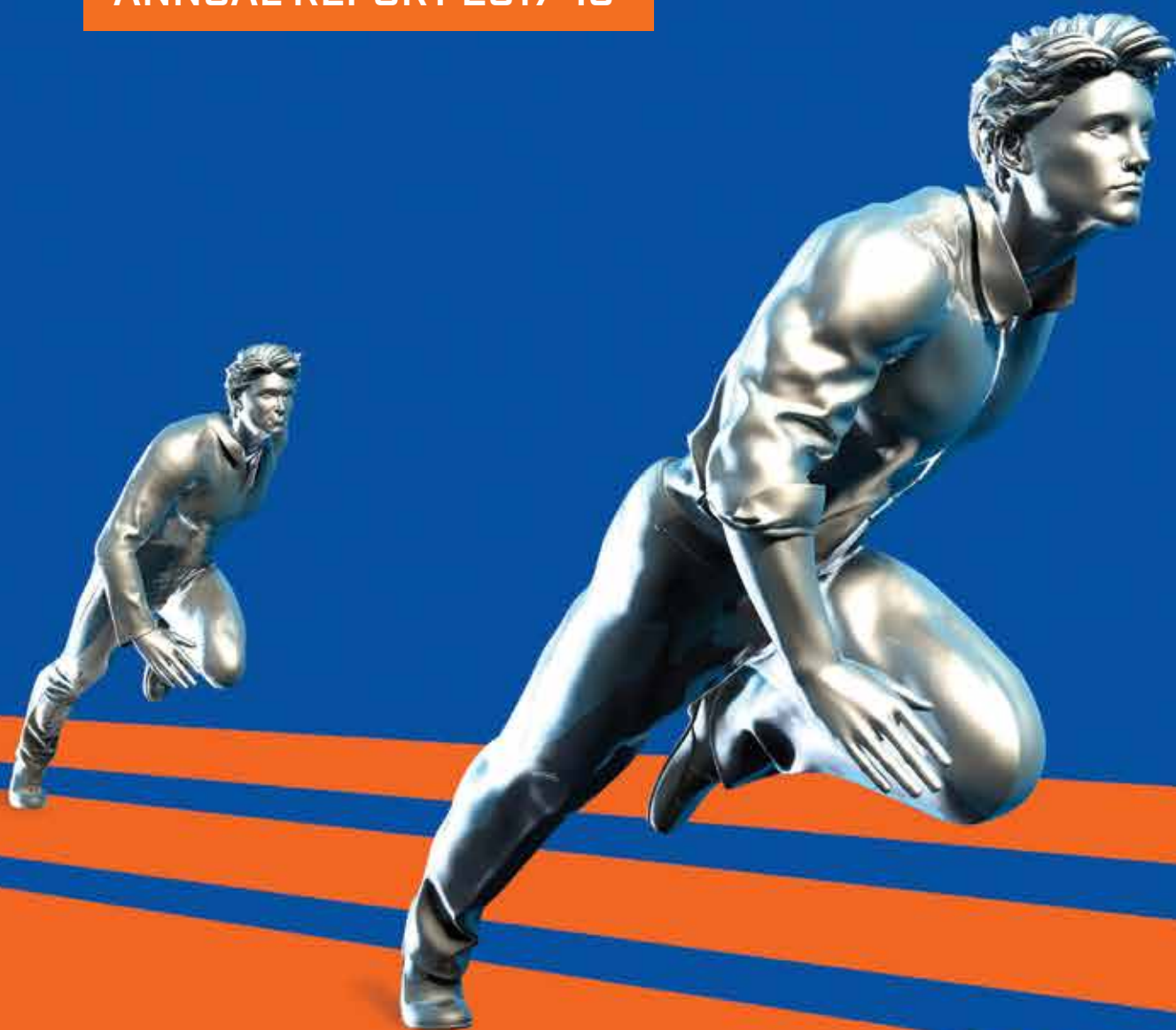


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ANNUAL REPORT 2017-18



THE CATHOLIC SYRIAN BANK LIMITED

Registered Office: "CSB Bhavan", St.Mary's College Road,

Post Box No. 502, Thrissur - 680 020, Kerala.

Corporate Identity Number : U65191KL1920PLC000175

Tel: 0487 - 2333020 Fax: 0487 - 2338764

Website: www.csb.co.in Email: investors@csb.co.in

Board of Directors



C. VR. Rajendran
Managing Director & CEO



Radha Unni
Independent Director



Bobby Jos C
Independent Director



M. Madhavan Nambiar
Independent Director



Alok Kochhar
Independent Director



Thomas Mathew
Independent Director



Madhavan Karunakaran Menon
Additional Director



Sumit Maheshwari
Additional Director



V.G. Venkatachalapathy
Additional Director -RBI Nominee



Subbaiah Singala
Additional Director -RBI Nominee



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

Maheshwari V
Chief Financial Officer

Sijo Varghese
Company Secretary



Board of Directors



Directors present on the date of approval of the Annual Financial Statements for 2017-2018

Seated, from left to right: Mr. V.G. Venkatachalapathy, Mrs. Radha Unni,
Mr. C.VR. Rajendran, Mr. M. Madhavan Nambiar.

Standing, from left to right: Mr. Bobby Jos C, Mr. Alok Kochhar,
Mr. Thomas Mathew, Mr. Subbaiah Singala

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Managing Director & CEO's Communique

Dear Shareholders,

2017-18 has been a year of mixed fortunes for the bank. While we could establish firm foundation for sustainable core income growth, we had to take hit on P&L on account of provisioning for legacy assets. The Annual Report annexed would be deliberating the initiatives and the performance of the Bank in the financial year 2017-2018. But before we get to the financials, let me briefly dwell on the banking and macro-economic scenario.

Macro-economic Challenges and Opportunities

Over the past year, global GDP continued to accelerate over much of the world in the broadest cyclical upswing since the start of the decade. Despite commodity prices firming up, inflation rate remained passive in both the advanced as well as the developing economies. The Global GDP growth is stated to remain at 3.9% for 2018 as estimated by the International Monetary Fund (IMF).

The FY 2017-18 was a year of sharp contrast for the Indian Economy. The first half witnessed a slowdown post the implementation of Goods & Services Tax, however in the second half the economy recovered mainly due to the smoothening of the GST and complete remonetisation of the economy. This year too witnessed string of structural reforms introduced in the economy. The country witnessed the implementation of several reforms by the government aimed towards the formalization of our economy.

Indian Banking Environment

The performance of the banking sector remained sombre, Public Sector Banks in particular. The position of stressed assets coupled with the discovery of frauds and governance issues in the banks have made this year a challenging one for the whole banking industry. On a positive note, the Insolvency and Bankruptcy Code mechanism finally took shape this year which we expect to be a shot in the arm for the Banking Industry in resolving the prevalent NPA Crisis.

Financial Performance

Despite multifaceted challenges faced by the Banking Sector, the Bank's business increased by ₹ 1,000 crore to above ₹ 24,000 crore as on 31st March 2018. The



increase was mainly driven by growth in advances by 15 % taking the gross advances to above ₹ 10,000 crore. The Credit Deposit Ratio improved to 63.6 % as on 31st March 2018 from 54.5 % as on 31st March 2017. Increase has been mainly in less risky advances (high rated corporate and gold loans), given the bank's low risk appetite in the face of low capital base. This is reflected in the fact that the effective risk weight of advances of the bank has actually decreased from 53% as on 31.03.2017 to 49% as on 31.03.2018. Bank could effectively redeploy ₹ 1,200 crore of Treasury Assets to loans, increasing returns but not increasing commensurately the risks.

Bank's deposits slightly de-grew on account of decrease in term deposits which was due to the conscious call taken by the Bank, to reduce high cost term deposits & improve low cost CASA accounts. Cost of deposits has been brought down from 6.90% in March 2017 to 6.15 % in March 2018. CASA of the Bank improved by ₹ 276 crore to ₹ 3971 crore as on 31st March 2018 from ₹ 3695 crore in March 2017. Bank has improved its CASA ratio to 27.03 %, showing an increase of 225 bps from 24.78 %. Bank has reduced wholesale deposits by ₹ 482 crore and wholesale deposits as a proportion of total deposits is only 4.5% now indicating very low concentration risk.

Thanks to the tail winds provided by these measures, our Net Interest Income increased by 22.71% (From ₹ 313.60 crore to ₹ 384.81 crore) and Net Interest Margin by 41 bps (From 1.91% to 2.32%).

Other commendable achievement was growth in Non Treasury Other Income. This stream increased by ₹ 37.40 crore or 44% in FY 18 (₹ 85.30 crore in FY 17 to ₹ 122.70 crore in FY 18), contributed by spurt in PSLC premium, commission income, Recovery from bad debts written off etc.

Bank's Operating Profit stood at ₹ 74.3 crore as on 31.03.2018 as against ₹ 151.7 crore as on 31.03.2017. Operating profit excluding the treasury profit was ₹ 71.6 crore as against operating loss of ₹ 44.2 crore in the previous period. Treasury profit was ₹ 195.9 crore in FY 17 on account of favourable yield movement, however in FY 18 the same decreased to ₹ 2.72 crore due to un-favourable yield movement.

The fiscal year saw spiraling non-performing assets (NPAs) across the banking industry. In this backdrop, our Bank's Gross NPA has only increased marginally to 7.89% from 7.25%. Major portion of this increase has been caused by slippage of education loans and stressed sectors like Cashew. Provision Coverage Ratio improved from 53.1 % as on 31.03.2017 to 61.9 % as on 31.03.2018. Net NPA has decreased to 4.5% from 5.5% and we are one of the very few banks in the industry whose Net NPA has come down both in absolute numbers and as a percentage. P&L debit on account of Provision for NPA & write off was ₹ 191.1 crore and this together with depreciation in investment book (including Security Receipt) of ₹ 33.6 crore has resulted in the bank posting a Net Loss of ₹ 97.5 crore.

During the current Financial Year CRAR of the Bank stood at 9.91% as against 12.15% as on 31.03.2017.

Capital Augmentation plan

Reserve Bank of India accorded its approval to FIH Mauritius Investments Ltd (FIH-M) to acquire up to 51 % of the post issued paid up capital of the Bank on a fully diluted basis. As the Bank had already obtained the approval of shareholders for the said offer of shares to FIH-M, Bank will be able to complete the offer to FIH-M, once the approval of Department of Financial Services (DFS) is obtained, increasing foreign direct investment limit in the Bank to 74 % of the paid up capital as the same is essential to complete the process of issue of shares to them. Once the capital infusion is completed, the Bank can go ahead with its growth strategy as envisaged, presently constrained by capital adequacy norms.

Immediate Priorities

- Decrease in Cost of Deposits by Increase in CASA and NRI deposits through filling in the gaps in offerings, targeting institutional clients and setting up dedicated sales force.
- Increase Yield on Advances by growth in advances of higher yields like two wheeler loans and retail gold loans, exercising pricing power while riding the uptick in interest rates.
- Cut Opex with special stress on smart sourcing, process changes with emphasis on centralisation & digitisation and cutting wasteful expenses.
- Increase other Income by boosting Trade Finance income including merchant banking profit, increasing processing fees by plugging leakages, and giving thrust to locker rent business.
- Turbo charge recovery efforts with different strategy for small and large accounts.
- Giving added thrust to increase in employee productivity.
- Continuously putting in place the best in technology, for banking related functions, making the service more efficient and cost effective.

We are in the cusp of a new dawn, powered by capital infusion of a scale unmatched in CSB's history and future will hold an excellent value proposition for the customers, compelling profit proposition for the shareholders and inspiring people proposition for the employees, while ensuring highest standards of corporate citizenship and regulatory compliance.

It is also worthy to note that the Bank continues to maintain high standards of Corporate Governance and upholds fairness, integrity and trust in all its dealings with its stakeholders.

As I conclude, I express my sincere thanks and gratitude to all the Stakeholders and well-wishers for their valuable patronage, guidance, support and timely advice and seek their continued support and co-operation. The Bank is grateful to the Reserve Bank of India, the SEBI, Other Regulatory authorities and the Board from whom it has been receiving excellent support and valuable guidance.

C. VR. Rajendran

Managing Director & CEO

DIRECTORS' REPORT

Dear Shareholders,

(₹ in Crore)

Your Directors are immensely pleased to present the 97th Annual Report together with the Audited Statement of Accounts of the Bank for the financial year ended 31st March, 2018.

Business Overview

In the FY 2017-18, the Bank has posted an Operating Profit of ₹ 74.33 crore as against ₹ 151.71 crore in FY 2016-17. The reduction was mainly on account of lower income from Treasury investments due to unfavourable yield movements. The Bank has reported a Net Loss of ₹ 97.47 crore in FY 2017-18 as against Net Profit of ₹ 1.55 crore in FY 2016-17. The Loss was mainly on account of additional provision made for depreciation on investments and Non-Performing Assets.

Net Interest Income (NII) increased to ₹ 384.81 crore in FY 2017-18 as against ₹ 313.60 crore in FY 2016-17. Non-Treasury Other Income increased to ₹ 122.70 crore in FY 2017-18 from ₹ 85.30 crore in FY 2016-17.

Total Assets have decreased by ₹ 353.18 crore and stood at ₹ 15870.05 crore as on 31st March, 2018 (₹ 16,223.24 crore as on 31st March, 2017). Total Deposits have decreased by ₹ 220.91 crore and stood at ₹ 14,690.65 crore as on 31st March, 2018 (₹ 14,911.56 crore as on 31st March, 2017). Net Advances have increased by ₹ 1,218.42 crore and reached ₹ 9,337.36 crore as on 31st March, 2018 (₹ 8,118.93 crore as on 31st March, 2017).

Financial Summary

The financial performance of the Bank for the fiscal 2017-18 is as given below:

Particulars	March 31st 2018	March 31st 2017
Deposits	14690.65	14911.56
Borrowings	41.80	41.80
Net Advances	9337.36	8118.93
Total Assets/Liabilities	15870.05	16223.24
Net Interest Income (NII)	384.81	313.60
Non-Interest Income	125.42	281.20
Operating Profit/(Loss)	74.33	151.71
Provisions and Contingencies (Other than tax)	223.69	160.63
Profit / (Loss) before Tax	(149.36)	(8.92)
Provision for taxes	(51.89)	(10.47)
Net Profit /(Loss)	(97.47)	1.55
Add: Surplus/(Deficit) brought forward from last period	(219.07)	(219.07)
Amount available for appropriation	(316.54)	(217.52)
Appropriations		
Statutory Reserve u/s 17 of the Banking Regulation Act, 1949.	-	0.39
Capital Reserve	-	1.17
Balance carried over to Balance Sheet	(316.54)	(219.07)
Key Performance Indicators		
Capital Adequacy Ratio (CRAR)% Basel – II	9.92	12.18
Capital Adequacy Ratio (CRAR)% Basel – III	9.91	12.15
Earnings per share (in ₹)	(12.04)	0.21
Book value per share (in ₹)	109.81	123.44
Net Interest Margin%	2.32	1.91
Cost-Income Ratio%	85.43	74.49
Return On Assets (ROA)%	(0.59)	0.01
Return On Equity (ROE)%	(15.80)	0.24

There is no change in the nature of business of the Bank for the year under review. 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, 2018 and the date of the Directors' report i.e., August 20, 2018.

Paid-up Capital and Reserves

As on March 31st, 2018, the Paid-up Equity Capital of the Bank stood at ₹ 80.96 crore consisting of 8,09,62,082 shares of ₹ 10/- each and remained the same as at March 31st, 2017.

The free reserves and surplus stood at ₹ 794.52 crore as on March 31st, 2018 as against ₹ 802.89 crore as on March 31st, 2017.

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 2018, is 9.92%. This is as against the minimum CRAR of 10.875% stipulated by the Reserve Bank of India. The Tier I CRAR stood at 9.46%, 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, 2018 is 9.91%. This is as against the minimum CRAR of 10.875% stipulated by the Reserve Bank of India. The Tier I and Common Equity CRAR stood at 9.45%, well above the minimum of 7% and 5.5%.

Offer of equity shares and/ warrants on Preferential Allotment Basis to FIH Mauritius Investments Ltd.

Reserve Bank of India, vide letter dated July 12, 2018, accorded its approval to FIH Mauritius Investments Ltd. (FIH-M) to acquire up to 51% of the post issued paid up capital of the Bank through primary issue of shares. Bank already obtained the approval of shareholders in the Extraordinary General Meeting of the Bank held on 21st March, 2018, for the said offer of shares to FIH-M.

Bank will complete the offer of shares to FIH-M once the approval of Department of Financial Services (DFS) is obtained, increasing foreign direct investment limit in the Bank to 74 % of the paid up capital as the same is essential to complete the process of issue of shares to them.

FIH Mauritius Investments Ltd ("FIH-M") is an investment holding company incorporated under the laws of Mauritius. FIH-M's objective is to achieve long-term capital appreciation, while preserving capital, by investing in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India. FIH-M 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.

FIH-M'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 dated May 12, 2016 on 'Ownership in Private Sector Banks, Directions, 2016.'

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 Scheme

Pursuant to the requisite approval, the Bank has 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 2017-18. However, the Nomination & Remuneration Committee of the Board in its meeting held on April 24, 2017, subject to the approval of Reserve Bank of India, decided to grant 16,19,241 stock options, equivalent to the same number of shares, as hiring grant to Shri. C.VR. Rajendran, Managing Director & CEO as per the Scheme. The Stock options when granted, subject to the approval of Reserve Bank of India, will be vested over a period of three years commencing from April 1, 2018 subject to satisfying the vesting conditions part of the grant, set by the Board and the Committee. Presently, the Bank is awaiting the approval of Reserve Bank of India.

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](#).

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.

CSBL Bonds

Bonds issued by the Bank [CSBL Bonds – 2012 – Series-I] are listed in the National Stock Exchange of India. M/s. Indian Overseas Bank, Merchant Banking Division, Anna Salai, Chennai -600 002 is the debenture trustees to the above said bonds. As per the Information Memorandum (IM) filed with the

National Stock Exchange of India, the said Bonds are due for redemption on March 31, 2019. During the period under review, there were no bonds falling due for redemption.

Credit Rating

'CARE' Rating has assigned 'CARE BBB Minus' (Triple B-) for the above said bonds and the said rating was reaffirmed, and remains unchanged during the period under review.

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.

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 / Vigilance Mechanism to report concerns about unethical behaviour, actual or suspected fraud and others. 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 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, circulation of modus operandi of frauds occurred 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

The Bank has implemented adequate procedures and internal control systems which provide reasonable assurance regarding reliability of financial reporting and preparation of financial statements. The Bank also ensures that internal controls are operating effectively.

Divergence in asset classification and provisioning for NPAs

As part of the Risk Based Supervision (RBS) exercise for FY 2016-17 concluded in February 2018, Reserve Bank of India has pointed out certain retrospective divergence in the Bank's asset classification and provisioning as on March 31, 2017. In conformity with Reserve Bank of India circular no. RBI/2016-17/283 DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017, relating to "Disclosure in the "Notes to

Accounts" to the Financial Statements- Divergence in the asset classification and provisioning" and as per the approval from the Board of Directors at its Meeting held on April 30, 2018, the detailed table outlining divergences in asset classification and provisioning is provided in the schedule 18 – Note number 2.4.1.2 – "Asset Quality - Divergence in Asset Classification and Provisioning for NPAs in terms of Reserve Bank of India Circular".

Corporate Governance

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

A separate section on Corporate Governance standards followed by our 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 subsection (1), do not apply to a loan made, guarantee given or security provided 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 are in the ordinary course of business and on arm's length basis; and there are no material contracts or arrangements or transactions which are on an arm's length basis and requiring disclosure in form AOC-2. Further, there were no related party transactions entered into by the Bank with Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Bank.

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. The same is displayed on the website of the Bank at: <https://www.csb.co.in/pdf/PolicyondealingwithRelatedPartyTransactionCSBVIEW2018.pdf>

Corporate Social Responsibility (CSR)

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

The statutory disclosures with respect to the CSR Committee and an Annual Report on CSR activities form part of this report as **Annexure- II**.

Auditors

a) Statutory Auditors

The Statutory Central Auditors viz. "M/s. R G N Price & Co", Chartered Accountants, Kochi, who were appointed at the 96th Annual General Meeting held on September 25, 2017 are 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 hereunder. 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 third 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 thereof subject to the shareholders' approval. Reserve Bank of India had already conveyed their approval for appointment of "M/s. R G N Price & Co" as the Statutory Central Auditors of the Bank for the financial year 2018-19.

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 2017-18. The Report of Secretarial Auditor for the said period is annexed to this report as **Annexure III**.

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.

No transfer was required to be made to Investor Education and Protection Fund as per Section 124 (5) of the Companies Act, 2013 during the period under review as the Bank had not declared dividend during the financial year 2009-10.

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 01.12.2017 transferred 2,18,228 shares, comprising of 1962 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

Compensation/ Remuneration Policy of the Bank 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.

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-IV](#).

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 eight Directors including two RBI Nominee 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 / Re-appointment of Independent Directors

At the 96th Annual General Meeting of the Bank held on September 25, 2017, Shri. Thomas Mathew (DIN: 01277149) was appointed as Independent Director of the Bank for a period of three years from the date of the Meeting.

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. Smt. Radha Unni (DIN: 03242769)
2. Shri. Bobby Jos C (DIN: 03270042)
3. Shri. Thomas Mathew (DIN: 01277149)
4. Shri. Alok Kochhar (DIN: 07336899)
5. Shri. Madhavan Nambiar M (DIN: 03487311)

The second consecutive tenure of appointment of Smt. Radha Unni, Shri. Madhavan Nambiar M and Shri. Bobby Jos C as independent Directors of the Bank will be expiring on September 26, 2018.

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 Section 149(6) of the Companies Act, 2013.

Part-time Chairman

Shri. T. S. Anantharaman ceased to be the Part-time Chairman of the Bank with effect from March 30, 2018 upon expiry of his tenure of appointment. Shri. T.S. Anantharaman also ceased to be Director of the Bank with effect from the said date in pursuant to Section 10A (2A) of the Banking Regulation Act, 1949.

