

**Tough times don't last,
tough people do.**



THE CATHOLIC SYRIAN BANK LIMITED

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Post Box No. 502, Thrissur - 680 020, Kerala.
Corporate Identity Number : U65191KL1920PLC000175
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Board of Directors



T.S. Anantharaman
Chairman



C. VR. Rajendran
Managing Director & CEO



Bobby Jos C
Independent Director



Radha Unni
Independent Director



M. Madhavan Nambiar
Independent Director



Ashish Ahluwalia
Non-executive Director



Alok Kochhar
Independent Director



Thomas Mathew
Additional Director



V.G. Venkatachalapathy
Additional Director -RBI Nominee



Subbaiah Singala
Additional Director -RBI Nominee



Senior Management

C VR Rajendran
Managing Director & CEO

Ajit Kumar K
Chief Credit Officer

Antony P V
Chief Financial Officer

Bharath Mani
Head - Retail Banking

Jiz P Kottukappally
Chief Risk Officer

Kurian George
Head - Planning & Development

Prem Kumar Thampi
Head - Wholesale Banking & Treasury

Sekhar Rao
Head - Operations

T Jayashankar
Head - HR

Sijo Varghese
Company Secretary



Board of Directors



Directors present on the date of approval of the Annual Financial Statements for 2016-2017

Seated, from left to right: Mr. V.G. Venkatachalapathy, Mrs. Radha Unni, Mr. T. S. Anantharaman, 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, Mr. Ashish Ahluwalia.

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CHAIRMAN'S MESSAGE

Dear Shareholders,

I am very pleased to write my first message as the Chairman of the Bank. It is my pleasure and privilege to be a part of the esteemed institution which has a tradition spanning more than nine decades of existence. Details of the performance and initiatives taken by your Bank are provided in the enclosed Annual Report for the year 2016-17. Before I deliberate on the Bank's performance, I would like to share with you the economic and banking environment in which your Bank performed during the year 2016-17.

Global economic activity has picked up in the later part of the Year 2016, with a long-awaited cyclical recovery in investment, manufacturing and trade. Stronger activity, expectations of more robust global demand, reduced deflationary pressures and optimistic financial markets are all upside developments. World growth is expected to rise from 3.1 percent in 2016 to 3.5 percent in 2017. But structural impediments to a stronger recovery and a balance of risks that remains tilted to the downside, especially over the medium term, remain important challenges.

Indian economy continued to grow progressively and consolidated the gains achieved in the last financial year and exhibited resilience and its strength. Overall, lower oil prices and progressive policy measures helped the economy to continue the positive momentum for the FY 2016-17. However, the pace of the growth of economy was slightly affected since the 3rd quarter of the FY 2016-17, in view of withdrawal of high-denomination bank notes from circulation which affected consumption and business activity, for an interregnum. Looking ahead, boost to exports in the backdrop of global economic recovery and improvement in domestic investment climate, backed by various initiatives of the Government, supports favourable growth outlook. FY2018 is expected to be more promising than the previous year, mainly because of a very stable political environment on the plank of commitment to growth.



Indian Banking Sector continued to struggle with trend of increasing non-performing assets (NPAs). The operating environment has continued to be under stress for the industry in view of gradual growth of demand for industrial products. Notwithstanding these challenges, Indian banking sector has displayed a high level of resilience by improving its performance. Looking forward, the Banking industry continues to focus on technology front for offering various services and facilities to reach out customers, all across. The decision of the Government of India to demonetise SBN's may be observed as a big opportunity for the banking sector. For, in the short term, Banks will be flooded with the demonetised currency coupled with the difficulty of proper disbursement of the same. But in the longer run, Banks will be able to lend these low cost deposits at attractive rates of interest and the community will be benefited at large. Besides, the

initiative of the Government of India advising public to use electronic platform for money transactions, will strengthen the Banking system further and their profitability to a greater extent. The recently promulgated Banking Regulation (Amendment) Ordinance 2017, would empower Reserve Bank of India to nudge banks to deal with stressed assets and would help to improve transparency and provide higher assurance when dealing with bad loans. This is a revolutionary change in the Banking space as the banks can initiate loan recovery proceedings without waiting for an account to be formally classified as non-performing in their books.

Coming to the Bank's performance, your Bank was able to report an Operating Profit of ₹ 151.71 Crore as against operating loss of ₹ 3.75 crores in the FY 2015-16 and reported a Net profit of ₹ 1.55 Cr as against Net Loss of ₹ 149.72 Cr. in the FY 2015-16. This period, your Bank's profitability was under stress mainly due to muted growth in overall business and increase in NPA provisioning. But the erosion in profitability has been arrested and contained. Despite the challenges faced during the period, your Bank has remained capitalised enough and fundamentally strong to absorb these adversities and has returned as a profit generating institution from continuously being in the red for the past two years. There are, however, challenges of improving the quality of assets, increasing the pace of business growth, effective risk management, particularly in the context of Basel III norms, driving financial inclusion and above all, sustaining the key profitability parameters.

During the period under review, several steps had been initiated to recalibrate and consolidate strength of the Bank. As part of this, Bank has specifically been focusing on all the delivery channels to maximise revenue. In the technology front, our Bank continues to adopt and implement new technologies to favourably leverage its position. We are confident that all our continued efforts will add significant value to various aspects of business and help us render quality service to our customers and all other stakeholders.

As part of the capital augmentation plan, your Bank has mobilised ₹ 111.04 crore this year, by issue of

shares under preferential offer route. Your Bank will be raising further capital as may be required for future growth of the Bank through preferential or other permitted modes.

As part of major hierarchical reformation, the Bank has appointed Shri. C.VR.Rajendran, a seasoned banker with the rich grass root level experience in the Banking industry spanning more than three and a half decades, as the Managing Director & CEO to lead the Bank into a new era, envisioned.

Your Bank continues to be committed to high standards of corporate governance practices and upholds fairness and trust in all its dealings with stakeholders. Your Bank's continued focus on CSR front by taking all possible steps within, increase its CSR reach and will spend over the coming years, supplemented by its continued focus towards sustainable development and responsible banking.

On behalf of my colleagues on the board, I place on record our gratitude for the support and guidance extended by the Government of India, RBI, SEBI, IBA and other regulatory authorities. I would also like to place on record my appreciation to all employees, unions, our esteemed customers, shareholders and other stakeholders, for their dedication and unstinted support.

Going forward, Your Bank continues to visualise existing opportunities in the financial sector and to tap these, is committed to reinforce its workforces and technology at a high standard so as to achieve a sustainable growth in its top line and bottom line. We strongly believe that the strategy that we embark towards this, will helps us move forward and achieve what we desire. We are confident that the relentless efforts of our team with the generous support of our stakeholders, the Bank can reach a new trajectory of growth in the years to come. We promise you excellent long term prospects and sustained growth in the years to come.

T.S. Anantharaman
Chairman

MANAGING DIRECTOR & CEO'S MESSAGE



Dear Shareholders,

It is a great honour to reach out to you - my first message as Managing Director & CEO of this illustrious institution. I am privileged to lead CSB team at a crucial inflexion point in its long history and am thankful to Board of Directors and RBI for the enormous faith reposed on me.

FY17 has been a significant year for CSB in that we could get back to profitability, after two years of consecutive losses. The major performance highlights were:

- CASA mix improved to 25% from 20% with YoY growth of 28%
- Gold loans grew at 15% YoY
- Cost of deposits came down to 6.90% from 7.86%
- Cost Income Ratio improved to 74.49% from 100.87%
- Capital Adequacy Ratio improved to 12.15% from 10.55%

On the flip side, the stress on corporate and SME book continued in FY17 as well, taking our Gross NPA to 7.25% from 5.62% and Net NPA to 5.51% from 4.40%. The good news is that the worst seems to be past on NPA front.

