

Some
bonds
are strong
enough for a
lifetime!

Annual Report
2018-19

THE CATHOLIC SYRIAN BANK LIMITED

Registered Office: "CSB Bhavan", St.Mary's College Road,
Post Box No. 502, Thrissur - 680 020, Kerala, India.
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Board of Directors



Madhavan Menon
Chairman



C. VR. Rajendran
Managing Director & CEO



Thomas Mathew
Independent Director



Sumit Maheshwari
Non- Executive Director



Bhama Krishnamurthy
Independent Director



Madhavan Aravamuthan
Additional Director-Independent



S. Nagoor Ali Jinnah
Additional Director-Independent



Management Team

Ajit Kumar K
Chief Credit Officer

Antony P V
Chief Risk Officer

Bharath Mani
Head - Retail Banking

Prem Kumar Thampi
Head - Wholesale Banking

Sekhar Rao
Head - Operations

K Rayar
Head - Treasury

Natarajan R
Head - Inspection & Audit

V Ganesan
Head - Recovery & Credit Monitoring

T Jayashankar
Head - HR

V Srinivasa Rao
Chief Technology Officer

Maheswari V
Chief Financial Officer

Sijo Varghese
Company Secretary



Board of Directors



Mr. Sumit Maheshwari, Mr. Thomas Mathew, Mrs. Bhama Krishnamurthy, Mr. Madhavan Menon,
Mr. C. VR. Rajendran, Mr. Madhavan Aravamuthan, Mr. S .Nagoor Ali Jinnah.

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Chairman's Message

Dear Shareholders,

It is my privilege to write my first message as the Chairman of your Bank, which has a tradition and existence, traversing nearly a century. Details of the performance and initiatives undertaken by your Bank during the FY19 are provided in the enclosed Annual Report.

I would like to share with you the economic and banking environment in which your Bank performed during the year under review. After the strong growth in early 2018, global economy lost its speed with its fiscal space getting squeezed, especially due to unsettled trade tensions, developments around Brexit and macroeconomic stress in few countries. The financial services industry today stands at an inflection point. From an economic perspective, we can expect the near future to be challenging and volatile. There is considerable uncertainty as to whether this volatility is temporary or the beginning of a recession in advanced economies. This uncertainty also seems to be reflected in several downward revisions to the FY19 global growth forecasted by the International Monetary Fund (IMF). Moreover, central banks across the world are stepping back from tightening monetary policy and some of them are promoting easier lending conditions. In some economies, fiscal stimuli are being used to support growth. During the year under review, Indian economy started with a healthy growth rate of 8.2% backed by strong domestic consumption. However, the growth deteriorated in the subsequent quarters owing to strong global volatility largely from financial volatility, end of quantitative easing in the large and advanced economies leading to investment outflows, externalities from trade disputes and rising crude oil prices. The second advance estimates for FY19 released by the Central Statistics Office (CSO) in its latest report revised India's real Gross Domestic Product growth downwards to 7.0% from 7.2% in the first advance estimates. The proximate factors responsible for this slowdown include declining growth of private consumption, tepid increase in fixed investment and muted exports. Though the expectations of the inflationary pressures remain mild, concerns regarding Current Account Deficit and Trade Deficit looms large. Boost to exports in the backdrop of global economic recovery and improvement in domestic investment climate, backed by various initiatives of the Government, supports favourable growth outlook for FY20. The Indian



economy has also shown remarkable resilience against adverse global developments, if not completely decoupled from it. With increasing sustained economic growth and macro-economic stability, favourable demography and a large market, India is an important player in the global economic arena.

The FY19 was yet another turbulent year for the Banking Industry. The operating environment continued to be under stress for the industry in view of gradual growth of demand for industrial products. Indian Banking sector is struggling with Non-Performing Assets (NPAs). Fintechs are leading in innovation in the banking industry by sharpening their focus on customer experience. Banks face a number of choices: replicate what Fintechs are doing, respond with equally innovative solutions, become more symbiotic and less competitive, or pursue a mix of these strategies that fit their unique capabilities and market positions.

Notwithstanding these challenges, Indian Banking sector has displayed a high level of resilience by improving its performance. On the regulatory front, Reserve Bank of

India (RBI) adopted a slew of policy measures in order to stimulate the economy and support the growth of the banking sector. On the monetary policy front, RBI reduced the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points to 6.0% from 6.25%. Economic fundamentals are still strong, the regulatory climate is favourable and transformation technologies are more readily accessible, powerful, and economical than ever before. Private consumption is likely to remain at its mainstay and investment activity is expected to remain strong. Recapitalisation of public sector banks and the ongoing improvement in their financials and resolution of stressed assets under the Insolvency and Bankruptcy Code are expected to improve bank credit offtake and support investment and aggregate demand. It is also a relief for the economy that NPAs have started falling for the first time in three years since 2015. The policy repo rate cut in February 2019 and the demand-enhancing proposals in the Union Budget 2019-20 are also expected to boost aggregate demand. Deceleration in global trade and global GDP growth, however, poses downside risks to domestic economic activity.

Your Bank has reported an Operating Profit of ₹ 13.36 crore in FY19 as against ₹ 74.33 crore in FY18. The decrease was due to increase in operating expenses mainly on account of incremental provisioning for retirement benefits of employees. Net Interest Income (NII) increased to ₹ 439.95 crore in FY19 as against ₹ 384.81 crore in FY18. Non-Treasury Other Income increased to ₹ 127.92 crore in FY19 from ₹ 122.70 crore in FY18. Your Bank has reported a Net Loss of ₹ 197.42 crore in FY19 as against Net Loss of Rs. 97.47 crore in FY18. The increase in Loss was mainly on account of rise in operating expenditure and accelerated provision made for NPA and depreciation on investments. Despite the challenges faced during the period under review, your Bank has remained capitalised enough and fundamentally strong to absorb these adversities. There are, however, challenges of improving the quality of assets, increasing the pace of business growth, effective risk management particularly in the context of Basel III norms, driving financial inclusion and above all, sustaining the key profitability parameters. During the period under review, several steps were initiated by your Bank to recalibrate and consolidate its strengths. In the technology front, your Bank has adopted and implemented new technologies to favourably leverage its position.

Pursuant to the approval accorded by the RBI, shareholders and other requisite approvals, FIH Mauritius Investments Ltd (FIHM), acquired 51% stake in your Bank on a fully diluted basis. FIHM has already infused capital aggregating to ₹ 720.75 crore in respect of warrants and shares allotted to them. This acquisition is the first of its kind in the banking space in the country. This infusion strengthened the capital adequacy of your Bank to a very solid level and will help the growth plan of your Bank.

Your Bank is enduring the process of major transformation exercise filled with substantial opportunities, both within the country and abroad and as part of the process, decided to change the name of your Bank to CSB Bank Limited from The Catholic Syrian Bank Limited and hopes that the process would be completed soon.

Your Bank is committed to high standards of corporate governance practices and upholds fairness and trust in all its dealings with its stakeholders. Your Bank is also focussing on Corporate Social Responsibility (CSR) front by taking all possible steps to increase its CSR reach and spend over the coming years, supplemented by its continued focus towards sustainable development and responsible banking.

On behalf of my colleagues on the Board, I place on record our gratitude for the support and guidance extended by the Government of India, Reserve Bank of India, Securities and Exchange Board of India, Indian Banks' Association and other regulatory authorities. I would also like to place on record my sincere appreciation to all our employees, unions, customers, investors and other stakeholders, for their unstinted support to the Bank. We are committed to constantly improving your Bank's operations and differentiate itself in the market-place through customer focussed innovations in products and services and are confident that all our concerted efforts will add significant value to various aspects of the business and help us render quality service to our customers and all other stakeholders.

I conclude by stating that your Bank is committed to creating value and delivering long-term profitable growth for all our stakeholders in the years to come.

Thank you.

Madhavan Menon
Chairman

CEO's Communique

Dear Shareholders,

A land mark year has just passed in the history of our beloved institution, of which I have been a part of for the last couple of years. Capital Adequacy has been a perennial dampener for the aspirations of this bank ever since RBI introduced CAR norms. This has been now solved and we are now one of the most well capitalised banks in the country, thanks to M/s FIH Mauritius Investments Ltd (FIHM), who have pumped in ₹ 721 crore in two phases to the bank – the highest ever capital infusion in the history of this institution.

In FY 19, we have made a conscious hit on profitability for making the balance sheet stronger and resilient, the result of which is that we have a provisioning coverage ratio which is one of the best in the industry and provisioning standards which are above the RBI requirements.

We have taken an important measure towards improving the staff productivity – we have reduced the retirement age of officers from sixty to fifty-eight with effect from April 2019. We are committed to establishing a pay structure which is related to performance of employees. We have stepped up hiring at various levels to ensure that there is right staffing and all new additions to staff pool come on a CTC pay structure.

The major financial highlights of fiscal 2019 were:

- Net Interest Income crossed ₹ 400 crore mark and stood at ₹ 440 crore, growing at 14%. Net Interest Margin continued its upward journey, 2.3% to 2.5%.
- Credit Deposit Ratio improved from 64% as on 31.03.18 to 70% as on 31.03.19, thanks to credit growing at 14%.
- The credit growth has not resulted in increase in risk weighted assets – risk weighted assets actually reduced by 5% as the bank's growth was mainly in high rated corporate loans and gold loans where the effective risk weight is low.



- Non Interest Income increased from ₹ 125 crore to ₹ 136 crore or by 9% due to increase in commission on bancassurance, processing fees, recovery of bad debts written off etc.
- Due to increase in AS 15 provisions consequent to the effects of reduction in retirement age and increased annuity cost for DA of pensioners, staff cost increased from ₹ 287 crore to ₹ 384 crore – an increase of around ₹ 100 crore which has affected the operational profit.
- Our operating profit reduced from ₹ 74 crore to ₹ 13 crore due to the above mentioned surge in staff costs.
- As already stated we had stepped up the provisioning rates above the RBI standards and resultantly provided ₹ 92 crore above the regulator requirements. Also, during the second

half of the FY, in order to identify incipient stress in the working capital accounts in which the credit turnover was low, the bank had conducted stock audit of all those accounts whose credit limit are ₹ 25 lakhs & above. 297 such accounts were identified for conducting special stock audit. Based on the stock audit report, the bank had classified accounts with aggregate exposure of ₹ 31 crore as NPA. There were strict instructions to branches to desist from any act of ever-greening.

- Hit to P&L on account of provision for NPA was 262 crore in FY 19 as against ₹ 191 crore in FY 18, due to the above prudential measures.
- We had also decided to derecognise the appreciation in Security Receipts book and this has caused additional hit of ₹ 11 crore.
- Due to the combined effects of the above, the Loss After Tax increased from ₹ 97 crore in FY 18 to ₹ 197 crore in FY 19.
- On Asset quality front the worst seems to be over for the bank. While gross NPA reduced from 7.9% to 4.9%, Net NPA reduced from 4.5% to 2.3%. Provisioning Coverage Ratio improved from 62% to 78%.
- Capital Adequacy improves from 9.9% as on 31.03.18 to 16.7% as on 31.03.19. It may be noted that the minimum requirement including capital conservation buffer is 10.875% and we are well above the minimum. We expect remaining money towards share capital and warrants of ₹ 487 crore from M/s FIHM this financial year and this will further bolster our capital base and make us well poised for gargantuan growth.

We are now looking on a total transformation for the bank right from the name. To ensure that the change is not name sake, we are reorganising the way business is done in the bank so that we get metamorphosed to a New Age Private bank. Three broad Strategic Business Units (SBUs) viz. Retail Banking (including Branch banking and Retail assets including gold

loans), SME Banking and Wholesale Banking will be the three pillars of growth for the bank with support structures of IT, HR, Operations, Finance, Risk and Compliance. This way we seek to ensure better accountability, professionalism and role clarity. We are executing plans to streamline the bank's operating structure, better define roles and responsibilities, fill key positions, enhance the way we serve customers, strengthen risk and compliance measures and instil meritocracy, fair play and trust as the core values of our organisation culture. While the prime emphasis will be enhancing core business & revenue, we are also committed to cutting costs by simplifying processes and increasing centralisation initiatives.

We are unswerving in our commitment to fostering and protecting the long term value of the bank. I am confident that CSB is well-positioned for the take off from its decades of slumber. We will strive to build customer centric, efficient, and innovative CSB — with the terra firma of a solid capital structure, a loyal deposit franchise, focused and sustainable growth within a strong risk management & compliance framework, operational excellence, and highly motivated team members.

The future always brings both opportunities and challenges, and I feel ecstatic about what lies ahead for CSB. Being a small player is actually a great boon for us in that to grow we are not dependent on the overall growth prospects of the economy.

I thank you, our shareholders, for your support of CSB through the decades and as we traverse our road ahead, we continue to count on your blessings. I also take this opportunity to thank RBI, SEBI & other regulators, our customers who have steadfastly supported us in all weathers, our employees and other stakeholders.

Thank you.
C VR Rajendran
 Managing Director & CEO

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are immensely pleased to present the 98th Annual Report together with the Audited Statement of Accounts of the Bank for the financial year ended 31st March, 2019.

Business Overview

In the FY 2018-19, the Bank has reported an Operating Profit of ₹ 13.36 crore as against ₹ 74.33 crore in FY 2017-18. The reduction was due to increase in operating expenses mainly on account of incremental provisioning for retirement benefits of employees. The Bank has reported a Net Loss of ₹ 197.42 crore in FY 2018-19 as against Net Loss of ₹ 97.47 crore in FY 2017-18. The increase in Loss was mainly on account of increase in operating expenditure and accelerated provision made for Non-Performing Assets and depreciation on investments.

Net Interest Income (NII) increased to ₹ 439.95 crore in FY 2018-19 as against ₹ 384.81 crore in FY 2017-18. Non-Treasury Other Income increased to ₹ 127.92 crore in FY 2018-19 from ₹ 122.70 crore in FY 2017-2018.

Total Assets have increased by ₹1041.11 crore and stood at ₹ 16911.16 crore as on 31st March, 2019 (₹ 15870.05 crore as on 31st March, 2018). Total Deposits have Increased by ₹433.22 crore and stood at ₹ 15123.87 crore as on 31st March, 2019 (₹ 14690.65 crore as on 31st March, 2018). Net Advances have increased by ₹ 1277.87 crore and reached ₹10615.23 crore as on 31st March, 2019 (₹ 9337.36 crore as on 31st March, 2018).

There is no change in the nature of business of the Bank for the year under review.

Financial Summary

The financial performance of the Bank for the fiscal

2018-19 is as given below:

(₹ in Crore)

Particulars	March 31st 2019	March 31st 2018
Deposits	15123.87	14690.65
Borrowings-Tier II Bonds	-	41.80
Net Advances	10615.24	9337.36
Total Assets/Liabilities	16911.16	15870.05
Net Interest Income (NII)	439.95	384.81
Non-Interest Income	135.92	125.42
Operating Profit/(Loss)	13.36	74.33
Provisions and Contingencies (Other than tax)	313.46	223.69
Profit / (Loss) before Tax	(300.10)	(149.36)
Provision for taxes	(102.68)	(51.89)
Net Profit /(Loss)	(197.42)	(97.47)
Add: Surplus/(Deficit) brought forward from last period	(316.54)	(219.07)
Amount available for appropriation	(513.96)	(316.54)
Appropriations		
Statutory Reserve u/s 17 of the Banking Regulation Act, 1949.	-	-
Capital Reserve	-	-
Balance carried over to Balance Sheet	(513.96)	(316.54)
Key Performance Indicators		
Capital Adequacy Ratio (CRAR)% Basel – II	16.77	9.92
Capital Adequacy Ratio (CRAR)% Basel – III	16.70	9.91
Earnings per share (in ₹)	(23.73)	(12.04)
Book value per share (in ₹)	108.79	109.81
Net Interest Margin%	2.51	2.32
Cost-Income Ratio%	97.68	85.43
Return On Assets (ROA)%	(1.13)	(0.59)
Return On Equity (ROE)%	(26.13)	(15.80)

In view of the loss reported for the period under

review, the Board of Directors of the Bank expressed their inability to recommend a dividend for the said period.

Material Changes and Commitments affecting the Financial Position of the Bank

There are no material changes and commitments, affecting the financial position of the Bank which has occurred between the end of the financial year of the Bank i.e. March 31st, 2019 and the date of the Directors' Report i.e., May 23, 2019.

Paid-up Capital and Reserves

As on March 31st, 2019, the Paid-up Equity Capital of the Bank stood at ₹ 85.92 crore comprising ₹ 80,962,082 fully paid-up Equity Shares of ₹ 10/- each and 19,832,130 partly paid-up Equity Shares of which ₹2.50 paid up per share.

The free reserves and surplus stood at ₹ 879.95 crore as on March 31st 2019 as against ₹ 794.52 crore as on March 31st 2018.

Capital Adequacy

As per the Basel II Capital Adequacy Framework, the Capital to Risk Weighted Assets Ratio (CRAR), as assessed by the Bank as on 31st March 2019, is 16.77%. This is much higher than the minimum CRAR of 10.875% stipulated by the Reserve Bank of India. The Tier I CRAR stood at 16.09%, well above the minimum of 7%. As per the Basel III Capital Adequacy Framework, the Capital to Risk Weighted Assets Ratio (CRAR), as assessed by the Bank as on 31st March 2019, is 16.70%. This is much higher than the minimum CRAR of 10.875% stipulated by the Reserve Bank of India. The Tier I and Common Equity CRAR stood at 16.03%, well above the minimum of 7% and 5.5%.

Allotment of equity shares and warrants on preferential allotment basis to FIH Mauritius Investments Ltd(FIHM).

Pursuant to approval accorded by shareholders by way of special resolution passed in the Extraordinary General Meeting of the Bank held on March 21, 2018 and in terms of Reserve Bank of India approval vide

letter DBR.PSBD.No.341/16.1.060/2018-19 dated July 12, 2018 and approval of Department of Financial Services of the Ministry of Finance, Government of India vide letter No. F.No.26/5/2018-BOA dated October 9, 2018, the Bank on October 19, 2018 allotted an aggregate number of 1,98,32,130 Equity Shares of ₹ 10 each at an issue price of ₹140 per share (including premium of ₹ 130 per share) and 6,64,63,329 Warrants compulsorily convertible into or exchangeable for Equity Shares of ₹ 10 each at an issue price of ₹ 140 (including premium of ₹ 130 per warrant) to FIH Mauritius Investments Ltd(FIHM).

Equity shares were allotted on a partly paid up basis and received ₹35 per share upfront, aggregating of ₹ 694,124,550/-. Warrants were allotted on a partly paid up basis and received ₹56 per warrant upfront, aggregating of ₹ 3,72,19,46,424 and thereafter on March 20, 2019 received ₹ 42 per warrant as first call aggregating of ₹ 27,91,459,818. Bank, as on March 31, 2019, has received an amount aggregating of ₹7,207,530,792 by allotting Warrants and Shares to FIH-M.

Partly paid up equity shares shall be made fully paid up and conversion of warrants into equity shares shall be completed as per the terms of Reserve Bank of India approval and as per the terms of the private placement Offer letter dated October 16, 2018.

FIHM is holding 5.77% in the paid up capital of the Bank and in terms of issued capital, the same is 19.68%. The said percentage will go up to 51% on a fully diluted basis, post conversion of warrants into equity shares and partly paid up equity shares be made fully paid up.

FIHM is an investment holding company incorporated under the laws of Mauritius. FIHM is wholly owned by Fairfax India Holdings Corporation ("FIHC"), an entity listed on the Toronto Stock Exchange. Fairfax Financial Holdings Limited ("FFH/Fairfax"), through its subsidiaries (collectively the "Fairfax Group"), controls 93.7% of the voting shares of FIHC. FFH is also an entity listed on the Toronto Stock Exchange.

FIHM's investment in the Bank is in tune with Reserve Bank of India vide Master Direction No.DBR.PSBD.

No.56/16.13.100/2015-16 dated November 19, 2015 on 'Prior approval for acquisition of shares or voting rights in Private Sector Banks and Reserve Bank of India Master Direction DBR. PSBD. No. 97/16.13.100/2015-16 May 12, 2016 on 'Ownership in Private Sector Banks, Directions, 2016.

Change of name of the Bank

Present name of the Bank 'The Catholic Syrian Bank Limited' has been a local oriented brand name. Besides, many foreign institutions who are dealing with the Bank, misconstrue that the Bank has a foreign orientation. Bank feels that a name which is widely acceptable and recognisable across, would be appropriate in many ways. Considering the expansion plan envisaged, filled with substantial opportunities, both within the country and abroad, a name well acceptable across would be appropriate especially in the context of transformation initiatives in the realms of product, people, process, place and most importantly, in perception. In this context, the Board of Directors considered the proposal to change the name of the Bank from 'The Catholic Syrian Bank Limited' to 'CSB Bank Limited'. Reserve Bank of India vide letter DBR. PSBD. No. 8231/16.01.060/2018-19 dated April 1, 2019 had conveyed their 'no objection' in terms of Section 49B of the Banking Regulation Act, 1949 to the change of name of the bank from "The Catholic Syrian Bank Limited" to "CSB Bank Limited". Bank also obtained approval of shareholders vide postal ballot resolution dated May 4, 2019. This process will be completed once a fresh certificate of incorporation effecting the change of name is issued by Ministry of Corporate Affairs In terms of Section 13 of the Companies Act, 2013 and Reserve Bank of India carries out the necessary changes in the Banking license to effect the change of name as 'CSB Bank Limited'.

Issue of Equity Shares with Differential Voting Rights

As on the date of this Report, the Bank has not issued any equity shares with differential voting rights.

Issue of Sweat Equity Shares

As on the date of this Report, the Bank has not issued any sweat equity shares.

Employees Stock Option Schemes

1. CSB Employees Stock Option Scheme 2013

Pursuant to the requisite approval of the members on August 18, 2014, the Bank formulated a stock option scheme called "CSB Employees Stock Option Scheme 2013" ("ESOS 2013" or "Scheme"). The scheme is to offer long-term share based employee benefits as performance incentive to select employees, enable value creation for shareholders by aligning employees' interests with that of the Bank, and to attract, retain, and motivate high quality talent.

The scheme will be administered by the Nomination & Remuneration Committee of the Board. Under the Scheme, the Bank can offer, issue and allot Equity Shares not exceeding 5% of the issued Equity Shares of the Bank at any point of time.

No options have been granted during the financial year 2018-19.

Against the options granted in the earlier year, for a term of 10 years (including vesting period) and against those options remaining in force, an equal number of equity shares will be allotted to the beneficiary upon exercise of the option, within the said period. As on date, no options vested have been exercised by the beneficiaries.

The disclosure required as per rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 in respect of the stock options granted by the Bank forms part of this report as **Annexure-I**.

2. CSB Employees Stock Option Scheme 2019

Pursuant to the requisite approval of the members on May 4, 2019, the Bank has formulated a stock option scheme called "CSB Employees Stock Option Scheme 2019" ("ESOS 2019" or "Scheme").

The scheme is intended to promote the culture of employee ownership and as well as to attract, retain, motivate and incentivize talents in the Bank. The Scheme shall be administered through an employee stock option trust ("**ESOS Trust**") in the nature of an irrevocable employee welfare trust in due compliance

with the applicable laws. Under the Scheme, the Bank can allot a maximum of 50 lakh shares to the Trust, over a period of time. Under the trust route, the Bank allots shares to the trust and trust will transfer the shares to the eligible employees at the time of exercise of option by eligible employees on meeting terms of grant fixed by the Nomination & Remuneration Committee. In case of trust route of issuance of ESOPs, the trust on its own will not have funds to be able to acquire the shares from the Bank as the trust is not a business trust and is specifically created with the objective of issuance of ESOPs to the employees. Trust has to find out other avenues for sourcing of fund for purchasing shares from the Bank. In terms of Section 20 of the Banking Regulation Act, 1949, the Bank cannot lend to trust to purchase its own shares.

No options have been granted under the scheme and, hence, no disclosure is required to be made in terms of rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014.

Buy-Back of Shares or Provision of Financial Assistance for purchase of the Bank's Shares.

The Bank has not effected any buy-back of its shares or provided any financial assistance for purchase/ subscription of its shares, to any persons including directors and employees of the Bank in terms of Section 67 of the Companies Act, 2013.

Redemption of CSBL Bonds

CSBL Bonds – 2012 – Series-I aggregating of ₹41.80 crore, were due for redemption on March 31, 2019 and the same was redeemed on March 30, 2019 as per FIMMDA directives/guidelines in view of March 31, 2019 being a Public holiday.

The said bonds were listed in the National Stock Exchange of India. 'CARE' Rating reassigned a rating of the said bonds to 'CARE A Minus' (A-) from 'CARE BBB Minus (BBB-)' during the period under review and the same rating was continued till redemption. CARE vide letter May 10, 2019 had withdrawn their rating for the above referred Bond in view of redemption of the said bonds as per the terms of issue.

M/s. Indian Overseas Bank, Merchant Banking Division, Anna Salai, Chennai-600 002 was the debenture trustees to the above said bonds.

Deposits

Being a banking company, the disclosures required as per Rule 8(5)(v)&(vi) of the Companies (Accounts) Rules, 2014, read with Sections 73 and 74 of the Companies Act, 2013 are not applicable to our Bank.

Subsidiary Company

The Bank does not have any subsidiaries, joint ventures or associate companies. There are no companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year under review.

Risk Management Policy

The Bank has a comprehensive policy framework which contains separate policies for identification, measurement, monitoring & control and mitigation of all material risks including but not limited to credit, market, operational, liquidity and other Pillar-II risks. The Bank has put in place an integrated risk management policy which ensures independence of the risk governance structure. The risk management policy details the principles, rules and guidelines to be adopted by the Bank for managing and controlling various kinds of risks through various sub-policies. The policies are implemented in an uninterrupted, reliable and comprehensive manner across the entire bank. The details of risk management practices are provided in Management Discussion and Analysis Report annexed to the Director's Report.

Vigil Mechanism

Bank has put in place a Whistle Blower Policy / Vigil Mechanism to report concerns about unethical behaviour, actual or suspected fraud and other. As per the Policy / Mechanism, Directors and employees of the Bank, customers, stakeholders, Non-Governmental Organizations (NGO) and members of general public can lodge complaints / disclosures. Besides, the Audit Committee of the Board shall oversee the vigil mechanism through the Committee

processes and the Chairman of Audit Committee shall directly hear grievances of victimisation of employees and directors, who used vigil mechanism to report genuine concerns. The Bank affirms that no employee has been denied access to the Audit Committee of the Board under the Whistle Blower/ Vigil Mechanism in the Bank.

A topic on Whistle Blower Policy is available in the Bank, and Ethics & Code of conduct has been included in every session of the training programme conducted at the Bank's staff training college for enhancing awareness of fraud risk and for promoting a culture of compliance among the employees. Preventive measures for enhancing awareness of fraud risk and for promoting a culture of compliance among the employees, preventive vigilance audits, vigilance workshops, caution advises describing modus operandi of frauds occurring in banking industry, etc., are being taken/implemented.

Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review is presented in a separate section forming part of this Annual Report.

Internal Financial Control Systems and their adequacy

Bank has implemented adequate procedures and internal control systems which provide reasonable assurance regarding reliability of financial reporting and preparation of financial statements. Bank is operating in a fully computerized environment with Core Banking System supported by diverse application platforms for handling special business such as treasury, trade finance, retail loans, etc. The process of recording of transactions in each application platform is subject to various forms of control such as in-built system checks, maker - checker authorisations and independent post transaction reviews etc. The financial statements are prepared based on computer system outputs. Responsibility of preparations of financial statements is entrusted to a dedicated unit which is independent of business. Bank has implemented adequate procedures and internal controls which provide reasonable

assurance regarding reliability of financial reporting and preparation of financial statements and were operating effectively during the year.

Divergence in asset classification and provisioning

Divergence observed by the Reserve Bank of India for financial year 2017-18 in respect of bank's asset classification and provisioning under the extant prudential norms on income recognition, asset classification and provisioning does not exceed the limit prescribed under RBI circular DBR.BP.BC.No. 63/21.04.2018/2016-17 dated April 18, 2017 and DBR.BP.BC.No. 32/21.04.2018 dated April 1, 2019 on "Divergence in the Asset Classification and Provisioning."

Update on IND AS Implementation

The Institute of Chartered Accountants of India had issued IND AS (a revised set of accounting standards) which largely converges the Indian accounting standards with International Financial Reporting Standards (IFRS). The Ministry of Corporate Affairs (MCA) had notified these accounting standards (IND AS) for adoption in 2015 and issued the roadmap for implementation of new Indian Accounting Standards (IND AS) in January 2016. Banking companies, were required to implement Indian Accounting Standards (INDAS) from April 1, 2018 onwards, with comparatives for the year beginning April 1, 2017. RBI vide First Bi-monthly Monetary Policy 2018-19 on April 5, 2018 had deferred the implementation of IND AS by one year pending necessary legislative amendments to the Banking Regulation Act, 1949 as also the level of preparedness of many bank. RBI vide Circular DBR.BP.BC.No.29/21.07.001/2018-19 dated March 22, 2019 has further deferred the implementation of IND AS till further notice as the legislative amendments recommended by the Reserve Bank of India was under consideration of the Government of India.

The Bank had commenced the process of IND AS implementation from FY 2016-17 itself. As per RBI Directions, the Bank has taken the following further steps towards implementation of IND AS during the year 2018-19:

- (a) Submitted quarterly Performa IND AS financial statements, for the quarters ended March 2018, June 2018, September 2018 and December 2018 as required by RBI.
- (b) The Bank will continue its preparedness towards migration to IND AS as per regulatory requirement and to liaise with RBI and industry bodies on various aspects pertaining to IND AS implementation.

Corporate Governance

The Bank continues its endeavour to adopt the best prevalent Corporate Governance Practices.

A separate section on Corporate Governance standards followed by the Bank is enclosed as an Annexure to this report. The report on Corporate Governance also contains certain disclosures required under the Companies Act, 2013.

Particulars of Loans, Guarantees or Investments by the Bank

Pursuant to Section 186 (11) of the Companies Act, 2013, the provisions of Section 186 of Companies Act, 2013, except sub - section (1), do not apply to a loan made, guarantee given or security provided or any investment made by a banking company in the ordinary course of business.

The particulars of investments made by the Bank are disclosed in Schedule 8 of the Financial Statements as per the applicable provisions of Banking Regulation Act, 1949.

Particulars of contracts or arrangements with related parties

All transactions with related parties were entered/ reported during the financial year is in the ordinary course of business. However, no comparable data were available so as to establish such transactions were on arm's length basis, the Bank has obtained requisite approvals for the said transactions as prescribed in the section 188 of the Companies Act, 2013, as amended and Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014. Bank has also obtained omnibus approval of the Audit Committee for the

transaction under 188 of the Companies Act, 2013 and Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014, though no transaction were consummated during the period ended March 31, 2019 .

There were no materially significant related party transactions with the Company's Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company.

As per the policy on dealing with Related Party Transactions, Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given and such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.

Bank has formulated a policy on materiality of related party transactions and also on dealing with related party transactions pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The same is displayed on the website of the Bank at <https://csb.co.in/pdf/PolicyondealingwithRelatedPartyTransactionnew.pdf>

The particulars of contracts or arrangements with related parties entered into during the year under review in terms of Section 188(1) of the Companies Act, 2013 are provided in Form AOC-2 as Annexure -II in terms of 134(3)(h) of the Companies Act, 2013.

Corporate Social Responsibility (CSR)

In terms of the requirements of Section 135 of the Companies Act, 2013 and CSR Rules 2014, the Bank has set up a Board-level CSR Committee to look after the CSR initiatives of the Bank.

The Corporate Social Responsibility Committee, shall (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies

Act, 2013, (b) recommend the amount of expenditure to be incurred on the activities as part of the CSR activities of the Bank and, (c) monitor the Corporate Social Responsibility Policy of the Bank from time to time.

CSR Policy of the Bank will guide and govern the Bank's activities in focus areas namely rural development and inclusiveness and other areas of special interest. Bank continued with CSR activity during the period under view in a limited way though it was not mandatory to spend for the said period in terms of Section 135 of the Companies Act, 2013 and CSR Rules 2014. As a responsible citizen, the Bank will continue with a slew of measures for fulfilment of its commitment to the society as a whole.

The brief outline of the CSR Policy, overview of the programs undertaken by the Bank, the composition of the CSR Committee, prescribed CSR expenditure and details of the amounts spent by the Bank on CSR activities during the year under review, have been provided in [Annexure - III](#) to this report.

Auditors

a) Statutory Auditors

The Statutory Central Auditors viz. "M/s. R G N Price & Co", Chartered Accountants, Kochi, who were appointed at the 97th Annual General Meeting held on September 29, 2018 will be retiring at the ensuing Annual General Meeting, and are eligible for reappointment as per the guidelines of the Reserve Bank of India (RBI).

Bank has received the consent from "M/s. R G N Price & Co", Chartered Accountants, Kochi, and confirmation to the effect that they are not disqualified to be appointed as the Statutory Central Auditors of the Bank in terms of the provisions of the Companies Act, 2013 and rules made here under. Accordingly, the Board of Directors recommended the re-appointment of "M/s. R G N Price & Co", Chartered Accountants, Kochi, as the Statutory Central Auditors of the Bank, for a fourth term, to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting on remuneration

to be decided by the Board or Committee there of subject to the approval of Reserve Bank of India and share holders' approval.

There are no Audit qualifications in the Statutory Auditors' Report, which is annexed elsewhere in this Annual Report.

b) Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Companies Act 2013, the Bank appointed "M/s SVJS & Associates", Company Secretaries, Kochi as its Secretarial Auditors to conduct the secretarial audit of the Bank for the Financial Year 2018-19. The Report of Secretarial Auditor for the said period is annexed to this report as [Annexure -IV](#).

There are no Audit qualifications in the Secretarial Audit Report.

Compliance to Secretarial Standards

The relevant Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) related to the Board Meetings and General Meeting have been complied with by the Bank.

Transfer of Un-claimed/Un-paid dividend to Investor Education and Protection Fund (IEPF)

Dividend transferred to Unpaid Dividend account and remaining unpaid or unclaimed for a period of seven years from the date of such transfer, has to be transferred to Investor Education and Protection Fund as per Section 124 (5) of the Companies Act, 2013.

In compliance with above, on November 03, 2018, the Bank had transferred ₹ 8,40,015/- to the above Fund, being the unclaimed dividend for the financial year 2010-11.

Transfer of Equity shares to Investor Education Protection Fund Authority

In terms of the provisions of the Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended) and other applicable rules, notifications and circulars,

if any, every company is required to transfer the shares, in respect of which dividend remains unpaid / unclaimed for a period of seven (7) consecutive years, to the Investor Education Protection Fund (IEPF) Authority.

To comply with the above, the Bank had on November 12, 2018 transferred 97,712 shares, comprising of 633 folios/records, to Investor Education and Protection Fund Authority through the CDSL, in respect of which dividend was not claimed for consecutive 7 years from the date of transfer to unpaid dividend account of the Bank for the respective year(s).

Compensation/ Remuneration Policy

The Bank has formulated a Compensation/ Remuneration Policy which deals with the Compensation & Benefits of the employees of the Bank and Directors including Part-time Chairman, Managing Director & CEO, Executive and Non-Executive Directors. The details of the same have been included in the Report on Corporate Governance, which forms part of this Report.

Nomination Policy

Bank had adopted policy for appointment of Part-time Chairman, Managing Director & CEO, Directors, Key Managerial Personnel and Senior Management team in the Bank. The details of the same have been included in the Report on Corporate Governance, which forms part of this Annual Report.

The Nomination policy is displayed on the website of the Bank at: <https://csb.co.in/pdf/NominationPolicy.pdf>

Details of Directors/Employees Remuneration

The details of Directors/Employees remuneration, etc., as required under Sec 197(12) of the Companies Act, 2013, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report as **Annexure-V**.

Besides, the details of remuneration paid to the Managing Director and CEO, Directors and Key Managerial Personnel forms part of this report as **Annexure-VI**.

Board of Directors

The composition of the Board of Directors is governed by the Banking Regulation Act, 1949 and the Companies Act, 2013 and in accordance with the best practices in corporate governance. As on the date of this report, the Board comprises of Seven Directors. The directors possess rich experience and specialized knowledge in various areas of relevance to the Bank.

The Board functions as the governing body and also through various Committees constituted to oversee specific areas. Policy formulation, setting up of goals, evaluation of performance and control functions vest with the Board. The Committees have oversight of operational and supervisory issues assigned to them by the Board, from time to time.

Appointment of Non-executive Directors

Mr. Madhavan Menon (DIN : 00008542) and Mr. Sumit Maheshwari (DIN: 06920646) were appointed as additional directors on September 3, 2018 and appointed as Non-executive Directors of the Bank at the 97th Annual General Meeting held on September 29, 2018.

Appointment of Independent Directors

Mrs. Bhama Krishnamurthy (DIN: 02196839) was appointed as an additional director on September 3, 2018 and appointed as Independent Director of the Bank for a period of three years at the 97th Annual General Meeting held on September 29, 2018.

Mr. Madhavan Aravamuthan (DIN: 01865555) was appointed as an Additional Director (Non-Executive, Independent) on the Board of the Bank w.e.f. December 13, 2018 to hold office till the conclusion of the next Annual General Meeting and subject to the approval of the members in the ensuing General Meeting for appointment as an Independent Director to hold office for a term up to 3 (three) consecutive years from the date of ensuing general meeting. Necessary resolution seeking approval of the members in this connection forms part of the notice of the ensuing Annual General Meeting.

Mr. S. Nagoor Ali Jinnah (DIN : 05238633) was appointed as an Additional Director (Non- Executive, Independent) on the Board of the Bank w.e.f. March

06, 2019 for a period of three 3 (three) years, subject to the approval of Shareholders in terms of the provisions of Section 149 and 161 of the Companies Act, 2013 and Rules made thereunder. Necessary resolution seeking approval of the members in this connection forms part of the notice of the ensuing Annual General Meeting.

Independent Directors- Compliance status

The Bank fully satisfies the requirements of section 149 of the Companies Act, 2013 as regards the appointment of Independent Directors and the following Directors are Independent Directors of the Bank as on the date of this report.

1. Mr. Thomas Mathew (DIN: 01277149)
2. Mrs. Bhama Krishnamurthy (DIN: 02196839)
3. Mr. Madhavan Aravamuthan (DIN: 01865555)
4. Mr. S. Nagoor Ali Jinnah (DIN : 05238633)

The performance of the Independent Directors is subject to evaluation as per Section 149(8) of the Companies Act, 2013 and read with Schedule IV to the said Act.

All Independent Directors have confirmed having complied with the criteria of independence as provided in 149(6) of the Companies Act, 2013 and in the opinion of the board, the independent directors fulfil the conditions specified in these regulations and are independent of the management.

The second consecutive tenure of appointment of Mrs. Radha Unni, Mr. Madhavan Nambiar M and Mr. Bobby Jos C as independent Directors of the Bank ended September 26, 2018 and accordingly they ceased to be Independent Directors with effect from September 27, 2018.

The Board places on record its appreciation of the commendable services and guidance rendered by Mrs. Radha Unni, Mr. Madhavan Nambiar M and Mr. Bobby Jos C during their tenure as Independent Directors of the Bank.

Declaration by Independent Directors

The Bank received necessary declaration from

each Independent Director under Sec 149(6) of the Companies Act, 2013 that they met the criteria of independence laid down in the Companies Act, 2013.

Familiarization Programmes of Independent Directors

All Independent Directors are familiar with their roles, rights and responsibilities in the Bank at the time of appointment and also on a recurrent basis. The details of various programmes undertaken for familiarizing the Independent Directors are disclosed in Corporate Governance Report, which forms part of this Annual Report.

Part-time Chairman

Mr. Madhavan Menon (DIN: 00008542) was appointed as Part-time Chairman of the Bank for a period of one year effective from April 22, 2019 in pursuant to section 10B(1A)(i) of the Banking Regulation Act, 1949.

Resignation of Directors

Mr. Alok Kochhar (DIN: 07336899) resigned as Independent Director of the Bank on March 6, 2019. Mr. Alok Kochhar tendered resignation voluntarily so as to accommodate another director on the Board, who would be qualified to represent the specified areas / sectors 'Agriculture and Rural Economy', thus bringing the Board to a complied position as far as Section 10A (2) (a) is concerned.

The Board places on record its appreciation of the commendable services and guidance rendered by Mr. Alok Kochhar during his tenure as Independent Director of the Bank.

RBI Nominee Directors

Term of appointment of Reserve Bank of India Nominee Directors, Mr. Subbaiah Singala and Mr. V.G. Venkatachalapathy ended on March 10, 2019 and March 13, 2019 respectively as per the terms of their appointment vide RBI orders DBR.PSBD.No. 10394/16.05.003/2016-17 dated March 9, 2017 and DBR.PSBD. No.10390/16.05.003/ 2016-17 dated March 9, 2017.

The Board places on record its appreciation of the valuable guidance and support extended by Mr. Subbaiah Singala and Mr. V.G. Venkatachalapathy during their tenure as Additional Director- RBI Nominee on the Board of the Bank.

Woman Director

In terms of the provisions of Section 149(1) of the Companies Act, 2013, the Bank is required to have at least one woman Director on the Board. Bank appointed Mrs. Bhama Krishnamurthy (DIN: 02196839) as a Director on the Board since September 3, 2018. The tenure of appointment of Mrs. Radha Unni was ended on September 26, 2018.

Directors Retiring by Rotation

In terms of Sec 152 of the Companies Act, 2013, Non-Executive Director, Mr Sumit Maheshwari (DIN: 06920646) shall retire by rotation and being eligible, offers him self for re-appointment at the ensuing Annual General Meeting (AGM).

Mr. Sumit Maheshwari was appointed as an Additional Director of the Bank with effect from September 03, 2018 under the Section 161(1) of the Companies Act 2013 and was regularized as the Director of the Bank at 97th AGM held on September 29, 2018, liable to retire by rotation.

The detailed profile of Mr. Sumit Maheshwari recommended for reappointment in ensuing Annual General Meeting is provided in the Notice of the Annual General Meeting for the benefit of shareholders as per the provisions of the Companies Act, 2013.