The Board places on record its appreciation of the valuable contributions, advises and services of Shri. T.S. Anantharaman during his tenure as Part-time Chairman and also as a Director of the Bank.

Resignation of Directors

Shri. Ashish Ahluwalia (DIN: 03514036) resigned as Non- Executive Director of the Bank on February 2, 2018.

The Board places on record its appreciation of the commendable services and guidance rendered by Shri. Ashish Ahluwalia during his tenure as Director 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. Our Bank has appointed Mrs. Radha Unni (DIN: 03242769) as a Director on the Board of the Bank since September, 2011.

Directors Retiring by Rotation

Shri. C.VR. Rajendran, Managing Director & Chief Executive Officer of the Bank is liable to retire at this Annual General Meeting in compliance with Section 152 of Companies Act, 2013, as required under the regulations regarding retirement of directors by rotation.

The detailed profile of Shri. C.VR. Rajendran, recommended for re-appointment in this Annual General Meeting is mentioned in the Notice for the Annual General Meeting of the Bank.

Appointment/ Changes in Key Managerial Personnel

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

As part of changes in Organisational Structure, Smt. V. Maheswari was appointed as Chief Financial Officer with effect from May 10, 2018, in place of Shri. P.V. Antony who was appointed as the Chief Risk Officer of the Bank with effect from said date.

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 fourteen (14) times during the FY 2017-18. 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. Capital Planning Committee.(up to July 24,2017)
11. Committee for Monitoring Large Value Frauds (CMF).
12. HR 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 including two Additional Directors—RBI Nominees. The Committee is chaired by Shri. Thomas Mathew, Independent Director, who is a Chartered Accountant. The other members of the Committee are, Smt. Radha Unni (Independent Director), Shri. Alok Kochhar (Independent Director), Shri. Subbaiah Singala (Addl. Director-RBI Nominee) and Shri. V. G Venkatachalapathy (Addl. Director-RBI Nominee)

The Committee discharges the functions laid down in the Companies Act, 2013 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 Audit Committee of the Board, which held nine 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 Audit Committee of the Board acts as an effective tier to the Board in the matters of inspection, audit and internal control system. It offers useful suggestions in the conduct and management of the Bank's business.

Performance evaluation of the Board

Bank has put in place a criteria for performance evaluation of Chairperson, Managing Director & CEO, Directors, Board Level Committees and the Board as a whole and also the evaluation process for the same.

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.

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

Our 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.

The disclosures 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	Nil
Number of complaints disposed off during the year	NA
Number of complaints pending as on the end of the financial year	NA
Number of cases pending for more than ninety days	NA
Remedial measures taken by the company	NA

Other Disclosures

- 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.
- 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.
- 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.

- 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

Extracts of 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 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return as on March 31st, 2018 forms part of this report as **Annexure V**.

Directors' Responsibility Statement

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit and loss of the Bank for that period.
- 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.
- The directors have prepared the annual accounts on a going concern basis.
- 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/-

C.VR.Rajendran

Managing Director & CEO
(DIN: 00460061)

Sd/-

Radha Unni

Independent Director
(DIN: 03242769)

Place: Chennai

Date : August 20,2018

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		2,20,064
Options exercised		Nil
Total number of Equity Shares arising as a result of options		3,30,000
Options lapsed		Nil
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		3,30,000
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

- * (1) The Bank has subject to the approval of Reserve Bank of India, decided to grant 2% stock options, equivalent to 16,19,241 shares, as hiring grant to Shri. C.VR. Rajendran, 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% is calculated based on the Paid up Capital of the Bank as on 09.12.2016 (i.e. the date of joining in the Bank as Managing Director & CEO)
- (2) The Bank has also subject to the approval of Reserve Bank of India agreed to grant to the Managing Director & CEO, additional stock options as performance grant, which is 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 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 three years of assuming charge by the Managing Director & CEO. The exercise price of the options is fixed at ₹ 75/- per share.

All the options were granted during the Financial Year 2015-16 only.

By Order of the Board

Sd/-

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

Sd/-

Radha Unni
Independent Director
(DIN: 03242769)

Place: Chennai

Date : August 20,2018

ANNEXURE II

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 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. 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 projects/programs 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. Rural Development
9. Slum Area Development
10. Training to Promote Rural Sports

(c) Web-link to the CSR policy

<https://www.csb.co.in/pdf/CSRPolyREVIEW2018.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	Shri. M. Madhavan Nambiar.	Chairman of the Committee (Independent Director)
2	Shri. C. VR. Rajendran	Managing Director & CEO
3	Shri. Bobby Jos C	Independent Director

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

₹ (103.77) 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 2017-18 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, there is no requirement to spend money for CSR activities in the financial year 2017-18 as per the policy adopted by the Bank and as per Section 135 of the Companies Act, 2013. However, as part of the Bank's 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 projects / proposals 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 projects/ activities 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/-

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

Sd/-

M Madhavan Nambiar
(Chairman-CSR Committee)
(DIN: 03487311)

ANNEXURE III

Form No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2018

[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 31.03.2018 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 31.03.2018 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 for the following:

Sl. No	Subject	Mode of Approval	Date of Approval	Particulars of shareholders' approval
1	Preferential Issue/offer	Shareholders' approval by way of special resolution in the Extra Ordinary General Meeting	21.03.2018	Shareholders' approval obtained for issue of 19,832,130 Equity Shares of Rs.10/- each to FIH Mauritius Investments Ltd at a premium of ₹ 130/- aggregating to an amount of ₹ 277,64,98,200/-
2	Preferential Issue/offer	Shareholders' approval by way of special resolution in the Extra Ordinary General Meeting	21.03.2018	Shareholders' approval obtained for issue of 66,463,329 Equity Shares of ₹10/- each or Warrants convertible into or exchangeable for Equity Shares or any combination thereof to FIH Mauritius Investments Ltd at a premium of ₹ 130/- aggregating to an amount of ₹ 930,48,66,060/-

Further during the aforesaid period, shareholders' approval in the Extra Ordinary General Meeting held on 21.03.2018 has been obtained for increasing the Foreign Direct Investment limit from all eligible non-resident investors to hold up to an aggregate limit of 74% of the total paid up share capital of the Bank, as Foreign Direct Investment in terms of the Consolidated FDI Policy and the FEMA Regulations.

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

For SVJS & Associates
Company Secretaries

Sd/-

CS. Sivakumar P.

Managing Partner

CP No:2210, FCS:3050

Place: Kochi

Date : August 1, 2018

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 2018 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.

For SVJS & Associates
Company Secretaries

Sd/-

CS. Sivakumar P.

Managing Partner

CP No:2210, FCS:3050

Place: Kochi
Date : August 1, 2018

ANNEXURE IV

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 2017-18.	Managing Director & CEO Shri. C. VR. Rajendran# 12.24: 1
2	The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year 2017-18.	Shri. C. VR. Rajendran# NIL Managing Director & CEO Shri. P.V Antony (Chief Financial Officer) * 3.44 % Shri. Sijo Varghese (Company Secretary) * 6.29 %
3	The percentage increase/ (decrease) in the median remuneration of employees in the financial year 2017-18.	(8.76) %
4	The number of permanent employees on the rolls of the Bank as on March 31st, 2018.	There were 2855 employees as on March 31st, 2018.
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2017-18 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 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 includes Gross Salary only.

Since Shri. C. VR. Rajendran, Managing Director & CEO joined the bank on 09/12/2016, i.e., for a part of FY 17, salary paid to him is annualized to compare with the salary of FY 18.

* While calculating the salary of CFO/CS, exceptional items are excluded.

2. Disclosure as per Rule 5(2) – Statement showing the names of top ten employees in terms of remuneration drawn during the Financial Year 2017-18 :-

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

Sr 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	Relationship with Director
1	Shri. C. VR. Rajendran	09/12/2016	M D & CEO	M Com, CAIIB, ICWAI (Inter)	63Y	39Y	₹7,200,000.00	Association of Mutual Funds of India (AMFI) as Chief Executive	Nil	No
2	Shri. Bharath Mani	04/04/2014	Head - Retail Banking	BA, PGDBM	47Y	24Y	₹6,800,000.00	Royal Bank of Scotland as Head – Branch Banking, India	866	No
3	Shri. Sekhar Rao	03/03/2014	Head - Operations	BE,MBA	49Y	24Y	₹5,800,000.00	Ratnakar Bank as Zonal Head & National Head CASA	666	No
4	Shri. Prem Kumar Thampi	02/03/2015	Head - Wholesale Banking And Treasury	MSc – Physics	57Y	30Y	₹5,000,000.00	Dy. CEO Bank M (Tanzania) Ltd	Nil	No
5	Shri. Jayachandran B	23/02/2015	Head - Product Management & Retail Loans South India	B Com, CA Inter	44Y	15Y	₹4,300,000.00	ING Vysya Bank-Zonal Head- SME	Nil	No
6	Shri. Ajit Kumar K	20/07/2015	Chief Credit Officer	M Com, CAIIB	62Y	33Y	₹3,600,000.00	Exim Bank as Chief General Manager-Corporate Banking Group	Nil	No
7	Shri. Jebin G Kalliath	31/08/2015	Head - Marketing & Brand Strategy	M B A	38Y	12Y	₹3,010,000.00	ING Vysya Bank-Unit Head / Senior Manager - Marketing	Nil	No
8	Shri. Antony P V	26/09/1983	Chief Financial Officer	B Com, CAIIB, ACS, FICWA	56Y	34Y	₹2,041,899.67	Canara Bank	533	No
9	Shri. Kurian George	01/06/1981	Head - Planning & Development	B Sc, CAIIB.	58Y	36Y	₹2,038,644.07	Joined the Bank as a Clerk	4000	No
10	Shri. Jayashankar T	21/04/2017	Head- HR	BA, MA, LLB	62Y	34Y	₹1,980,000.00	Indian Bank	Nil	No

- 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 Sr. No.8 & 9.
- Salary as per IBA package for the officers mentioned in Sr. No. 8 & 9.

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/-

Sd/-

C. VR. Rajendran

Radha Unni

Place: Chennai
Date : August 20,2018

Managing Director & CEO
(DIN: 00460061)

Independent Director
(DIN: 03242769)

ANNEXURE V

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31st March, 2018
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies
(Management and Administration) Rules, 2014]

I. Registration and Other Details

i)	CIN	U65191KL1920PLC000175
ii)	Registration Date	November 26 th , 1920
iii)	Name of the Company	The Catholic Syrian Bank Limited
iv)	Category / Sub-Category of the Company	Public Company Limited by Shares
v)	Address of the Registered Office and contact details	'CSB Bhavan', St. Mary's College Road, Post Box No. 502, Thrissur – 680 020, Kerala, India. Tel.: 0487 2333020 Fax: 0487 2338764 Email: investors@csb.co.in Website: www.csb.co.in
vi)	Whether listed company Yes / No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	S.K.D.C. Consultants Limited, Kanapathy Towers, 3 rd Floor, 1391/A1, Sathy Road, Ganapathy, Coimbatore – 641 006 Tel.: 0422 6549995, 2539835-36 Fax: 0422 2539837 Email: info@skdc-consultants.com

II. Principal Business Activities of the Company

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

Sr. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	BANKING	64191	100%

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
Not Applicable					

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of shareholders	No. of Shares held at the beginning of the year (As on 31.03.2017)				No. of Shares held at the end of the year (As on 31.03.2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	-	-	-	-	-	-	-	-	-
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	-	-	-	-	-	-	-	-	-
(e) Banks/ FI	-	-	-	-	-	-	-	-	-
(f) Any Other.	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	-	-	-	-	-	-	-	-	-
(2) Foreign									
(a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
(b) Other Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks/ FI	-	-	-	-	-	-	-	-	-
(e) Any Other.	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	-	-	-	-	-	-	-	-	-
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks/ FI	2785661	-	2785661	3.44	2785661	-	2785661	3.44	-
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	9004100	-	9004100	11.12	8934100	-	8934100	11.04	(0.08)
(g) FIIs and QFI	2500000	-	2500000	3.09	2500000	-	2500000	3.09	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others	-	-	-	-	-	-	-	-	-
(a) Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
(b) Trust	-	-	-	-	-	-	-	-	-
(c) Alternate Investment Funds	-	-	-	-	1191432	-	1191432	1.47	1.47
Sub-total (B) (1)	14289761	-	14289761	17.65	15411193	-	15411193	19.04	1.39
(2) Non-Institutions									
(a) Bodies Corp.									
(i) Indian	15518802	1256027	16774829	20.72	12977451	1243183	14220634	17.56	(3.16)
(ii) Overseas	1500000	8752536	10252536	12.66	3585393	6667143	10252536	12.66	-
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2451877	7941045	10392922	12.84	4395185	7409541	11804726	14.58	1.74
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	11916098	1758355	13674453	16.89	15560668	1724550	17285218	21.35	4.46
(c) Others (specify)									
(c- i) Trusts	-	265144	265144	0.33	14000	265144	279144	0.34	0.01
(c- ii) Directors & Relatives	548836	800	549636	0.68	22983	800	23783	0.03	(0.65)
(c- iii) Non Resident Indians	5085236	9574032	14659268	18.10	5742111	5396094	11138205	13.76	(4.34)
(c-iv) Inv. Education and Protection Fund Authority	-	-	-	-	218228	-	218228	0.27	0.27
(c- v) Hindu Undivided Families	103533	-	103533	0.13	328415	-	328415	0.41	0.28
Sub-total (B) (2)	37124382	29547939	66672321	82.35	42844434	22706455	65550889	80.96	(1.39)
Total Public Shareholding (B) = (B)(1)+(B)(2)	51414143	29547939	80962082	100	58255627	22706455	80962082	100	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	51414143	29547939	80962082	100	58255627	22706455	80962082	100	-

ii. Shareholding of Promoters

Not applicable since our Bank does not have an identifiable promoter.

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Not applicable since our Bank does not have an identifiable promoter.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No	For Each of the Top 10 Shareholders Name, Date & Reason for change			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	HDFC STANDARD LIFE INSURANCE COMPANY LTD.			4044000	4.995	4044000	4.995
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2018)			-	-	4044000	4.995
2	YUSUFF ALI M.A.			3581722	4.424	3581722	4.424
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2018)			-	-	3581722	4.424
3	AGNUS CAPITAL LLP			3081854	3.807	3081854	3.807
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2018)			-	-	3081854	3.807
4	ICICI PRUDENTIAL LIFE INSURANCE CO LTD			3044000	3.760	3044000	3.760
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2018)			-	-	3044000	3.760
5	THE FEDERAL BANK LIMITED			2785661	3.441	2785661	3.441
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2018)			-	-	2785661	3.441
6	BRIDGE INDIA FUND			2500000	3.088	2500000	3.088
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2018)			-	-	2500000	3.088
7	GOPINATHAN C K			2370724	2.928	2370724	2.928
	Less	05.05.2017	Transfer	25000	0.031	2345724	2.897
	Less	03.11.2017	Transfer	10000	0.012	2335724	2.885
	Less	02.03.2018	Transfer	10000	0.012	2325724	2.873
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2018)			-	-	2325724	2.873
8	VALLABH R BHANSHALI			Nil	N.A	Nil	N.A
	Add	15.05.2017	Transfer	2185392	2.699	2185392	2.699
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2018)			-	-	2185392	2.699
9	AIF CAPITAL DEVELOPMENT LTD			2085393	2.576	2085393	2.576
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2018)			-	-	2085393	2.576
10	GPE III MAURITIUS DIRECT INVESTMENT LTD			2085393	2.576	2085393	2.576
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2018)			-	-	2085393	2.576

v. Shareholding of Directors and Key Managerial Personnel

Sl. No	For Each of the Directors and Key Managerial Personnel - Name, Date & Reason for change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	T.S. Anantharaman (Part-time Chairman)	357420	0.441	357420	0.441
	At the end of the year (or on the date of separation, if separated during the year)(ceased to be Part-time Chairman & Director as on 30.03.2018)			357420	0.441
2	C. VR. Rajendran, Managing Director & CEO	Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2018)			Nil	N.A
3	Bobby Jos C	18156	0.022	18156	0.022
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2018)			18156	0.022
4	Radha Unni	Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2018)			Nil	N.A
5	M. Madhavan Nambiar	Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2018)			Nil	N.A
6	Alok Kochhar	Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2018)			Nil	N.A
7	Thomas Mathew	Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2018)			Nil	N.A
8	V.G Venkatachalapathy, Addl. Director - RBI Nominee	Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2018)			Nil	N.A
9	Subbaiah Singala, Addl. Director - RBI Nominee	Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2018)			Nil	N.A
10	Madhavan Karunakaran Menon	Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year) (Resigned on 21.06.2017)			Nil	N.A
11	Ashish Ahluwalia	Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year) (Resigned on 02.02.2018)			Nil	N.A
12	P.V Antony, Chief Financial Officer	533	0.001	533	0.001
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2017)			533	0.001
13	Sijo Varghese, Company Secretary	Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2017)			Nil	N.A

V. Indebtedness

₹ in crore

	Secured Loans excluding Deposits	Unsecured Loans	Deposits*	Total Indebtedness
Indebtedness at the beginning of the financial year				
i Principal Amount	-	41.80	-	41.80
ii Interest due but not paid	-	-	-	-
iii Interest accrued but not due	-	4.89	-	4.89
Total	-	46.69	-	46.69
Change in Indebtedness during the financial year				
Addition	-	4.89	-	4.89
Reduction (net)	-	4.89	-	4.89
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i Principal Amount	-	41.80	-	41.80
ii Interest due but not paid	-	-	-	-
iii Interest accrued but not due	-	4.89	-	4.89
Total	-	46.69	-	46.69

*Deposits received by the Bank in the ordinary course of business does not amount to deposits in terms of the provisions of the Companies Act, 2013, hence, not included herein above.

VI. Remuneration of Directors and Key Managerial Personnel

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

Sr. 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
2	Stock Option (Nos)*	NIL
3	Sweat Equity	NIL
4	Commission - as % of profit - Others, specify	NIL
5	Others - LFC - PF	NIL 4,32,000.00
	Total (A)	72,00,000.00
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.

* The Bank has subject to the approval of Reserve Bank of India, decided to grant 2 % stock options, equivalent to 16,19,241 shares, as hiring grant to Shri. C VR Rajendran, 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% is calculated based on the Paid up Capital of the Bank as on 09.12.2016 (i.e. date of joining in the Bank as Managing Director & CEO)

B. Remuneration to other directors:

(₹)

Sr. No	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors		
	• Sitting Fee for attending Board/ Committee Meetings	Sri. Bobby Jos C	10,00,000.00
		Smt. Radha Unni	8,80,000.00
		Sri. Madhavan Nambiar M	7,50,000.00
		Sri. Alok Kochhar	6,90,000.00
		Sri. Thomas Mathew (From 24.04.2017 to 24.09.2017 as Additional Director)	7,20,000.00
		Sri. Madhavan Karunakaran Menon (till 22.06.2017)	NIL
	• Commission		NIL
	• Others, please specify		NIL
	TOTAL (1)		40,40,000.00
2	Other Non-Executive Directors		
	• Sitting Fee for attending Board/ Committee Meetings	Sri. T.S. Anantharaman, Part-time Chairman (till 30.03.2018)	9,90,000.00
		Sri. Ashish Ahluwalia (till 02.02.2018)	3,60,000.00
		Sri. Subbaiah Singala (Addl. Director - RBI Nominee)	NIL
		Sri. V.G. Venkatachalapathy (Addl. Director - RBI Nominee)	NIL
	• Commission		NIL
	• Others, please specify		NIL
	TOTAL (2)		13,50,000.00
	TOTAL (B) = (1)+(2)		53,90,000.00
Total Managerial Remuneration (A)+(B)			1,25,90,000.00
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.	

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

Sr. No	Particulars of Remuneration	CFO	Company Secretary	Total Amount
1	Gross Salary	(₹)	(₹)	(₹)
a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	20,41,899.67	14,85,562.97	35,27,462.64
b)	Value of perquisites u/s 17(2) Income Tax Act, 1961	NIL	NIL	NIL
c)	Profits in lieu of salary under section 17(3) Income Tax Act, 1961	NIL	NIL	NIL
2	Stock Option (Nos)	Nil	Nil	NIL
3	Sweat Equity	Nil	Nil	NIL
4	Commission			
-	as % of profit	Nil	Nil	NIL
-	others, specify	Nil	Nil	NIL
5	Others, please specify	Nil	Nil	NIL
	TOTAL	20,41,899.67	14,85,562.97	35,27,462.64

*Salary includes Leave Salary availed by the Chief Financial Officer and by the Company Secretary for the FY 2017-18.

VII. Penalties / Punishment/ Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalties / Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give details)
A. Company					
Penalty	NIL				
Punishment					
Compounding					
B. Directors					
Penalty	NIL				
Punishment					
Compounding					
C. Other officers in default					
Penalty	NIL				
Punishment					
Compounding					

By Order of the Board

Sd/-

Sd/-

Place: Chennai
Date : August 20,2018

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

Radha Unni
Independent Director
(DIN: 03242769)

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 maximise long-term value for all stakeholders. This philosophy is realised through the Bank's endeavour 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 recognises 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 goodwill 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, 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.

The Bank, as on March 31, 2018, has Managing Director & CEO, and Seven (7) other directors on its Board including 2 RBI Nominee Directors.

As on March 31, 2018, the post of Part-time Chairman of the Bank was vacant as Shri. T. S. Anantharaman's tenure of appointment as Part-time Chairman of the Bank had ended on March 30, 2018 as per Reserve Bank of India letters nos. DBR.Appt.No.10927/08.36.001/2016-17 dated March 20, 2017 and DBR. Appt.No.9888/08.36.001/2017-18 dated May 3, 2018. Shri. T.S. Anantharaman also ceased to be a Director of the Bank with effect from the said date in pursuant to section 10 A (2A) of the Banking Regulation Act, 1949.