Our FY17 results relied heavily on treasury profits which is a one off event. We have chalked out detailed plans to put the Bank to a path of consistent growth and sustainable success, powered by core income growth. The 'Crucial Cs' in this regard, which we focusing are:

Capital augmentation A solid capital base is essential to ensure future growth and we expect significant strategic investment to come to our bank. This will be taking care of our growth plans for the next 5 years.

Credit growth Our Credit Deposit ratio is currently one of the lowest in the industry and this has pushed our NIM to below 2% levels. We are planning exponential growth in our focus areas viz. Gold loans, SME and retail loans. Not to repeat from past mistakes, we

have strengthened the credit processes following CRIS recommendations. We will be setting up two wheeler financing vertical, replicating NBFC model.

CASA growth We need to improve upon the CASA growth so that the cost of funding is brought down. We will be supplementing the branch efforts with an army of feet on street sales personnel. We have set up a separate wing for institutional CASA and green shoots in this area are already visible.

Collection efficiency We have revamped the credit monitoring and recovery mechanism so that asset quality is maintained even, as we scale up credit. SMS alerts activation and recorded voice calling will be ensured in the case of all term loans.

Capacity enhancement Currently our branches are working at much below their potential. To correct this, we are committed to enhance employee productivity through upskilling the existing staff and selective induction of lateral hires.

Click banking Currently our internet and mobile banking penetration is very low and we are committed to make ourselves visible and relevant in the digital banking space.

With the above efforts, we will be able to kick start a virtuous circle of capital leading to business growth, business growth leading to earnings growth, earnings growth leading again to capital growth, resulting in overall enhancement of economic value to shareholders and social value to the country.

I take this opportunity to express my sincere gratitude to each one of you who have stood with CSB steadfastly through rough weather. I am confident that with your continued support, we can transform this organization to realize its true potential and find its rightful place in the financial sector.

C. VR. Rajendran
Managing Director & CEO

DIRECTORS' REPORT

Dear Members,

Your Directors are immensely pleased to present the 96th Annual Report together with the Audited Statement of Accounts of the Bank for the financial year ended 31st March, 2017.

Business Overview

In FY 2016-17, the Bank has posted an Operating Profit of ₹ 151.71 crore as against Operating Loss of ₹ 3.75 crore in the FY 2015- 16 and reported a Net profit of ₹ 1.55 crore as against Net Loss of ₹ 149.72 crore in the FY 2015- 16.

Total Assets have increased by ₹ 571.30 crore and reached ₹ 16223.24 crore as on 31st March, 2017 (₹ 15651.94 crore as on 31st March, 2016).

Total Deposits have increased by ₹ 473.16 crore and reached ₹ 14911.56 crore as on 31st March, 2017 (₹ 14438.40 crore as on 31st March, 2016).

Net Advances have increased by ₹ 266.28 crore and reached ₹ 8118.93 crore as on 31st March, 2017 (₹ 7852.65 crore as on 31st March, 2016).

Financial Summary

The financial performance of the Bank for the fiscal 2016-17 is as given below:

(₹ in Crore)

Particulars	March 31st, 2017	March 31st, 2016
Deposits	14911.56	14438.40
Borrowings	41.80	41.80
Advances	8118.93	7852.65
Total Assets/Liabilities	16223.24	15651.94
Net Interest Income (NII)	313.60	323.61
Non Interest Income	281.20	104.68
Operating Profit/(Loss)	151.71	(3.75)

Particulars	March 31st, 2017	March 31st, 2016
Provisions and Contingencies (Other than tax)	160.63	224.53
Profit / (Loss) before Tax	(8.92)	(228.28)
Provision for taxes	(10.47)	(78.56)
Net Profit /(Loss)	1.55	(149.72)
Add: Surplus/(Deficit) brought forward from last period	(219.07)	(67.01)
Amount available for appropriation	(217.52)	(216.73)
Appropriations		
Statutory Reserve u/s 17 of the Banking Regulation Act, 1949.	0.39	0.00
Capital Reserve	1.17	2.34
Balance carried over to Balance Sheet	(219.07)	(219.07)
Key Performance Indicators		
Capital Adequacy Ratio (CRAR)% Basel – II	12.18	10.59
Capital Adequacy Ratio (CRAR)% Basel – III	12.15	10.55
Earnings per share (in ₹)	0.21	(23.98)
Book value per share (in ₹)	123.44	124.50
Net Interest Margin%	1.91	1.99
Cost-Income Ratio%	74.49	100.87
Return On Assets (ROA)%	0.01	(0.92)
Return On Equity (ROE)%	0.24	(23.56)

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

Dividend

In view of inadequate profit reported for the financial year ended March 31, 2017, the Board of Directors has not recommended any dividend on the Bank's equity shares for the same period.

Transfer to Reserves

The Bank has transferred the following amounts to various reserves during the financial year ended March 31st, 2017.

(₹ in Crore)

Amount transferred to	March 31st, 2017	March 31st, 2016
Statutory Reserve	0.39	0.00
Capital Reserve	1.17	2.34

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, 2017 and the date of the Directors' report i.e. May 22, 2017.

Paid-up Capital and Reserves

As on March 31st, 2017, the Paid-up Equity Capital of the Bank stood at ₹ 80.96 crore consisting of 8,09,62,082 shares of ₹ 10/- each, as against ₹ 71.71 crore as on March 31st 2016.

The free reserves and surplus stood at ₹ 802.89 crore as on March 31st 2017 as against ₹ 704.14 crore as on March 31st 2016.

A sum of ₹ 0.43 crore, being the excess amount of share issue expenses appropriated from share premium account in the financial year 2015-16 after complying with the regulatory prescriptions and statutory requirements, has been reversed to the credit of share premium account in the current financial year 2016-17.

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 2017, is 12.18%. This is as against the minimum CRAR of 10.25% stipulated by the Reserve Bank of India. The Tier I CRAR stood at 11.56%, 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 2017, is 12.15 %. This is as against the minimum CRAR of 10.25% stipulated by the Reserve Bank of India. The Tier I and Common Equity CRAR stood at 11.54%, well above the minimum of 7% and 5.5%.

Further Issue of Share Capital

Issue Shares on Preferential Allotment Basis

On October 25, 2016, the Bank had allotted under preferential allotment basis 92,54,100 equity shares @ ₹ 120/- per share (inclusive of premium of ₹ 110/- per share) to five investors aggregating ₹ 1,110,492,000 /-.

The Bank has utilised the proceeds of the issue of equity shares to augment the long term Tier I capital base of the Bank to meet future capital adequacy requirements which are expected to arise out of growth in the Bank's assets, primarily loans/ advances and investment portfolio and to ensure compliance with Basel III and other RBI guidelines.

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 2016-17.

Against the options granted in 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. During the year under review, 4,90,000 options have been lapsed as per the Scheme.

No stock options were granted/ issued to the directors of the Bank during the year.

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 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.

During the period under review, there were no bonds falling due for redemption.

'CARE' Rating has assigned 'CARE BBB Minus' (Triple B-) for the above said bonds and the said rating 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 and management 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 policy is 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

The Bank has in place a Whistle Blower / Vigil Mechanism to report concerns about unethical behaviour, actual or suspected fraud and others. As per the Mechanism, Directors and employees of the Bank, customers, stakeholders, Non Governmental Organizations (NGO) and members of general public can lodge complaints/disclosures under the scheme/ policy .

