital plan of the Bank and lay down the capital planning process and responsibilities as well as contingency planning for dealing with deviations and unexpected events and matters incidental thereto, ICAAC has been constituted in the Bank. As on March 31, 2013, the Committee was headed by Mr. Ananthakrishna and the other members of the committee were Messrs P Jayarama Bhat, U R Bhat and Sitarama Murty M, P Jaiaram Hande, General Manager and CFO, who is the head of the ICAAC Function in the Bank is also a member of the Committee. Four meetings of the Committee were held during the year under report on 11.06.2012, 09.08.2012, 30.11.2012 and 18.02.2013.

9. International Financial Reporting Standard (IFRS) Committee:

In order to enable the Bank to have smooth convergence of Indian Accounting Standards with International Financial Reporting Standards (IFRS), a project steering committee viz. IFRS Committee was constituted during the last year as recommended by the working Group set by the Indian Banks` Association (IBA). The

above Committee continued its functioning this year also. The Committee is headed by Mr Ananthkrishna. The other members of the Committee are Mr P Jayarama Bhat and Mr T R Chandrasekaran besides the General Manager in charge Treasury & Accounts & Information Technology and heads of, HR& IR and Risk Management Department. Pending the issue of guidelines for implementation of IFRS, the Committee did not meet during the year under report.

10. Committee for IT strategy and Governance:

To study the issues arising out of the increased dependency on information technology in Banks, RBI constituted a working group under the Chairmanship of Sri G Gopalakrishna, Executive Director, RBI. Based on the recommendations of the Gopalakrishna Committee, RBI issued detailed circular vide DBS.CO.ITC.BC.No.6/31.02.008/2010-11 dated 29.4.2011 advising the commercial banks to implement the recommendations of the Committee. The recommendations covered nine major areas of IT such as IT governance, information security, information system audit, IT operations, IT services outsourcing, cyber fraud, business continuity planning, customer awareness programmes and legal issues.

The implementation of recommendations need to be risk based, commensurate with the nature and scope of activities engaged by banks, the technology environment prevalent in the bank and Support rendered by technology to the business processes. Banks with extensive leverage of technology to support business processes are expected to implement all the stipulations outlined in the circular. Implementation of the RBI guidelines will enhance safety, security, efficiency in banking processes leading to benefits for banks and the customers.

As envisaged in the above guidelines, a board level committee on IT Strategy and Governance was constituted on 29.11.2011 to oversee the above areas. Mr U R Bhat is the Chairman of the Committee. The other members of the Committee are Messrs Ananthkrishna and P Jayarama Bhat. Three meetings of the Committee were held during the year under report i.e on 29.06.2012, 17.11.2012 and 11.02.2013.

Some of the roles and responsibilities of this committee include:

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

The main objective of IT governance is to achieve outcome viz., "Value delivery by IT to business" and "IT risk management". The drivers of this outcome are "IT strategic alignment", "IT resource management" and "IT performance measurement".

11. Remuneration Committee:

The Reserve of India vide circular No DBOD.No BC. 72/29. 67. 001/2011-12 dated January 13, 2012 has issued guidelines on compensation of Whole Time Directors (WTD)/Chief Executive Officers(CEOs)/Other Risk Takers, control function staff and other employees aiming to ensure effective governance of compensation , alignment of compensation with prudent risk taking and effective supervisory oversight and stakeholder engagement in compensation. As required under the above guidelines, a Remuneration Committee (RC) of directors was constituted to oversee the framing, review and implementation of the compensation policy of the Bank on behalf of the Board. RC consists of five member directors of which four are independent non-executive directors including two members from the IRMC. The RC inter-alia, ensures that the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.

During the year the Committee met once on 16.08.2012. The Committee is headed by Mr R V Shastri. The other members of the Committee were Messrs P Jayarama Bhat, S R Hegde, (upto 02.07.2012) Sitarama Murty M (from 28.06.2012) S V Manjunath and Dr. H Ramamohan (from 28.6.2012) .

COMMITTEES OF EXECUTIVES:

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

GENERAL BODY MEETINGS:

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

Year	Venue	Date	Day	Time	Whether any special resolution/s passed
2012	Registered Office of the Bank, Mangalore	30.08.2012	Saturday	11.30 AM	Yes
2011	Registered Office of the Bank, Mangalore	23.07.2011	Saturday	11.30 AM	Yes
2010	Registered Office of the Bank, Mangalore	31.07.2010	Saturday	11.30 AM	Yes

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

DISCLOSURES:

There were no materially significant transactions entered into by the Bank with its directors, management, or relatives conflicting with the interest of the Bank at large during the year ended March 31, 2013. Further it is declared that all the directors and senior management personnel have affirmed the compliance to the code of conduct laid down by the Bank.

STATUTORY COMPLIANCE, PENALTIES AND STRICTURES:

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

MEANS OF COMMUNICATION:

The quarterly /half yearly/ annual results are published in the leading national English dailies such as Business Standard, The Hindu Business Line, Financial Express, Economic Times etc and vernacular newspapers such as Udayavani, Samyukta Karnataka. The results were also posted on our website www.karnatakabank.com. In view of this, no separate communication to the shareholders about the half yearly results has been made.

SHAREHOLDERS' INFORMATION:

A. Annual General Meeting:

- Date : 6th July, 2013
- Day : Saturday
- Time : 11.30 AM
- Venue : The Karnataka Bank Ltd.
Regd. & Head Office
Mahaveera Circle, Kankanady
Mangalore - 575 002

B. Book closure: 28.06.2013 to 06.07.2013 (both days inclusive)

C. Financial Calendar : 1st April to 31st March

- a) Quarter ending June 30, 2013 : July, 2013
- b) Quarter ending Sept. 30, 2013 : October, 2013
- c) Quarter ending Dec. 31, 2013 : January, 2014
- d) Quarter ending March 31, 2014 : May, 2014

D. Dividend:

The Board of Directors has recommended a dividend of 40 percent on the paid up capital of the Bank for the year ended March 31, 2013 (i.e. ₹ 4/- per share) and the same will be paid to the shareholders/beneficial holders of holding shares as at the end of June 27, 2013 as per the Register of members in the case of shares held in physical form and Register of beneficial owners in respect of shares held in electronic form.

Dividend Payment Date : Between July 8, 2013 to July 15, 2013.

As per the provisions of section 205A of the Companies Act, 1956, the unclaimed dividend of ₹ 12,47,450/- for the financial year ended March 2004-2005 has been transferred to the Investor Education and Protection Fund established by the Central Government. The following Table gives the unclaimed dividend from the year 2005-2006 (position as on 31.03.2013) and the last date for transfer to Investor Education and Protection Fund.

Year	Unclaimed dividend (₹)	Date of declaration	Last date for claiming dividend
2005-2006	2223837	06.07.2006	05.08.2013
2006-2007	2643487	30.06.2007	29.07.2014
2007-2008	4343935	12.07.2008	11.08.2015
2008-2009	6061212	08.08.2009	07.09.2016
2009-2010	5446892	31.07.2010	30.08.2017
2010-2011	5813151	23.07.2011	22.08.2018
2011-2012	9530973	30.08.2012	29.09.2019

Unclaimed shares suspense account:

Pursuant to amendments of Clause 5 A of Listing Agreement entered into with the Stock Exchanges, the Bank, after sending three reminder letters in respect of unclaimed shares to the shareholders at the addresses available through M/s Integrated Enterprise India Ltd, Registrar and Share Transfer Agent, had transferred these unclaimed shares to a separate demat suspense account. The summary of shares transferred and released in favour of shareholders is furnished below:

Particulars	No of shareholders	Total Number of shares
Number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year .	2218	247051
Shareholders who approached us for transfer of shares from suspense account during the year	36	13186
Shareholders to whom shares were transferred from suspense account during the year.	36	13186
Number of shareholders and the outstanding shares in the suspense account lying at the end of the year.	2182	233865

E. Listing of shares:

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

Name of the Stock Exchange	Address
National Stock Exchange of India Ltd.	Regd Office: Exchange Plaza, Bandra Kurla Complex Bandra (E), Mumbai- 400051
Bombay Stock Exchange Ltd.	Regd Office: Floor 25, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001

The Bank has paid the annual listing fees for the year 2012-2013 to the above Stock Exchanges.

Stock Code

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

Share transfer procedure:

The shares of the Bank being traded in dematerialized form are transferable through the depository system. The share transfers in physical form are processed by the Share Transfer Agent- M/s Integrated Enterprises (India) Ltd and approved by the Managing Director at least once in a fortnight. There are no share transfer requests pending for transfer as on March 31, 2013.

Stock Market Data

The shares of the Bank are traded on the Stock Exchanges only in dematerialized form as per the directives of Securities and Exchange Board of India (SEBI). The shares are regularly traded on National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd (BSE). The monthly high & low prices along with the volumes traded from 01.04.2012 to 31.03.2013 on the above Stock Exchanges are given below together with bench mark indices.

Trading statistics on NSE

Month	Share Price (₹)		No. of shares traded	CNX NIFTY	
	High	Low		High	Low
Apr 2012	97.10	89.35	12456571	5358.50	5189.00
May 2012	90.10	72.90	19781841	5239.15	4835.65
June 2012	93.60	72.60	22982332	5278.90	4841.60
July 2012	104.20	92.25	35085915	5345.35	5043.00
Aug 2012	98.05	81.55	18573427	5421.00	5215.70
Sep 2012	109.15	79.20	44465469	5703.30	5225.70
Oct 2012	135.60	110.60	143086709	5787.60	5597.90
Nov 2012	175.30	135.85	3539062	5879.85	5571.40
Dec 2012	195.65	159.50	277855901	5930.90	5847.70
Jan 2013	181.10	156.50	140041666	6082.30	5950.85
Feb 2013	162.85	139.90	129611808	5998.90	5693.05
Mar 2013	146.85	126.80	97662258	5945.70	5633.85

Trading statistics on BSE

Month	Share Price (₹)		No. of shares traded	S&P BSE Sensex	
	High	Low		High	Low
Apr 2012	97.05	89.30	1717217	17597.42	17094.51
May 2012	90.15	72.80	2108221	17301.91	15948.10
June 2012	93.35	72.55	3225126	17429.98	15965.16
July 2012	104.20	92.45	4310644	17618.35	16639.82
Aug 2012	97.70	81.80	3057783	17885.26	17197.93
Sep 2012	109.05	79.40	7463306	18762.74	17313.34
Oct 2012	135.40	110.50	29600032	19058.15	18430.85
Nov 2012	175.15	135.80	24259448	19339.90	18309.37
Dec 2012	195.70	159.65	56994015	19486.80	19229.26
Jan 2013	180.90	156.60	26593009	20103.53	19580.81
Feb 2013	162.85	140.35	26147119	19781.19	18861.54
Mar 2013	146.55	126.75	18006113	19683.23	18681.42

Shareholding pattern

Share holding pattern of the Bank as on 31.3.2013 was as under:

Category Code	Category of shareholder	Total Number of share holders	Total Number of shares	Number of shares held in dematerialized form	Total share holding as a percentage of total no. of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/(IV)*100
(A)	Shareholding of Promoter and Promoter Group	NOT APPLICABLE						
(1)	Indian							
(a)	Individuals / Hindu Undivided Family							
(b)	Central Government / State Government (s)							
(c)	Bodies Corporate							
(d)	Financial Institutions / Banks							
(e)	Any Other (specify)							
	Sub-Total (A)(1)							
(2)	Foreign							
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)							
(b)	Bodies Corporate							
(c)	Institutions							
(d)	Qualified Foreign investor							
(e)	Any Other (specify)							
	Sub-Total (A)(2)							
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)							
(B)	Public shareholding						NOT APPLICABLE	NOT APPLICABLE
(1)	Institutions							
(a)	Mutual Funds / UTI	10	662,688	662,688	0.35	0.35		
(b)	Financial Institutions/Banks	8	354,637	354,637	0.19	0.19		
(c)	Central Government / State Government (s)	1	250	-	-	-		
(d)	Venture Capital Funds	-	-	-	-	-		
(e)	Insurance Companies	5	11,490,247	11,490,247	6.10	6.10		
(f)	Foreign Institutional Investors	96	46,697,798	46,697,798	24.79	24.79		