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, 2018

Name of Director	Executive / Non - Executive Director	Independent / Non- Independent Director
Managing Director & CEO		
Mr. C. VR. Rajendran	Executive	Non- Independent
Directors		
Mr. Bobby Jos C	Non – Executive	Independent
Mrs. Radha Unni	Non – Executive	Independent
Mr. Madhavan Nambiar	Non – Executive	Independent
Mr. Alok Kochhar	Non – Executive	Independent
Mr. Thomas Mathew*	Non – Executive	Independent
Mr. V. G. Venkatachalapathy	Additional Director	RBI Nominee
Mr. Subbaiah Singala	Additional Director	RBI Nominee

*Appointed as Additional Director with effect from April 24, 2017 and Independent Director at the Annual General Meeting held on 25.09.2017.

Board Meetings

During the Financial Year 2017-18, your Bank had 14 Board meetings as detailed below:

24.04.2017	22.05.2017	22.06.2017	24.07.2017	21.08.2017	25.09.2017	23.10.2017
27.11.2017	18.12.2017	23.01.2018	02.02.2018	17.02.2018	19.02.2018	21.03.2018

Directors' attendance at the Board and last Annual General Meeting

Details of Directors' attendance at the Bank's Board Meetings and the last Annual General Meeting are as given below:

Sl. No	Name of Director	Period	No. of Board Meetings		Attendance of last AGM held on 25.09.2017	No. of other directorships in Public Limited Companies and committee memberships and chairmanships		
			Held during the tenure	Attended		Directorships	Committees ⁵	
							Chairman	Member
1	Mr. T S Anantharaman ¹	01.04.2017-29.03.2018	14	14	Present	N.A	-	-
2	Mr. C. VR. Rajendran (Managing Director & CEO)	01.04.2017 - 31.03.2018	14	14	Present	1	-	1
3	Mr. Bobby Jos C	01.04.2017 - 31.03.2018	14	14	Present	-	-	-
4	Mrs. Radha Unni	01.04.2017-31.03.2018	14	14	Present	4	1	2
5	Mr. M Madhavan Nambiar	01.04.2017-31.03.2018	14	14	Present	5	1	1
6	Mr. Alok Kochhar	01.04.2017 - 31.03.2018	14	11	Present	-	-	-
7	Mr. V. G. Venkatachalapathy (Addl. Director – RBI Nominee)	01.04.2017 - 31.03.2018	14	13	N.A	-	-	-
8	Mr. Subbaiah Singala (Addl. Director – RBI Nominee)	01.04.2017 - 31.03.2018	14	12	N.A	-	-	-
9	Mr. Thomas Mathew ²	24.04.2017 - 31.03.2018	14	14	Present	-	-	-
10	Mr. Ashish Ahluwalia ³	01.04.2017 - 02.02.2018	11	11	Present	N.A	-	-
11	Mr. Madhavan Karunakaran Menon ⁴	01.04.2017 - 21.06.2017	2	0	N.A	N.A	-	-

1. Ceased to be Part -time Chairman and as a Director of the Bank w.e.f. 30.03.2018

2. Appointed as Additional Director with effect from April 24, 2017 and Independent Director at the Annual General Meeting held on 25.09.2017.

3. Resigned on February 02, 2018.

4. Resigned on June 21, 2017.

5. Membership in other committees denotes Audit Committee and Stakeholders Relationship Committee only.

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 other than sitting fee for attending the Board and Committee meetings was paid to Shri. T.S. Anantharaman (DIN: 00480136) for the period (01.04.2017 to 29.03.2018) when he was the Part-time Chairman of the Bank.

(b) Managing Director & CEO

Shri. C. VR. Rajendran, Managing Director & CEO (DIN: 00460061) was paid ₹ 72,00,000/- (Gross), being the fixed pay and perquisites for the period 01.04.2017 to 31.03.2018. Details of the remuneration paid are disclosed in Annexure-V (Extract of Annual Return).

The remuneration paid to the Part-time Chairman and Managing Director & CEO are 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).

Details of remuneration paid to Non-Executive Directors for attending Board and Committee Meetings for the fiscal 2017-18 are disclosed in Annexure-V (Extract of Annual Return).

Details of Directors' shareholding as on 31.03.2018 are disclosed in Annexure-V (Extract of Annual Return).

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.

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:

1. 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;
2. 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;

3. To closely monitor the inspection/audit functions of the Bank, including the follow up and compliance of inspection/audit reports;
4. To provide suggestions/directions to further streamline systems and procedures; and
5. To make periodical reviews of returns/statements placed before it as per the approved calendar of items.
6. Overseeing the Bank's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
7. 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;
8. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
9. 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;
10. Scrutiny of inter-corporate loans and investments;
11. Valuation of undertakings or assets of the Bank, wherever it is necessary;
12. Evaluation of internal financial controls and risk management systems;
13. Approval or any subsequent modification of transactions of the Bank with related parties;
14. 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;

15. Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
16. 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;
17. Discussion with internal auditors on any significant findings and follow up thereon;
18. 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;
19. 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;
20. 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;
21. 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;
22. Reviewing the functioning of the whistle blower mechanism, in case the same is existing; and
23. 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 used vigil mechanism to report genuine concerns.
24. 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. M Madhavan Nambiar	9	9
Mr. Bobby Jos C^	7	7
Mr. V. G. Venkatachalapathy	9	9
Mr. Subbaiah Singala	9	8
Mr. Madhavan Karunakaran Menon@	2	0

* Appointed as Member and Chairman of the Committee w.e.f. 24.04.2017.

^ Ceased to be a member and chairman w.e.f 24.04.2017 and appointed again as a member w.e.f. 24.07.2017

@Ceased to be a member of the Committee w.e.f 21.06.2017

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 9 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:

24.04.2017	22.05.2017	22.06.2017
22.07.2017	09.10.2017	23.10.2017
27.11.2017	17.02.2018	21.03.2018

Management Committee

Terms of reference

The Management Committee shall discharge and exercise the Credit sanctioning powers, as per Discretionary Powers delegated, to sanction credit exposure per group of borrowers an aggregate amount exceeding ₹ 25 crore and up to ₹ 50 crore.

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 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. T.S. Anantharaman, Chairman*	11	11
Mr. C. VR. Rajendran, MD & CEO	11	11
Mrs. Radha Unni^	11	11
Mr. Alok Kochhar	11	10
Mr. Bobby Jos C#	10	10

* Appointed as Chairman of the Committee w.e.f. 24.04.2017, and ceased to be Chairman as well as member of the Committee w.e.f. 30.03.2018.

^ Ceased to be the Chairperson of the Committee w.e.f 24.04.2017.

Appointed as member w.e.f. 24.04.2017

The Committee met 11 times during the financial year 2017-18 and the dates of the meetings are as under:

24.04.2017	22.05.2017	22.06.2017
24.07.2017	21.08.2017	11.09.2017
09.10.2017	27.11.2017	18.12.2017
09.01.2018	20.03.2018	-

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. T. S. Anantharaman, Chairman\$	4	4
Mr. C. VR. Rajendran	4	4
Mr. Alok Kochhar	4	3
Mr. Bobby Jos C	4	4
Mr. Madhavan Karunakaran Menon*	1	0

\$ Ceased to be Chairman as well as member of the Committee w.e.f. 30.03.2018

* Ceased to be member w.e.f 21.06.2017

The Committee met 4 times during the financial year 2017-18 and the dates of the meetings are as under:

22.05.2017	24.07.2017	27.11.2017	20.03.2018
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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. T. S. Anantharaman, Chairman\$	11	11
Mr. C. VR. Rajendran	11	11
Mrs. Radha Unni	11	11

\$ Ceased to be Chairman as well as member of the Committee w.e.f. 30.03.2018

The Committee met 11 times during the financial year 2017-18 and the dates of the meetings are as under:

24.04.2017	22.05.2017	06.07.2017
24.07.2017	21.08.2017	25.09.2017
23.10.2017	27.11.2017	23.01.2018
03.03.2018	31.03.2018	-

Capital Planning Committee

Terms of reference

The Committee has been formed to, inter alia, formulate capital raising plans of the Bank to take necessary steps to raise Tier I and Tier II capital of the Bank, identify intermediaries, etc.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. T. S. Anantharaman, Chairman	3	3
Mr. C. VR. Rajendran	3	3
Mrs. Radha Unni	3	3
Mr. Alok Kochhar	3	3
Mr. Ashish Ahluwalia	3	3

The Board in its meeting held on July 24, 2017 decided to dissolve the Capital Planning Committee and to entrust all the powers of the Committee with the Board.

The Committee met 3 times during the financial year 2017-18 and the dates of the meetings are as under:

17.05.2017	19.06.2017	11.07.2017
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Stakeholders Relationship Committee

Terms of reference

1. 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;
2. To transfer, transposition and transmission of securities;
3. To consider and approve, split, consolidation and duplication of shares or other securities;
4. To approve dematerialization and re-materialization of shares;
5. To seek any information it requires from the employees, directors of the Bank in order to perform its functions;
6. 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;
7. Investor relations and redressal of shareholders' grievances in general and relating to non-receipt of dividends, interest, non-receipt of balance sheet, etc.;
8. To resolve the grievances of security holders of the Bank; and
9. 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
Mr. Bobby Jos C, Chairman	3	3
Mr. T. S. Anantharaman\$	3	2
Mr. C. VR. Rajendran	3	3

\$ Ceased to be member of the Committee w.e.f. 30.03.2018

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

The Committee met 3 times during the financial year 2017-18 and the dates of the meetings are as under:

15.05.2017	18.09.2017	18.12.2017
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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).

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. C. VR. Rajendran, Chairman	4	4
Mr. Thomas Mathew*	4	4
Mr. Bobby Jos C	4	4
Mr. Madhavan Karunakaran Menon^	1	0

* Appointed as member of the Committee w.e.f. 24.04.2017.

^ Ceased to be member w.e.f. 21.06.2017

The Committee met 4 times during the financial year 2017-18 and the dates of the meetings are as under:

22.05.2017	21.08.2017	27.11.2017	20.03.2018
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Customer Service Committee

Terms of reference

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. Thomas Mathew, Chairman*	3	3
Mr. C. VR. Rajendran	3	3
Mr. Bobby Jos C	3	3
Mr. T. S. Anantharaman§	3	3

* Appointed as a Member and Chairman of the Committee w.e.f. 24.04.2017.

§ Ceased to be member of the Committee w.e.f. 30.03.2018

The Committee met 3 times during the financial year 2017-18 and the dates of the meetings are as under:

24.07.2017	23.10.2017	21.03.2018
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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
Mr. T. S. Anantharaman, Chairman§	1	1
Mr. C. VR. Rajendran	1	1
Mr. M. Madhavan Nambiar	1	1
Mr. Bobby Jos C	1	1

§ Ceased to be Chairman as well as member of the Committee w.e.f. 30.03.2018

The Committee met once during the financial year 2017-18 and the date of the meeting is March 20, 2018.

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, evaluation of performance 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.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. M. Madhavan Nambiar, Chairman	6	6
Mr. Bobby Jos C	6	6
Mrs. Radha Unni	6	6
Mr. Alok Kochhar	6	6

The Committee met 6 times during the financial year 2017-18 and the dates of the meetings are as under:

24.04.2017	22.05.2017	21.08.2017
25.09.2017	07.11.2017	02.02.2018

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. 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. M. Madhavan Nambiar, Chairman	6	6
Mr. C. VR. Rajendran	6	6
Mr. T. S. Anantharaman§	6	6
Mr. Thomas Mathew*	6	6

§ Ceased to be member of the Committee w.e.f. 30.03.2018

*Appointed as member of the Committee w.e.f. 24.04.2017

The Committee met 6 times during the financial year 2017-18 and the dates of the meetings are as under:

22.06.2017	21.08.2017	23.10.2017
06.11.2017	17.02.2018	20.03.2018

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.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. M. Madhavan Nambiar, Chairman	1	1
Mr. T. S. Anantharaman§	1	1
Mr. C. VR. Rajendran	1	1
Mr. Bobby Jos C	1	1

§ Ceased to be member of the Committee w.e.f. 30.03.2018

The Committee was constituted on April 24, 2017 and met once during the financial year 2017-18 and the date of the meeting is August 21, 2017.

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 21.03.2018 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.
- Nomination & Remuneration Committee recommends the appointment/ reappointment/ continuation of Directors on the Board. Based on the recommendation of Nomination & Remuneration Committee, Board will take appropriate decision/ action.

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 directorship 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.

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.

3. The terms and conditions of appointment of Independent Directors is disclosed on the website of the Bank and a web link thereto 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 organisation.
- To ensure effective supervisory oversight and stakeholder engagement in compensation.
- To attract and retain talent.

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

- I. 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;
- II. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- III. 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 31.03.2018 are given in the extract of the Annual Return.

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
94th AGM	Tuesday, 22nd September 2015 at 10:00 AM	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001	NIL
95th AGM	Friday, 23rd September 2016 at 10.00 AM	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001	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 10.00 a.m.	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001	1. Alteration of Articles of Association of the Bank. 2. Issue and allotment of up to 19,832,130 Equity Shares, on a preferential basis to FIH Mauritius Investments Ltd. 3. Issue and allotment of up to 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.

(b)	Whether any special resolution passed last year through postal ballot-details of voting pattern.	No postal ballot was conducted during the period under review
(c)	Person who conducted the postal ballot exercise.	Not Applicable.
(d)	Whether any special resolution is proposed to be conducted through postal ballot?	No
(f)	Procedure for the postal ballot.	Not Applicable.

Members' Profile as on March 31, 2018

Particulars	No. of Shares	% of Shares
Promoters*	-	-
Banks/ Financial Institutions	2,785,661	3.44
Insurance Companies	8,934,100	11.04
FII's and QFI	2,500,000	3.09
Alternate Investment Funds	1,191,432	1.47
Indian Body Corporates	14,220,634	17.56
Overseas Corporates	10,252,536	12.66
Trusts	279,144	0.34
Directors & Relatives	23,783	0.03
Non Resident Indians	11,138,205	13.76
Resident Individuals	29,089,944	35.93
Inv. Education and Protection Fund Authority	218,228	0.27
Hindu Undivided Families	328,415	0.41
Total	80,962,082	100.00

*Bank has no identified promoters.

Distribution of Shareholding as on 31st March, 2018

No of Equity shares held	Shares			
	Number of shareholders	%	Amount	%
Up to 5000	21041	80	34891540	4.31
5001 to 10000	2455	9.33	19729240	2.44
10001 to 20000	1299	4.94	19778910	2.44
20001 to 30000	446	1.70	11476640	1.42
30001 to 40000	192	0.73	6891900	0.85
40001 to 50000	195	0.74	9375540	1.16
50001 to 100000	329	1.25	24403180	3.01
100001 & Above	343	1.30	683073870	84.37
Total	26300	100.00	809620820	100.00

Dematerialisation of Shares

Dematerialisation 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 dematerialisation. However, the shares of the Bank have not been listed in any Stock Exchange/s.

As on 31st March, 2018, 71.95% of Bank's shares were in demat mode as per the statement given below:

Category	No. of Shares	% of holding
Physical Mode	22706455	28.05
Demat Mode		
NSDL	46239750	57.11
CDSL	12015877	14.84
Total	80962082	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., Kanamthy 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 2010-11 shall be transferred to IEPF Authority after the due date i.e., October 31, 2018. The details of unclaimed dividends for the financial year 2010-11 onwards and the last date for claiming such dividends are given below:

Dividend Year	Date of declaration of dividend	Last date for claiming dividend
2010-11	29.09.2011	30.10.2018
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.

General Information for Shareholders

Financial Calendar	01.04.2017- 31.03.2018
Date of the board meeting at which the final accounts were approved	30.04.2018
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
Address of the Debenture Trustee.	Indian Overseas Bank, Merchant Banking Division, Central Office, PB No. 3765, 763, Anna Salai, Chennai – 600 002. Tel: 044- 28889367 Fax : 044-28519548 Email : mbd@iobnet.co.in

Means of Communication

As per the 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 prominent national dailies as per the requirements.

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.

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/-

C.VR.Rajendran

Managing Director & CEO
(DIN: 00460061)

Sd/-

Radha Unni

Independent Director
(DIN: 03242769)

Place: Chennai

Date : August 20,2018

Management Discussion and Analysis

Global Economic Review

Global economic growth strengthened in 2017 to 3.8 percent as lingering fragilities related to the global financial crisis subdued, with a notable rebound in global trade. Growth reported in 2017 was the fastest one since 2011. It was driven mainly by investment recovery in advanced economies, continued strong growth in emerging Asia, a notable upswing in emerging Europe, and signs of recovery in several commodity exporters. World industrial production accelerated in the period, in tandem with a recovery in global trade that has been predominantly driven by stronger demand in Asia. Investment conditions have improved, amid stable financial markets, strong credit growth, and a more solid macroeconomic outlook. Confidence and economic sentiment indicators have also generally strengthened, especially in developed economies.

The current cyclical upswing provides ideal opportunities to enact policies and reforms that protect the upswing and raise medium-term growth benefit to all –strengthening the potential for higher and more inclusive growth, building buffers that will help deal more efficiently with the next downturn, improving financial resilience to contain financial market risks and fostering international cooperation.

International Monetary Fund projected that global growth is expected to tick up to 3.9 percent in 2018, supported by strong momentum, favourable market sentiment, accommodative financial conditions. Risk to the global growth forecast appear broadly balanced in the near term, but remain skewed to the downside over the medium term. Furthermore, the ongoing recovery in investment could foster a rebound in productivity, implying higher potential growth going forward. Despite strong aggregate figures in the baseline forecast and buoyant market sentiment, the current momentum is not assured. Downside concerns include a possibly sharp tightening of financial conditions, waning popular support for global economic integration, growing trade tensions, spiralling crude oil price and risks of a shift toward protectionist policies, and geopolitical strains.

Indian Economic Review

In line with the uptick in global economic activity, Indian economic activities has also exhibited a slow, but sustained and steadfast path of revival, especially in the last two quarters of the FY 2017-18, after the twin shocks of demonetisation and the launch of the Goods and Services Tax (GST). Backed by government spending and Investment activity in particular, economy is recovering well. The Central Statistics Office (CSO) released its provisional estimates for 2017-18, placing India's real Gross Value Added (GVA) growth at 6.7 percent in the year, slightly higher than what the second advance estimates had put earlier. The trajectory of growth captured in the latest GVA numbers unmistakably establishes a clear recovery trend.

During the period under review, four core sectors mainly contributed to the uptick in the growth momentum. Industrial growth strengthened, reflecting the robust performance of manufacturing sector. Capacity utilisation by manufacturing firms increased significantly. On the supply side, estimates of agriculture and allied activities have been revised upwards, supported by an all-time high production of food grains and horticulture during the year. Although services sector growth was revised downwards on account of lower growth in some constituents such as trade, hotels, transport & communication, and financial services, it remained robust. Construction activity recorded the highest growth due to outcome of the pick-up in the government's infrastructure boost programme. The improvement in India's economic fundamentals has hastened with the combined impact of strong government reforms and also RBI inflation focus supported by benign global economic conditions. Inflation, both India's Wholesale Price Index (WPI) and Core Consumer Price Index (CPI) rises to 3.18 per cent and 4.6 percent respectively in April 2018. India's forex reserves as on 23rd March 2018 were at USD 422.53 billion compared to USD 367.38 billion as on 24th March 2017.

Challenges remain however, and there is little scope for complacency. The World Bank has forecast a growth rate of 7.3 per cent for India in the year 2018 and 7.5 per cent for the next two years, making it the fastest growing country among major emerging economies. GVA growth is projected and is retained at 7.4 percent in 2018-19, with risks evenly balanced, but suggests a healthy growth in the economy in the coming year. With improving capacity utilisation and credit offtake, investment activity is expected to remain robust even as there has been some tightening of financing conditions as expected. Global demand has also been buoyant, which should encourage exports and provide a further thrust to investment. Indian Meteorological Department (IMD) forecast a normal south-west monsoon rainfall and this augurs well for the agricultural sector and a further boost to the economy. The sharp rise in petroleum product prices, however, is likely to impact disposable incomes. Consumption, both rural and urban, remains healthy and is expected to strengthen further. On the fiscal front, the government has made significant progress on important economic reforms, which will support strong and sustainable growth going forward.

Downside risks include Geo-political risks, global financial market volatility, spiralling crude price, creeping inflation, falling rupee and the threat of trade protectionism pose headwinds to the domestic recovery.

Developments in the Indian Banking Sector

Financial year 2017-18 was yet another challenging year for Indian banks predominantly due to continued stress on asset quality, high incidence of assets being restructured, high provisioning costs, denting the profitability and capital positions of the banks, barring a few. Notwithstanding the challenges, the Indian banking sector displayed a high level of resilience by improving overall performance. Reserve Bank of India initiated a slew of policy measures in order to stimulate the economy and support the growth of the Banking industry. On the monetary policy front, the Monetary Policy Committee (MPC) reduced the repo rate only once by 25 bps to 6.00% during the course of FY18. The 25 bps cut came in Aug-17 at a time when June CPI inflation was at 1.46% providing comfort.

However, amidst upward inflation trajectory in H2 FY18, the MPC remained vigilant and the decision of the MPC is consistent with the neutral stance of monetary policy in consonance with the objective of achieving the medium-term target for consumer price index (CPI), while supporting the growth. On the regulatory front, Reserve Bank's pre-emptive approach to recognition and resolution of incipient financial distress and the revised system of prompt corrective action (PCA) triggered in April 2017 are intended to instil confidence in the system and also that accumulation of excessive financial imbalances in the future will be prevented.