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. 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.

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

Not applicable being a banking company.

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 not 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.

Corporate Social Responsibility (CSR)

In terms of the requirements of Section 135 of the Companies Act, 2013 and CSR Rules 2014, the Bank has set up a Board-level CSR Committee to look after the CSR initiatives of the Bank. The Corporate Social Responsibility Committee, shall (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, (b) recommend the amount of expenditure to be incurred on the activities as part of the CSR activities of the Bank and, (c) monitor the Corporate Social Responsibility Policy of the Bank from time to time.

In line with above, the Bank has also framed the CSR Policy that 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 95th Annual General Meeting held on September 23, 2016 are retiring at the ensuing Annual General Meeting, and are eligible for reappointment as per the guidelines of the Reserve Bank of India (RBI).

The 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 Auditors of the Bank in terms of the provisions of the Companies Act, 2013 and rules made hereunder. Accordingly, the Board of Directors has recommended the re-appointment of "M/s. R G N Price & Co", Chartered Accountants, Kochi, as the Statutory Central Auditors of the Bank 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.

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 2016-17. 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.

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.

On October 13, 2016, the Bank had transferred ₹ 8,97,561/- to the above Fund, being the unclaimed dividend for the financial year 2008-09.

Transfer of Equity shares to Investor Education Protection Fund (IEPF)

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).

To comply with the above, the Bank is required to transfer all the shares, in respect of which dividend has not been claimed for a period of seven (7) consecutive years since the years 2008-09, to the Investor Education and Protection Fund (IEPF) by May 31, 2017 or such other date as may be prescribed by the Ministry of Corporate Affairs (MCA).

Compensation/ Remuneration Policy

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

Nomination Policy

The Board of Directors of the Bank have formulated and 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 eleven 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 95th Annual General Meeting of the Bank held on September 23, 2016, Shri. Alok Kochhar (DIN: 07336899) and Shri. Madhavan Karunakaran Menon (DIN: 00008542) were appointed as Independent Directors of the Bank for a period of three years from the date of the Meeting. In the said Meeting, Smt. Radha Unni (DIN: 03242769), Shri. Bobby Jos C (DIN: 03270042), Shri. Madhavan Nambiar M (DIN: 03487311) and Shri. Sumeer Bhasin (DIN: 00952238) were re-appointed as Independent Directors of the Bank for varying periods.

The Bank fully satisfies the requirements of section 149 of the Companies Act, 2013 as regards the appointment of Independent Directors. The

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

All Independent Directors have confirmed having complied with the criteria of independence as provided in 149(7) of the Companies Act, 2013.

Cessation of Directors

Directors Shri. Ramakrishnan S. (DIN: 02255401) and Shri. Subrahmanya Sarma K. (DIN: 01505787) ceased to be directors at the 95th Annual General Meeting of the Bank held on September 23, 2016.

The Board places on record its appreciation of the commendable services and guidance rendered by Shri. Ramakrishnan S. and Shri. Subrahmanya Sarma K., during their tenure as Directors of the Bank.

Appointment of Part-time Chairman

Shri. T S Anantharaman was appointed as Part-time Chairman of the Bank for a period of one year effective from March 30, 2017, in place of Shri. Santhanakrishnan S (DIN: 00032049), whose tenure of appointment to the said office had expired on November 30, 2016.

The Board places on record its appreciation of the valuable contributions and services of Shri. Santhanakrishnan S., during his tenure as Part-time Chairman of the Bank.

Appointment of Managing Director & CEO

Shri. C. VR. Rajendran (DIN: 00460061) appointed to the Board as a Non-Executive Director from 24th November 2016, was subsequently appointed as the Managing Director & CEO of the Bank for a period of three years effective from December 9, 2016 with the approval of the Reserve Bank of India, in the place of Shri. Anand Krishnamurthy, who had resigned as Managing Director & CEO of the Bank with effect from September 20, 2016.

During the interregnum, the Board of Directors had authorised Shri. P. V. Antony, Chief Financial Officer to look after the day-to-day administrative affairs of the Bank under a sub-committee of the Board. The Committee had been empowered to exercise the powers of the Managing Director & CEO till the

new incumbent assumed office. The said interim arrangement made as per Section 10(B)(9) of the Banking Regulation Act, 1949 had been approved by Reserve Bank of India, and was discontinued from December 9, 2016 onwards upon the new incumbent Shri. C.VR. Rajendran assuming office as Managing Director & CEO of the Bank.

The Board places on record its appreciation of the valuable contributions and services of Shri. Anand Krishnamurthy during his tenure as the Managing Director & CEO of the Bank.

RBI Nominee Directors

Reserve Bank of India has appointed Shri. Subbaiah Singala (DIN: 07776739) as Additional Director (RBI Nominee) on the Board of the Bank with effect from March 10, 2017 in place of Shri. Ravinder Bhookya (DIN: 07557054) who ceased to be Additional Director (RBI Nominee) on the same date.

Reserve Bank of India vide, order dated March 9, 2017, has extended the term of appointment of Shri. V. G. Venkatachalapathy (DIN: 07137366) as Additional Director- RBI Nominee with effect from March 13, 2017 up to March 12, 2019 or till further orders, whichever is earlier.

The Board places on record its appreciation of the valuable guidance and support extended by Shri. Ravinder Bhookya during his tenure as Additional Director (RBI Nominee) on the Board of the Bank.

Appointment of Additional Directors

The Board of Directors appointed Shri. Thomas Mathew (DIN: 01277149) as Additional Director (Non-Executive) with effect from April 24, 2017. As per Section 161(1) of the Companies Act, 2013, he can hold the office only up to the date of the next Annual General Meeting of the Bank. He is, however, eligible for appointment as Director of the Bank at the Annual General Meeting subject to and in compliance of section 160 of the Companies Act, 2013.

Shri. Thomas Mathew, is a fellow member of The Institute of Chartered Accountants of India. Shri. Thomas Mathew held various leadership positions in

Price Waterhouse Coopers (PWC), including that of Customer and Industrial Products Industry, Assurance, Pharmaceutical Industry and Compliance and Risk Management focusing on Corporate Governance, Ethics, Sustainability, etc. He was also a member of the Global Leadership Teams on Consumer and Industrial Products, Pharmaceuticals as well as Compliance Risk Management. He has over 35 years of experience in statutory audits, internal audits and due diligence reviews of large multinational as well as Indian companies spread over various industries. Shri. Thomas Mathew had been appointed as an Independent Director on the Central Board as well as on the Mumbai Local Board of State Bank of India in January 2013 and continued in that position up to 24th June 2014. He was a member of Research Committee of the Institute of Chartered Accountants of India.

Resignation of Directors

Shri. C K Gopinathan and Shri. Sumeer Bhasin have resigned as Directors of the Bank effective 20th July 2016 and 30th March 2017, respectively.

Shri. Santhanakrishnan S also ceased to be Director of the Bank with effect from January 16, 2017 on completion of a continuous tenure of eight years on the Bank's Board, pursuant to section 10A(2A)(i) of the Banking Regulation Act, 1949.

The Board places on record its appreciation of the commendable services and guidance rendered by Shri. C K Gopinathan, Shri. Santhanakrishnan S and Shri. Sumeer Bhasin during their tenure as Directors 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

In terms of Section 152 of the Companies Act, 2013, Director, Shri. Ashish Ahluwalia (DIN: 03514036)

being longest in office since his last re-appointment, shall retire at the ensuing Annual General Meeting. He being eligible for re-appointment, offers himself for re-appointment.