(g)	Foreign Venture Capital Investors	-	-	-	-	-		
(h)	Any Other (specify)	-	-	-	-	-		
	Sub-Total (B)(1)	120	59,205,620	59,205,370	31.43	31.43		
(2)	Non-institutions							
(a)	Bodies Corporate	1,269	32,028,136	31,769,371	17.01	17.01	NOT APPLICABLE	NOT APPLICABLE
(b)	Individuals -							
i.	Individual shareholders holding nominal share capital up to Rs.1 lakh	117,530	56,104,284	41,298,482	29.79	29.79		
ii.	Individual shareholders holding nominal share capital in excess of Rs.1lakh	898	38,580,322	35,882,530	20.48	20.48		
(c)	Qualified Foreign Investor	-	-	-	-	-		
(d)	Any Other (specify)	-	-	-	-	-		
	Trust	7	99993	99993	0.05	0.05		
	NRI	836	1089872	1089872	0.58	0.58		
	Clearing Member	448	1234883	1234883	0.66	0.66		
	Overseas Corporate Bodies	-	-	-	-	-		
	Sub-Total (B)(2)	120,988	129,137,490	111,375,131	68.57	68.57		
	Total Public Shareholding	121,108	188,343,110	170,580,501	100.00	100.00		
	(B) = (B)(1) + (B)(2)							
	TOTAL (A) + (B)	121,108	188,343,110	170,580,501	100.00	100.00		
(C)	Shares held by Custodians and against which Depository Receipts have been issued	NA						
1	Promoter and Promoter Group							
2	Public	-	-	-	-	-		
	Sub-Total (C)	-	-	-	-	-		
	GRAND TOTAL							
	(A) + (B) + (C)	121,108	188,343,110	170,580,501	100.00	100.00	-	-

Shareholdings of Directors as on March 31, 2013

Name of the Director (Messrs)	No. of shares held
Ananthkrishna	10000
P Jayarama Bhat	3000
RV Shastri	210
U R Bhat	4523
T S Vishwanath	1508
Sitarama Murty M.	700
S V Manjunath	52617
D Harshendra Kumar	3983
Dr. H Ramamohan	11632
T R Chandrasekaran	301
Ashok Haranahalli	6000

Distribution of shareholding as on March 31, 2013

Shares holding of nominal value of ₹	Shareholders		Share Amount	
	Number	% to Total	In ₹	% to Total
(1)	(2)	(3)	(4)	(5)
Upto 5,000	94199	77.77	131634510	6.99
5,001 - 10,000	12154	10.04	91341710	4.85
10,001 - 20,000	7141	5.90	104806440	5.56
20,001 - 30,000	2627	2.17	65461360	3.48
30,001 - 40,000	1306	1.08	45417260	2.41
40,001 - 50,000	879	0.73	39940870	2.12
50,001 - 1,00,000	1579	1.30	111158520	5.90
1,00,001 and above	1223	1.01	1293670430	68.69
Total	121108	100.00	1883431100	100.00

Major shareholders

As on March 31, 2013, the following shareholders hold more than 1% of the paid up capital of the Bank.

Sl No	Name of Shareholder	No. of Shares	Percentage (%)
1	Life Insurance Corporation of India	10434294	5.54
2	Religare Finvest Ltd.	4927490	2.62
3	Kotak Mahindra Investments Ltd	4815241	2.56
4	Quantum (M) Limited	4025000	2.14
5	Credit Suisse (Singapore) Pte	3444000	1.83
6	Morgan Stanley Asia (Singapore) Pte	3302513	1.75
7	Swiss Finance Corporation (Mauritius) Limited	3030871	1.61
8	Goldman Sachs Investments Markets Value I Ltd.	2239298	1.19
9	Dimensional Emerging Markets Value Fund	2195065	1.17
10	Macquarie Bank Limited	2128000	1.13
11	Emergina India Focus Funds	2036238	1.08
12	Haritha Bathina	1992300	1.06
	TOTAL	44,570,310	23.66

Dematerialization of shares: As per the directives of SEBI, the equity shares of the Bank are compulsorily traded in dematerialized form by all categories of investors with effect from 26.2.2001. The Bank has entered into tripartite agreement with the depositories and M/s Alpha Systems (p) Ltd (since merged with Integrated Enterprises India Ltd), Bangalore for dematerialization of shares. The ISIN allotted for the shares of the Bank is INE614B01018. As on 31.3.2013, 90.57 per cent of the equity shares of the Bank are in demat form.

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

Integrated Enterprises (India) Ltd
30, Ramana Residency, 4th Cross, Sampige Road, Malleshwaram, BANGALORE - 560 003
Tel: (080) 23460815-818 Fax: (080) 23460819. Email: alfint@vsnl.com or irg@integratedindia.in

Non-mandatory requirements

Presently the Bank has not adopted the non-mandatory requirements in regard to communication of half-yearly performance to the shareholders to their residence, evaluation of non-executive members of the Board and Whistle Blower Policy.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of The Karnataka Bank Limited

We have examined the records of The Karnataka Bank Ltd., concerning the compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into by the Bank with the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE) for the financial year ended 31st March 2013.

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 Clause 49 of the said Listing Agreements.

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 Vishnu Daya & Co.
Chartered Accountants
M.R. No.: 008456S

for R.K. Kumar & Co.
Chartered Accountants
M.R. No.: 001595S

Sd/-
Guruprasad
Partner
M. No. 219250

Sd/-
B.R. Ashok
Partner
M. No. 023313

Place: Mangalore
Date: May 15th, 2013

BALANCE SHEET AS ON 31ST MARCH, 2013

(000's omitted)

	Schedule No.	As on 31.03.2013 ₹	As on 31.03.2012 ₹
CAPITAL AND LIABILITIES			
Capital	1	188,35,29	188,29,39
Reserves and Surplus	2	2668,72,85	2409,91,66
Deposits	3	36056,22,13	31608,32,43
Borrowings	4	1579,76,08	1147,07,39
Other Liabilities and Provisions	5	1033,31,65	967,96,25
TOTAL		41526,38,00	36321,57,12
ASSETS			
Cash and balances with Reserve Bank of India	6	1717,95,58	1704,75,02
Balances with Banks and Money at Call and Short Notice	7	235,84,18	160,81,71
Investments	8	13432,48,47	12841,23,37
Advances	9	25207,67,88	20720,69,83
Fixed Assets	10	166,95,65	152,22,65
Other Assets	11	765,46,24	741,84,54
TOTAL		41526,38,00	36321,57,12
Contingent Liabilities	12	6199,40,81	8117,45,23
Bills for Collection		1768,04,00	2194,84,12
Significant Accounting Policies	17		
Notes on Account	18		

Sd/-
Muralidhar K. Rao
Deputy General Manager

Sd/-
R.V. Shastri
U.R. Bhat
Directors

Sd/-
P. Jairama Hande
General Manager & C.F.O

Sd/-
T.S. Vishwanath
Sitarama Murty M.
Directors

Sd/-
P. Jayarama Bhat
Managing Director & C.E.O

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

Sd/-
Ananthakrishna
Chairman

Sd/-
H. Ramamohan
T.R. Chandrasekaran
Ashok Haranahalli
Directors

Refer our report of even date

For Vishnu Daya & Co
Chartered Accountants
Firm Regn. No. 008456S

Sd/-
Guruprasad
Partner
M.No. 219250

For R.K. Kumar & Co
Chartered Accountants
Firm Regn. No. 001595S

Sd/-
B.R. Ashok
Partner
M.No. 023313

Place: Mangalore
Date : May 15th, 2013

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013

(000's omitted)

	Schedule No.	For the year ended 31.03.2013 ₹	For the year ended 31.03.2012 ₹
I. INCOME			
Interest Earned	13	3764,28,81	3100,99,54
Other Income	14	397,64,13	346,27,20
Total		4161,92,94	3447,26,74
II. EXPENDITURE			
Interest Expended	15	2860,55,63	2368,87,42
Operating Expenses	16	666,03,58	568,18,56
Provisions and Contingencies		287,25,52	264,13,74
Total		3813,84,73	3201,19,72
III. PROFIT			
Net profit for the year		348,08,21	246,07,02
Profit brought forward		3,17	2,74
Total		348,11,38	246,09,76
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		160,00,00	110,00,00
Transfer to Capital Reserve		3,25,77	0
Transfer to Revenue Reserve		62,70,00	39,90,00
Transfer to Special Reserve u/s 36 (i) (viii) of IT Act		21,10,67	18,57,35
Transfer to Investment Reserve Account		11,47,63	0
Transfer to Other Funds		1,30,00	1,00,00
Transfer to Proposed dividend		75,37,72	65,89,94
Transfer to Tax on proposed dividend		12,80,65	10,69,30
Balance carried over to Balance Sheet		8,94	3,17
Total		348,11,38	246,09,76
Earning per share			
Basic	₹	18.48	13.07
Diluted	₹	18.46	13.06
Significant Accounting Policies	17		
Notes on Account	18		

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B.R. Ashok
Partner
M.No. 023313

Place: Mangalore
Date : May 15th, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

(000's omitted)

	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
A CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax and extra ordinary items		465,30,17		287,77,96
Adjustments for :				
Depreciation on Fixed Assets including				
Lease Adjustment charges	24,03,31		21,91,23	
Provisions and Contingencies	171,15,37		221,61,77	
Amortisation of premium on Held to Maturity Investments	7,88,19		7,60,20	
		<u>203,06,87</u>		<u>251,13,20</u>
Operating profit before working capital changes		668,37,04		538,91,16
Adjustment for :				
i) Advances & Other Assets	-4417,22,12		-3220,83,33	
ii) Investments	-567,69,56		-1393,31,62	
iii) Deposits, Borrowings & Other Liabilities	4652,50,59		4056,68,99	
		<u>-332,41,09</u>		<u>-557,45,96</u>
Cash generated from operations		335,95,95		-18,54,80
Direct taxes paid		233,21,81		103,01,65
Net cash flow from operating activities (A)		102,74,14		-121,56,45
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets		-39,47,19		-29,56,37
Sale of fixed assets		-40,94		1,97,60
Net cash used in investing activities (B)		-39,88,13		-27,58,77
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital (net of expenses)		27,25		43,17
Proceeds from long term borrowings		100,81,60		92,95,43
Dividend paid (Including Tax on Dividend)		<u>-75,71,83</u>		<u>-64,72,39</u>
Net Cash generated from Financing Activities (C)		25,37,02		28,66,21
Net increase in Cash & Cash equivalents (A+B+C)		88,23,03		-120,49,01
Cash & cash equivalents as at (opening)		1865,56,73		1986,05,74
Cash & cash equivalents as at (closing)		1953,79,76		1865,56,73

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B.R. Ashok
Partner
M.No. 023313

Place: Mangalore
Date : May 15th, 2013

SCHEDULE ANNEXED TO THE BALANCE SHEET

(000's omitted)

	As on 31.03.2013 ₹	As on 31.03.2012 ₹
SCHEDULE - 1 CAPITAL		
Authorised Capital 30,00,00,000 Equity shares of ₹ 10/- each (Previous Year 20,00,00,000 Equity shares of ₹ 10/- each)	300,00,00	200,00,00
Issued Capital 18,83,68,058 equity shares of ₹ 10 each (previous year 18,83,09,038 equity shares of ₹ 10/- each)	188,36,81	188,30,90
Subscribed Capital 18,83,59,660 Equity shares of ₹ 10/- each (previous year 18,83,00,640 Equity shares of ₹ 10/- each)	188,35,97	188,30,06
Paid-up Capital 18,83,43,110 Equity shares of ₹ 10/- each (Previous year 18,82,84,090 Equity shares of ₹ 10/- each)	188,34,31	188,28,41
Add : Forfeited Shares	98	98
Total	188,35,29	188,29,39
SCHEDULE - 2 RESERVES AND SURPLUS		
I. Statutory Reserve		
Opening balance	1216,00,00	1106,00,00
Additions during the year	160,00,00	110,00,00
	1376,00,00	1216,00,00
Deductions during the year	0	0
Total	1376,00,00	1216,00,00
II. Capital Reserve		
Opening balance	63,68,79	63,68,79
Additions during the year	3,25,77	0
	66,94,56	63,68,79
Deductions during the year	0	0
Total	66,94,56	63,68,79
III. Share Premium		
Opening balance	720,72,01	719,53,81
Additions during the year	77,47	1,18,20
	721,49,48	720,72,01
Deductions during the year	0	0
Total	721,49,48	720,72,01
IV. Revenue and other Reserves		
a) Revenue Reserve		
Opening balance	346,55,00	306,65,00
Additions during the year	62,70,00	39,90,00
	409,25,00	346,55,00
Deductions during the year	0	0
Total	409,25,00	346,55,00