Government of India's plan to recapitalize public sector banks, will aid these banks to make provisions for bad loans and to push credit growth in the country. The enactment of the Insolvency and Bankruptcy Code (IBC), 2016 and promulgation of the Banking Regulation (Amendment) Act, 2017 has significantly altered the financial landscape and imbued with optimism and resolve, the concerted efforts that are underway for resolution of stress in balance sheets of banks and corporations in a time-bound and effective manner. On the fiscal front, given that 2017 was an exception year due to implementation of GST, the Government slipped on its fiscal deficit target by 30 bps with upward revision in FY18 fiscal deficit target to 3.5% of GDP. However, the Government has initiated a slew of measures to contain the fiscal deficit and projected at reduced level of 3.3% of GDP in FY19.

On a year-on-year (y-o-y) basis, non-food bank credit increased by 8.4 per cent in March 2018, the same rate as in March 2017. Credit to agriculture and allied activities increased by 3.8 per cent in March 2018 as compared with an increase of 12.4 per cent in March 2017. Credit to industry increased by 0.7 per cent in March 2018 as compared with a contraction of 1.9 per cent in March 2017. Credit to the services sector increased by 13.8 per cent in March 2018, as compared with an increase of 16.9 per cent in March 2017.

Indian Banks are consistently focussing on adopting integrated approach to risk management practices especially in the context of cyber-security framework and legal risks. Banks continue to review the threats

inherent in the existing/emerging technology on an ongoing basis and adopt latest technologies to strengthen cyber security and resilience.

Indian economy is undergoing structural transformation. At this juncture, reaping the full benefits of demographic, technological and financial developments appear critical for sustaining high and inclusive growth. Government of India's initiatives to ease of doing business in India and further policy measures incidental thereto are expected to uplift the economy further. Higher spending on infrastructure, speedy implementation of projects and continuation of reforms will provide further impetus to the growth. These factors together translate into strong growth for the banking sector, as rapidly growing business turn to banks for their credit needs.

In the fast changing financial landscape, the highest priorities for the Indian banking system lies in improving its operational efficiency, address asset quality concerns and strengthening banks' balance sheets to reinvigorate credit growth. Concomitantly, the Banks continue to focus on promoting digitisation, managing technology-enabled financial innovations and dealing with cyber-security risks which ultimately helps to enhance the customer's overall experience as well as to give banks a competitive edge. Banks need to rework their business strategies, innovate on products tailored to customers' needs, and improve efficiency in the delivery of customer-centric financial services to regain their role as principal financial intermediaries. In the regulatory front, with the implementation of International Financial Reporting Standards (IFRS) and Basel III as per the RBI timeline, help the Banks for an improved capital framework and liquidity ratios and close gaps in accounting practices especially uniformity in identification of non performing assets (NPAs).

Business Overview

Your Bank is one of the oldest private sector banks in India with a history of over 97 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 13.20 million as on March 31, 2018. While the Bank has a long operating history as a traditional bank, it is currently focusing on initiatives to transform itself into a full service contemporary bank. Towards this end, the Bank has recently undertaken a number of initiatives to enhance its business focus by upgrading processes, technology and human resources. As part of its transformation, the Bank is in the process of organizing its operations under focused business areas; re-aligning, training employees; creating new products and services; increasing sales and marketing efforts; investing in technology and strengthening the monitoring and risk management framework.

Indian Banking has undergone significant stress during the period under review and your Bank is not an exception and in the reporting period, the Bank's profitability was under stress mainly on account of additional provision made for depreciation on investment, Non-Performing Assets and decision to spread the MTM loss on government securities in AFS and HTM categories.

In the FY 2017-18, the Bank has posted an Operating Profit of ₹ 74.33 crore as against ₹ 151.71 crore in the FY 2016-17, which was mainly on account of ₹ 195.9 crore generated from profit on sale of investments, but reported with a Net Loss of ₹ 97.47 crore as against Net Profit of ₹ 1.55 crore in the FY 2016-17. Net Interest Income (NII) increased to ₹ 384.81 crore in FY 2017-18 as against ₹ 313.60 crore in FY 2016-17. Non-Treasury Other Income increased to ₹ 122.70 crore in FY 2017-18 from ₹ 85.30 crore in FY 16-17. Total Assets have decreased by ₹ 353.18 crore and stood at ₹ 15,870.05 crore as on 31st March, 2018 (₹ 16,223.24 crore as on 31st March, 2017).

Total Deposits

Aggregate deposits of the Bank at the end of FY18 stood at ₹ 14690.65 crore, compared to previous year level of ₹ 14911.56 crore. This decrease is largely on account of your bank's conscious policy of reducing the overall cost of funds, by re-pricing the term deposit portfolio.

NR Deposits

Aggregate NRI deposits of the Bank at the end of FY18 stood at ₹ 3782 crore, compared to previous year level of ₹ 3576 crore.

CASA position

During the period under review, CASA has grown by ₹ 276.07 crore, registering 7.47% growth YoY, compared to ₹ 802.56 crore in the previous financial year (27.75 % YoY), which was mainly due to the demonetization effect. CASA ratio has improved from 24.78% in the previous financial year to 27.03% at the end of FY18.

The higher variants in CASA product suite, are the key drivers for CASA growth strategy, in terms of value acquisition. The CASA & NRI sales team as well as customer relationship management team at branches are focussed on acquiring high value accounts through referrals, cross sell and outbound sales activities, to build up a profitable retail deposit portfolio.

Credit Portfolio.

During this period, the Bank's net advances increased to ₹ 9337.36 crore against ₹ 8,118.93 crore, registering 15.01% growth YoY in the previous period. The CD Ratio of the Bank stood at 63.56% against 54.45% in the corresponding previous year.

Retail Assets performance

The retail asset portfolio of the Bank stood at ₹ 4,080 crore and comprises 40.73% of the Bank's total advances as on 31st March 2018. During this financial year, the retail business growth is 11.75%, compared to a flat growth rate reported in the previous financial year and is mainly added from the gold loan business.

Retail asset portfolio comprises of gold loan of ₹ 2,477 crore and retail loans (non-gold) of ₹ 1,603 crore. During the year, gold loan book has grown by 22% from ₹ 2,025 crore as on 31st March 2017 to ₹ 2477 crore as on 31st March 2018. The non-gold retail portfolio growth is almost flat and stood at ₹ 1603 crore as on 31st March 2018 compared to ₹ 1626 crore as on 31st March 2017.

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 ₹ 3,693.6 crore as on March 31, 2018, equal to 36.86% of the Bank's total advance. The Bank extends working capital, term loan, and trade finance and project finance facilities to SME for their various financial needs. Bank has identified 26 Commercial Branches across the country, where there are greater potentials for SME activity. These branches are manned by specially trained personnel whose sole responsibility is to look after SME customers.

The Bank has also adopted Cluster based financing as an important strategy towards ensuring credit flow in the SME Sector, as part of this, clusters have been identified across sectors and mapped to its Commercial branches (CBs).

Various measures taken towards simplification of credit processing and dispensation, including introduction of simplified module for small loans in the Automated loan processing system, has contributed to improvement in processing time of credit proposals

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 ₹ 3551.93 crore at the end of March 2018, constituting 42.96% 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 ₹ 300.00 crore and PSLC General Category to the tune of ₹ 600.00 crore has also been sold. Total agriculture advance stood at ₹ 1697.38 crore at the end of March 2018, constituting 20.53% of Adjusted Net Bank Credit, against the mandated target of 18% as prescribed by RBI.

Financial Inclusion

Financial Inclusion denotes delivery of financial services at an affordable cost to the vast sections

of the low income and disadvantaged groups. The Bank supports this initiative either through branch banking or branchless banking by using the business correspondent/facilitator model and Information and Communication Technology (ICT) devices. 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 18 Business Correspondents and 7 Financial Literacy and Credit Counselling Centres (FLCC's) in Kerala and Tamil Nadu.

Business Correspondents

The Bank has adopted 5 villages in Tamil Nadu and has appointed Business Correspondents for providing banking services in these villages. The Bank also signed an MOU with M/s. CSC e-Governance India Ltd., Department of IT, Government of India on September 26, 2014. Akshaya Centres, functioning under the Kerala State IT mission, have been appointed as Banking Correspondents (BC)/Kiosk Operator (KO) and have been provided with biometric devices. BCs will act as a micro unit of CSB and will be opening 'No Frill' SB accounts. 13 centres in Thrissur and Ernakulam districts have been activated so far.

Financial Literacy and Credit Counselling Centres

Financial Literacy and Credit Counselling Centres (FLCC's) 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)

Under Pradhan Mantri Jan Dhan Yojana, the Bank opened 154648 BSBDA's (Basic Savings Bank Deposit Accounts), 1306 KCC Accounts (Kisan Credit Card) and 500 GCC (General Credit Card) Accounts serviced through our branches and through Business Correspondent outlets. Out of the BSBDA accounts opened, 64797 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 6285 PMJJBY, 20418 PMSBY and 1669 APY accounts outstanding as on 31.03.2018.

Integrated Treasury Operations

During the first half of FY 2017-18, a variety of factors such as swings in inflation, surplus liquidity condition, implementation of GST and remonetisation influenced domestic market. However, during the second half of FY 2017-18, overnight interest rates moved closer to the policy rate as surplus liquidity moderated. Stock markets scaled new heights before undergoing some corrections. Bond yields firmed up and the foreign exchange market switched from buoyant to ebbing portfolio flows.

Our Bank shifted its integrated treasury functions from Cochin to Mumbai from May 2017. Bank made a profit of ₹ 2.72 crore from domestic treasury operations during the financial year 2017-18 compared to ₹ 195.91 crore in the previous year. The trading profit was lower as yields surged in FY 2017-18 while during most part of FY 2016-17, the yields dipped unidirectionally driven by demonetisation and other triggers.

International Banking

The Indian Rupee traded with an appreciating bias against US Dollar during the first half of the FY 2017-18 after six consecutive years of depreciation. However, it experienced bouts of volatility with the weakening bias against US Dollar during the later part of the FY mainly due to concerns over political turmoil in Middle East and its impact on international Crude oil prices. Overall, the rupee appreciated marginally from its end-September 2017 levels in contrast to currencies of peers that are running current account deficits

The total income from bank's foreign Exchange business was ₹ 37.50 crore compared to ₹ 37.41 crore during the previous year.

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, which affected the quality of credit causing delinquencies in repayment of loan resulting in increase in Non-performing Assets (NPAs) for banks. 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.

As a result of various initiatives taken as above, the Bank could recover an aggregate amount of ₹ 103.02 crore by way of cash recovery and ₹ 9.08 crore by way of upgradation of accounts. The gross NPA level of the Bank increased to ₹ 764.13 crore as on March 31, 2018 from ₹ 600.10 crore in the previous financial year. The Gross NPA ratio and Net NPA ratio are at 7.89% and 4.46% respectively as against 7.25% and 5.51% respectively in the previous year. The provision coverage ratio increased to 61.86% as on March 31, 2018 against the previous year's position of 53.13%.

Bancassurance Business

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.

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 Standard 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. Bank is focused more upon providing traditional insurance products to its customers.

The financial year 2017-18 generated a new business premium on life insurance amounting to ₹ 3296 lakhs compared to ₹2971 lakhs last year from all the 3 partners put together. The number of new policies issued in FY 17-18 was 5964.

The Bank has earned a commission of ₹ 660 lakhs in financial year 2017-18 from life insurance business, with a growth of 37% 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 .

The general insurance business has generated a collected premium of ₹ 341 lakh premium for the FY 17-18 compared to ₹ 313 lakh in the previous year. Number of policies issued was 7537.

The Bank has earned a commission of ₹ 31 lakhs in financial year 2017-18 from general insurance business, with a growth of 7 % over the last year.

Apart from the products of the abovementioned insurance companies' Bank is also offering various social security insurance schemes to the customers – Pradhan Mantri Jeevan Jyoti Bima Yojana and Pradhan Mantri Suraksha Bima Yojana.

Branch Network

Financial year 2017-18 has been a year of strategic development through well-made rational decisions. Bank closed/merged its 5 branches, but expanded its outreach to the customers by opening 18 ATMs at various places across the country. At present the Bank has 421 branches including 3 service branches and 254 ATMs spread across 18 states and 2 union territories.

The Bank's branch and ATM network as on March 31, 2018 is given below:

Area	Branches	% to Total	ATM's	% to Total
Metro	67	16	42	16
Urban	88	21	83	33
Semi-Urban	222	53	125	49
Rural	44	10	4	2
Total	421	100	254	100

Business Strategy

Business strategy is focused on providing unique customer experience to our clientele across 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:

- Portfolio growth with quality, granularity and geographic dispersion to ensure sustainable earnings growth
- Exploitation of NRI niche and cross selling opportunities
- Penetration to new market segments like two wheelers, commercial vehicles, wealth management
- Diversifying to new industries like food processing
- Filling gaps in the assets and liability product suits to ensure life time banking
- Collaboration with Fintech companies
- Focus on Productivity and cost optimization

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. Presently, all the branches are interconnected to provide online, real-time transaction facilities to customers. 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. Centralised data enables effective service delivery to customers by permitting them to transact freely from any branch of their convenience. The Bank has maintained the entire technology platform without any breakdown. Bank also has a dedicated Disaster Recovery Site to ensure business continuity.

The Bank is in the process of implementing various measures towards complying with the requirements outlined in RBI Circular dated April 29, 2011, on the Working Group Recommendations on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds. Also in process to comply the guidelines given in the circular on Cyber Security Framework in Banks dated 2nd June 2016. In light of these guidelines, the Bank has reviewed its Information Technology and Information Security Policies.

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.

ATM which is one of the prime touch point of customers, a highly secured ATM has got a major role to bring customer confidence, to that end, Bank has replaced 127 out of 254 ATMs having state of art security features.

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 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.

Gopalakrishna Committee Recommendations on Information Security, Electronic Banking, Technology Risk and Cyber Fraud as applicable to the Bank have been taken up for enforcement and implementation.

The Bank has been providing awareness on e-threats to its customers and staff on a continued basis so that both proactive and reactive measures can be initiated, as deemed appropriate, to mitigate potential risks associated with e-threats.

Information Technology (IT) milestones achieved during the year

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. Onboarding of Bank on PFMS

Public Financial Management System is a web based online system for fund management and e-payment to agencies and beneficiaries. Our bank is one of the few banks to get enrolled under PFMS for sharing FCRA related information to government and thereby abiding by the compliance.

2. Online Account Opening

New online account opening platform also known by the moniker “Insta Banking” has been implemented. This will enable new customers to open CSB account instantaneously via online without visiting our branch.

3. Implementation of BBPS (Bharat Bill Payment System)

BBPS is a unified platform which brings banks, ecommerce portals and online payment platforms under one roof as its official operational units for bill collections. National Payments Corporation of India (NPCI) is functioning as the authorised Bharat Bill Payment Central Unit (BBPCU), which will be responsible for setting business standards, rules and procedures for technical and business requirements for all the participants.

4. Mobile Account opening and enhanced Mobile Banking application

A new enhanced Mobile App with the features of both account opening as well as mobile banking application integrated into a single app which is also known by the

name CSB Mobile plus. This is available to both new as well as existing customers. This application is a blend of both onboarding a new customer and providing an enhanced mobile banking application platform to existing users.

5. Additional features in Internet banking

For the benefit of our customers, many additional features have been implemented in the Internet banking platform to encourage digital banking. These are summarized below:

- Online deposit creation - Customers can now easily open fixed or cumulative deposits throughout Internet banking platform without actually visiting the branch.
- PAN/Aadhaar updation-Customers can now update their accounts with PAN and Aadhaar details through Internet banking.
- Self-User Creation- A perfect online platform to on-board our customers to Internet banking within a couple of minutes. This eliminates the need of customers to visit the branches and submit paper bound requests for activating Internet banking and waiting for few days to get it activated.

6. Aadhaar Authentication of all customers across the Bank

As part of RBI compliance regarding Aadhaar authentication in all accounts, Bank had successfully authenticated its customers using demographic, OTP and biometric authentication modes which were deployed across various modules like Internet banking, Corporate website and Core banking system.

7. Tie-up with TANGEDCO

Bank has tied up with TANGEDCO where Tamilnadu customers can make the electricity bill payment directly as our internet banking platform is directly integrated with TANGEDCO website. This has been a great relief to the customers where instant online bill payment can be made without the need of visiting the Electricity office.

Alternative Channel

During the financial year, the following initiatives have been undertaken for the benefit of the customers;

1. Utility bill payments in CSB Mobile Banking – Apart from conventional balance inquiry & fund

transfers, utility bill payments facility in our mobile application allows users to pay bills, do recharge and more. This is one of the most sought features in our mobile application and users can pay their utilities/bills without resorting to net banking.

2. E-Passbook application on all mobile platforms – CSB EPassbook is one of its kinds in channel banking space which allows users to access their accounts, anytime, anywhere, both online & offline.
3. Launch of CSB RuPay Platinum card – RuPay Platinum is a privileged variant of RuPay designed domestically to cater to the needs of Digital India. To begin with, CSB RuPay Platinum is offered to Domestic Orange accounts.
4. Green PIN (Set/Change ATM PIN through CSB Net banking) - This facility allows customers to generate new ATM PIN / change their existing ATM PIN for the card(s) mapped to their net banking account(s).

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, IT Steering Committee, Information Security Committee and Chief Information Officer (CIO) and Chief Information Security Officer (CISO) reports are in place.
- 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.

- The Bank has also identified the inherent risks and the controls in place to adopt appropriate cyber-security framework.
- Appropriate preventive, detective and corrective cyber security controls, vendor management and incident management & response are being outlined.
- The Bank has also ensured that Security Operation Centre (SOC) will have continuous surveillance and keeps itself regularly updated on the latest nature of emerging cyber threats.

IT Training

During the year, many training programs were attended by the Bank's officers in various institutions like IDBFT, NIBM, etc., to keep themselves equipped with the advancements in IT, Information Security, Operating systems and Networking.

Risk Management and Basel II & III 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 Bank is adopting and implementing an integrated approach to risk management. For this purpose, it has evolved a suitable risk management architecture. The Board of Directors remains at the helm of all risk management policies and strategies. 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) and Asset Liability Management Committee (ALCO). These Committees ensure adherence to implementation of various risk management policies.

Implementation of Basel II norms in our Bank commenced in the financial year 2007-08. Our 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.

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. Proposals of 25 Lakhs and above are subjected to detailed Credit Risk Evaluation and Rating. Expert rating models and score cards provided by CRIS, the subsidiary of CRISIL, have been introduced to improve the quality of internal credit rating. To ensure strict separation of risk and return, credit hubs are formed in Head Office and various other places.

Rating of the proposals handled by commercial and linked branches will be done by the commercial branches and confirmed by regional credit hub/central credit hub depending on the sanctioning authority. Rating of other branches will be done by the processing officer at regional credit hub/central credit hub and confirmed by another officer of the regional credit hub/central credit hub. Wherever exposure to the borrower at such branches is 5 crore and above, rating is confirmed by CRMD at Head Office.

The discretion of Zonal Managers and above have been vested with various levels of Credit Approving Committees. The bank has also set down industry/sector-wise prudential exposure ceilings to contain/monitor the risk of credit concentration on an ongoing basis.

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.

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.

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.

The Bank has made the necessary disclosures in the Annual Report and Website, in compliance with the requirement of Pillar 3 – Market Discipline of Basel Norms.

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.

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 (IND AS) from April 1, 2018 onwards, with comparatives for the year beginning April 1, 2017. However necessary legislative changes to make the format of financial statements, prescribed in the Third Schedule of Banking Regulation Act 1949, in compliance with accounts under IND AS was under consideration of the Government, RBI has deferred implementation of IND AS by one year by when the necessary legislative changes are expected.

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:

- (a) Submitted Proforma IND AS financial statements to the RBI for the quarter ended June 30, 2017, as required by RBI.
- (b) Review of the Proforma IND AS financials for the year ended March 31, 2017 and for the quarter ended June 30, 2017 was conducted by the Statutory Auditors of the Bank and the Review report was placed to Board through Audit Committee.
- (c) The Bank will continue its preparedness towards migration to adopting IND AS as per regulatory requirement and to liaise with RBI and industry bodies on various aspects pertaining to IND AS implementation.

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 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 softwares that processes all transactions handled by all branches of the Bank on a day to day basis. Suspicious transactions if any reported to FIU-IND, New Delhi. The Managing Director & CEO is the Designated Director and the Head of the Department, Compliance & PMLA Cell 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 Banks 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.

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, IRDAI, 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. Appropriate software have also been put in place to monitor compliance of regulations & submission of returns effectively.

Customer Service

Banking is a customer oriented services industry. Customer Service has been accorded paramount importance in the Bank. With this objective in mind, the Bank has put in place a well-defined Customer Grievances Redressal Machinery System, where customers can approach various levels for redressal of their grievances. 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, 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.

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.

Human Resources

Human Resource Department plays the vital role of supporting business development with effective Human Resource Management. 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. 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. More personnel are recruited for marketing/ sales of our products and services. Maintaining and managing a bigger team of sales and marketing team has been a greater challenge for a conventional bank like ours. With better planning and structured recruitment of sales team along with a well-defined hierarchy, the sales vertical team is streamlined.

In the Bank, the stage 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. 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 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

HR function is no longer a pure administrative function but is also responsible for business growth by rendering proper motivation to the employees. Bank has an HR Policy covering Manpower Planning, Recruitment, Training, Succession Planning, Exit Policy, Mandatory Leave Policy, etc., which are interlinked. The total Human Resources of the Bank is

2855 as on the last working day of the financial year under consideration as against 2716 in the previous year. The hike in the number of employees is due to recruitment of personnel in sales portfolio such as CASA, Gold etc. Vacancies arising out of retirement are being filled up by optimum recruitment, mostly under Cost to Company basis. The average age of the employees of Bank is 39 years. The current male female ratio of the Bank is about 2:1. The total recruitments for the Financial Year is as follows:

Sl. No	Cadre	No. of New Recruits
1	Positions of Chief Managers and above	10
2	Officers (Including RSM/ASM/RE) etc	95
3	Direct Selling Agents (BDE's, RME's, CRE's)	318

The per employee business has seen improvement

Financial Year	No. of employees in		No. of branches including service branches
	Operations	Sales	
2015-16	2906	-	429
2016-17	2716	-	426
2017-18	2396	459	421

Welfare Aspects of Human Resource Management

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.