The detailed profile of all the director/s recommended for appointment/reappointment in this Annual General Meeting are mentioned in the Notice of the Annual General Meeting for the benefit of shareholders as per the provisions of the Companies Act, 2013.

Appointment/ Changes in Key Managerial Personnel

Shri. C. VR. Rajendran (DIN: 00460061) was appointed as the Managing Director & CEO of the Bank for a period of three years effective from December 9, 2016 in the place of Shri. Anand Krishnamurthy (DIN: 01514838), who had resigned as Managing Director & CEO of the Bank with effect from September 20, 2016. Excepting this, there were no changes in the composition of the Bank's Key Managerial Personnel since the date of the last year's report.

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

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 sixteen (16) times (which includes three adjourned meetings) during the FY 2016-17. 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. Credit Committee (up to March 1, 2017).
9. Management Committee.
10. NPA Management Committee.
11. IPO & Capital Raising Committee (up to May 27, 2016).
12. Capital Planning Committee.
13. Committee for Monitoring Large Value Frauds (CMF).

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

The composition of the Audit Committee is 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 one Non-Executive Independent Director. All the members of the Committee, other than RBI Nominee directors, are Non-Executive Independent Directors of the Bank.

The Committee discharges the functions laid down in the Companies Act, and those prescribed by the Reserve Bank of India. It also discharges the functions delegated by the Board of Directors from time to time. The ACB, which held eight meetings during the year, has been closely overseeing and monitoring the Internal Control System and Procedures, Inspection and audit functions including follow-up

and compliance of inspection/audit reports. It has also interacted with the Auditors. The ACB acts as an effective tier to the Board in the matters of inspection, audit and internal control system. It offers useful suggestions in the conduct and management of our Bank's business.

Performance evaluation of the Board

The Bank has laid down criteria for performance evaluation of Directors, Chairperson, Managing Director & CEO, 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, we have 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

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, 2017 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 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.

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

Acknowledgements

The Board of Directors places on record its gratitude to the Reserve Bank of India, Ministry of Corporate Affairs, The Securities and Exchange Board of India, 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 share holders, bondholders and all business associates for their unstinted support to the Bank. The Directors wish to pledge that they would

continue to work so as to enhance and deliver value for the stakeholders.

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. Our resilience to meet challenges was made possible by their hard work, solidarity, co-operation and support. 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 serving them to their utmost satisfaction in the days ahead.

By Order of the Board

Sd/-

T.S. Anantharaman

Chairman

(DIN: 00480136)

Place: Thrissur

Date : May 22, 2017

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		8,20,000			
Options granted during the year		Nil			
Total options vested		1,10,032			
Options exercised		Nil			
Total number of Equity Shares arising as a result of options*		3,30,000			
Options lapsed		4,90,000			
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 Head - Strategy & Change Management	1,15,000	14.02
		2	Mr. Bharath Mani Head - Retail Banking (Assets & Liabilities)	1,40,000	17.07
		3	Mr. Rabin Rajeev Stephen ~	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; agreed 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) 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.

~ Resigned with effect from November 19, 2016.

* Excluding the option lapsed during the period under review.

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

<http://www.csb.co.in/sites/default/files/CSR%20Policyfinal%20version.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. T. S. Anantharaman	Chairman of the Committee (Non Independent Director)
2	Shri. C. VR. Rajendran	Managing Director & CEO
3	Shri. M. Madhavan Nambiar	Independent Director
4	Shri. Bobby Jos C	Independent Director

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

₹ (89.90) 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 obligated to spend money for CSR activities in the financial year 2016-17 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 : Nil
- 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.

Though the Bank is not obligated to spend money for CSR activities during the year as mentioned in point No 4 above, as part of the CSR initiative already undertaken, the Bank continued its focus towards sustainable development and spent towards CSR activities the amount mentioned in the point No.5(c) above.

As part of the CSR initiative, the Bank will continue to 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 more 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/-
T. S. Anantharaman
(Chairman-CSR Committee)
(DIN: 00480136)

ANNEXURE III

Form No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2017

[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 Catholic Syrian Bank Ltd.**'s 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 31.03.2017 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 31.03.2017 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 thereunder to the extent applicable;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder 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 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 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 preferential 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 following issue has taken place:

Sl. No	Method of Issue	Mode of Approval	Date of Approval	Number of shares issued/Amount
1	Preferential Issue/offer	Shareholders' approval by way of special resolution in the Annual General Meeting	23.09.2016	Shareholders' approval obtained for issue of 13203856 equity shares within the price band of ₹100/- to ₹120/- per equity share including premium, aggregating to ₹1,584,462,720/- (Actual Allotment: 9,254,100 equity shares of ₹10/- each at a premium of ₹110/- per share on 25.10.2016)

For SVJS & Associates
Company Secretaries

Sd/-

CS. Sivakumar P.

Managing Partner

CP No:2210, FCS:3050

Place: Kochi

Date : May 17, 2017

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 process 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 2017 but before issue of the Report.
7. We have considered actions carried out by the Company based on independent legal/professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.

Place: Kochi
Date : May 17, 2017

For SVJS & Associates
Company Secretaries

Sd/-
CS. Sivakumar P.
Managing Partner
CP No:2210, FCS:3050

ANNEXURE IV

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

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 2016-17	<p>Shri. Anand Krishnamurthy 4.52: 1 Managing Director & CEO (From 01.04.2016 to 20.09.2016)</p> <p>Shri. C. VR. Rajendran 3.43: 1 Managing Director & CEO (From 09.12.2016 to 31.03.2017)</p>
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year 2016-17	<p>Shri. Anand Krishnamurthy (9.12 %) Managing Director & CEO (From 01.04.2016 to 20.09.2016)</p> <p>Shri. C. VR. Rajendran NIL Managing Director & CEO (From 09.12.2016 to 31.03.2017)</p> <p>Shri. P.V Antony 10.54 % (Chief Financial Officer)</p> <p>Shri. Sijo Varghese 6.57 % (Company Secretary)</p>
3	The percentage increase in the median remuneration of employees in the financial year 2016-17	6.29
4	The number of permanent employees on the rolls of the Bank as on March 31st , 2017	There were 2716 employees as on March 31st, 2017.
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2016-17 and its comparison with the percentile increase in the managerial remuneration and justification there of 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 of this table includes Gross Salary only.