	(000's omitted)	
	As on 31.03.2013 ₹	As on 31.03.2012 ₹
b) Special Reserve u/s 36(1)(viii) of IT Act		
Opening balance	58,36,58	39,79,23
Additions during the year	21,10,67	18,57,35
	79,47,25	58,36,58
Deletion during the year	0	0
Total	79,47,25	58,36,58
c) Employee Stock Option Outstanding		
Opening balance	4,56,11	5,19,09
Additions during the year	0	21,39
	4,56,11	5,40,48
Deductions during the year	56,12	84,37
Total	3,99,99	4,56,11
d) Investment Reserve Account		
Opening balance	0	0
Additions during the year	11,47,63	0
	11,47,63	0
Deductions during the year	0	0
Total	11,47,63	0
V. Balance in Profit and Loss Account	8,94	3,17
GRAND TOTAL (I TO V)	2668,72,85	2409,91,66
SCHEDULE -3 DEPOSITS		
A. I. Demand Deposits		
1. From Banks	3,24,16	2,91,47
2. From others	2459,11,33	2098,62,07
	2462,35,49	2101,53,54
II. Savings Bank Deposits	6519,97,03	5661,34,80
III. Term Deposits		
1. From Banks	25,45,24	26,09,24
2. From others	27048,44,37	23819,34,85
	27073,89,61	23845,44,09
Total : (I, II and III)	36056,22,13	31608,32,43
B 1. Deposits of branches in India	36056,22,13	31608,32,43
2. Deposits of branches outside India	0	0
Total (1+2)	36056,22,13	31608,32,43
SCHEDULE -4 BORROWINGS		
I. Borrowings in India		
1. Reserve Bank of India	350,00,00	150,00,00
2. Other Banks	48,97	11,01
3. Other Institutions and Agencies	439,27,36	588,45,76
4. Subordinated Debts for Tier II Capital	600,00,00	350,00,00
Total	1389,76,33	1088,56,77
II. Borrowings outside India	189,99,75	58,50,62
Total : (I and II)	1579,76,08	1147,07,39
Secured borrowings included in I & II above	Nil	Nil

(000's omitted)

	As on 31.03.2013 ₹	As on 31.03.2012 ₹
SCHEDULE - 5 OTHER LIABILITIES AND PROVISIONS		
I. Bills Payable	221,07,56	214,86,21
II. Inter Office adjustments(Net)	1,01	4,99,10
III. Interest accrued	95,91,65	98,93,45
IV. Deferred Tax Liability (Net)	89,70,00	156,02,85
V. Others (including Provisions)	626,61,43	493,14,64
Total	1033,31,65	967,96,25
SCHEDULE - 6 CASH AND BALANCES WITH RBI		
I. Cash in hand (including foreign currency notes)	273,67,99	208,03,36
II. Balances with Reserve Bank of India		
1. In Current Account	1444,27,59	1496,71,66
2. In Other Accounts	0	0
Total	1444,27,59	1496,71,66
Total : (I and II)	1717,95,58	1704,75,02
SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. IN INDIA		
i. Balances with Banks		
a) In Current Accounts	54,10,85	61,95,36
b) In other deposit accounts	50,85,00	9,90,05
	104,95,85	71,85,41
ii. Money at Call and Short Notice		
a) With Banks	0	0
b) With other institutions	69,88,99	24,96,04
	69,88,99	24,96,04
Total (i) & (ii)	174,84,84	96,81,45
II. OUTSIDE INDIA		
i. In Current Accounts	6,70,84	13,12,76
ii. In Other Deposit Accounts	54,28,50	50,87,50
iii. Money at Call and Short Notice	0	0
Total	60,99,34	64,00,26
Grand Total (I and II)	235,84,18	160,81,71

	(000's omitted)	
	As on 31.03.2013 ₹	As on 31.03.2012 ₹
SCHEDULE - 8 INVESTMENTS		
I. Investments in India (Gross)	13520,40,43	12960,59,06
Less: Provision for depreciation	87,91,96	119,35,69
Net Investments In India	13432,48,47	12841,23,37
Break-up :		
1. Government Securities	8864,73,02	8131,35,39
2. Other Approved Securities	0	0
3. Shares	163,89,38	181,69,91
4. Debentures and Bonds	974,42,73	942,59,46
5. Subsidiaries and/or Joint Ventures	0	0
6. Others	3429,43,34	3585,58,61
Total	13432,48,47	12841,23,37
II. Investments outside India	0	0
Total (I+II)	13432,48,47	12841,23,37
SCHEDULE - 9 ADVANCES		
A) 1. Bills Purchased and discounted	957,25,03	776,74,78
2. Cash Credits, Overdrafts and Loans repayable on demand	12969,23,34	10608,67,98
3. Term Loans	11281,19,51	9335,27,07
Total	25207,67,88	20720,69,83
B) 1. Secured by Tangible Assets (including book debts)	20974,10,12	16656,89,70
2. Secured by Bank/Government Guarantees	3214,59,69	2721,73,77
3. Unsecured	1018,98,07	1342,06,36
Total	25207,67,88	20720,69,83
C) I. Advances in India		
1. Priority Sectors	9362,61,55	7570,27,19
2. Public Sectors	1604,47,38	1444,06,57
3. Banks	0	46,28
4. Others	14240,58,95	11705,89,79
Total	25207,67,88	20720,69,83
C) II. Advances outside India		
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
Total	0	0
GRAND TOTAL (C. I and C. II)	25207,67,88	20720,69,83

	(000's omitted)	
	As on 31.03.2013 ₹	As on 31.03.2012 ₹
SCHEDULE - 10 FIXED ASSETS		
I. Premises		
At cost as on 31 st March of the preceding year	109,10,15	107,00,87
Additions during the year	3,53,50	2,30,87
	112,63,65	109,31,74
Deductions during the year	1,53,64	21,59
	111,10,01	109,10,15
Depreciation to-date	31,56,40	28,74,34
Total	79,53,61	80,35,81
II. Other Fixed Assets (including Furniture and Fixtures)		
At cost as on 31 st March of the preceding year	225,44,59	206,57,48
Additions during the year	37,31,67	28,25,08
	262,76,26	234,82,56
Deductions during the year	6,43,10	9,37,97
	256,33,16	225,44,59
Depreciation to date	168,91,12	153,57,75
Total	87,42,04	71,86,84
Total (I+II)	166,95,65	152,22,65
SCHEDULE - 11 OTHER ASSETS		
I. Interest accrued	240,08,87	221,97,51
II. Tax paid in advance/tax deducted at source(net of provisions)	271,20,18	270,55,57
III. Stationery and Stamps	4,34,44	3,17,42
IV. Non-Banking Assets acquired in satisfaction of claims	19,47	1,46,70
V. Others	249,63,28	244,67,34
Total	765,46,24	741,84,54
SCHEDULE - 12 CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as debts	28,69,22	28,05,50
II. Liability for Partly paid investments	0	0
III. Liability on account of outstanding Forward Exchange Contracts including derivatives	4027,77,77	6187,37,63
IV. Guarantees given on behalf of constituents		
a) In India	1561,69,14	1301,76,22
b) Outside India	0	0
V. Acceptances, Endorsements and other Obligations	581,24,68	600,25,88
VI. Other items for which the bank is contingently liable	0	0
Total	6199,40,81	8117,45,23

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2013
(000's omitted)

	As on 31.03.2013 ₹	As on 31.03.2012 ₹
SCHEDULE - 13 INTEREST EARNED		
I. Interest/discount on advances/bills	2817,72,11	2361,91,16
II. Income on Investments	938,42,77	736,33,33
III. Interest on balances with R.B.I / other Inter-Bank funds	3,66,89	99,30
IV. Others	4,47,04	1,75,75
Total	3764,28,81	3100,99,54
SCHEDULE - 14 OTHER INCOME		
I. Commission, Exchange and Brokerage	187,15,12	174,10,04
II. Profit on sale of Investments (net)	53,09,56	50,20,66
III. Profit on Revaluation of Investments (net)	0	0
IV. Profit on sale of Land, Buildings and Other Assets (net)	(16,904)	2,94,70
V. Profit on Exchange Transactions(net)	33,25,75	38,31,74
VI. Income earned by way of dividends etc., from Subsidiaries/ Companies and /or Joint Ventures abroad/ in India	0	0
VII. Miscellaneous income	125,82,74	80,70,06
Total	397,64,13	346,27,20
SCHEDULE - 15 INTEREST EXPENDED		
1. Interest on deposits	2726,25,33	2268,81,36
2. Interest on Reserve Bank of India/Inter-Bank Borrowings	52,58,18	20,79,16
3. Others	81,72,12	79,26,90
Total	2860,55,63	2368,87,42
SCHEDULE - 16 OPERATING EXPENSES		
I. Payments to and provisions for employees	375,07,81	324,95,35
II. Rent, Taxes and Lighting	60,59,73	52,99,65
III. Printing and Stationery	5,05,10	4,88,47
IV. Advertisement and Publicity	5,54,18	5,45,63
V. Depreciation on Bank's property	24,02,98	21,90,90
VI. Directors' fees, allowances and expenses	73,45	69,91
VII. Auditors' fees and expenses (including branch auditors fees and exp)	1,74,51	1,62,99
VIII. Law charges	1,65,35	1,77,51
IX. Postage, telegrams, telephones etc.	9,40,19	8,09,39
X. Repairs and maintenance	16,38,65	14,55,25
XI. Insurance	33,81,93	30,30,57
XII. Other expenditure	131,99,70	100,92,94
Total	666,03,58	568,18,56

SCHEDULE-17

SIGNIFICANT ACCOUNTING POLICIES ADOPTED IN PREPARING FINANCIAL STATEMENTS

1. BASIS OF PREPARATION:

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

2. USE OF ESTIMATES:

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

3. REVENUE RECOGNITION:

Income and expenditure are accounted for on accrual basis except in respect of income from Non Performing Assets, commission, exchange and rent on safe deposit lockers, all of which are accounted on cash basis. Recoveries made in Non-performing advances (NPAs) are appropriated towards the principal, interest and charges in the order of demand except in the case of One Time Settlement (OTS) where recoveries are first adjusted to Principal balance.

4. INVESTMENTS:

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

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

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

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

5. DERIVATIVE CONTRACTS:

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

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

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

6. ADVANCES:

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

In case of financial assets sold to Securitisation/reconstruction Company, if the sale is at a price below the net book value (NBV), the shortfall is debited to the Profit and Loss account. If the sale is for the price higher than the net book value, excess provision held is not reversed but held till redemption of the security receipt, wherever applicable.

7. FIXED ASSETS:

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

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

8. DEPRECIATION:

Depreciation on fixed assets is provided on Written Down Value (WDV) method as per the rates and in the manner specified under Schedule –XIV of the Companies Act 1956, except in respect of computers (including software) where depreciation is provided at a flat rate of 33.33 % on Straight Line Method (SLM) as per RBI guidelines, which is more than the amount required to be charged off under schedule –XIV of the Companies Act 1956.

Depreciation on assets purchased during the year is computed up to the end of the year including for the entire month in which the asset is capitalised, and on assets sold/scrapped, up to the end of the month in which it is sold/scrapped.

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

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

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

9. FOREIGN CURRENCY TRANSACTIONS:

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

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

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

10. EMPLOYEE BENEFITS:

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

Contribution to the recognised Gratuity Fund, Pension Fund and 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.

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

11. 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.

12. SEGMENT REPORTING:

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

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

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

13. SHARE ISSUE EXPENSES:

Share issue expenses are adjusted in share premium account.

14. EARNINGS PER SHARE:

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

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

15. TAXATION:

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

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

16. PROVISIONS AND CONTINGENT LIABILITIES:

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

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

17. NET PROFIT:

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

SCHEDULE - 18

NOTES ON ACCOUNTS FORMING PART OF THE BALANCE SHEET AS ON 31st MARCH 2013, THE PROFIT AND LOSS ACCOUNT AND THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013.

