



Circular Letter No. 06/2017

READ AND CIRCULATE

Kodialbail, Mangalore-3
30.06.2017

**MANAGEMENT ONCE AGAIN CONCEDES TO OUR DEMAND
FOR A RECORD EX-GRATIA**

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Members are aware of our joint demand placed before the Management seeking a joint meeting for a discussion on the quantum of Ex-gratia to be disbursed to the workforce for the current year.

Accordingly, the Management invited both of us for the joint meeting on Thursday the 29th June 2017 at the Head Office. Initiating the discussion leaders of both the Associations expressed their happiness about the record net profit of Rs. 452.26 crores declared by the Bank in the midst of a turbulent phase the banking industry is passing through and in this connection recalled the proud role played by our members at all levels. We also highlighted the excellent CASA growth which has recorded an all-time high of 29.04% of deposits compared to 26.26% as on March 2016. We further emphasized the healthy growth in operating profit, per employee turnover and a marked reduction in the cost of deposits. As such, we opined that the Ex-gratia to be paid for the current year should be something more than the Ex-gratia disbursed for the year 2015 when Bank could earn a net profit of Rs. 451.45 crores, as a measure to further motivate the workforce to show better performance in the days to come.

Sri Mahabaleshwara M.S., the new Managing Director, heading the Management team, in his opening remarks acknowledged and appreciated the role played by the employees at all levels and their contribution towards the prosperity of the Bank. He also expressed his happiness about the financial results declared for the year 2017 which surely would convey a very good image of the Bank and its strength to the public at large. Analysing the results further, he pointedly drew our attention to the fact that out of the total net profit of Rs. 452.26 crs, the major component of Rs. 304.44 crores has come from Treasury segment as against operations segment which has contributed only Rs. 147.82 crores. Further, he also expressed his concern about the declining trend observed in the CASA ratio and how the Bank could not sustain the growth momentum in CASA quantum which is at present down by Rs. 757 crs compared to that of March 2017 figures. Unabated increase in NPA is another major concern in the current year, he said. Hence, his considered opinion is to cap the Ex-gratia quantum and peg it to that of last year.

P.T.O.

We, on our part, while not agreeing to the offer made by the Managing Director, insisted him to reconsider the offer in the light of our above said contentions. The Managing Director once again expressed his concerns and the pressures on the financial strength of the Bank with facts and figures and prevailed upon us to accept the last year's quantum of Ex-gratia for the current year also. Responding to that, we underlined the fact that the offer made by him will definitely fall short of the expectations of our members in a year when the Bank could earn a record net profit and explained our inability to accept the same and sought a reconsideration of the Management's offer.

Finally, the Managing Director, taking a practical and realistic view of the matter has agreed to disburse the Ex-gratia for the current year as follows:

Sub-staff	Clerical	Officers
Rs. 25,000/-	Rs. 28,000/-	Rs. 35,600/-

It is further decided that the Ex-gratia amount will be disbursed by the Management on the **20th July, 2017, which please note.**

Comrades, we are happy to note that the Management team led by the new Managing Director has displayed a very reasonable stand throughout the negotiations while sharing his concerns about the growth prospects of the Bank. We go on record to appreciate this positive approach of the Management and particularly by the new Managing Director, Sri Mahabaleshwara M.S.

Comrades, the main challenges before the Bank are very clear. **They are the menace of mounting NPAs, sustained growth in CASA and increase in CD ratio by way of healthy advances growth.** We have to redouble our efforts in this direction and strain every nerve to meet the above challenges so that our dear Institution could march forward towards further growth and prosperity. **This should be the solemn resolve of each one of us. Let us do it with a single minded devotion and commitment.**

Comrades, it is also an occasion to reflect and recognize the invisible organizational strength of our two Associations which only could deliver a record Ex-gratia for the second time for all of us!

With warm greetings,

Yours comradely,

Sd/-
(P.R.Karanth)
Gen. Secretary, AIKBEA

Sd/-
(K.Raghava)
Gen. Secretary, KBOO

All INDIA KARNATAKA BANK EMPLOYEES' ASSOCIATION	ZINDABAD
KARNATAKA BANK OFFICERS' ORGANISATION	ZINDABAD