2. Disclosure as per Rule 5(2) – Statement showing the names of top ten employees in terms of remuneration drawn during the Financial Year 2016-17 :-

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*	9/12/2016	MD & CEO	M Com, CAIIB, ICWAI (Inter)	62Y	38 Y	₹2245,161.00	Association of Mutual Funds of India (AMFI) as Chief Executive	Nil	NO
2	Shri. Anand Krishnamurthy*	4/7/2015	MD & CEO	B Tech, PGDMA	48Y	24 Y	₹29,60,000.00	HSBC Bank as Head of Balance Sheet Management Asia Pacific	444444	NO
3	Shri. Bharath Mani	4/4/2014	Head - Retail Banking(Assets & Liabilities)	BA, PGDBM	46Y	23 Y	₹68,00,000.00	Royal Bank of Scotland as Head – Branch Banking, India	866	NO
4	Shri. Sekhar Rao	3/3/2014	Head - Strategy & Change Management	BE,MBA	48Y	23 Y	₹58,00,000.00	Ratnakar Bank as Zonal Head & National Head CASA	666	NO
5	Shri. Prem Kumar Thampi	2/3/2015	Head - Wholesale Banking	M Sc- Physics	56Y	29 Y	₹50,00,000.00	Dy.CEO Bank M (Tanzania) Ltd.	Nil	NO
6	Shri. Jayachandran B	23/2/2015	Head - Product Management & Retail Loans South India	B Com ,C A Inter	43Y	14 Y	₹43,00,000.00	ING Vysya Bank-Zonal Head- SME	Nil	NO
7	Shri. Rabin Rajeev Stephen *	13/7/2015	Head - SME Strategy	BE,MBA	42Y	20 Y	₹38,50,000.00	ING Vysya Bank-Senior Regional Head, Emerging Corporates, South India	Nil	NO
8	Shri. Ajit Kumar K	20/7/2015	Chief Credit Officer	M Com, CAIIB	61Y	32 Y	₹36,00,000.00	Exim Bank as Chief General Manager-Corporate Banking Group	Nil	NO
9	Shri. Jebin G Kalliath	31/8/2015	Head - Marketing & Brand Strategy	BA	37Y	11 Y	₹30,10,000.00	ING Vysya Bank-Unit Head / Senior Manager - Marketing	Nil	NO
10	Shri. Antony P V	26/9/1983	Chief Financial Officer	B Com, ACS, FICWA, CAIIB	55Y	33 Y	₹18,97,584.00		533	NO

* Employed for a part of the year only

- Remuneration shown above includes Salary, Allowance, Medical, Leave Travel Assistance, Leave Encashment, Bonus (if any), Bank's contribution towards Provident Fund, Gratuity and Monetary value of perquisites as per Income Tax Rules.
- Nature of employment in all the above cases, is contractual except in Sl. No.10.

b. List of employees drawing remuneration of not less than ₹102 lakhs per annum or ₹8.50 lakhs per month:

None

c.. List of the employees who were in receipt of remuneration in that year in which, the aggregate, is in excess of that drawn by the Managing Director or Whole-time Director or Manager and hold by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the company:

None

ANNEXURE V

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31st March, 2017
[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 31.03.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% 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	-	2,785,661	3.89	2785661	-	2785661	3.44	(0.45)
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	1000000	-	1,000,000	1.39	9004100	-	9004100	11.12	9.73
(g) FIs and QFI	2500000	-	2,500,000	3.49	2500000	-	2500000	3.09	(0.40)
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others	-	-	-	-	-	-	-	-	-
(a) Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
(b) Trust	-	-	-	-	-	-	-	-	-
Sub-total (B) (1)	6285661	-	6285661	8.77	14289761	-	14289761	17.65	8.88
(2) Non-Institutions									
(a) Bodies Corp.									
(i) Indian	15515657	1254707	16770364	23.40	15518802	1256027	16774829	20.72	(2.68)
(ii) Overseas	-	10752536	10752536	14.99	1500000	8752536	10252536	12.66	(2.33)
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1795577	8139509	9935086	13.85	2451877	7941045	10392922	12.84	(1.01)
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	7690826	1754930	9445756	13.17	11916098	1758355	13674453	16.89	3.72
(c) Others (specify)									
(c-i) Trusts	-	265144	265144	0.37	-	265144	265144	0.33	(0.04)
(c-ii) Directors & Relatives	3965610	64645	4030255	5.62	548836	800	549636	0.68	(4.94)
(c-iii) Non Resident Indians	4502471	9670532	14173003	19.76	5085236	9574032	14659268	18.10	(1.66)
(c-iv) Hindu Undivided Families	50177	-	50177	0.07	103533	-	103533	0.13	0.06
Sub-total (B) (2)	33520318	31902003	65422321	91.23	37124382	29547939	66672321	82.35	(8.88)
Total Public Shareholding (B) = (B)(1)+(B)(2)	39805979	31902003	71707982	100.00	51414143	29547939	80962082	100.00	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	39,805,979	31,902,003	71,707,982	100.00	51,414,143	29,547,939	80,962,082	100.00	-

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			-	N.A	Nil	N.A
	Add	25.10.2016	Preferential Issue of Shares	4044000	4.995	4044000	4.995
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2017)			-	-	4044000	4.995
2	YUSUFF ALI M.A.			3581722	4.995	3581722	4.995
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2017)			-	-	3581722	4.424
3	AGNUS CAPITAL LLP			3081854	4.298	3081854	4.298
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2017)			-	-	3081854	3.807
4	ICICI PRUDENTIAL LIFE INSURANCE CO LTD			0	N.A	Nil	N.A
	Add	25.10.2016	Preferential Issue of Shares	3044000	3.760	3044000	3.760
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2017)			-	-	3044000	3.760
5	THE FEDERAL BANK LIMITED			2785661	3.885	2785661	3.885
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2017)			-	-	2785661	3.441
6	BRIDGE INDIA FUND			2500000	3.486	2500000	3.486
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2017)			-	-	2500000	3.088
7	GOPINATHAN C K			2370724	3.306	2370724	3.306
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2017)			-	-	2370724	2.928
8	AIF CAPITAL DEVELOPMENT LTD			2085393	2.908	2085393	2.908
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2017)			N.A	N.A	2085393	2.576
9	GPE III MOURITIUS DIRECT INVESTMENT LTD			2085393	2.908	2085393	2.908
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2017)			N.A	N.A	2085393	2.576
10	SIGULER GUFF BRIC MAURITIUS			2085393	2.908	2085393	2.908
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2017)			N.A	N.A	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	331520	0.462	331520	0.462
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2017)			331520	0.41
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)(31.03.2017)		Nil	N.A	0.620
3	Bobby Jos C	18156	0.025	18156	0.025
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2017)			18156	0.022
4	Sumeer Bhasin	27000	0.038	27000	0.038
	At the end of the year (or on the date of separation, if separated during the year) (resigned on 30.03.2017)			27000	0.033
5	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)(31.03.2017)			Nil	N.A
6	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)(31.03.2017)			Nil	N.A
7	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)(31.03.2017)			Nil	N.A
8	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)(31.03.2017)			Nil	N.A
9	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)(31.03.2017)			Nil	N.A
10	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)(31.03.2017)			Nil	N.A
11	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)(31.03.2017)			Nil	N.A
12	S. Santhanakrishnan	9066	0.013	9066	0.013
	At the end of the year (or on the date of separation, if separated during the year) (Ceased to be director on 16.01.2017)			9066	0.011
13	Anand Krishnamurthy	444444	0.620	444444	0.620
	At the end of the year (or on the date of separation, if separated during the year) (resigned on 20.09.2016)			444444	0.549
14	S. Ramakrishnan	Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year) (Ceased to be director on 23.09.2016)			Nil	N.A
15	C.K.Gopinathan	2370724	3.306	2370724	3.306
	At the end of the year (or on the date of separation, if separated during the year) (resigned on 20.07.2016)			2370724	2.928
16	K.Subrahmanya Sarma	10730	0.015	10730	0.015
	At the end of the year (or on the date of separation, if separated during the year) (Ceased to be director on 23.09.2016)			10730	0.013
17	K. Neethi Ragavan, 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)(Ceased to be director on 13.05.2016)			Nil	N.A
18	Ravinder Bhokya, 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) (from 13.05.2016 to 10.03.2017)			Nil	N.A
19	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
20	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 are in the ordinary course of business does not amount to deposits in terms of the provisions of the Companies Act, 2013, hence, not included here in 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 (A) (i) : Mr. Anand Krishnamurthy (From 01.04.2016 to 20.09.2016)	
1	Gross Salary	(₹)
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2,556,800.00
(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	240,000.00 163,200.00
	Total (A) (i)	2,960,000.00

Name of Managing Director & CEO (A) (ii):		Mr. C. VR. Rajendran (From 09.12.2016 to 31.03.2017)	
1	Gross Salary		(₹)
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		2,110,451.00
(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 134,710.00
	Total (A) (ii)		2,245,161.00
	GRAND TOTAL A= (A) (i)+ (A) (ii)		5,205,161.00
Ceiling as per the Act		Being a banking company under the Banking Regulation Act, 1949, the relevant provisions on managerial remuneration under the Companies Act, 2013 are not applicable.	