1. Disclosures as per RBI requirement:

1.1 Capital Adequacy (under Basel II):

Sl	Particulars	31-03-2013	31-03-2012
a	CRAR (%)	13.22	12.84
b	CRAR – Tier I capital (%)	10.51	10.86
c	CRAR – Tier II Capital (%)	2.71	1.98
d	Amount of Subordinated Debts raised as Tier II capital (₹ in Crore)	600.00	350.00
e	Amount raised by issue of IPDI (₹ in Crore)	Nil	Nil
f	Amount raised by issue of upper Tier II instruments	Nil	Nil

1.2 Investments

(₹ in Crore)

SI No	Particulars	31.03.2013	31.03.2012
1	Value of Investments		
A	Gross Value of Investments		
a	In India	13520.40	12960.59
b	Outside India	Nil	Nil
B	Provisions for Depreciation		
a	In India	87.92	119.36
b	Outside India	Nil	Nil
C	Net Value of Investments		
a	In India	13432.48	12841.23
b	Outside India	Nil	Nil
2	Movement of provisions held towards depreciation on investments		
a	Opening balance	119.36	68.54
b	Add: Provisions made during the year	Nil	50.82
c	Less: Write-off/write-back of excess provisions during the year	31.44	Nil
d	Closing balance	87.92	119.36

1.2.1 Repo Transactions (in face value terms)

(₹ in Crore)

SI No	Particulars	Outstanding during the Year			Outstanding As on 31.03.2013
		Min	Max	Daily Average	
1	Securities sold under Repo				
a	Government securities	20.00	400.00	41.88	400.00
b	Corporate Debt securities	Nil	Nil	Nil	Nil
2	Securities purchased under reverse Repo				
a	Government securities	30.00	40.00	0.58	Nil
b	Corporate Debt securities	Nil	Nil	Nil	Nil

1.2.2 Non-SLR Investment Portfolio

1.2.2.i Issuer composition of Non-SLR investments:

(₹ in Crore)

SI No	Issuer	Amount	Extent of Private placements	Extent of 'below investment grade' securities	Extent of 'un-rated' securities	Extent of 'un-listed' securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	231.75	41.67			
2	Financial Institutions	3262.48	2937.60			
3	Banks	399.99	41.94			
4	Private Corporates	364.06	175.77	33.91	31.91	33.91
5	Subsidiaries / joint ventures	0.00	0.00			
6	Others	382.17	71.47			
7	Less Provision held towards deprecation	(72.70)				
	TOTAL	4567.75				

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

1.2.2. ii. Non-performing Non-SLR Investments

(₹ in Crore)

Particulars	2012-13	2011-12
Opening Balance	Nil	Nil
Additions during the year	12.85	Nil
Reductions during the above period	Nil	Nil
Closing Balance	12.85	Nil
Total Provision Held	12.85	Nil

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

There has been no transfer of securities to/from "Held to Maturity" (HTM) category during the year.

1.3 Derivatives

1.3.1 Forward Rate Agreement/ Interest Rate Swap:

(₹ in Crore)

SI No	Items	31.03.2013	31.03.2012
1	The Notional principal of swap agreements	Nil	120.00
2	Losses which would be incurred if counter parties failed to fulfil their obligations under the agreements	Nil	3.55
3	Collateral required by the bank upon entering into swaps	Nil	Nil
4	Concentration of credit risk arising from swaps	Nil	Client
5	The fair values of the swap book	Nil	Nil

1.3.2 Exchange Traded Interest Rate Derivatives:

(₹ in Crore)

SI No	Particulars	Amount
1	Notional principal amount of exchange traded interest rate derivatives undertaken during the year.	Nil
2	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 st March 2013.	Nil
3	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective".	Nil
4	Mark- to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" .	Nil

1.3.3 Disclosure in risk exposure in Derivative

(i) Qualitative Disclosure:

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

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

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

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

SI No	Particulars	Currency Derivatives	Interest Rate Derivatives
1.	Derivatives (Notional Principal Amount)		
	a Hedging	1832.88	Nil
	b Trading	2239.12	Nil
2.	Marked to Market Positions		
	Assets(+)	30.67	Nil
	Liabilities(-)	(22.99)	Nil
3.	Credit Exposure	111.22	Nil
4.	Likely impact of 1% change in interest Rates (100*PV01)		
	a On hedging derivatives	Nil	Nil
	b On trading derivatives	Nil	Nil
5.	Maximum and Minimum of 100*PV01 observed during the year		
	a On Hedging	Nil	Nil
	b On Trading	Nil	Nil

1.4 Asset Quality

1.4.1 Non-Performing Assets

(₹ in crore)

SI No		2012-13	2011-12
1	Gross NPA to Gross Advances (%)	2.51	3.27
2	Net NPA to Net Advances (%)	1.51	2.11
3	Movement of NPAs (Gross)		
	a) Opening Balance	684.72	702.17
	b) Additions during the year	413.45	378.31
	c) Reductions during the year	459.31	395.76
	d) Closing balance	638.86	684.72
4	Movement Of Net NPAs		
	a) Opening Balance	435.20	280.34
	b) Additions during the year	312.15	311.42
	c) Reductions during the year	369.60	156.56
	d) Closing balance	377.75	435.20
5	Movement of provisions for NPAs (Excluding provisions on Standard Assets)		
	a) Opening Balance	218.47	337.75
	b) Provision made during the year	172.33	83.75
	c) Write off/write back of excess provision	192.39	203.03
	d) Closing balance	198.41	218.47

1.4.2. Details of Loan assets subject to Restructuring:

(₹ in crore)

SI No	Type of Restructuring	Under CDR Mechanism					Under SME Debt Restructuring					Others					Total				
Asset Classification->		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)**	13	0	0	0	13	18	0	0	1	19	1331	110	263	25	1729	1362	110	263	26	1761
	Amount outstanding	713.78	0	0	0	713.78	71.88	0	0	0.24	72.12	1112.14	16.14	199.89	14.85	1343.02	1897.80	16.14	199.89	15.09	2128.92
	Provision thereon	19.03	0	0	0	19.03	0.88	0	0	0.24	1.12	74.12	3.51	87.57	14.85	180.05	94.03	3.51	87.57	15.09	200.20
2	Fresh Restructuring During the Year	1	0	0	1	2	0	1	0	0	1	144	7	1	0	152	145	8	1	1	155
	Amount outstanding	14.62	0	0	2.83	17.45	0	0.04	0	0	0.04	259.84	0.20	27.79	0	287.83	274.46	0.24	27.79	2.83	305.32
	Provision thereon	1.28	0	0	2.83	4.11	0	0.01	0	0	0.01	10.93	0.03	10.22	0	21.18	12.21	0.04	10.22	2.83	25.30
3	Up gradations to restructured standard category during the FY	0	0	0	0	0	0	0	0	0	0	31	-14	-16	-1	0	31	-14	-16	-1	0
	Amount outstanding	0	0	0	0	0	0	0	0	0	1.36	-1.09	-0.26	-0.01	0	1.36	-1.09	-0.26	-0.01	0	
	Provision thereon	0	0	0	0	0	0	0	0	0	0.05	-0.04	-0.01	0	0	0.05	-0.04	-0.01	0	0	
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	0				0	-12				-12	-602				-602	-614				-614
	Amount outstanding	0				0	-33.75				-33.75	-654.53				-654.53	-688.28				-688.28
	Provision thereon	0				0.00	-0.17				-0.17	-4.55				-4.55	-4.72				-4.72
5	Down gradations of restructured accounts during the FY	-3	1	2	0	0	-1	1	0	0	0	-55	-33	65	23	0	-59	-31	67	23	0
	Amount outstanding	-59.97	49.11	10.86	0	0	-9.79	9.79	0	0	0	-22.22	3.14	16.79	2.29	0	-91.98	62.04	27.65	2.29	0
	Provision thereon	-2.30	0.98	1.32	0	0	-0.2	0.2	0	0	0	-0.28	-2.99	2.94	0.33	0	-2.78	-1.81	4.26	0.33	0
6	Write-offs of restructured accounts during the FY	0	0	0	0	0	0	0	0	-1	-1	0	0	0	0	0	0	0	0	0	-1
	Amount outstanding	0	0	0	0	0	0	0	0	-0.24	-0.24	-0.03	-0.02	-70.38	-14.64	-85.07	-0.03	-0.02	-70.38	-14.88	-85.31
	Provision thereon	0	0	0	0	0	0	0	0	-0.24	-0.24	0	-0.02	-70.38	-14.64	-85.04	0	-0.02	-70.38	-14.88	-85.28
7	Operation in restructured accounts (Net)	0	0	0	0	0	-3	0	0	0	-3	-277	-18	-71	-3	-369	-280	-18	-71	-3	-372
	Amount outstanding	134.58	-1.16	-1.51	0	131.91	-10.05	3.1	0	0	-6.95	27.6	0.33	-110.47	-0.04	-82.58	152.13	2.27	-111.98	-0.04	42.38
	Provision thereon	5.23	7.69	5.07	0	17.99	0.02	2.81	0	0	2.83	-3.20	2.58	-1.11	1.91	0.18	2.05	13.08	3.96	1.91	21.00
8	Restructured Accounts as on March 31 of the FY (Closing Figure*)	11	1	2	1	15	2	2	0	0	4	572	52	242	44	910	585	55	244	45	929
	Amount outstanding	803.01	47.95	9.35	2.83	863.14	18.29	12.93	0	0.00	31.22	724.16	18.70	63.36	2.45	808.67	1545.46	79.58	72.71	5.28	1703.03
	Provision thereon	23.24	8.67	6.39	2.83	41.13	0.53	3.02	0	0	3.55	77.07	3.07	29.23	2.45	111.82	100.84	14.76	35.62	5.28	156.50

**Including the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight * Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight

1.4.3 Details of Financial Assets sold to Securitization/Reconstruction Company for Asset Reconstruction:
(₹ in crore)

SI No	Particulars	2012-13	2011-12
1	No of Accounts	9	Nil
2	Aggregate Value (net of Provisions) of accounts sold to SC/RC	93.44	Nil
3	Aggregate consideration	142.86	Nil
4	Additional consideration realised in respect of accounts transferred in earlier years	Nil	Nil
5	Aggregate Gain / (Loss) over net book value	49.42	Nil

1.4.4 Details of Non-performing Financial assets purchased/Sold:

1.4.4. A Details of Non-Performing Financial assets purchased:

SI No	Particulars	31.03.2013	31.03.2012
1	No. of accounts purchased during the year	Nil	Nil
2	Aggregate outstanding	Nil	Nil
3	Of these, number of accounts restructured during the year	Nil	Nil
4	Aggregate outstanding	Nil	Nil

1.4.4.B Details of Non-performing financial assets sold:

SI No	Particulars	31.03.2013	31.03.2012
1	No of accounts sold	Nil	Nil
2	Aggregate outstanding	Nil	Nil
3	Aggregate consideration received	Nil	Nil

1.4.5 Provisions on Standard Assets: (₹ in crore)

Item	31.03.2013	31.03.2012
Provisions towards Standard Assets	120.94	95.51

1.5 Business Ratios

SI No	Particulars	31.03.2013	31.03.2012
1	Interest Income to working funds	9.63%	9.29%
2	Non-interest income to working funds	1.02%	1.00%
3	Operating profits to working funds	1.63%	1.52%
4	Return on Assets	0.89%	0.73%
5	Business (Deposits Plus Advances) per employee (₹ in crore)	9.66	8.59
6	Profit per employee (₹ in crore)	0.05	0.04

1.6 Asset Liability Management:

Maturity Pattern of certain items of assets and liabilities: (₹ in crore)

	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 Day	160.72	613.44	310.69	350.49	206.40	23.28
2 to 7 Days	541.79	179.93	175.03	0.00	384.35	488.07
8 to 14 Days	617.65	224.45	0.00	0.00	63.92	16.53
15 to 28 Days	491.56	294.54	0.00	0.00	109.63	12.86
29 Days to 3 Months	1675.38	1620.41	145.57	146.57	1008.16	1127.52
Over 3 Months to 6 Months	2089.48	1719.59	135.33	117.92	407.79	389.30
Over 6 Months to 12 Months	6492.24	3555.07	216.32	74.50	349.18	428.49
Over 1 Year to 3 Years	12293.50	11376.94	1519.76	249.89	17.37	41.84
Over 3 Years to 5 Years	4853.72	2618.14	1515.18	160.89	0.00	15.87
Over 5 Years	6840.18	3005.17	9414.60	479.50	0.00	0.07
Total	36056.22	25207.68	13432.48	1579.76	2546.80	2543.83

1.7 Exposures

1.7.1 Exposure to Real Estate Sector:

(₹ in crore)