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. All employees are further covered under a Group Life Insurance Policy under LIC of India which covers the life of the employees.

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

Capacity building emphasized by RBI has been implemented for employees working in specialized functional areas like Credit, Risk Management, Forex, IT, etc. The certifications acquired are well appreciated and the employees are provided with financial assistance for successful completion of the recognized courses.

Training programmes are conducted at the Staff Training College, Ollur and employees of all cadre are deputed to attend such trainings. 37 training programmes were conducted by the Staff Training College in on/ off campus modes during the year. One-day training christened "New Beginning" was given to all employees of the Bank who were to retire from the service of the bank. 175 officers were given external trainings at reputed training institutes in India like the Southern India Banks' Staff Training College, NIBM, IDBRT, CAFRAL, CRISIL, etc.

Internal Control, inspection and Audit

Public confidence continues to be corner stone of sound banking. Therefore, every effort needs to be made to nurture public confidence by ensuring customer satisfaction. For achieving this, a robust internal and audit control machinery is essential to give adequate support to management to check compliance of directions of Govt. of India / RBI and procedures and practices put forth by the management. Banking scenario has transformed significantly with the implementation of CBS and adoption of digital banking through internet banking, mobile banking, wallet payment, etc. In this context control and supervision have become much more vital. Our bank has an efficient system of inspection of branches, administrative offices and controlling offices. The inspection department in our bank is functioning independently and there is an effective mechanism to check the compliance of Govt. / RBI

guidelines and systems and procedures of the bank. The aim of inspection department is effective control of all branches/offices without hindering healthy business growth by giving necessary assistance / guidance to branches/offices. Inspection department conducts different types of audit such as RBIA, IS audit, KYC Audit, Concurrent Audit, Gold loan Audit and Management audit of all zonal offices and departments. Professionally qualified chartered accountant firms are appointed for the conduct of concurrent audit with the approval of Audit Committee of the Board. The functioning of internal control and audit system is regularly reviewed by ACB and policies and guidelines for the audit function are approved by the ACB, as required from time to time.

In the present CBS environment, offsite surveillance mechanism is a powerful tool for the internal control of branches and offices. In the Bank, a separate offsite surveillance cell is functioning under Inspection Department which focuses on prompt detection and rectification of irregularities, revenue leakage, violation of rules and procedures, in order to safeguard the bank from potential losses.

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 will be 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. The Department also carries out Preventive Vigilance Audit at Branches, Zonal Offices and various Departments to ensure that rules and procedures prescribed by Bank from time to time are strictly complied to prevent occurrence of fraud.

SWOT Analysis

1. Strengths

Stable Retail Funding Base

Retail deposits constitute 94% of our total term deposits and these deposits have consistently exhibited renewal patterns of around 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 97 years of history, Bank is a well-recognized and trusted brand in South India, particularly in the states of Kerala, Tamil Nadu and Karnataka 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.

Remodelling of Organization structure and Management team

We believe that the rich and diverse experience of our Management team will enhance the overall performance & image of our bank. The leadership team has the skillset required for the growth of organization - the team has a proper mix of skill sets viz., credit, risk management, treasury, technology and marketing.

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.

High Average Age of Employees

The average age of our employees as on 31.03.2018 is 39 years. This is higher than most of our peer banks where average age of workforce is around 35 years. Because of this, while the Bank is benefited by the experience of the employees, the cost per employee is higher than peer banks.

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 of 75% which is lower than most of the emerging market economies (For Example China: 215%, South Africa: 177%). 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 underbanked. 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 (SFB's), NBFCs, Fintech Companies

We face strong competition in all our principal lines of business. Our primary competitors are public sector banks & old 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.

Mounting NPAs

NPA in the banking system is now at 11.6 percent as on March 18 and as per RBI's baseline forecasts this is bound to increase to 11.6 per cent. NPA in the industrial sector is much higher at 22.8 percent.

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).

By Order of the Board

Sd/-

C.VR.Rajendran

Managing Director & CEO
(DIN: 00460061)

Sd/-

Radha Unni

Independent Director
(DIN: 03242769)

Place: Chennai

Date : August 20,2018

CEO / CFO CERTIFICATION

We, C.VR.Rajendran, Managing Director & CEO and P V Antony, 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, 2018 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/-

P. V. Antony
(Chief Financial Officer)

Sd/-

C. VR. Rajendran
(Managing Director & CEO)

Place: Thrissur
Date: April 30, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of
The Catholic Syrian Bank Limited

Report on the Financial Statements

We have audited the accompanying financial statements and the internal financial controls over financial reporting of The Catholic Syrian Bank Limited (the bank) which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information contained in the notes to accounts. Incorporated in these financial statements are returns of 22 branches / offices audited by us and 429 branches / offices audited by branch auditors.

Management's Responsibility for the Financial Statements and for Internal Financial Controls over Financial Reporting

The Bank's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments

and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

The Bank's Board of Directors are responsible for establishing and maintaining internal financial controls based on the "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 issued by the Institute of Chartered Accountants of India". 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 Act

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to express an opinion on the bank's internal financial controls over financial reporting based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Bank in accordance with the Standards on Auditing specified under Section 143(10) of the Act and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting. 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 the financial statements are free from material misstatement and whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the amounts, the disclosures in the financial statements and 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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 and the financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

The Bank's internal financial controls 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. The 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 authorisations of management; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act 2013, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Bank as at March 31, 2018; and
- (b) In the case of Profit and Loss Account, of the Loss for the year ended on that date.
- (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provision of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

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 the 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.

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 purposes 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.
- (c) The reports on the accounts of the branch offices audited by the branch auditors of the Bank under section 143(8) of the Companies Act 2013 have been sent to us and have been properly dealt with by us in preparing this report.
- (d) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and returns received from the branches.
- (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
- (f) 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 31st March 2018, 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 issued by the Institute of Chartered Accountants of India.
- (g) On the basis of written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors are disqualified as on 31st

March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

(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:

(a) The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 9 of Schedule 18 - Notes on Accounts.

(b) 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. 4.6.1 of Schedule 18 – Notes on Accounts.

(c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank

For R.G.N Price & Co.

Chartered Accountants

FR No: 002785S

Sd/-

G.Surendranath Rao

Partner

M No. 022693

Place: Thrissur

Date: April 30, 2018

BALANCE SHEET**As at March 31, 2018****(₹ in thousand)**

		Schedule No अनुसूची	As on 31.03.2018	As on 31.03.2017
पूंजी और देयताएँ	CAPITAL AND LIABILITIES			
पूंजी	Capital	1	81,01,43	81,01,43
आरक्षितियाँ और अधिशेष	Reserves and Surplus	2	808,01,82	918,34,21
निक्षेप	Deposits	3	14690,64,93	14911,56,23
उधार	Borrowings	4	41,80,00	41,80,00
अन्य देयताएँ और प्रावधान	Other Liabilities and Provisions	5	248,56,97	270,51,73
योग	Total		15870,05,15	16223,23,60
संपत्तियाँ	ASSETS			
नकदी और भारतीय रिज़र्व बैंक में जमा राशियाँ	Cash and balances with Reserve Bank of India	6	677,89,50	756,38,57
बैंकों में जमा राशियाँ और माँग तथा अल्प सूचना पर प्राप्त धनराशि	Balances with banks and money at call and short notice	7	537,23,90	454,76,40
निवेश	Investments	8	4113,95,08	5761,51,62
अग्रिम	Advances	9	9337,35,64	8118,93,38
स्थिर संपत्तियाँ	Fixed Assets	10	216,11,76	215,26,14
अन्य संपत्तियाँ	Other Assets	11	987,49,27	916,37,49
योग	Total		15870,05,15	16223,23,60
आकस्मिक देयताएँ	CONTINGENT LIABILITIES	12	708,55,17	779,50,99
संग्रहण के लिये बिल	Bills for collection		82,25,09	81,80,85
महत्वपूर्ण लेखांकन नीतियाँ	Significant Accounting Policies	17		
लेखा सम्बन्धी टिप्पणीयाँ	Notes to Accounts	18		
अनुसूचीयाँ ऊपर बैलेंस शीट का एक अभिन्न अंग के रूप में	The Schedules referred to above form an integral part of the Balance Sheet			

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

Sd/
Alok Kochhar
Director
(DIN : 07336899)

Sd/
Bobby Jos. C,
Director
(DIN : 03270042)

Sd/
Madhavan Nambiar M,
Director
(DIN : 03487311)

Sd/
Radha Unni,
Director
(DIN : 03242769)

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

Sd/
Sijo Varghese
Company Secretary

Sd/
P.V.Antony
Chief Financial Officer

As per our report of even date
For R G N Price & Co
Chartered Accountants
FR No:002785S

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

Place: Thrissur
Date : April 30, 2018

PROFIT & LOSS ACCOUNT

For the year ended March 31, 2018

(₹ in thousand)

		Schedule No अनुसूची	Year Ended 31.03.2018	Year Ended 31.03.2017
I. आय	I. INCOME			
अर्जित ब्याज	Interest earned	13	1296 , 80 , 59	1336 , 29 , 49
अन्य आय	Other income	14	125 , 42 , 02	281 , 20 , 13
योग	Total		1422 , 22 , 61	1617 , 49 , 62
II. व्यय	II. EXPENDITURE			
व्ययकिया गया ब्याज	Interest expended	15	912 , 00 , 05	1022 , 69 , 35
परिचालन व्यय	Operating expenses	16	435 , 89 , 87	443 , 08 , 91
प्रावधान और आकस्मिक व्यय	Provisions and contingencies		171 , 79 , 62	150 , 15 , 91
योग	Total		1519 , 69 , 54	1615 , 94 , 17
III. लाभ / हानि	III. PROFIT/LOSS			
वर्ष के लिए शुद्ध लाभ / (हानि)	Net Profit/(Loss) for the period / year		(97 , 46 , 93)	1 , 55 , 45
पिछले अवधि / वर्ष के अग्रणीत लाभ / (हानि)	Profit/(Loss) brought forward from previous period/ year		(219 , 07 , 01)	(219 , 07 , 01)
योग	Total		(316 , 53 , 94)	(217 , 51 , 56)
IV. विनियोजन	IV. APPROPRIATIONS			
वैधानिक आरक्षितियों को अन्तरण	Transfer to Statutory Reserve		0	38 , 86
पूंजीगत आरक्षितियों को अन्तरण	Transfer to Capital Reserve		0	1 , 16 , 59
तुलनपत्र में ले जाई गई शेषराशि	Balance carried over to Balance Sheet		(316 , 53 , 94)	(219 , 07 , 01)
योग	Total		(316 , 53 , 94)	(217 , 51 , 56)
प्रति शेयर अर्जन (₹) (अंकित मूल्य ₹ 10/- प्रत्येक)	Basic and diluted Earnings Per Equity Share (₹) (Face value ₹ 10 per share)		(12.04)	0.21
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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As per our report of even date
For R G N Price & Co
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FR No:002785S

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

Place: Thrissur
Date : April 30, 2018

CASH FLOW STATEMENT

For the year ended March 31, 2018

(₹ in thousand)

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	(149 , 36 , 47)	(8 , 91 , 33)
Adjustments for:		
Depreciation on Fixed Assets	11 , 84 , 25	12 , 15 , 04
Amortisation of Intangible Assets	3 , 72 , 80	2 , 77 , 78
Provisions and Contingencies	223 , 69 , 15	160 , 62 , 69
Interest Paid on Tier II Bonds	5 , 06 , 53	5 , 05 , 56
Others	-81 , 50	47 , 40
Operating Profit before Working Capital Changes	94 , 14 , 76	172 , 17 , 14
Adjustments for:		
Investments	1613 , 97 , 87	241 , 93 , 53
Advances	(1421 , 93 , 79)	(447 , 75 , 82)
Other Assets	(17 , 83 , 03)	(29 , 18 , 92)
Deposits	(220 , 91 , 30)	473 , 15 , 74
Borrowings	Nil	Nil
Other Liabilities	(21 , 29 , 81)	(10 , 76 , 40)
Cash generated from Operating Activities	26 , 14 , 70	399 , 55 , 27
Direct Taxes Paid (Net of refunds)	, 69 , 55	-4 , 12 , 97
Net Cash flow from Operating Activities (A)	26 , 84 , 25	395 , 42 , 30
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Intangible Assets	(22 , 36 , 77)	(17 , 37 , 17)
Sale of Fixed Assets	4 , 57 , 47	38 , 09
Net Cash Used in Investing Activities (B)	(17 , 79 , 30)	(16 , 99 , 08)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share Capital	Nil	9 , 25 , 41
Proceeds from Share Premium	Nil	102 , 22 , 68
Redemption of Tier II Bonds	Nil	Nil
Interest Paid on Tier II Bonds	(5 , 06 , 53)	(5 , 05 , 56)
Dividend paid (including Tax on Dividend)	Nil	Nil
Net Cash (used)/generated from Financing Activities (C)	(5 , 06 , 53)	106 , 42 , 53

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017
D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	3 , 98 , 42	484 , 85 , 75
Cash and Cash Equivalents at the Beginning of the Year	1211 , 14 , 97	726 , 29 , 22
Cash and Cash Equivalents at the End of the Year	1215 , 13 , 39	1211 , 14 , 97
NET INCREASE AS DISCLOSED ABOVE	3 , 98 , 42	484 , 85 , 75
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)	677 , 89 , 50	756 , 38 , 57
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	537 , 23 , 90	454 , 76 , 40
Cash and cash equivalents at the end of the year	1215 , 13 , 39	1211 , 14 , 97

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As per our report of even date
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Sd/
G. Surendranath Rao
Partner
(M. No. 22693)

Place: Thrissur
Date : April 30, 2018

SCHEDULES**to Balance Sheet**

(₹ in thousand)

	As on 31.03.2018		As on 31.03.2017	
SCHEDULE 1 - CAPITAL				
Authorized Capital :				
20,00,00,000 (Previous year 12,00,00,000) Equity shares of ₹ 10/- each		200 , 00 , 00		120 , 00 , 00
Issued 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
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
		81 , 01 , 43		81 , 01 , 43

SCHEDULE 2 - RESERVES AND SURPLUS				
I Statutory Reserves				
Opening balance	146 , 75 , 58		146 , 36 , 72	
Additions during the year	-		38 , 86	
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		70 , 56 , 49	
Additions during the year	-		1 , 16 , 59	
sub total	71 , 73 , 08		71 , 73 , 08	
Deductions during the year	-		-	
		71 , 73 , 08		71 , 73 , 08
III Revaluation Reserves				
Opening balance	163 , 95 , 87		165 , 78 , 10	
Additions during the year	-		-	
sub total	163 , 95 , 87		165 , 78 , 10	
Deductions during the year	4 , 49 , 14		1 , 82 , 23	
		159 , 46 , 73		163 , 95 , 87
IV Share Premium				
Opening balance	647 , 50 , 83		545 , 28 , 15	
Additions during the year			102 , 22 , 68	
sub total	647 , 50 , 83		647 , 50 , 83	
Deductions during the year	-		-	
		647 , 50 , 83		647 , 50 , 83

SCHEDULES

to Balance Sheet

(₹ in thousand)

	As on 31.03.2018		As on 31.03.2017	
V Revenue and other Reserves				
a) General Reserves				
Opening balance	83 , 64 , 67		88 , 29 , 63	
Additions during the year	10 , 96 , 33		1 , 82 , 24	
sub total	94 , 61 , 00		90 , 11 , 87	
Deductions during the year	19 , 32 , 66		6 , 47 , 20	
		75 , 28 , 34		83 , 64 , 67
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	(219 , 07 , 01)		(219 , 07 , 01)	
Additions during the year	(97 , 46 , 93)		1 , 55 , 45	
sub total	(316 , 53 , 94)		(217 , 51 , 56)	
Deductions during the year	-		1 , 55 , 45	
		(316 , 53 , 94)		(219 , 07 , 01)
TOTAL		808 , 01 , 82		918 , 34 , 21

	As on 31.03.2018		As on 31.03.2017	
SCHEDULE 3 - DEPOSITS				
A. I. Demand Deposits				
[i] From banks	51 , 51		63 , 36	
[ii] From others	627 , 63 , 12		607 , 11 , 69	
		628 , 14 , 63		607 , 75 , 05
II. Savings Bank Deposits		3342 , 50 , 83		3086 , 83 , 19
III. Term Deposits				
[i] From banks	5 , 89 , 36		18 , 34 , 01	
[ii] From others	10714 , 10 , 11		11198 , 63 , 98	
		10719 , 99 , 47		11216 , 97 , 99
TOTAL [I,II, and III]		14690 , 64 , 93		14911 , 56 , 23
B [i] Deposits of branches in India		14690 , 64 , 93		14911 , 56 , 23
[ii] Deposits of branches outside India		-		-
TOTAL		14690 , 64 , 93		14911 , 56 , 23

SCHEDULES**to Balance Sheet**

(₹ in thousand)

	As on 31.03.2018		As on 31.03.2017	
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		41 , 80 , 00
TOTAL (I,II and III)		41 . 80 . 00		41 . 80 . 00

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS				
I. Bills payable		18 , 34 , 44		13 , 05 , 11
II. Inter-office adjustments (net)		7 , 42 , 99		11 , 32 , 08
III. Interest accrued		64 , 61 , 61		63 , 25 , 17
IV. Contingent provisions against standard assets		34 , 32 , 06		34 , 63 , 72
V. Others		123 , 85 , 86		148 , 25 , 65
TOTAL		248 , 56 , 97		270 , 51 , 73

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA				
I. Cash in hand (including foreign currency notes)		54 , 94 , 79		50 , 59 , 42
II. Balances with Reserve Bank of India				
[i] in Current Account	622 , 94 , 71		705 , 79 , 15	
[ii] in Other Accounts	-		-	
		622 , 94 , 71		705 , 79 , 15
TOTAL (I AND II)		677 , 89 , 50		756 , 38 , 57

SCHEDULE 7 - BALANCES WITH BANKS & MONEY AT CALL AND SHORT NOTICE				
I. In India				
[i] Balances with banks				
(a) in Current Accounts	18 , 79 , 36		7 , 64 , 25	
(b) in Other Deposit Accounts	-		50 , 00 , 00	
		18 , 79 , 36		57 , 64 , 25
[ii] Money at call and short notice				
(a) with banks	-		-	
(b) with other Institutions	490 , 98 , 00		378 , 00 , 00	
		490 , 98 , 00		378 , 00 , 00
TOTAL (i and ii)		509 , 77 , 36		435 , 64 , 25
II. Outside India				
(i) in Current Accounts	27 , 46 , 54		19 , 12 , 15	
(ii) in Other Deposit Accounts	-		-	
(iii) Money at call and short notice	-		-	
TOTAL		27 , 46 , 54		19 , 12 , 15
GRAND TOTAL (I and II)		537 , 23 , 90		454 , 76 , 40

SCHEDULES

to Balance Sheet

(₹ in thousand)

	As on 31.03.2018	As on 31.03.2017
SCHEDULE 8 INVESTMENTS		
I. Investments in India (Gross)	4162 , 95 , 25	5777 , 11 , 04
Less Provision for depreciation & diminution	49 , 00 , 17	15 , 59 , 42
Net Investment in India	4113 , 95 , 08	5761 , 51 , 62
BREAK - UP		
[i] Government securities	3390 , 15 , 16	5056 , 11 , 37
[ii] Other approved securities	-	-
[iii] Shares	3 , 19 , 96	2 , 55 , 50
[iv] Debentures and Bonds	200 , 37 , 13	202 , 55 , 78
[v] Subsidiaries and/or joint ventures	-	-
[vi] Others [Certificate of Deposits, Security Receipts etc]	520 , 22 , 83	500 , 28 , 97
TOTAL	4113 , 95 , 08	5761 , 51 , 62
II. Investments outside India	-	-
GRAND TOTAL (I and II)	4113 , 95 , 08	5761 , 51 , 62

SCHEDULE 9 - ADVANCES		
A [i] Bills purchased and discounted	775 , 59 , 21	579 , 15 , 62
[ii] Cash credits, overdrafts and loans repayable on demand	5075 , 61 , 89	5041 , 64 , 34
[iii] Term loans	3486 , 14 , 54	2498 , 13 , 42
TOTAL	9337 , 35 , 64	8118 , 93 , 38
B [i] Secured by tangible assets (Includes advances against book debts)	8094 , 75 , 97	6971 , 22 , 14
[ii] Covered by Bank/Government guarantees	940 , 17 , 34	783 , 75 , 32
[iii] Unsecured	302 , 42 , 33	363 , 95 , 92
TOTAL	9337 , 35 , 64	8118 , 93 , 38
C. I. Advances in India		
[i] Priority sector	3620 , 27 , 33	3687 , 99 , 64
[ii] Public sector	33 , 61 , 43	40 , 44 , 89
[iii] Banks	68 , 13 , 88	50 , 33 , 21
[iv] Others	5615 , 33 , 00	4340 , 15 , 64
TOTAL	9337 , 35 , 64	8118 , 93 , 38
II. Advances outside India	-	-
GRAND TOTAL (C.I and II)	9337 , 35 , 64	8118 , 93 , 38

SCHEDULES**to Balance Sheet**

(₹ in thousand)

	As on 31.03.2018		As on 31.03.2017	
SCHEDULE 10 - FIXED ASSETS				
1. Premises				
At cost as on 31 st March of the preceding year	7 , 24 , 23		7 , 19 , 12	
Appreciation on revaluation till date	178 , 09 , 24		178 , 09 , 24	
Additions during the year	-		5 , 11	
Sub total	185 , 33 , 47		185 , 33 , 47	
Deductions during the year	3 , 29 , 23		-	
Depreciation to date	19 , 50 , 62		18 , 14 , 33	
		162 , 53 , 62		167 , 19 , 14
II. Other Fixed Assets (including furniture and fixtures)				
At cost as on 31st March of the preceding year	136 , 01 , 62		127 , 51 , 94	
Additions during the year	16 , 53 , 82		13 , 07 , 80	
Sub total	152 , 55 , 44		140 , 59 , 74	
Deductions during the year	10 , 93 , 62		4 , 58 , 12	
Depreciation to date	88 , 03 , 68		87 , 94 , 62	
		53 , 58 , 14		48 , 07 , 00
TOTAL (I, and II)		216 , 11 , 76		215 , 26 , 14