Appointment/ Changes in Key Managerial Personnel

Mr. C.VR. Rajendran, Managing Director & CEO, Mrs. V. Maheswari, Chief Financial Officer and Mr. Sijo Varghese, Company Secretary are the Key Managerial Personnel as per the provisions of the Companies Act, 2013.

There were no changes in the Key Managerial Personnel since the date of last year's report.

Board and its Committees

Number of Meetings of the Board

Regular meetings of the Board are held to discuss and decide on various business policies, strategies and other businesses. Due to business exigencies, certain decisions are taken by Board through resolution passed by circulation from time to time.

The Board met Nineteen (19) times during the FY 2018-19. Detailed information on the meetings of the Board is included in the report on Corporate Governance, which forms part of this Annual Report.

Committees of the Board

The Bank has various sub-committees of the Board which have been formed as part of the best corporate governance practices and/or in compliance with the requirements of the relevant provisions of applicable laws and the regulatory prescriptions.

The Bank has the following Sub-Committees of the Board:

1. Audit Committee.
2. Nomination & Remuneration Committee.
3. Corporate Social Responsibility Committee.
4. Risk Management Committee.
5. IT Strategy Committee.
6. Stakeholders' Relationship Committee.
7. Customer Service Committee.
8. Management Committee.
9. NPA Management Committee.
10. Committee for Monitoring Large Value Frauds (CMF)
11. HR Committee.
12. IPO Committee

The details with respect to the compositions, powers, roles, terms of reference, etc. of the above Committees are given in detail in the 'Report on Corporate Governance' which forms part of this Annual Report.

Audit Committee

Audit Committee has been constituted in line with Section 177 of the Companies Act, 2013. The Committee consists of five members. The Committee is chaired by Mr. Thomas Mathew, Independent Director, who is a Chartered Accountant. The other members of the Committee are Mr. Madhavan Menon (Part-time Chairman), Mr. Madhavan Aravamuthan (Additional Director-Independent), Mrs. Bhama Krishnamurthy (Independent Director) and Mr. Nagoor Ali Jinnah (Additional Director- Independent).

The Committee discharges the functions laid down in the Companies Act, and those prescribed by the Reserve Bank of India. It also discharges the functions delegated by the Board of Directors from time to time. The ACB, which held eight meetings during the year, has been closely overseeing and monitoring the Internal Control System and Procedures, Inspection and audit functions including follow-up and compliance of inspection/audit reports. It has also interacted with the Auditors. The ACB acts as an effective tier to the Board in the matters of inspection, audit and internal control system.

Annual evaluation of performance

In line with Board evaluation policy, Bank has put in place a criteria for annual evaluation of performance of Chairperson, Managing Director & CEO, Directors, Board Level Committees and the Board as a whole.

The performance of the members of the Board other than independent Directors and the Board as a whole have to be evaluated at the meeting of the Independent Directors

The performance of the independent Directors will be reviewed by the Board as provided for under Section 149(8) read with Schedule IV of the Companies Act, 2013.

The Statement indicating the manner in which formal annual evaluation of the Directors, Committees of the Board and the Board are given in detail in the report on Corporate Governance, which forms part of this Annual Report.

The Board evaluation policy is displayed on the website of the Bank at: <https://csb.co.in/pdf/PolicyonEvaluationoftheBoard.pdf>

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Considering the nature of activities of the Bank, with respect to the provisions of Section 134 (3) (m) of the Companies Act, 2013 relating to conservation of energy and technology adoption, the Bank is constantly pursuing and making all-out efforts to achieve the desired goals as contained in the Act.

a) Conservation of Energy

All attempts are being made to reduce energy consumption to the maximum extent possible. As part of these measures, a few branches/offices of the Bank have been using solar power, which is aimed at optimum utilisation of power in a cost-effective manner.

b) Technology Absorption

The required technology absorption is being made considering the nature of activities.

c) Foreign Exchange Earnings and Outgo

Foreign Exchange earnings and outgo are part of the normal banking business of the Bank. Being an Authorised Dealer in Foreign Exchange, the Bank has been taking all possible steps to augment export credit.

Disclosures under the Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal), Act, 2013

As a part of Bank's ethos, Bank believes that all the employees of the Bank have the right to be treated with dignity and sexual harassment at workplace or other than workplace, is a grave offence and needs to be prohibited as a matter of policy & prevented with appropriate measures.

Bank has zero tolerance towards any action on the part of any employee which may fall under the ambit

of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every woman working in the Bank. As per the Act, the Bank has taken steps for prevention of sexual harassment and protection of women from sexual harassment at

the workplace and for prevention and for redressal of such complaints. In compliance with Section 4 of the Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal), Act, 2013, Bank constitutes Internal Complaints Committee at workplace.

The disclosure required under section 22 of the Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013 are given below

Number of complaints pending as on the beginning of the financial year	Nil
Number of complaints of sexual harassment received in the year	3
Number of complaints disposed off during the year	3
Number of complaints pending as on the end of the financial year	Nil
Number of cases pending for more than ninety days	Nil
Remedial measures taken by the company	Conducted disciplinary proceedings against one officer and awarded punishment of compulsory retirement from the service. Other two cases, after conducting inquiry, the Committee, held that no case of sexual harassment at workplace was made out.
No of workshops or awareness programme against sexual harassment	14
Nature of action taken by employer/district officer	The respondent was awarded with the punishment of compulsory retirement from the service of the Bank after initiating Disciplinary Proceedings as per the Catholic Syrian Bank Ltd Officer Employees (Discipline & Appeal) Regulation 1993

As a public employer, Bank is an equal employment opportunity corporation and is committed to creating a work environment that enables employees to work without fear of prejudice, gender bias and sexual harassment. Bank has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the period under review.

Other Disclosures

- a) No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Bank's operations in future.
- b) During the year under report, there were no instances of frauds reported / reportable by the Auditors, to the Audit Committee, the Board of Directors or the Central Government under Section 143(12) of the Companies Act, 2013.
- c) The Bank has not entered into any materially significant transaction during the year, which could have a potential conflict of interest between the Bank and its directors, management and/or their relatives, etc. other than the transactions carried out in the normal course of business.

- d) During the last 3 years, there were no penalties or strictures imposed on the Bank by the Stock Exchange(s) and/or SEBI and/or any other statutory authorities on matters relating to capital market activities.
- e) Being a Banking Company, the Bank is not required to make and maintain such accounts and cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.
- f) During the FY 2018-19, RBI has imposed penalty of Rs 4 crore on the bank due to non-adherence to timeline for Time-bound implementation & strengthening of SWIFT related operational controls issued by Reserve Bank of India.

Annual Return

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013, read with Rule 11 of the Companies (Management and Administration) Rules, 2014, the Annual Return as on March 31st, 2019 is displayed on the website of the Bank at: https://www.csb.co.in/pdf/Annual_return.pdf

Directors' Responsibility Statement

Pursuant to the requirement under Section 134(3) (c) of the Companies Act, 2013, it is hereby confirmed that:

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit and loss of the Bank for that period.
- c. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.

- d. The directors have prepared the annual accounts on a going concern basis.
- e. The directors have laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively.
- f. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgements

The Board of Directors places on record its gratitude to the Reserve Bank of India, Ministry of Corporate Affairs, The Securities and Exchange Board of India, Department of Financial Services and other Government and regulatory authorities for their continued support and guidance.

The Board of Directors wishes to place on record its gratitude to the shareholders, bondholders and all business associates for their encouragement, support and assistance.

The Board of Directors wishes to place on record its appreciation for the dedicated services rendered by the members of the staff at all levels. The Board looks forward to their continued dedicated and sincere services to take the Bank to greater heights.

The Directors wish to record their deep sense of obligation and gratitude to all the customers and well-wishers of the Bank for their patronage, and look forward to continuing this mutually supportive relationship in future as well.

By Order of the Board

Sd/-

Madhavan Menon

Chairman

(DIN:00008542)

Place: Mumbai

Date : May 23, 2019

ANNEXURE I

Statutory Disclosure Regarding Employees Stock Option Scheme

Details of stock options granted, vested, exercised and lapsed as per “CSB Employees Stock Option Scheme 2013” during the year under review are as follows:

No. of options as at beginning of Fiscal Year				3,30,000	
Options granted during the year				Nil	
Total options vested				3,05,000*	
Options exercised				Nil	
Total number of Equity Shares arising as a result of options				3,05,000	
Options lapsed				25000	
Exercise price of options (in ₹)				₹ 147.25	
Variations in terms of options				Nil	
Money realized by exercise of options (in ₹)				Nil	
Total no. of options in force				3,05,000	
Employee wise details of options granted to :					
(i)	Key Managerial Personnel			Nil	
(ii)	Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year. #	Sl. No	Name	No. of Options Granted	% of option granted
		1	Mr. Sekhar Rao	1,15,000	14.02
		2	Mr. Bharath Mani	1,40,000	17.07
(iii)	Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.				Nil

* 101602 options were vested during the financial year 2018-19

All the options were granted during the financial year 2015-16 only.

By Order of the Board

Sd/-

Madhavan Menon

Chairman

(DIN: 00008542)

Place : Mumbai

Date : May 23,2019

ANNEXURE II

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 - (Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto)

1. Details of contracts or arrangements or transactions not at arm's length basis in fiscal 2019

Sl No	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts	Salient terms of the contracts or arrangements or transactions including the value, if any @	Justification for entering into such contracts or arrangements or transaction	Date(s) of approval by the Board	Amount paid as advances, if any:	Date of passing special resolution
1.	Finsigma Inclusive Services Private Limited (FISPL) * Common Director - Shri. Madhavan Aravamuthan	Business Correspondents Tie up with FISPL*	On going basis	Interest at prevailing market rates and other terms at competitive market rates. Overall exposure- ₹ 10.00 Crore	The tie up with FISPL is for Micro Finance business through BC model to accelerate the growth in the Agri & Micro segments and weaker sections	28.01.2019	Nil	Since the transaction is within the limits as per Section 188, the approval of shareholders is not required
2.	Thomas Cook (India) Limited (TCIL) Subsidiary of Fairbridge Capital (Mauritius) Limited (FCML) FCML is associate of FIH Mauritius Investments Ltd(FIH-M). FIH-M is holding 5.77% in the paid up capital of the Bank as on March 31, 2019. Details of their other holdings are disclosed in 1.1.of Schedule 18- Notes on accounts.	Tie-up with TCIL for issuance of Co-branded Multicurrency Pre-paid Foreign Exchange Travel Card	One year with effect from April 1, 2019	At competitive market rates. Sales volume up to ₹ 10 Crores #	Thomas Cook India Ltd is the leading issuer of multi-currency pre-paid cards for making payments in a convenient way. This tie up helps the Bank to serve its customers, while they are travelling abroad or making payments in a foreign country.	25.03.2019	Nil	Since the transaction is within the limits as per Section 188, the approval of shareholders is not required

* Bank already has BC tie up with FISPL well before Shri. Madhavan Aravamuthan was appointed as Additional Director (Independent) on the Board of the Bank.

@ Transactions are in the ordinary course of business, but in view of difficulty to establish that the same is on an arm's length basis in view of there being no comparable data to establish an arm's length criteria, necessary approvals have been obtained.

During the year under review, Board has approved the Tie-up, but no transaction has been entered into with TCIL.

2. Details of material contracts or arrangement or transactions at arm's length basis in fiscal 2019 :

SI No	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any:
--NIL--						

By Order of the Board

Sd/-

Madhavan Menon

Chairman

(DIN: 00008542)

Place : Mumbai

Date : May 23,2019

ANNEXURE III

The Annual Report on CSR Activities

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

(a) **CSR policy**

The CSR policy of the Bank aims to identify and support all projects/programs/subjects undertaken as part of the Bank's Corporate Social Responsibilities within the framework of Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended. The policy will serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the spirit of the policy.

(b) **Overview of projects or programs proposed to be undertaken**

The Bank will undertake activities in the area or subjects in line with Schedule VII of the Act as detailed below.

- 1 Empowering through Sustainable Livelihood Initiatives (SLI)
- 2 Financial Literacy and Inclusion
- 3 Promoting Education
- 4 Skill Training and Livelihood Enhancement
- 5 Promoting Blood Donation
- 6 Environmental Sustainability
- 7 Eradicating Poverty
- 8 Promoting health care including preventive health
- 9 Rural Development
- 10 Slum Area Development

11 Training to Promote Rural Sports

12 Measures for the benefit of armed forces veterans, war widows and their dependents

(c) **Web-link to the CSR policy**

<https://www.csb.co.in/pdf/CSR%20Policy.pdf>

2. **The Composition of the CSR Committee**

The Bank has constituted a Corporate Social Responsibility Committee (CSR) to monitor the CSR activities. Members of the Committee as on the date of the report are:

1	Mrs. Bhama Krishnamurthy, Independent Director	Chairperson
2	Mr. Madhavan Menon, Part-time Chairman	Member
3	Mr. C. VR. Rajendran, Managing Director & CEO	Member
4	Mr. Sumit Maheshwari, Non-Executive Director	Member
5	Mr. S. Nagoor Ali Jinnah, Additional Director (Independent)	Member

3. **Average Net Profit/(Loss) before tax of the Bank for the Last 3 Financial Years**

₹ (128.85) Crore

4. **Prescribed CSR Expenditure (2% of the amount as in item 3 above)**

As the average net profit of the Bank for the last three years was negative, the Bank is not required to spend money for CSR activities in the financial year 2018-19 as per the Section 135 of the Companies Act, 2013 and the CSR policy adopted by the Bank.

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

- a) Total amount to be spent for the financial year : NA
- b) Amount unspent, if any : NA

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

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Subheads: 1) Direct Expenditure on projects 2) or programs Overheads	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency *
1	Setting up homes for socially and economically backward groups in the society including for women and orphans	Slum area development	Local Area, Thrissur District, Kerala	₹ 8.5 Lakhs	₹ 8.5 Lakhs	₹ 8.5 Lakhs	Implementing agency - Slum Service Centre, Archdiocese of Thrissur, Kerala

* Bank contributed to the project undertaken by the respective Implementing agency.

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

As the average net profit of the Bank for the last three years was negative, the Bank is not required to spend money for CSR activities in the financial year 2018-19 as per the policy adopted by the Bank and as per Section 135 of the Companies Act, 2013. However, as part of the Bank continued focus towards sustainable development and responsible banker, spent towards the amount as mentioned in the point No.5 (c) of the report to CSR activities during the period under review.

As part of the CSR initiative, the Bank will take steps to identify areas / subjects / projects from

institutions with an established track record of at least 3 financial years in undertaking similar projects or programs. Besides, the Bank is in the process of identifying more areas / subjects / project covered under Schedule VII, as part of the CSR policy adopted by the Bank.

The Bank remains committed to increase its CSR reach and spend over the coming years, supplemented by its continued focus towards sustainable development and responsible banking..

7. The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with CSR objectives and the policy of the Bank.

Sd/-

Madhavan Menon
Chairman
(DIN: 00008542)

Sd/-

Bhama Krishnamurthy
(Chairperson-CSR Committee)
(DIN: 02196839)

Place: Mumbai

Date: May 23, 2019

ANNEXURE IV

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,
THE CATHOLIC SYRIAN BANK LTD,
Head Office, "CSB Bhavan",
Post Box No.502, St. Mary's College Road,
Thrissur - 680020.

We, SVJS & Associates, Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **The Catholic Syrian Bank Ltd. [CIN: U65191KL1920PLC000175]** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **The Catholic Syrian Bank Ltd.** ("the Company") for the financial year ended on 31.03.2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under to the extent applicable;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent applicable.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
 - (b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
 - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (to the extent applicable);
- (vi) As informed to us, the following other laws are specifically applicable to the Company.
 1. The Banking Regulation Act, 1949 and the Banking Regulation (Companies) Rules, 1949
 2. Reserve Bank of India Act, 1934
 3. Banking Ombudsman Scheme 2006
 4. The Bankers' Books Evidence Act, 1891
 5. The Banking Companies (Period of Preservation of Records) Rules, 1985
 6. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 and The Security Interest (Enforcement) Rules, 2002
 7. The Prevention of Money-Laundering Act, 2002 and The Prevention of Money-Laundering (Maintenance of Records) Rules, 2005.

8. The Industrial Disputes (Banking and Insurance Companies) Act, 1949.
9. The Deposit Insurance and Credit Guarantee Corporation Act, 1961 and The Deposit Insurance and Credit Guarantee Corporation General Regulations, 1961.
10. The Recovery of Debts Due to Banks and Financial Institutions Act, 1993.
11. Credit Information Companies (Regulation) Act, 2005.

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

- (i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited.

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

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

All decisions of the board were unanimous and the same was captured and recorded as part of the minutes.

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

We further report that during the audit period there were no instances of public issue or rights issue of securities or issue of debentures/sweat equity, redemption or buy back of securities, major decisions

taken by the members in pursuance to Section 180 of the Companies Act, 2013, Merger / amalgamation / reconstruction or Foreign technical collaborations.

During the period, the Bank has obtained approval of Shareholders / Board for the following:

Sl. No	Subject	Mode of Approval	Date of Approval	Particulars of shareholders' approval
1	Modifications in the terms of grant of stock options to Mr. C. V.R. Rajendran, Managing Director and CEO of the Bank	Annual General Meeting	29.09.2018	Modifications in the terms of granting 16,19,241 stock options as hiring grant without any vesting conditions to Mr. C.V.R.Rajendran (DIN:00460061), Managing Director & CEO of the Bank, @ ₹ 75/- per share
2	Adoption of new set of Articles of Association	Postal Ballot	11.12.2018	Approval of shareholders for adoption of new set of Articles of Association
3	Allotment of Equity Shares and Warrants	Stakeholders' Relationship Committee Resolution	19.10.2018	(1) Allotment of 19,832,130 Equity Shares on a partly paid up basis to FIH Mauritius Investments Ltd. on receipt of application money ₹ 2.50/- and premium ₹ 32.50/- aggregating to an amount of ₹ 6,941,24,550 /- (2) Allotment of 66,463,329 Warrants convertible into or exchangeable for Equity Shares on a partly paid up basis to FIH Mauritius Investments Ltd. on receipt of application money ₹3/- and premium ₹53/- aggregating to an amount of ₹ 37,219,46,424/-

The following security was redeemed during the period:

Sl. No	Nature of Bonds	Amount	Rate of Interest	Date of Issue	Date of Redemption
1	CSBL Bonds 2012 (Series - I)	Rs.41.80 Crores	11.70%	31.03.2012	30.03.2019

This report is to be read with **Annexure A** of even date and the same forms an integral part of this report.

Place: Kochi
Date : May 4, 2019

For SVJS & Associates
Company Secretaries

Sd/-
CS Vincent P.D.
Managing Partner
CP No:7940, FCS:3067

ANNEXURE A**ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE**

To

The Members,
THE CATHOLIC SYRIAN BANK LTD,
Head Office, "CSB Bhavan",
Post Box No.502, St. Mary's College Road,
Thrissur - 680020

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of the secretarial records is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to express an opinion on these records, based on our audit.
2. During the audit, we have followed the practices and processes as were appropriate, to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the process and practices we followed provide a reasonable basis for our report.
3. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.
4. We have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc., wherever required.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards, etc. is the responsibility of management. Our examination was limited to the verification of the procedures and compliances on test basis.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2019 but before issue of the Report.
7. We have considered actions carried out by the Company based on independent legal/professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.

Place: Kochi
Date : May 4, 2019

For SVJS & Associates
Company Secretaries

Sd/-
CS Vincent P.D.
Managing Partner
CP No:7940, FCS:3067

ANNEXURE V

Particulars pursuant to Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014, as amended.

1. Disclosure as per Rule 5(1) – The ratio of the remuneration of each director to the median employee's remuneration and other details:-

Sl No.	Requirements	Disclosure
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Bank for the financial year 2018-19.	Managing Director & CEO Shri. C. VR. Rajendran 11.77: 1
2	The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year 2018-19.#	Shri. C. VR. Rajendran Managing Director & CEO NIL Shri. P.V Antony (Chief Financial Officer) * 4.68 % (From 01.04.2018 to 09.05.2018) Smt. V Maheswari (Chief Financial Officer) * 4.69% (From 10.05.2018 to 31.03.2019) Shri. Sijo Varghese (Company Secretary) 7.31%
3	The percentage increase/ (decrease) in the median remuneration of employees in the financial year 2018-19.	(3.99) %
4	The number of permanent employees on the rolls of the Bank as on March 31 st , 2019.	There were 3001 employees as on March 31 st , 2019.
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2018-19 and its comparison with the percentile increase in the managerial remuneration and justification thereof point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average percentile increase in the salaries of employees other than the managerial personnel in the financial year 2018-19 is 4.6%. The percentage increase in the remuneration of the managerial personnel is often more than the percentage increase in the salary of the employees other than the managerial personnel, mainly on account of the managerial role and responsibilities shouldered by the former category.
6	Affirmation that the remuneration is as per the remuneration policy of the Bank.	Affirmed.

The remuneration for the purpose of this table includes Gross Salary only excluding exceptional items.

* Calculating of percentile increase in the remuneration is done based on the gross salary paid for the 12 months for the FY 2017-18 and FY 2018-19.

2. Disclosure as per Rule 5(2) – Statement showing the names of top ten employees in terms of remuneration drawn during the Financial Year 2018-19 :-

a. List of top ten employees in terms of remuneration drawn :

Sl. No.	Name of the employee	Date of Joining	Designation	Qualification	Age	Experience (Years)	Remuneration (as per agreement)	Last employment	No. of shares held if any	% of share holding to the paid up capital	Relationship with Director
1	Mr. C. VR. Rajendran	09/12/2016	MD & CEO	M Com, CAIIB, ICWAI (Inter)	64Y	40Y	₹8,160,000.00*	Association of Mutual Funds of India (AMFI) as Chief Executive	Nil	N.A	No
2	Mr. Bharath Mani	04/04/2014	Head - Retail Banking	BA, PGDBM	48Y	25Y	₹6,800,000.00	Royal Bank of Scotland as Head – Branch Banking, India	866	0.001%	No
3	Mr. Sekhar Rao	03/03/2014	Head - Operations	BE, MBA	50Y	25Y	₹5,800,000.00	Ratnakar Bank as Zonal Head & National Head CASA	666	0.001%	No
4	Mr. Prem Kumar Thampi	02/03/2015	Head - Wholesale Banking And Treasury	MSc – Physics	58Y	31Y	₹5,000,000.00	Dy. CEO Bank M (Tanzania) Ltd	Nil	N.A	No
5	Mr. Ajit Kumar K	20/07/2015	Chief Credit Officer	M Com, CAIIB	63Y	34Y	₹3,600,000.00	Exim Bank as Chief General Manager- Corporate Banking Group	Nil	N.A	No
6	Mr. Ajoie James	23/10/2017	Zonal Sales Head- Two Wheeler Loans	B Com, MBA	42Y	19Y	₹2,224,000.00	Bajaj Auto Finance	Nil	N.A	No
7	Mr. Kurian George	01/06/1981	Zonal Manager – Mumbai	B Sc, CAIIB.	59Y	37Y	₹2,025,611.13	Joined the Bank as a Clerk	4000	0.005%	No
8	Mr. Jayashankar T	21/04/2017	Head- HR	BA, MA, LLB	63Y	35Y	₹1,980,000.00	Indian Bank	Nil	N.A	No
9	Mr. Natarajan R	04/12/2017	Head - Inspection & Audit	B Sc, CA.	62Y	31Y	₹1,980,000.00	Corporation Bank	Nil	N.A	No
10	Mr. Antony P V	26/09/1983	Chief Risk Officer	B Com, CAIIB, ACS, FICWA	57Y	36Y	₹1,970,619.40	Canara Bank	533	0.001%	No

*Accidental insurance premium paid (Rs. 1,180/-) excluded.

- Remuneration shown above includes Salary, Allowance, Medical, Leave Travel Assistance, Leave Encashment, Bonus (if any), Bank's contribution towards Provident Fund, Gratuity and Monetary value of perquisites as per Income Tax Rules.
 - Nature of employment in all the above cases, is contractual except in Sl. No. 6, 7 & 10.
 - Salary as per IBA package for the officers mentioned in Sl. No. 7 & 10.
- b. List of employees drawing remuneration of not less than ₹102 lakhs per annum or ₹8.50 lakhs per month : None**
- c. List of the employees who were in receipt of remuneration in that year in which, the aggregate, is in excess of that drawn by the Managing Director or Whole-time Director or Manager and held by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the company: None**

By Order of the Board

Sd/-

Madhavan Menon
Chairman
(DIN: 00008542)

Place: Mumbai
Date : May 23, 2019

ANNEXURE VI

Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Total Amount
Name of Managing Director & CEO : Mr. C. VR. Rajendran		
1	Gross Salary	(₹)
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	67,68,000.00
(b)	Value of perquisites u/s 17(2) Income Tax Act, 1961	NIL
(c)	Profits in lieu of salary under section 17(3) Income Tax Act, 1961	NIL
(d)	Performance Linked Incentives	NIL
(e)	Service contracts, notice period and severance fees	As per the agreement for appointment of MD&CEO
2	Stock Option (Nos)	NIL
3	Sweat Equity	NIL
4	Commission - as % of profit - Others, specify	NIL
5	Others - LFC	6,00,000.00
	- PL Encashment	3,60,000.00
	- PF	4,32,000.00
	Total (A)	81,60,000.00
Ceiling as per the Act		Being a banking company under the Banking Regulation Act, 1949, the relevant provisions on managerial remuneration under the Companies Act, 2013 are not applicable.

B. Remuneration to other directors: @

(₹)

Sl. No.	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors		
	• Sitting Fee for attending Board/ Committee Meetings	Mr. Thomas Mathew	11,00,000.00
		Mrs. Bhama Krishnamurthy (From 03.09.2018)	6,20,000.00
		Mr. Madhavan Aravamuthan (From 13.12.2018)	3,40,000.00
		Mr. Syed Nagoor Ali Jinnah (From 06.03.2019)	1,20,000.00
		Mr. Alok Kochhar (till 06.03.2019)	8,20,000.00
		Mr. Bobby Jos C (till 26.09.2018)	3,70,000.00
		Mrs. Radha Unni (till 26.09.2018)	4,00,000.00
		Mr. Madhavan Nambiar M (till 26.09.2018)	2,60,000.00
	• Commission		NIL
	• Others, please specify		NIL
	TOTAL (1)		40,30,000.00
2	Other Non-Executive Directors		
	• Sitting Fee for attending Board/ Committee Meetings	Mr. Madhavan Karunakaran Menon (From 03.09.2018) *	NIL
		Mr. Sumit Maheshwari (From 03.09.2018)	NIL
		Mr. Subbaiah Singala (Addl. Director - RBI Nominee) (till 09.03.2019)	NIL
		Mr. V.G. Venkatachalapathy (Addl. Director - RBI Nominee) (till 12.03.2018)	NIL
	• Commission		NIL
	• Others, please specify		NIL
	TOTAL (2)		NIL

Sl. No.	Particulars of Remuneration	Name of Directors	Total Amount
TOTAL (B) = (1)+(2)			40,30,000.00
Total Managerial Remuneration (A)+(B)			1,21,90,000.00
Overall Ceiling as per the Act	Being a banking company under the Banking Regulation Act, 1949, the relevant provisions on managerial remuneration under the Companies Act, 2013 are not applicable.		

* Appointed as Part-time Chairman w.e.f April 22, 2019.

@ No Directors of the Bank except MD & CEO is entitled for variable pay /incentives other than sitting fee for attending Board and Committee meetings.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sr. No	Particulars of Remuneration	Chief Financial Officer		Company Secretary	Total Amount
		Shri. P.V Antony	Mrs. V Maheswari	Shri. Sijo Varghese	
		(01.04.2018 09.05.2018)	(10.05.2018 31.03.2019)	(01.04.2018 31.03.2019)	
1	Gross Salary	(₹)	(₹)	(₹)	(₹)
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,07,134.22	15,39,053.01	14,74,454.87	32,20,642.10
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
(c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL	NIL	NIL
2	Stock Option (Nos)	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission				NIL
	- as % of profit	NIL	NIL	NIL	NIL
	- others, specify	NIL	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL	NIL
TOTAL		2,07,134.22	15,39,053.01	14,74,454.87	32,20,642.10

By Order of the Board

Sd/-

Madhavan Menon
Chairman
(DIN: 00008542)

Place: Mumbai
Date : May 23, 2019

Management Discussion and Analysis

Global Economic Review

After the strong growth in early 2018, global economic activity slowed notably to 3.2 % in the second half of last year, reflecting a confluence of factors affecting major economies. The escalation of trade disputes among major economies, macroeconomic stress in a few countries, disruptions to the auto sector in Germany, growth decline in China owing to tighter credit policy and trade tensions with the US, financial tightening alongside the normalization of monetary policy in the larger advanced economies leading to higher borrowing costs to emerging market and developing economies, have all contributed to a significantly weakened global expansion, especially in the second half of 2018. The euro area economy lost more momentum than expected owing to slowing net exports as consumer and business confidence weakened. Activity softened amid an increase in trade tensions and tariff hikes between the United States and China leading to deceleration in China's industrial growth and export growth contributing to a declining renminbi.

Elsewhere across emerging market economies, growth in regions with large numbers of commodity exporters has stalled due to slowdown in large economies. The presence of large informal sector in these economies compounded the worsening situation. Growing concerns about a no-deal Brexit also weighed on investment spending within the euro area. Following a notable uptick in 2017, euro area economies' exports softened considerably, in part because of weak intra-euro-area trade, which exacerbated poor sentiment across the currency area.

Growth in South Asia accelerated to an estimated 6.9 percent in 2018 from 6.2 percent the previous year, with domestic demand strengthening in India as temporary disruptions fade and the benefits from ongoing structural reforms start to materialize. The recovery was in line with expectations, and recent high frequency data— including purchasing managers' indices and industrial production—have broadly

remained solid. Throughout the region, private consumption picked up in 2018 while investment remained solid. Investments and growth follow a similar pattern, and investments make up a crucial component for overall growth optimization.

International Monetary Fund in its latest report projected a global growth rate of 3.3% in 2019 from 3.6 % in 2018 with a downside risk mainly due to trade tensions. Although a 3.3 percent global expansion is still reasonable, the outlook for many countries is very challenging, with considerable uncertainties in the short term, especially as advanced economy growth rates converge toward their modest long-term potential. Leading indicators point to some softening in economic momentum in many countries in 2019, amid escalating trade disputes, risks of financial stress and volatility, and an undercurrent of geopolitical tensions. Announcements of policy stimulus by China and accommodative monetary policy stances adopted by key central banks have provided some relief, along with hopes of a positive outcome from the US-China trade negotiations.

Risk to the global growth are skewed to the downside, with a range of threats menacing the global economy. Amid waning global growth momentum and limited policy space to combat downturns, avoiding policy missteps that could harm economic activity needs to be the main priority. Against a backdrop of a highly pro-cyclical fiscal expansion and an increase in import tariffs, a strong rise in inflationary pressures could trigger a sharp tightening of global liquidity conditions. The steady pace of expansion in the global economy masks an increase in downside risks that could potentially exacerbate development challenges in many parts of the world. Inflation pressures across geographies remain benign on soft commodity prices and slowing demand.

Indian Economic Review

Indian economy started the fiscal year 2018–19 with a healthy 8.2 percent growth in the first quarter with the backing of domestic resilience. Growth eased in

the subsequent quarters due to rising global volatility, largely from financial volatility, normalized monetary policy in advanced economies, externalities from trade disputes, and investment rerouting. Further, the Indian rupee suffered because of the crude price shock, and conditions exacerbated as recovery in some advanced economies caused faster investment outflows. The second advance estimates for 2018-19 released by the Central Statistics Office (CSO) in its latest report revised India's real gross domestic product (GDP) growth downwards to 7.0 per cent from 7.2 per cent in the first advance estimates.

Domestic economic activity decelerated due to a slowdown in consumption, both public and private. Of the high frequency indicators of industry, the manufacturing component of the index of industrial production (IIP) growth slowed down to 3.6 % FY 2019 from 4.4% in FY 2018 due to contraction in manufacturing, capital goods and consumer durables. Credit flows to micro and small as well as medium industries remained tepid, though they improved for large industries. On the supply side, CSO placed the growth of real gross value added (GVA) lower at 6.8 per cent in 2018-19 as compared with 6.9 per cent in 2017-18. This is due to a deceleration in agriculture output from the record level achieved in the previous year. However, gross fixed capital formation (GFCF) growth remained in double digits for the fifth consecutive quarters supported primarily by the government's thrust on the road sector and affordable housing. The drag on aggregate demand from net exports also moderated due to a marginal acceleration in exports and a sharp deceleration in imports led by a decline in crude oil prices. The eight core industries output grew 4.7% on a year-on-year basis in March, higher than 4.5 % recorded in the same March last year. The business assessment index of the industrial outlook survey (IOS) points to an improvement in overall sentiments in the last leg of the quarter. The manufacturing purchasing managers' index (PMI) remained in expansion zone last part of the financial year. However, High frequency indicators of the services sector suggest significant moderation in activity.

Retail inflation, measured by y-o-y change in the CPI, rose to 2.86 per cent in March, but remained below the Central Bank's target. The uptick in inflation was driven by an increase in prices of items excluding food and fuel and weaker momentum of deflation in the food group. India's forex reserves at US\$ 412.9 billion as on March 31, 2019 were at a comfortable level – equivalent to 9.5 months of imports and 182 per cent of short-term external debt (by residual maturity).

Despite softer growth, the Indian economy remains one of the fastest growing and possibly the least affected by global turmoil. Challenges remain however, and there is little scope for complacency. The improving macroeconomic fundamentals have further been supported by the implementation of reform measures, which has helped foster an environment to boost investments and ease banking sector concerns. Indian Meteorological Department (IMD) had forecast almost a normal south-west monsoon rainfall and this augurs well for the agricultural sector and a further boost to the economy. Together, these indicate a healthy growth path for the economy. Outlook of the economy is positive with a specific thrust on private investment and careful management of public finances, which could give the economy, the needed thrust.

GDP growth is projected and is retained at 7.4 percent in 2019-20, with risks evenly balanced, but suggests a healthy growth in the economy in the coming year. The moderation of growth in the global economy might impact India's growth especially export. However, continuing with the implementation of structural and financial sector reforms, with efforts to reduce public debt, improved capacity utilisation, further offtake of credit, would enable the economy remain afloat and achieve the healthy growth anticipated. The World Bank has forecast a growth rate of 7.3 per cent for India in the year 2019 and 7.5 per cent for the next year, which is expected to be supported by the continued recovery of investment and robust consumption amid a more explanatory stances of monetary policy and some expected impetus from fiscal policy. Political stability supported by continuity of the government at the centre, is expected to strengthen further the implementation of structural and financial sector

reforms, ultimately achieving the GDP growth rate as projected and even beyond.

Conversely, further escalation of trade tensions and protectionist trends, increased volatility in global financial conditions over the uncertainty of the stance of monetary policy in the US and other advanced economies, uncertainty surrounding Brexit, a sharper slowdown in the Chinese economy and deviations of the south-west monsoon from the baseline assumption of a normal monsoon may pose downside risks to the standard growth path

Developments in the Indian Banking Sector

Declogging the large overhang of stressed assets in the banking system, coupled with continued stress on asset quality and high provisioning costs has made the financial year 2018-19 yet another challenging year for the Indian Banking sector. While the challenges from digitisation and fintech players remained, what created more trouble was the deteriorating asset quality besides the performance also took a beating because of stricter provisions. The governance issues in some of the private banks also created a flutter in the market. Notwithstanding the challenges in the domain, Indian Banking sector has displayed a high level of resilience by improving overall performance and the growth was mainly driven by strong retail credit demand, higher demand from NBFCs/HFCs, increase in working capital requirement and recoveries from NCLT referred accounts. From the regulatory front, Reserve Bank of India (RBI) adopted a slew of policy measures in order to stimulate the economy and support the growth of the banking sector. On the monetary policy front, RBI reduced the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points to 6.0 per cent from 6.25 per cent. Based on an assessment of financial market conditions, the RBI increased the Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) effective October 1, 2018, which supplemented the ability of individual banks to avail liquidity from the repo market against high quality collateral. Furthermore, it was decided to reduce the statutory liquidity ratio (SLR) by 25 bps every calendar quarter until it reaches 18 per cent of NDTL to align the SLR with the liquidity coverage ratio

(LCR) requirement. The first round of reduction of 25 bps became effective from the quarter commencing January 2019, lowering the SLR to 19.25 per cent of NDTL

Non-food bank credit increased by a robust 12.3 per cent year-on-year (YOY) in March 2019, compared to an increase of 8.4 per cent in March 2018. Credit to agriculture and allied activities increased by 7.9 per cent in March 2019, up from an increase of 3.8 per cent in March 2018. Credit to industry rose by 6.9 per cent in March 2019, compared to an increase of 0.7 per cent in March 2018. Credit to the services sector expanded by 17.8 per cent in March 2019, compared to 13.8 per cent in March 2018. Personal loans increased at a slower clip of 16.4 per cent in March 2019, compared to an increase of 17.8 per cent in March 2018.

Indian banks are increasingly focusing on adopting integrated approach to risk management. Banks have already embraced the international banking supervision accord of Basel II, and majority of the banks have already met the capital requirements of Basel III. Most of the banks have put in place the framework for asset-liability match, credit and derivatives risk management.

But for the banking sector, there's a new kind of promise and possibly no better time than now for transformation. Economic fundamentals are still strong, the regulatory climate is favourable, and transformation technologies are more readily accessible, powerful, and economical than ever before. It is also a relief for the economy that NPAs have started falling for the first time in three years since 2015. Recovery has improved after the introduction of the IBC because it is not just a recovery tool but also acts as means of bringing promoters to the table to pay up. After a prolonged period of stress, the banking sector appears to be on course to recovery as the load of impaired assets is receding. This will help shore up asset quality, although the degree of success in the resolution of large NPLs will determine the extent of asset quality improvements. Capital infusions over the past few years in all public sector banks facing capital shortfalls, as well as other government measures, provide strong support for the

assumption strengthened governmental support for banking sector, especially public sector Banks.

The role of technology has evolved from being a mere cog in the strategic framework of companies to driving, shaping and redefining business models and revenue streams. Democratic access to the latest technological capabilities, coupled with the breakneck speed of change, has destroyed industry barriers to entry and allowed tech-centric start-ups to compete with Financial Services (FS) giants. In fact, the pace of technological advancement has led these developments to be viewed less as enablers and more as positive disruptors. The banking sector is laying greater emphasis on providing improved services to their clients and also upgrading their technology infrastructure, in order to enhance the customer's overall experience as well as giving the banks a competitive edge. Fintechs continue to lead innovation in the banking industry by sharpening their focus on customer experience. Banks face a number of choices: replicate what fintechs are doing, respond with equally innovative solutions, become more symbiotic and less competitive, or pursue a mix of these strategies that fit their unique capabilities and market positions.

Enhanced spending on infrastructure, speedy implementation of projects and continuation of reforms are expected to provide further impetus to growth. All these factors suggest that India's banking sector is also poised for robust growth as the rapidly growing business would turn to banks for their credit needs. The banks' profitability will improve but stay weak, because of high credit costs. Specifically, their net interest margins will widen marginally because of a reduction in NPAs and a strengthening of their pricing power, amid the situation in the debt capital markets, which make bank loans more attractive for corporate borrowers. Despite this overall optimistic picture for the banking industry, uncertainties loom on the horizon.

Business Segment Overview

Your Bank is one of the oldest private sector banks in India with a history of over 98 years. The Bank has

strong base in Kerala and a significant presence in Tamil Nadu, Karnataka and Maharashtra. The Bank offers a wide range of products and services, with a particular focus on small and medium enterprises (SME), retail and NRI customers to cater to an overall customer base of ₹ 136.5 lacs as on March 31, 2019. While the Bank has a long operating history as a traditional bank, it is currently focusing on initiatives to transform itself into a new age private sector bank. As part of its transformation, the Bank is in the process of organizing its operations under focused business verticals moving from away from the traditional structure.

In FY 19 the bank continued to be cautious on lending to SME segment in view of the segmental stress. Growth was mainly in low risk advances like gold loans and exposures to highly rate corporates. Due to this strategy, the overall risk weighted assets of the bank in fact reduced from ₹ 7,447 crore as on 31.3.2018 to ₹ 7,068 crore as on 31.3.2019 despite increase in advances by 14%.

Financial Performance with respect to the Operational Performance

During the fiscal 2018-19, the Interest income rose to ₹ 1347.52 Crore as against ₹ 1296.81 Crore of previous fiscal, reflecting growth of 3.91%. Interest expenditure stood at ₹ 907.56 Crore as against the previous year figure of ₹ 912.00 Crore showing a decrease of 0.49%. The Net Interest Income increased to ₹ 439.95 Crore from ₹ 384.81 Crore y-o-y growth of 14.33%. Non-Interest Income (NII) increased by ₹ 10.5 Crore (8.37% Growth) from ₹ 125.42 Crore in FY18 to ₹ 135.92 Crore in FY19.

Your Bank reported an Operating Profit of ₹ 13.35 Crore compared to ₹ 74.32 Crore in the previous fiscal, reported a decrease of 82.03%. The reduction was due to increase in operating expenses mainly on account of incremental provisioning for retirement benefits of employees.

Operating Revenue of your Bank reported a y-o-y growth of 4.30% and stood at ₹ 1483.43 Crore as against previous year figure of ₹ 1422.22 Crore The

operating expenses increased from ₹ 562.51 Crore to ₹ 435.90 Crore recording a growth of 29.05% mainly on account of incremental provisioning for retirement benefits of employees.

For the year ended the Net Interest Margin of the Bank rose by 19 basis points from 2.32% to 2.51%, compared to the previous fiscal. The Bank has posted a Net Loss of ₹ 197.42 crore in FY 2018-19 as against Net Loss of ₹ 97.47 Crore in FY 2017-18. The increase in Loss was mainly on account of increase in operating expenditure and accelerated provision made for Non-Performing Assets and depreciation on investments.

The Return on Assets was (1.13) % at the end of the fiscal under report as against (0.59) % in the previous fiscal.

The Earning per Share (EPS) and Book value of share as on 31.03.2019 stood at ₹ (23.73) and ₹ 108.79 respectively as against ₹ (12.04) and ₹ 109.81 as on 31.03.2018. The Bank's Return on Equity was (26.13)% as against (15.80)% for the previous fiscal FY 18.