SI No	Particulars	31.03.2013	31.03.2012
1	Direct exposure		
a	Residential Mortgages:- Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	2188.59	1687.41
	Of which, individual housing loans eligible for inclusion in priority sector advances	1432.42	1190.10
b	Commercial Real Estates:- Lending (including Non-Fund Based Limits) secured by mortgages on commercial real estate (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc..)	1075.39	877.30
c	Investments in Mortgage Backed Securities (MBS) and other securitised exposures:-		
	Residential	Nil	0.30
	Commercial Real Estate	Nil	Nil
2	Indirect Exposure Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	15.52	42.04
	Total Exposure to Real Estate Sector	3279.50	2607.05

1.7.2 Exposure to Capital Market

(₹ in crore)

SI No	Category	31.03.2013	31.03.2012
1	Direct investments in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debts	198.04	205.12
2	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPS), convertible bonds and convertible debentures and units of equity oriented mutual funds.	Nil	Nil
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	Nil	Nil
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares /convertible bonds /convertible debentures /units of equity oriented mutual funds 'does not fully cover the advances'.	Nil	Nil
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	48.15	38.03
6	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
7	Bridge loans to companies against expected equity flows/issues	Nil	Nil
8	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil
9	Financing to Stockbrokers for margin trading	Nil	Nil
10	All exposures to Venture capital funds (both registered and unregistered)	Nil	Nil
	Total capital market exposure	246.19	243.15

1.7.3 Risk category-wise Country Exposure:

(₹ in crore)

Risk Category	Exposure (net) as at 31.03.2013	Provision held as at 31.03.2013	Exposure (net) as at 31.03.2012	Provision held as at 31.03.2012
Insignificant	62.86	Nil	76.86	Nil
Low	245.66	Nil	169.95	Nil
Moderate	12.18	Nil	3.94	Nil
High	7.06	Nil	13.16	Nil
Very High	0	Nil	Nil	Nil
TOTAL	327.76	Nil	263.91	Nil
Out of above				
Restricted	5.83	Nil	6.80	Nil
Off-Credit	Nil	Nil	Nil	Nil

The net funded exposure of the bank in respect of foreign exchange transactions with each country is within 1% of the total assets of the Bank and hence no country risk provision is required as per extant RBI guidelines.

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

During the year ended 31-03-2013, the Bank has not exceeded the Individual/Group borrowers' exposure ceiling fixed by RBI.

1.7.5 Unsecured Advances: The Bank has not granted any finance to projects against collaterals by way of intangible securities such as charge over the rights, licences, authorisations, etc.

1.8 Miscellaneous

1.8.1 Amount of provision made for Income-tax during the year:

(₹ in crore)

Particulars	Current Year	Previous year
Provision for Income Tax/Wealth tax	116.10	42.52

1.8.2 Penalties imposed by RBI: No penalty has been imposed by Reserve Bank of India during the year (Previous year ₹ 5.00 lakhs)

2. 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:

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

There are no material prior period items.

2.2 Accounting Standard 9 – Revenue Recognition

Revenue is recognized as per accounting policy No. 3 of Schedule 17 to the financial statements. Certain items of income are recognized on cash basis and such income are not material.

2.3 Accounting Standard 15 – Employee Benefits:

2.3.1 Various Benefits made available to the Employees are:-

a) Pension: The Bank has a defined benefit plan under Pension Trust to cover employees who have joined employment prior to 31st 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 31st March 2010 are covered under contributory pension scheme.

b) Gratuity: In accordance with the applicable Indian Laws, the Bank provides for defined gratuity benefit retirement plan ('the gratuity Plan') covering eligible employees. This plan provides for a lump sum payment to the eligible employees on retirement, death, incapacitation or termination of employment of amounts that are based on the last drawn salary and tenure of employment. Liabilities with regard to the gratuity plan are determined by actuarial valuation and contributed to the gratuity fund trust. Trustees administer the contribution made to the trust and invest in specific designated securities as mandated by law, which generally comprise of Central and State Government Bonds and debt instruments of Government owned corporations.

c) Leave Encashment (PL): The bank permits encashment of leave accumulated by employees. The liability for encashment of such leave is determined and provided on the basis of actuarial valuation.

- d) **Provident Fund:** The Bank pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund is recognised as expense and is charged to the Profit and Loss account. The obligation of the Bank is limited to such contributions. As on 31st March 2013, there was no liability due and outstanding to the fund by the Bank.
- e) **Other employee Benefits:** Other than the employee benefits listed above, the Bank also gives certain other benefits to the employees, which include Medical aid, reimbursement of hospitalization expenses to the employees / their family members and compensated absence such as sick leave and casual leave etc. The bank has made provision for such liabilities on an ad-hoc basis.
- f) The summarized position of Post-employment benefits and employee's long term benefits are recognized in the financial statements as required in accordance with Accounting Standard – 15 and are as under:

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

SI No	Particulars	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
1	Method of Valuation	Projected Unit Credit		
2	Discount rate	8.50%	8.50%	8.50%
3	Salary escalation rate	4.00%	4.00%	4.00%
4	Rate escalation in Basic Pay	4.00%	4.00%	4.00%
5	Attrition rate	No assumption made		5.00%
6	Rate of escalation in pension	4.00%	----	----
7	Expected rate of return on plan assets	8.50%	8.50%	----
8	Mortality	LIC (94-96) Table of mortality rates		

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

SI No	Particulars	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
1	Present Value of defined benefit obligation as at 1 st April 2012	364.18	78.41	44.42
2	Interest Cost	36.97	8.66	3.78
3	Current Service Cost	14.11	4.34	2.14
4	Past Service Cost- Unrecognized	47.17	15.65	0.00
5	Past Service Cost- Recognized	23.58	7.83	0.00
6	(Less) Benefits Paid	(42.30)	(9.90)	0.00
7	Actuarial Loss/(Gain) on Obligations	44.49	11.04	2.05
8	Present Value of defined benefit obligation as at 31 st March 2013	488.20	116.02	52.39

Changes in Fair value of Plan Assets- Reconciliation of Opening and Closing Balances (₹ in crore)

SI No	Particulars	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
1	Fair Value of Plan Assets at the beginning of the year	435.54	102.09	44.42
2	Expected return on Plan Assets	37.02	8.68	0.00
3	Banks Contribution related to previous year	(0.33)	(0.18)	0.00
4	Banks Contribution related to Current year	55.19	14.60	7.97
5	(Less) Benefits Paid	(42.30)	(9.90)	0.00
6	Actuarial gain/(Loss) on plan assets	3.36	0.76	0.00
7	Fair Value of Plan Asset at the end of the year	488.48	116.05	52.39

Actual Return on Plan Assets

(₹ in crore)

SI No	Particulars	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
1	Expected return on Plan Assets	37.02	8.68	0.00
2	Actuarial Gain/(Loss) on plan Assets	3.36	0.76	0.00
3	Actual return on Plan Assets	40.38	9.44	0.00

Actuarial Gain / Loss Recognized

(₹ in crore)

SI No	Particulars	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
1	Actuarial Gain/(loss) for the period- Obligations	(44.49)	(11.04)	2.05
2	Actuarial gain/(loss) for the period- Plan Assets	3.36	0.76	0.00
3	Total (Gain)/loss for the period- Plan Assets (2-1)	41.13	10.28	2.05
4	Actuarial (Gain)/loss recognized in the year	41.13	10.28	2.05
5	Unrecognized actuarial (gain)/loss at the end of the year	0.00	0.00	0.00

Amounts recognized in Balance Sheet and related analysis

(₹ in crore)

SI No	Particulars	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
1	Present value of the obligations	488.20	116.02	52.39
2	Fair Value of Plan Assets	488.48	116.05	52.39
3	Differences (Assets-obligations)	0.28	0.03	0.00
4	Un recognized past service cost-non vested benefits	(47.17)	(15.65)	0.00
5	Assets recognized in the Balance Sheet	46.89	15.62	0.00
6	Liability recognized in the Balance sheet	441.03	100.37	52.39

Expenses recognized in the statement of Profit and Loss Account

(₹ in crore)

SI No	Particulars	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
1	Current Service Cost	14.11	4.34	2.14
2	Interest Cost	36.97	8.66	3.78
3	Expected Return on Plan Assets	(37.02)	(8.68)	0.00
4	Net actuarial (Gain)/Loss recognized in the year	41.13	10.28	2.05
5	Past Service Cost- recognized	23.58	7.83	0.00
6	Expenses recognized in the statement of Profit and Loss Account	78.77	22.43	7.97

Movements in the Liability recognized in the Balance Sheet

(₹ in crore)

SI No	Particulars	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
1	Opening Net Liability	364.18	78.41	44.42
2	Expenses as above	78.77	22.43	7.97
3	Contributions by the Bank for the year 2011-12	0.00	0.00	0.00
4	Contributions by the Bank for the year 2012-13	55.19	14.60	7.97
5	Total Contributions Paid	55.19	14.60	7.97
6	Closing Net Liability	488.20	116.02	52.39

Amount for the Current Period

(₹ in crore)

SI No	Particulars	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
1	Present value obligations	488.20	116.02	52.39
2	Plan Assets	488.48	116.05	52.39
3	Surplus(Deficit)	0.28	0.03	0.00
4	Experience adjustments on plan liabilities- (loss)/gain	44.49	11.04	2.05
5	Experience adjustments on plan assets- (loss)/gain	3.36	0.76	0.00

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

SI No	Particulars	Pension Trust	Gratuity Trust	Leave Encashment (Un Funded)
1	Government of India Securities	0.00	22.28	0.00
2	State Government Securities	0.00	3.18	0.00
3	High Quality Corporate Bonds	0.00	8.88	0.00
4	Equity Shares of Listed Companies	0.00	0.00	0.00
5	Property	0.00	0.00	0.00
6	Funds managed by insurer	90.60	0.00	0.00
7	Mutual Funds	0.00	64.16	0.00
8	Bank Deposits - Current Accounts	9.40	0.59	0.00
9	Others	0.00	0.91	0.00
10	Total	100.00	100.00	0.00

Estimated contribution for the next Year

(₹ in crore)

SI No	Particulars	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
1	Enterprises Best estimate of expenditure to be incurred during the next year (inclusive of proportionate amortization)	85.00	20.00	5.00

- g) On account of other employee benefits like LFC Encashment, Medical Aid, Hospitalisation Reimbursement, Sick Leave etc, a provision of ₹ 3.41 crore (Previous Year ₹ 3.38 crore) is held.

2.3.2. Employee Stock Option (ESOP)

The shareholders of the Bank had approved the Employee Stock Option Scheme (ESOS) at the Annual General Meeting held on 15.7.2006 for grant to eligible employees' up to 15,00,000 stock options in aggregate. Accordingly stock options were granted to the eligible employees at an exercise price of ₹ 50/- per share. As per the Scheme, the stock options granted would vest in a graded manner i.e 40% after the first year, 30% in the second year and the remaining 30% before the end of the third year from the date of grant. The vested options, subject to other conditions, were exercisable within a period of 5 years from the respective dates of vesting. Pursuant to exercise of the options vested in the employees, 59,020 equity shares have been allotted during the year.

2.4 Accounting Standard 17 – Segment reporting:

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

Part A – Business Segments

(₹ in crore)

BUSINESS SEGMENTS	TREASURY		CORPORATE/ WHOLESALE BANKING		RETAIL BANKING		OTHER BANKING OPERATIONS		TOTAL	
	Mar '13	Mar '12	Mar '13	Mar '12	Mar '13	Mar '12	Mar '13	Mar '12	Mar '13	Mar '12
Particulars										
Revenue	1043.95	844.00	1349.12	1176.13	1681.25	1355.37	87.61	71.77	4161.93	3447.27
Result	-25.95	-127.12	73.81	10.48	382.62	371.14	57.73	55.99	488.21	310.49
Unallocated expenses									24.03	21.90
Profit before tax									464.18	288.59
Income taxes									116.10	42.52
Extraordinary Profit / Loss									0.00	0.00
Net Profit									348.08	246.07
Other Information										
Segment Assets	15851.90	15178.92	13707.15	11656.77	11797.21	9327.05	3.17	6.60	41359.42	36169.34
Unallocated Assets									166.96	152.23
Total Assets									41526.38	36321.57
Segment Liabilities	14691.36	14024.85	12830.67	10892.73	10989.71	8659.13	2.93	6.10	38514.68	33582.81
Unallocated liabilities									154.62	140.55
Total Liabilities									38669.30	33723.36

2.5 Accounting Standard 18 – Related Party disclosures: There is no related party transaction other than remuneration paid to key management personnel, Sri P. Jayarama Bhat, Managing Director and Chief Executive Officer aggregating to ₹ 0.44 Crore (previous year ₹ 0.32 Crore).