B. Remuneration to other directors:

(₹)

Sr. No	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors		
	• Sitting Fee for attending Board/ Committee Meetings	Shri. Bobby Jos C Shri. Sumeer Bhasin Smt. Radha Unni Shri. Madhavan Nambiar M Shri. Alok Kochhar (From 27.05.2016 to 23.09.2016 as Additional Director) Shri. Madhavan Karunakaran Menon (From 10.08.2016 to 23.09.2016 as Additional Director) Shri. S Ramakrishnan (till 23.09.2016)	6,80,000.00 4,80,000.00 10,90,000.00 5,60,000.00 5,90,000.00 1,60,000.00 2,30,000.00
	• Commission		NIL
	• Others, please specify		NIL
	TOTAL (1)		37,90,000.00
2	Other Non-Executive Directors		
	• Sitting Fee for attending Board/ Committee Meetings	Shri. T.S. Anantharaman Shri. Ashish Ahluwalia Shri. C. VR. Rajendran (From 24.11.2016 till 09.12.2016) Shri. S Santhanakrishnan (till 16.01.2017) Shri C.K Gopinathan (till 20.07.2016) Shri. K. Subrahmanya Sarma (till 23.09.2016) Shri. Subbaiah Singala (Addl. Director - RBI Nominee) (From 10.03.2017) Shri. V.G. Venkatachalapathy (Addl. Director - RBI Nominee) Shri. K Neethi Ragavan (Addl. Director - RBI Nominee) (till 13.05.2016) Shri. Ravinder Bhookya (Addl. Director - RBI Nominee) (till 10.03.2017)	8,40,000.00 2,30,000.00 1,80,000.00 8,60,000.00 1,50,000.00 2,10,000.00 NIL NIL NIL NIL
	• Commission		NIL
	• Others, please specify		NIL
	TOTAL (2)		24,70,000.00
	TOTAL (B) = (1)+(2)		62,60,000.00
	Total Managerial Remuneration (A)+(B)		114,65,161.00
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	18,97,584.00	12,92,679.00	31,90,263.00
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		18,97,584.00	12,92,679.00	31,90,263.00

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					
Punishment			NIL		
Compounding					
B. Directors					
Penalty					
Punishment			NIL		
Compounding					
C. Other officers in default					
Penalty					
Punishment			NIL		
Compounding					

By Order of the Board

Sd/-

T.S. Anantharaman

Chairman

(DIN: 00480136)

Place: Thrissur

Date : May 22, 2017

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. This approach will be central to the day-to-day functioning of our Bank and in implementation of its business strategy.

Board of Directors

Our 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, 2017, has a Part-time Chairman, Managing Director & CEO, and eight (8) other directors on its Board including 2 RBI Nominee Directors.

Shri. T S Anantharaman (DIN: 00480136) was appointed as Part-time Chairman of the Bank for a period of one year effective from March 30, 2017, in place of Shri. Santhanakrishnan S. (DIN: 00032049), whose tenure of appointment to the said office had expired on November 30, 2016.

Shri. C. VR. Rajendran (DIN: 00460061) was appointed as the Managing Director & CEO of the Bank for a period of three years effective from December 9, 2016 with the approval of the Reserve Bank of India, in the place of Shri. Anand Krishnamurthy (DIN: 01514838) who had resigned as Managing Director & CEO of the Bank with effect from September 20, 2016.

Composition of the Board of Directors of the Bank as on March 31, 2017

Name of Director	Executive / Non - Executive Director	Independent / Non- Independent Director
Chairman (Part-time)		
Mr. T. S Anantharaman ~	Non – Executive	Non- Independent
Managing Director & CEO		
Mr. C. VR. Rajendran*	Executive	Non- Independent
Directors		
Mr. Ashish Ahluwalia	Non – Executive	Non- Independent
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. Madhavan Karunakaran Menon #	Non – Executive	Independent
Mr. V.G Venkatachalapathy	Additional Director	RBI Nominee
Mr. Subbaiah Singala ^	Additional Director	RBI Nominee

~ Appointed as Part-time Chairman with effect from March 30, 2017

* Appointed as Director on 24th November 2016 and as Managing Director & CEO with effect from December 09, 2016

@ Appointed as Additional Director with effect from May 27, 2016 and Independent Director at the Annual General Meeting held on 23.09.2016

Appointed as Additional Director with effect from August 10, 2016 and Independent Director at the Annual General Meeting held on 23.09.2016.

^ Appointed as Additional Director – RBI Nominee with effect from March 10, 2017.

Relationship between Directors inter-se

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

Board Meetings

During the Financial Year 2016-17, your Bank had 16 Board meetings (including 3 adjourned Meetings) as detailed below:

22.04.2016	30.04.2016*	27.05.2016	10.06.2016	29.06.2016	10.08.2016	30.08.2016*	22.09.2016
23.09.2016*	20.10.2016	24.11.2016	30.11.2016	09.12.2016	14.01.2017	01.03.2017	30.03.2017

* Adjourned Board Meetings.

Directors' attendance at the Board and last Annual General Meeting

Details of Directors' attendance at the Bank's Board Meetings (including adjourned 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 on 23.09.2016
			Held during the tenure	Attended	
1	Mr. T S Anantharaman * (Part-time Chairman)	01.04.2016 - 31.03.2017	16	13	Present
2	Mr. C. VR. Rajendran # (Managing Director & CEO)	24.11.2016 - 31.03.2017	5	5	N.A
3	Mr. Bobby Jos C	01.04.2016 - 31.03.2017	16	16	Present
4	Mr. Sumeer Bhasin	01.04.2016 - 30.03.2017	16	12	Present
5	Mrs. Radha Unni	01.04.2016 - 31.03.2017	16	14	Present
6	Mr. M Madhavan Nambiar	01.04.2016 - 31.03.2017	16	13	Present
7	Mr. Ashish Ahluwalia	01.04.2016 - 31.03.2017	16	7	Present
8	Mr. Alok Kochhar	27.05.2016 - 31.03.2017	13	12	Present
9	Mr. Madhavan Karunakaran Menon	10.08.2016 - 31.03.2017	11	5	Present
10	Mr. V G Venkatachalapathy (Addl. Director – RBI Nominee)	01.04.2016 - 31.03.2017	16	15	N.A
11	Mr. Subbaiah Singala (Addl. Director – RBI Nominee)	10.03.2017 - 31.03.2017	1	1	N.A
12	Mr. S Santhanakrishnan ^	01.04.2016 - 16.01.2017	14	14	Present
13	Mr. Anand Krishnamurthy (Managing Director & CEO)	01.04.2016 - 20.09.2016	7	7	N.A
14	Mr. C K Gopinathan	01.04.2016 - 20.07.2016	5	5	N.A
15	Mr. K Subrahmanya Sarma	01.04.2016 - 23.09.2016	8	7	Present
16	Mr. S Ramakrishnan	01.04.2016 - 23.09.2016	8	8	Present
17	Mr. K Neethi Ragavan (Addl. Director – RBI Nominee)	01.04.2016 - 13.05.2016	2	1	N.A
18	Mr. Ravinder Bhookya (Addl. Director – RBI Nominee)	13.05.2016 - 10.03.2017	13	6	N.A

* Appointed as Part time Chairman of the Bank w.e.f 30.03.2017.