Total Business

The total business of your Bank stood at ₹ 25739.11 Crore as on March 31, 2019, as against ₹ 24028.01 Crore a year before, registering y-o-y growth of 7.12%.

Total Deposits

Aggregate deposits of the Bank at the end of FY2019 stood at ₹ 15123.87 Crore, compared to previous year level of ₹ 14690.65 Crore. This increase is largely on account of improvement in low cost deposits of the Bank.

CASA position

During the period under review, CASA has grown by ₹ 239.94 crores, compared to ₹ 276.07 crores in the previous financial year, registering a moderate growth of 6.04%. CASA ratio has however improved from 27.03% in the previous financial year to 27.84% at the end of FY19.

New To Bank (NTB) acquisitions through outbound sales activities as well as through referrals from existing customers continues to be the key growth drivers for expansion of client base. The recently introduced graded variants in the CASA product suite and the

new product lines like INSTA Pay online fee collection portal, revamped corporate salary proposition are the vital enablers for the Bank to build up a robust CASA book.

Efforts are on to strengthen and scale up the relationship team to deepen engagement with existing as well as new to bank HNW and institutional / corporate customers, and these initiatives will play a key role in our growth plan, going forward.

NR Deposits

Aggregate NRI deposits of the Bank at the end of FY19 stood at ₹ 3762 crore, compared to previous year level of ₹ 3782 crore. While the NRI savings deposits have grown by ₹ 52.3 crore over previous year. NRI term deposits have de-grown by ₹ 72.6 crores, which is mainly attributable to lower rates being offered by the bank for various maturities, compared to peer group. The moderation in the pricing of term deposits is a conscious call the Bank has taken to reduce the average cost of funds, as our overall liquidity position continues to be in surplus.

Credit Portfolio

During this period, the Bank's net advances increased to ₹ 10615.24 crore against ₹ 9337.36 crore, registering 13.69% growth YoY in the previous period. The CD Ratio of the Bank stood at 70.19% against 63.56% in the corresponding previous year.

Whole sale Banking

Your bank offers Corporate and SME clients in India, a full range of client-focused corporate banking services, including working capital finance, trade and transactional services. The product offerings are suitably structured taking into account a client's risk profile and specific needs. Our customer base includes domestic business houses, NBFCs and other prime corporates. Your bank has introduced products to strengthen/ increase the customer base of the Corporate and SME segments.

Corporate Lending

Bank has deep & strong relationship base among corporates across geographies of India.

Corporate Lending business of the Bank stood at ₹ 2761.96 Crores as on March 31, 2019 against

₹ 2213.69 Crores last financial year, clocking a growth of 19.85%. The product offerings are suitably structured taking into account a client's risk profile and specific needs. Our customer base includes domestic business houses, NBFCs and other prime public sector companies.

The bank extends both fund based and non-fund based credit/non-credit facilities to our corporate customers. During the year, the bank also introduced more products like Cash Management Services, Securitisation through Direct Assignment, Supply Chain Finance to deepen our relationship with our customers.

To further leverage the existing relationship and develop new business opportunities, we have also gone through an organisational restructuring process and appointed Relationship Managers and Credit Analysts in order to enhance our customer relationship strategy.

SME Lending

Bank plays an important role in supporting the Small and Medium Enterprise (SME) Business across the geographies of India.

SME Business portfolio stands at ₹ 3,806 Crores as on March 31, 2019, equal to 33% of the Bank's total gross advance. Owing to the rural and semi urban concentration of lending operations, Small and Medium Enterprises (SMEs) have been the Banks traditional strongholds and the special attention to these segments will continue. Bank will be reorganising the vertical into three regions reporting to the National credit head and nine clusters coming under the regions. Upcoming and comparatively non-cyclical sectors like food processing, traditional strongholds like textiles etc., will be the key focus industries. On services side bank will strive to improve its capability in lending to wholesale & retail trade, improving upon its product proposition. Bank will continue to avoid stressed sectors like Cashew and Jewellery.

Our aspiration is to be a comprehensive solutions provider in the SME space, covering every stage of the business cycle. Our efforts have been to build our suite of products and services in this direction.

Retail Assets performance

The retail asset portfolio (including Gold loans) of the Bank stood at ₹ 4,895 crore and comprises 44.88% of the Bank's total gross advances as on 31st March 2019. During this financial year, retail assets have grown by 21% -primarily driven by growth in the Gold loan portfolio.

Retail asset portfolio comprises of gold loan of ₹ 3,333 crore and retail loans (non-gold) of ₹ 1,562 crore. During the year, gold loan book has grown by ~34% from ₹ 2,484 crore as on 31st March 2018 to ₹ 3333 Crore as on 31st March 2019. The non-gold retail portfolio growth is almost flat and stood at ₹ 1562 crore as on 31st March 2019 compared to ₹ 1552 crore as on 31st March 2018.

A notable feature of the retail asset business is the recent launch of our technology aided two wheeler vertical which as of March 31st 2019 had disbursed 3021 number of loans with ~ ₹ 22 crore being disbursed. In addition, the two wheeler team also acquired a portfolio through direct assignment of ₹ 50.03 Crore taking the total portfolio of 2 wheeler business to ₹ 71.24 Crore.

Priority Sector Lending

Your bank serves the society by lending under Priority sector advances. Bank could achieve the stipulated targets under Priority sector advances. Priority Sector Advance extended by our Bank stood at ₹ 3804.09 crore at the end of March 2019, constituting 40.71% of Adjusted Net Bank Credit. This is against the mandated target of 40% prescribed by Reserve Bank of India. PSLC Agriculture category to the tune of ₹ 198.00 Crore and PSLC General Category to the tune of ₹ 400.00 Crore has also been sold. Total agriculture advance stood at ₹ 1956.35 crore at the end of March 2019, constituting 20.94 % of Adjusted Net Bank Credit, against the mandated target of 18% as prescribed by RBI.

Income

Interest income of your Bank has increased by ₹50.71 Crore and stood at ₹ 1347.52 Crore as on 31st March 2019. Net Interest Income of the bank increased to ₹439.95 Crore from ₹ 384.81 Crore registering a growth of 14.33%.

Non-Interest Income grew by 8.37%, y-o-y from ₹ 125.42 Crore to ₹ 135.92 Crore

Yield on advances dropped from 10.42% to 9.88% and Yield on investment slightly increased from 6.33% to 6.60%.

Expenditure

The interest expenditure reduced from ₹ 912.00 Crore in FY 2018 to ₹ 907.56 Crore in FY 2019, registering a decline of 0.49%. Operating expenses increased from ₹ 435.89 Crore in FY 2018 to ₹ 562.51 Crore in FY 2019 mainly on account of incremental provisioning for retirement benefits of employees.

Cost of Deposits reduced from 6.15% in FY 2018 to 5.88% in FY 2019 due to mobilisation of low cost / no-cost deposits and also due to offloading of high cost deposits during the year under report. Increase of Net Interest Margin (NIM) from 2.32 % in FY 2018 to 2.51% in FY 2019.

Future Outlook & Business Strategy

With the infusion of capital and expected future infusions, capital constraints which has shunted the growth of the bank in the past few years are a thing of the past and the bank is well poised for growing the balance sheet and increasing returns to shareholders. Bank is planning to convert its branches to sales and service centres with focus predominantly on CASA and retail deposits. Asset businesses (SME, Corporate, Retail including Agri. and gold loans) will be driven by separate verticals.

Business strategy is focused on providing unique customer experience to our clientele across target segments viz. Retail, SME and Corporate. This involves continuous improvement in products, practices, processes and perceptions. Our target is to achieve a fair return on equity in the long term. To attain this, we are committed to deploy the capital in areas where the return is maximum on a risk adjusted basis.

The key strategic themes that we want to pursue relentlessly are:

- Create, maintain and nourish a structure that

is conducive to attaining optimum growth in the chosen segments and ensure proper incentivisation and accountability

- Portfolio growth with quality, granularity and geographic dispersion to ensure sustainable earnings growth
- Exploitation of cross selling opportunities
- Penetration to new market segments especially in retail
- Diversifying to new industry and service sectors
- Filling gaps in the assets and liability product suits to ensure life time banking
- Collaboration with Fintech companies
- Focus on Productivity and cost optimization

Risk Management & Compliance

The risk management objective of the Bank is geared towards balancing the trade-off between risk and return and optimizing risk-adjusted return on capital. Of the various types of risks the bank is exposed to, the most important are credit risk, market risk (which includes liquidity risk and price risk) and operational risk. The risk management measures are undertaken with the objective that all risks are identified, prioritised, quantified, controlled and mitigated in order to achieve an optimal risk-reward profile.

The Board of Directors remains at the helm of all risk management policies and strategies. The Overall responsibility of setting the Bank's risk appetite and effective risk management rests with the Board. It is supported by the Sub-Committee of the Board for Risk management (RMC), which, in turn, is supported by Executive Level Committees, such as the Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC), Asset Liability Management Committee (ALCO) and IT Security Committee. These Committees ensure adherence to implementation of various risk management policies.

Implementation of Basel II norms in the Bank commenced in the financial year 2007–08. The Bank

has been calculating capital ratios on a quarterly basis as per Basel III norms, along with Basel II norms, since April 1, 2013. The Bank has also been in tune with the regulatory guidelines on Pillar I of Basel II and III Norms. It has computed the capital charge for credit risk as per the Standardised Approach and for market risk in accordance with the Standardised Duration Method. The capital charge for operational risk has been as per the Basic Indicator Approach. The bank has also computed Expected Credit Losses as per IFRS norms on a quarterly basis since March 2018 and also for March 2016 & March 2017.

To address the requirements of Pillar II of Basel Norms in its Internal Capital Adequacy Assessment Process (ICAAP), the Bank analyses various other risks in addition to the Pillar 1 risks and the additional capital requirements thereon. Our Bank has put in place a solid Stress Testing Framework. It consists of a series of sensitivity and scenario tests on various risk areas like default risk, credit concentration risk, interest rate risk in the banking book, and market risk, among others.

Credit Risk: The Credit Risk Management policy is intended for establishing a congenial environment for augmenting credit with quality, operating under a sound credit granting process, maintaining an efficient credit administration, measurement and monitoring process.

Credit Rating is mandatory for SME proposals with borrower exposure of ₹ 25 Lakhs and above having a valid Audited Balance Sheet. Score cards are being used to evaluate retails loans such as educational loans, personal loans and loan against property. Major part of the internal rating is carried out by expert rating models provided/vetted by CRIS, the subsidiary of CRISIL. To ensure strict separation of risk and return, credit hubs are formed in Head Office and regional offices.

Discretion for sanctioning of SME & Corporate loans are vested with various levels of Credit Approving Committees/Management Committee/Board. In order to manage Credit Risk, the Bank's Credit Risk

Management Department undertakes Industry/Product/Loan profile studies and makes them available for credit operations. The bank has also set down industry/ sector-wise prudential exposure ceilings to contain/monitor the risk of credit concentration. The bank has in place various credit risk mitigation measures such as single borrower and group borrower exposures, exposure to sensitive sectors, bench mark financial ratios, hurdle rate etc.

ALCO: The ALCO articulates the interest rate view of the Bank, the funding policy and the transfer pricing policy, apart from carrying out the balance sheet management. The structural liquidity and interest rate sensitivity gap reports are prepared in line with the RBI Guidelines to monitor the liquidity and interest rate risk. To analyse the impact of interest rate movements on the economic value of equity, the Bank conducts modified duration gap analysis on a monthly basis. The Bank is also adhering to the Basel III Regulatory Standards of Liquidity by monitoring the Liquidity Coverage Ratio on a daily basis and Net Stable Funding Ratio on a monthly basis.

Operational Risk: In conformity with RBI guidelines, our Bank has evolved a robust Operational Risk Management Policy. This policy provides the framework to identify, assess, monitor, control and report operational risks, which arise out of the failure of internal processes, people and systems and on account of external events. The policy is implemented in an uninterrupted, reliable and comprehensive manner across the entire Bank. The bank also has a board approved Business Continuity and Disaster Recovery policy to manage disruptions to its operations.

Cyber Risk: Cyber Risk can be defined as the risk connected to online business activity such as Internet Banking, Mobile Banking, Electronic Systems and storage of sensitive Information, over computer networks. Common categories of Cyber Risk include, inter-alia, Hacker Attacks, Data Breach, Virus / Malware transmission and Cyber Extortion. Financial gain continues to be a primary driver of the most

sophisticated criminal offenses and presents evolving challenges as criminal networks reinvest the revenue they generate into developing more sophisticated capabilities.

Cyber Risk can drive up costs and impact revenue. It can harm an organization's ability to innovate and to gain and maintain customers. Cyber risk pose commercial losses and public relations problems, disruption of operations and the possibility of extortion, cyber-attacks. It also exposes an organization to negligence claims, the inability to meet contractual obligations and a damaging loss of trust among customers. Protecting key information assets is of critical importance to the sustainability and competitiveness of businesses today due to which financial institutions like us are taking front foot in terms of their cyber preparedness. In view of this and to safeguard our institution from cyber threats, bank has set cyber security framework.

Cyber security risks are products of three elements: threat, vulnerability and impact. Your Bank has the holistic risk picture based on periodic vulnerability assessment and threat intelligence from advisory bodies such as CERT-In (Indian Computer Emergency Response Team) and IB-CART (Indian Banks – Centre for Analysis of Risks and Threats). Your Bank has also invested in advanced systems such as antivirus / anti-malware, threat protection, network firewalls and application firewalls; and continuing to invest to enhance the overall effectiveness of your Bank's security posture. This enables your Bank to prioritize and align its resources to detect and respond to cyber incidents quickly; and prevent emerging cyber security risks.

As part of cyber security framework, proactive security measures adopted by CSB are Managed Security Operations Centre, advanced anti-phishing, anti-malware and anti-rogue services are in place, has Privileged Identity Management Solution, has Web Application Firewall, Intrusion Detection and Prevention System for protecting network level threats and for preventing unwanted and malicious network transmissions, implemented DDoS mitigation

service to prevent Denial of services, DMARC & SPF protection has enhanced the email security standards, Vulnerability Assessment and Penetration Testing's are done on a Quarterly basis ,SSL encryption for data transfers, network firewall etc., Bank is continuing to invest on advanced technologies to enhance our systems. In addition, bank has taken Cyber Security Risk Insurance cover with Oriental Insurance Company.

Market Risk: Bank has its Integrated Treasury located at Mumbai, which will conduct the foreign exchange operations of the Bank. Integrated Treasury consists of forex treasury and other international banking operations. Treasury Management involves an effective internal and external interface. It performs varied functions such as liquidity management, reserve management, funds management, investments and also offers hedging products. The market risk emanating from the Investment and Trading activities and funds management are controlled and mitigated through adherence to various Board approved policies and risk limits. The Front Office and Back Office functions are well segregated. An independent Mid-office function reporting to Risk Management Department closely monitors the risk positions and transactions against policy prescribed limits.

Disclosures

In compliance with the Reserve Bank of India guidelines on Basel II – Pillar 3 – Market Discipline, the Bank has put in place a Disclosure Policy duly approved by the Board of Directors and the disclosures on quarterly / Half yearly / Annual basis, as per the policy are displayed on the Bank's Website / Annual Report.

Financial Inclusion

Financial inclusion helps in bringing the low income groups within the perimeter of formal banking sector. Govt. of India and Reserve Bank of India had come up with various initiatives to promote Financial Inclusion like engaging Business Correspondents, Financial Literacy Counsellors, opening of No – Frill Accounts namely Pradhan Mantri Jan Dhan Yojana, providing micro insurance at affordable cost, providing pension schemes, etc.

Our bank is also driving towards ensuring greater financial inclusion and thus increasing the outreach of the banking sector. In line with the Government of India and Reserve Bank's initiatives for ensuring greater financial inclusion and increasing the outreach of the banking sector, the Bank appointed 35 Business Correspondents and 7 Financial Literacy and Credit Counselling Centres (FLCCs) in Kerala and Tamil Nadu.

Financial Literacy and Credit Counselling Centres

Financial Literacy and Credit Counselling Centres (FLCCs) have been set up in 7 blocks in Kerala to provide free financial literacy/education and credit counselling. The Bank has 44 Rural Branches and is in the process of strengthening financial literacy activities at the branch level.

Pradhan Mantri Jan Dhan Yojana (PMJDY)

Bank opened 153990 BSBDA's (Basic Savings Bank Deposit Accounts), 972 KCC Accounts (Kisan Credit Card) and 372 GCC (General Credit Card) Accounts serviced through our branches and through Business Correspondent outlets. Out of the BSBDA accounts opened, 65339 accounts are opened under Pradhan Mantri Jan Dhan Yojana.

PMJJBY, PMSBY and APY

Three new social security schemes namely Pradhan Mantri Jeevan Jyothi Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Atal Pension Yojana (APY) was launched by Hon'ble Prime Minister on April 8, 2015. Bank has 6225 PMJJBY, 20445 PMSBY and 1775 APY accounts outstanding as on 31.03.2019.

Integrated Treasury Operations

Domestic market transactions

G Sec yields eased at the beginning of 2018-19 with market sentiments buoyed by several positive developments. The yield curve underwent a level shift in H2: 2018-19 in response to both global spill overs and domestic factors such as lower crude oil prices, moderation in the domestic inflation outlook, monetary policy measures and shift in stance. During this period, in the beginning T bill yield hardened but Improvement in liquidity conditions due to open

market operations and USD/INR buy/sell swap auction and on expectation of further rate cut in March 2019, the T bills yield softened in March 2019. Profit on sale of Investments during the FY 2018-19 is ₹ 8.01 crore compared to ₹ 2.72 crore previous year.

Foreign exchange transactions

Though in the beginning of FY 2018-19 the INR had traded with a modest depreciating bias, in the end of March 2019, it appreciated recovering from historic low per US Dollar in October 2018.

Merchant turnover of the bank increased by 65.70 % reaching ₹ 4300 crore in FY 2018-19 from ₹ 2595 crore during FY 2017-18. Export Credit outstanding as at the end of the FY 2018-19 was ₹ 155.84 Crore as against ₹ 208.44 Crore as at the end of FY 2017-18.

Income earned by the bank on Forex transactions is ₹ 9.32 crore during 2018-19 as against ₹ 12.70 Crore during the previous year. Of the total income earned to the tune of ₹ 9.32 crore for the FY 2018-19, exchange profit accounted for ₹ 7.04 crore and commission and others accounted for ₹ 2.28 crore

NPA Management

The year under review was challenging one for the Indian banking sector and the Banking sector had undergone significant stress in the same period. However during the period under review, your Bank focused on improving the quality of assets by close monitoring of advances and also measures including upgradation of NPA's to standard assets, initiation of legal recourse and measures and compromise settlement etc., resulting in reduction in non-performing assets (NPAs) for Bank.

As a result of various initiatives taken as above, the Bank could recover an aggregate amount of ₹ 97.75 crores by way of cash recovery and ₹ 33.20 crores by way of upgradation of accounts. The gross NPA level of the Bank decreased to ₹ 530.62 crores as on March 31, 2019 from ₹ 764.13 crores in the previous financial year. The Gross NPA ratio and Net NPA ratio are at 4.87% and 2.27% respectively as against 7.89% and 4.46% respectively in the previous year. The provision

coverage ratio increased to 78.16% as on March 31, 2019 against the previous year's position of 61.86%.

Bancassurance Business

Bancassurance business of the Bank has seen tremendous transformation over the period. We have identified Bancassurance as an important business line. Bancassurance business gained significant growth over the years and is viewed as a major source of fee based income for the bank. The Bank holds Certificate of Registration (CA0015) from IRDAI to act as Corporate Agent (Composite) for life insurance and non-life insurance, authorizing the Bank to have 3 partners each in life insurance, general insurance and health insurance categories under Bancassurance open architecture in compliance with IRDAI 2015 guidelines. The Banks Corporate Agent IRDAI license has been renewed for the period of three years up to 31/03/2022.

Life Insurance Business

The Bank as a corporate agent has partnered with 3 life insurance companies - M/s. Edelweiss Tokio Life Insurance Company Limited (ETLI), ICICI Prudential Life Insurance Co. Ltd. and HDFC Life Insurance Co. Ltd. The Bank's approach is to provide a choice of innovative insurance products to its customers from the 3 partners that addresses six key needs— Protection, Wealth Accumulation, Wealth Enhancement, Education, Income Replacement and Retirement and above all efficient schemes covering any future needs of our customers. Bank is focused more upon providing traditional insurance products to its customers.

Bank currently has over 500 employees involved in selling insurance products who have been authorized by the IRDAI to act as Specified Person for selling insurance products.

The financial year 2018-19 generated a new business premium on life insurance amounting to ₹ 3723 lakhs compared to ₹ 3296 lakhs last year from all the 3 partners put together. The number of new policies issued in FY 2018-19 was 7237.

The Bank has earned a commission of ₹ 9.35 Crores in financial year 2018-19 from life insurance business, with a growth of 42% over the last year.

General Insurance Business

In general insurance business, the Bank has partnered with 2 companies - ICICI Lombard General Insurance Company Ltd. and Reliance General Insurance Company Ltd. These two tie-ups provides the customers of the Bank varied general insurance options ranging from SFSP, Motor, Health, Marine, Asset, Travel insurance as well as insuring the loan assets funded by the Bank. Also we are in the process of tying up with Go Digit General Insurance Company to initiate the digital world of paperless insurance sourcing.

The general insurance business has generated a collected premium of ₹ 297 lakh premium for the FY 2018-19. Number of policies issued was 6338 and the Bank has earned a commission of ₹ 0.27 Crores in the financial year 2018-19 from general insurance business.

The Bank has well supported all their 143 claimants under Kerala floods and all the eligible claims were paid without any complaints.

Branch Network

Financial year 2018-19 has been a year of strategic development through well-made rational decisions. Bank closed/merged its 2 branches, but expanded its outreach to the customers by opening 23 ATMs at various places across the country. At present the Bank has 419 branches including 3 service branches and 277 ATMs spread across 18 states and 2 union territories.

The Bank's branch and ATM network as on March 31, 2019 is given below:

Area	Branches	% to Total	ATM's	% to Total
Metro	69	16	48	17
Rural	44	10	9	3

Semi-Urban	220	53	134	49
Urban	86	21	86	31
Total	419	100	277	100

Disruption in branch operations

Unprecedented climate experienced in August 2018 in the state of Kerala due to deluge impacted operations of a number of branches of the Bank situated in the state of Kerala. Flood waters severely affected branches in the vicinity of Periyar River, Chalakudy River, Pamba River and branches near dams. A few of the branches and ATMs [Branches: Malakkara, Nilambur, Pravamkood, Alengad, Muringoor, Olavakkot, Chennamangalam, Nandipulam, Palayamparambu, Puthenvelikkara, Thirumukkulam, Vellantanjur & Puthenvelikkara] [ATMs: Chalakudy, Muringoor onsite, Muringoor offsite, Kadukutty, Pathalam, Alengad, Olavakkot, Domestic airport & Puthenvelikkara], were fully/partly submerged in the waters. Total loss caused to bank due to floods was estimated at ₹ 246.63 lakh and the Bank insured assets of all Onsite ATMs & Offsite ATMs with M/s. The New India Assurance Co Ltd, Thrissur, and assets of all Branches with M/s. United India Insurance Co Ltd, Thrissur.

Currency Chest

Currency Chests situated at Ernakulum for providing adequate cash supply to branches & ATMs. Currency Chests plays a vital role in providing effective customer service at branches and help the branches to adhere Clean Note Policy of RBI.

Currency Chests help the branches to accept soiled & mutilated notes from general public and from customers over the cash counters. Apart from conducting soiled note melas at the chest attached branches, lower denomination currencies and coins are distributed to customers and general public by the Currency Chests through our various branches.

Technology Adoption

Being one of the oldest Private Sector banks in India, your Bank has been the frontrunner in adapting and implementing new technologies, delivering quality

service to customers and other stakeholders. The Bank continues to adopt and implement new technologies adding significant value to various aspects of business and rendering quality service to customers and other stakeholders. The Bank has maintained the entire technology platform without any breakdown. Bank also has a dedicated Disaster Recovery Site to ensure business continuity.

As part of improving cyber security posture, Bank has implemented Security Operation Centre (SOC), Privileged Identity Management (PIM) Solution and also taken steps to improve the end point security via enabling application whitelisting features and online patching solution. For improving security in card present and not present transactions, replaced all existing magnetic stripe debit cards with EMV chip cards. Also implemented various controls suggested by RBI on Swift System and ATM terminals.

The Bank is leveraging its technology platform to bring most processes on a centralized platform to improve the overall efficiency and reduce turnaround time. Integration with additional payment gateways was made to enable the customers to reach more merchant outlets. All banking delivery channels which comprise of branches, ATMs, internet, Mobile Banking and so on, are considered as part of the Bank's core business and are given priority in the Core Banking Solution for seamless integration/upgradation to enhance customer satisfaction.

During the year Senior Executives and Board of Directors of the bank attended Certification Programme in IT and Cyber Security for CXOs at IDRBT.

The following list demonstrates a few of the IT initiatives/solutions that the Bank has launched during the year to serve its customers in a better and efficient way.

1. Online Loan Origination System

Implemented online Loan Origination system for online sanction of various Retail Loan products. Implemented two wheeler loans in August, 2018. Two wheeler loan proposals will be sourced from dealer's

place through Android Mobile App by Marketing Executives and in principle sanctioned will be given within 5 minutes and loan will be disbursed within next 24 hours, subject to completion of documentation by the borrower.

2. ATM Switch Migration

Bank successfully migrated all our ATM terminals to PCIDSS compliant ATM Switch hosted by M/s. Euronet Services Pvt Ltd on 27th March, 2019. Bank also migrated all our Debit Cards to Debit Card Management System of M/s Euronet Services Pvt. Ltd. On 11th March, 2019.

3. Mobile Plus App (New Mobile Banking Application)

As part of improving customer experience in our mobility platform, Bank has revamped our mobile banking application and incorporated many retail banking features, Contemporary UI/UX features and certain unique features to give an edge to our product when it compares with same product offered by our peer banks.

4. Institutional Fee Collection

Institutional fee collection is one of our important strategy to improve our CASA portfolio. Hitherto we were managing our institutional customers with the help of third-party custom solution provider. As the third party solutions are not flexible to cater various requirements institutional customers and not cost effective, we have developed our own comprehensive and flexible platform to support our institutional customers. The platform supports both branch driven fee collection and online fee collection.

5. CSB Collect and Bharat QR

CSB Collect is an integrated mobile application designed to support merchants to accept payment from their customers through different options. Bharat QR and UPI are NPCI driven digital payment platform to support Digital transaction initiative of Government of India. Bank has integrated UPI and Bharat QR platform to “CSB Collect” application and deployed the integrated application in Appstore.

6. Aadhaar Enabled Payment System

Aadhaar Enabled Payment System (AEPS) is a financial inclusion initiative introduced by NPCI. AEPS act as an online interoperable financial transaction platform to perform Aadhaar Number based and Debit Card based transactions through Micro ATM with the help of Business Correspondent of any bank. Our bank has tied up with M/s Petromoney as business correspondent for allowing petrol pump outlets to accept as well as dispense cash through Aadhaar authentication. This will enable our customers to withdraw or deposit cash through the Micro ATM at petrol pump outlet without taking the trouble to visit the branches.

7. Missed Call for Balance enquiry

Missed Call facility for Balance enquiry is one of the simple and customer friendly initiatives introduced by our bank. For getting latest balance in an account, customer has to give a missed call from his registered mobile number to 8828800900. System will immediately send his latest account balance to his registered mobile number as SMS.

8. Online Locker Facility

In order to improve the locker account base & for convenience of customers, Bank enabled online Booking of Lockers in our Bank Website. Customers can book lockers at any branch of their choice based on the availability of lockers in that branch. Once a locker is booked, system will generate a reference number and the specified locker will be frozen. Customer can visit the branch and avail the facility by sharing the reference number to branch officials.

Gopalakrishna Committee Recommendations on IT Governance/Information Security/IT operations/IS Audit/Cyber Fraud/BCP (Business Continuity Planning)

As per the Gopalakrishna Committee Recommendations, the following measures have been initiated:

- Effective measures have been taken to address the identified gaps in each areas such as IT

Governance, Information Security, IT Service outsourcing, IS Audit, IT Operations, Cyber Frauds, Business Continuity Plan (BCP), Customer Education and Legal issues.

- The IT Organization setup has been redrawn to suit the functions/roles specified in the recommendations with segregation of duties. IT Strategy Committee of the Board has been meeting every quarter to review IT Strategy of the Bank, the implementation of various IT projects, IT Policies, implementation of Information Security controls and Advisory issued by RBI. IT Steering Committee has been meeting periodically to review the status of implementation of IT projects/ Customisations and also the new IT projects to be taken up. IT Security Committee reviewed Cyber Incidents, Assessment of SOC, Domain Security Parameters and Patch updation and Bank's IT Security. Chief Information Security Officer (CISO) has been reporting to IT Strategy Committee and the Board the emerging Cyber threats and bank's preparedness in these aspects.
- The Bank has also formulated Cyber Security Policy and Cyber Crisis Management Plan. The policy will highlight the risks from cyber threats and the measures to address/mitigate these risks. These policies are reviewed by the Board in March 2019.
- The Bank has also identified the inherent risks and the controls in place to adopt appropriate cyber-security framework.
- To improve the Security posture of the Bank, implemented Security operation centre, Anti-phishing, Anti-malware and Anti-Rogue services, PIM (Privileged Identity Management) solution, Active Directory, Intrusion Detection and Prevention System, DDoS (Distributed Denial of Service) mitigation services. Conducting periodical VAPT to identify the vulnerabilities and to mitigate.

- Bank Implemented Security Operation Centre (SOC) and log are collected from all critical systems to correlate and identify the cyber-attacks. All the critical alerts generated from SOC are being reviewed and appropriate action is being initiated to close the alerts regularly.

Alternate Channel

During the financial year 2018-19, the following initiatives have been undertaken and completed for the benefit of the customers;

1. **CSB Mobile⁺:** Owing to the rapid technological developments, banking industry is under constant transformation. Channel platforms have become preferred banking modes due to ease of usage, multi-functional services, security and round-the-clock service. Keeping pace with the changing banking parlance, a multi-functional mobile application CSB Mobile⁺ was launched.
2. **E-Passbook application with multiple account access facility:** Old ePassbook app allowed customers to access one client details at any given point of time. It also required bank admin's help to de-register an existing client ID from the device to register & access new one. In the updated version of the application, the process of de-registration/re-registration has been simplified
3. **Green PIN in CSB ATMs:** Green PIN is an easy and convenient way to generate Debit card PIN through various online channels like ATM, Internet Banking, Mobile application, IVR, SMS etc. ATM PIN generation option is already available in Net banking platform. Two more modes for generating ATM PIN instantly, viz. CSB Mobile⁺ app & CSB ATMs are now ready.
4. **Instant Debit card kits:** Debit Card is the most accepted and widely used channel amongst all online channel banking products. With the introduction of instant card kits, branches will

be able to cater to majority of card requests of customers instantly across the branch counter in a shorter TAT.

- Cyber Risk Insurance:** As part of bank's Cyber Security Policy and Cyber Crisis Management Plan, bank has engaged with M/s Anand Rathi Insurance brokers Ltd. for Cyber Risk Insurance, which will protect the bank from cyber risks/threats.

Demat Services

In order to provide Demat & Trading facility to existing as well as prospective CA/SA customers, the Bank has tied-up with two broking firms, viz., M/s Geojit Financial Services Ltd. and M/s Celebrus Capital Ltd.

Under the 3-in-1 tie up, the current/savings account is maintained with CSB while the demat and trading account facility are provided by the third-party service providers. Fund transfer from customers CA/SA accounts to the trading account is enabled through the net banking platform of the Bank through API integration whereas the fund transfers from trading account to customer's bank account with CSB is executed by the brokerage, based on customer instruction.

Under the referral arrangement, the leads generated by CSB branches is passed on to the brokerage for on boarding the customer. Efforts are on to leverage on this new initiative for deepening engagement with the customer and for generating top up business and fee income.

Compliance Function

Your Bank has put in place a Board approved policy and procedural guidelines on Know Your Customer (KYC) / Anti Money Laundering (AML)/Combating of Financing of Terrorism (CFT) measures in line with the guidelines issued by Reserve Bank of India, Prevention of Money laundering Amendments and the FATF. This Policy covers terms of customer acceptance, identification, risk management & monitoring of transactions. A dedicated PMLA Cell is functioning at the Head Office to oversee the compliance of KYC/AML/CFT norms.

The Bank has appropriate software that processes all transactions handled by all branches of the Bank on a day to day basis. Suspicious transactions found if any will be reported to FIU-IND, New Delhi. The Managing Director & CEO is the Designated Director and the Head of Compliance & PMLA Department is the Principal Officer for the purpose of KYC/AML/CFT compliance and FATCA/CRS reporting in the Bank. KYC Nodal Officers have been appointed at all Branches so as to effectively implement the guidelines related to KYC/AML/CFT. Training on KYC/AML/CFT is imparted to the Staff on an ongoing basis at the Bank's Staff Training College. Staff awareness is also effectively enhanced through e-learning, Circulars, FAQ's etc.;; Staff are also encouraged to undertake Certification courses in KYC/AML/CFT.

The Compliance Cell also envisages strict observance of all statutory provisions contained in various legislations such as the Banking Regulation Act, Reserve Bank of India Act, Foreign Exchange Management Act, PMLA Act etc., ensuring their effectiveness and compliance by the Departments/Offices of the Bank. It also ensures observance of other regulatory guidelines issued from time to time, standards and codes prescribed by IBA, BCSBI, etc., as well as the Bank's internal policies. Compliance Officers have been appointed at all Departments/Offices so as to effectively ensure compliance and report to the Chief Compliance Officer of the Bank. The Chief Compliance Officer is the nodal point of contact between the bank and the regulator. He assists the top management in managing effectively the compliance risks faced by the bank. Appropriate software have also been put in place to monitor compliance of regulations & submission of returns effectively. The Compliance Cell imparts annual training on compliance functions to the compliance officers, for making them aware of the paramount importance in adherence to compliance norms as any violation/failure may have unpleasant and undesirable effect on the Bank.

Customer Service

Technological innovations witnessed by the banking sector during the nineties have changed the way banking business is conducted. With the use of

technology, there has been an increase in penetration, productivity and efficiency. The increasing use of technology has also transformed the way in which Banks approach customer service. Banking is a customer oriented services industry & Customer Service is accorded paramount importance in our Bank. With this objective in mind, Bank has put in place a well-defined Customer Grievances Redressal Machinery System, wherein customers can approach Bank through multiple channels for redressal of their grievances – Banks Branches, 24 X 7 Call Centre or register their complaints online on Banks Complaint Management System. Our Bank ensures that customer complaints received through various sources are resolved within the shortest possible time and to the utmost satisfaction of the customers. Our Bank has always endeavoured to provide excellent service to customers and focused on keeping up with the industry trends.

Our Bank always believes in reaching out to the customers. As part of this initiative, our Bank has offered various schemes and launched a number of products that will cater to the specific needs of its clientele. Customer feedback has helped in fine tuning the products to a very large extent. Our Bank strongly believes that customer service will continue to be the most important factor in maintaining and improving the Bank's role within the Banking Industry. With the objective of identifying gaps in customer service, initiating corrective action and improving customer experience, the Bank conducted a detailed Customer Satisfaction Survey. Feedback from the survey will enable our Bank in further improving its customer service, infrastructure of branches, and awareness on Bank's products and facilities.

Pursuant to RBI directives, our Bank has already constituted a sub-committee of the Board, (known as the Customer Service Committee of the Board) besides having an Executive Level Committee on Customer Service which has representation from customer groups. The functions of the sub-committee of the Board include, inter alia, suggesting, implementing and reviewing measures for enhancing

the quality of customer services; and improving the level of satisfaction for all the categories of clientele at all times. To ensure constant focus, the Board of Directors periodically reviews the functioning of this sub-committee. Besides, the Bank also has a Standing Committee on Customer Service, which has representation from customer groups.

Our Bank is wholly committed to adopt both the BCSBI codes viz. Code of Bank's Commitment to Customers as well as Code of Bank's Commitment to Micro and Small Enterprises. We are fully committed to implement the provisions of both codes. The area of Customer Service is given due importance by sensitizing our staff members through proper training especially to the front line staff at branches. Branches attempt to redress customer complaints at the first level and only if the complaint is beyond their purview, the matter is referred to the next level viz. the Nodal Officer at Zonal Office. If it is still beyond the purview of the Nodal Officer at Zonal Office, the matter is escalated to Branch Service Department at Head Office headed by a Principal Nodal Officer under Banking Ombudsman Scheme.

Further, in line with the RBI's Internal Ombudsman Scheme, our Bank has appointed an Internal Ombudsman, who shall examine customer complaints which are in the nature of deficiency in service that are partly or wholly rejected by the bank. The Bank shall internally escalate all complaints which are not fully redressed to the Internal Ombudsman, before conveying the final decision thereon.

Human Resource

Human resources is important to organizations in vast areas, ranging from strategic planning to company image. One of the most important part of any company is the human resource team. They are the backbone of the company's sustainability. The placement of right person at the right position and managing a proper succession planning are critical for the growth, both in volume and reputation. From a corporate point of view, employees are viewed as assets to the organization and their value grows over time. A good organization engages in a wide range

of management in Human Resource (HR) tactics so that the organization can capitalize on these assets.

HR department ensures to have a well – trained and well informed workforce who can contribute the best to achieve Banks goals. HR department is a lending hand to all the employees to build up their career with best possible wellbeing and productivity. The HR function encourages an environment of innovation, where success is not only measured by the profit generation, but also on how effectively our stakeholders are engaged to keep us better in our strides towards excellence. The right choice of personnel vis-à-vis the right mix of talents at branches and administrative offices is ensured to enhance the overall productivity of employees, thereby ensuring the profitability of the bank.

The new aspect of Reputational Risk of the Bank is successfully maintained at the lowest level. There has been changes in operational as well as Business aspects of the Bank. The Bank is set for vast expansion of branch network and strong infrastructural as well as organizational development. More recruitments are on the cards, aligning organizational goals in line with individual performance goals ensuring a unidirectional flow of both. More personnel are recruited for marketing/ sales of our products and services.

The miniature of HR at Zonal Offices act as the first point of contact for HR related matters for branches, and will address the grievances in tune with the organizational objectives. The communication between the HR and employees is the essence of Human Resource Management, which needs to be addressed in a more professional and systematic way.

HR Policy - Facts and Figures

Human resource policies are the continuing guidelines on the approach that bank intends to adopt in managing its people. They therefore serve as a reference point when human resources management practices are being developed or when decisions are being made about an organization's workforce. HR policy provides generalized guidance on the approach

adopted by the bank, and therefore its employees, concerning various aspects of employment. HR Policy is a procedure that spells out precisely what action should be taken in line with the policies.

Bank has prepared separate HR Policy for IBA staff and CTC staff. Both these policies cover various contents like Recruitment, Induction, Training, Welfare Aspects, Transfer, Exit Policy, Performance Appraisal, etc. which provides generalized guidance on the approach adopted by the bank, on its employees, concerning various aspects of employment. To prevent unbridled engagement in Social media by the staff, that may prove detrimental to Banks' interests, basic guiding principles that employees should follow while using Social Media is included as chapter in HR Policy.

The total number of Human Resource in the Bank during this financial year end is 3001 compared to 2855 that of previous financial year end. The hike in the number of employees is mainly due to the recruitment of personnel in sales portfolios such as CASA, Gold. The vacancies arising out of resignation/ retirement is filled up by making recruitment under Cost to Company basis.

Bank has been undergoing a sea of changes in the field of technology, business and human resources.

As long term strategy, Bank is keen on expanding the branch banking beyond Kerala and affirm its presence in Pan India. In order to have an organic growth the Bank should have youngsters with new skill set to drive business. Keep in view the need of the hour is to create a blend of skill sets as part of transformation process, bank took a policy decision to modify the superannuation / Retirement Age from 60 years to 58 years.

The Bank proposes to recruit Relationship Executives in the bank, after successful completion of PGDBF programme from AIMIT Mangalore for a period of 9 months (7 months training + 2 months internship at any of our branches). The first batch of PGDBF students commenced the programme on November 2018 and are expected to complete the same by August 2019.

The total recruitments for the Financial Year is as follows

Sl. No	Cadre	No. of New Recruittees
1	Positions of Chief Managers and above	16
2	Officers (Including RSM/ASM/RE) etc	232
3	Direct Selling Agents (BDE's, RME's, CRE's)	266

The per employee business has seen improvement

Financial Year	No. of employees in		No. of branches including service branches
	Operations	Sales	
2016-17	2716	-	426
2017-18	2396	459	421
2018-19	2529	472	417

Welfare Aspects of Human Resource Management

Welfare aspects are offered to employees to ensure that the benefits/facilities are given to the employees to work in a better environment. These welfare aspects are maintained so that employees may maintain proper productivity. The bank offers various perquisites to the staff which include staff loans at concessional rate of interest, viz. Housing Loan, Overdraft, Motor Vehicle Loan, etc. Such loans are considered to be secure and ensures prompt repayment. Concessional rate of interest is offered to employees for availing Educational Loan for their children for higher studies.

Bank offers a scheme of providing Employment or financial assistance to the dependants of employees who die in harness. Facilities such as medical reimbursement and cashless hospitalisation are provided to all employees including retired employees. The scheme undertaken by the Indian Banks' Association under arrangement with United India Insurance Co. Ltd has been implemented and maintained successfully for IBA Employees. All employees under IBA are further covered under a Group Life Insurance Policy under LIC of India which

covers the life of the employees.

All officers of the Bank, who have attained the age of 40 years, are eligible for reimbursement of expenses incurred for medical check-up once in a financial year, even without hospitalisation. Medical reimbursement and cashless hospitalisation is offered to CTC employees under arrangement with ICICI Lombard.

Children of employees who excel in their studies are provided with scholarship. Course fee and incentives are given to employees for passing various examinations/ courses conducted by the Indian Institute of Banking & Finance (IIBF).

Learning, Training & Development

Learning is fundamental and remains at the core of all functions and processes that we do. Keeping up with RBIs Capacity Building Policy bank had made it mandatory to qualify a Certificate Course for Officers working in specialised functional areas like Treasury Operations, Risk Management, Credit Management and Accounting. Learning support is also provided to those employees who are taking up Certification in these areas by providing Incentive and reimbursement of course fee.