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

SI No	Particular	31.03.2013	31.03.2012
1	Earnings per share Basic (₹)	18.48	13.07
2	Earnings per share Diluted (₹)	18.46	13.06
3	Net Profit for the year attributable to Equity shares (₹ in crore)	348.08	246.07
4	Weighted Average number of Equity Shares - Basic	188308839	188228568
5	Weighted Average number of Equity Shares - Diluted	188543109	188421853
6	Nominal value per equity share (₹)	10.00	10.00

Allotment of 4,120 Equity shares (previous year 4,120 Equity shares) is kept in abeyance due to restraint orders received and matter being sub-judice. The same has not been considered for EPS calculation.

2.7 Accounting Standard 22 – Accounting for taxes on Income:

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

SI No	Particulars	As on 31.03.2013	As on 31.03.2012
A	Deferred Tax Liabilities		
1	Depreciation on fixed assets	2.16	2.86
2	Depreciation on investments	60.80	126.72
3	Accrued Interest on Investments	80.43	72.17
4	Pension and Gratuity	21.35	10.19
	Total	164.74	211.94
B	Deferred Tax Assets		
1	PL/LFC Encashment	18.29	14.86
2	Others	56.75	41.05
	Total	75.04	55.91
	Net deferred tax liabilities (A) – (B)	89.70	156.03

2.8 Accounting Standard 28 – Impairment of Assets:

In the opinion of the management, there is no impairment of the fixed assets to any material extent as at 31st March 2013 requiring recognition in terms of Accounting Standard 28.

2.9 Accounting Standard 29 – Provision, Contingent liabilities and Contingent assets:

Movement in Provision for Contingencies:

(₹ in crore)

Particulars	Opening as on 01-04-2012	Provision made during the year	Provisions reversed/adjusted	Closing as on 31-03-2013
Provision for Contingencies	6.18	11.90	Nil	18.08

3. Additional Disclosures:

3.1 Details of Provisions and contingencies made during the year:

(₹ in crore)

SI No	Particulars	31.03.2013	31.03.2012
1	Provisions for Depreciation on Investment	(31.44)	50.82
2	Provisions towards NPA	172.33	83.75
3	Provisions towards Standard Assets (including NPV of Restructured Standard advances)	18.36	86.28
4	Provisions made towards taxes	116.10	42.52
5	Other Provisions & contingencies	11.90	0.77
	Total	287.25	264.14

3.2 Floating Provision:

(₹ in crore)

SI No	Particulars	31.03.2013	31.03.2012
1	Opening Balance	Nil	Nil
2	Provision made during the year	Nil	Nil
3	Utilised during the year	Nil	Nil
4	Amount transferred to Counter Cyclical Provisioning Buffer as per RBI guidelines	Nil	Nil
5	Closing balance	Nil	Nil

3.3 Drawdown from Reserves: The bank has not made any draw down during the year from the Reserves.

3.4 Complaints / unimplemented Awards of Banking Ombudsman:

3.4.1 Customer Complaints:

(a)	No. of complaints pending at the beginning of the year	38
(b)	No. of complaints received during the year	520
(c)	No. of complaints redressed during the year	536
(d)	No. of complaints pending at the end of year	22

3.4.2 Awards passed by the Banking Ombudsman:

(a)	No. of unimplemented awards at the beginning of the year	Nil
(b)	No. of awards passed by the Banking Ombudsman during the year	1
(c)	No. of awards implemented during the year	1
(d)	No. of unimplemented awards at the end of the year	Nil

3.5 Disclosure of Letters of Comforts (LOC): The Bank issues Letter of Comforts on behalf of its various constituents against the credit limits sanctioned to them. In the opinion of the management, no significant financial impact and/or cumulative financial obligations have devolved under the LOCs issued by the Bank in the past or during the current year and remaining outstanding as of 31st March 2013.

Details of LOCs issued by the Bank is as follows:

(₹ in crore)

1	Letter of comforts issued during the year	740.53
2	Letter of comforts matured/cancelled during the year	608.68
3	Letter of comforts outstanding at the end of the year	278.48

3.6 Provisioning Coverage Ratio (PCR):

The bank's provision coverage ratio as of March 31st, 2013 is 55.36 % (previous year 47.18%).

3.7 Bancassurance Business:

(₹ in crore)

SI No	Nature of Income	31.3.2013	31.3.2012
1	For selling Life Insurance Policies	21.04	24.67
2	For selling Non-Life Insurance Policies	6.85	5.34
	Total	27.89	30.01

3.8 Concentration of Deposits, Advances, Exposures and NPAs:

3.8.1 Concentration of Deposits:

SI No	Particulars	31.3.2013	31.3.2012
1	Total deposits of 20 largest depositors (₹ in crore)	2066.36	2151.78
2	% age of deposits of 20 largest depositors to total deposits	5.73	6.81

3.8.2 Concentration of Advances:

SI No	Particulars	31.3.2013	31.3.2012
1	Total advances of 20 largest borrowers (₹ in crore)	4424.82	3830.70
2	% age of advances of 20 largest borrowers to total advances (credit exposures including derivatives)	13.20	13.55

3.8.3 Concentration of Exposures:

SI No	Particulars	31.3.2013	31.3.2012
1	Total exposures of 20 largest borrowers / Customers (₹ in crore)	4427.17	3833.05
2	Percentage of Exposures to 20 largest borrowers / customers to Total Exposure of the bank on borrowers / customers	9.41	9.30

3.8.4 Concentration of NPAs:

(₹ in crore)

SI No	Particulars	31.3.2013	31.3.2012
1	Total fund based Exposure of Top Four NPA accounts	182.75	209.78

3.9 Sector-wise NPAs:

(₹ in crore)

SI No	Sector	Percentage of NPAs to Total Advances in that sector	
		31.3.2013	31.3.2012
1	Agriculture & allied activities	4.79	7.76
2	Industry (Micro & Small, Medium and Large)	3.62	3.65
3	Services	2.89	4.63
4	Personal Loans	0.67	0.74

3.10 Movement of NPA: (₹ in crore)

Particulars	
Gross NPAs as of the beginning of the year	684.72
Additions during the year	413.45
Sub-total (A)	1098.17
Less:	
(i) Up-gradations	75.52
(ii) Recoveries (excluding recoveries made from upgraded accounts)	191.40
(iii) Write offs	192.39
Sub-Total (B)	459.31
Gross NPAs at the end of the Year [(A) – (B)]	638.86

3.11 Overseas Assets, NPA and Revenue: (₹ in crore)

Particulars	31.3.2013	31.3.2012
Total Assets	Nil	Nil
Total NPAs	Nil	Nil
Total Revenue	Nil	Nil

3.12 Off- balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms):

Name of the SPV Sponsored	
Domestic	Overseas
None	None

3.13 As permitted by the Reserve Bank of India vide their letter DBOD. No. BPBC. 15896/ 21.04.018/2010-11 dated 8th April 2011, the bank has during the year, debited to its Profit & Loss account a sum of ₹ 23.58 crore towards amortization of pension and ₹ 7.83 crore towards amortization of Gratuity on proportionate basis and the balance unamortized amount of ₹ 47.17 crore and ₹ 15.65 crore towards Pension and gratuity respectively, will be dealt with as per the guidelines of the Reserve bank of India. Further, in this regard the Central Govt vide notification dated 11.05.2011 has exempted the Bank from the applicability of provisions of Section 15(1) of the B. R. Act dealing with restrictions on declaration of dividend for the years 2010-11, 2011-12 and 2012-13.

3.14 Disclosure of remunerations
a) Qualitative disclosure:

Remuneration Committee: The Remuneration Committee of the Board consists of majority of independent Directors including two independent Director Member from Integrated Risk Management Committee.

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

The Remuneration Committee of the Board works in close coordination with the Integrated Risk Management Committee of the Board to ensure effective alignment of remuneration and risks. Other qualitative disclosures are as under:

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

Performance linked variable compensation, deferral and forms : The bank's compensation policy stipulates that while fixing the Variable Pay, performance parameters under financial and non-financial areas of operations are to be assessed and variable pay shall not exceed 70% of the fixed pay in a year. The variable pay could be in cash, or stock linked instruments or mix of both. The deterioration in the financial performance of the bank should generally lead to a contraction in the total amount of variable remuneration paid.

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

b) Quantitative disclosures

(i)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	1 (One) Sitting fees of ₹ 10000/- to each non-whole time Director members per meeting attended.
(ii)	Number of employees having received a variable remuneration award during the financial year. No variable remuneration paid to any employees during the financial year 2012-13. Number and total amount of sign-on awards made during the financial year. Details of guaranteed bonus, if any, paid as joining / sign on bonus. Details of severance pay, in addition to accrued benefits, if any.	No variable remuneration paid to any employees during the financial year 2012-13. NIL NIL NIL
(iii)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. Total amount of deferred remuneration paid out in the financial year.	NIL NIL
(iv)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	Fixed : ₹ 0.44 crores Variable: NIL
(v)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments. Total amount of reductions during the financial year due to ex- post explicit adjustments. Total amount of reductions during the financial year due to ex- post implicit adjustments.	NIL NIL NIL

Note: The above disclosure is effective from FY2012-13. Hence the comparative figures for the year have not been given.

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

- Balancing of Subsidiary Ledgers are completed in all branches/offices.
 - Reconciliation of branch adjustments/Inter Bank accounts has been completed up to 31-03-2013 and steps are being taken to give effect to consequential adjustments of pending items.
- Investments: The percentage of SLR investments under "Held to Maturity" category as on 31st March 2013 was 20.05% (Previous Year 22.33%) of the Net Demand and Time Liabilities of the bank, which is within the permissible limit as per RBI guidelines.
 - Tax demands under appeal: A sum of ₹ 140.26 crore (Previous year ₹ 85.66 crore) is outstanding on account of demands raised by the Income Tax Department in earlier years which have been paid under protest. No provision is considered necessary in respect of these demands, as the Bank has been advised that there are good chances of success in appeals/ considering favourable judicial pronouncements and/or appellate orders on identical issues for earlier assessment years.
 - Premises include building in possession and occupation of the Bank pending execution of title deeds and/or Co-operative Societies yet to be formed amounting to ₹ 0.22 crore (Previous year ₹ 0.22 crore)
 - Previous year's figures have been regrouped/rearranged/given in brackets wherever necessary and feasible to conform to the current year classifications.

Sd/-
Muralidhar K. Rao
Deputy General Manager

Sd/-
P. Jairama Hande
General Manager & C.F.O

Sd/-
P. Jayarama Bhat
Managing Director & C.E.O

Sd/-
Ananthakrishna
Chairman

Sd/-
R.V. Shastri
U.R. Bhat
Directors

Sd/-
T.S. Vishwanath
Sitarama Murty M.
Directors

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

Sd/-
H. Ramamohan
T.R. Chandrasekaran
Ashok Haranahalli
Directors

Refer our report of even date

For Vishnu Daya & Co
Chartered Accountants
Firm Regn. No. 008456S

For R.K. Kumar & Co
Chartered Accountants
Firm Regn. No. 001595S

Sd/-
Guruprasad
Partner
M.No. 219250

Sd/-
B.R. Ashok
Partner
M.No. 023313

Place: Mangalore
Date : May 15th, 2013

INDEPENDENT AUDITORS' REPORT

ಸ್ವತಂತ್ರ ಲೆಕ್ಕ ಪರಿಶೋಧಕರ ವರದಿ

To,

The Shareholders of The Karnataka Bank Limited

Report on the Financial Statements:

1. We have audited the accompanying financial statements of The Karnataka Bank Limited as at 31st March 2013, which comprises the Balance Sheet as at 31st March 2013; the Profit and Loss Account and the Cash Flow Statement for the year then ended; and a summary of significant Accounting Policies and other explanatory information. Incorporated in these financial statements are the returns of 28 branches audited by us and balance 522 branches / 25 offices audited by Branch Auditors. The Branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued by the Reserve Bank of India.