SCHEDULE 11 - OTHER ASSETS				
I. Interest accrued		70 , 66 , 89		89 , 17 , 85
II. Tax paid in advance/tax deducted at source (Net of provisions)		41 , 47 , 42		42 , 16 , 97
III. Stationery and stamps		1 , 90 , 22		1 , 20 , 56
IV. Non-banking assets acquired in satisfaction of claims		30 , 05 , 01		30 , 90 , 14
V. Deposits placed with NABARD/SIDBI/NHB for meeting shortfall in Priority Sector Lending		584 , 81 , 57		550 , 24 , 00
VI. Deferred tax asset		180 , 26 , 96		128 , 37 , 42
VII. Others		78 , 31 , 20		74 , 30 , 55
TOTAL		987 , 49 , 27		916 , 37 , 49

SCHEDULE 12 - CONTINGENT LIABILITIES				
I. Claims against the Bank not acknowledged as debts		40 , 23 , 82		39 , 37 , 66
II. Liability for partly paid investments		-		-
III. Liability on account of outstanding forward exchange contracts		343 , 07 , 38		365 , 48 , 30
IV. Guarantees given on behalf of constituents				
(a) In India		214 , 09 , 89		254 , 68 , 35
(b) Outside India		-		-
V. Acceptance, endorsements and other obligations		43 , 48 , 33		58 , 06 , 37
VI. Other items for which the Bank is contingently liable		67 , 65 , 75		61 , 90 , 31
TOTAL		708 , 55 , 17		779 , 50 , 99

SCHEDULES

to Profit & Loss Account

(₹ in thousand)

	Year ended 31.03.2018	Year ended 31.03.2017
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances / bills	912 , 81 , 39	880 , 87 , 95
II. Income on investments	336 , 20 , 42	412 , 56 , 07
III. Interest on balances with Reserve Bank of India and other inter -bank funds	5 , 93 , 77	2 , 69 , 38
IV Others	41 , 85 , 01	40 , 16 , 09
TOTAL	1296 , 80 , 59	1336 , 29 , 49

SCHEDULE 14 - OTHER INCOME			
I. Commission, Exchange and Brokerage		23 , 35 , 47	20 , 49 , 27
II. Profit on sale of investments	6 , 00 , 93		201 , 21 , 78
Less: Loss on sale of investments	3 , 28 , 47		5 , 31 , 17
		2 , 72 , 46	195 , 90 , 61
III. Profit on revaluation of investments	-		-
Less: Loss on revaluation of investments	-		-
		-	-
IV. Profit on sale of land, buildings and other assets	236 , 58		36 , 68
Less: Loss on sale of land, buildings and other assets	83 , 85		64 , 29
		1 , 52 , 73	(27 , 61)
V. Profit on exchange transactions (Net)		8 , 80 , 51	9 , 34 , 21
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 ₹ 26.92 Crore, previous year ₹ 5.62 Crore and processing fee of ₹ 18.44 crore, previous year ₹ 19.30 crore)		89 , 00 , 85	55 , 73 , 65
TOTAL		125 , 42 , 02	281 , 20 , 13

SCHEDULE 15 - INTEREST EXPENDED			
I. Interest on deposits		897 , 25 , 92	1004 , 14 , 67
II. Interest on Reserve Bank of India/ inter -bank borrowings		4 , 93 , 05	9 , 27 , 26
III. Others		9 , 81 , 08	9 , 27 , 42
TOTAL		912 , 00 , 05	1022 , 69 , 35

SCHEDULE 16 - OPERATING EXPENSES			
I. Payments to and provisions for employees		286 , 90 , 46	293 , 58 , 06
II. Rent, taxes and lighting		45 , 90 , 72	41 , 46 , 15
III. Printing and Stationery		3 , 52 , 84	4 , 58 , 73
IV. Advertisement and publicity		1 , 72 , 21	, 85 , 90
V. Depreciation on bank's property (including amortisation / write off of intangible assets)		15 , 57 , 05	14 , 92 , 82
VI. Directors' fees, allowances and expenses		1 , 01 , 56	1 , 42 , 73
VII. Auditors' fees and expenses (including branch auditors fees and expenses)		1 , 58 , 81	1 , 78 , 29
VIII. Law charges		2 , 56 , 32	1 , 95 , 85
IX. Postages, Telegrams, Telephones etc.		8 , 44 , 21	8 , 85 , 99
X. Repairs and maintenance		7 , 63 , 34	6 , 99 , 76
XI. Insurance		15 , 92 , 47	15 , 34 , 94
XII. Other expenditure		45 , 09 , 88	51 , 29 , 69
TOTAL		435 , 89 , 87	443 , 08 , 91

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) Historical cost convention and Accrual basis of accounting have been consistently applied while preparing and presenting the financial statements, except as stated in para 10 – “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 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
- (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] issued during the year, 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 NPAs are made as per RBI Guidelines which is at the rate given as under:

Category of NPAs	% of the Net outstanding advance
Sub Standard	
a. Exposures which are unsecured <i>abinitio</i>	25%
b. Others	15%
Doubtful	
a. Secured portion (period for which advance has remained in doubtful category)	
- upto 1 year	25%
- one year to three years	40%
- more than three years	100%
b. Unsecured portion	100%
Loss	100%

- c) The amount of advances shown in the Balance Sheet is net off provisions, interest suspense, ECGC claims received and discount on assignment transactions.
- d) Provision on Standard Assets including restructured advances classified as standard, is maintained as per RBI guidelines and the same is included in Item No. IV 'Others', of Schedule 5 – Other Liabilities & Provisions.
- e) 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
- f) Amounts recovered against debts written off in earlier years are recognised as revenue.
- g) 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.
- h) 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.
- i) 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 Income and Expenditure account of the Provident Fund 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

Significant Accounting Policies

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 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 II norms are grouped in Corporate/ Wholesale Banking assets while all other advances are grouped as Retail Banking Assets. Deposits of ₹ 1 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, 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 amortized over four quarters, commencing from the quarter in which the fraud has been identified. Where

full provisioning is made in more than one financial year, amount remaining unprovided at the end of financial year is debited to other reserves as per RBI Guidelines.

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". The Bank reports basic and diluted earnings per equity share in accordance with AS 20, "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 Companies Act, 2013

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 as per the prudential norms.
- (iii) provision for depreciation on investments and
- (iv) other usual and necessary provisions.

Notes to Accounts

SCHEDULE 18 - NOTES TO ACCOUNTS

1.1 Investments

- a) Loss on sale of investments under Held to Maturity category amounting to ₹ 1.40 Crore (Previous Year ₹ 0.07 Crores) has been taken to Profit and Loss account. There was no profit on sale of investments under Held to Maturity category during the year (previous year ₹ 186.83 Crores) requiring any appropriation to Capital Reserve Account (Previous year - a sum of ₹ 1.17 Crores has been appropriated to Capital Reserve Account).
- b) In respect of Investments in Held to Maturity category, the amount of amortization of excess of acquisition cost over face value is ₹ 15.17 Crores (previous year ₹ 15.37 Crores) which is netted against Income on Investments (Schedule 13, Item II).
- c) The RBI has vide Circular RBI/2017-18/147 DBR No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, given all banks an option to spread Marked To Market (MTM) loss on government securities in AFS / HFT categories incurred during the quarters ended 31.12.2017 and 31.03.2018 equally over up to four quarters. The MTM loss in respect of Government Securities in AFS category for the quarter ended 31.12.2017 was ₹ 0.46 Crores and for the quarter ended 31.03.2018 was ₹ 10.22 Crores. The bank has exercised the option to spread the MTM loss in line with the above Circular and ₹ 2.78 Crores has been charged to Profit & Loss Account. The balance amount to be provided for as on 31.03.2018 was ₹ 7.90 Crores and consequently the loss for the year ended 31.03.2018 is lesser by ₹ 7.90 Crores. The bank did not have any investments under HFT category.
- d) Provisions for depreciation on investments in the Available for Sale category investments amounting to ₹ 25.83 Crores (including ₹ 2.78 Crores as mentioned above) is debited to Profit & Loss account (previous year ₹ 16.79 Crores excess provision is credited to Profit & Loss account).
- e) During the financial year 2017-18, the bank has transferred securities amounting to ₹ 388.96 Crores (previous year ₹ 674.05 Crores) from Held to Maturity category to Available for Sale category. Out of the securities shifted, ₹ 82.07 Crores is on account of reduction in HTM SLR limit as per RBI notification No. DBR.No.Ret.BC.90/12.02.001/2017-18 dated October 4, 2017.
- f) UDAY bonds issued on conversion of advances to DISCOM companies on restructuring of advances in March 2016 which were not envisaged to be converted into SDL amounting to ₹ 18.94 Crores are treated as Non-Performing Investments (NPI), and a provision of ₹ 7.58 Crores is held on the same.

1.2 Reconciliation

Reconciliation of inter-bank and inter-branch transactions has been completed up to 31st March 2018. 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.

1.3 Taxation

Claims against the bank not acknowledged as debt under contingent liabilities(Schedule 12) include disputed income tax liabilities of ₹ 25.66 Crores (Previous Year – ₹ 26.88Crores) of which ₹ 24.26 Crores(Previous Year – ₹ 21.25 Crores) 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 favourable judicial decisions on certain disputed issues.

2. Disclosures in terms of Reserve Bank of India Guidelines

2.1 Capital

Particulars	BASEL III	
	31.03.2018	31.03.2017
i) Common Equity Tier 1 capital ratio (%)	9.45	11.54
ii) Tier 1 Capital ratio (%)	9.45	11.54
iii) Tier 2 Capital ratio (%)	0.46	0.61
iv) Total Capital ratio (CRAR) (%)	9.91	12.15
v) Percentage of the shareholding of the Government of India in public sector banks	NA	NA
vi) Amount of equity capital raised during the year	Nil	111.05 Crore
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	
	31.03.2018	31.03.2017
i) Common Equity Tier 1 capital ratio (%)	9.46	11.56
ii) Tier 1 Capital ratio (%)	9.46	11.56
iii) Tier 2 Capital ratio (%)	0.46	0.62
iv) Total Capital ratio (CRAR) (%)	9.92	12.18
v) Percentage of the shareholding of the Government of India in public sector banks	Nil	Nil
vi) Amount of equity capital raised during the year	Nil	111.05 Crore
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)]		

Capital Infusion

Bank received the approval of shareholders in the extraordinary general meeting of the Bank held on March 21, 2018, to offer, issue and allot up to 86,295,459 equity shares of the Bank and/or Warrants (or any combination thereof), on a preferential basis (being 51 % of the post issued capital of the Bank, calculated on a fully diluted basis), to FIH Mauritius Investments Ltd., and is awaiting the approval of Reserve Bank of India, Competition Commission of India and other statutory authorities.

Notes to Accounts

2.2 Investments

(₹ in Crore)

Items	31.03.2018	31.03.2017
(1) Value of Investments		
(i) Gross Value of Investments	4162.95	5777.11
(a) In India	4162.95	5777.11
(b) Outside India.	Nil	Nil
(ii) Provisions for Depreciation/Diminution	49.00	15.59
(a) In India	49.00	15.59
(b) Outside India.	Nil	Nil
(iii) Net Value of Investments	4113.95	5761.52
(a) In India	4113.95	5761.52
(b) Outside India.	Nil	Nil
(2) Movement of provisions held towards depreciation/ diminution on investments		
(i) Opening balance	15.59	32.38
(ii) Add: Provisions made during the year	33.59	Nil
(iii) Less: Write-off/ write-back of excess provisions during the year	0.18	16.79
Closing balance	49.00	15.59

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 31.03.2018
Securities sold under Repo / Term Repo				
i. Government Securities	20.00	36.00	0.68	Nil
ii Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under Reverse Repo / Term Reverse Repo				
i. Government Securities	1.00	1261.00	194.85	451.00
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	89.96	33.29	Nil	18.94	33.29
(ii)	FIs	2.00	2.00	Nil	Nil	2.00
(iii)	Banks	320.82	295.81	5.00	Nil	Nil
(iv)	Private Corporate	89.37	1.82	Nil	Nil	0.05
(v)	Subsidiaries/ Joint Ventures	Nil	Nil	Nil	Nil	Nil
(vi)	Others (Security receipts)	267.87	267.87	Nil	Nil	267.87
(vii)	Provision held towards depreciation / NPI / diminution	46.22	XXX	XXX	XXX	XXX
	Total	723.80	600.79	5.00	18.94	303.21

ii) Non performing Non-SLR investments

(₹ in Crore)

Particulars	31.03.2018	31.03.2017
Opening balance	1.82	0.86
Additions during the year	18.94	1.82
Reductions during the year	-	0.86
Closing balance	20.76	1.82
Total provisions held	9.76	1.31

2.2.3 Sale and transfers to/from HTM Category:

The value of sales from HTM category in 2017-18 exceeds 5 per cent of the book value of investments held in HTM category at the beginning of the year requiring the following disclosures:

(₹ in Crore)

Market value of investments held in the HTM Category as on 31.03.2018	2757.58
Excess of book value over market value for which provision is not made	198.10

- 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	31.03.2018	31.03.2017
(i) Net NPAs to Net Advances (%)	4.46%	5.51%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	600.10	446.91
(b) Additions during the year	281.16	367.00
(c) Reductions during the year	117.13	213.81
(d) Closing balance	764.13	600.10
(iii) Movement of Net NPAs		
(a) Opening balance	447.64	345.15
(b) Additions during the year	194.39	254.99
(c) Reductions during the year	225.74	152.50
(d) Closing balance	416.29	447.64
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	148.70	98.13
(b) Provisions made during the year	217.47	203.05
(c) Write-off/ write-back of excess provisions	21.53	152.48
(d) Closing balance	344.64	148.70

2.4.1.2 Divergence in Asset Classification and Provisioning for NPAs as per AFI in terms of RBI Circular (₹ in Crore)

Sr.	Particulars	Amount
1.	Gross NPAs as on March 31, 2017 as reported by the bank	600.10
2.	Gross NPAs as on March 31, 2017 as assessed by RBI	634.00
3.	Divergence in Gross NPAs (2-1)	33.90
4.	Net NPAs as on March 31, 2017 as reported by the bank	447.64
5.	Net NPAs as on March 31, 2017 as assessed by RBI	472.44
6.	Divergence in Net NPAs (5-4)	24.80
7.	Provisions for NPAs as on March 31, 2017 as reported by the bank	148.70
8.	Provisions for NPAs as on March 31, 2017 as assessed by RBI	157.80
9.	Divergence in provisioning (8-7)	9.10
10.	Reported Net Profit after Tax (PAT) for the year ended March 31, 2017	1.55
11.	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2017 after taking into account the divergence in provisioning (including other items)	(13.40)

* March 31, 2017 is the close of the reference period in respect of which divergences were assessed

(₹ in crore)

2.4.2 PARTICULARS OF ACCOUNTS RESTRUCTURED/RESCHEDULED AS ON 31.03.2018

Sl. No.	Type of Restructuring	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total				
	Asset classification	Standard	Sub-Stan- dard	Doubtful	Loss	Total	Standard	Sub-Stan- dard	Doubtful	Loss	Total	Standard	Sub-Stan- dard	Doubtful	Loss	Total		
1	Restructured Accounts as on April 1 (opening figure)	Details																
		No. of Borrower	0	Nil	1	1	NIL				5	11.34	Nil	50.78	Nil	23	24	
		Amount outstanding- Restructured facility	0.00	Nil	22.36	22.36					11.34				Nil	73.14	84.48	
		Other facility	Nil	Nil	0.00	0.00					1.6	Nil	4.98	Nil	4.98		6.58	
		Total	0.00	Nil	22.36	22.36					12.94	Nil	55.77	Nil	78.12		91.07	
2	Fresh restructuring during the year	Provision thereon	0.00	Nil	0	0.00					0.03	Nil	0.31	Nil	0.31	Nil	0.34	
		No. of Borrower	Nil	Nil	Nil	Nil					Nil	Nil	Nil	Nil	Nil	Nil	Nil	
		Amount outstanding- Restructured facility	Nil	Nil	Nil	Nil												
		Other facility	Nil	Nil	Nil	Nil					Nil	Nil	Nil	Nil	Nil		Nil	
		Total	Nil	Nil	Nil	Nil					Nil	Nil	Nil	Nil	Nil		Nil	
3	Upgradations to restructured standard category during the year.	Provision thereon	Nil	Nil	Nil	Nil					2	Nil	-2	Nil	-2	Nil	0	
		No. of Borrower	Nil	Nil	Nil	Nil												
		Amount outstanding- Restructured facility	Nil	Nil	Nil	Nil					0.07	Nil	-0.09	Nil	0	0.07	-0.09	-0.02
		Other facility	Nil	Nil	Nil	Nil					0	Nil	0	Nil	0	Nil	0	
		Total	Nil	Nil	Nil	Nil					0.07	Nil	-0.09	Nil	0	0.07	-0.09	-0.02
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next year.	Provision thereon	Nil	Nil	Nil	Nil					0	Nil	0	Nil	0	Nil	0	
		No. of Borrower	Nil			Nil					-1.00				-1.00		-1.00	
		Amount outstanding- Restructured facility	Nil			Nil					-1.08				-1.08		-1.08	
		Other facility	Nil			Nil					-1.09				-1.09		-1.09	
		Total	Nil			0.00					-2.17				-2.17		-2.17	

Sl. No.	Type of Restructuring	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total												
	Asset classification	Standard	Sub-stan- dard	Doubtful	Loss	Total	Standard	Sub-Stan- dard	Doubtful	Loss	Total	Standard	Sub-stan- dard	Doubtful	Loss	Total										
5	No. of Borrower	Nil	Nil	Nil	Nil	Nil	NIL					-2.00	Nil	2	Nil	0										
	Amount outstanding- Restructured facility	Nil	Nil	Nil	Nil	Nil											Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Other facility	Nil	Nil	Nil	Nil	Nil											-0.51	Nil	0.45	Nil	Nil	-0.51	Nil	0.45	Nil	-0.06
	Total	Nil	Nil	Nil	Nil	Nil											-8.74	Nil	7.67	Nil	Nil	-8.74	Nil	7.67	Nil	-1.08
	Provision thereon	Nil	Nil	Nil	Nil	Nil											0.00	Nil	0.00	Nil	Nil	0.00	Nil	0.00	Nil	0.00
6	No. of Borrower	Nil	Nil	Nil	Nil	Nil	NIL					-2.00	Nil	-4.00	Nil	-6.00										
	Amount outstanding- Restructured facility	Nil	Nil	Nil	Nil	Nil											-2.02	Nil	-4.81	Nil	-6.83	-2.02	Nil	-4.81	Nil	-6.83
	Other facility	Nil	Nil	Nil	Nil	Nil											0	Nil	-0.25	Nil	-0.25	0	Nil	-0.25	Nil	-0.25
	Total	Nil	Nil	Nil	Nil	Nil											-2.02	Nil	-5.07	Nil	-7.09	-2.02	Nil	-5.07	Nil	-7.09
	Provision thereon	Nil	Nil	Nil	Nil	Nil											-0.03	Nil	0.00	Nil	-0.03	-0.03	Nil	0.00	Nil	-0.03
7	No. of Borrower	Nil	Nil	Nil	Nil	Nil	Nil					0	Nil	0	Nil	Nil										
	Amount outstanding- Restructured facility	Nil	Nil	0	Nil	0											0.00	Nil	-2.16	Nil	-2.16	0.00	Nil	-2.16	Nil	-2.16
	Other facility	Nil	Nil	0	Nil	0											0.00	Nil	-0.35	Nil	-0.35	0.00	Nil	-0.35	Nil	-0.35
	Total	Nil	Nil	0	Nil	0											0	Nil	-2.51	Nil	-2.51	0.00	Nil	-2.51	Nil	-2.51
	Provision thereon	Nil	Nil	0	Nil	0											0.00	Nil	-0.28	Nil	-0.28	0.00	Nil	-0.28	Nil	-0.28
8	No. of Borrower	Nil	Nil	1.00	Nil	1.00	Nil					2	Nil	14.00	Nil	16										
	Amount outstanding- Restructured facility	Nil	Nil	22.36	Nil	22.36											0.07	Nil	50.94	Nil	51.01	0.07	Nil	73.30	Nil	73.37
	Other facility	Nil	Nil	Nil	Nil	Nil											0.00	Nil	4.83	Nil	4.83	0.00	Nil	4.83	Nil	4.83
	Total	Nil	Nil	22.36	Nil	22.36											0.07	Nil	55.77	Nil	55.84	0.07	Nil	78.13	Nil	78.20
	Provision thereon	Nil	Nil	Nil	Nil	Nil											0.00	Nil	0.03	Nil	0.03	0.00	Nil	0.03	Nil	0.03
* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (If applicable)																										

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)

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.
2.4.3.A.	Details of financial assets sold to Securitisation / 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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Book value of investments in security receipts	267.87	276.74	---	---	267.87	276.74

2.4.3C 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	267.87	Nil	Nil
	Provision held against (i)	36.46	Nil	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)	267.87	Nil	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	31.03.2018	31.03.2017
Provisions held towards Standard Assets	34.32	34.64

2.5 Business Ratio

(As compiled by the management and relied upon by the auditors)

Particulars	12 Months ended 31.03.2018	12 Months ended 31.03.2017
(i) Interest Income as a percentage to Working Funds	7.83	8.13
(ii) Non-interest income as a percentage to Working Funds	0.76	1.71
(iii) Operating Profit as a percentage to Working Funds	0.45	0.92
(iv) Return on Assets (%)	(0.59)	0.01
(v) Business (Deposits plus advances) per employee	₹ 851.23 Lakhs	₹ 859.28 Lakhs
(vi) Profit /(Loss) per employee	₹ (3.45) Lakhs	₹ 0.06 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 31.03.2018	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	104.14	163.59	209.01	120.64	222.56	209.25	659.84	461.58	4127.56	424.35	7988.12	14690.65
Advances	17.91	97.26	134.94	217.94	446.72	545.24	1116.68	1671.77	3353.11	894.59	841.21	9337.36
Investments (Net)	0.00	15.69	0.00	30.24	40.18	0.00	0.00	379.02	240.08	115.21	3293.53	4113.95
Borrowings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	41.80	0.00	0.00	41.80
Foreign Currency assets	56.21	136.95	2.58	14.68	0.00	14.95	96.79	15.87	4.42	3.88	0.00	346.33
Foreign Currency liabilities	25.13	22.8	0.68	22.46	0.00	26.54	101.1	90.59	53.85	10.34	1.68	355.17

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	31.03.2018	31.03.2017
a) Direct exposure		
(i) Residential Mortgages		
a) Priority sector	143.02	142.33
b) Non priority sector	310.09	272.71
(Of which staff housing loans)	(68.59)	(70.77)
c) Total	453.11	415.04
(ii) Commercial Real Estate	409.03	419.17
(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)	529.35	30.00
Total Exposure to Real Estate Sector	1391.49	864.21

Notes to Accounts

2.7.2 Exposure to Capital Market

(As compiled by the management and relied upon by the auditors)

(₹ in Crore)

Sl No	Items	31.03.2018	31.03.2017
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	0.05
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	0.09	0.08
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	1.01	0.13

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 31.03.2018	Provision held as at 31.03.2018	Exposure (Net) as at 31.03.2017	Provision held as at 31.03.2017
Insignificant	27.64	Nil	27.93	Nil
Low	13.29	Nil	11.19	Nil
Moderately Low	0.68	Nil	0.27	Nil
Moderate	0.16	Nil	Nil	Nil
Moderately High	0.02	Nil	Nil	Nil
High	Nil	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
Total	41.79	Nil	39.39	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 31.03.2018			Exposure as on 31.03.2017		
	Advance Exposure	Investment Exposure	Total Exposure	Advance Exposure	Investment Exposure	Total Exposure
Phoenix Trust	Nil	138.87	138.87	Nil	140.74	140.74

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	31.03.2018	31.03.2017
Provision for Income Tax(including Deferred Tax)	(51.90)	(10.47)

2.8.1 Disclosure of Penalties imposed by RBI -

- The RBI had imposed an aggregate penalty of ₹ 24,500/- (in 4 different dates) during the Financial Year 2017-18 on account of counterfeit notes detected in the remittance of soiled notes at RBI by Singanellur and Ernakulam Currency Chests.
- RBI has imposed penal interest of ₹ 407/- for wrong reporting of currency chest transactions at Singanellur Chest during the year

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 ₹ 5.43 Crore(Previous Year- ₹ 4.98 Crore). There is no deficit in the Income & Expenditure of the provident fund.