Imparting training to the right person, at the right time, on the right subject/area is the need of the day. The Bank has a Staff Training College (STC) at Ollur, Thrissur. Training is provided to officers and workmen in this establishment as per the Annual Training Plan. Newly recruited employees are given orientation programme before joining the Bank. One-day training christened "New Beginning" was given to all employees of the Bank who were to retire from the service of the bank. Besides, the bank avails of training programmes offered by National Institute of Bank Management, Pune; College of Agricultural Banking, Pune; IDRBT, Hyderabad; Southern India Banks' Training College (SIBSTC), Bangalore; and other reputed training establishments in the country.

"UNNATI"-The Transformation Communication Programme was designed and organized by the Staff Training College on change management and motivation covering all employees of the Bank .The

programme was conducted pan India covering all the 10 zones and all employees of the Bank. With the advent of digital revolution hitting the banking industry, to make all our employees and customers aware about our new digital banking products “Go-Digital” training programme was conducted to push the usage of the bank digital channels and products.

Internal Control, inspection and Audit

A well-established independent audit system and structure is required to ensure, not only adequate internal control for safe and sound operations but also compliance to regulatory guidelines. Your Bank’s Inspection Department performs independent and objective assessment to monitor adequacy, effectiveness and adherence to internal control systems and procedures laid down by the management and extant regulations. This function supports the Bank’s role in safeguarding its assets. The macro level guidance and direction on the control aspects is provided by the Audit Committee of the Board (ACB). The Committee takes an overall view on the internal control aspects and formulates the related policy guidelines.

Internal Audit is carried out under Risk Based Internal Audit (RBIA) as envisaged under Risk Based Supervision of RBI with focus on assessment of risks on the basis of inherent business risk and internal control mechanism. RBIA lays greater emphasis on the internal auditor’s role in mitigating various risks while at the same time continuing the traditional risk management and control methods involving transaction testing etc. RBIA not only offers suggestions to the management for mitigating current risks but also on potential future risks, thus playing a vital role in the risk management process of the Bank.

Inspection Department reports to the MD & CEO for day-to-day activities and to the Audit Committee of the Board for Audit Planning and Reporting. Your Bank had conducted the Risk Based Internal Audit (RBIA) of all the targeted branches & Management audit all Administrative office/controlling offices as per audit plan for the year. Your Bank subjects its operations to Concurrent Audit by experienced Audit firms to complement its Internal Audit function besides

periodical audit under RBIA as per risk perception and are subject to audit as per the prescribed periodicity. Concurrent Audit of selected branches are done by Audit firms taking into account risk perception and business turnover. During the year 2018-19, 138 branches covering 62.29% of the total business of the Bank were subjected to Concurrent Audit. Concurrent Audit also covers core activities such as Integrated Treasury operations, Retail Forex Centralised Processing Cell, Centralised Trade Processing Cell, Centralised Processing Cell (General), Centralised Processing Cell (Schematic) and two wheeler Loan Department

As a part of RBIA and concurrent audits, your Bank also conducted revenue audit of all the branches as per RBIA audit plan and branches selected for conducting concurrent audit for the year 2018-19 and to check for any leakage of legitimate income.

Your Bank has also ventured into a unique area of integrating all audit system under a single software called e-Thic to enhance and provide focused attention in the audit mechanism taking cognizance of the various requirements borne out of experience.

Your Bank has also conducted SNAP audit in branches to ensure that the compliance aspects in respect of internal control are followed at the branch level.

Your Bank has a system of re-appraisal of 8 to 15% jewels pledged under jewel loan portfolio by panel of external appraisers on monthly basis covering all branches under Jewel Loan portfolio. As an added measure during the RBIA, inspecting officials also carryout verification of purity of jewels.

Currency chests of the Bank are subjected to inspection at periodical intervals as per extant guidelines of RBI. Inspection of two currency chests of the Bank were covered during the year under report.

IS audit is conducted along with RBIA of all the branches as per RBIA audit plan. During the year under report, the bank conducted IS audit across 308 branches.

Your Bank has now been brought under revised Supervisory approach of RBI called SPARC-Supervisory

Program for Assessment of Risk and Capital.

Your Bank has sharpened internal controls by instituting vigilance functions and introduction of a separate Staff Accountability Policy.

Vigilance Function

The Bank has a dedicated Vigilance Department to operate as a channel for providing inputs to the Senior Management. Actual or suspected instances of fraud are detected through regular Internal Inspections, Surprise Inspections, Offsite Surveillance, Revenue Audits, Concurrent Audits, Preventive Vigilance Audit, Complaints from customers and other sources. Once it is reported to Vigilance Department, a detailed investigation is conducted into such incidents and a synopsis is placed to the Managing Director & CEO. The Department also suggests corrective measures for improving the systems & controls and also compliance of the procedures laid down. Examination of staff accountability is conducted in case of vigilance related complaints and the file is transferred to the Staff Department, if disciplinary proceedings are to be initiated.

Bank has appointed a Part time Advisor for advising the Bank in all Vigilance & Departmental proceedings related matters including processing of individual Vigilance and disciplinary proceedings cases, who also act as Chief of Internal Vigilance (CIV) of the Bank. The CIV reports directly to the Managing Director & CEO in the matters relating to the vigilance.

Vigilance Department is also now conducting Preventive Vigilance Audit at selected branches. The scope of this audit will be enlarged to cover more number of branches so that the compliance level of the bank's various instructions / directions will be assessed and wherever deficiencies are observed, the branches will be suitably cautioned so as to reduce recurrence of such lapses.

SWOT Analysis

1 Strengths

Strong Capital Base

We have one of the highest Tier 1 capital ratios in the country which is 100% common equity. Zero Tier 1 and Tier 2 debt capital provides us with enough elbow

room to enhance the capital base without dilutions thereby giving scope for magnifying Return on Equity.

Stable Retail Funding Base

Retail deposits constitute 93% of our total term deposits and these deposits have consistently exhibited renewal patterns of over 90%.

Long Standing Customer Relationship

Bank is well recognized for the quality of service we have provided to our customers over the years and for our approach of developing long-term relationships with our customers, which is based on our local knowledge and experience amongst other things. We believe that our strong customer and neighbourhood centric focus, has played a significant role in enhancing customer experience and maintaining customer loyalty, on account of which we have been long-term bankers to a significant number of customers.

Legacy of over 9 decades

With over 98 years of history, Bank is a well-recognized and trusted brand in South India, particularly in the states of Kerala and Tamil Nadu, where we have built strong relationships with many of our customers, which has been one of our key growth drivers. We have wide presence in the Southern part of India with varied range of products and services.

2. Weakness

Low investment in Technology

Bank has undertaken many digital initiatives during the year, however when compared to peer group, our investments in technology is relatively lower.

3. Opportunities

Digitization

Digitization has been the driving force for changes in banking sector. It has already changed the face of banking in a short term, customer needs are changing from branch banking to tech-banking. Use of alternate channels like ATM, internet banking, phone banking and mobile banking holds significant potential in India. Relatively small size, flexibility & ability to react quickly, offers the Bank a unique opportunity in this space.

Low Credit GDP Ratio

India has a credit GDP ratio which is lower than most of the emerging market economies. This can be viewed as latent demand present in the economy for credit growth.

Low Banking Penetration

In India we are having only 14 bank branches per 100000 adults and this shows that we are still having ample opportunities to reach out to the unbanked and under-banked. Coming to support infrastructure like PoS terminals India has only 165 terminals per 100000 adults as against 2156 terminals in US.

4. Threats

Competition from peer banks, Small Finance Banks (SFBs), NBFCs, Fintech Companies

We face strong competition in all our principal lines of business. Our primary competitors are public sector banks & private sector commercial banks in all our products and services. Now we are facing stiff competition from Small Finance Banks who are out pricing us on deposits.

NBFCs have been eating into the market share of banks and have penetrated SME financing which had been an exclusive domain of banks.

Similarly, fintech companies are fast replacing banks in the retail loan arena especially among the digitally native.

Continuously changing technology

Enabled by technology – digital in particular - the banking industry is moving ahead at a great pace. The continuous change in technology is one of the threats to Banks as it involves continuous upgradation & investment in technology. Also, the manpower/skillsets to support this change & related developments are to be hired or upgraded accordingly.

Global Factors

Exchange rate depreciation consequent to the global geopolitical uncertainties and consequent impact on inflation (and staff cost), gold prices (and gold loan delinquency), bond yields (and G Sec depreciation).

Place: Mumbai
Date : May 23, 2019

By Order of the Board

Sd/-

Madhavan Menon
Chairman
(DIN: 00008542)

Report on Corporate Governance

Bank's Philosophy on Code of Governance

The Corporate Governance Philosophy of the Bank is to promote corporate fairness, transparency and accountability so as to maximize long-term value for all stakeholders. This philosophy is realized through the Bank's endeavor in working towards portfolio, operational and reputation excellence. Our Bank believes that sound corporate governance is critical to enhance and retain investor confidence. The Bank always seeks to follow the best practices in corporate governance and in tune with the regulatory prescriptions. The Bank recognizes the fact that they are the custodians of public money and in order to fulfil its fiduciary obligations and responsibilities, it has to maintain and continue to enjoy the trust and good will of the public at large for which, has to follow good corporate governance practices. This approach will be central to the day-to-day functioning of our Bank and in implementation of its business strategy.

Board of Directors

Bank has a broad-based Board of Directors, constituted in compliance with the Banking Regulation Act, 1949, the Companies Act, 2013 and in accordance with best practices in Corporate Governance. The Board functions as the governing body and also through various Committees constituted to oversee specific areas. Policy formulation, setting up of goals, annual evaluation of performance of the Board and its Committees, etc., and control functions vested with the Board. The Committees have oversight of operational and supervisory issues assigned to them by the Board, from time to time.

The Bank, as on March 31, 2019, has a Managing Director & CEO, and Six (6) other directors on its Board.

As on March 31, 2019, the post of Part-time Chairman of the Bank was vacant. Reserve Bank of India, vide letter no. DBR Appt. No/8198/08.36.001/2018-19 dated March 29, 2019, had conveyed their approval for the appointment of Mr. Madhavan Menon as Part-time Chairman of the Bank for a period of one year, with effect from the date of assuming the office and

accordingly, the Board in its meeting held on April 22, 2019 has appointed Mr. Madhavan Menon as Part-time Chairman of the Bank.

Brief description of the Directors as on 31st March, 2019 are furnished hereunder:

Mr. Madhavan Menon* (DIN 00008542) is a non-executive Director of the Bank and has been associated with the Bank since September 3, 2018. He has a varied background having commenced his career in ANZ Grindlays Bank and subsequently worked in Citibank, Emirates Bank and in the Financial Services Division of the Aditya Birla Group. His areas of interest include Treasury, Corporate Lending, Operations, Corporate Governance and Strategic planning. Mr. Menon is presently the Chairman & Managing Director of Thomas Cook (India) Ltd (TCIL), a Fairfax Company, which is the leading integrated travel and travel related financial services company in the country, offering a broad spectrum of services that include Foreign Exchange, Corporate Travel, MICE, Leisure Travel, Insurance, Visa & Passport services and E-Business. Mr. Menon holds Directorships in various subsidiaries of TCIL and is also the Chairman of the Fairfax India Charitable Foundation that focusses on bringing down the cost of treating kidney related ailments in the country.

Mr. C.VR. Rajendran (DIN 00460061) was appointed as the Managing Director & CEO of the Bank with effect from December 9, 2016. Mr. Rajendran is a seasoned banker with solid grassroots level Indian banking experience spanning more than three and a half decades. He has hands-on cross functional experience in every aspects of banking spread across Branch Operations, NPA / Asset quality management, Business process reengineering, Productivity enhancement, Corporate/Industrial Finance, Merchant Banking, Treasury Operations, International Banking, Primary Dealership, Collection and Payment Services, and Information Technology.

Mr. Rajendran was holding the position of Chief Executive Officer of the Association of Mutual Funds in India prior to joining in the Bank. Prior to this, he has

* Appointed as the Part-time Chairman of the Bank on April 22, 2019.

held other key positions like Chairman & Managing Director of Andhra Bank (December 2013-April 2015) and as Executive Director at Bank of Maharashtra (March 2012 - December 2013). He has also held various positions including that of General Manager in the Corporation Bank (1978- 2012).

Mr. Thomas Mathew (DIN 01277149) is an independent Director of the Bank and has been associated with our Bank since April 24, 2017. He is a fellow member of Institute of Chartered Accountants of India. Mr. Thomas Mathew joined Lovelock & Lewes (a member firm of Coopers & Lybrand International) in 1977 and was admitted as a partner in 1988. Following the merger of global firms Price Waterhouse and Coopers & Lybrand in 1998, he held various leadership positions of the member firms of Price Waterhouse Coopers, including that of Customer and Industrial Products Industry, Assurance, Pharmaceutical Industry and Compliance and Risk Management focussing on Corporate Governance, Ethics, Sustainability, etc. He was also a member of the Global Leadership Teams on Consumer and Industrial Products, Pharmaceuticals as well as Compliance Risk Management. He has over 35 years experience in statutory audits, internal audits and Due Diligence reviews of large multinational as well as Indian companies spread over various industries. Mr. Thomas Mathew retired from the firm in 2011. Mr. Thomas Mathew was appointed as an Independent Director on the Central Board of State Bank of India in January 2013 and continued till the end of the term. During this period he was member of various Committees of the Board including Audit Committee, Risk Management Committee, Special Committee for Monitoring Large Value Frauds, Shareholders Grievances Committee, etc. Mr. Thomas Mathew served as a member of the Research Committee of the Institute of Chartered Accountants of India.

Mr. Sumit Maheshwari (DIN 06920646) is a non-executive Director of the Bank and has been associated with the Bank since September 3, 2018. He is a qualified Chartered Accountant, holds a Master of Business Administration degree from the Indian School of Business, Hyderabad, and Master of Commerce degree from the University of Mumbai. Mr. Maheshwari specializes in Indian GAAP, U.S. GAAP and IFRS accounting standards. Mr. Maheshwari joined Fairbridge Capital, Mumbai, Fairfax Financial Holdings

Limited's and Fairfax India Holdings Limited's India investment arm in 2011, from its inception. Prior to being named the Managing Director & Chief Executive Officer of Fairbridge Capital in 2018, Mr. Maheshwari has been involved in and been a critical part of building the Fairbridge Capital organization. During his tenure at Fairbridge Capital, Mr. Maheshwari has sourced, evaluated and recommended most of the transactions completed by Fairfax Financial Holdings Limited and Fairfax India Holdings Limited. He also played a key role in the completion of these transactions and is involved in the monitoring of the portfolio companies. Mr. Maheshwari was a key member of the team that completed, among others, Thomas Cook (India) Limited, Qness Corp Limited, Sterling Holiday Resorts (India) Limited, IIFL Holdings Limited, Bangalore International Airport Limited, National Collateral Management Services Limited and Fairchem Specialty Limited. Mr. Maheshwari serves on the board of directors of many of the Company's and Fairfax's portfolio companies in India.

Mrs. Bhama Krishnamurthy (DIN 02196839) is an independent Director of the Bank and has been associated with the Bank since September 3, 2018. Mrs. Bhama Krishnamurthy, is a seasoned banker with a sparkling career spanning over 35 years in IDBI (presently IDBI Bank) and SIDBI, an Apex Development Bank for MSMEs in India covering almost all areas of development banking operations viz., Resource Raising and Management (Rupee and Forex), Integrated Treasury operations, Credit Dispensation and Management, Risk management, Management of Associates and Subsidiaries, etc. not only from policy perspectives but implementation aspects, besides direct credit functions including as Head of Branch operations and member of various credit committees. Had also handled Human Resources Development division covering recruitment, training and promotion aspects. She retired as Country Head and Chief General Manager from SIDBI in December 2014. She has also served on the Boards of several companies/venture funds and CIBIL as Nominee of SIDBI. Mrs. Bhama Krishnamurthy was instrumental in bringing about several policy changes in various State Financial Corporations, while serving on the Boards, as nominee of SIDBI.

Mr. Madhavan Aravamuthan (DIN 01865555) is an Additional Director (Non-executive, Independent) of

the Bank and has been associated with the Bank since December 13, 2018. He is a seasoned Banker having served Reserve Bank of India for over thirty seven years in various Banking areas and capacities in RBI. He is a Post graduate in Economics from Madras University and a Certified Associate of Indian Institute of Bankers. His skillsets include deep knowledge of IT Systems, Payment & Settlement Systems, Offsite surveillance of Banks, etc. E-Kuber CBS system for the Reserve Bank of India was conceptualised, implemented and rolled out after effecting Business Process Re-engineering by Mr. Madhavan Aravamuthan. He had also significantly contributed in the preparation of RFP for RTGS and HRMS solutions of the Reserve Bank. He was earlier on the Board of erstwhile Bank of Rajasthan as Additional Director appointed by Reserve Bank of India.

Mr. S. Nagoor Ali Jinnah (DIN 05238633) is an Additional Director (Non-executive, Independent) of the Bank and has been associated with the Bank since March 6, 2019. Mr. Jinnah, retired as Chief General Manager, NABARD, Tamil Nadu Regional Office, Chennai in 2018 is an experienced banker who has a fine blend of academics and Pan Indian insights with diverse operational, consulting and policy making experience in addition to international

exposure in development banking, supervision and institutional development. He is a Science Graduate in Agriculture from Tamilnadu Agricultural University with a Postgraduate Diploma from Indian Institute of Management, Ahmedabad. Mr. S. Nagoor Ali Jinnah was involved in designing and refinancing large area development projects in agriculture in 16 states of the country and was part of the anti-poverty and micro credit programmes in the State of Orissa and Kerala. Mr. Jinnah designed and implemented high value agricultural projects in Andhra Pradesh, Kerala, Karnataka, Tamil Nadu and Puducherry as a NABARD executive. Mr. Jinnah was a Director in the Boards of RRB, Tamil Nadu State Co-operative Bank, Karnataka State Cooperative Agriculture & Rural Development Bank and NABARD Financial Services Ltd. He also has headed the operations of NABCONS, a wholly owned subsidiary of NABARD at Tamil Nadu & Puducherry. He has served as the Chairman of NABARD's Internal Working Group / Committees on 'Future Business Model for NABARD', and 'Work Processes, Promotion Policies and Recruitment in NABARD'.

Relationship between Directors inter-se

None of the Directors of the Bank is related to one another.

Composition of the Board of Directors of the Bank as on March 31, 2019

Name of Director	Executive / Non - Executive Director	Independent / Non- Independent Director	Nature of interest/skill set represented on the Board
Managing Director & CEO			
Mr. C. VR. Rajendran	Executive	Non- Independent	Banking
Directors			
Mr. Madhavan Menon *	Non – Executive	Non- Independent	Banking and Finance
Mr. Sumit Maheshwari #	Non – Executive	Non- Independent	Accountancy and Finance
Mr. Thomas Mathew	Non – Executive	Independent	Accountancy and Finance
Mrs. Bhama Krishnamurthy@	Non – Executive	Independent	Banking and Small Scale Industry
Mr. Madhavan Aravamuthan §	Additional Director	Independent	Banking, Economics, Finance, IT and Payment and Settlement Systems
Mr. S Nagoor Ali Jinnah ^	Additional Director	Independent	Agriculture, Rural economy & Co-operation

* Appointed as Additional Director w.e.f. September 3, 2018 and as Non-Executive Director at the Annual General Meeting held on September 29, 2018. Appointed as Part-time Chairman on April 22, 2019.

Appointed as Additional Director w.e.f. September 3, 2018 and as Non-Executive Director at the Annual General Meeting held on September 29, 2018.

@ Appointed as Additional Director w.e.f. September 3, 2018 and as Independent Director at the Annual General Meeting held on September 29, 2018.

§ Appointed as Additional Director (Independent) w.e.f. December 13, 2018.

^ Appointed as Additional Director (Independent) w.e.f. March 6, 2019.

Board Meetings

During the Financial Year 2018-19, your Bank had 19 Board meetings as detailed below:

30.04.2018	10.05.2018	13.06.2018	26.06.2018	30.07.2018	20.08.2018	03.09.2018 (First)
03.09.2018 (Second)	29.09.2018	16.10.2018	31.10.2018	13.12.2018	27.12.2018	17.01.2019
28.01.2019	06.03.2019 (First)	06.03.2019 (Second)	25.03.2019	28.03.2019		

Directors' attendance at the Board and last Annual General Meeting

Sl. No	Name of Director	Period	No. of Board Meetings		Attendance of last AGM held on 29.09.2018	No of Directorship in listed entities	No. of other directorships in Public Limited Companies and committee memberships and chairmanships		
			Held during the tenure	Attended			Directorships	Committees*	
								Chairman	Member
1	Mr. Madhavan Menon ¹ (Part-time Chairman)	03.09.2018-31.03.2019	12	8	Absent	2	7	SRC-1	ACB- 4 SRC-2
2	Mr. C. VR. Rajendran (Managing Director & CEO)	01.04.2018-31.03.2019	19	19	Present	0	2	0	ACB- 1 SRC-1
3	Mr. Sumit Maheshwari ²	03.09.2018-31.03.2019	12	8	Present	2	8	0	ACB-6 SRC-3
4	Mr. Thomas Mathew	01.04.2018-31.03.2019	19	19	Present	1	2	ACB-2	ACB-2
5	Mrs. Bhama Krishnamurthy ³	03.09.2018-31.03.2019	12	10	Absent	2	10	SRC-1	ACB-6 SRC-2
6	Mr. Madhavan Aravamuthan ⁴	13.12.2018-31.03.2019	7	7	N.A	0	1	Nil	ACB-1 SRC-1
7	Mr. S Nagoor Ali Jinnah ⁵	06.03.2019-31.03.2019	2	2	N.A	0	1	Nil	ACB-1
8	Mr. V. G. Venkatachalapathy ⁶ (Addl. Director – RBI Nominee)	01.04.2018-12.03.2019	17	14	Absent	-	N.A	-	-
9	Mr. Subbaiah Singala ⁷ (Addl. Director – RBI Nominee)	01.04.2018-09.03.2019	17	12	Absent	-	N.A	-	-
10	Ms. Radha Unni ⁸	01.04.2018-25.09.2018	8	8	N.A	-	N.A	-	-
11	Mr. M Madhavan Nambiar ⁸	01.04.2018-25.09.2018	8	5	N.A	-	N.A	-	-
12	Mr. Bobby Jos C ⁸	01.04.2018-25.09.2018	8	8	N.A	-	N.A	-	-
13	Mr. Alok Kochhar ⁹	01.04.2018-06.03.2019	16	15	Present	-	N.A	-	-

* Membership in committees denotes Audit Committee and Stakeholders Relationship Committee only.

1. Appointed as Additional Director w.e.f. September 3, 2018 and as Non-Executive Director at the Annual General Meeting held on September 29, 2018. Appointed as Part-time Chairman of the Bank on April 22, 2019.
2. Appointed as Additional Director w.e.f. September 3, 2018 and as Non-Executive Director at the Annual General Meeting held on September 29, 2018.
3. Appointed as Additional Director w.e.f. September 3, 2018 and as Independent Director at the Annual General Meeting held on September 29, 2018.
4. Appointed as Additional Director (Independent) w.e.f. December 13, 2018.
5. Appointed as Additional Director (Independent) w.e.f. March 6, 2019.
6. Ceased to be Additional Director – RBI Nominee w.e.f. March 13, 2019.
7. Ceased to be Additional Director – RBI Nominee w.e.f. March 10, 2019.
8. Ceased to be an Independent Director on completion of term of appointment w.e.f. September 26, 2018.
9. Resigned on March 6, 2019.

Board procedure

The date and place of the meetings are advised to all Directors well in advance. The agenda papers which provide all relevant, adequate, material information, explanatory notes, etc., are circulated to all the Directors to facilitate meaningful, informed and focused discussions at the meetings.

The Board is presented with the information on various important aspects of business operations, new initiatives, budgets, financial results, minutes of the Audit and other Committees of the Board and such other matters as are required to be placed before the Board in tune with the Regulatory and statutory guidelines/instructions.

Remuneration of the Directors

(a) Part-time Chairman

No remuneration was paid as the post of Part-time Chairman was vacant throughout the FY 2018-19.

(b) Managing Director & CEO

Mr. C.VR. Rajendran, Managing Director & CEO (DIN: 00460061) was paid ₹ 81,60,000/- (Gross), being the fixed pay and perquisites for the period 01.04.2018 to 31.03.2019. Details of the remuneration paid to the Managing Director & CEO are provided in [Annexure-VI](#) which forms part of the Directors Report.

The remuneration paid to Managing Director & CEO is in accordance with the terms of appointment approved by Reserve Bank of India and shareholders of the Bank, as applicable.

(c) Non-Executive Directors

Non-Executive Directors were paid sitting fees for attending the Board at ₹ 30,000/-, Management Committee, Audit Committee and Risk Management Committee at ₹ 20,000/- and the rest of the Committees at ₹ 10,000/- per meeting.

The Bank did not pay any amount to directors by way of salary and perquisites except to the MD & CEO. There were no other pecuniary relationships or transactions of non-executive Directors vis-à-vis the Bank (except normal banking transactions and related party transactions).

Details of remuneration paid to Non-Executive Directors for attending Board and Committee Meetings for the fiscal 2018-19 are provided in the [Annexure-VI](#) which forms part of the Directors Report.

None of the Non-executive directors are holding shares in the Bank.

Criteria for appointment as Director of the Bank

Nomination & Remuneration Committee (NRC) of the Board shall identify and ascertain the qualification, experience, track record, integrity, etc., of the person who is considered for being appointed/re-appointed as Director of the Bank and shall carry out the due diligence exercise in compliance of the extant guidelines of the Reserve Bank of India on Fit and Proper criteria and applicable provisions of the Companies Act, 2013.

Training programme to Directors

The Directors of the Bank are encouraged to attend the training programmes being organized by various regulators/bodies/institutions on roles, rights, responsibilities in the Bank, nature of the Banking Industry, business model, risk management system and technology architecture of the Bank.

During the year, the Directors including Independent Directors attended the training programmes organised by various Regulators / Bodies / Institutions.

Board's Committees

Various Committees of Directors have been constituted by the Board for taking informed decisions in the best interest of the Bank. These Committees monitor the activities falling within their respective terms of reference. Some of the Committees of the Board were reconstituted, and terms of reference were revised to align with the provisions of the Companies Act, 2013 and The Banking Regulation Act, 1949 and the relevant RBI guidelines in this regard.

The Board's Committees are as follows:

Audit Committee of the Board

Terms of reference:

- To oversee the operations of the total audit function in the Bank, review of internal inspections/audit functions and quality and effectiveness in terms of follow-up;
- To review the inspection reports of specialized and extra-large branches and all branches with unsatisfactory ratings, to obtain and review

half-yearly reports from the compliance officers appointed in the Bank, follow up on all the issues raised in the long form audit report and to follow up on all the issues/concerns raised in the inspection reports of RBI;

- To closely monitor the inspection/audit functions of the Bank, including the follow up and compliance of inspection/audit reports;
- To provide suggestions/directions to further streamline systems and procedures;
- To make periodical reviews of returns/statements placed before it as per the approved calendar of items;
- Overseeing the Bank's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to the Board, the appointment, re-appointment and replacement, remuneration and terms of appointment of the statutory auditor and the fixation of audit fee;
- Examination of the financial statement and the auditors' report thereon;
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- Approval of payments to the statutory auditors for any other services rendered by statutory auditors, reviewing with the management, the quarterly, half-yearly and annual financial statements and the auditors' report thereon before submission to the Board for approval;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Bank, wherever necessary;
- Evaluation of internal financial controls and risk management systems;
- Approval or any subsequent modification of transactions of the Bank with related parties;
- 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 utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;

- Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
- 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;
- Discussion with internal auditors any significant findings and follow up thereon;
- 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;
- 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;
- Looking 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;
- Approval of appointment of the chief financial officer (i.e., the whole-time finance Director or any other person heading the finance function or discharging the function) after assessing the qualifications, experience and background, etc. of the candidate;
- Reviewing the functioning of the whistle blower mechanism, in case the same is existing;
- To have an oversight over the vigil mechanism established by the Bank and the Chairman of Audit Committee shall directly hear grievances of victimization of employees and directors, who and used vigil mechanism to report genuine concerns;
- Carrying out any other functions as is mentioned in the terms of reference of the Audit Committee.

Composition of Audit Committee:

The Composition of the Audit Committee and details of participation of the Members at the Meetings of the Committee during the year were as under:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Thomas Mathew, Chairman	8	8
Mr. Sumit Maheshwari*	3	3
Mr. Madhavan Aravamuthan #	2	2
Mr. S. Nagoor Ali Jinnah^	1	1
Mr. Madhavan Menon#	2	2
Mr. Alok Kochhar§	7	7
Mr. Subbaiah Singala**	7	7
Mr. V. G. Venkatachalapathy###	7	6
Ms. Radha Unni^^	4	4

* Appointed as Member w.e.f. September 29, 2018.

Appointed as Member w.e.f. December 13, 2018.

^ Appointed as Member w.e.f. March 25, 2019.

§ Ceased to be a member of the Committee on March 6, 2019.

** Ceased to be Additional Director – RBI Nominee w.e.f. March 10, 2019 and ceased to be a member of the Committee.

Ceased to be Additional Director – RBI Nominee w.e.f. March 13, 2019 and ceased to be a member of the Committee.

^^ Ceased to be a member of the Committee and Director of the Bank on completion of term of appointment w.e.f. September 26, 2018.

The Company Secretary acts as the Secretary to the Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting.

During the year under review, there were no instances of non-acceptance of the recommendation of the Audit Committee, by the Board of Directors.

During the year, Audit Committee met 8 times and not more than one hundred and twenty days lapsed between two consecutive meetings of the Audit Committee of the Board. The dates of the meetings are as under:

30.04.2018	10.05.2018	26.06.2018	30.07.2018
28.09.2018	31.10.2018	28.01.2019	25.03.2019

Management Committee

Terms of reference

The Committee shall discharge and exercise the Credit sanctioning powers already delegated to it by the Board (Discretionary Powers for Sanctioning of Credit Facilities).

The Committee, inter alia, shall discharge and exercise the powers and functions already delegated to it, inter alia administrative, including financial matters related to human resource management. The Committee also reviews the periodical Reviews>Returns/Statements placed before it as per the approved Calendar of items. The Committee also assists/supports the Board and management to develop business ideas and optimize the operations in a better and most efficient manner. Further, it is empowered with the powers to take investment strategy/ decision in Financial Markets.

Composition

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Madhavan Menon, Chairman*	10	7
Mr. C. VR. Rajendran	14	13
Mrs. Bhama Krishnamurthy#	10	9
Mr. Sumit Maheshwari^	9	8
Mr. Thomas Mathew^	7	7
Mr. M. Madhavan Nambiar§	4	4
Mr. Bobby Jos C**	4	4
Mr. Alok Kochhar###	3	3

* Appointed as Chairman and member of the Committee w.e.f. September 29, 2018.

Appointed as Member of the Committee w.e.f. September 29, 2018.

^ Appointed as Member of the Committee w.e.f. October 31, 2018.

§ Ceased to be a Director of the Bank/ Chairman of the Committee on completion of term of appointment w.e.f. September 26, 2018.

** Ceased to be a Director of the Bank/ Member of the Committee on completion of term of appointment w.e.f. September 26, 2018.

Appointed as a member of the Committee w.e.f. May 5, 2018 and ceased to be a member of the Committee w.e.f. July 30, 2018.

The Committee met 14 times during the financial year 2018-19 and the dates of the meetings are as under:

30.04.2018	26.06.2018	30.07.2018	20.08.2018
12.10.2018	14.11.2018	13.12.2018	07.01.2019
17.01.2019	28.01.2019	08.02.2019	06.03.2019
18.03.2019	25.03.2019		

Risk Management Committee

Terms of reference

Risk Management Committee, the apex body of the Bank's risk management architecture, is responsible for aligning various risk management policies of the Bank with the risk appetite and risk philosophy articulated by the Board. It approves specific risk management policies, including the Credit Risk Management Policy, Investment Policy, Asset Liability Management Policy, Outsourcing Policy, Operational Risk Management Policy, KYC Standards and Anti-Money Laundering measures, etc.

The Committee shall effectively co-ordinate between the Credit Risk Management Committee, the Asset Liability Management Committee and other Risk Management Committees of the Bank. The Committee functions as the Managerial and Supervisory Committee of Directors for ALM functions.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Sumit Maheshwari, Chairman*	2	1
Mr. C. VR.Rajendran	4	4
Mr. Madhavan Menon#	2	2
Mr. Madhavan Aravamuthan^	2	2
Mrs. Bhama Krishnamurthy@	1	1
Mr. Alok Kochhar\$	2	2
Ms. Radha Unni**	1	1
Mr. Thomas Mathew###	2	2

* Appointed as the Chairman of the Committee w.e.f. September 29, 2018.

Appointed as member of the Committee w.e.f. September 29, 2018.

^ Appointed as member of the Committee w.e.f. December 13, 2018.

@ Appointed as member of the Committee w.e.f. March 25, 2019.

\$ Ceased to be a member of the Committee w.e.f. December 13, 2018.

** Ceased to be a Director of the Bank / Member of the Committee w.e.f. September 26, 2018.

Ceased to be a member of the Committee w.e.f. September 29, 2018.

The Committee met 4 times during the financial year 2018-19 and the dates of the meetings are as under:

26.06.2018	28.09.2018	17.01.2019	25.03.2019
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NPA Management Committee

Terms of reference

NPA Management Committee has been formed exclusively for considering and sanctioning compromise settlement proposals of NPA accounts, for a speedy consideration and quick disposal of such proposals. The Committee shall be vested with discretion to consider and sanction all compromise settlement proposals of NPA accounts falling under the discretionary powers of the erstwhile Credit Committee and the Board of Directors.

The Committee also reviews the periodical Reviews/Returns/Statements placed before it as per the approved Calendar of items.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Madhavan Aravamuthan, Chairman *	4	3
Mr. C. VR.Rajendran	11	11
Mr. Sumit Maheshwari#	6	6
Mrs. Bhama Krishnamurthy^	4	4
Mr. Thomas Mathew\$	2	2
Mr. Alok Kochhar**	5	4
Ms. Radha Unni###	4	4

* Appointed as the Chairman of the Committee w.e.f. December 13, 2018.

Appointed as the Chairman of the Committee w.e.f. September 29, 2018 and subsequently on December 13, 2018, ceased to be the Chairman but continues as a member.

^ Appointed as a member of the Committee w.e.f. December 13, 2018.

\$ Appointed as a member of the Committee w.e.f. September 29, 2018 and ceased to be a member w.e.f. December 13, 2018.

** Ceased to be a member of the Committee w.e.f. September 29, 2018.

Ceased to be a Director of the Bank / Chairperson of the Committee on completion of term of appointment w.e.f. September 26, 2018.

The Committee met 11 times during the financial year 2018-19 and the dates of the meetings are as under:

10.05.2018	26.06.2018	30.07.2018	17.09.2018
28.09.2018	31.10.2018	13.12.2018	07.01.2019
28.01.2019	25.02.2019	28.03.2019	

Stakeholders Relationship Committee

Terms of reference

- Issue and allot shares subject to the provisions of the Section 39 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, Section 46 of the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014 and subject to the Memorandum and Articles of Association of the Bank;
- To transfer, transposition and transmission of securities;
- To consider and approve, split, consolidation and duplication of shares or other securities;
- To approve dematerialization and re-materialization of shares;
- To seek any information it requires from the employees, directors of the Bank in order to perform its functions;
- To do all such other things as are necessary thereto pursuant to and in accordance with the employee stock option schemes and the decision of the Board in connection with allotment of shares under the schemes;
- Investor relations and redressal of shareholders' grievances in general and relating to non-receipt of dividends, interest, non-receipt of balance sheet, etc.;
- To resolve the grievances of security holders of the Bank; and
- Such other matters as may be, from time to time, required by any statutory, contractual or other regulatory requirements to be attended to by such Committee.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mrs. Bhama Krishnamurthy, Chairperson [*]	3	3
Mr. C. VR.Rajendran	5	5
Mr. Sumit Maheshwari [#]	3	1
Mr. Madhavan Aravamuthan [^]	0	0
Mr. Alok Kochhar [§]	0	0
Mr. Thomas Mathew ^{**}	2	2
Mr. Bobby Jos C ^{##}	2	2
Mr. M. Madhavan Nambiar ^{^^}	2	2

* Appointed as a member of the Committee w.e.f. September 29, 2018 and then appointed as the Chairperson of the Committee w.e.f. December 13, 2018.

Appointed as a member of the Committee w.e.f. September 29, 2018.

^ Appointed as a member of the Committee w.e.f. March 25, 2019.

§ Appointed as a member of the Committee w.e.f. December 13, 2018 and ceased to be a Director of the Bank/ Member of the Committee w.e.f. March 6, 2019.

** Appointed as the Chairman of the Committee w.e.f. September 29, 2018 and ceased to be the Chairman of the Committee w.e.f. December 13, 2018.

Ceased to be the Chairman of the Committee / Director of the Bank on completion of term of appointment w.e.f. September 26, 2018.

^^ Appointed as a member of the Committee w.e.f. May 5, 2018 and ceased to be member of the Committee / Director of the Bank on completion of term of appointment w.e.f. September 26, 2018.

Mr. Sijo Varghese, Company Secretary is designated as the Compliance Officer.

The Committee met 5 times during the financial year 2018-19 and the dates of the meetings are as under:

26.06.2018	24.09.2018	01.10.2018
19.10.2018	06.03.2019	

Committee for Monitoring Large Value Frauds

Terms of reference

Pursuant to the directives of the RBI, the Bank has constituted a Committee for Monitoring Large Value frauds (CMF) for monitoring the cases of fraud involving amounts of ₹ 1 Crore and more. The Committee is also entrusted with the duty of monitoring and follow up of Red Flagged Accounts and Fraud Accounts (Accounts beyond the threshold limit of ₹ 50 crore and above).

The other major functions of the Special Committee is to;

- Identify the systemic lacunae, if any that facilitated perpetration of the fraud and put in place measures to plug the same.
- Identify the reasons for delay, if any, in detection and 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; and

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Madhavan Aravamuthan, Chairman*	1	1
Mr. C. VR.Rajendran#	5	5
Mr. Sumit Maheshwari^	2	2
Mr. S. Nagoor Ali Jinnah§	0	0
Mr. Alok Kochhar**	4	4
Mr. Thomas Mathew##	4	4
Mr. Bobby Jos C^^	2	2

* Appointed as the Chairman of the Committee w.e.f. December 13, 2018.

Ceased to be the Chairman of the Committee on December 13, 2018 but continued as a member of the Committee.

^ Appointed as a member of the Committee w.e.f. September 29, 2018.

§ Appointed as a member of the Committee w.e.f. March 25, 2019.

** Ceased to be a member of the Committee w.e.f. September 29, 2018. Again appointed as a member of the Committee w.e.f. December 13, 2018 and ceased to be a member of the Committee / Director of the Bank w.e.f. March 6, 2019.

Ceased to be a member of the Committee w.e.f. December 13, 2018.

^^ Appointed as a member of the Committee w.e.f. May 10, 2018 and ceased to be a member of the Committee / Director of the Bank on completion of term of appointment w.e.f. September 26, 2018.

The Committee met 5 times during the financial year 2018-19 and the dates of the meetings are as under:

10.05.2018	20.08.2018	28.09.2018	13.12.2018
28.01.2019			

Customer Service Committee

Terms of reference

The Committee shall strive to bring about ongoing improvements in the quality of Customer Service provided by the Bank. The Committee shall, inter alia, not only oversee the functioning of the Standing Committee on Customer Services, including compliance with recommendations of the CPPAPS (Committee on Procedures and Performance Audit on Public Services constituted by the RBI), but shall also mount innovative measures for enhancing the quality of Customer Service and improving the level of customer satisfaction for all categories of clientele.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. S. Nagoor Ali Jinnah, Chairman*	1	1
Mr. C. VR.Rajendran	3	3
Mr. Thomas Mathew#	3	3
Mr. Madhavan Menon^	1	1
Mr. Alok Kochhar§	1	1
Mr. Bobby Jos C**	1	1

* Appointed as the Chairman of the Committee w.e.f. March 25, 2019.

Ceased to be the Chairman of the Committee w.e.f. December 13, 2018 but continued as a member of the Committee.

^ Appointed as a member of the Committee w.e.f. December 13, 2018.

§ Appointed as a member of the Committee w.e.f. September 29, 2018 and appointed as the Chairman of the Committee w.e.f. December 13, 2018 and ceased to be the Chairman and member of the Committee w.e.f. March 6, 2019.

** Ceased to be a member of the Committee / Director of the Bank on completion of term of appointment w.e.f. September 26, 2019.

The Committee met 3 times during the financial year 2018-19 and the dates of the meetings are as under:

26.06.2018	13.12.2018	25.03.2019
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Corporate Social Responsibility Committee

Terms of reference

As required by Section 135 of the Companies Act, 2013, Bank constituted the Corporate Social Responsibility Committee of the Board. The Committee is entrusted to formulate and recommend to the Board the CSR Policy as per the applicable provisions of the Companies Act, 2013 and the rules thereunder. Further, the Committee also recommends the amount of expenditure to be incurred on the CSR activities and monitors the CSR policy implementation by the Bank.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mrs. Bhama Krishnanmuthy, Chairperson*	1	1
Mr. C. VR.Rajendran	1	1
Mr. Sumit Maheshwari#	1	1
Mr. S. Nagoor Ali Jinnah^	1	1
Mr. Alok Kochhar [§]	0	0
Mr. Madhavan Menon**	0	0
Mr. M. Madhavan Nambiar###	0	0
Mr. Bobby Jos C^^	0	0

* Appointed as a member of the Committee w.e.f. September 29, 2018 and then appointed as the Chairperson of the Committee w.e.f. December 13, 2018.

Appointed as a member of the Committee w.e.f. December 13, 2018

^ Appointed as a member of the Committee w.e.f. March 25, 2019.

§ Appointed as a member of the Committee w.e.f. December 13, 2018 and ceased to be a member of the Committee / Director of the Bank w.e.f. March 6, 2019.