Management's responsibility for the Financial Statements:

2. Management is responsible for the preparation of these financial statements in accordance with the Banking Regulation Act, 1949. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility:

3. Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

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ಕರ್ನಾಟಕ ಬ್ಯಾಂಕಿನ ಶೇರುದಾರರು

ಹಣಕಾಸಿನ ಲೆಕ್ಕ ಪತ್ರಗಳ ಬಗ್ಗೆ ವರದಿ

1. ನಾವು ಇದರೊಂದಿಗೆ ಲಗತ್ತಿಸಿದ ಕರ್ನಾಟಕ ಬ್ಯಾಂಕ್ ಲಿಮಿಟೆಡ್ ಇದರ 31 ಮಾರ್ಚ್, 2013ರ ಹಣಕಾಸಿನ ಲೆಕ್ಕ ಪತ್ರಗಳ ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯನ್ನು ಮಾಡಿದ್ದು ಇದರಲ್ಲಿ 31 ಮಾರ್ಚ್, 2013ರ ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ ಲಾಭ ನಷ್ಟ ತಟ್ಟೆ ಮತ್ತು ವರ್ಷಾಂತ್ಯದ ನಗದು ಪರಿಚಲನೆಯ ನೋಟೀಸ್ ಪಟ್ಟಿಯು ಒಳಗೊಂಡಿರುತ್ತದೆ. ಅಲ್ಲದೇ ಪ್ರಮುಖ ಲೆಕ್ಕಪತ್ರಗಳನ್ನು ಧರಿಸಿಕೊಂಡು ಸಾರಾಂಶ ಮತ್ತು ವಿವರಣಾತ್ಮಕ ಸೂಚನೆಗಳು ಸೇರಲ್ಪಟ್ಟಿವೆ. ಇವುಗಳಲ್ಲಿ ಸಂಘಟಿತವಾದ ಶಾಖಾ ವರದಿಗಳಲ್ಲಿನಾವೇ ಪರಿಶೋಧನೆ ಮಾಡಿದ ಬ್ಯಾಂಕಿನ 28 ಶಾಖೆಗಳ ಹಾಗೂ ಶಾಖಾ ಲೆಕ್ಕಪರಿಶೋಧಕರಿಂದ ಪರಿಶೋಧಿಸಲ್ಪಟ್ಟ ಉಳಿದ 522 ಶಾಖೆಗಳ /25 ಕಛೇರಿಗಳ ವರದಿಗಳು ಒಳಗೊಂಡಿವೆ. ನಾವು ಪರಿಶೋಧಿಸಿದ ಶಾಖೆಗಳು ಮತ್ತು ಇತರ ಲೆಕ್ಕ ಪರಿಶೋಧಕರು ಲೆಕ್ಕ ಪರಿಶೋಧಿಸಿದ ಶಾಖೆಗಳ ಆಯ್ಕೆ ಬ್ಯಾಂಕಿನದ್ದಾಗಿದ್ದು ಅದು ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕಿನ ಮಾರ್ಗದರ್ಶಿಗಳಿಗೆ ಅನುಸಾರವಾಗಿ ಇದೆ.

ಹಣಕಾಸಿನ ಲೆಕ್ಕಪತ್ರಗಳ ಬಗ್ಗೆ ಆಡಳಿತದ ಹೊಣೆಗಾರಿಕೆ:

2. 1949ರ ಬ್ಯಾಂಕಿಂಗ್ ರೆಗ್ಯೂಲೇಷನ್ ಆಕ್ಟ್ ಅನುಸಾರವಾಗಿ ಈ ಹಣಕಾಸಿನ ಲೆಕ್ಕಪತ್ರಗಳ ತಯಾರಿ ಬ್ಯಾಂಕಿನ ಆಡಳಿತ ಹೊಣೆಗಾರಿಕೆಯಾಗಿರುತ್ತದೆ. ಈ ಹೊಣೆಗಾರಿಕೆಯಲ್ಲಿ ವಿನ್ಯಾಸ, ಹಣಕಾಸಿನ ಲೆಕ್ಕಪತ್ರಗಳ ತಯಾರಿಕೆಗೆ ಅನುಗುಣವಾಗಿ ಆಂತರಿಕ ನಿಯಂತ್ರಣದ ಹೇರಿಕೆ ಮತ್ತು ಕಾಯ್ದುಕೊಂಡು ಬರುವಿಕೆ ಹಾಗೂ ಅವುಗಳು ವಂಚನೆ ಅಥವಾ ತಪ್ಪಿನಿಂದಾಗಿ ವಿಷಯಾತ್ಮಕ ತಪ್ಪು ವ್ಯಾಜ್ಯಗಳಿಂದ ಮುಕ್ತವಾಗಿರುವುದು ಮುಖ್ಯವಾಗಿರುತ್ತದೆ.

ಲೆಕ್ಕಪರಿಶೋಧಕರ ಹೊಣೆಗಾರಿಕೆ:

3. ನಮ್ಮ ಲೆಕ್ಕಪರಿಶೋಧನೆಯ ಆಧಾರದ ಮೇಲೆ ಇಲ್ಲಿನ ಹಣಕಾಸಿನ ಲೆಕ್ಕಪತ್ರಗಳ ಕುರಿತು ನಮ್ಮ ಅಭಿಪ್ರಾಯ ಮಾಡುವಷ್ಟಕ್ಕೆ ನಮ್ಮ ಹೊಣೆಗಾರಿಕೆ ಸೀಮಿತವಾಗಿದೆ. ಇನ್ ಸ್ಟಿಟ್ಯೂಟ್ ಆಫ್ ಚಾರ್ಟೆಡ್ ಅಕೌಂಟೆಂಟ್ಸ್ ಆಫ್ ಇಂಡಿಯಾ ಬಿಡುಗಡೆಗೊಳಿಸಿದ ಲೆಕ್ಕಪರಿಶೋಧನಾ ನೀತಿಗನುಗುಣವಾಗಿ ಲೆಕ್ಕಪರಿಶೋಧನೆಯನ್ನು ನಾವು ಮಾಡಿದ್ದೇವೆ. ಈ ಲೆಕ್ಕಪರಿಶೋಧಕರು ಗಣ್ಯವಾದ ತಪ್ಪು ಹೇಳಿಕೆಗಳಿಂದ ಹೊರಪಟ್ಟಿವೆ ಎಂಬ ವಿವೇಚನಾತ್ಮಕ ಭರವಸೆ ಹೊಂದುವ ರೀತಿಯಲ್ಲಿ ನಾವು ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯನ್ನು ಯೋಚಿಸಿ, ನಿರ್ವಹಿಸಬೇಕೆಂದು ಆ ನಿತಿಗಳ ಆಪೇಕ್ಷೆ.

4. ಲೆಕ್ಕಪತ್ರಗಳಲ್ಲಿ ನೀಡಲ್ಪಟ್ಟ ಮೊತ್ತದ ಬಗ್ಗೆ ಲೆಕ್ಕಪರಿಶೋಧನೆಯ ಬಗ್ಗೆ ಸೂಕ್ತ ಆಧಾರವನ್ನು ಕೇಳಿದ ಕಾರ್ಯನಿರ್ವಹಣೆಯನ್ನು ಪೂರೈಸುವುದನ್ನು ಲೆಕ್ಕಪರಿಶೋಧನೆ ಒಳಗೊಂಡಿರುತ್ತದೆ. ಕಾರ್ಯನಿರ್ವಹಣೆಯ ಆಯ್ಕೆಯು ಲೆಕ್ಕಪರಿಶೋಧಕರ ವಿವೇಚನೆಗೆ ಸಂಬಂಧಿಸಿದ್ದಾಗಿದ್ದು ಲೆಕ್ಕಪತ್ರಗಳಲ್ಲಿನ ನ್ಯೂನತೆ, ತಪ್ಪು ಹೇಳಿಕೆ ಅಥವಾ ವಂಚನೆ ನಿರ್ಧಾರದಲ್ಲೂ ಇದು ಲೆಕ್ಕಪರಿಶೋಧಕರ ವಿವೇಚನೆಗೆ ಬಿಟ್ಟಿದ್ದಾಗಿರುತ್ತದೆ. ಅಂತಹ ನಿರ್ಧಾರಕ್ಕೆ ಬರುವಲ್ಲಿ ಲೆಕ್ಕಪರಿಶೋಧಕರು ಬ್ಯಾಂಕಿನ ಆಂತರಿಕ ನಿಯಂತ್ರಣವು

relevant to the bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the accounting policies and notes thereon, give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 1956, in the manner so required for the banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the bank as at 31st March, 2013;
 - (ii) In the case of the Profit and Loss Account, of the profits for the year ended on that date; and
 - (iii) In the case of the Cash Flow Statement, of cash flows for the year ended on that date.

Report on other legal and Regulatory requirements:

7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of section 29 of the Banking Regulation Act, 1949 read with section 211 of the Companies Act, 1956;
8. Subject to the limitations of the audit indicated in paragraph 1 to 5 above, 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 purposes of our audit and have found them to be satisfactory.
 - b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - c. The returns received from the Offices and Branches of the Bank have been found adequate for the purposes of our audit.

ಖಣಕಾಸಿನ ಲೆಕ್ಕಪತ್ರ ತಯಾರಿಸುವಲ್ಲಿ, ಲೆಕ್ಕಪರಿಶೋಧನಾ ವಿನ್ಯಾಸದಲ್ಲಿ ರಚಿಸಲ್ಪಟ್ಟದ್ದೇ, ಅದು ಸಂದರ್ಭಕ್ಕೆ ಸೂಕ್ತವಾಗಿದೆಯೇ ಎಂದು ಖಚಿತಪಡಿಸಿಕೊಳ್ಳಬಹುದು. ಲೆಕ್ಕಪರಿಶೋಧನೆಯು ಲೆಕ್ಕವಿಡುವ ಮೂಲತತ್ವಕ್ಕನುಸಾರವಾಗಿ ಯಥಾರ್ಥವಾಗಿ ರಚಿಸಲ್ಪಟ್ಟಿದೆ ಎನ್ನುವುದನ್ನು ಲೆಕ್ಕವಿಡುವಲ್ಲಿ ಬ್ಯಾಂಕ್ ಆಡಳಿತ ಮಾಡಿದ ಅಂದಾಜುಗಳು ಸಹಾರಣವಾಗಿದೆ ಎನ್ನುವುದನ್ನು ಹಾಗೆಯೇ ಲೆಕ್ಕಾಚಾರ ಪಟ್ಟಿಗಳ ಸಮಗ್ರ ನಿರೂಪಣೆಯ ಮೇಲೆ ಮೌಲ್ಯೀಕರಣ ಮಾಡುವುದೂ ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯ ವ್ಯಾಪ್ತಿಯ ಒಳಗೆ ಬರುತ್ತದೆ.

5. ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯ ಸಂದರ್ಭದಲ್ಲಿ ನಾವು ಸಾಕಷ್ಟು ಲೆಕ್ಕಪರಿಶೋಧನೆಗೆ ಅಗತ್ಯವಿರುವ ಪುರಾವೆಗಳನ್ನು ಪಡೆದಿದ್ದು ಮತ್ತು ಅದರ ಆಧಾರದ ಮೇಲೆ ಲೆಕ್ಕಪತ್ರ ಪರಿಶೋಧನಾ ಅಭಿಪ್ರಾಯವನ್ನು ನೀಡುವಲ್ಲಿ ನಾವು ಪರಿಪೂರ್ಣರಾಗಿದ್ದೇವೆ ಎಂದು ನಂಬಿದ್ದೇವೆ.

ಅಭಿಪ್ರಾಯ

6. ನಮ್ಮ ಅಭಿಪ್ರಾಯದಂತೆ ನೀಡಲ್ಪಟ್ಟ ಅತ್ಯುತ್ತಮ ಮಾಹಿತಿಯಂತೆ ನಾವು ಲೆಕ್ಕಪರಿಶೋಧನೆ ಮಾಡಿದ ಲೆಕ್ಕಪತ್ರಗಳು ಹಾಗೂ ಅವುಗಳಿಗೆ ಒದಗಿಸಿದ ಟಿಪ್ಪಣಿಯಂತೆ, ಬ್ಯಾಂಕಿಂಗ್ ರೆಗ್ಯುಲೇಷನ್ ಆಕ್ಟ್, 1949 ಮತ್ತು ಕಂಪೆನಿ ಆಕ್ಟ್, 1956 ಅನುಸಾರವಾಗಿ, ಅಲ್ಲಿ ಉಲ್ಲೇಖಿಸಿರುವುದು, ಭಾರತದಲ್ಲಿ ಲೆಕ್ಕವಿಡುವ ನೀತಿಯ ಪ್ರಕಾರ ರಚನೆಗೊಂಡಿದೆ ಹಾಗೂ ಅವು ಸಮರ್ಪಕವಾಗಿದ್ದು ಅವು ಯಥಾರ್ಥವಾದ ಮತ್ತು ನೈಜ ಮಾಹಿತಿಗಳನ್ನು ಒದಗಿಸುತ್ತವೆ.
 - (i) ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ ಸಂದರ್ಭದಲ್ಲಿ 31, ಮಾರ್ಚ್ 2013 ರಂದು ಇದ್ದ ಬ್ಯಾಂಕಿನ ವಹಿವಾಟಿನ ನೈಜ ಚಿತ್ರಣವನ್ನು
 - (ii) ಲಾಭ ಮತ್ತು ನಷ್ಟ ತಪ್ಪು ಸಂದರ್ಭದಲ್ಲಿ, ವರ್ಷಾಂತ್ಯದ ದಿನಾಂಕದಂದು ಆದ ಲಾಭ ಮತ್ತು
 - (iii) ನಗದು ಪರಿಚಲನೆ ನಿರೂಪಣೆ ಪಟ್ಟಿಯ ಸಂದರ್ಭದಲ್ಲಿ ವರ್ಷಾಂತ್ಯದ ದಿನಾಂಕದಂದು ಆದ ನಗದು ಪರಿಚಲನೆಯನ್ನು ತೃಪ್ತಿಕರ ರೀತಿಯಲ್ಲಿ ಪ್ರತಿಬಿಂಬಿಸುತ್ತವೆ.