Appointed as Managing Director & CEO of the Bank w.e.f 09.12.2016.

^ Ceased to be Part time Chairman of the Bank w.e.f 30.11.2016 and as Director of the Bank w.e.f 16.01.2017.

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. S.Santhanakrishnan (DIN: 00032049), for the period (01.04.2016 to 30.11.2016) for which he was the 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), Part-time Chairman for the period 30.03.2017 to 31.03.2017.

(b) Managing Director & CEO

Shri Anand Krishnamurthy (DIN: 01514838) was paid ₹ 29,60,000/- (Gross), being the fixed pay and perquisites for the period from 01.04.2016 to 20.09.2016. Details of the remuneration paid are disclosed in Annexure-V(Extract of Annual Return).

Shri. C. VR. Rajendran (DIN: 00460061) was paid ₹ 22,45,161/- (Gross), being the fixed pay and perquisites for the period 09.12.2016 to 31.03.2017. 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 RBI.

(c) Non-Executive Directors

Non-Executive Directors were paid sitting fees for attending the Board at ₹ 30,000/-, Management

Committee, Credit Committee (up to 01.03.2017), Audit Committee and Risk Management Committee at ₹ 20,000/- and the rest of the Committees at ₹ 10,000/- per meeting

Details of remuneration paid to Non-Executive Directors for attending Board and Committee Meetings for the fiscal 2016-17 are disclosed in Annexure-V (Extract of Annual Return).

Details of Directors' shareholding as on 31.03.2017 are disclosed in Annexure-V (Extract of Annual Return).

Criteria for appointment as Director of the Bank

Nomination & Remuneration Committee 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.

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, renamed 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 specialised 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;
 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 utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
 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 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 victimisation 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. Bobby Jos C, Chairman *	8	7
Mr. M Madhavan Nambiar	8	8
Mr. Madhavan Karunakaran Menon (20.10.2016 - 31.03.2017)	3	1
Mr. Sumeer Bhasin (01.04.2016 – 01.03.2017)	7	6
Mr. S. Ramakrishnan^ (01.04.2016 – 23.09.2016)	4	4
Mr. K Neethi Ragavan (01.04.2016 – 13.05.2016)	1	0
Mr. Ravinder Bhokya (13.05.2016 – 10.03.2017)	6	4
Mr. V G Venkatachalapathy	8	7
Mr. Subbaiah Singala (10.03.2017 – 31.03.2017)	1	1

* Appointed as the Chairman of the Committee w.e.f. 20.10.2016

^ Ceased to be member and Chairman of the Committee w.e.f. 23.09.2016

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.

Credit Committee**Terms of reference**

The Committee has the power to sanction all the credit proposals except the credit proposals of top 20 (twenty) single borrowers with highest exposure, reckoned on an on-going basis, as decided by the Board besides, the Committee also reviews the irregular and suit filed advances of Zones and gives appropriate directions for follow up, regularisation and recovery. The Committee also reviews the periodical Reviews/Returns/Statements placed before it as per the approved Calendar of items.

The Board of Directors in its meeting held on 1st of March, 2017 have decided to dissolve the Credit Committee forthwith and all the powers being exercised by the said Committee stand delegated to the Management Committee.

Composition

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mrs. Radha Unni, Chairperson	10	10
Mr. C. VR. Rajendran (24.11.2016 – 01.03.2017)	4	4
Mr. S Santhanakrishnan (01.04.2016 – 16.01.2017)	9	8
Mr. Anand Krishnamurthy (01.04.2016 – 20.09.2016)	4	4
Mr. C K Gopinathan (01.04.2016 – 20.07.2016)	3	3
Mr. K Subrahmanya Sarma (01.04.2016 – 23.09.2016)	4	3

Management Committee**Terms of reference**

The Management Committee inter alia, shall discharge and exercise the powers and functions already delegated to it, inter alia administrative, IT (including financial matters) and staff including human resource management related matters. From 1st of March, 2017, the powers of the Credit Committee have also been delegated to the Management Committee as the former was dissolved with effect from the said date. Delegation of powers for sanction of credit facilities has been revised w.e.f. 24-04-2017. As per the revised norms, Management Committee of Board has the authority to sanction credit exposure per group of borrowers an aggregate amount not exceeding ₹ 50 crore. Exposure to any group, beyond ₹ 50 crore, needs approval of the Board. Down the line, Credit Approving Committee (CAC)-I, headed by MD & CEO has been delegated powers for credit sanction up to and including ₹ 25 crore.

Composition

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mrs. Radha Unni, Chairperson * (20.10.2016 – 31.03.2017)	10	10
Mr. C. VR. Rajendran (24.11.2016 – 31.03.2017)	6	6
Mr. T S Anantharaman [^]	16	12
Mr. Alok Kochhar (01.03.2017 – 31.03.2017)	2	2
Mr. Sumeer Bhasin (01.03.2017 – 30.03.2017)	2	2
Mr. S Santhanakrishnan (01.04.2016 – 16.01.2017)	14	14
Mr. C K Gopinathan (01.04.2016 – 20.07.2016)	4	4
Mr. Anand Krishnamurthy (01.04.2016 – 20.09.2016)	5	5

* Appointed as the Chairperson w.e.f 01.03.2017.

[^] Ceased to be the Chairman w.e.f. 01.03.2017

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.

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 (24.11.2016 – 31.03.2017)	3	3
Mr. Bobby Jos C	4	4

Mr. Madhavan Karunakaran Menon (20.10.2016 – 31.03.2017)	3	1
Mr. Alok Kochhar (29.06.2016 – 31.03.2017)	3	3
Mr. Anand Krishnamurthy (01.04.2016 – 20.09.2016)	1	1
Mr. S. Ramakrishnan (01.04.2016 – 23.09.2016)	1	1
Mr. K Subrahmanya Sarma (01.04.2016 – 23.09.2016)	1	0

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	9
Mr. C. VR. Rajendran (24.11.2016 - 31.03.2017)	5	5
Mrs. Radha Unni	11	11
Mr. S Santhanakrishnan (01.04.2016 – 16.01.2017)	8	7
Mr. Anand Krishnamurthy	3	3
Mr. K Subrahmanya Sarma [^] (01.04.2016 – 23.09.2016)	4	3

* Appointed as Chairman w.e.f 20.10.2016

[^] Ceased to be Chairman w.e.f. 23.09.2016

IPO & Capital Raising 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. S Santhanakrishnan, Chairman	3	3
Mr. Anand Krishnamurthy	3	3
Mr. T S Anantharaman	3	2
Mr. C K Gopinathan	3	3
Mr. Ashish Ahluwalia	3	3
Mrs. Radha Unni	3	3

The Board in its meeting held on May 27, 2016 had decided to change the name of the IPO & Capital Raising Committee as Capital Planning Committee.

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 *	11	10
Mr. C. VR. Rajendran (24.11.2016 – 31.03.2017)	8	8
Mr. Ashish Ahluwalia	11	11
Mrs. Radha Unni	11	11
Mr. Alok Kochhar	11	11
Mr. S Santhanakrishnan ^ (27.05.2016 – 16.01.2017)	6	6
Mr. Anand Krishnamurthy (27.05.2016 – 20.09.2016)	3	3
Mr. S. Ramakrishnan (27.05.2016 – 29.06.2016)	0	0

* Appointed as the Chairman w.e.f 01.03.2017.