** Appointed as the Chairman of the Committee w.e.f. September 29, 2018 and ceased to be the Chairman of the Committee w.e.f. December 13, 2018.

Member of the Committee since April 1, 2018. Appointed as the Chairman w.e.f. May 10, 2018 and ceased to be the Chairman of the Committee / Director of the Bank on completion of term of appointment w.e.f. September 26, 2018.

^^ Ceased to be a member of the Committee / Director of the Bank on completion of term of appointment w.e.f. September 26, 2018.

The Committee met once during the financial year 2018-19 and the date of the meeting is March 25, 2019.

Nomination & Remuneration Committee

Terms of reference

Nomination & Remuneration Committee, inter-alia, looks after the due diligence and recommendation process for appointment/re-appointment of Directors, remuneration, ESOPs, etc., to MD & CEO and other key managerial personnel of the Bank, monitoring of the compensation policy of the Bank, etc. Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors

The scope and function of the Nomination and Remuneration Committee and its terms of reference are as follows:

- Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down;
- Undertake the due diligence of candidates before their appointment/re-appointment as directors;
- Recommend to the Board appointment of directors and senior management personnel and their removal;
- Formulate the criteria for determining qualification, positive attributes and independence of a director, key managerial personnel and other employees;
- Recommend to the Board the policy for evaluation of performance of Board, its committees and individual directors ;
- To oversee the framing, review and implementation of the Bank's overall compensation structure and related policies on remuneration packages payable to whole time directors, the Managing Director and Chief Executive Officer and other staff as may be prescribed from time to time including performance linked incentives, perquisites, stock option scheme etc. with a view to attract, motivate and retain employees and review compensation levels;
- To implement and administer the CSB Employees Stock Option Scheme 2013;
- To formulate detailed terms and conditions of the scheme, administer and supervise the same and

to allot shares in compliance with the scheme, guidelines and other applicable laws;

- To obtain necessary clearances and approvals from regulatory authorities and do such other things as may be necessary in respect of the ESOS 2013;
- To make suggestions to amend any stock option plans or incentive plans, provided that all amendments to such plans shall be subject to consideration and approval of the Board;
 - To review the compensation structure/policy on a periodical basis;
 - To approve the overall compensation structure of the new recruitment of the executives at top level management including performance linked incentives, perquisites, stock option scheme etc. and to conduct annual review of their performance and to revise their compensation structure in tandem with their performance/ target achieved
- To allot shares pursuant to the options granted to the eligible employees/ officers under the ESOP scheme which is existing and to be framed in future.
- Any other matters regarding remuneration of whole time directors, the Managing Director and Chief Executive Officer and other staff of the Bank as may be prescribed as and when permitted by the Board;
- Any other matters regarding compensation structure as and when permitted by the Board; and
- To fulfill such other powers and duties as may be delegated to it by the Board.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mrs. Bhama Krishnanmuthy, Chairperson*	4	4
Mr. Thomas Mathew#	6	6
Mr. Madhavan Menon^	6	6
Mr. Sumit Maheshwari [§]	4	2
Mr. S. Nagoor Ali Jinnah**	-	-
Mr. Alok Kochhar###	6	6
Ms. Radha Unni^^	4	4
Mr. M. Madhavan Nambiar ^{§§}	4	4
Mr. Bobby Jos C ^{§§}	4	4

* Appointed as the Chairperson of the Committee w.e.f. December 13, 2018.

Appointed as the Chairman of the Committee w.e.f. September 29, 2018. Ceased to be the Chairman and appointed as a member of the Committee w.e.f. December 13, 2018.

^ Appointed as a member of the Committee w.e.f. September 29, 2018.

§ Appointed as a member of the Committee w.e.f. December 13, 2018.

**Appointed as a member of the Committee w.e.f. March 25, 2019.

Ceased to be a member of the Committee w.e.f. December 13, 2018.

^^ Ceased to be the Chairperson of the Committee / Director of the Bank on completion of term of appointment w.e.f. September 26, 2018.

§§ Ceased to be a member of the Committee / Director of the Bank on completion of term of appointment w.e.f. September 26, 2018.

The Committee met 10 times during the financial year 2018-19 and the dates of the meetings are as under:

30.04.2018	20.08.2018	30.09.2018 (First)	30.09.2018 (Second)
19.11.2018	13.12.2018	27.12.2018	17.01.2019
06.03.2019	25.03.2019		

IT Strategy Committee (ITSC)

Terms of reference

As per the RBI guidelines on Information Technology, all banks are advised to form an independent IT Committee of the Board. The Bank formed the Committee on 14th November, 2013. IT Strategy Committee, inter alia, approves IT strategy and policy documents, etc.

The powers, roles and responsibilities of the Committee:

- Perform oversight functions over the IT Steering Committee (at a senior management level)
- Investigate activities within this scope
- Seek Information from any employee
- Obtain outside legal or professional advice
- Secure attendance of outsiders with relevant expertise, if it considers necessary
- Work in partnership with other Board Committees and Senior Management to provide input, review and amend the aligned corporate and IT strategies
- 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 process 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.
- Committee has been empowered with the financial power in respect of the IT related matters.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Madhavan Aravamuthan, Chairman*	1	1
Mr. C. VR.Rajendran	3	2
Mr. Madhavan Menon#	1	1
Mrs. Bhama Krishnamurthy^	2	1
Mr. Thomas Mathew\$	2	2
Mr. Sumit Maheshwari**	1	1
Ms. Radha Unni###	0	0
Mr. M. Madhavan Nambiar^^	1	1

* Appointed as the Chairman of the Committee w.e.f. December 13, 2018.

Appointed as a member of the Committee w.e.f. December 13, 2018.

^ Appointed as the Chairperson of the Committee w.e.f. September 29, 2018. Ceased to be the Chairman but continued as a member of the Committee w.e.f. December 13, 2018.

\$ Ceased to be a member of the Committee w.e.f. December 13, 2018 and again appointed as a member of the Committee w.e.f. March 25, 2019.

** Appointed as a member of the Committee w.e.f. September 29, 2018 and ceased to be a member of the Committee w.e.f. December 13, 2018.

Appointed as a member of the Committee w.e.f. May 10, 2018 and ceased to be a member of the Committee / Director of the Bank on completion of term of appointment w.e.f. September 26, 2018.

^^ Ceased to be the Chairman of the Committee / Director of the Bank on completion of term of appointment w.e.f. September 26, 2018.

The Committee met 3 times during the financial year 2018-19 and the dates of the meetings are as under:

30.04.2018	31.10.2018	08.02.2019
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HR Committee

Terms of reference

The Committee is entrusted with all human resource management aspects in the Bank, inter alia, identification of vacancies, fresh recruitment, training and performance appraisal other than as assigned to NRC, promotions and policy matters, etc. Committee has also been empowered with the financial powers in respect of the HR related matters. The Committee was dissolved on December 13, 2018 and again constituted on March 25, 2019.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mrs. Bhama Krishnamurthy, Chairperson*	1	1
Mr. C. VR.Rajendran	2	2
Mr. Madhavan Menon#	1	0
Mr. Sumit Maheshwari^	1	1
Mr. Thomas Mathew\$	0	0
Mr. M. Madhavan Nambiar**	1	1
Ms. Radha Unni###	1	1

* Appointed as a member of the Committee w.e.f. September 29, 2018 and appointed as Chairperson of the Committee upon the constitution of the Committee on March 25, 2019.

Appointed as the Chairman of the Committee w.e.f. September 29, 2018 and appointed as a member of the Committee upon the constitution of the Committee on March 25, 2019.

^ Appointed as a member of the Committee w.e.f. September 29, 2018.

\$ Appointed as a member of the Committee w.e.f. March 25, 2019.

** Ceased to be the Chairman of the Committee/Director of the Bank on completion of term of appointment w.e.f. September 26, 2018.

Ceased to be a member of the Committee/Director of the Bank on completion of term of appointment w.e.f. September 26, 2018.

The Committee met 2 times during the financial year 2018-19 and the dates of the meetings are as under:

30.07.2018	14.11.2018
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IPO Committee

Terms of reference

IPO Committee is entrusted to monitor the entire IPO process including listing of shares; to identify various

intermediaries, consultants including Merchant Bankers, Registrar & Transfer Agents, Legal advisors etc., in connection with IPO and appointing them for the respective assignments; and to exercise such powers/functions as may be delegated to it by the Board from time to time in connection with IPO.

The Committee was constituted on October 31, 2018.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Thomas Mathew, Chairman*	2	2
Mr. C. VR. Rajendran	2	2
Mrs. Bhama Krishnamurthy#	0	0
Mr. Madhavan Menon^	2	2
Mr. Sumit Maheshwari\$	2	2

* Appointed as a member of the Committee w.e.f. December 13, 2018 and then appointed as the Chairman of the Committee w.e.f. March 6, 2019.

Appointed as a member of the Committee w.e.f. March 6, 2019.

^ Ceased to be the Chairman of the Committee w.e.f. March 6, 2019.

\$ Ceased to be a member of the Committee w.e.f. March 6, 2019.

The Committee met 2 times during the financial year 2018-19 and the dates of the meetings are as under:

19.11.2018	29.11.2018
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Meeting of the Independent Directors

Pursuant to the provisions of the Companies Act, 2013, the performance of non-independent Directors and the Board as a whole is to be evaluated by the independent directors.

Terms of Reference

- Review the performance of non-independent directors and the Board as a whole;
- Review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

A Meeting of the Independent Directors was held on March 25, 2019 for the period under review and all the Independent Directors attended the meeting.

Board Level Performance Evaluation

The Companies Act, 2013 stipulates the performance evaluation of the Directors including Chairman, Managing Director & CEO, the Board and its Committees.

The process for performance evaluation is as under:

- Independent Directors evaluate the performance of Non-Independent Directors including Chairman of the Bank and the Board as a whole.
- The Board evaluates the performance of the Independent Directors, excluding the director being evaluated. On the basis of the report of the performance evaluation, it would be determined whether to extend or continue the term of appointment of Independent Directors.
- The Board evaluates the performance of Board level Committees.
- The Nomination and Remuneration Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors.

The criteria for performance evaluation are as under:

Performance Evaluation of Non-Executive Directors, Managing Director & CEO and Chairman

Attendance at the meetings; Participation and contribution; Responsibility towards stakeholders; Contribution in Strategic Planning; Compliance and Governance; Updation of Knowledge; Performance of the Bank; Recognition and awards to the Bank; Leadership; Relationships and Communications; Resources; Conduct of Meetings.

Performance Evaluation of Independent Directors

Attendance at meetings of the Board and Committees, Knowledge & ethics, understanding of the roles responsibilities and duties as Director/Chairman of the Committees; Contributions at Board/Committee meetings including on strategy and risk management, professional conduct, adherence to standards and

fulfilment of responsibilities as laid down in the Code for independent directors as per Schedule IV to the Companies Act, 2013.

Performance Evaluation of Board

Composition and Diversity; Committees of the Board; Board & Committee meetings; Understanding of the business of the Bank and Regulatory environment; Contribution to effective corporate governance and transparency in the Company's Operations; Deliberations/decisions on the Company's strategies, policies, plans and guidance to the Executive Management; Monitoring the implementation of the strategies and the executive management's performance and Quality of Decision making and Board's Communication with all stakeholders.

Performance Evaluation of the Board Level Committees

The performance and effectiveness of the Committee; Frequency and duration; Spread of talent and diversity in the Committee; Understanding of regulatory environment and developments; Interaction with the board.

The flow of information to the Board and its Committees is generally good.

Nomination Policy – Policy for appointment of Directors, Key Managerial Personnel and others

On the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Bank has adopted 'Nomination Policy' for appointment of Part-time Chairman, Managing Director & CEO, Directors, Key Managerial Personnel and Senior Management team in the Bank. As per the Policy, the Nomination & Remuneration Committee decides/recommends on the directors' / KMPs' appointment, remuneration including criteria for appointment/re-appointment. The appointment of Directors is subject to due diligence process in compliance with the Banking Regulation Act, 1949, Reserve Bank of India directives on Fit & Proper Criteria, all other applicable provision of the Companies Act, 2013 including any amendments from time to time and Nomination Policy of the Bank.

The disclosures as per Section 178(3) and (4) of the Companies Act, 2013 are as given below:

A) Appointment Criteria and Qualifications

1. Subject to the extent of RBI Guidelines as applicable, the Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. Special knowledge or practical experience in Banking, accountancy, agriculture and rural economy, co-operation, economics, finance, Marketing, Information Technology, law, small-scale industry or any other field useful to the Banking Company in the opinion of Reserve Bank of India.
4. The Bank shall not appoint or continue the employment of any person as Whole-time Director, Managing Director or Manager who has attained the age of seventy years.
5. The Bank shall not appoint or re-appoint any person as Director if he/she has attained the age of seventy years.
6. The Bank shall appoint or re-appoint any person as its Part-time Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
7. Any other factors as the Committee may deem fit and in the best interests of the Bank and its stakeholders.

b) Criteria for determining Independence of a director

The Criteria of Independence of a director is determined based on conditions as laid down

in the Companies Act, 2013. The independent director shall at the first meeting of the Board in which he/ she participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his/her status as an independent director, give a declaration that he/she meets the criteria of independence.

c) Disqualification/Conflicts of interest

1. The Bank's Directors shall be subject to the disqualifications/ prohibitions contained in the Companies Act, 2013 and the Banking Regulation Act, 1949 with respect to director ship of companies in general or banking companies in particular.
2. Director shall not be a director of any other company, or partner or proprietor of a firm, where such directorship, partnership, or proprietorship involves or is likely to involve actual or potential conflicts of interest as a Director of the Bank.
3. A Director shall promptly inform the Board/ Committee of any actual or potential conflicts of interest with respect to any matter that may come up for the consideration of the Board or of any committee of which he is a member, and shall refrain from participating in a discussion on the matter.

The terms and conditions of appointment of Independent Directors is disclosed on the website of the Bank and a web link there to is : <https://www.csb.co.in/investor-relations>.

Compensation/Remuneration Policy

The Bank has an approved Compensation Policy which deals with the Compensation & Benefits of the employees of the Bank and Whole-time Directors including Part-time Chairman, Managing Director & CEO, Executive and Non-Executive Directors. The objectives of the remuneration policy are four fold:

- To align compensation with prudent risk taken.
- To ensure effective governance of the compensation in the organization.

- To ensure effective supervisory oversight and stake holder engagement in compensation.

- To attract and retain talent.

While formulating the Policy, the Committee has strived to ensure that -

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Bank successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Remuneration of Part-time Chairman

The Nomination & Remuneration Committee recommends the remuneration of the non-executive Chairperson to the Board which is considered and approved by the Board in the same manner subject to Shareholders' and regulatory approvals.

The remuneration payable to the Chairperson is subject to prior approval of the Reserve Bank of India (RBI). Therefore, payment of remuneration or any revision in remuneration of the Chairperson requires approval from RBI. The remuneration payable to the Part-time Chairman is also subject to approval of the shareholders as per Section 196 of the Companies Act, 2013 and as per the Articles of Association of the Bank.

Remuneration of Managing Director & CEO/ Executive Directors

The remuneration payable to Managing Director and Executive Directors is subject to prior approval of

the Reserve Bank of India (RBI). Therefore, payment of remuneration or any revision in remuneration to Executive Directors requires approval from RBI. The remuneration payable to Managing Director and Executive Directors is also subject to approval of the shareholders as per Section 196 of the Companies Act, 2013 and as per the Articles of Association of the Bank.

The Bank does not pay any commission/share of profits to the Managing Director & CEO.

Remuneration of Non-Executive Directors / Independent Directors

The Non-Executive Directors are paid sitting fees for attending each meeting of the Board of Directors or any committee thereof as approved by the Board, within the permissible limit prescribed under the Companies Act, 2013 and other regulatory guidelines, as amended from time to time. Any change in sitting fees within the permissible limit shall be approved by the Board of Directors of the Bank.

The Non-Executive Directors are entitled to reimbursement of expenses for participation in the meeting of the Board and Committee thereof.

The Bank does not pay any commission on profit to the Non-Executive Directors. The Bank also does not grant any Stock Options to any Non-Executive Directors.

Remuneration of Key Managerial Personnel and Executives (IBA and Non IBA Package) and other officers and staff (IBA Package) of the Bank

The remuneration of all Key Management Personnel (KMP) either on CTC or IBA pattern is as governed by the compensation policy of the Bank. For KMP's and other personnel with IBA scale, the compensation and benefits are as per the Joint Note and Bi- Partite settlement signed between the Bank Managements and Trade Unions. The KMP's and other employees recruited under CTC are paid salary and benefits as

agreed upon by the Bank and the employee while making the offer for appointment.

Details of Remuneration paid to the Directors and Key Managerial Personnel during the year ended 31.03.2019 are given in the **Annexure - VI**.

Policy on Board Diversity

Policy on Board Diversity of the Bank mainly depends on the qualifications for appointment of Directors of the Bank as contained in the Banking Regulation Act, 1949 and satisfying the Fit and Proper Criteria for directors as per the regulatory requirement of RBI.

The Bank continuously seeks to enhance the effectiveness of its Board and to maintain the highest standards of corporate governance and recognizes and embraces the benefits of diversity in the boardroom. Diversity is ensured through consideration of a number of factors, including but not limited to skills, regional and industry experience, background and other qualities. In informing its perspective on diversity, the Bank also takes into account, factors based on its own business model and specific needs from time to time.

The Nomination & Remuneration Committee has responsibilities for leading the process for Board appointments and for identifying and nominating, for approval by the Board, candidates for appointment to the Board. The benefits of diversity continue to influence succession planning and continue to be the key criteria for the search and nomination of directors to the Board.

Board appointments are based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender. While making Board appointments the requirement as per the Companies Act, 2013 for appointment of at least one woman director on the Board of the Bank is also considered.

General body meetings held during the last three years

(a) Location, time and where the General Body Meetings were held during the last three years:

No. of Meeting	Day, Date and Time	Venue of the meeting	Special Resolution passed
95th AGM	Friday, 23rd September 2016	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001	<ul style="list-style-type: none"> For Issue and allotment of equity shares on preferential basis (“Preferential Issue / Offer”), and five other special resolutions for re-appointment of independent directors
96th AGM	Monday, 25th September 2017 at 10.00 AM	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001	NIL
EGM	Wednesday, 21st March, 2018 at 10.00a.m.	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001	<ul style="list-style-type: none"> Alteration of Articles of Association of the Bank. Issue and allotment of up to 19,832,130 Equity Shares, on a preferential basis to FIH Mauritius Investments Ltd. Issue and allotment of upto 66,463,329 Equity Shares and/ or Warrants convertible into or exchangeable for Equity Shares (or any combination thereof), on a preferential basis to FIH Mauritius Investments Ltd.
97th AGM	Saturday, 29th September 2018 at 10.00 AM	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001	<ul style="list-style-type: none"> Modifications in the terms of grant of stock options to Mr. C. VR. Rajendran, Managing Director and CEO (DIN: 00460061) of the Bank.

(b)	Whether any special resolution passed last year through postal ballot- details of voting pattern.	Yes. During the year under report, a postal ballot resolution was passed on December 11, 2018, pursuant to section 110 of the Companies Act, 2013 granting approval of the shareholders by means of special resolution for Adoption of new set of Articles of Association of the Bank.
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Details of voting Pattern:

Manner of voting	No. of votes cast		Total number of shares	% of total number of votes cast	
	In Favour	Against		In Favour	Against
E-Voting	40267627	0	40267627	100.00	0.00
Postal Ballot	8866059	482	8866541	99.99	0.01
Total	49133686	482	49134168	99.99	0.01

(c)	Person who conducted the postal ballot exercise.	CS Sivakumar P., M.Com, FCS, CMA, CMA (USA), Practicing Company Secretary, Managing Partner, SVJS & Associates, Company Secretaries, 39/3525, Kausthubham, Manikkath Road, Ravipuram, Cochin 682 016, Kerala (Membership No. FCS 3050 and Certificate of Practice No. 2210),
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(d)	Whether any special resolution is proposed to be conducted through postal ballot?	<p>Yes. Bank, vide Postal Ballot Notice dated March 28, 2019, is proposed to conduct a Postal Ballot pursuant to section 110 of the Companies Act, 2013 to obtain approval of the shareholders by means of special resolution for the following:</p> <ul style="list-style-type: none"> • Adoption of new set of Articles of Association of the Bank; • Change of name of the Bank from 'The Catholic Syrian Bank Limited' to 'CSB Bank Limited'; • Approve CSB Employee Stock Option Scheme 2019 of the Bank; and • Listing of Equity Shares, either by way of a direct listing of its Equity Shares or by way of an initial public offer of Equity Shares.
(e)	Procedure for the postal ballot.	<p>In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013, the relevant Rules made thereunder, the Bank provides electronic voting facility to all its Members. The Bank had engaged the services of CDSL for the said purpose. In terms of the applicable laws, Members have the option to cast their vote either by physical ballot or e-voting.</p> <p>The Board of Directors of the Bank is required to appoint a Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner. The Postal Ballot exercise is conducted in accordance with the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management & Administration) Rules, 2014, as amended.</p> <p>The Bank dispatches the Postal Ballot Notice and relevant forms along with postage prepaid business reply envelope to those Members whose names appear on the Register of Members / Statements of Beneficial Holders provided by the Depositories as on the cut-off date. The postal ballot notice is also sent in electronic form to those Members whose email address is registered with their DP in case shares are held in electronic form or with RTA in case shares are held in physical form.</p> <p>The Bank also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the aforesaid provisions of the Companies Act, 2013 and the said Rules.</p> <p>Voting rights are reckoned on the paid-up value of the shares registered in the names of the Members as on the said cut-off date. Members desiring to exercise their votes by physical postal ballot forms are required to return the forms duly completed and signed to the Scrutinizer at the address mentioned in the postage prepaid business reply envelope on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to exercise their vote using the e-voting facility before the close of business hours on the last date of e-voting as set out in the Notice.</p>

		<p>The Scrutinizer is required to submit his report to the Chairman/MD & CEO/Company Secretary, after verification of the records and thereafter the consolidated results of the voting can be declared by Chairman/MD & CEO/Company Secretary authorized by the Board of Directors, in this regard.</p> <p>Subsequently, the said results along with the report of the Scrutinizer is uploaded on the website of the Bank and displayed on the notice board at the Registered Office of the Bank. The resolution, if passed by requisite majority, shall be deemed to have been passed on the last date specified by the Company for receipt of duly completed postal ballot forms or e-voting</p>
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Shareholding Pattern as on March 31, 2019

Shareholding pattern of the Bank as on March 31, 2019 is disclosed in the Annual Return which is displayed on the website of the Bank at: <https://www.csb.co.in/pdf/Annualreturn.pdf>

Details of shareholders holding 1% and above as on 31.03.2019

Sl. No	Name of the Shareholder	No. of Shares	Paid Up Capital	% of holding to Paid up Capital
1	FIH MAURITIUS INVESTMENTS LTD	19832130	4,95,80,325	5.771
2	HDFC LIFE INSURANCE COMPANY LIMITED	4044000	4,04,40,000	4.707
3	YUSUFFALI MUSALIAM VEETIL ABDUL KADER	3581722	3,58,17,220	4.169
4	AGNUS CAPITAL LLP	3081854	3,08,18,540	3.587
5	ICICI PRUDENTIAL LIFE INSURANCE CO LTD	3044000	3,04,40,000	3.543
6	THE FEDERAL BANK LIMITED	2785661	2,78,56,610	3.242
7	BRIDGE INDIA FUND	2500000	2,50,00,000	2.910
8	VALLABH BHANSHALI	2185392	2,18,53,920	2.544
9	SIGULER GUFF BRIC MAURITIUS	2085393	2,08,53,930	2.427
10	GOPINATHAN C K	2073724	2,07,37,240	2.414
11	SATELLITE MULTICOMM PRIVATE LIMITED	1939097	1,93,90,970	2.257
12	ANITHA P V	1841801	1,84,18,010	2.144
13	SATPAL KHATTAR	1773906	1,77,39,060	2.065
14	LAL ARAKULATH SANKAPPA	1756908	1,75,69,080	2.045
15	THOMAS JOHN MUTHOOT	1665633	1,66,56,330	1.939
16	A T INVOFIN INDIA PRIVATE LIMITED	1648229	1,64,82,290	1.918
17	WAY2WEALTH SECURITIES PRIVATE LIMITED	1555214	1,55,52,140	1.810
18	GLOBAL 9 RESOURCES PTE.LTD	1496357	1,49,63,570	1.742
19	KIRAN VYAPAR	1397617	1,39,76,170	1.627
20	BRIGHTNESS CAPITAL AND ADVISORY SERVICES PTE LTD	1299939	1,29,99,390	1.513
21	VOLRADO VENTURE PARTNERS FUND II	1191432	1,19,14,320	1.387
22	FAR EAST FRANCHISE PTE.LTD	1000000	1,00,00,000	1.164
23	VINOD MOHAN NAIR	1000000	1,00,00,000	1.164
24	ICICI LOMBARD GENERAL INSURANCE COMPANY	1000000	1,00,00,000	1.164
	TOTAL	65780009	50,90,59,115	59.248

Distribution of Shareholding as on 31st March, 2019

No of Equity shares held	Shares			
	No of shareholders	%	Paid Up Capital	% of holding to paid up Capital
Up to 5,000	20763	78.80	3,49,08,570	4.06
5,001 to 10,000	2549	9.67	2,06,61,350	2.40
10,001 to 20,000	1363	5.17	2,08,18,760	2.42
20,001 to 30,000	482	1.83	1,24,19,870	1.45
30,001 to 40,000	212	0.80	76,18,100	0.89
40,001 to 50,000	221	0.84	1,06,33,230	1.24
50,001 to 1,00,000	350	1.33	2,64,64,360	3.08
1,00,001 & Above	410	1.56	72,56,76,905	84.46
Total	26350	100.00	85,92,01,145	100.00

Dematerialisation of Shares

Dematerialization facility is available for Bank's shares with both the depositories; i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Equity shares of the Bank have been allotted International Securities Identification Number (ISIN) INE679A01013. Members may opt for availing the benefits of electronic holding / transferring of the shares held by them. The shareholders can lodge their shares with M/s. SKDC Consultants Ltd. through Depository Participants (DPs) for dematerialization. However, the shares of the Bank have not been listed in any Stock Exchange/s.

As on 31st March, 2019, 86.86 % of Bank's shares were in demat mode as per the statement given below:

Category	No. of Shares	% of holding to paid up Capital
Physical Mode	13245570	13.14
Demat Mode		
NSDL	69438450	68.89
CDSL	18110192	17.97
Total	100794212	100.00

Registrar & Share Transfer Agents

M/s. SKDC Consultants Ltd., Coimbatore is the Registrar & Share Transfer Agent for the Bank's

shares. The shareholders may lodge their requests/complaints either with the Registrar & Share Transfer Agents or with the Bank in the following address:

SKDC Consultants Ltd., Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006. Ph: 0422 - 4958995, 2539835 – 836 Fax: 0422 2539837 E-mail: info@skdc-consultants.com	The Company Secretary, The Catholic Syrian Bank Limited, "CSB Bhavan", P. B. No. 502, St. Mary's College Road, Thrissur - 680 020. Ph: 0487 - 2333020 Fax: 0487 2338764 E-mail: investors@csb.co.in.
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Unclaimed dividend

In terms of rule 5(8) of IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Bank has uploaded the information regarding unclaimed dividend due to be transferred to IEPF on the Ministry's Website and also on Bank's Website. The Shareholders may claim the unclaimed/unpaid amount due to them by making a request to the Bank/RTA giving their particulars before the same are transferred to IEPF.

Transfer of Shares to IEPF Authority

In terms of the provisions of the Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit,

Transfer and Refund) Rules, 2016, (as amended) and other applicable rules, notifications and circulars, if any, every company is required to transfer the shares, in respect of which dividend remains unpaid / unclaimed for a period of seven (7) consecutive years or more to the Investor Education Protection Fund (IEPF) Authority.

The unclaimed dividend and the respective shares for the financial year 2011-12 shall be transferred to IEPF Authority after the due date i.e., November 02, 2019. The details of unclaimed dividends for the financial year 2011-12 onwards and the last date for claiming such dividends are given below:

Dividend Year	Date of declaration of dividend	Last date for claiming dividend
2011-12	28.09.2012	01.11.2019
2012-13	23.09.2013	23.10.2020
2013-14	26.09.2014	27.10.2021

Bank has not declared any dividend since the financial year 2014-15. Reminders to encash the unclaimed dividend on shares are sent to the relevant shareholders at regular intervals.

Unclaimed share application Money

Unclaimed Share application money in respect of Rights issue 2013 and allotment completed on March 30, 2013 is due for transfer to the IEPF Authority after the due date i.e., March 30, 2020. In terms of rule 5(8) of IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Bank has uploaded the information regarding unclaimed share application money due to be transferred to IEPF on the Ministry's Website and also on Bank's Website. The Shareholders concerned may claim the amount due to them by making a request to the Bank/RTA giving their particulars before the same are transferred to IEPF.

General Information for Shareholders

Financial Calendar	01.04.2018- 31.03.2019
Date of the board meeting at which the final accounts were approved	22.04.2019
Corporate Identity Number (CIN).	U65191KL1920PLC000175.
Address of the Compliance Officer.	Mr. Sijo Varghese, Company Secretary, The Catholic Syrian Bank Limited, "CSB Bhavan", Post Box No. 502, St. Mary's College Road, Thrissur 680 020, Kerala. Phone No.: +91 487 2333 020 Fax: +91 487 2338 764 Email: investors@csb.co.in Website: www.csb.co.in
Address of the Registrars & Transfer Agents of the Bank.	S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A1, Sathy Road, Ganapathy, Coimbatore – 641 006 Tel.: 0422 4958995, 2539835 – 836 Fax: 0422 2539837 Email: info@skdc-consultants.com

Financial Calendar for publication of financial results: 1st April 2018 to 31st March 2019

Quarter ending	Date of approval	Quarter ending	Date of approval
30.06.2018	30.07.2018	31.12.2018	28.01.2019
30.09.2018	31.10.2018	31.03.2019	22.04.2019

Means of Communication

As per Regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the

unaudited / audited half yearly/ yearly financial results of the Bank are forwarded to the National Stock Exchange of India and the same are also published in Business Standard as per the requirements, to the period as applicable.

The results, Annual Report including the Notice and Explanatory Statement are also displayed on the Bank's website at www.csb.co.in

CEO/CFO Certification

The certification by Managing Director & CEO and Chief Financial Officer on the financial statements and internal controls relating to financial reporting has been obtained and the same forms part of the Report.

Green Initiative in Corporate Governance

As part of the 'Green Initiative in Corporate Governance' programme initiated by the Ministry of Corporate Affairs (MCA), the Bank has already put in place mechanism for sending all notices/documents including notice of the shareholders' meeting, Balance Sheet, Profit & Loss Account, Auditors' Report, Directors' Report and so on in electronic form.

Compliance with Mandatory Requirements

The Compliance of Statutory and Regulatory requirements by the Bank has been prompt and upto-date. The instructions of the RBI with regard to Corporate Governance Standards are complied with to the extent applicable to the Bank. The Bank has complied with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent as applicable to the Bank.

Compliance with Non-Mandatory Requirements

The Bank has voluntarily adopted most of the Corporate Governance practices as specified, though they are not mandatory.

1. The Board

None of the Directors of the Bank, other than its Chairman and/or whole time director, can hold office continuously for a period exceeding eight years.

2. Separate Posts of Chairman and CEO

The Bank already has separate posts for the Chairman and the Managing Director & CEO.

3. Unmodified audit opinion /reporting

The Auditors have expressed an unmodified opinion on the financial statement of the Bank.

Declaration of Compliance with the Code of Conduct

All the Directors and Senior Management personnel have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors.

Investor Help Desk

Share transfers, dividend payments, if any, and all other investor related activities are attended to and processed at the office of the Bank's Registrars and Transfer Agents (RTAs).

By Order of the Board

Sd/-

Madhavan Menon
Chairman
(DIN: 00008542)

Place: Mumbai
Date : May 23, 2019

CEO / CFO CERTIFICATION

We, C. VR. Rajendran, Managing Director & CEO and V Maheswari, Chief Financial Officer, of The Catholic Syrian Bank Limited hereby certify that:

- a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2019 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
 - ii) these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violative of the Bank's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and have

disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to take to rectify these deficiencies.

- d) We have indicated, to the Auditors and the Audit Committee:
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Bank's internal control system over financial reporting.

Sd/-

(V Maheswari)
Chief Financial Officer

Sd/-

(C.VR.Rajendran)
Managing Director & CEO

Place: Kochi
Date: April 22, 2019

INDEPENDENT AUDITOR'S REPORT

To,

The Members of
The Catholic Syrian Bank Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the standalone financial statements of The Catholic Syrian Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information in which are included the Returns of 426 branches/departments, for the year ended on that date audited by the branch auditors of the Bank's branches/departments located at various places in India.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 in the manner so required for banking Companies and are in conformity with accounting principles generally accepted in India and give a true and fair view of the state of affairs of the Bank as at 31st March 2019, and its LOSS and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards

are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditors Report thereon

4. The Company's Board of Directors is responsible for the Information other than the financial statements and auditors report thereon. The said information comprises the information included in the Directors Report and Managing Director & CEO communiqué (Other information), but does not include the financial statements and our audit report thereon. The Other Information is expected to be made available to us after the date of this auditors report

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or

our knowledge obtained in the audit, otherwise appear to be materially misstated

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and Reserve Bank of India.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

5. The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the Financial Statements

6. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

7. We did not audit the financial statements / information of 426 branches/departments included in the standalone financial statements of the Bank whose financial statements / financial information reflect total assets of Rs. 6939.07 Crores as at 31st March 2019 and total revenue of Rs. 722.19 Crores for the year ended on that date, as considered in the standalone financial statements. The financial statements / information of these branches have been audited by the branch auditors whose reports have been furnished to us, and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, are based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

8. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
 9. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
 - c) the returns received from the offices; and branches of the Bank have been found adequate for the purposes of our audit.
 10. Further, as required by section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.
 - c) the reports on the accounts of the branch offices of the bank audited under section 143(8) of the Act by branch auditors of the Bank have been sent to us and have been properly dealt with by us in preparing this report
- d) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flows dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
 - e) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
 - f) on the basis of written representations received from the directors as on 31st March 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act;
 - g) with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**;
 - h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) the Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No 4.6.1 of Schedule 18 - Notes on Accounts
 - ii) the Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts - Refer Note No. 9 of Schedule 18- Notes on Accounts and

- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank

Annexure A to the independent auditor's report of even date on the standalone financial statements of The Catholic Syrian Bank Limited

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of The Catholic Syrian Bank ('the Bank') as at 31st March 2019 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls over Financial Reporting

2. The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI') These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material

misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively, as at 31 March 2019, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For R.G.N Price & Co.

Chartered Accountants

FR No: 002785S

Sd/-

G. Surendranath Rao

Partner

M No. 022693

UDIN : 19022693AAAADA4265

Place: Kochi

Date: April 22, 2019

BALANCE SHEET

As at March 31, 2019

(₹ in thousand)

		Schedule No अनुसूची	As on 31.03.2019	As on 31.03.2018
पूंजी और देयताएँ	CAPITAL AND LIABILITIES			
पूंजी	Capital	1	85,97,23	81,01,43
अंश अधिपत्र लेखों पर टिप्पणीयों में से नेट १.१ संदर्श लें	Share Warrants (Refer 1.1 of Notes to Accounts)		651,34,06	-
आरक्षितियाँ और अधिशेष	Reserves and Surplus	2	694,37,99	808,01,82
निक्षेप	Deposits	3	15123,87,29	14690,64,93
उधार	Borrowings	4	-	41,80,00
अन्य देयताएँ और प्रावधान	Other Liabilities and Provisions	5	355,59,21	248,56,97
योग	Total		16911,15,78	15870,05,15
संपत्तियाँ	ASSETS			
नकदी और भारतीय रिजर्व बैंक में जमा राशियाँ	Cash and balances with Reserve Bank of India	6	725,40,54	677,89,50
बैंकों में जमा राशियाँ और माँग तथा अल्प सूचना पर प्राप्य धनराशि	Balances with banks and money at call and short notice	7	248,22,52	537,23,90
निवेश	Investments	8	4027,61,16	4113,95,08
अग्रिम	Advances	9	10615,23,73	9337,35,64
स्थिर संपत्तियाँ	Fixed Assets	10	217,72,88	216,11,76
अन्य संपत्तियाँ	Other Assets	11	1076,94,95	987,49,27
योग	Total		16911,15,78	15870,05,15
आकस्मिक देयताएँ	CONTINGENT LIABILITIES	12	657,75,74	708,55,17
संग्रहण के लिये बिल	Bills for collection		71,36,12	82,25,09
महत्वपूर्ण लेखांकन नीतियाँ	Significant Accounting Policies	17		
लेखा सम्बन्धी टिप्पणीयों	Notes to Accounts	18		
अनुसूचीयाँ ऊपर बालेंस शीट का एक अभिन्न अंग के रूप में	The Schedules referred to above form an integral part of the Balance Sheet			

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Madhavan Menon
Chairman
(DIN: 00008542)

Sd/
Thomas Mathew
Chairman-Audit Committee
(DIN:01277149)

Sd/
C.VR. Rajendran
Managing Director & CEO
(DIN : 00460061)

As per our report of even date
For R G N Price & Co
Chartered Accountants
FR No:0027855

Sd/
Sumit Maheshwari
Director
(DIN:06920646)

Sd/
Bhama Krishnamurthy
Director
(DIN:02196839)

Sd/
Sijo Varghese
Company Secretary

Sd/
G. Surendranath Rao
Partner
(M. No. 22693)

Sd/
S Nagoor Ali Jinnah
Director
(DIN: 05238633)

Sd/
Madhavan Aravamuthan
Director
(DIN:01865555)

Sd/
V.Maheswari
Chief Financial Officer

Place: Kochi
Date : 22.04.2019

PROFIT & LOSS ACCOUNT

For the year ended March 31, 2019

(₹ in thousand)

		Schedule No अनुसूची	Year Ended 31.03.2019	Year Ended 31.03.2018
I. आय	I. INCOME			
अर्जित ब्याज	Interest earned	13	1347, 51, 54	1296, 80, 59
अन्य आय	Other income	14	135, 91, 77	125, 42, 02
योग	Total		1483, 43, 31	1422, 22, 61
II. व्यय	II. EXPENDITURE			
व्ययकिया गया ब्याज	Interest expended	15	907, 56, 09	912, 00, 05
परिचालन व्यय	Operating expenses	16	562, 51, 37	435, 89, 87
प्रावधान और आकस्मिक व्यय	Provisions and contingencies		210, 77, 77	171, 79, 62
योग	Total		1680, 85, 23	1519, 69, 54
III. लाभ / हानि	III. PROFIT/LOSS			
वर्ष के लिए शुद्ध लाभ / (हानि)	Net Profit/(Loss) for the period / year		(197, 41, 92)	(97, 46, 93)
पिछले अवधि / वर्ष के अग्रणीत लाभ / (हानि)	Profit/(Loss) brought forward from previous period/ year		(316, 53, 94)	(219, 07, 01)
योग	Total		(513, 95, 86)	(316, 53, 94)
IV. विनियोजन	IV. APPROPRIATIONS			
वैधानिक आरक्षितियों को अन्तरण	Transfer to Statutory Reserve		-	-
पूंजीगत आरक्षितियों को अन्तरण	Transfer to Capital Reserve		-	-
तुलनपत्र में ले जाई गई शेषराशि	Balance carried over to Balance Sheet		(513, 95, 86)	(316, 53, 94)
योग	Total		(513, 95, 86)	(316, 53, 94)
प्रति शेयर अर्जन (₹) (अंकित मूल्य ₹ 10/- प्रत्येक)	Basic and diluted Earnings Per Equity Share (₹) (Face value ₹ 10 per share)		(23.73)	(12.04)
महत्वपूर्ण लेखांकन नीतियाँ	Significant Accounting policies	17		
लेखा सम्बन्धी टिप्पणियाँ	Notes to Accounts	18		
अनुसूचीयाँ ऊपर लाभ हानि लेख के एक अभिन्न अंग के रूप में	The Schedules referred to above form an integral part of the Profit and Loss account			

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V.Maheswari
Chief Financial Officer

Place: Kochi
Date : 22.04.2019

CASH FLOW STATEMENT

For the year ended March 31, 2019

(₹ in thousand)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	(300 , 09 , 54)	(149 , 36 , 47)
Adjustments for:		
Depreciation on Fixed Assets	12 , 17 , 12	11 , 84 , 25
Amortisation of Intangible Assets	4 , 36 , 15	3 , 72 , 80
Provisions and Contingencies	312 , 25 , 73	223 , 69 , 15
Interest Paid on Tier II Bonds	5 , 07 , 11	5 , 06 , 53
Others	66 , 20	(81 , 50)
Operating Profit before Working Capital Changes	34 , 42 , 77	94 , 14 , 76
Adjustments for:		
Investments	51 , 09 , 05	1613 , 97 , 87
Advances	(1520 , 48 , 89)	(1421 , 93 , 79)
Other Assets	25 , 39 , 22	(17 , 83 , 03)
Deposits	433 , 22 , 35	(220 , 91 , 30)
Borrowings	-	-
Other Liabilities	90 , 85 , 89	(21 , 29 , 81)
Cash generated from Operating Activities	(885 , 49 , 61)	26 , 14 , 70
Direct Taxes Paid (Net of refunds)	(7 , 74 , 82)	, 69 , 55
Net Cash flow from Operating Activities (A)	(893 , 24 , 43)	26 , 84 , 25
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Intangible Assets	(22 , 65 , 05)	(22 , 36 , 77)
Sale of Fixed Assets	50 , 96	457 , 47
Net Cash Used in Investing Activities (B)	(22 , 14 , 09)	(17 , 79 , 30)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share Capital	4 , 95 , 80	-
Proceeds from Share Premium	64 , 45 , 44	-
Proceeds from Equity Share Warrants	651 , 34 , 06	-
Redemption of Tier II Bonds	(41 , 80 , 00)	-
Interest Paid on Tier II Bonds	(5 , 07 , 11)	(5 , 06 , 53)
Dividend paid (including Tax on Dividend)	-	-
Net Cash (used)/generated from Financing Activities (C)	673 , 88 , 19	(5 , 06 , 53)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(241 , 50 , 33)	3 , 98 , 42
Cash and Cash Equivalents at the Beginning of the Year	1215 , 13 , 39	1211 , 14 , 97
Cash and Cash Equivalents at the End of the Year	973 , 63 , 06	1215 , 13 , 39
NET INCREASE AS DISCLOSED ABOVE	(241 , 50 , 33)	3 , 98 , 42
Notes to Cash Flow Statement		
1. The Cash Flow Statement has been prepared under the Indirect Method and figures has been regrouped wherever necessary		
2. Cash and Cash equivalents includes Cash in Hand, Balance with RBI & Other Banks and Money at Call and Short Notice		
BREAKUP OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	725 , 40 , 54	677 , 89 , 50
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	248 , 22 , 52	537 , 23 , 90
Cash and cash equivalents at the end of the year	973 , 63 , 06	1215 , 13 , 39