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)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Present Value of Obligations – Closing	282.13	315.52	75.72	80.27	32.53	34.75
Fair Value of Plan Assets - Closing	284.06	286.94	73.82	81.14	N.A	N.A
Funded Status	(1.93)	28.58	1.90	(0.87)	32.53	34.75
Net Liability (Asset) recognised in Balance Sheet (included in Item No IV- Others of Schedule 5 – Other Liabilities & Provisions)	(1.93)	28.58	1.90	(0.87)	32.53	34.75

Notes to Accounts

The amount recognised in the statement of profit and loss account is as follows:

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Current Service Cost	53.32	59.44	3.33	3.44	10.37	10.7
Past Service Cost	N.A	N.A	4.54	N.A.	N.A.	N.A.
Interest Cost	20.31	20.03	5.37	5.68	2.02	1.87
Expected Return on Plan Assets	(22.09)	(21.57)	(6.25)	(5.32)	N.A.	N.A.
Net Actuarial Loss/(Gain) recognised in the year	4.64	3.18	4.63	0.33	2.47	5.62
Total (included in Item I. "Payment to and provisions for employees" of Schedule 16 – Operating Expenses)	56.18	61.08	11.62	4.13	14.86	18.19

3.1.2.2 Changes in Fair Value of Plan Assets

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Fair Value of Plan Assets at the beginning of the year	286.94	287.55	81.14	71.06	N.A.	N.A.
Expected Return on Plan Assets	22.09	21.57	6.25	5.32	N.A.	N.A.
Contributions	86.69	65.43	8.85	19.64	17.08	16.81
Benefits Paid	103.57	106.71	21.07	19.86	17.08	16.81
Actuarial (Loss)/Gain	(8.09)	19.1	(1.35)	4.98	N.A.	N.A.
Fair Value of Plan Assets at the end of the year	284.06	286.94	73.82	81.14	N.A.	N.A.

3.1.2.3 Changes in Present Value of Obligations

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Present Value of Obligations at the beginning of the year	315.52	320.48	80.27	85.70	34.75	33.37
Interest Cost	20.31	20.03	5.37	5.68	2.02	1.87
Current Service Cost	53.32	59.44	3.33	3.44	10.37	10.7
Past Service Cost	N.A	N.A	4.54	N.A.	N.A	N.A.
Benefits Paid	103.57	106.71	21.07	19.86	17.08	16.81
Actuarial Loss/(Gain)	(3.45)	22.28	3.28	5.31	2.47	5.62
Present Value of Obligations at the end of the year	282.13	315.52	75.72	80.27	32.53	34.75

3.1.2.4 Movement in Net Liability Recognised in Balance Sheet

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Net Liability at the beginning of the period	28.58	32.93	(0.87)	14.64	34.75	33.37
Add Expenses Charged to Profit & Loss Account	56.18	61.08	11.62	4.13	14.86	18.19
Less Contributions	86.69	65.43	8.85	19.64	17.08	16.81
Net Liability (Asset) at the end of the period	(1.93)	28.58	1.90	(0.87)	32.53	34.75

3.1.2.5 Actual Return on Plan Assets

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Expected Return on Plan Assets	22.09	21.57	6.25	5.32	N.A.	N.A.
Actuarial Gain (Loss)	(8.09)	19.1	(1.35)	4.98	N.A.	N.A.
Actual Return on Plan Assets	14.00	40.67	4.90	10.3	N.A.	N.A.

3.1.2.6 Actuarial Assumptions

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Discount Rate (p.a.)	7.70%	7.50%	7.70%	7.50%	7.70%	7.50%
Expected Return on Plan Assets (p.a.)	7.70%	7.50%	7.70%	7.50%	N.A.	N.A.
Future Salary Increases (p.a.)	5.50%	5.00%	5.50%	5.00%	5.50%	5.00%
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).	

3.1.2.7 Investment Percentage maintained by Pension & Gratuity Trust

	Pension		Gratuity	
	As on 31.03.2018	As on 31.03.2017	As on 31.03.2018	As on 31.03.2017
Life Insurance Companies	89.31%	86.75%	83.98%	57.86%
Central Govt. Securities	3.67%	3.85%	2.10%	19.99%
State Govt. Securities	4.69%	5.80%	4.66%	10.05%
Other Trust Securities (PSU)/Deposits with Banks etc.	2.33%	3.60%	9.26%	12.10%
Total	100.00%	100.00%	100.00%	100.00%

Notes to Accounts

3.1.2.8 Experience Adjustments

(i) Pension

(₹ in Crore)

	March 31				
	2018	2017	2016	2015	2014
Defined Benefit Obligations	282.13	315.52	320.48	304.66	280.23
Plan Assets	284.06	286.94	287.55	291.84	261.22
Surplus/(Deficit)	(1.93)	(28.58)	(32.93)	(21.82)	(20.06)
Experience adjustments on Plan Liabilities	6.83	(22.11)	(44.83)	(12.11)	(31.30)
Experience Adjustments on Plan Assets	(8.61)	20.53	6.29	6.34	2.16

(ii) Gratuity

(₹ in Crore)

	March 31				
	2018	2017	2016	2015	2014
Defined Benefit Obligations	75.72	80.27	85.70	80.22	81.93
Plan Assets	73.82	81.14	71.06	85.66	76.82
Surplus/(Deficit)	(1.90)	0.87	(14.64)	4.44	(1.96)
Experience adjustments on Plan Liabilities	(2.13)	(4.96)	(18.77)	(0.86)	(7.99)
Experience Adjustments on Plan Assets	(2.27)	5.34	0.53	2.29	(0.83)

3.1.2.9 Expected Contributions

Bank's best estimates of contributions to the funds in FY 2018-19 are as follows:

Pension : ₹ 60 Crore

Gratuity : ₹ 10 Crore

3.1.3 Other Long term Employee Benefits

- As on 31.03.2018, the Bank holds provision of ₹ 4.22Crore (Previous Year - ₹ 4.31 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 31.03.18	Year ended 31.03.17	Year ended 31.03.18	Year ended 31.03.17	Year ended 31.03.18	Year ended 31.03.17	Year ended 31.03.18	Year ended 31.03.17	Year ended 31.03.18	Year ended 31.03.17
Revenue	356.88	633.17	408.81	307.64	641.82	657.16	14.72	19.53	1,422.23	1,617.50
Result	(164.10)	(1.02)	32.89	(39.40)	203.39	187.16	2.14	4.97	74.33	151.71
Unallocated expenses									Nil	Nil
Operating profit									74.33	151.71
Provisions other than tax									223.69	160.63
Provision for Tax									(51.90)	(10.47)
Extraordinary profit/ loss									Nil	Nil
Net profit/ (Loss)									(97.47)	1.55
OTHER INFORMATION										
Segment assets	4,659.49	6,274.05	3,666.36	2,355.20	6,615.00	6,677.47	6.20	8.04	14,947.05	15,314.76
Unallocated assets									923.00	908.47
Total assets									15,870.05	16,223.23
Segment liabilities	57.42	72.52	2,134.95	2,541.96	13,493.73	13,401.49	18.34	13.05	15,704.44	16,029.02
Unallocated liabilities									165.61	194.21
Total liabilities									15,870.05	16,223.23

Part B: Geographic segments

The Bank has no branches outside India.

3.3 Accounting Standard 18 – Related Party disclosures

a) Details of Related Parties:

Name of the Party	Nature of Relationship
Shri.C.VR.Rajendran, Managing Director & CEO	Key Management Personnel

b) Significant transactions with related parties:

Name of the Related Party	Particulars of Transaction (Remuneration Paid)	
	31 March 2018	31 March 2017
Shri. C. VR. Rajendran	₹ 72,00,000/-	₹ 22,45,161/-#
Shri. Anand Krishnamurthy		₹ 29,60,000/-@

Remuneration paid to Shri. C. VR. Rajendran for the period from 09.12.2016 to 31.03.2017.

@Remuneration paid to Shri. Anand Krishnamurthy for the period from 01.04.2016 to 20.09.2016.

Notes to Accounts

No stock options were granted to MD & CEO during the FY 17-18, however, the Nomination & Remuneration Committee of the Board in its meeting held on April 24, 2017, 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

Note:

1. In accordance with the RBI Guidelines on compliance with Accounting Standards by the Banks, the details of transactions with parent, subsidiaries, associates, jointly controlled entity and relatives of Key Management Personnel have not been disclosed since there is only one entity in the respective category of the Key Management Personnel.
2. The normal transactions of the Bank with the above persons as constituents are not reckoned for the purpose of disclosure.

3.4 Accounting Standard 22 – Accounting for Taxes on Income

Net Deferred Tax Asset as on 31.03.2018, computed in compliance with the Accounting Standard 22 on Accounting for Taxes on Income, amounts to ₹ 180.27Crore, which is included in Item No.5 “Others” of Schedule 11-Other Assets.

Components of Net Deferred Tax Asset as on 31.03.2018 are as follows:

(₹ in Crore)

	31.03.2018	31.03.2017
Deferred Tax Asset		
Provision for Employee Benefits	11.69	12.33
Provision for Standard Assets	11.99	11.99
Provision for Bad & doubtful debts	74.99	13.72
Carry Forward Loss	90.71*	99.60
Others	3.24	3.43
Total Deferred Tax Asset	192.62	141.08
Deferred Tax Liability		
Depreciation on Fixed Assets	4.05	4.48
Special Reserve u/s 36 (1)(viii)	8.30	8.22
Total Deferred Tax Liability	12.35	12.70
Net Deferred Tax Asset	180.27	128.38

* The percentage of holdings by shareholders as of 31.03.2014 has come down to 42% as on 31.03.2018. Section 79 of the Income Tax Act provides that in the case of closely held companies, the present holding of shareholders as at the end of the year in which the loss was incurred shall not fall less than 51% of the voting power at the close of financial year when set off of carried forward business losses are claimed. Based on favourable legal opinion received, bank has set off ₹ 24.74 crore of the carried forward business loss pertaining to FY 14 from the taxable income of FY 18 (with a beneficial impact of ₹ 8.65 crore in the provision for tax). The balance business loss of ₹ 22.05 crore pertaining to FY 2014 is being carried forward to be claimed in future. Deferred Tax Asset on carry forward loss includes ₹ 7.71 crore reckoned on the amount of ₹ 22.05 crore mentioned above.

Based on the shareholder approval for further capital infusion and signing of investor agreement entered into by the bank and consequent improved business, there is virtual certainty of future taxable profits to offset the losses as well as the provision for bad and doubtful debts. Accordingly, the bank has recognised the deferred asset on carry forward loss and provision for bad and doubtful debts in line with AS 22.

3.5 Accounting Standard 5 – Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies, 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 are not applicable to the bank

3.6 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 potentialty, 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

(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 31.03.2018 – Rs159.47 Crores

Change for the period – Rs4.49 Crores (transferred from Revaluation Reserve to General Reserves)

ii) Bank had sold one of its premises during the year and the amount standing in Revaluation Reserve relating to that asset (₹ 2.90 crore) 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	2017-18	2016-17
EPS-Basic /Diluted	₹ (12.04)	₹ 0.21
Amount used as numerator- Profit / (Loss) after Tax (₹ in crore)	(97.47)	1.56
Nominal value per Equity Share	₹ 10	₹ 10
Weighted Average Number of Equity Shares used as denominator	8,09,62,082	7,57,13,866

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:

	31.03.2018	31.03.2017
a) Acquired Application Software		
Opening Balance at cost	16.99	13.70
Add Additions during the year	3.86	3.29
Less Disposals during the year	Nil	Nil
Less Amortisation to date	12.45	9.73
Net Carrying Amount	8.40	7.26
b) Internally Generated Software		
Opening Balance at cost	12.70	11.75
Add Additions during the year	1.96	0.95
Less Disposals during the year	Nil	Nil
Less Amortisation to date	11.17	10.17
Net Carrying Amount	3.49	2.53
Total Carrying Amount	11.89	9.79

Notes to Accounts

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 31.03.2018 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)

		31.03.2018	31.03.2017
a	Provisions towards NPA/write offs	191.07	182.79
b	Depreciation and write off of investments	33.59	(16.76)
c	Provision for Income tax (Including Deferred Tax)	(51.89)	(10.46)
d	Provision for Standard Assets	(0.32)	(7.19)
e	Provision for diminution on Restructured Advances	(0.40)	(1.32)
f	Other provisions	(0.25)	3.10
	Total	171.80	150.16

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 other than from general reserves as detailed in paragraphs 10

5.4 Disclosure of complaints**A. Customer Complaints (Other than ATM)**

	31.03.2018	31.03.2017
a) No. of complaints pending at the beginning of the year	29	22
b) No. of complaints received during the year	432	392
c) No. of complaints redressed during the year	436	385
d) No. of complaints pending at the end of the year	25	29

B. ATM Complaints

	31.03.2018	31.03.2017
a) No. of ATMs complaints pending at the beginning of the year	Nil	Nil
b) No. of ATMs complaints received during the year	9270	4391
c) No. of ATMs complaints redressed during the year	9270	4391
d) No. of ATMs complaints pending at the end of the year	Nil	Nil

C. Awards passed by the Banking Ombudsman

	31.03.2018	31.03.2017
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 31.03.2018	As on 31.03.2017
Provisioning Coverage Ratio	61.86%	53.13%

5.7 Income from Bancassurance

(₹ in Crore)

Sl.No.	Nature of Income	12 months ended 31.03.2018	12 months ended 31.03.2017
1.	From Selling Life Insurance Policies	6.60	4.82
2.	From Selling Non Life Insurance Policies	0.31	0.28
3.	From Selling Mutual Fund Products	0.00	0.00
4.	Others	Nil	Nil
5.	Total	6.91	5.10

5.8 Concentration of Deposits, Advances, Exposures and NPAs**5.8.1 Concentration of Deposits**

	As on 31.03.2018	As on 31.03.2017
Total Deposits of twenty largest depositors (₹ in Crore)	751.39	1052.30
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	5.11%	7.06%

Notes to Accounts

5.8.2 Concentration of Advances

	As on 31.03.2018	As on 31.03.2017
Total Advances of twenty largest borrowers (₹ in Crore)	1454.37	1004.18
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	12.85%	10.71%

5.8.3 Concentration of Exposures

	As on 31.03.2018	As on 31.03.2017
Total Exposures to twenty largest borrowers/customers (₹ in Crore)	1651.16	1183.56
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/customers	14.00%	11.39%

5.8.4 Concentration of NPAs

(₹ in Crore)

	As on 31.03.2018	As on 31.03.2017
Total Exposures to top four NPA Accounts (₹ in Crore)	97.38	105.19

5.9 Sector-wise advances

(As compiled by the management and relied upon by the auditors)

(Amount in Crore)

		As on 31.03.2018		
Priority Sector		Outstanding Total Advances ₹ in Crore	Gross NPAs ₹ in Crore	Gross NPA (%)
A	Priority Sector			
1	Agriculture and allied activities	1608.77	96.15	5.98
2	Advances to industries sector eligible as priority sector lending	643.40	115.64	17.97
3	Services	1310.43	258.89	19.76
4	Personal loans	304.51	80.40	26.40
	Sub-total (A)	3867.11	551.07	14.25
B	Non Priority Sector			
1	Agriculture and allied activities			
2	Industry	656.69	86.32	13.15
3	Services	2908.04	70.75	2.43
4	Personal loans	2253.40	55.99	2.48
	Sub-total (B)	5818.14	213.06	3.66
	Total (A+B)	9685.25	764.13	7.89

5.10 Movement of NPA

(₹ in Crore)

Particulars	2017-18	2016-17
Opening Balance of Gross NPA	600.10	446.91
Additions (Fresh NPAs) during the year	281.16	367.00
Sub-total (A)	881.26	813.91
Less:-		
(i) Upgradations	9.08	23.23
(ii) Recoveries (excluding recoveries made from upgraded accounts)	103.02	51.83
(iii) Technical/ Prudential Write-offs	0	135.79
(iv) Write-offs other than those under (iii) above	5.03	2.96
Sub-total (B)	117.13	213.81
Closing balance of Gross NPA (A – B)	764.13	600.10

5.11 Movement of technical write offs and recoveries

(₹ in Crore)

Particulars	2017-18	2016-17
Opening balance of technical/prudential written off accounts	354.91	225.03
Add: Technical/Prudential write-offs during the year	Nil	135.79
Sub-total(A)	354.91	360.82
Less-Recoveries/ write off made from previously technical/Prudential written off accounts during the year (including sale to ARCs)(B)	27.71	5.91
Closing balance (A-B)	327.20	354.91

5.12 Overseas Assets, NPAs and Revenue

(₹ in Crore)

Particulars	31.03.2018	31.03.2017
Total Assets	27.26	19.12
Total NPAs	Nil	Nil
Total Revenues	0.62	0.32

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	(a) Information relating to the composition and mandate of the Nomination & Remuneration Committee <u>Composition</u> The Nomination & Remuneration Committee of the Board comprises of independent directors. <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. <u>The Committee should ensure that :-</u> - 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.
	(b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy. <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 <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..

Notes to Accounts

	Objectives 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 stakeholder engagement in compensation. • To attract and retain talent. Key features • 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. (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. For the purpose of effectively aligning compensation structure with risk outcomes, the functionaries in the institution are arranged under the following four categories. 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 packag <u>Clawback Arrangement/Compensation Recovery</u> 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. <u>Limit on variable pay</u> As per the policy, the variable compensation offered to an official would not exceed 70% of the total fixed compensation in a year. <u>Severance pay and guaranteed bonus</u> 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. Sign on bonus or joining bonus is limited to the first year and is paid only as Employee stock options. <u>Hedging</u> 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. <u>Committees to mitigate risks caused by an individual decision</u> 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. Credit limits are sanctioned by committees at different levels. 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. 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.
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	<u>Compensation of risk control staff</u> 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.
(d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration. <u>Compensation of MD & CEO, whole time directors and senior executives (Non IBA), performance linkage</u> As per the policy, the compensation paid out to the referred functionaries is divided into three components 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. 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
	<u>Compensation paid to Other Officers and staff members on IBA package</u> 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.
(e)	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. <u>Deferred compensation and Performance Linkage (Non-IBA)</u> 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. <u>Clawback and deferral arrangements</u> 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.
(f)	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. 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. 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

Notes to Accounts

Quantitative disclosures		Current Year (FY 2017-18)	Previous Year (FY 2016-17)
(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	6 ₹ 2,40,000	9 ₹ 4,60,000
	(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).	₹ 72,00,000 @ (Fixed)* Nil (Variable) Nil (Deferred & Non-Deferred)	₹ 52,05,161 # (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 and Bank's contributions towards Provident fund.

Includes remuneration paid to Shri. Anand Krishnamurthy for the period from 01.04.2016 to 20.09.2016 and to Shri. C. VR. Rajendran for the period from 09.12.2016 to 31.03.2017.

- @ 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.