ಕಾನೂನು ಮತ್ತು ನಿಯಂತ್ರಣ ಅಗತ್ಯತೆ ಬಗ್ಗೆ ವರದಿ

7. ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ ಮತ್ತು ಲಾಭ ನಷ್ಟ ತಪ್ಪುಗಳನ್ನು ಬ್ಯಾಂಕಿಂಗ್ ರೆಗ್ಯುಲೇಷನ್ ಕಾಯ್ದೆ 1949 ವಿಭಾಗ 29 ಹಾಗೂ ಕಂಪೆನಿ ಕಾಯ್ದೆ 1956 ವಿಭಾಗ 211ರ ಅನುಸಾರವಾಗಿ ರಚಿಸಲಾಗಿದೆ.
8. ಲೆಕ್ಕ ಪರಿಶೋಧಕರ ಮಿತಿಗನುಸಾರವಾಗಿ ಮೇಲ್ಕಾಣಿಸಿದ ಪ್ಯಾರಾ 1 ರಿಂದ 5 ಕ್ಕೆ ಸಂಬಂಧಿಸಿ ನಮ್ಮ ವರದಿ ಹೀಗಿದೆ.
 - (ಅ) ನಮ್ಮ ಅತ್ಯುತ್ತಮ ತಿಳುವಳಿಕೆ ಹಾಗೂ ನಂಬಿಕೆಯ ಪ್ರಕಾರ, ಲೆಕ್ಕ ಪರಿಶೋಧನೆಗೆ ಅಗತ್ಯವೆಂದು ಕಂಡುಬಂದ ಎಲ್ಲಾ ಮಾಹಿತಿ ಮತ್ತು ವಿವರಣೆಗಳನ್ನು ನಾವು ಪಡೆದಿದ್ದು, ಅವುಗಳು ತೃಪ್ತಿಕರವಾಗಿದ್ದು ಮತ್ತು ಎಂದು ಮನಗಂಡಿದ್ದೇವೆ.
 - (ಆ) ನಮ್ಮ ಗಮನಕ್ಕೆ ಬಂದ ಬ್ಯಾಂಕಿನ ವ್ಯವಹಾರಗಳು ಬ್ಯಾಂಕಿನ ಅಧಿಕಾರ ವ್ಯಾಪ್ತಿಯ ಒಳಗಿದ್ದವು ಮತ್ತು
 - (ಇ) ನಮ್ಮ ಪರಿಶೋಧನೆಗೆ ಬೇಕಾದಂತಹ ಸಮರ್ಪಕವಾದ ವರದಿಗಳು ಬ್ಯಾಂಕಿನ ಶಾಖೆಗಳಿಂದ, ಕಛೇರಿಗಳಿಂದ ಲಭ್ಯವಾಗಿವೆ.

9. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

10. We further report that:

- (i) The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of accounts and returns;
- (ii) In our opinion, proper books of accounts as required by law have been kept by the bank so far as appears from our examination of those books;
- (iii) The reports on the accounts of the branches audited by branch auditors have been dealt with in preparing our report in the manner considered necessary by us;
- (iv) As per information and explanation given to us the Central Government has, till date, not prescribed any cess payable under section 441A of the Companies Act., 1956.
- (v) On the basis of the written representation received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31st, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

9. ನಮ್ಮ ಅಭಿಪ್ರಾಯದಂತೆ, ಆಸ್ತಿಪೋಣಿ ಪಟ್ಟಿ, ಲಾಭ ನಷ್ಟ ತಜ್ಜೆ ಮತ್ತು ನಗದು ಪರಿಚಲನ ನಿರೂಪಣಾ ಪಟ್ಟಿಗಳು, ಕಂಪನಿ ಕಾಯ್ದೆ 1956, ವಿಭಾಗ 211ರ ಉಪವಿಭಾಗ (3C)ಯಲ್ಲಿ ನಿರೂಪಿಸಿದ ಮಟ್ಟದಲ್ಲಿ ಲೆಕ್ಕಪತ್ರಗಳನ್ನು ಇಡಲಾಗಿದೆ.

10. ಇನ್ನೂ ಹೆಚ್ಚಾಗಿ ನಮ್ಮ ವರದಿ ಹೀಗಿದೆ.

- (i) ಈ ವರದಿಯಲ್ಲಿ ಕಾಣಿಸಿದ ಬ್ಯಾಂಕಿನ ಆಸ್ತಿಪೋಣಿ ಪಟ್ಟಿ ಮತ್ತು ಲಾಭ ನಷ್ಟ ತಜ್ಜೆಗಳು ಬ್ಯಾಂಕಿನ ಲೆಕ್ಕಪುಸ್ತಕ ಮತ್ತು ವರದಿಗಳಿಗೆ ಹೊಂದಿಕೆಯಾಗಿರುತ್ತವೆ.
- (ii) ನಮ್ಮ ಅಭಿಪ್ರಾಯದಂತೆ, ಕಾನೂನು ಪ್ರಕಾರ ಬೇಕಾದಂತಹ ಲೆಕ್ಕಪತ್ರ ಪುಸ್ತಕಗಳನ್ನು ಬ್ಯಾಂಕು ಈ ತನಕ ಇರಿಸಿದೆ ಎನ್ನುವುದು ಅಂತಹ ಪುಸ್ತಕಗಳ ಶೋಧನೆಯಿಂದ ನಮಗೆ ತಿಳಿದುಬಂದಿದೆ.
- (iii) ಶಾಖಾ ಲೆಕ್ಕ ಪರಿಶೋಧಕರ, ಶಾಖೆಯ ಲೆಕ್ಕಪರಿಶೋಧನಾ ವರದಿಗಳನ್ನು ನಮಗೆ ಅಗತ್ಯ ಕಂಡಲ್ಲಿ ಒಳಗೊಂಡು ನಮ್ಮ ವರದಿಯನ್ನು ತಯಾರಿಸಿದ್ದೇವೆ.
- (iv) ನಮಗೆ ನೀಡಲ್ಪಟ್ಟ ಮಾಹಿತಿ ಮತ್ತು ವಿವರಣೆ ಪ್ರಕಾರ, ಕೇಂದ್ರ ಸರ್ಕಾರವು ಇಂದಿನ ದಿನಾಂಕದ ತನಕ ಕಂಪನಿ ಕಾಯ್ದೆ, 1956 ವಿಭಾಗ 441 ಎ ಅನ್ವಯ, ಬ್ಯಾಂಕಿಗೆ ಯಾವುದೇ ರೀತಿಯ ಮೇಲು ತೆರಿಗೆ ಪಾವತಿಯನ್ನು ವಿಧಿಸಿಲ್ಲ.
- (v) ನಿರ್ದೇಶಕರುಗಳಿಂದ ಲಭಿಸಿದ ಲಿಖಿತ ಮಾಹಿತಿ ಮತ್ತು ನಿರ್ದೇಶಕರ ಮಂಡಳಿಯ ದಾಖಲೆಯ ಪರಿಶೋಧನೆಯನ್ವಯ ನಾವು ವರದಿ ಮಾಡುವುದೇನೆಂದರೆ, 31 ಮಾರ್ಚ್, 2013ಕ್ಕೆ ಯಾವೂಬ್ಬ ನಿರ್ದೇಶಕರು ಕಂಪನಿ ಕಾಯ್ದೆ 1956ರ ವಿಭಾಗ 274, ಉಪವಿಭಾಗ (1) ಖಂಡ (ಜಿ) ಅನ್ವಯ ನಿರ್ದೇಶಕರಾಗಿ ನೇಮಕಗೊಳ್ಳಲು ಅನರ್ಹತೆಯನ್ನು ಹೊಂದಿಲ್ಲ.

for **Vishnu Daya & Co.**
Chartered Accountants
Firm Reg. No.: 008456S

for **R.K. Kumar & Co.**
Chartered Accountants
Firm Reg. No.: 001595S

ವಿಷ್ಣುವದಯಾ ಮತ್ತು ಕಂಪನಿ
ಲೆಕ್ಕಪರಿಶೋಧಕರು
ಸಂಸ್ಥೆಯ ನೋಂದಣಿ ಸಂಖ್ಯೆ: 008456S

ಆರ್.ಕೆ. ಕುಮಾರ್ ಮತ್ತು ಕಂಪನಿ
ಲೆಕ್ಕಪರಿಶೋಧಕರು
ಸಂಸ್ಥೆಯ ನೋಂದಣಿ ಸಂಖ್ಯೆ: 001595S

Sd/-

Guruprasad
Partner
M. No. 219250

Sd/-

B.R. Ashok
Partner
M. No. 023313

ಪರವಾಗಿ

ಸಹಿ/-
ಗುರುಪ್ರಸಾದ್
ಪಾಲುದಾರರು
ಸಿದ್ಧತನ ಸಂಖ್ಯೆ 219250

ಪರವಾಗಿ

ಸಹಿ/-
ಬಿ.ಆರ್. ಆಶೋಕ್
ಪಾಲುದಾರರು
ಸಿದ್ಧತನ ಸಂಖ್ಯೆ 023313

Place : Mangalore
Date : May 15th, 2013

ಸ್ಥಳ : ಮಂಗಳೂರು
ದಿನಾಂಕ : 15 ಮೇ, 2013

Facts at a Glance

1. No. of Deposit Accounts	6698861
2. No. of Advances Accounts	436986

3. Advances to Priority Sector (₹ in lakh)		
Types of Advances	Number of Accounts at the end of the year	Balance outstanding at the end of the year
a) Agriculture and Allied Activities	264539	383833.74
b) Advances to Small Enterprises	36166	392817.81
c) Educational Loan	6182	14102.11
d) Housing Loan	21139	142669.77
e) Other Priority Sectors	5740	2838.12
Total	<u>333766</u>	<u>936261.55</u>
Export Credit		167574.00

4. Branches					
	Rural	Semi Urban	Urban	Metro-politan	Total
No. of Branches at the end of the year	108	130	168	144	550

5. Staff				
	Officers	Clerks	Sub-Staff	Total
As at the end of the year	2300	2728	1311	6339
Recruited during the year	58	326	110	494

6. Staff Training				
Bank's own training college			At Bankers' Training College (RBI) & other Training Colleges (Officers)	At Work shops & Seminars
Officers	Clerks	Sub Staff		
1644	942	74	1683	346



Shri P. Jayarama Bhat, Managing Director, receiving the 'Customer Friendliness Award' by The Sunday Standard FINWIZ 2012 - Best Bankers' Award from Shri Anand Sharma, Hon'ble Union Minister of Commerce, Industry and Textiles at New Delhi.



Hon'ble Mr. Justice M.N. Venkataswami, Former Chief Justice of India, delivering the 89th Founders' Day Lecture is seen with Shri Ananthakrishna, Chairman and Shri P. Jayarama Bhat, Managing Director.



Dr K. C. Chakrabarty, Deputy Governor of RBI who visited Head Office, Mangalore is seen with Bank's Chairman Shri Ananthakrishna, Managing Director Shri P. Jayarama Bhat, and General Managers Shri P. Jairama Hande, Shri M.V.C.S Karanth, Shri M.S. Mahabaleshwara and Dr. Meera B. Aranha

CORPORATE MISSION

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



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