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Sd/
V.Maheswari
Chief Financial Officer

Place: Kochi
Date : 22.04.2019

SCHEDULES**to Balance Sheet**

(₹ in thousand)

	As on 31.03.2019		As on 31.03.2018	
SCHEDULE 1 - CAPITAL				
Authorized Capital :				
20,00,00,000 (Previous year 20,00,00,000) Equity shares of ₹ 10/- each		200 , 00 , 00		200 , 00 , 00
Issued Capital				
10,07,94,212 (Previous Year 8,09,62,082) Equity shares of ₹ 10/- each		100 , 79 , 42		80 , 96 , 20
Subscribed, Called up and Paid - up Capital				
8,09,62,082 (Previous Year 8,09,62,082) Equity shares of ₹ 10/- each fully paid - up		80 , 96 , 20		80 , 96 , 20
Add: Forfeited Shares (1,93,743 Equity shares forfeited (Previous Year 1,93,743)		5 , 23		5 , 23
1,98,32,130 (Previous Year- Nil) Equity shares of Rs. 10/- each Rs. 2.5/- per share paid - up		4 , 95 , 80		-
		85 , 97 , 23		81 , 01 , 43

SCHEDULE 2 - RESERVES AND SURPLUS				
I Statutory Reserves				
Opening balance		146 , 75 , 58		146 , 75 , 58
Additions during the year		-		-
sub total		146 , 75 , 58		146 , 75 , 58
Deductions during the year		-		-
		146 , 75 , 58		146 , 75 , 58
II Capital Reserves				
Opening balance		71 , 73 , 08		71 , 73 , 08
Additions during the year		-		-
sub total		71 , 73 , 08		71 , 73 , 08
Deductions during the year		-		-
		71 , 73 , 08		71 , 73 , 08
III Revaluation Reserves				
Opening balance		159 , 46 , 73		163 , 95 , 87
Additions during the year		-		-
sub total		159 , 46 , 73		163 , 95 , 87
Deductions during the year		1 , 64 , 24		4 , 49 , 14
		157 , 82 , 49		159 , 46 , 73
IV Share Premium				
Opening balance		647 , 50 , 83		647 , 50 , 83
Additions during the year		64 , 45 , 44		-
sub total		711 , 96 , 27		647 , 50 , 83
Deductions during the year		-		-
		711 , 96 , 27		647 , 50 , 83

SCHEDULES
to Balance Sheet

(₹ in thousand)

	As on 31.03.2019		As on 31.03.2018	
V Revenue and other Reserves				
a) General Reserves				
Opening balance	75,28,34		83,64,67	
Additions during the year	20,96,90		10,96,33	
sub total	96,25,24		94,61,00	
Deductions during the year	-		19,32,66	
		96,25,24		75,28,34
b) Special Reserve (Section 36 (1)(viii) of IT Act,1961)				
Opening balance	23,76,19		23,76,19	
Additions during the year	-		-	
sub total	23,76,19		23,76,19	
Deductions during the year	-		-	
		23,76,19		23,76,19
VI Contingency Reserve				
Opening balance	5,00		5,00	
Additions during the year	-		-	
sub total	5,00		5,00	
Deductions during the year	-		-	
		5,00		5,00
VII Balance in Profit and Loss Account				
Opening balance	(316,53,94)		(219,07,01)	
Additions during the year	(197,41,92)		(97,46,93)	
sub total	(513,95,86)		(316,53,94)	
Deductions during the year	-		-	
		(513,95,86)		(316,53,94)
TOTAL		694,37,99		808,01,82

SCHEDULE 3 - DEPOSITS				
A. I. Demand Deposits				
[i] From banks	52,76		51,51	
[ii] From others	616,55,93		627,63,12	
		617,08,69		628,14,63
II. Savings Bank Deposits		3593,49,91		3342,50,83
III. Term Deposits				
[i] From banks	190,05,42		5,89,36	
[ii] From others	10723,23,27		10714,10,11	
		10913,28,69		10719,99,47
TOTAL [I,II, and III]		15123,87,29		14690,64,93
B [i] Deposits of branches in India		15123,87,29		14690,64,93
[ii] Deposits of branches outside India		-		-
TOTAL		15123,87,29		14690,64,93

SCHEDULES

to Balance Sheet

(₹ in thousand)

	As on 31.03.2019		As on 31.03.2018	
SCHEDULE 4 - BORROWINGS				
I. Borrowings in India				
[i] Reserve Bank of India	-		-	
[ii] Other banks	-		-	
[iii] Other institutions and agencies	-	-	-	-
TOTAL of I		-		-
II. Borrowings outside India		-		-
TOTAL (I and II)		-		-
Secured borrowings included in I and II		-		-
III. Capital Instruments				
Subordinated debts raised for Tier II Capital		-		41,80,00
TOTAL (I,II and III)		-		41,80,00

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS				
I. Bills payable		15,53,00		18,34,44
II. Inter-office adjustments (net)		12,03,59		7,42,99
III. Interest accrued		67,71,35		64,61,61
IV. Contingent provisions against standard assets		47,24,02		34,32,06
V. Others		213,07,25		123,85,86
TOTAL		355,59,21		248,56,97

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA				
I. Cash in hand (including foreign currency notes)		58,42,84		54,94,79
II. Balances with Reserve Bank of India				
[i] in Current Account	666,97,70		622,94,71	
[ii] in Other Accounts	-		-	
		666,97,70		622,94,71
TOTAL (I AND II)		725,40,54		677,89,50

SCHEDULE 7 - BALANCES WITH BANKS & MONEY AT CALL AND SHORT NOTICE				
I. In India				
[i] Balances with banks				
(a) in Current Accounts	12,78,00		18,79,36	
(b) in Other Deposit Accounts	2,50		-	
		12,80,50		18,79,36
[ii] Money at call and short notice				
(a) with banks	-		-	
(b) with other Institutions	225,00,00		490,98,00	
		225,00,00		490,98,00
TOTAL (i and ii)		237,80,50		509,77,36
II. Outside India				
(i) in Current Accounts	10,42,02		27,46,54	
(ii) in Other Deposit Accounts	-		-	
(iii) Money at call and short notice	-		-	
TOTAL		10,42,02		27,46,54
GRAND TOTAL (I and II)		248,22,52		537,23,90

SCHEDULES

to Balance Sheet

(₹ in thousand)

	As on 31.03.2019	As on 31.03.2018
SCHEDULE 8 INVESTMENTS		
I. Investments in India (Gross)	4111 , 81 , 36	4162 , 95 , 25
Less Provision for depreciation & diminution	84 , 20 , 20	49 , 00 , 17
Net Investment in India	4027 , 61 , 16	4113 , 95 , 08
BREAK - UP		
[i] Government securities	3364 , 80 , 33	3390 , 15 , 16
[ii] Other approved securities	-	-
[iii] Shares	2 , 95 , 81	3 , 19 , 96
[iv] Debentures and Bonds	241 , 06 , 44	200 , 37 , 13
[v] Subsidiaries and/or joint ventures	-	-
[vi] Others [Certificate of Deposits, Commercial Paper, Security Receipts etc]	418 , 78 , 58	520 , 22 , 83
TOTAL	4027 , 61 , 16	4113 , 95 , 08
II. Investments outside India	-	-
GRAND TOTAL (I and II)	4027 , 61 , 16	4113 , 95 , 08

SCHEDULE 9 - ADVANCES		
A [i] Bills purchased and discounted	823 , 33 , 23	775 , 59 , 21
[ii] Cash credits, overdrafts and loans repayable on demand	5738 , 30 , 68	5075 , 61 , 89
[iii] Term loans	4053 , 59 , 82	3486 , 14 , 54
TOTAL	10615 , 23 , 73	9337 , 35 , 64
B [i] Secured by tangible assets (Includes advances against book debts)	9271 , 33 , 55	8094 , 75 , 97
[ii] Covered by Bank/Government guarantees	973 , 51 , 10	940 , 17 , 34
[iii] Unsecured	370 , 39 , 08	302 , 42 , 33
TOTAL	10615 , 23 , 73	9337 , 35 , 64
C. I. Advances in India		
[i] Priority sector	3627 , 10 , 24	3620 , 27 , 33
[ii] Public sector	27 , 33 , 12	33 , 61 , 43
[iii] Banks	34 , 38 , 24	68 , 13 , 88
[iv] Others	6926 , 42 , 13	5615 , 33 , 00
TOTAL	10615 , 23 , 73	9337 , 35 , 64
II. Advances outside India	-	-
GRAND TOTAL (C.I and II)	10615 , 23 , 73	9337 , 35 , 64

SCHEDULES

to Balance Sheet

(₹ in thousand)

	As on 31.03.2019		As on 31.03.2018	
SCHEDULE 10 - FIXED ASSETS				
1. Premises				
At cost as on 31 st March of the preceding year	3,95,00		7,24,23	
Appreciation on revaluation till date	178,09,24		178,09,24	
Additions during the year	-		-	
Sub total	182,04,24		185,33,47	
Deductions during the year	38,47		3,29,23	
Depreciation to date	20,92,33		19,50,62	
		160,73,44		162,53,62
II. Other Fixed Assets (including furniture and fixtures)				
At cost as on 31st March of the preceding year	141,61,82		136,01,62	
Additions during the year	14,95,40		16,53,82	
Sub total	156,57,22		152,55,44	
Deductions during the year	6,96,92		10,93,62	
Depreciation to date	92,60,86		88,03,68	
		56,99,44		53,58,14
TOTAL (I, and II)		217,72,88		216,11,76

SCHEDULE 11 - OTHER ASSETS				
I. Interest accrued		81,94,83		70,66,89
II. Tax paid in advance/tax deducted at source (Net of provisions)		49,22,24		41,47,42
III. Stationery and stamps		2,19,14		1,90,22
IV. Non-banking assets acquired in satisfaction of claims		29,67,69		30,05,01
V. Deposits placed with NABARD/SIDBI/NHB for meeting shortfall in Priority Sector Lending		539,33,03		584,81,57
VI. Deferred tax asset		284,14,27		180,26,96
VII. Others		90,43,75		78,31,20
TOTAL		1076,94,95		987,49,27

SCHEDULE 12 - CONTINGENT LIABILITIES				
I. Claims against the Bank not acknowledged as debts		37,17,49		40,23,82
II. Liability for partly paid investments		-		-
III. Liability on account of outstanding forward exchange contracts		289,16,63		343,07,38
IV. Guarantees given on behalf of constituents				
(a) In India		209,43,36		214,09,89
(b) Outside India		-		-
V. Acceptance, endorsements and other obligations		48,98,93		43,48,33
VI. Other items for which the Bank is contingently liable		72,99,33		67,65,75
TOTAL		657,75,74		708,55,17

SCHEDULES

to Profit & Loss Account

(₹ in thousand)

	Year ended 31.03.2019		Year ended 31.03.2018	
SCHEDULE 13 - INTEREST EARNED				
I. Interest/discount on advances / bills		968, 61, 67		912, 81, 39
II. Income on investments		347, 36, 92		336, 20, 42
III. Interest on balances with Reserve Bank of India and other inter -bank funds		2 36, 53		5, 93, 77
IV Others		29 16, 42		41, 85, 01
TOTAL		1347, 51, 54		1296, 80, 59

SCHEDULE 14 - OTHER INCOME				
I. Commission, Exchange and Brokerage		27, 24, 17		23, 35, 47
II. Profit on sale of investments	17, 29, 40		6, 00, 93	
Less: Loss on sale of investments	9, 28, 80		3, 28, 47	
		8, 00, 60		2, 72, 46
III. Profit on revaluation of investments	-		-	
Less: Loss on revaluation of investments	-		-	
		-		-
IV. Profit on sale of land, buildings and other assets	21, 05		236, 58	
Less: Loss on sale of land, buildings and other assets	96, 25		83, 85	
		(75, 20)		152, 73
V. Profit on exchange transactions (Net)		7, 04, 65		8, 80, 51
VI. Income earned by way of dividends etc. from subsidiaries/ companies and/or joint ventures abroad/in India		-		-
VII. Miscellaneous Income (includes recovery of Bad debts written off in earlier years ₹ 30.77 Crores, previous year ₹ 26.92 Crores and processing fee of ₹ 20.52 crores, previous year ₹ 18.44 crores)		94, 37, 55		89, 00, 85
TOTAL		135, 91, 77		125, 42, 02

SCHEDULE 15 - INTEREST EXPENDED				
I. Interest on deposits		861, 82, 66		897, 25, 92
II. Interest on Reserve Bank of India/ inter -bank borrowings		31, 48, 78		4, 93, 05
III. Others		14, 24, 65		9, 81, 08
TOTAL		907, 56, 09		912, 00, 05

SCHEDULE 16 - OPERATING EXPENSES				
I. Payments to and provisions for employees		384, 42, 97		286, 90, 46
II. Rent, taxes and lighting		50, 58, 61		45, 90, 72
III. Printing and Stationery		4, 03, 53		3, 52, 84
IV. Advertisement and publicity		77, 48		1, 72, 21
V. Depreciation on bank's property (including amortisation / write off of intangible assets)		16, 53, 27		15, 57, 05
VI. Directors' fees, allowances and expenses		76, 81		1, 01, 56
VII. Auditors' fees and expenses (including branch auditors fees and expenses)		1, 83, 59		1, 58, 81
VIII. Law charges		3, 16, 10		2, 56, 32
IX. Postages, Telegrams, Telephones etc.		9, 74, 18		8, 44, 21
X. Repairs and maintenance		8, 50, 86		7, 63, 34
XI. Insurance		16, 55, 60		15, 92, 47
XII. Other expenditure		65, 58, 37		45, 09, 88
TOTAL		562, 51, 37		435, 89, 87

Significant Accounting Policies

SCHEDULE 17

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL

- a) The financial statements have been prepared in accordance with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time, the Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014 so far as they apply to the Bank and practices generally prevalent in the banking industry in India.
- b) Going Concern Assumption, Historical cost convention and Accrual basis of accounting have been consistently applied while preparing and presenting the financial statements, except as stated in para10 –“Recognition of Revenue and Expenditure”.

2. USE OF ESTIMATES

The preparation of the financial statements, in conformity with generally accepted accounting principles; requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosures of contingent liabilities at the date of the financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

3. TRANSACTIONS INVOLVING FOREIGN EXCHANGE

- a) Monetary assets and liabilities including contingent liabilities have been translated at the exchange rates prevailing at the close of the year as advised by FEDAI and the effect is accounted in Profit & Loss Account
- b) Income and Expenditure items denominated in foreign currencies have been accounted at the exchange rates prevailing on the date of transaction.
- c) Outstanding foreign exchange forward contracts are revalued at the rates applicable on the closing date as advised by FEDAI. The resultant profit/loss is taken into Profit and Loss Account.

- d) Contingent Liabilities on guarantees, letters of credit, acceptances and endorsements are reported at the exchange rates prevailing at the close of the year.

4. INVESTMENTS

a) Accounting and classification

All Investments are accounted for on settlement dates. In terms of RBI guidelines, the entire investments portfolio has been classified under three categories for valuation purpose, viz., “Held to Maturity”, “Available for Sale” and “Held for Trading” at the time of its purchase. However, for disclosure in the Balance Sheet, investments are classified under six groups – Govt. Securities, Other Approved Securities, Shares, Debentures and Bonds, Subsidiaries/Joint Venture and Others

b) Cost of acquisition

Costs such as brokerage pertaining to investments, paid at the time of acquisition are charged to the profit and loss account.

c) Basis of Classification

Securities that are held principally for resale within 90 days from the date of purchase are classified under the HFT category. Investments that the bank intends to hold till maturity are classified under the HTM category. Securities which are not classified in the above categories are classified under the AFS category.

d) Transfer between categories

Reclassification of investments from one category to the other, if done, is in accordance with the RBI guidelines. Transfer of scrips from AFS/HFT category to HTM category is made at the lower of book value or market value. In the case of transfer of securities from HTM to AFS/HFT category, the investments held under HTM at a discount are transferred to AFS/HFT category at the acquisition price and investments placed in the HTM category at a premium are transferred to AFS/HFT at the amortized cost.

Transfer of investments from AFS to HFT or vice versa is done at the book value. Depreciation carried, if any, on such investments is also transferred from one category to another.

e) Valuation of Securities:

- (i) Investments in “Held to Maturity” category are accounted for at acquisition cost or at amortized cost, if acquired at a premium. In case the cost

Significant Accounting Policies

is higher than the face value, the premium is amortized over the period remaining to maturity using Constant Yield Method. Such amortization of premium is adjusted against income under the head "Income on Investments". Where the face value is higher than the cost, the discount is ignored and is accounted only on maturity date of the instrument.

- (ii) Securities classified as "Available for Sale" are marked to market scrip-wise on a quarterly basis other than shares which is done on a weekly basis and net depreciation in each category is provided for, while net appreciation is ignored.
- (iii) Individual scrips in "Held for Trading" category are marked to market at daily intervals and net depreciation in each category is provided for, while net appreciation is ignored.
- (iv) Treasury Bills, Commercial Papers and Certificate of Deposits are valued at carrying cost.
- (v) Security receipts are valued as per the Net Asset Value (NAV) obtained from the issuing Reconstruction Company / Securitization Company. Depreciation in each scrip is provided for while appreciation is ignored
- (vi) Profit on sale of investments in 'Held to Maturity' category is recognized in the Profit and Loss Account and an equivalent amount net of taxes and transfer to Statutory Reserves is appropriated to Capital Reserve.
- (vii) Investments are also classified as Performing and Non Performing as per the guidelines of RBI and provisions on Non Performing investments are made as per the provisioning norms of RBI.
- (viii) As per RBI circular [FMOD.MAOG. No. 116/01.01.001/2016-17, dated 10.11.2016] the bank is classifying Repo / Reverse Repo under LAF scheme in Schedule 4 [Borrowings] and Schedule 7 [Balances with banks and Money at call & short notice] respectively.

5. ADVANCES

- a) Advances have been classified as 'Performing' and 'Non-performing Advances' (NPA) in accordance with the applicable regulatory guidelines. NPAs are further classified in to Sub-standard, Doubtful and Loss assets in terms of applicable regulatory guidelines.

- b) Provision for Non Performing Advances comprising Sub-standard, Doubtful and Loss Assets is made in accordance with the RBI guidelines which prescribe minimum provision levels and encourage banks to make a higher provision based on sound commercial judgement. In respect of identified NPAs provision is recognized at borrower level on the basis of ageing of loans. The provisioning done is at or higher than the minimum rate prescribed under the RBI guidelines.:
- c) The amount of advances shown in the Balance Sheet is net of provisions, interest suspense, ECGC claims received and discount on assignment transactions.
- d) Provision on Standard Assets, is maintained as per RBI guidelines. In respect of Rescheduled/ Restructured Advances, provision is made for the diminution in the fair value of restructured advances measured in present value terms as per RBI Guidelines. The said provision is reduced to arrive at net advances. In case of advances to stressed sectors, bank has recognized provision in line with RBI guidelines. These provisions are included under in Item No. IV 'Others', of Schedule 5 – Other Liabilities & Provisions.
- e) Amounts recovered against debts written off in earlier years are recognized as revenue.
- f) The sale of financial assets (including Non Performing Advances) to Reconstruction Company (RC)/ Securitisation Company (SC) are accounted as per the extant guidelines of Reserve Bank of India from time to time.
- g) Policy on Managing Currency induced credit risk: As per Credit Policy of the bank Forward exchange cover is insisted on all Foreign Currency loans of USD 0.25 Mio or above unless there is natural hedge by way of export/other earnings. For foreign currency loans of less than USD 0.25 Mio, forward exchange cover is optional to the borrower subject to furnishing of an unconditional undertaking to bear the exchange loss if any.
- h) In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure, wherever applicable and in accordance with RBI Guidelines

6. FIXED ASSETS AND DEPRECIATION

- a) Fixed Assets other than premises are carried at cost less accumulated depreciation. Cost includes cost of purchase and all directly attributable costs of bringing the asset to its working condition for its intended use.
- b) Premises are stated at revalued amount. Appreciation on revaluation of premises is credited to Revaluation

Reserve. The additional depreciation on the revalued portion of buildings is charged to Profit and Loss Account and an equivalent amount is withdrawn from Revaluation Reserve and credited to General Reserve.

- c) Subsequent expenditure incurred on fixed assets put to use is capitalized only when it represents an improvement which increases the future benefits from the existing asset beyond its previously assessed standard of performance or an extension which becomes an integral part of the asset.
- d) Depreciation on additions to fixed assets is provided on pro rata basis. No depreciation is charged on the fixed assets sold/discarded during the year, except for premises and motor vehicles which are depreciated on a pro-rata basis..
- e) The bank has adopted the revised useful life of assets as prescribed in Schedule II of the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II

Type of Fixed Asset	Useful Life Considered (Years)	Useful Life as per Schedule II (Years)	Depreciation Method
Premises	58 Yrs	60 Yrs	Written Down Value
Servers & Networks	3 Yrs	6 Yrs	Straight Line
ATMs	8 Yrs	15 Yrs	Straight Line

7. INTANGIBLE ASSETS

Accounting and amortisation of computer software are in accordance with the provisions of Accounting Standard 26 – Intangible Assets, specified under Section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014.

- a) Application Software purchased is amortised over a period of 5 years on pro rata basis under Straight Line Method.
- b) Internally Generated Application Software is accounted as an intangible asset and is amortised over a period of 5 years on pro rata basis under Straight Line Method from the date the software becomes Available for Use. If the software is still in the development phase and has not become Available for Use, no amortisation is charged to Profit & Loss Account.

8 . NON BANKING ASSETS

In the case of Non Banking Assets, diminution in value, if any, is provided for.

9. EMPLOYEE BENEFITS

9.1 Short Term Employee Benefits

The undiscounted amount of short-term employee benefits which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service.

9.2 Long term Employee Benefits

- a) Defined Contribution Plan - Provident Fund and New Pension Scheme (Contributory) are the defined contribution plans of the bank. In addition to contribution for the period, shortfall, if any, in the Provident Fund Trust is charged to Profit and Loss Account of the bank.
- b) Defined Benefit Plans - Liabilities towards Gratuity, Pension and Leave benefits to employees are defined benefit obligations and are provided for on the basis of actuarial valuation made at the end of each financial year. Projected Unit Credit Method is used by the actuary for valuing the obligations in case of Pension, Gratuity and Long term Compensated Absences and other long term employee benefits. Discount rate used to arrive at the present value of estimated future cash flows is arrived at by reference to market yields on balance sheet date on government bonds of term consistent with estimated term of the obligations as per para 78 of AS 15 Employee Benefits. Actuarial Gains/Losses are immediately taken to the profit and loss account and are not deferred.

Brief description of the defined benefit plans:

- i) Pension - Pension is payable to the employees who have specifically opted for the same. For becoming eligible for pension, the employee should have served the bank for a minimum period of 10 years in the case of retirement on superannuation and 20 years in other cases. At the time of retirement or death of the pension eligible employee, the pension trust purchases annuity from insurance company, out of the contributions made by the bank.
- ii) Gratuity - Gratuity is payable to all employees on termination of employment due to retirement, death or resignation, provided that the employee has served the bank for a minimum period of 5 years.
- iii) Long term compensated absences and other long term employee benefits viz:
 - a. Privilege Leave
 - b. Leave fare concession
 - c. Sick Leave
 are based on actuarial valuation at the end of the financial year

9.3 Employee Stock Options (ESOP)

The accounting for shares granted under Employee Stock Option Scheme is done as per the ICAI Guidance note on ESOP. The Bank has applied the intrinsic value method to arrive at the compensation cost of ESOP granted to the

Significant Accounting Policies

employees of the Bank. Intrinsic value is the amount by which the value of the underlying shares as determined by an independent valuer exceeds the exercise price of the options. Compensation cost so determined is amortised over the vesting period of the option granted.

10. RECOGNITION OF REVENUE AND EXPENDITURE

Revenue is recognised to the extent it is probable that the economic benefits will flow to the bank and the revenue can be reliably measured.

- a. Interest/discount on advances/bills is recognised on accrual basis except on non-performing assets in which case the income is recognised as per prudential norms issued by RBI. Exchange, Brokerage, Commission & Rent on lockers are recognised on cash basis.
- b. Income on Investments (other than dividend on shares & mutual funds and income on non performing investments) is recognised on accrual basis. Dividend income is recognized when the right to receive payment is established.
- c. Recovery in Non Performing Assets is first appropriated towards interest and the balance, if any, towards principal, except in the case of Suit Filed Accounts, sale to Asset Reconstruction Companies and accounts under One Time Settlement where recovery is appropriated based on the court decree/terms of agreement.
- d. In the case of purchase of loans from other banks/NBFCs through direct assignment of cash flows, bank recognizes interest income on the basis of original IRR/actual collection record of the pool. The discount, if any, on such purchase is recognised in proportion to the principal received.
- e. In case of Asset Sale to ARCs, where the sales is at a price higher than the net book value (NBV), (i.e. outstanding less provision held) and consideration is received in cash, the excess provision on NPA is credited to Profit and loss account. If consideration is other than cash, the excess provision is retained. If the sale is at a price below the NBV, the shortfall is debited to Profit & Loss Account, as per the option given by RBI.
- f. Legal expenses incurred on suit filed accounts are expensed in profit and loss account as per RBI guidelines. Such amount when recovered is treated as income.

11. TAXES ON INCOME

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The impact of changes in the deferred tax assets and liabilities is recognized in the Profit and Loss Account.

Deferred tax assets are recognized and reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax asset can be realized against future profits.

12. SEGMENT INFORMATION

Bank has adopted RBI's revised guidelines on segment reporting issued in April 2007 and accordingly 4 business segments viz. Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations have been considered as reportable segments. Advances classified as corporate as per Basel III norms are grouped in Corporate/Wholesale Banking assets while all other advances are grouped as Retail Banking Assets. Deposits of ₹ 2 crore and above are classified as corporate/wholesale banking liabilities (to conform to ALM classification adopted by the bank) and all other deposits are grouped as retail banking liabilities. Deposits of borrowers classified as corporate as per Basel II norms are treated as wholesale deposits regardless of amount. For arriving at segment results, income and expenditure that cannot be directly identified with a particular segment are allocated on appropriate basis.

13. IMPAIRMENT OF ASSETS

Impairment losses, if any, on Fixed Assets (including revalued assets) are recognized in accordance with the Accounting Standard 28 'Impairment of Assets' specified under Section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014 and charged to Profit and Loss Account.

14. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

- a) As per the Accounting Standard 29, 'Provisions, Contingent Liabilities and Contingent Assets', specified under Section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014 the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. .
- b) Contingent assets are not recognized in the financial statements.

While computing the provision requirement pertaining to fraud accounts, adjustment is made for "financial collateral eligible under BASEL III Capital regulations -Capital charge for credit risk (standardized approach)", if available and amount so arrived at is charged fully to Profit and Loss Account, in the same quarter of detection. .

15. EARNINGS PER SHARE

The bank reports basic and diluted Earnings per equity share in accordance with the Accounting Standard 20 on "Earnings per share specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. Basic Earnings per share (EPS) reported is computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period except where the results are anti-dilutive.

16. SHARE ISSUE EXPENSES

The share issue expenses are adjusted from share premium account in terms of Section 52 of the Companies Act, 2013, in cases where RBI approval is obtained.

17. NET PROFIT / LOSS

The net profit/loss disclosed in the Profit & Loss Account is after

- (i) provision for taxes
- (ii) provision for standard, restructured and non performing assets.
- (iii) provision for depreciation on investments and
- (iv) other usual and necessary provisions.

Notes to Accounts

SCHEDULE 18 - NOTES TO ACCOUNTS

1.1 Capital Infusion

Pursuant to approval accorded by shareholders by way of special resolution passed in the Extraordinary General Meeting of the Bank held on March 21, 2018 and in terms of Reserve Bank of India approval vide letter DBR.PSBD.No.341/16.1.060/2018-19 dated July 12, 2018 and approval of Department of Financial Services of the Ministry of Finance, Government of India vide letter No. F.No.26/5/2018-BOA dated October 9, 2018, the Bank during the year has allotted an aggregate number of 1,98,32,130 Equity Shares of Rs. 10 each at an issue price of ₹140 per share (including premium of ₹130 per share) and 6,64,63,329 Warrants compulsorily convertible into or exchangeable for Equity Shares of ₹10 each at an issue price of ₹ 140 (including premium of ₹ 130 per warrant) to FIH Mauritius Investments Limited.

In pursuance of the above approval, the Bank has received an amount of ₹35 per Equity Share aggregating to ₹69,41,24,550 towards Application and Allotment money out of which ₹ 2.50 per Equity Share amounting to ₹4,95,80,325 is credited to Equity Share Capital and ₹32.50 per Equity Share amounting to ₹ 64,45,44,225 is credited to Share Premium. The balance amount receivable out of the issue price will be called in one or more tranches as may be decided by the Board / Committee from time to time but not later than 12 months from the date of allotment. The share issue expenses amounting to ₹87,76,499 representing stamp duty and filing fee is charged to the Profit and Loss Account.

In pursuance of the above approval, the Bank has also received an amount of ₹98 per Warrant aggregating to ₹. 651,34,06,242. The entire proceeds are disclosed as Warrants in the Balance Sheet. The balance amount receivable out of the issue price will be called in one or more tranches as may be decided by the Board / Committee from time to time but not later than 18 months from the date of RBI Approval. The warrants shall be compulsorily convertible on payment of the final consideration and under any circumstances shall not exceed 18 months from the date of Reserve Bank of India Letter dated July 12, 2018.

1.2 Investments

- a) In respect of Investments in Held to Maturity category, the amount of amortization of excess of acquisition cost over face value is ₹14.37 Crore (previous year ₹15.17 Crore) which is netted against Income on Investments (Schedule 13, Item II)
- b) Provisions for depreciation and diminution on investments in the Available for Sale category investments amounting to ₹36.51 Crore is debited to Profit & Loss account (previous year - ₹25.83 Crore). Consequent to the change in accounting policy during the year on valuation of Security Receipts (4 (e) (v) of Significant Accounting Policies) the charge to Profit & Loss account during the year is higher by ₹11.74 Crore (previous year Nil).
- c) During the year, the bank has transferred securities of book value amounting to ₹53.21 Crore (previous year ₹388.96 Crore) from Held to Maturity category to Available for Sale category on account of reduction in HTM limit relating to SLR Investments as per RBI notification No. DBR.No.Ret.BC.90/12.02.001/2017-18 dated October 4, 2017.

During the year the bank has transferred securities of book value amounting to ₹29.98 Crore (previous year Nil) from HFT category to AFS category in terms of 4(d) of Significant Accounting Policies.

1.3 Reconciliation

Reconciliation of inter-bank and inter-branch transactions has been completed up to 31st March 2019. Steps for elimination of outstanding entries are in progress. In the opinion of the management, since the outstanding entries to be eliminated are insignificant, no material consequential effect is anticipated.

1.4 Taxation

Claims against the bank not acknowledged as debt under contingent liabilities (Schedule 12) include disputed income tax liabilities of ₹ 24.41 Crore (Previous Year – ₹ 25.66 Crore) of which ₹ 22.57 Crore (Previous Year – ₹ 24.26 Crore) has been paid/adjusted

and included under other assets (Schedule 11). In respect of these claims, provision for tax is not considered necessary based on various judicial decisions on such disputes. Management does not envisage any liability in respect of such disputed issues.

Provision for income tax for the year is arrived at after due consideration of the various favorable judicial decisions on certain disputed issues.

1.5 Effect of Changes in the Basis of Accounting and Accelerated Provisioning

- a) Note No.5.1 on Details of Provisions and Contingencies debited in Profit and Loss Account during the year:

Bank as a prudential measure decided to accelerate the provision for NPA. Though the provision requirements as on March 31, 2019 as per asset classification laid down by RBI guidelines is ₹169.61 Crore, considering the uncertainties about the recoverability within a reasonable timeframe, as a prudential measure bank has opted to accelerate the provisioning in the current financial year. Had the bank not accelerated the provisioning, provisions for NPA/write offs would have been lower by ₹ 92.11 Crore and loss before tax would have been lower by ₹92.11 Crore.

- b) Note No.10 on Disclosure for frauds:

As per RBI Circular DBR. No.BP.BC.92/21.04.048/2015-16 dated April 18, 2016, in respect of provisioning pertaining to frauds, bank has the option to make the provisions over a period, not exceeding four quarters commencing from the quarter in which the fraud has been detected and debit other reserves in respect of amount remaining unprovided at the end of the financial year. However, as a prudential measure, Bank has opted to charge the entire amount of such provisioning required to profit & loss account. Had the bank exercised the option to debit the unamortised portion to other reserves, loss before tax would have been lower by ₹14.84 Crore.

- c) Note No.1.2 (c) on Details of Provisions and Contingencies debited in Profit and Loss Account during the year:

The appreciation in value as on 31.03.2019 amounting to ₹11.74 crore in respect of Security Receipt held by the bank has not been reckoned while arriving at depreciation of the portfolio as a prudential measure. Had the bank accounted the said appreciation, loss before tax would have been lower by ₹ 11.74 Crore.

As a cumulative effect of accelerated provisioning as mentioned in the items a) b) and c), loss before tax is higher by ₹ 118.69 Crore (Net Loss after tax for the year is higher by ₹ 77.21 Crore) with consequential impact on Reserves and Surplus, Advances and Investments and Other Liabilities.

2. Disclosures in terms of Reserve Bank of India Guidelines
2.1 Capital

Particulars	Basel III	
	31.03.2019	31.03.2018
i) Common Equity Tier 1 capital ratio (%)	16.03	9.45
ii) Tier 1 Capital ratio (%)	16.03	9.45
iii) Tier 2 Capital ratio (%)	0.67	0.46
iv) Total Capital ratio (CRAR) (%)	16.70	9.91
v) Percentage of the shareholding of the Government of India in public sector banks	NA	NA
vi) Amount of equity capital (including warrants) raised during the year	₹ 720.75 Crore	Nil
vii) Amount of Additional Tier 1 capital raised (during the year); of which PNCPS:	Nil	Nil
PDI:	Nil	Nil
viii) Amount of Tier 2 capital raised (during the year); of which Debt capital instrument:	Nil	Nil
Preference Share Capital Instruments:	Nil	Nil
[Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]		

Particulars	Basel II	
	31.03.2019	31.03.2018
i) Common Equity Tier 1 capital ratio (%)	16.09	9.46
ii) Tier 1 Capital ratio (%)	16.09	9.46
iii) Tier 2 Capital ratio (%)	0.67	0.46
iv) Total Capital ratio (CRAR) (%)	16.77	9.92
v) Percentage of the shareholding of the Government of India in public sector banks	Nil	Nil
vi) Amount of equity capital raised including warrents during the year	₹ 720.75 Crore	Nil
vii) Amount of Additional Tier 1 capital raised (during the year); of which PNCPS:	Nil	Nil
PDI:	Nil	Nil
viii) Amount of Tier 2 capital raised (during the year);of which Debt capital instrument:	Nil	Nil
Preference Share Capital Instruments:	Nil	Nil
[Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]		

Notes to Accounts

2.2 Investments

(₹ in Crore)

Items	31.03.2019	31.03.2018
(1) Value of Investments		
(i) Gross Value of Investments	4111.81	4162.95
(a) In India	4111.81	4162.95
(b) Outside India.	Nil	Nil
(ii) Provisions for Depreciation/Diminution	84.20	49.00
(a) In India	84.20	49.00
(b) Outside India.	Nil	Nil
(iii) Net Value of Investments	4027.61	4113.95
(a) In India	4027.61	4113.95
(b) Outside India.	Nil	Nil
(2) Movement of provisions held towards depreciation/ diminution on investments		
(i) Opening balance	49.00	15.59
(ii) Add: Provisions made during the year	36.78	33.59
(iii) Less: Write-off/ write-back of excess provisions during the year	1.58	0.18
Closing balance	84.20	49.00

2.2.1 Repo Transactions (In Face Value terms)

(₹ in Crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31.03.2019
Securities sold under Repo / Term Repo				
i. Government Securities	15.00	1175.00	407.26	Nil
ii Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under Reverse Repo / Term Reverse Repo				
i. Government Securities	5.00	600.00	48.93	225.00
ii Corporate debt securities	Nil	Nil	Nil	Nil

2.2.2 Non-SLR Investment Portfolio

i) Issuer composition of Non SLR investments

(₹ in Crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	67.32	15.66	Nil	15.66	15.66
(ii)	FIs	51.44	2.00	Nil	Nil	2.00
(iii)	Banks	366.81	233.22	Nil	Nil	Nil
(iv)	Private Corporate	46.68	1.82	Nil	Nil	0.05
(v)	Subsidiaries/ Joint Ventures	Nil	Nil	Nil	Nil	Nil
(vi)	Others (Security receipts)	211.02	211.02	Nil	Nil	211.02
(vii)	Provision held towards depreciation / NPI / diminution	80.47	Nil	Nil	Nil	Nil
	Total	662.81	463.72	Nil	15.66	228.73

ii) Non performing Non-SLR investments

(₹ in Crore)

Particulars	31.03.2019	31.03.2018
Opening balance	20.76	1.82
Additions during the year	0.00	18.94
Reductions during the year	3.28	0.00
Closing balance	17.48	20.76
Total provisions held	8.29	9.76

2.2.3 Sale and transfers to/from HTM Category:

There is no sale from HTM category in 2018-19. The transfer from HTM category to AFS category is in pursuance of RBI notification No. DBR. No. Ret.BC.90/12.02.001/2017-18 dated October 4, 2017. Hence the disclosure on market value of investments and the excess of book value over market value is not applicable:

2.3. Derivatives	:	Nil
2.3.1 Forward Rate Agreement/ Interest Rate Swap	:	Nil
2.3.2 Exchange Traded Currency and Interest Rate Derivatives	:	Nil
2.3.3 Disclosures on risk exposure in derivatives	:	Nil
2.3.4 Qualitative & Quantitative Disclosure	:	Not Applicable

2.4. Asset Quality
2.4.1.1 Non-Performing Asset

(₹ in Crore)

Particulars	31.03.2019	31.03.2018
(i) Net NPAs to Net Advances (%)	2.27%	4.46%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	764.13	600.10
(b) Additions during the year	197.45	281.16
(c) Reductions during the year	430.96	117.13
(d) Closing balance	530.62	764.13
(iii) Movement of Net NPAs		
(a) Opening balance	416.29	447.64
(b) Additions during the year	135.12	194.39
(c) Reductions during the year	310.73	225.74
(d) Closing balance	240.68	416.29
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	344.64	148.70
(b) Provisions made during the year	275.80	217.47
(c) Write-off/ write-back of excess provisions	334.02	21.53
(d) Closing balance	286.42	344.64

2.4.1.2 Divergence in Asset Classification and Provisioning for NPAs

The divergence observed by the RBI for financial year 2017-18 in respect of bank's asset classification and provisioning under the extant prudential norms on income recognition, asset classification and provisioning does not exceed the limit specified under RBI Circular DBR. BP. BC. No.63/21.04.018/2016-17 dated April 18, 2017 and DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1,2019 on 'Divergence in the asset classification and provisioning'.

(Amount in Crore)

2.4.2 PARTICULARS OF ACCOUNTS RESTRUCTURED/RESCHEDULED AS ON 31.03.2019 (Amount in Crore)

Sl. No.	Type of Restructuring	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others					Total						
		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total					
1	Restructured Accounts as on April 1 (opening figure)	No. of Borrower	0	0	1	0	1					2	0	14	0	16	2	0	15	0	17
		Amount outstanding- Restructured facility	0	0	22.36	0	22.36					0.07	0	50.94	0	51.01	0.07	0	73.3	0	73.37
		Other facility	0	0	0	0	0					0	0	4.83	0	4.83	0	0	4.83	0	4.83
		Total	0	0	22.36	0	22.36					0.07	0	55.77	0	55.84	0.07	0	78.13	0	78.2
		Provision thereon	0	0	0	0	0					0	0	0.03	0	0.03	0	0	0.03	0	0.03
2	Fresh restructuring during the period	No. of Borrower	0	0	0	0	0				66	0	0	0	66	66	0	0	0	0	66
		Amount outstanding- Restructured facility	0	0	0	0	0				19.55	0	0	0	19.55	19.55	0	0	0	0	19.55
		Other facility	0	0	0	0	0				9.29	0	0	0	9.29	9.29	0	0	0	0	9.29
		Total	0	0	0	0	0				28.84	0	0	0	28.84	28.84	0	0	0	0	28.84
		Provision thereon	0	0	0	0	0				0.26	0	0	0	0.26	0.26	0	0	0	0	0
3	Upgradations to restructured standard category during the year.	No. of Borrower	Nil	Nil	Nil	Nil	Nil				Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		Amount outstanding- Restructured facility	Nil	Nil	Nil	Nil	Nil				Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		Other facility	Nil	Nil	Nil	Nil	Nil				Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		Total	Nil	Nil	Nil	Nil	Nil				Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		Provision thereon	Nil	Nil	Nil	Nil	Nil				Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
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 year.	No. of Borrower	0	0	0	0	0				(2)	0	(1)	0	(3)	(3)	(2)	0	(1)	0	(3)
		Amount outstanding- Restructured facility	0	0	0	0	0				(0.07)	0	(3.07)	0	(3.14)	(3.14)	(0.07)	0	(3.07)	0	(3.14)
		Other facility	0	0	0	0	0				0	0	(0.45)	0	(0.45)	(0.45)	0	0	(0.45)	0	(0.45)
		Total	0	0	0	0	0				(0.07)	0	(3.52)	0	(3.59)	(3.59)	(0.07)	0	(3.52)	0	(3.59)
		Provision thereon	0	0	0	0	0				0	0	0	0	0	0	0	0	0	0	0

Sl. No.	Type of Restructuring		Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total					
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total			
5	Down gradations of restructured accounts during the year. (Net)	Asset classification	NIL												NIL					
			No. of Borrower	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
			Amount outstanding- Restructured facility	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Write-offs / Sale /Closed of restructured accounts during the FY.	Asset classification	NIL												NIL					
			No. of Borrower	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
			Amount outstanding- Restructured facility	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Changes in the account balance	Asset classification	Nil												Nil					
			No. of Borrower	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
			Amount outstanding- Restructured facility	0	0	(22.36)	0	(22.36)	0	0	0	0	0	0	0	0	0	0	0	0
8	Restructured accounts as on March 31 st 2019 (closing figures*)	Asset classification	Nil												Nil					
			No. of Borrower	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0
			Amount outstanding- Restructured facility	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total			0	0	(22.36)	0	(22.36)	0	(22.36)	0	0	0	0	0	0	0	0	0	0	
Provision thereon			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total			66	0	10	0	76	0	10	0	0	0	0	0	0	0	0	0	0	
Amount outstanding- Restructured facility			19.55	0	6.63	0	26.18	0	6.63	0	0	0	0	0	0	0	0	0	0	
Other facility			9.29	0	0	0	9.29	0	0	0	0	0	0	0	0	0	0	0	0	
Total			28.84	0.00	6.63	0.00	35.47	0.00	6.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Provision thereon			0.26	0.00	0.00	0.00	0.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

Note: Out of 77 accounts disclosed above, 66 accounts amounting to ₹ 28.84 crore pertains to restructuring on account of natural calamities done in accordance with Master Direction by RBI (Relief Measures by Banks in areas affected by natural calamities) Directions 2018 dated October 17,2018.