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	31.03.2018	31.03.2017
Opening balance of amounts transferred to DEAF	29.23	16.96
Add : Amounts transferred to DEAF during the year	7.42	12.55
Less : Amounts reimbursed by DEAF towards claims	0.79	0.28
Closing balance of amounts transferred to DEAF	35.86	29.23

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 ₹ 0.38 Crore (Previous Year –Rs0.87Crore) towards Unhedged Foreign Currency Exposures.

(B) Capital Held

In terms of the aforementioned circulars, an additional capital of – ₹ 0.52Crore(Previous Year – ₹2.21Crore) has been held towards unhedged foreign currency exposures.

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)		2705.56
Cash Outflows		
2 Retail deposits and deposits from small business customers, of which:	11656.12	1157.39
(i) Stable deposits	164.49	8.22
(ii) Less stable deposits	11491.63	1149.16
3 Unsecured wholesale funding, of which:	1102.99	266.94
(i) Operational deposits (all counterparties)	0.00	0.00
(ii) Non-operational deposits (all counterparties)	1102.99	266.94
(iii) Unsecured debt	0.00	0.00
4 Secured wholesale funding	0.00	0.00
5 Additional requirements, of which	818.96	77.93
(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	818.96	77.93
6 Other contractual funding obligations	0.00	0.00
7 Other contingent funding obligations	283.14	8.49
8 TOTAL CASH OUTFLOWS		1510.75
Cash Inflows		
9 Secured Lending (e.g. reverse repos)	262.40	0.00
10 Inflows from fully performing exposures	723.08	399.66
11 Other cash inflows	0.00	0.00
12 TOTAL CASH INFLOWS	985.48	399.66
13 TOTAL HQLA		2705.56
14 TOTAL NET CASH OUTFLOWS		1111.09
15 LIQUIDITY COVERAGE RATIO (%)		243.50%

Notes to Accounts

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.

(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 9% 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 5.11% of total deposits as on 31st March 2018.

(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 31.03.2018 has been as follows:

Outstanding at the beginning of the year	330000
Granted during the year	Nil
Forfeited during the year	Nil
Exercised during the year	Nil
Outstanding at the end of the year	330000
Options exercisable at the end of the year	220064

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 ₹ 0.95 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	31.81%
Risk free interest rate	6.40%
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 31.03.2018
Net Profit (Loss) as reported (₹ in Cr)	(97.47)
Proforma Net Profit (Loss) based on fair value approach (₹ in Cr)	(98.42)
Basic/Diluted EPS as reported (₹)	(12.04)
Basic/Diluted EPS (Proforma) (₹)	(12.16)

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.

Notes to Accounts

10. Disclosure for frauds (Amount in Crores)

No of frauds reported during FY 2017-18	30
Amount involved in such frauds	116.88
Balance outstanding as on 31.03.2018	56.25
Quantum of provision made by debiting P&L	36.93
Unamortised provision debited from General Reserve	19.33

11. Details of Priority Sector Lending Certificate Purchased & Sold during the year (₹ in Crores)

Scheme Type	PSLC General
PSLCs purchased during the year	Nil
PSLCs sold during the year	900.00
Net PSLCs outstanding as on 31.03.2018	(900.00)

12. Comparative Figures

The previous year's figures have been regrouped and recast wherever necessary to conform to current year's classification.

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

Sd/
Alok Kochhar
Director
(DIN : 07336899)

Sd/
Bobby Jos. C,
Director
(DIN : 03270042)

Sd/
Madhavan Nambiar M,
Director
(DIN : 03487311)

Sd/
Radha Unni,
Director
(DIN : 03242769)

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

Sd/
Sijo Varghese
Company Secretary

Sd/
P.V.Antony
Chief Financial Officer

As per our report of even date
For R G N Price & Co
Chartered Accountants
FR No:002785S

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

Place: Thrissur
Date : April 30, 2018

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:

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 (other than revaluation reserves). Tier 2 capital consists of subordinated debt (Lower Tier 2), revaluation reserves and 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 31.03.2018	As on 31.03.2017
Tier 1 Capital		
Paid up Share capital	810.14	810.14
Share Premium	6475.08	6475.08
Statutory Reserves	1467.56	1467.56
Capital Reserves	717.31	717.31
Special Reserve (36 (i) (viii))	237.62	237.62
Other eligible reserves	753.34	836.97
Revaluation Reserves after discounting	717.60	737.81
Total Tier 1 Capital (Gross)	11178.65	11282.49
Add: Credit balance in Profit and Loss account	(3165.39)	(2190.70)
Less Deferred Tax Assets and Other Intangible Assets	973.90	1124.27
Less un amortized portion of fraud	-	-
Total Tier 1 Capital (Net) [A]	7039.36	7967.52
Tier 2 Capital		
Subordinated debt (eligible for inclusion in Lower Tier 2 capital) (Of which amount raised during the current year)	-	83.60
Less Discount		-
Subordinated debt eligible to be reckoned as capital funds	-	83.60
Revaluation Reserves after discounting		
Provision for Standard Assets	343.21	346.37
Investment Reserve		
Less reciprocal cross holding	-	10.00
Total Tier 2 Capital (Net) [B]	343.21	419.97
Total Eligible capital [A] + [B]	7382.57	8387.49

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

Basel III Pillar 3 Disclosures

March, 2019. Detailed guidelines on Basel III Capital Regulations and Guidelines on Composition of Capital Disclosure Requirements are issued by RBI and consolidated under the Master Circular – Basel III Capital Regulations July 2015.

Transitional Arrangements for minimum Basel III capital ratio are given below

Transitional Arrangements-Scheduled Commercial Banks (excluding LABs and RRBs)

Minimum Capital Ratio	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 deduction 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 transaction approach will apply to deductions from Additional Tier 1 and Tier 2 capital.

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
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
On Balance Sheet				
Cash & Balance with RBI	6778.95	7563.86	-	-
Inter Bank Deposits	4972.59	767.64	15.74	18.98
Market Repo(CROMS)	-	-	-	-
Investments (HTM)	30113.48	33732.16	16.91	55.76
Advances	93373.56	78696.58	4393.74	4135.37
Fixed Assets & Other Assets	12036.10	11316.36	590.87	431.43
Total	147274.69	132076.61	5017.25	4641.54
Off Balance Sheet				
Letter of Credit & Guarantees	2575.82	3127.47	87.44	75.96
Undrawn Credit Commitments	10372.90	8246.31	184.29	141.03
Forward Exchange Contracts	3430.27	3654.83	2.85	3.05
Total	16378.99	15028.61	274.58	220.04
Total On & Off Balance Sheet	163653.68	147105.21	5291.84	4861.57

b) Capital Requirement for Market Risk – Standardised Duration Approach

(₹ in million)

Type of Market Risk	Gross Exposure	Gross Exposure	Capital Requirement	Capital Requirement
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Interest Rate Risk	11585.30	30600.63	585.88	543.95
Foreign Exchange Risk	120.00	138.65	10.80	12.48
Equity Risk	32.00	25.55	7.20	6.90
Total	11737.30	30764.84	603.88	563.33

c) Capital Requirement for Operational Risk – Basic Indicator Approach

(₹ in million)

Particulars	As on 31.03.2018
Capital Requirement	649.56
Equivalent Risk Weighted Assets	8119.45

d) Total Capital Requirement

(₹ in million)

Type of Risk	Capital Requirement	Capital Requirement	Risk Weighted Assets	Risk Weighted Assets
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Credit Risk	5291.84	4861.57	58798.19	54017.48
Market Risk	603.88	563.33	7548.54	7041.64
Operational Risk	649.56	638.44	8119.45	7980.46
Total	6545.28	6063.34	74466.18	69039.59
Total Net Tier 1 Capital			7039.36	7967.52
Tier 1 Capital Ratio			9.45%	11.54%
Tier 2 Capital Ratio			0.46%	0.61%
Total CRAR			9.91%	12.15%

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
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Fund Based	93,373.56	78,696.58	30,113.48	33,732.16
Non Fund Based	2,575.82	3,127.47	-	-
Total	95,949.39	81,824.05	30,113.48	33,732.16

b) Industry type distribution – Banking Book

(₹ in million)

	Advances, Letter of Credit & Guarantees		Investments	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Central Government			22,368.72	27,767.49
State Governments			7,444.81	5,664.53
Public Sector	336.14	408.83	299.95	300.14
Manufacturing Industries	-	-	-	-
a) Cotton Textiles	5050.89	5,768.07	-	-
b) Other Textiles	1593.33	1,235.12	-	-
c) Chemicals	1405.30	1,551.60	-	-
d) All Engineering	940.41	781.98	-	-
e) Food Processing	196.22	2,653.88	-	-
f) Other Industries	1799.15	4,666.40	-	-
Agriculture	16069.88	12,170.35	-	-
Residential Mortgage	3054.04	3,347.28	-	-
Commercial Real Estate	3,357.70	3,171.02	-	-
Consumer Credit	16,583.96	14,139.97	-	-
Students	919.75	1,625.71	-	-
Wholesale & Retail Trade	12,577.26	10,459.58	-	-
Banks	-	-	-	-
RIDF, RHF, MSME Fund	-	-	-	-
NBFCs	5,323.87	1,031.97	-	-
Own Staff	1,663.79	1,801.13	-	-
All Others	25,077.90	17,011.16	-	-
Total	95,949.39	81,824.05	30,113.48	33,732.16

c) Residual contractual maturity breakdown of assets

(₹ 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	769.75	5371.66	179.06	23.68	0.02
2-7 days	-	-	972.56	143.50	0.10
8-14 days	-	-	1349.43	1500.00	0.11
15-30 days	300.00	-	2179.38	302.83	0.27
31days-<2M	48.30	-	4,467.20	-	0.74
2M<3M	64.97	-	5,452.40	-	557.09
3M-<6M	247.06	-	11,166.83	401.76	506.50
6M-<1Y	214.61	-	16,717.65	2,524.15	404.75
1-<3Y	1,678.57	0.70	33,531.07	2,545.61	1,000.89
3-<5 Y	201.90	-	8,945.92	1,153.00	2,354.34
> 5 Yr	3,253.80	-	8,412.05	32,544.97	7,211.29
Total	6,778.95	5,372.36	93,373.56	41,139.51	12,036.11

d) Disclosures regarding Non Performing Assets

(₹ in million)

	As on 31.03.2018	As on 31.03.2017
Amount of NPAs (Gross)		
Substandard	2,156.77	2,222.59
Doubtful 1	2,116.31	1,476.28
Doubtful 2	2,590.45	1,871.46
Doubtful 3	705.76	357.88
Loss	72.05	72.78
Total Gross NPAs	7,641.33	6,000.99
Net NPAs	4,162.87	4,476.37
NPA Ratios		
Gross NPAs to Gross Advances	7.89%	7.25%
Net NPAs to Net Advances	4.46%	5.51%
Movement of provisions for NPAs		
Opening balance	1,486.97	981.31
Provisions made during the period	2,174.70	1,891.62
Write-off	-	1,357.91
Write back of excess provisions	215.26	28.05
Closing balance	3,446.41	1,486.97
Write-offs that have been booked directly to the income statement	50.30	35.15
Recoveries that have been booked directly to the income statement	479.66	420.00

Major Industry breakup of NPA

(₹ in million)

	31.03.2018		31.03.2017	
Industry	Gross NPA	Specific Provision	Gross NPA	Specific Provision
NPA in top 5 Industries	2,214.15	1,219.05	1,502.68	320.59

Basel III Pillar 3 Disclosures

Geography	31.03.2018		31.03.2017	
	Gross NPA	Specific Provision	Gross NPA	Specific Provision
Domestic	7641.33	3446.41	6000.99	1486.97
Overseas	-	-	-	-

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)
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Advances, Letter of Credit & Guarantees						
Below 100% risk weight	55,653.43	43,710.09	-	-	55,653.43	43,710.09
100% risk weight	25,461.88	19,135.96	-	-	25,461.88	19,135.96
More than 100% risk weight	20,157.95	18,978.00	-	-	20,157.95	18,978.00
Total	101,273.26	81,824.05	-	-	101,273.26	81,824.05
Investments						
Below 100% risk weight	30,113.48	33,732.16	-	-	30,113.48	33,732.16
100% risk weight	-	-	-	-	-	-
More than 100% risk weight	-	-	-	-	-	-
Total	30,113.48	33,732.16	-	-	30,113.48	33,732.16

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:

- Deposits with specific lien to the facility
- Subsidies received (for priority sector advances)
- 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)

	31.03.2018	31.03.2017
Corporate	294.50	248.54
Regulatory Retail	15,677.42	12,392.48
Personal Loans	10,869.03	9,475.71
Total	26,840.95	22,116.72

b) Exposures Covered by Guarantee (₹ in million)

Covered by Guarantee	31.03.2018	31.03.2017
Corporate	785.14	858.69
Regulatory Retail	7,172.75	5,041.24
Total	7,957.89	5,899.93

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.

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.

Basel III Pillar 3 Disclosures

Quantitative Disclosures

Capital Requirement for Market Risk

(₹ in million)

Type of Market Risk	Gross Exposure	Gross Exposure	Capital Requirement	Capital Requirement
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Interest Rate Risk	11,585.30	30,600.63	585.88	543.95
Foreign Exchange Risk	120.00	138.65	10.80	12.48
Equity Risk	32.00	25.55	7.20	6.90
Total	11,737.30	30,764.84	603.88	563.33

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 slotted in 7 to 10 year time bucket.
- Core portion of Current Deposits slotted in Above 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 31.03.2018	Impact as on 31.03.2017
+200 basis points	-376.19	-222.61
-200 basis points	+376.19	+222.61

Interest Rate Risk – Economic Value Perspective

(₹ in million)

1 Year Change in Market Rates (Parallel Shift)	Impact as on 31.03.2018	Impact as on 31.03.2017
+200 basis points	+502.20	+132.73
-200 basis points	-502.20	-132.73

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.

	Notional Amount 31.03.2018	Credit Equivalent 31.03.2018	Notional Amount 31.03.2017	Credit Equivalent 31.03.2017
Forward Exchange Contracts	3430.43	92.14	3655.31	109.21

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	158700.52
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)	4270.75
7	Other adjustments	
8	Leverage ratio exposure	162971.26

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)	158700.52
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)	158700.52
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	23.54
5	Add-on amounts for PFE associated with all derivatives transactions	68.61
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)	92.15
	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	4178.60
18	(Adjustments for conversion to credit equivalent amounts)	
19	Off-balance sheet items (sum of lines 17 and 18)	4270.75
	Capital and total exposures	
20	Tier 1 capital	7039.36
21	Total exposures (sum of lines 3, 11, 16 and 19)	162971.26
	Leverage ratio	
22	Basel III leverage ratio	4.32%

Disclosure templates

The summary comparison table, common disclosure template and explanatory table, qualitative reconciliation and other requirements are as follows

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)	7285.23	a1+a2
2	Retained earnings	10.43	b1+b2+b3+b4+b6
3	Accumulated other comprehensive income (and other reserves)	717.60	
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	8013.25	
Common Equity Tier 1 Capital: regulatory adjustments			
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)		
9	Intangibles	124.91	e1-e2
10	Deferred tax assets	848.99	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)		

Basel III Pillar 3 Disclosures

		Amounts Subject to Pre-Basel III Treatment	Ref No
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		
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	973.89	
29	Common Equity Tier 1 capital (CET1)	7039.36	
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		

		Amounts Subject to Pre-Basel III Treatment	Ref No
44	Additional Tier 1 capital (AT1)		
44a	Additional Tier 1 capital reckoned for capital adequacy		
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	7039.36	
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	343.21	c1+c3+c4
51	Tier 2 capital before regulatory adjustments	343.21	
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)	343.21	
58a	Tier 2 capital reckoned for capital adequacy	343.21	
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	0	
58c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	343.21	
59	Total capital (TC = T1 + T2) (45 + 58c)	7382.57	
	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)	74466.18	
60a	of which: total credit risk weighted assets	58798.19	
60b	of which: total market risk weighted assets	7548.54	

Basel III Pillar 3 Disclosures

		Amounts Subject to Pre-Basel III Treatment	Ref No
60c	of which: total operational risk weighted assets	8119.45	
Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	9.45%	
62	Tier 1 (as a percentage of risk weighted assets)	9.45%	
63	Total capital (as a percentage of risk weighted assets)	9.91%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	6.75%	
65	of which: capital conservation buffer requirement	1.25%	
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)	3.16%	
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	930.83	
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		
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	848.99
	Total as indicated in row 10	848.99
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	343.21
	Eligible Revaluation Reserves included in Tier 2 capital	
	Total of row 50	343.21
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	810.14	
	of which: Amount eligible for CET1	810.14	
	of which: Amount eligible for AT1	-	
	Employee's Stock Options Outstanding	-	
	Reserves & Surplus	8080.18	
	Minority Interest	-	
	Total Capital	8890.33	
ii	Deposits	146906.49	
	of which: Deposits from banks	64.09	
	of which: Customer deposits	146842.41	
	of which: Other deposits (pl. specify)	-	
iii	Borrowings	418.00	
	of which: From RBI	-	
	of which: From banks	-	
	of which: From other institutions & agencies	-	
	of which: Others (pl. specify)	-	
	of which: Capital instruments	418.00	

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	2485.70	
	of which: DTLs related to goodwill	-	
	of which: DTLs related to intangible assets	-	
	Total Capital & Liabilities	158700.52	
B	Assets		
i	Cash and balances with Reserve Bank of India	6778.95	
	Balance with banks and money at call and short notice	5372.39	
ii	Investments	41139.51	
	of which: Government securities	33901.52	
	of which: Other approved securities	-	
	of which: Shares	32.00	
	of which: Debentures & Bonds	2003.71	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	of which: Others (Commercial Papers, Mutual Funds etc.)	5202.28	
iii	Loans & Advances	93373.56	
	of which: Loans and advances to banks	-	
	of which: Loans and advances to customers	93373.56	
iv	Fixed assets	2161.18	
v	Other Assets	9874.93	
	of which: Goodwill and intangible assets	973.89	
	Out of which:		
	Goodwill	-	
	Other intangibles (excluding MSRs)	973.89	
	of which: Deferred tax assets	848.99	
vi	Goodwill on consolidation	-	
vii	Debit balance in Profit & Loss account	-	
	Total Assets	158700.52	

Composition of Capital: Reconciliation Requirements Step 2

(₹ 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	810.14	
	Employee's Stock options Outstanding	-	
	Reserves & Surplus	8080.18	
	of which:		
	Share premium	6475.08	
	Statutory Reserves	1467.56	
	Capital Reserves	717.31	
	General Reserves	752.84	
	Special Reserve (Tax): After Tax Portion	237.62	
	Special Reserve (Tax): Tax Element (not considered as part of capital funds)	-	

		Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation
		As on reporting date	As on reporting date
	Contingency Reserves	0.50	
	Add: Credit balance in Profit and Loss account	(3165.39)	
	Current Period profits not reckoned for capital adequacy purpose		
	Revaluation Reserve reckoned as Tier II Capital	717.60	
	Revaluation Reserve not reckoned as Tier II Capital (55% discount)	877.07	
	Investment Reserve		
	Minority Interest	-	
	Total Capital	8890.33	
ii	Deposits	146906.49	
	of which: Deposits from banks	64.09	
	of which: Customer deposits	146842.41	
	of which: Other deposits (pl. specify)	-	
iii	Borrowings	418.00	
	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	418.00	
	of which Eligible Amount after discounting	-	
iv	Other liabilities & provisions	2485.70	
	of which: Provision for Standard assets	-	
	Total Capital & Liabilities	158700.52	
B	Assets		
i	Cash and balances with Reserve Bank of India	6778.95	
	Balance with banks and money at call and short notice	5372.39	
ii	Investments	41139.51	
	of which: Government securities	33901.52	
	of which: Other approved securities	-	
	of which: Shares	32.00	
	of which: Debentures & Bonds	2003.71	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	of which: Others (Commercial Papers, Mutual Funds etc.)	5202.28	
iii	Loans & Advances	93373.56	
	of which: Loans and advances to banks	-	
	of which: Loans and advances to customers	93373.56	
iv	Fixed assets	2161.18	
v	Other Assets	9874.93	
	of which: Goodwill and intangible assets	973.89	
	Out of which:		
	Goodwill	-	
	Other intangibles (excluding MSRs)	973.89	
	of which: Deferred tax assets	848.99	
vi	Goodwill on consolidation	-	
vii	Debit balance in Profit & Loss account	-	
	Total Assets	158700.52	

Note : Since the Subordinated Tier 2 bonds issued by us are not considering in the computation of Tier 2 capital, main features of the same are not disclosed

Notes

[illegible]

Corporate Information

Board of Directors
C.VR.Rajendran Managing Director & CEO
Radha Unni Independent Director
Bobby Jos C Independent Director
M Madhavan Nambiar Independent Director
Alok Kochhar Independent Director
Thomas Mathew Independent Director
Madhavan Karunakaran Menon Additional Director
Sumit Maheshwari Additional Director
V G Venkatachalapathy Additional Director - RBI Nominee
Subbaiah Singala Additional Director - RBI Nominee

Key Managerial Personnel
C.VR.Rajendran Managing Director & CEO
Maheswari V Chief Financial Officer
Sijo Varghese Company Secretary

Corporate Identity Number
U65191KL1920PLC000175

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Registrar & Transfer Agents - Shares
SKDC Consultants Ltd., Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore – 641 006. Ph: 0422 – 2539835, 2539836 E-mail: info@skdc-consultants.com

Registrar & Transfer Agents - Bonds
Link Intime India pvt Ltd, C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083. Tel No: 022 49186000 Fax: 022 49186060 E-mail: bonds.helpdesk@linkintime.co.in

Debenture Trustee
Indian Overseas Bank, Merchant Banking Division, Central Office, PB No. 3765, 763, Anna Salai, Chennai – 600 002. Tel: 044- 28889367 Fax : 044-28519548 Email : mbd@iobnet.co.in

Statutory Central Auditors
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THE CATHOLIC SYRIAN BANK LIMITED

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