Notes to Accounts

2.4.2 B	Disclosures on Flexible Structuring of Existing Loans	-	Nil.
2.4.2 C	Disclosures on Strategic Debt Restructuring Scheme	-	Nil.
2.4.2 D	Disclosures on Change in Ownership outside SDR Scheme	-	Nil.
2.4.2 E	Disclosures on Change in Ownership of Projects under Implementation	-	Nil.
2.4.2. F	Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A)	-	Nil.
2.4.2.G.	Restructured accounts under MSME - One-time restructuring on 31.03.2019		

Asset status	No of accounts	Amount (₹ in Crore)
Standard	2	4.24
Substandard	2	3.42
Total	4	7.66

2.4.3.A. Details of financial assets sold to Securitization / Reconstruction Company for Asset Reconstruction - Nil

2.4.3.B. Book value of investments in Security receipts

(₹ in Crore)

Particulars	Backed by NPAs/ SMAs sold by the bank as underlying		Backed by NPAs/ SMA/ SMA2 sold by other banks/ financial institutions/ non-banking financial companies as underlying		Total	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Book value of investments in security receipts	211.02	267.87	---	---	211.02	267.87

2.4.3.C. Ageing of investments held as Security receipts and provision held

	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
I	Book value of SRs backed by NPAs/SMAs sold by the bank as underlying	131.70	79.32	Nil
	Provision held against (i)	49.05	23.00	Nil
II	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	Nil	Nil	Nil
	Provision held against (ii)	Nil	Nil	Nil
	Total (i+ii)	131.70	79.32	Nil

2.4.4 Details of non-performing financial assets purchased/sold from/to other banks - Nil.

2.4.5 Provisions on Standard Assets

(₹ in Crore)

Particulars	31.03.2019	31.03.2018
Provisions held towards Standard Assets	47.24	34.32

2.5 Business Ratio

(As compiled by the management and relied upon by the auditors)

Particulars	12 Months ended 31.03.2019	12 Months ended 31.03.2018
(i) Interest Income as a percentage to Working Funds	7.70	7.83
(ii) Non-interest income as a percentage to Working Funds	0.78	0.76
(iii) Operating Profit as a percentage to Working Funds	0.08	0.45
(iv) Return on Assets (%)	(1.13)	(0.59)
(v) Business (Deposits plus advances) per employee	₹858.77 Lakhs	₹851.23 Lakhs
(vi) Profit /(Loss) per employee	₹(6.64) Lakhs	₹(3.45) Lakhs

2.6 Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(As compiled by the management and relied upon by the auditors)

(₹ in Crore)

As on 31.03.2019	Day 1	2-7 Days	8 - 14 Days	15 to 30 days	31 days to 2 months	2 months to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	69.14	100.68	116.17	100.92	162.94	162.71	501.98	396.98	4427.87	172.41	8912.08	15123.87
Advances	12.18	85.23	118.17	253.05	779.06	722.31	1392.38	1981.30	3654.35	875.65	741.55	10615.24
Investments (Net)	56.32	59.95	24.96	24.93	77.80	5.56	72.99	308.89	28.76	220.73	3146.72	4027.61
Borrowings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Currency assets	14.31	0.07	0.77	2.14	0.00	0.52	18.86	107.81	4.12	1.99	0.00	150.59
Foreign Currency liabilities	25.63	0.77	0.49	2.85	0.00	4.87	17.38	36.26	50.49	11.64	0.21	150.59

Note: Deposits have been classified as per behavioural maturity.

2.7 Exposures

2.7.1 Exposure to Real Estate Sector

(As compiled by the management and relied upon by the auditors)

(₹ in Crore)

Category	31.03.2019	31.03.2018
a) Direct exposure		
(i) Residential Mortgages		
a) Priority sector	165.79	143.02
b) Non priority sector	216.54	241.50
(Of which staff housing loans)	(62.26)	(68.59)
c) Total	382.33	384.52

Notes to Accounts

Category	31.03.2019	31.03.2018
(ii) Commercial Real Estate	353.58	409.03
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential,	Nil	Nil
b. Commercial Real Estate.	Nil	Nil
b) Indirect Exposure		
Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1068.83	529.35
Total Exposure to Real Estate Sector	1804.74	1322.9

2.7.2 Exposure to Capital Market

(As compiled by the management and relied upon by the auditors)

(₹ in Crore)

SI No	Items	31.03.2019	31.03.2018
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	0.92	0.92
2	Advances against shares/bonds/debentures of other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity oriented mutual funds	0.25	0.33
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	0.00	0.00
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	Nil	Nil
6	Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's 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 stock brokers for margin trading	Nil	Nil
10	All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
	Total Exposure to Capital Market	1.17	1.25

2.7.3 Risk category wise country exposure *

(As compiled by the management and relied upon by the auditors)

(₹ in Crore)

Risk Category	Exposure (Net) as at 31.03.2019	Provision held as at 31.03.2019	Exposure (Net) as at 31.03.2018	Provision held as at 31.03.2018
Insignificant	32.94	Nil	53.91	Nil
Low	9.75	Nil	14.01	Nil
Moderately Low	0.00	Nil	0.68	Nil
Moderate	0.23	Nil	0.16	Nil
Moderately High	0.00	Nil	0.02	Nil
High	Nil	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
Total	42.92	Nil	68.77	Nil

* Based on categorization followed by Export Credit Guarantee Corporation of India Ltd

The bank is not having exposure to any country where the net funded exposure is 1 percent or more of the total assets and hence no provisioning is necessary for country risk, in accordance with the RBI guidelines.

2.7.4 Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the Bank.

(₹ in Crore)

Name of Borrower	Exposure as on 31.03.2019			Exposure as on 31.03.2018		
	Advance Exposure	Investment Exposure	Total Exposure	Advance Exposure	Investment Exposure	Total Exposure
Phoenix Trust	Nil	Nil	Nil	Nil	138.87	138.87

2.7.5 Unsecured Advances

Total amount of advances for which intangible securities such as charge over the rights, licenses, authorization etc. are available to the bank is Nil.

2.8 Miscellaneous
Amount of Provisions made for Income-tax during the year

(₹ in Crore)

Particulars	31.03.2019	31.03.2018
Provision for Income Tax(including Deferred Tax)	(102.68)	(51.90)

2.8.1 Disclosure of Penalties imposed by RBI -

(a) The Reserve Bank of India (RBI) vide its letter dated February 25, 2019 had imposed monetary penalty of ₹4 Crore in terms of Section 47A (1)(c) read with section 46 (4)(i) of the Banking Regulation Act, 1949 on the Bank for delay in adherence of its directives on "Time bound implementation and strengthening of SWIFT related operational controls". The operating expenses for the year ended March 31, 2019 are higher to that extent.

(b) The RBI had imposed an aggregate penalty of ₹ 1450/- (on various dates) during the Financial Year 2018-19 on account of counterfeit notes detected in the remittance of soiled notes at RBI by Singanellur and Ernakulam Currency Chests.

3. Disclosures as per Accounting Standards where RBI has issued Guidelines in respect of items for 'Notes to Accounts'
3.1 Accounting Standard 15 (Revised) –Employee Benefits

3.1.1 Disclosures for Defined Contribution Plans – Provident Fund & New Pension Scheme (Contributory)

Contributions to employee provident fund and new pension scheme (contributory), debited to Profit & Loss Account during the year amounts to ₹ 6.49 Crore (Previous Year - ₹ 5.43 Crore). There is no deficit in the Provident Fund Trust.

3.1.2 Disclosures for Defined Benefit Plans – Pension, Gratuity & Long term Compensated Absences (Privilege Leave)**3.1.2.1 Amount recognized in Balance Sheet and Profit & Loss Account**

The amount recognised in the balance sheet is as follows:

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Present Value of Obligations – Closing	197.91	282.13	59.70	75.72	25.49	32.53
Fair Value of Plan Assets - Closing	147.31	284.06	52.07	73.82	N.A.	N.A.
Funded Status	50.60	(1.93)	7.63	1.90	25.49	32.53
Net Liability (Asset) recognised in Balance Sheet (included in Item No IV- Others of Schedule 5 – Other Liabilities & Provisions)	50.60	(1.93)	7.63	1.90	25.49	32.53

The amount recognised in the statement of profit and loss account is as follows:

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Current Service Cost	37.66	53.32	2.79	3.33	9.44	10.37
Past Service Cost	N.A.	N.A.	0.00	4.54	N.A.	N.A.
Interest Cost	13.30	20.31	3.92	5.37	1.58	2.02
Expected Return on Plan Assets	(21.30)	(22.09)	(5.54)	(6.25)	N.A.	N.A.
Net Actuarial Loss/(Gain) recognised in the year	82.00	4.64	27.82	4.63	4.75	2.47
Total (included in Item I. "Payment to and provisions for employees" of Schedule 16 – Operating Expenses) *	111.66	56.18	28.99	11.62	15.77	14.86

*Payment to and provisions for employees is higher during the year 2018-19 due to reduction of retirement age from 60 years to 58 years and increase in DA rates during the year.

3.1.2.2 Changes in Fair Value of Plan Assets

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Fair Value of Plan Assets at the beginning of the year	284.06	286.94	73.82	81.14	N.A.	N.A.
Expected Return on Plan Assets	21.30	22.09	5.54	6.25	N.A.	N.A.
Contributions	59.13	86.69	23.26	8.85	22.81	17.08
Benefits Paid	209.67	103.57	46.78	21.07	22.81	17.08
Actuarial (Loss)/Gain	(7.51)	(8.09)	(3.77)	(1.35)	N.A.	N.A.
Fair Value of Plan Assets at the end of the year	147.31	284.06	52.07	73.82	N.A.	N.A.

3.1.2.3 Changes in Present Value of Obligations

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Present Value of Obligations at the beginning of the year	282.13	315.52	75.72	80.27	32.53	34.75
Interest Cost	13.30	20.31	3.92	5.37	1.58	2.02
Current Service Cost	37.66	53.32	2.79	3.33	9.44	10.37
Past Service Cost	N.A	N.A	0.00	4.54	N.A	N.A
Benefits Paid	209.67	103.57	46.78	21.07	22.81	17.08
Actuarial Loss/(Gain)	74.49	(3.45)	24.05	3.28	4.75	2.47
Present Value of Obligations at the end of the year	197.91	282.13	59.70	75.72	25.49	32.53

3.1.2.4 Movement in Net Liability Recognised in Balance Sheet

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Net Liability at the beginning of the period	(1.93)	28.58	1.90	(0.87)	32.53	34.75
Add Expenses Charged to Profit & Loss Account	111.66	56.18	28.99	11.62	15.77	14.86
Less Contributions	59.13	86.69	23.26	8.85	22.81	17.08
Net Liability (Asset) at the end of the period	50.60	(1.93)	7.63	1.90	25.49	32.53

3.1.2.5 Actual Return on Plan Assets

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Expected Return on Plan Assets	21.30	22.09	5.54	6.25	N.A.	N.A.
Actuarial Gain (Loss)	(7.51)	(8.09)	(3.77)	(1.35)	N.A.	N.A.
Actual Return on Plan Assets	13.79	14.00	1.77	4.90	N.A.	N.A.

3.1.2.6 Actuarial Assumptions

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Discount Rate (p.a.)	7.50%	7.70%	7.50%	7.70%	7.50%	7.70%
Expected Return on Plan Assets (p.a.)	7.50%	7.70%	7.50%	7.70%	N.A	N.A
Future Salary Increases (p.a.)	5.00%	5.50%	5.00%	5.50%	5.00%	5.50%
Mortality	In accordance with the standard table LIC (1994-96).		In accordance with the standard table LIC (1994-96).		In accordance with the standard table LIC (1994-96).	

Notes to Accounts

3.1.2.7 Investment Percentage maintained by Pension & Gratuity Trust

	Pension		Gratuity	
	As on 31.03.2019	As on 31.03.2018	As on 31.03.2019	As on 31.03.2018
Life Insurance Companies	96.56%	89.31%	93.60%	83.98%
Central Govt. Securities	--	3.67%	--	2.10%
State Govt. Securities	1.75%	4.69%	--	4.66%
Other Trust Securities (PSU)/Deposits with Banks etc.	1.69%	2.33%	6.40%	9.26%
Total	100.00%	100.00%	100.00%	100.00%

3.1.2.8 Experience Adjustments

(i) Pension

(₹ in Crore)

	March 31				
	2019	2018	2017	2016	2015
Defined Benefit Obligations	197.92	282.13	315.52	320.48	304.66
Plan Assets	147.31	284.06	286.94	287.55	291.84
Surplus/(Deficit)	(50.61)	1.93	(28.58)	(32.93)	(21.82)
Experience adjustments on Plan Liabilities	71.93	6.83	(22.11)	(44.83)	(12.11)
Experience Adjustments on Plan Assets	(7.21)	(8.61)	20.53	6.29	6.34

(ii) Gratuity

(₹ in Crore)

	March 31				
	2019	2018	2017	2016	2015
Defined Benefit Obligations	59.70	75.72	80.27	85.70	80.22
Plan Assets	52.07	73.82	81.14	71.06	85.66
Surplus/(Deficit)	(7.63)	(1.90)	0.87	(14.64)	4.44
Experience adjustments on Plan Liabilities	23.04	(2.13)	(4.96)	(18.77)	(0.86)
Experience Adjustments on Plan Assets	(3.62)	(2.27)	5.34	0.53	2.29

3.1.2.9 Expected Contributions

Bank's best estimates of contributions to the funds in FY 2019-20 are as follows:

Pension	:	₹ 60 Crore
Gratuity	:	₹ 10 Crore

3.1.3 Other Long term Employee Benefits

- As on 31.03.2019, the Bank holds provision of ₹ 4.34 Crore (Previous Year - ₹ 4.22 Crore) towards provision for Sick Leave and Leave Fare Concession based on actuarial valuation

3.2 Accounting Standard 17 – Segment Reporting

Part A: Business Segments

(As compiled by the management and relied upon by the auditors)

(₹ in Crore)

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Business		Total	
	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18
Revenue	371.05	356.88	346.36	330.87	748.55	719.75	17.48	14.72	1,483.43	1,422.23
Result	(178.11)	(164.10)	48.55	65.62	142.52	170.66	0.41	2.14	13.36	74.33
Unallocated expenses									NIL	NIL
Operating profit									13.36	74.33
Provisions other than tax									313.45	223.69
Provision for Tax									(102.68)	(51.90)
Extraordinary profit/ loss									NIL	NIL
Net profit/ (Loss)									(197.42)	(97.47)
OTHER INFORMATION										
Segment assets	4,316.83	4,659.49	4,256.64	3,666.36	7,240.27	6,615.00	6.58	6.20	15,820.31	14,947.05
Unallocated assets									1,090.84	923.00
Total assets									16,911.16	15,870.05
Segment liabilities	99.82	57.42	2,144.34	2,134.95	14,379.12	13,493.73	15.53	18.34	16,638.81	15,704.44
Unallocated liabilities									272.35	165.61
Total liabilities									16,911.16	15,870.05

- RBI wide direction RBI/2018-19/128 DBR.DIR.BC.No.27/13.03.00/2018-19 dated February 22, 2019, modified the definition of bulk deposits from Single Rupee term deposits of Rupees one crore and above to Single Rupee term deposits of Rupees two crore and above. The Corporate/wholesale liabilities for the year end 31.03.2019 has been arrived at using the new definition. Previous year figures have not been restated in this regard.

Part B: Geographic segments

The Bank has no branches outside India.

3.3 Accounting Standard 18 – Related Party disclosures

- (i) Name of the related party and details of the transactions

Name of the Party	Nature of Relationship	Nature of the related Party transaction
Shri. C. VR Rajendran, Managing Director &CEO	Key Management Personnel	Remuneration paid
Finsigma Inclusive Services Pvt. Ltd (FISPL)	Common Director Shri. Madhavan Aravamuthan	Business Correspondents Tie up with FISPL

Notes to Accounts

(ii) Name of the related party with whom transactions are proposed

Name of the Related Party	Nature of Relationship	Nature of the related Party transaction proposed
Thomas Cook (India) Limited (TCIL)	<p>Subsidiary of Fairbridge Capital (Mauritius) Limited (FCML)</p> <p>FCML is associate of FIH Mauritius Investments Ltd(FIH-M). FIH-M is holding 5.77% in the paid up capital of the Bank as on March 31, 2019. Details of their other holdings are disclosed in 1.1.of Schedule 18- Notes on accounts.</p>	Tie-up with TCIL for issuance of Co-branded Multicurrency Pre-paid Foreign Exchange Travel Card (Refer Note No. 4 below)

iii) Name of the other related parties

Sr. No	Name of the Entity	Relationship
1	Fairfax India Holdings Corporation (FIHC)	Parent Company of FIH-M
2	Fairfax Financial Holdings Limited (FFH)	Ultimate parent Company of FIH-M
3	FIH Private Investments Ltd	Wholly owned subsidiary of FIH-M
4	I Investments Limited	Wholly owned subsidiary of FIH-M
5	Fairbridge Capital (Mauritius) Limited (FCML)	Affiliate of FIH-M
6	HWIC Asia Fund	Affiliate of FIH-M
7	FAL Corporation	Affiliate of FIH-M
8	O.R.E Holdings Limited	Affiliate of FIH-M
9	Fairchem Speciality Limited	Investee Company of FIH-M
10.	National Collateral Management Services Limited	Investee Company of FIH-M
11.	IIFL Holdings Limited	Investee Company of FIH-M
12.	Sanmar Engineering Services Limited	Investee Company of FIH-M
13.	Saurashtra Freight Private Limited	Investee Company of FIH-M
14.	Bangalore International Airport Limited	Investee Company of FIH-M
15.	5Paisa Capital Limited	Investee Company of FIH-M
16.	Seven Islands Shipping Limited	Investee Company of FIH-M
17.	Fairbridge Investments (Mauritius) Limited	Wholly owned subsidiary of FCML
18.	Fairbridge Capital Private Limited	Investee Company of FCML

Notes

- As there was only one related party in the each category, the Bank is required to disclose only the relationship with that related party in terms of Reserve Bank of India guidelines No.DBOD.No.BP.BC/89/21.04.018/2002-03 dated March 29, 2003 on compliance with Accounting Standards (AS) by Banks.
- In terms of circular referred in Point No.1 of the above, Key Management Personnel (KMP) are the whole time directors of the Bank.
- The normal transactions of the Bank with related parties as constituents are not reckoned for the purpose of disclosure.
- During the year under review, Board has approved the Tie-up, but no transaction has been entered into with TCIL.

3.4 Accounting Standard 22 – Accounting for Taxes on Income

Net Deferred Tax Asset as on 31.03.2019 , computed in compliance with the Accounting Standard 22 on Accounting for Taxes on Income, amounts to ₹ 284.14Crore, which is included in Item No.5 “Others” of Schedule 11-Other Assets.

Components of Net Deferred Tax Asset as on 31.03.2019 are as follows:

(₹ in Crore)

	31.03.2019	31.03.2018
Deferred Tax Asset		
Provision for Employee Benefits	13.70	11.69
Provision for Standard Assets	16.51	11.99
Provision for Bad & doubtful debts	57.85	74.99
Carry Forward Loss	204.54	90.71
Others	4.15	3.24
Total Deferred Tax Asset	296.75	192.62
Deferred Tax Liability		
Depreciation on Fixed Assets	4.31	4.05
Special Reserve u/s 36 (1)(viii)	8.30	8.30
Total Deferred Tax Liability	12.61	12.35
Net Deferred Tax Asset	284.14	180.27

3.5 Accounting Standard 5 – Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies – Please refer Note 1.5

3.6 Accounting Standard 9 – Revenue Recognition, Accounting Standard 21 - Consolidated Financial Statements (CFS), Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements, Accounting Standard 24 - Discontinuing Operations - NIL

3.7 Accounting Standard 25 - Interim Financial Reporting

Bank has complied with the disclosures in connection with the half yearly review prescribed by RBI

4 Other Accounting Standards

4.1 Accounting Standard 10 – Property, Plant & Equipment

i) Disclosure related to revaluation of land and building owned by the bank.

(a) the effective date of the revaluation - 31.03.2016

(b) whether an independent valuer was involved - Land and building was valued by two independent valuers. Lower of the value arrived by the valuers is taken as the revalued amount.

(c) the methods and significant assumptions applied in estimating fair values of the items;

Asset	Details	Valuer 1	Valuer 2
Building	Method	Plinth area rates of CPWD	Plinth area method applicable to the type of structure, specification, services, amenities
	Depreciation	Based on the present condition and age of building.	Based on the age, condition and maintenance of the building
	Valuation	Plinth area rates of previous valuation taken as base rate	Composite market rate
Land	Method	Based on local enquiries, transactions in recent, past and valuers best of judgement	Based on location, level/shape/extent of the land, infrastructure /civic amenities availability, width of the abutting road, water potentialy, etc.
	Valuation	Present market value	Prevailing market rate based on the above

(d) the extent to which fair values of the items were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques - Fair value as explained in item (c)above

Notes to Accounts

(e) the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders

Revaluation surplus as on 31.03.2019	–	Rs157.82 Crores
Change for the period	–	Rs 1.64 Crores (transferred from Revaluation Reserve to General Reserves)

ii) Bank had demolished one of its premises during the year and the amount standing in Revaluation Reserve relating to that asset ₹ 0.14 crore (included in has been transferred to General Reserve as per para 44 of the standard.

4.2 Accounting Standard 19 – Leases

The properties taken on lease/rental basis are renewable/ cancellable at the option of the Bank.

4.3 Accounting Standard 20 – Earnings per Share

Particulars	2018-19	2017-18
EPS-Basic /Diluted	₹ (23.73)	₹ (12.04)
Amount used as numerator- Profit / (Loss)after Tax (₹ in crore)	(197.42)	(97.47)
Nominal value per Equity Share	₹ 10	₹ 10
Weighted Average Number of Equity Shares used as denominator	8,31,89,801	8,09,62,082

Note: As per the terms and conditions at the time of issue of warrants which are compulsorily convertible into Equity Shares, the price at which the warrants shall be converted into Equity Shares is determined at fair value based on the valuation obtained by the Bank. Hence, as per para 37 of AS-20, the potential Equity Shares are considered to be anti-dilutive.

4.4 Accounting Standard 26 – Intangible Assets

(₹ in Crore)

The bank has complied with AS 26 (Intangible Assets) and the disclosures required under the Standard are as follows:

	31.03.2019	31.03.2018
a) Acquired Application Software		
Opening Balance at cost	20.85	16.99
Add Additions during the year	5.84	3.86
Less Disposals during the year	0.00	Nil
Less Amortisation to date	15.68	12.45
Net Carrying Amount	11.01	8.40
b) Internally Generated Software		
Opening Balance at cost	14.66	12.70
Add Additions during the year	1.85	1.96
Less Disposals during the year	Nil	Nil
Less Amortisation to date	12.29	11.17
Net Carrying Amount	4.22	3.49
Total Carrying Amount	15.23	11.89

4.5 Accounting Standard 28 - Impairment of Assets

In the opinion of the bank/as per valuation reports from approved valuers, there is no material impairment to the fixed assets as at 31.03.2019 requiring recognition in terms of Accounting Standard 28 – Impairment of Assets.

4.6 Accounting Standard 29- Provisions, Contingent Liabilities and Contingent Assets

Movements in significant provision heads have been disclosed at appropriate places in the Notes forming part of the accounts.

4.6.1 Description of Contingent Liabilities

a) Claims against the bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by Income tax and other statutory authorities and disputed by the bank.

b) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, (currency swaps, Forward exchange contracts and currency futures) on its own account and forward exchange contracts for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate.

c) Guarantee given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligation.

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items for which the bank is contingently liable

Includes income tax/service tax appeals filed by the bank, capital commitments and amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF).

f) The Bank's pending litigations comprise of claims against the Bank by the clients and proceedings pending with Income Tax Authorities. The Bank has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Bank does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

Refer schedule 12 for amounts relating to contingent liability.

5. Additional Disclosures as per RBI Guidelines

5.1 Details of provisions and contingencies debited in Profit and Loss Account during the Year

(₹ in Crore)

		31.03.2019	31.03.2018
a	Provisions towards NPA/write offs	261.72	191.07
b	Depreciation and write off of investments	35.25	33.59
c	Provision for Income tax (Including Deferred Tax)	(102.68)	(51.89)
d	Provision for Standard Assets	12.92	(0.32)
e	Provision for diminution on Restructured Advances	0.21	(0.40)
f	Other provisions	3.35	(0.25)
	Total	210.77	171.80

5.2 Floating Provisions

a	Opening Balance in floating provisions account	Nil
b	Quantum of floating provisions made in the accounting year	Nil
c	Purpose & amount of draw down made during the accounting year	Nil
d	Closing balance in floating provisions account	Nil

5.3 Draw Down from Reserves –

The Bank has not drawn from Reserves any amount from general reserves

5.4 Disclosure of complaints

A. Customer Complaints (Other than ATM)

	31.03.2019	31.03.2018
a) No. of complaints pending at the beginning of the year	25	29
b) No. of complaints received during the year	445	432
c) No. of complaints redressed during the year	440	436
d) No. of complaints pending at the end of the year	30	25

B. ATM Complaints

	31.03.2019	31.03.2018
a) No. of ATMs complaints pending at the beginning of the year	Nil	Nil
b) No. of ATMs complaints received during the year	22892	9270
c) No. of ATMs complaints redressed during the year	22892	9270
d) No. of ATMs complaints pending at the end of the year	Nil	Nil

Notes to Accounts

C. Awards passed by the Banking Ombudsman

	31.03.2019	31.03.2018
a) No. of unimplemented Awards at the beginning of the year	Nil	Nil
b) No. of Awards passed by the Banking Ombudsmen during the year	Nil	Nil
c) No. of Awards implemented during the year	Nil	Nil
d) No. of unimplemented Awards at the end of the year	Nil	Nil

5.5 Disclosure of Letter of Comforts (LOCs) issued by banks

Not applicable since the Bank has no subsidiaries.

5.6 Provisioning Coverage Ratio

	As on 31.03.2019	As on 31.03.2018
Provisioning Coverage Ratio	78.16%	61.86%

5.7 Income from Bancassurance

(₹ in Crore)

Sl.No.	Nature of Income	12 months ended 31.03.2019	12 months ended 31.03.2018
1.	From Selling Life Insurance Policies	9.35	6.60
2.	From Selling Non Life Insurance Policies	0.27	0.31
3.	From Selling Mutual Fund Products	0.00	0.00
4.	Others	Nil	Nil
Total		9.62	6.91

5.8 Concentration of Deposits, Advances, Exposures and NPAs

5.8.1 Concentration of Deposits

	As on 31.03.2019	As on 31.03.2018
Total Deposits of twenty largest depositors (₹ in Crore)	1036.43	751.39
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	6.85%	5.11%

5.8.2 Concentration of Advances

	As on 31.03.2019	As on 31.03.2018
Total Advances of twenty largest borrowers (₹ in Crore)	1619.67	1454.37
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	13.50%	12.85%

5.8.3 Concentration of Exposures

	As on 31.03.2019	As on 31.03.2018
Total Exposures to twenty largest borrowers/customers (₹ in Crore)	1681.06	1651.16
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/customers	13.53%	14.00%

5.8.4 Concentration of NPAs

(₹ in Crore)

	As on 31.03.2019	As on 31.03.2018
Total Exposures to top four NPA Accounts	35.58	97.38

5.9 Sector-wise advances

(As compiled by the management and relied upon by the auditors)

(Amount in Crore)

	Outstanding Total Advances	Gross NPAs	Gross NPA (%)
Priority Sector			
Agriculture and allied activities	1801.82	62.07	3.45%
Advances to industries sector eligible as priority sector lending	547.40	103.24	18.86%
Services	1157.66	182.57	15.77%
Personal loans	355.88	61.32	17.23%
Sub-total (A)	3862.76	409.21	10.59%
Non Priority Sector			
Agriculture and allied activities	11.49	0.20	1.74%
Industry	458.16	3.30	0.72%
Services	3206.19	14.36	0.45%
Personal loans	3366.89	103.55	3.08%
Sub-total (B)	7042.73	121.41	1.72%
Total (A+B)	10905.48	530.62	4.87%

5.10 Movement of NPA

(₹ in Crore)

Particulars	2018-19	2017-18
Opening Balance of Gross NPA	764.13	600.10
Additions (Fresh NPAs) during the year	197.45	281.16
Sub-total (A)	961.58	881.26
Less:-		
(i) Upgradations	33.20	9.08
(ii) Recoveries (excluding recoveries made from upgraded accounts)	97.75	103.02
(iii) Technical/ Prudential Write-offs	279.76	0
(iv) Write-offs other than those under (iii) above	20.25	5.03
Sub-total (B)	430.96	117.13
Closing balance of Gross NPA (A – B)	530.62	764.13

5.11 Movement of technical write offs and recoveries

(₹ in Crore)

Particulars	2018-19	2017-18
Opening balance of technical/prudential written off accounts	327.20	354.91
Add: Technical/Prudential write-offs during the year	279.76	Nil
Sub-total(A)	606.96	354.91
Less-Recoveries/ write off made from previously technical/Prudential written off accounts during the year (including sale to ARCs) (B))(1)	35.81	27.71
Closing balance (A-B)	571.15	327.20

5.12 Overseas Assets, NPAs and Revenue

(₹ in Crore)

Particulars	31.03.2019	31.03.2018
Total Assets	10.42	27.26
Total NPAs	Nil	Nil
Total Revenues	0.98	0.58

Notes to Accounts

5.13 Off-balance Sheet SPVs sponsored

(which are required to be consolidated as per accounting norms) Nil

5.14 Disclosure on Remuneration

Qualitative disclosures	<p>(a) Information relating to the composition and mandate of the Nomination & Remuneration Committee</p> <p><u>Composition</u> The Nomination & Remuneration Committee of the Board comprises of majority of independent directors.</p> <p><u>Function and mandate</u> The Nomination & Remuneration Committee of the Board inter alia, oversee the framing, review and implementation of compensation policy of the Bank including ESOS of the bank on behalf of the Board.</p> <p><u>The Committee should ensure that :-</u></p> <ul style="list-style-type: none"> • the cost/income ratio of the bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio; • the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the bank successfully; • relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and • remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
	<p>(b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.</p> <p><u>Process</u> The Nomination & Remuneration Committee works in close co-ordination with the Risk Management Committee of the Board to review the compensation practices every year in order to achieve effective alignment between remuneration and risks. The Nomination & Remuneration Committee will study the business and industry environment, analyze and categorize the risks and streamline the components of the compensation plan like proportion of the total variable compensation to be paid to MD & CEO, WTD's and Senior executives to ensure financial stability of the organization</p> <p><u>Authority to invoke clawback arrangement</u> The Nomination & Remuneration Committee of the Board also have the authority to ascertain whether the decision taken by the MD& CEO, WTD, Senior executives/ officers (Non IBA Package) have brought forth a negative contribution to the Bank. The Committee has vested with the powers to invoke the clawback arrangement, after taking into account relevant statutory and regulatory stipulations as applicable..</p> <p>Objectives The objectives of the remuneration policy are four fold:</p> <ul style="list-style-type: none"> • To align compensation with prudent risk taken. • To ensure effective governance of the compensation in the organization. • To ensure effective supervisory oversight and stakeholder engagement in compensation. • To attract and retain talent. <p>Key features</p> <ul style="list-style-type: none"> • To actively oversee the compensation systems design and operation. • To monitor and review the compensation system to ensure that the system operates as intended. • Staff engaged in financial and risk control must be independent, have appropriate authority, and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the firm. • Supervisory review of compensation practices must be rigorous and sustained and deficiencies must be addressed promptly with supervisory action. • Firms must disclose clear comprehensive and timely information about their compensation practices to facilitate constructive engagement by all stakeholders.

	<p>(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.</p> <p>For the purpose of effectively aligning compensation structure with risk outcomes, the functionaries in the institution are arranged under the following four categories.</p> <ol style="list-style-type: none"> 1) Managing Director & CEO 2) Senior Executives (Risk control and compliance staff) -Non IBA Package 3) Senior / Other Officers - Non IBA Package 4) Other officers and staff -On IBA package <p><u>Clawback Arrangement/Compensation Recovery</u></p> <p>A clawback arrangement or a compensation recovery is provided in the policy[MD & CEO,WTD's and Senior executives/ officers (Non IBA Package)] which will entail the Bank to recover proportionate amount of variable compensation paid to the functionaries on account of an act or decision taken by the official which has brought forth a negative contribution to the bank at a prospective stage. The clawback arrangement is subject to the relevant statutory and regulatory stipulations as applicable.</p> <p><u>Limit on variable pay</u></p> <p>As per the policy, the variable compensation offered to an official would not exceed 70% of the total fixed compensation in a year.</p> <p><u>Severance pay and guaranteed bonus</u></p> <p>As per the policy, severance pay (other than gratuity or terminal entitlements or as entitled by statute) is not paid to any official of the organization except in those cases where it is mandatory by statute.</p> <p>Sign on bonus or joining bonus is limited to the first year and is paid only as Employee stock options.</p> <p><u>Hedging</u></p> <p>As per the policy, no compensation scheme or insurance facility would be provided by the Bank to employees to hedge their compensation structure to offset the risk alignment mechanism (deferral pay and clawback arrangements) embedded in their compensation arrangement.</p> <p><u>Committees to mitigate risks caused by an individual decision</u></p> <p>In order to further balance the impact of market or credit risks caused to the organization by an individual decision taken by a senior level executive, MD & CEO or a whole time director, the bank, as a promoted practice, has constituted various committees to take decisions on various aspects.</p> <p>Credit limits are sanctioned by committees at different levels.</p> <p>Investment decisions of the Bank are taken and monitored by Treasury & Investment Management Committee and there is an upper limit cut in treasury dealings where individual decisions can be taken.</p> <p>Interest rates on Asset and liability products for different buckets are decided and monitored by the ALCO. Banks' exposure to liquidity risk are also monitored by ALCO.</p> <p><u>Compensation of risk control staff</u></p> <p>Members of staff engaged in financial and risk control would be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the bank. The mix of fixed and variable compensation for control function personnel should be weighted in favour of fixed compensation.</p>
	<p>(d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.</p> <p><u>Compensation of MD & CEO, whole time directors and senior executives (Non IBA), performance linkage</u></p> <p>As per the policy, the compensation paid out to the referred functionaries is divided into three components</p> <ol style="list-style-type: none"> 1. The fixed compensation is determined based on the industry standards, the exposure, skill sets, talent and qualification attained by the official over his/her career span. 2. The variable compensation for MD & CEO and senior executives on Non – IBA package basis are fixed based on performance and responsibility in the bank. The Bank's performance is based on the various financial indicators like revenue earned, cost deployed, profit earned, NPA position and other intangible factors like leadership and employee development. Variable pay is paid purely based on performance. 3. Employees Stock options as per the CSB Employees Stock Option Scheme 2013 (CSBESOS-2013) as approved by the Board. <p>Approval from RBI is to be obtained to decide compensation for MD & CEO/ whole time directors. The payment of compensation also requires approval of the shareholders of the Bank in the General Meeting pursuant to the Bank's Articles of Association read with the Section 197 of the Companies Act, 2013</p>

Notes to Accounts

	<p><u>Compensation paid to Other Officers and staff members on IBA package</u></p> <p>The compensation paid to other officials that include Award staff, Officers coming under Scale I to III and Senior executives coming under Scale IV to VII is fixed based on the periodic industry level settlements with Indian Banks Association. The variable compensation paid to functionaries is based on the Performance/Target Linked incentive scheme which has been formulated on the basis of performance parameters. The ESOP scheme may be extended to the employees referred herein and form part of the overall performance management program at the discretion of the Board. However, the grant of stock option is as per CSB Employees Stock Option Scheme.</p>			
(e)	<p>A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.</p> <p><u>Deferred compensation and Performance Linkage (Non-IBA)</u></p> <p>In case of deferral arrangements of variable pay to MD & CEO, WTD's, Senior/other executives (Non IBA Package), the deferral period should not be less than three years. Compensation payable under deferral arrangements should vest no faster than on a pro rata basis.</p> <p><u>Clawback and deferral arrangements</u></p> <p>The provisions of clawback and deferral arrangements applicable to the referred functionaries (all Non IBA Package) are subject to relevant statutory and regulatory stipulations as applicable.</p>			
(f)	<p>Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.</p> <p>Bank uses an optimum mix of cash, ESOPs and variable pay to decide the compensation to MD & CEO /WTD and senior executives on Non – IBA package. This is done to align the compensation of senior staff with their performance, risk and responsibility taken in higher assignments.</p> <p>The Officers in Scale I-VII as well as Award staff come under the purview of IBA package that is as per the Industry wide settlements. The variable compensation paid to functionaries is based on the Target/ Performance Linked incentive scheme which has been formulated on the basis of performance parameters as may be prescribed from time to time. The ESOP scheme may be extended to the employees referred herein and form part of the overall performance management program at the discretion of the Board. However , the grant of stock option is as per CSB Employees Stock Option Scheme</p>			
Quantitative disclosures		Current Year (FY 2018-19)	Previous Year (FY 2017-18)	
(The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer / Other Risk Takers)	(g)	Number of meetings held by the Nomination & Remuneration Committee during the year and remuneration paid to its members	10 ₹ 2,60,000	6 ₹ 2,40,000
	(h)	(i) Number of employees having received a variable remuneration award during the year.	0	0
		(ii) Number and total amount of sign-on awards made during the year.	Nil	Nil
		(iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus	Nil	Nil
		(iv) Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil
	(i)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Nil	Nil
		(ii) Total amount of deferred remuneration paid out in the year.	Nil	Nil

	(j)	Breakdown of amount of remuneration awards for the year to show fixed and variable, deferred and non-deferred (on payment basis).	₹ 81,60,000 # (Fixed)* Nil (Variable) Nil (Deferred & Non-Deferred)	₹ 72,00,000 @ (Fixed)* Nil (Variable) Nil (Deferred & Non-Deferred)
	(k)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Nil	Nil
(ii) Total amount of reductions during the financial year due to ex- post explicit adjustments.		Nil	Nil	
(iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.		Nil	Nil	

* Fixed remuneration includes salary, consolidated benefit allowance, residential accommodation, Leave travel concession (for the FY 2018-19) and Bank's contributions towards Provident fund.

- @ 1. The Bank has subject to the approval of Reserve Bank of India; agreed to grant 2 % stock options, equivalent to 16,19,241 shares, as hiring grant to Managing Director & CEO. The exercise price of the options is fixed at ₹ 75/- per share and option when granted would be vested and could be exercised only on achieving certain performance parameters.
2. The Bank has also subject to the approval of Reserve Bank of India agreed to grant additional stock options equivalent to upto 2(two) per cent of the enhanced paid up equity capital of the Bank as on the date of the grant, as reduced by the hiring grant stock options already agreed/granted to him as stated in point No 1 above. The grant of said option is further subject to fresh equity investment in the Bank over a period of the next three years from 09.12.2016 i.e, date of joining in the Bank as Managing Director & CEO. The exercise price of the options is fixed at ₹ 75/- per share.

No grant of stock options is in force

5.15 Disclosures relating to Securitisation – Not applicable to the Bank at this stage.

5.16 Credit Default Swaps – Nil

5.17 Intra-Group Exposures – NA

5.18 Transfers to Depositor Education and Awareness Fund (DEAF)

Unclaimed liabilities where amount due has been transferred to DEAF is reflected as “Contingent Liability - Others, items for which the bank is contingently liable” under Schedule 12 of the financial statements.

(₹in Crores)

Particulars	31.03.2019	31.03.2018
Opening balance of amounts transferred to DEAF	35.86	29.23
Add : Amounts transferred to DEAF during the year	7.38	7.42
Less : Amounts reimbursed by DEAF towards claims	0.53	0.79
Closing balance of amounts transferred to DEAF	42.71	35.86

5.19 Unhedged Foreign Currency Exposure

(A) Provisioning

In terms of RBI Circular DBOD No.BP.BC.85/21.06.200/2013-14 dated 15th January 2014 and subsequent clarification vide circular DBOD No.BP.BC.116/21.06.200/2013-14 dated 3rd June 2014, based on the available data, available financial statements and declarations from borrowers wherever received, the bank is holding a provision of ₹ 0.16 Crore (Previous Year –Rs0.38Crore) towards Unhedged Foreign Currency Exposures.

(B) Capital Held

In terms of the aforementioned circulars, no additional capital is held towards unhedged foreign currency exposures. (Previous Year – ₹0.52Crore)

6 Liquidity Coverage Ratio

(As compiled by the management and relied upon by the auditors)

a) Quantitative Disclosures

(₹in Crores)

	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets		
1 Total High Quality Liquid Assets (HQLA)		2702.38
Cash Outflows		
2 Retail deposits and deposits from small business customers, of which:	11661.32	1159.38
(i) Stable deposits	134.99	6.75
(ii) Less stable deposits	11526.34	1152.63
3 Unsecured wholesale funding, of which:	1909.96	354.67
(i) Operational deposits (all counterparties)	0.00	0.00
(ii) Non-operational deposits (all counterparties)	1909.96	354.67
(iii) Unsecured debt	0.00	0.00
4 Secured wholesale funding	0.00	0.00
5 Additional requirements, of which	655.35	96.79
(i) Outflows related to derivative exposures and other collateral requirements	0.00	0.00
(ii) outflows related to loss of funding on debt products	0.00	0.00
(iii) Credit and liquidity facilities	655.35	96.79
6 Other contractual funding obligations	0.00	0.00
7 Other contingent funding obligations	234.69	7.04
8 TOTAL CASH OUTFLOWS		1617.88
Cash Inflows		
9 Secured Lending (e.g. reverse repos)	55.55	0.00
10 Inflows from fully performing exposures	497.62	262.46
11 Other cash inflows	0.00	0.00
12 TOTAL CASH INFLOWS	553.17	262.46
13 TOTAL HQLA		2702.38
14 TOTAL NET CASH OUTFLOWS		1355.42
15 LIQUIDITY COVERAGE RATIO (%)		199.38%

b) Qualitative disclosures**(i) Main drivers of LCR and evolution of contribution of inputs**

The Liquidity Coverage Ratio (LCR) standard aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 days' time horizon under a significantly severe liquidity stress scenario, by which time it is assumed that proper corrective actions can be taken. The LCR position depends upon the level of High Quality Liquid Assets (HQLA) and level of inflows and outflows in 30 days stress horizon computed as per the RBI guidelines in this regard.

(ii) Intra period changes

The intra period changes are mainly on account of changes in unencumbered excess SLR positions.

Notes to Accounts

(iii) The composition of High Quality Liquid Assets (HQLA)

Banks' High Quality Liquid Assets consists of the following

- i. Cash
 - ii. Balance with RBI in excess of CRR requirement
 - iii. Unencumbered portion of investments in Government securities in excess of SLR requirement.
 - iv. Investments in Government securities held within the mandatory SLR requirement, to the extent allowed by RBI under Marginal Standing facility(MSF)
 - v. Investment in Government Securities held up to 13% of Net Demand and Time Liabilities (NDTL) permissible under Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR).
- (iv) Concentration of funding
Banks' concentration from top 20 depositors stood at 6.85% of total deposits as on 31st March 2019.
- (v) Derivative exposure and potential collateral calls
Bank does not have derivative business except forward contracts.
- (vi) Currency Mismatch in LCR
The bank does not have aggregate liabilities denominated in any foreign currency of 5 per cent or more of the bank's total liabilities and hence LCR in other currencies is not computed.
- (vii) Centralisation of liquidity management
Banks' liquidity management and monitoring is centralized. Bank has a Board adopted liquidity management policy in line with RBI regulation and guidelines.
- (viii) Other Inflows and outflows in the LCR calculation that are not captured in the template but which the bank considers relevant for its liquidity profile

Inflows and outflows are comprehensively captured in LCR template

7 Employee Stock Option Scheme (ESOS)

The shareholders of the Bank in the 92nd Annual General meeting of the Bank held on 23.09.2013 accorded sanction to frame and implement the Employees Stock Option Scheme and grant/issue options to eligible present and future employees of the Bank, such that the offer, issue and allotment of such shares pursuant to the option shall not exceed 5% of issued equity shares of the Bank from time to time. Accordingly, the Bank formulated a stock option scheme called "CSB Employees Stock Option Scheme 2013" ("ESOS 2013" or "Scheme") as per Board resolution dated April 8, 2014 and the same has been approved by shareholders vide postal ballot on August 18, 2014. The ESOS is equity settled where the employees will receive one equity share per option. The period of vesting shall range from a minimum of three years from the date of Grant and normally shall not exceed a maximum of five years ("Vesting Period"), unless the Nomination & Remuneration Committee decides for a longer/ shorter vesting period, subject to applicable laws. The Committee may, at its sole discretion, decide the proportion of shares, which shall vest each year during the vesting period ("Vesting Schedule"). The Stock option granted to employees vest over the period as decided by the Nomination & Remuneration Committee. The Exercise Period for the relevant Grant shall be a period commencing from the relevant Vesting Date for the respective tranche and shall end with the expiry of 10 years from the relevant Grant Date or such other period as may be decided by the Committee for each Grant.

Stock option activity under the scheme during the year ended 31.03.2019 has been as follows:

Outstanding at the beginning of the year	330000
Granted during the year	Nil
Forfeited during the year	Nil
Options Lapsed	25000
Exercised during the year	Nil
Outstanding at the end of the year	305000
Options exercisable at the end of the year	305000

Options outstanding at the beginning of the year carry an exercise price of ₹ 147.25

Under intrinsic value method, since exercise price of the stock options granted under the ESOS is more than the underlying value of the shares, it has not resulted in any charge to the Profit and Loss Account for the year. If the Bank had adopted the Black-Scholes model based fair valuation, staff cost for the year would have been higher by ₹ 0.88 crore and profit before tax would have been lower by the same extent.

The fair value of options granted during the period has been estimated on the date of grant using the Black Scholes option pricing model with the following assumptions:

Average Dividend Yield	0%
Expected Volatility	32.58%
Risk free interest rate	7.62%
Expected life of options	10 years
Expected forfeiture	Nil

Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during a period. The measure of volatility used in Black-Scholes option pricing model is the annualised standard deviation of the continuously compounded rates of returns on the shares over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in CNX Bank Nifty over the last 10 years.

Impact of fair value method on net profit and EPS

Particulars	12 months ended 31.03.2019
Net Profit (Loss) as reported (₹ in Cr)	(197.42)
Proforma Net Profit (Loss) based on fair value approach (₹ in Cr)	(198.30)
Basic/Diluted EPS as reported (₹)	(23.73)
Basic/Diluted EPS (Proforma) (₹)	(23.84)

8. Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

9. Provision for Long Term Contracts

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the bank has reviewed and recorded adequate provision as required under any Law / Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

10. Disclosure for frauds

(Amount in Crores)

No of frauds reported during FY 2018-19	50
Amount involved in such frauds	85.23
Balance outstanding as on 31.03.2019	82.28
Quantum of provision made by debiting P&L	82.28
Unamortised provision debited from General Reserve	

Notes to Accounts

11. Details of Priority Sector Lending Certificate Purchased & Sold during the year

(Amount in Crores)

Scheme Type	PSLC General
PSLCs purchased during the year	Nil
PSLCs sold during the year	598.00
Net PSLCs outstanding as on 31.03.2019	(598.00)

12. Comparative Figures

The previous year's figures have been regrouped and recast wherever necessary to conform to current year's classification.

Sd/
Madhavan Menon
Chairman
(DIN: 00008542)

Sd/
Thomas Mathew
Chairman-Audit Committee
(DIN:01277149)

Sd/
C.VR. Rajendran
Managing Director & CEO
(DIN : 00460061)

As per our report of even date
For R G N Price & Co
Chartered Accountants
FR No:0027855

Sd/
Sumit Maheshwari
Director
(DIN:06920646)

Sd/
Bhama Krishnamurthy
Director
(DIN:02196839)

Sd/
Sijo Varghese
Company Secretary

Sd/
G. Surendranath Rao
Partner
(M. No. 22693)

Sd/
S Nagoor Ali Jinnah
Director
(DIN: 05238633)

Sd/
Madhavan Aravamuthan
Director
(DIN:01865555)

Sd/
V.Maheswari
Chief Financial Officer

Place: Kochi
Date : 22.04.2019

Annexure 5: Basel III Pillar 3 Disclosures

1. Scope of Application

The Catholic Syrian Bank Ltd is a commercial bank formed on 26th November 1920 with Registered Office at Thrissur. In August 1969, the Bank was included in the Second Schedule to the Reserve Bank of India Act 1934. The bank has no subsidiaries.

2. Capital Structure

Qualitative Disclosures:

As per Basel III guidelines, the Bank is required to maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9% {11.5% including Capital Conservation Buffer (CCB)}, with minimum Common Equity Tier I (CET1) of 5.5% (8% including CCB) as on 31st March 2019. The minimum capital required to be maintained by the Bank (including CCB) for the period ended March 2019 is 10.875% with minimum Common Equity Tier 1 (CET1) of 7.375% (including CCB of 1.875%).

Bank's capital structure consists of Tier 1 and Tier 2 capital. The major components of Tier 1 capital are equity share capital, equity share premium, statutory reserves, general reserves, special reserve (Section 36(i)(viii) of Income Tax Act) and capital reserves and revaluation reserves (after discounting). Tier 2 capital consists provision for standard assets. Bank has not issued any Upper Tier 2 bonds or perpetual debt or other innovative instruments.

Quantitative Disclosures:

The break up of capital funds is as follows:

(₹ in million)

	As on 31.03.2019	As on 31.03.2018
Tier 1 Capital		
Paid up Share capital	859.72	810.14
Warrant Capital	6513.41	0.00
Share Premium	7119.63	6475.08
Statutory Reserves	1,467.56	1467.56
Capital Reserves	717.31	717.31
Special Reserve (36 (i) (viii))	237.62	237.62
Other eligible reserves	963.03	753.34
Revaluation Reserves after discounting	710.21	717.60
Total Tier 1 Capital (Gross)	18,588.48	11178.65
Less Debit balance in Profit and Loss account	(5,139.59)	(3165.39)
Less Deferred Tax Assets and Other Intangible Assets	2115.77	973.90
Less un amortized portion of fraud	-	-
Total Tier 1 Capital (Net) [A]	11,333.12	7039.36
Tier 2 Capital		
Provision for Standard Assets	472.40	343.21
Total Tier 2 Capital (Net) [B]	472.40	343.21
Total Eligible capital [A] + [B]	11,805.53	7382.57

3. Capital Adequacy

Qualitative Disclosures:

In accordance with the guidelines of RBI, the bank has adopted standardized approach for credit risk, basic indicator approach for operational risk and standardized duration approach for market risk for computing capital adequacy. Basel III Capital regulations are applicable to Banks in India from 1st April, 2013 and will be fully phased in by 31st March, 2019. Detailed guidelines on Basel III Capital Regulations and Guidelines on Composition of Capital Disclosure

Basel III Pillar 3 Disclosures

Requirements are issued by RBI and consolidated under the Master Circular – Basel III Capital Regulations July 2015.

The Transitional Arrangements for minimum Basel III capital ratios are given below

Transitional Arrangements-Scheduled Commercial Banks (excluding LABs and RRBs)

(% of RWAs)

Minimum Capital Ratios	April 1, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Minimum Common Equity Tier 1 (CET1)	4.5	5	5.5	5.5	5.5	5.5	5.5
Capital Conservation Buffer (CCB)	Nil	Nil	Nil	0.625	1.25	1.875	2.5
Minimum CET 1+ CCB	4.5	5	5.5	6.125	6.75	7.375	8
Minimum Tier 1 Capital	6	6.5	7	7	7	7	7
Minimum Total Capital*	9	9	9	9	9	9	9
Minimum Total Capital +CCB	9	9	9	9.625	10.25	10.875	11.5
Phase - in of all deductions from CET1 (in%)#	20	40	60	80	100	100	100

* The difference between the minimum total capital requirement of 9% and Tier 1 requirement can be met with Tier 2 and higher forms of capital
The same transition approach will apply to deductions from Additional Tier 1 and Tier 2 capital.

The RBI vide circular No.RBI/2018-19/106/DBR.BP.BC.No.20/21.06.201/2018-19 deferred the implementation of the last tranche of 0.625% of Capital Conservation Buffer (CCB) from March 31, 2019 to March 31, 2020. Accordingly, minimum capital conservation ratios as applicable from March 31,2018 will also apply from March 31,2019 till the CCB attains the level of 2.5% on March 31,2020.

Regulatory Capital Adequacy position (as per Basel II & Basel III norms as made applicable by RBI) is assessed periodically. Besides, the bank also assessed its own internal estimate of risk capital based on its Board approved ICAAP policy and Stress Testing Policy to cover the Pillar 2 risks. Risks are assumed in line with the Bank's risk bearing capacity and capability in order to generate yields, taking risk-return frontier into account. This aims to ensure that risks that could jeopardize the Bank's existence are avoided.

Quantitative Disclosures:

a) Capital Requirement for Credit Risk – Standardized Approach

(₹in million)

Portfolios	Gross Exposure	Gross Exposure	Capital Requirement	Capital Requirement
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
On Balance Sheet				
Cash & Balance with RBI	7,254.05	6778.95	-	-
Inter Bank Deposits	2,482.25	4972.59	6.99	15.74
Market Repo(CROMS)	-	-	-	-
Investments (HTM)	29,245.08	30113.48	12.95	16.91
Advances	106,152.37	93373.56	4,075.58	4393.74
Fixed Assets & Other Assets	12,946.78	12036.10	622.75	590.87
Total	158,080.54	147,274.69	4,718.28	5017.25
Off Balance Sheet				
Letter of Credit & Guarantees	2,584.23	2575.82	61.35	87.44
Undrawn Credit Commitments	8,284.38	10372.90	166.42	184.29
Forward Exchange Contracts	2,920.88	3430.27	2.37	2.85
Total	13,789.49	16378.99	230.13	274.58
Total On & Off Balance Sheet	171,870.02	163653.68	4,948.41	5291.84

b) Capital Requirement for Market Risk – Standardised Duration Approach

(₹ in million)

Type of Market Risk	Gross Exposure	Gross Exposure	Capital Requirement	Capital Requirement
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Interest Rate Risk	11,676.03	11585.30	521.93	585.88
Foreign Exchange Risk	120.00	120.00	10.80	10.80
Equity Risk	29.58	32.00	6.66	7.20
Total	11,825.61	11,737.30	539.38	603.88

c) Capital Requirement for Operational Risk – Basic Indicator Approach

(₹ in million)

Particulars	As on 31.03.2019
Capital Requirement	716.28
Equivalent Risk Weighted Assets	8953.46

d) Total Capital Requirement

(₹ in million)

Type of Risk	Capital Requirement	Capital Requirement	Risk Weighted Assets	Risk Weighted Assets
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Credit Risk	4,948.41	5291.84	54,982.31	58798.19
Market Risk	539.38	603.88	6,742.26	7548.54
Operational Risk	716.28	649.56	8,953.46	8119.45
Total	6,204.07	6545.28	70,678.04	74466.18
Total Net Tier 1 Capital			11,333.12	7039.36
Tier 1 Capital Ratio			16.03%	9.45%
Tier 2 Capital Ratio			0.67%	0.46%
Total CRAR			16.70%	9.91%

4. Credit Risk: General Disclosure**Qualitative Disclosures****a) Definition of past due and impaired loans**

Bank strictly adheres to RBI norms regarding definitions of past due and impaired loans, as under (in brief):

- interest and or installment of principal remain overdue for a period of more than 90 days in respect of term loan accounts
- the account remains 'out of order' (the outstanding balance remains continuously in excess of the sanctioned limit/drawing power, in cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period) in respect of Overdraft/Cash credit accounts. If the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter, the account is classified as NPA.
- the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted
- the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops.
- the instalment of principal or interest thereon remains overdue for one crop season for long duration crops.

b) Credit Risk Management Policy

The bank has in place a Credit Risk Management Policy which is reviewed periodically to bring in refinements triggered by evolving concepts and actual experience.

The Executive level committee – Credit Risk Management Committee (CRMC) which reports to Risk Management Committee (RMC) of the Board, is responsible for the management and mitigation of credit risk in the bank. Credit Risk Management Department and Credit Monitoring Department at Head Office level act as the secretariat of CRMC.

Basel III Pillar 3 Disclosures

Credit approvals are subject to a well-established and time tested system of competencies, which act as a framework within which decision making individuals or committees are authorized to enter into lending transactions. Responsibility for the approval of loans is dependent on size, security and type of the loan.

Credit rating system is in force using various CRA formats, developed by the Bank to measure the risk involved in each borrower account. All borrowers with an aggregate credit limit of ₹ 25 lakh and above are subjected to borrower rating. Gold loans, Loans against Deposit Receipts, Housing Loans, Loans against NSC & Insurance policies and staff loans are subjected to portfolio rating. Limits above ₹ 2 crore are subject to Facility Rating in addition to borrower rating.

Operations in all credit exposures of ₹ 50 lakh and above are monitored on a monthly basis by Credit Monitoring department to detect delinquency signals at an early date and nurse the account.

Rating migration studies are conducted at regular intervals.

Pricing of corporate exposures is subjected to RAROC analysis based on bank's Board approved Risk Adjusted Return On Capital (RAROC) policy.

Both regulatory capital and economic capital requirements are assessed at the time of credit appraisal of corporate exposures.

Quantitative Disclosures

a) Gross Credit Risk Exposure – Banking Book

(₹ in million)

	Loans	Loans	Investments	Investments
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Fund Based	106,152.37	93373.56	29,245.08	30113.48
Non Fund Based	2,584.23	2575.82	-	-
Total	108,736.60	95949.39	29,245.08	30113.48

b) Industry type distribution – Banking Book

(₹ in million)

	Advances, Letter of Credit & Guarantees		Investments	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Central Government			21,578.96	22,368.72
State Governments			7,416.25	7,444.81
Public Sector	1,059.28	336.14	249.87	299.95
Manufacturing Industries	-	-	-	-
a) Cotton Textiles	6,691.60	6,666.65	-	-
b) Other Textiles	1,016.10	1,197.63	-	-
c) Chemicals	3,171.80	2,721.58	-	-
d) All Engineering	1,067.74	1,198.11	-	-
e) Food Processing	3,442.09	4,477.61	-	-
f) Other Industries	2,790.07	2,610.64	-	-
Agriculture	16,025.39	13,508.50	-	-
Residential Mortgage	2,950.03	3,054.04	-	-
Commercial Real Estate	2,732.41	3,357.70	-	-
Consumer Credit	17,736.17	16,334.57	-	-
Students	740.17	919.75	-	-
Wholesale & Retail Trade	8,791.38	2,274.06	-	-
Banks	343.82	-	-	-
RIDF, RHF, MSME Fund	-	-	-	-
NBFCs	21,163.38	14,013.99	-	-
Own Staff	1,497.77	1,663.79	-	-
All Others	17,517.38	21614.65	-	-
Total	108,736.60	95,949.39	29,245.08	30,113.48

c) Residual Contractual Maturity breakdown of Assets as on 31.03.2019

(₹ in million)

	Cash & Balance with RBI	Balance with Banks and money at call and short notice	Advances	Investments	Fixed assets and other assets
Next Day	1190.55	231.30	121.80	563.25	-
2-7 days	-	-	852.33	599.51	2250.00
8-14 days	-	-	1181.70	249.61	-
15-30 days	200.25	-	2530.50	249.27	-
31days-<2M	34.77	-	7790.58	777.99	-
2M-<3M	47.78	-	7223.12	55.56	-
3M-<6M	185.12	-	13923.80	729.87	116.06
6M-<1Y	177.43	-	19813.01	3088.90	227.44
1-<3Y	1749.76	0.70	36543.55	287.61	1637.16
3-<5 Y	101.63	-	8756.52	2207.31	2309.36
> 5 Yr	3566.77	0.25	7415.47	31467.23	8656.76
Total	7254.05	232.25	106152.37	40276.12	15196.78

d) Disclosures regarding Non Performing Assets

(₹ in million)

	As on 31.03.2019	As on 31.03.2018
Amount of NPAs (Gross)		
Substandard	1733.11	2156.77
Doubtful 1	1491.80	2116.31
Doubtful 2	1491.33	2590.45
Doubtful 3	527.36	705.76
Loss	62.58	72.05
Total Gross NPAs	5306.17	7641.33
Net NPAs	2406.76	4162.87
NPA Ratios		
Gross NPAs to Gross Advances	4.87%	7.89%
Net NPAs to Net Advances	2.27%	4.46%
Movement of provisions for NPAs		
Opening balance	3446.41	1486.97
Provisions made during the period	2757.98	2174.70
Write-off	-	-
Write back of excess provisions	3340.24	215.26
Closing balance	2864.15	3446.41
Write-offs that have been booked directly to the income statement	257.56	50.30
Recoveries that have been booked directly to the income statement	533.61	479.66

Major Industry breakup of NPA

(₹ in million)

Industry	31.03.2019		31.03.2018	
	Gross NPA	Specific Provision	Gross NPA	Specific Provision
NPA in top 5 Industries	1263.78	495.67	2214.15	1219.05

Basel III Pillar 3 Disclosures

Geography	31.03.2019		31.03.2018	
	Gross NPA	Specific Provision	Gross NPA	Specific Provision
Domestic	5306.17	2864.15	7641.33	3446.41
Overseas	-	-	-	-

Rs in million	31.03.2019	31.03.2018
Amount of Non-Performing Investments	174.81	207.61
Amount of provisions held for non performing investments	82.86	97.60
Movement of provisions Held for Non Performing Investments		
Opening balance	97.60	13.15
Provisions made during the period		84.45
Write-off & Write back of excess provisions/diminution	14.74	
Closing balance	82.86	97.60

5. Credit Risk: Disclosures for portfolios subject to standardized approach

Qualitative Disclosures

In accordance with RBI guidelines, the bank has adopted standardized approach for computation of capital for credit risk. Bank Loan Ratings of CRISIL, CARE, ICRA and India Ratings are considered for arriving at the capital requirement. Bank extends external rating of other issues of the borrower to unrated claims only when the issue specific rating maps to Risk Weight higher than that of the unrated exposure.

Quantitative Disclosures

Risk weight wise classification of exposures

(₹ in million)

	Gross Credit Exposure	Gross Credit Exposure	Capital Deductions	Capital Deductions	Exposure after Capital Deductions	Exposure after Capital Deductions
	(A)	(A)	(B)	(B)	(C) = (A) – (B)	(C) = (A) – (B)
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Advances, Letter of Credit & Guarantees						
Below 100% risk weight	72,229.46	55653.43	-	-	72,229.46	55653.43
100% risk weight	15,595.42	25461.88	-	-	15,595.42	25461.88
More than 100% risk weight	20,911.72	20157.95	-	-	20,911.72	20157.95
Total	108,736.60	101273.26	-	-	108,736.60	101273.26
Investments						
Below 100% risk weight	29,245.08	30113.48	-	-	29,245.08	30113.48
100% risk weight	-	-	-	-	-	-
More than 100% risk weight	-	-	-	-	-	-
Total	29,245.08	30113.48	-	-	29,245.08	30113.48

6. Credit Risk Mitigation: Disclosures for standardized approaches

Qualitative Disclosures

A Credit Risk Mitigation and Collateral Management Policy, addressing the Bank's approach towards the credit risk mitigants used for capital calculation is in place.

Following items are considered for on and off balance sheet netting:

- a) Deposits with specific lien to the facility
- b) Subsidies received (for priority sector advances)
- c) Claims received (for NPA accounts)

Of the eligible financial collaterals, the types of collateral taken by the bank are gold ornaments and bank's own deposit receipts. Gold ornaments are accepted as collateral by branches after due scrutiny and are marked to market value on a daily basis. Bank has made an assessment of market liquidity risk involved in liquidating gold ornaments and is considering a holding period of 21 days for advance against pledge of gold ornaments. In Pillar 1 capital adequacy computations, bank considers a haircut of 22% (after scaling up the standard supervisory haircut of 15% to a 21 day holding period). In addition to this, bank is maintaining extra capital for its gold loan portfolio in Pillar 2 capital computations.

The types of guarantees recognized for credit risk mitigation are guarantee by central government, state government, ECGC and banks (in the form of bills purchased/discounted under Letter of credit).

Collaterals other than financial collaterals that secure the credit portfolio of the bank are land & building, plant & machinery and current assets of the counter party. Land and Building includes commercial building, residential property and vacant land.

Quantitative Disclosures

a) Exposures Covered by Eligible Financial Collateral (After Haircuts)

(₹ in million)

	31.03.2019	31.03.2018
Corporate	633.68	294.50
Regulatory Retail	21,578.98	15677.42
Personal Loans	13,210.44	10869.03
Total	35,423.10	26840.95

b) Exposures Covered by Guarantee

(₹ in million)

Covered by Guarantee	31.03.2019	31.03.2018
Corporate	454.43	785.14
Regulatory Retail	7,907.24	7172.75
Total	8,361.67	7957.89

7. Securitization

No exposure of the Bank has been securitized.

8. Market Risk in the Trading Book

Qualitative Disclosures

Bank has put in place Board approved Market Risk Management Policy, Investment Policy and Foreign Exchange Policy for effective management of market risk of the bank.

Bank's Integrated Treasury manages the trading book. Proprietary trading is done in government securities, equity shares and foreign exchange. Adherence to limits is reported on a monthly basis to the Executive level Asset Liability Committee (ALCO) and Risk Management Committee (RMC) of the Board.

Basel III Pillar 3 Disclosures

Modified Duration and Value at Risk (weighted historic simulation approach) are the tools used to track market risk in the trading book for interest rate related instruments. For equity exposures bank uses Value at Risk and Portfolio Beta.

Stress tests are conducted on a daily basis on securities in the trading book.

Portfolios covered by standardized approach are government securities, other trustee securities, Non SLR bonds & debentures, Certificate of Deposits and Equity Shares.

Quantitative Disclosures

Capital Requirement for Market Risk

(₹ in million)

Type of Market Risk	Gross Exposure	Gross Exposure	Capital Requirement	Capital Requirement
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Interest Rate Risk	11,676.03	11585.30	521.93	585.88
Foreign Exchange Risk	120.00	120.00	10.80	10.80
Equity Risk	29.58	32.00	6.66	7.20
Total	11,825.61	11737.30	539.38	603.88

9. Operational Risk

Qualitative Disclosures

The Executive level committee - Operational Risk Management Committee (ORMC) which reports to Risk Management Committee (RMC) of the Board, is responsible for the management and mitigation of operational risk in the bank. The bank has framed Operational Risk Management Policy duly approved by the Board. Other policies approved by the board that deal with the different facets of operational risk are Inspection Policy, Human Resource Management Policy, IT Policy, Compliance Policy, Business Continuity & Disaster Recovery Plan and Outsourcing policy.

Bank has obtained Bankers' Indemnity Policy to cover the risk of cash in transit and cash and securities including gold ornaments kept at branches. Risk Based Internal Audit (RBIA) is operational at all the branches.

Bank is adopting Basic Indicator Approach for arriving at capital charge for operational risk in compliance with RBI guidelines and is in the process of building database for moving to Advanced Approaches.

10. Interest Rate Risk in the Banking Book

Qualitative Disclosures

The Executive Level Committee - Asset Liability Committee (ALCO) has the overall responsibility of managing the interest rate risk in the banking book of the bank. ALCO fixes the deposit and lending rates of the bank and directs the investment activities of the bank in line with its interest rate view. Limits are fixed from both Earnings and Economic Value Perspective in board approved Market Risk Management Policy and adherence monitored on a monthly basis. Interest Rate Risk from Earnings Perspective is measured through Earnings at Risk (EaR) approach (which computes the impact on NII of various interest rate changes) on a monthly basis. Interest Rate Risk from Economic Value Perspective is measured using Modified Duration Gap Approach on a monthly basis.

The Risk Management Committee of the Board oversees the ALM process of the bank and reviews the decisions taken by the ALCO.

Key Assumptions for IRRB calculations

- Bulk of the advance portfolio to re-price within 12 months.
- Maturity of deposits considered after adjusting empirically observed premature closure rates.
- Core portion of Savings Bank Deposits- Sum of balances upto ₹ 1 lakh slotted in 7 to 10 year time bucket & sum of balances above ₹ 1 lakh in 29 day to 3 months bucket.
- Core portion of Current Deposits slotted in 10 to 15 years' time bucket for Modified Duration Gap Analysis (For Earnings at Risk Analysis, Current Deposits are treated as interest non sensitive).

Quantitative Disclosures**Interest Rate Risk – Earnings Perspective**

(₹ in million)

1 Year Change in Market Rates (Parallel Shift)	Impact as on 31.03.2019	Impact as on 31.03.2018
+200 basis points	-426.09	-376.19
-200 basis points	+426.09	+376.19

Interest Rate Risk – Economic Value Perspective

(₹ in million)

1 Year Change in Market Rates (Parallel Shift)	Impact as on 31.03.2019	Impact as on 31.03.2018
+200 basis points	-112.26	+516.00
-200 basis points	+112.26	-516.00

11. Counterparty Credit Risk

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before final settlement of the transaction's cash flows. An economic loss would occur if the transaction or portfolio of transactions with the counterparty has a positive economic value for the Bank at the time of default. Unlike exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss whereby the market value for many different types of transactions can be positive or negative to either counterparty. The market value is uncertain and can vary over time with the movement in underlying market factors.

Capital is maintained on the exposure to CCR as per regulatory guidelines on Capital adequacy computation. The exposure is calculated using Current Exposure Method.

The MTM on client exposures are monitored periodically. The Bank does not recognize bilateral netting for capital computation.

(₹ in million)

	Notional Amount 31.03.2019	Credit Equivalent 31.03.2019	Notional Amount 31.03.2018	Credit Equivalent 31.03.2018
Forward Exchange Contracts	2920.74	83.68	3430.43	92.14

Leverage Ratio Framework**Definition and minimum requirement**

The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage.

Leverage Ratio = Capital Measure / Exposure Measure

The public disclosure requirements of leverage ratio will begin from January 1, 2015 and the Basel Committee will monitor the impact of these disclosure requirements. Accordingly, banks operating in India are required to make disclosure of the leverage ratio and its components from April 1, 2015 on a quarterly basis and according to the disclosure templates as indicated in paragraph 16.7 along with Pillar 3 disclosures.

Basel III Pillar 3 Disclosures

Table 1- Summary comparison of accounting assets Vs. Leverage ratio exposure method

	Item	(₹in million)
1	Total consolidated assets as per published financial statements	169111.58
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	
4	Adjustments for derivative financial instruments	
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	3769.05
7	Other adjustments	
8	Leverage ratio exposure	172880.62

Table 2 – Leverage ratio common disclosure template

	Item	Leverage ratio framework
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	169111.58
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	169111.58
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	25.26
5	Add-on amounts for PFE associated with all derivatives transactions	58.41
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	
8	(Exempted CCP leg of client-cleared trade exposures)	
9	Adjusted effective notional amount of written credit derivatives	
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	
11	Total derivative exposures (sum of lines 4 to 10)	83.68
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	
14	CCR exposure for SFT assets	
15	Agent transaction exposures	
16	Total securities financing transaction exposures (sum of lines 12 to 15)	
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	3685.37
18	(Adjustments for conversion to credit equivalent amounts)	
19	Off-balance sheet items (sum of lines 17 and 18)	3685.37
	Capital and total exposures	
20	Tier 1 capital	11333.12
21	Total exposures (sum of lines 3, 11, 16 and 19)	172880.62
	Leverage ratio	
22	Basel III leverage ratio	6.56%

**Basel III common disclosure template to be used during the transition of regulatory adjustments
(i.e. from April 1, 2013 to December 31, 2017)**

		Amounts Subject to Pre-Basel III Treatment	Ref No
Common Equity Tier 1 Capital: Instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	14492.76	a1+a2
2	Retained earnings	(1754.08)	b1+b2+b3+b4+b6+b7a
3	Accumulated other comprehensive income (and other reserves)	710.21	c1
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	Common Equity Tier 1 capital before regulatory adjustments	13448.89	
Common Equity Tier 1 Capital: regulatory adjustments			
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)		
9	Intangibles	157.30	e1-e2
10	Deferred tax assets	1958.47	e2
11	Cash-flow hedge reserve		
12	Shortfall of provisions to expected losses		
13	Securitisation gain on sale		
14	Gains and losses due to changes in own credit risk on fair valued liabilities		
15	Defined-benefit pension fund net assets	-	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		
17	Reciprocal cross-holdings in common equity		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)		
20	Mortgage servicing rights (amount above 10% threshold)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		
22	Amount exceeding the 15% threshold		
23	of which: significant investments in the common stock of financial entities		
24	of which: mortgage servicing rights		
25	of which: deferred tax assets arising from temporary differences		
26	National specific regulatory adjustments (26a+26b+26c+26d)		
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries		
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries		
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the Bank		

Basel III Pillar 3 Disclosures

		Amounts Subject to Pre-Basel III Treatment	Ref No
26d	of which: Unamortised pension funds expenditures		
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment		
	of which: [INSERT TYPE OF ADJUSTMENT]		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
28	Total regulatory adjustments to Common Equity Tier 1	2115.77	
29	Common Equity Tier 1 capital (CET1)	11333.12	
Additional Tier 1 capital: Instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)		
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)		
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)		
33	Directly issued capital instruments subject to phase out from Additional Tier 1		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)		
35	of which: instruments issued by subsidiaries subject to phase out		
36	Additional Tier 1 capital before regulatory adjustments	-	
Additional Tier 1 capital:Regulatory Adjustments			
37	Investments in own Additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
41	National specific regulatory adjustments (41a+41b)		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the Bank		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
43	Total regulatory adjustments to Additional Tier 1 capital		
44	Additional Tier 1 capital (AT1)		
44a	Additional Tier 1 capital reckoned for capital adequacy		
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	11333.12	

		Amounts Subject to Pre-Basel III Treatment	Ref No
Tier 2 capital: Instruments & Provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus		
47	Directly issued capital instruments subject to phase out from Tier 2		d
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)		
49	of which: instruments issued by subsidiaries subject to phase out		
50	Provisions	472.40	c1+c3+c4
51	Tier 2 capital before regulatory adjustments	472.40	
Tier 2 capital: Regulatory Adjustments			
52	Investments in own Tier 2 instruments		
53	Reciprocal cross-holdings in Tier 2 instruments		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)		
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
56	National specific regulatory adjustments (56a+56b)		
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries		
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the Bank		
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]		
	of which: [INSERT TYPE OF ADJUSTMENT]		
57	Total regulatory adjustments to Tier 2 capital		
58	Tier 2 capital (T2)	472.40	
58a	Tier 2 capital reckoned for capital adequacy	472.40	
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	0	
58c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	472.40	
59	Total capital (TC = T1 + T2) (45 + 58c)	11805.53	
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment		
	of which: [INSERT TYPE OF ADJUSTMENT]		
	of which: ...		
60	Total risk weighted assets (60a + 60b + 60c)	70678.04	
60a	of which: total credit risk weighted assets	54982.31	
60b	of which: total market risk weighted assets	6742.26	
60c	of which: total operational risk weighted assets	8953.46	

Basel III Pillar 3 Disclosures

		Amounts Subject to Pre-Basel III Treatment	Ref No
Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	16.03%	
62	Tier 1 (as a percentage of risk weighted assets)	16.03%	
63	Total capital (as a percentage of risk weighted assets)	16.70%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	7.38%	
65	of which: capital conservation buffer requirement	1.88%	
66	of which: bank specific countercyclical buffer requirement	0	
67	of which: G-SIB buffer requirement	0	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	9.33%	
Capital ratios			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%	
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%	
Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities		
73	Significant investments in the common stock of financial entities		
74	Mortgage servicing rights (net of related tax liability)		
75	Deferred tax assets arising from temporary differences (net of related tax liability)		
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-	c3+c4
77	Cap on inclusion of provisions in Tier 2 under standardised approach	883.48	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements	6296.07	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Notes

Row No. of the template	Particulars	(₹ in million)
10	Deferred tax assets associated with accumulated losses	0
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	1958.47
	Total as indicated in row 10	1958.47
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	NA
	of which: Increase in Common Equity Tier 1 capital	
	of which: Increase in Additional Tier 1 capital	
	of which: Increase in Tier 2 capital	
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	NA
	(i) Increase in Common Equity Tier 1 capital	
	(ii) Increase in risk weighted assets	
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	NA
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	
50	Eligible Provisions included in Tier 2 capital	472.40
	Eligible Revaluation Reserves included in Tier 2 capital	
	Total of row 50	472.40
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	0

Composition of Capital: Reconciliation Requirements Step 1

(₹ in million)

		Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation
		As on reporting date	As on reporting date
A	Capital & Liabilities		
i	Paid-up Capital	859.72	
	of which: Amount eligible for CET1	859.72	
	of which: Amount eligible for AT1	-	
	Share Warrant	398.78	
	Reserves & Surplus	13,058.43	
	Minority Interest	-	
	Total Capital	14,316.93	
ii	Deposits	151,238.73	
	of which: Deposits from banks	1,905.57	
	of which: Customer deposits	113,398.17	
	of which: Other deposits (pl. specify)	-	
iii	Borrowings	-	
	of which: From RBI	-	
	of which: From banks	-	
	of which: From other institutions & agencies	-	
	of which: Others (pl. specify)	-	
	of which: Capital instruments	-	

Basel III Pillar 3 Disclosures

		Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation
		As on reporting date	As on reporting date
iv	Other liabilities & provisions	3,555.92	
	of which: DTLs related to goodwill	-	
	of which: DTLs related to intangible assets	-	
	Total Capital & Liabilities	169,111.58	
B	Assets		
i	Cash and balances with Reserve Bank of India	7,254.05	
	Balance with banks and money at call and short notice	2,482.25	
ii	Investments	40,276.12	
	of which: Government securities	33,648.03	
	of which: Other approved securities	-	
	of which: Shares	29.58	
	of which: Debentures & Bonds	2,410.64	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	of which: Others (Commercial Papers, Mutual Funds etc.)	4,187.86	
iii	Loans & Advances	106,152.37	
	of which: Loans and advances to banks	-	
	of which: Loans and advances to customers	106,152.37	
iv	Fixed assets	2,177.29	
v	Other Assets	10,769.49	
	of which: Goodwill and intangible assets	2,993.71	
	Out of which:		
	Goodwill	-	
	Other intangibles (excluding MSRs)	2,993.71	
	of which: Deferred tax assets	2,841.43	
vi	Goodwill on consolidation	-	
vii	Debit balance in Profit & Loss account	-	
	Total Assets	169,111.58	

Composition of Capital: Reconciliation Requirements Step 2

(₹ in million)

		Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation	Ref No
		As on reporting date	As on reporting date	
A	Capital & Liabilities			
i	Paid-up Capital	859.72		a1
	Share Warrant	398.78		
	Reserves & Surplus	13,058.43		
	of which:			
	Share premium	13,234.25		a2
	Statutory Reserves	1,467.56		b1
	Capital Reserves	717.31		b2
	General Reserves	962.53		b3
	Special Reserve (Tax): After Tax Portion	237.62		b4

	Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation	Ref No
		As on reporting date	
	Special Reserve (Tax): Tax Element (not considered as part of capital funds)	-	b5
	Contingency Reserves	0.50	b6
	Add: Credit balance in Profit and Loss account	(5,139.59)	b7a
	Current Period profits not reckoned for capital adequacy purpose		b7b
	Revaluation Reserve reckoned as Tier I Capital	710.21	c1
	Revaluation Reserve not reckoned as Tier I Capital (55% discount)	868.04	c2
	Investment Reserve		c3
	Minority Interest	-	
	Total Capital	14,316.93	
ii	Deposits	151,238.73	
	of which: Deposits from banks	1,905.57	
	of which: Customer deposits	113,398.17	
	of which: Other deposits (pl. specify)	-	
iii	Borrowings	-	
	of which: From RBI	-	
	of which: From banks	-	
	of which: From other institutions & agencies	-	
	of which: Others (pl. specify)	-	
	of which: Capital instruments: Tier II Bonds	-	
	of which Eligible Amount after discounting	-	d
iv	Other liabilities & provisions	3,555.92	
	of which: Provision for Standard assets	-	c4
	Total Capital & Liabilities	169,111.58	
B	Assets		
i	Cash and balances with Reserve Bank of India	7,254.05	
	Balance with banks and money at call and short notice	2,482.25	
ii	Investments	40,276.12	
	of which: Government securities	33,648.03	
	of which: Other approved securities	-	
	of which: Shares	29.58	
	of which: Debentures & Bonds	2,410.64	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	of which: Others (Commercial Papers, Mutual Funds etc.)	4,187.86	
iii	Loans & Advances	106,152.37	
	of which: Loans and advances to banks	-	
	of which: Loans and advances to customers	106,152.37	
iv	Fixed assets	2,177.29	
v	Other Assets	10,769.49	
	of which: Goodwill and intangible assets	2,993.71	
	Out of which:		
	Goodwill	-	
	Other intangibles (excluding MSRs)	2,993.71	e1
	of which: Deferred tax assets	2,841.43	e2
vi	Goodwill on consolidation	-	
vii	Debit balance in Profit & Loss account	-	
	Total Assets	169,111.58	

Corporate Information

Board of Directors

Madhavan Menon
Chairman

C. VR. Rajendran
Managing Director & CEO

Thomas Mathew
Independent Director

Sumit Maheshwari
Non- Executive Director

Bhama Krishnamurthy
Independent Director

Madhavan Aravamuthan
Additional Director-Independent

S. Nagoor Ali Jinnah
Additional Director-Independent

Key Managerial Personnel

C. VR. Rajendran
Managing Director & CEO

Maheswari V
Chief Financial Officer

Sijo Varghese
Company Secretary

Corporate Identity Number

U65191KL1920PLC000175

International Securities Identification Number (ISIN)

INE679A01013

Registered Office

CSB Bhavan,
Post Box No. 502, St. Mary's College Road,
Thrissur - 680 020, Kerala, India.
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Fax: 0487 2338 764
Email: investors@csb.co.in
Website: www.csb.co.in

Registrar & Transfer Agents - Shares

SKDC Consultants Ltd.,
Kanapathy Towers,
3rd Floor, 1391/A-1, Sathy Road, Ganapathy,
Coimbatore – 641 006.
Telephone: 0422 – 2539835, 2539836
E-mail: info@skdc-consultants.com

Secretarial Auditors

SVJS & Associates
Company Secretaries
65/2364 A, Ponoth Road,
Kaloor, Kochi- 682 017
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