^ Ceased to be Chairman w.e.f. 16.01.2017

Stakeholders Relationship Committee

Terms of reference

- Issue and allot shares subject to the provisions of the section 39 of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014, Section 46 of the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014 and subject to the Memorandum and Articles of Association of the Bank.
- To transfer, transposition and transmission of securities.
- To consider and approve, split consolidation and duplication of shares or other securities.
- To approve dematerialization and re-materialization of shares.
- To seek any information it requires from the employees, Directors of the Company in order to perform its functions.
- To do all such other things as are necessary thereto pursuant to and in accordance with the ESOP Scheme and the decision of the Board in connection with allotment of shares under the scheme.
- Investor relations and redressal of shareholder grievances in general and relating to non-receipt of dividends, interest, non-receipt of balance sheet, etc., in particular.
- To resolve the grievances of security holders of the Company.
- 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	2	2
Mr. C. VR. Rajendran (01.03.2017 – 31.03.2017)	0	0
Mr. T S Anantharaman (01.03.2017 – 31.03.2017)	0	0
Mr. Sumeer Bhasin (01.04.2016 – 01.03.2017)	2	2
Mr. M Madhavan Nambiar (01.04.2016 – 01.03.2017)	2	1

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 crores and above).

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. C. VR. Rajendran, Chairman* (24.11.2016 – 31.03.2017)	2	2
Mr. Sumeer Bhasin (01.04.2016 – 30.03.2017)	4	4
Mr. Bobby Jos C (20.10.2016 – 31.03.2017)	2	2
Mr. Madhavan Karunakaran Menon (20.10.2016 – 31.03.2017)	2	0
Mr. S Ramakrishnan (01.04.2016 – 23.09.2016)	2	2
Mr. M Madhavan Nambiar (01.04.2016 – 20.10.2016)	2	2
Mr. Anand Krishnamurthy^ (01.04.2016 – 20.09.2016)	2	2
Mr. Alok Kochhar (20.10.2016 – 01.03.2017)	1	1

* Appointed as the Chairman w.e.f 09.12.2016.

^ Ceased to be Chairman w.e.f. 20.09.2016

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. Sumeer Bhasin, Chairman (01.04.2016 – 30.03.2017)	3	3
Mr. C. VR. Rajendran (24.11.2016 – 31.03.2017)	2	2
Mrs. Radha Unni (20.10.2016 – 31.03.2017)	2	2
Mr. T S Anantharaman (20.10.2016 – 31.03.2017)	2	2
Mr. Anand Krishnamurthy (01.04.2016 – 20.09.2016)	1	1
Mr. C K Gopinathan (01.04.2016 – 20.07.2016)	1	1
Mr. M Madhavan Nambiar (01.04.2016 – 20.10.2016)	1	0

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 (24.11.2016 – 31.03.2017)	1	1
Mr. Bobby Jos C (20.10.2016 -31.03.2017)	1	1
Mr. M Madhavan Nambiar	1	0
Mr. Anand Krishnamurthy (01.04.2016 -20.09.2016)	0	0
Mr. C K Gopinathan (01.04.2016 -20.07.2016)	0	0

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* (20.10.2016 – 31.03.2017)	4	4
Mr. Bobby Jos C	9	9
Mrs. Radha Unni	9	8
Mr. Alok Kochhar (29.06.2016 – 31.03.2017)	7	7
Mr. S Santhanakrishnan^ (01.04.2016 – 16.01.2017)	8	8
Mr. S Ramakrishnan (01.04.2016 – 23.09.2016)	5	5
Mr. K Subrahmanya Sarma (01.04.2016 – 23.09.2016)	5	5

*Appointed as Chairman w.e.f. 20.10.2016.

^ Ceased to be Chairman w.e.f. 23.09.2016

IT Strategy Committee**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. ITSC, inter alia, approves IT related strategy, etc.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. M Madhavan Nambiar, Chairman	1	1
Mr. C. VR. Rajendran (24.11.2016 -31.03.2017)	1	1
Mr. T S Anantharaman (01.03.2017 -31.03.2017)	1	1
Mr. Sumeer Bhasin (01.03.2017 -30.03.2017)	1	1
Mr. Anand Krishnamurthy (01.04.2016 -20.09.2016)	0	0
Mr. C K Gopinathan (01.04.2016 -20.07.2016)	0	0
Mr. Madhavan Karunakaran Menon (20.10.2016 – 01.03.2017)	0	0
Mr. S Santhanakrishnan (20.10.2016 – 16.01.2017)	0	0

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 30.03.2017 for the period under review and all the Independent Directors except Mr. Madhavan Karunakaran Menon 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 and submits its report to the Nomination & Remuneration Committee. 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, MD & 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 fulfillment 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. 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.
4. The Bank shall not appoint or re-appoint any person as Director if he/she has attained the age of seventy years.
5. 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.
6. 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 : <http://www.csb.co.in/shareholder-information>.

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.

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 Managerial Personnel and Executives (IBA and Non IBA Package) and other officers and staff (IBA Package) of the Bank are also governed by the Compensation Policy.

Details of remuneration paid to the Directors and Key Managerial personnel during the year ended

31.03.2017 is given in the extract of the Annual Return (Form MGT-9 – para no.6) appended to and forming part of the Directors' Report.

Policy on Board Diversity

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

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

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

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

General body meetings held during the last three years

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

No. of Meeting	Day, Date and Time	Venue of the meeting
93rd AGM	Friday, 26th September, 2014 at 10:00 AM	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001
94th AGM	Tuesday, 22nd September 2015 at 10:00 AM	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001
95th AGM	Friday, 23rd September 2016 at 10.00 AM	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001

(b)	Whether any special resolutions passed in the previous three Annual General Meetings (AGMs).	Yes, at the 95th AGM held on 23.09.2016, a special resolution was passed to issue and allotment of equity shares on preferential basis ("Preferential Issue / Offer"), apart from five other special resolutions for re-appointment of independent directors. No special resolutions were passed at the Annual General Meetings held on 26.09.2014 and 22.09.2015.
(c)	Whether any special resolution passed last year through postal ballot- details of voting pattern.	None. No postal ballot was conducted during the period under review
(d)	Person who conducted the postal ballot exercise.	Not Applicable.
(e)	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, 2017

Particulars	No. of Shares	% of Shares
Promoters*	0	0.00
Banks/ Financial Institutions	2785661	3.44
Insurance Companies	9004100	11.12
FIs and QFI	2500000	3.09
Indian Body Corporates	16774829	20.72
Overseas Corporates	10252536	12.66
Trusts	265144	0.33
Directors and Relatives	549636	0.68
Hindu Undivided Families	103533	0.13
Non Resident Indians	14659268	18.10
Resident Individuals	24067375	29.73
TOTAL	80962082	100.00

*Bank has no identified promoters.

Distribution of Shareholding as on 31st March, 2017

No of Equity shares held	Shares			
	Number of shareholders	%	Amount	%
Upto 5000	21,993	82.91	34,643,410	4.28
5001 to 10000	2,145	8.09	16,680,940	2.06
10001 to 20000	1,199	4.52	17,926,780	2.21
20001 to 30000	365	1.38	9,242,310	1.14
30001 to 40000	182	0.69	6,466,760	0.80
40001 to 50000	131	0.49	6,179,330	0.76
50001 to 100000	231	0.87	16,491,040	2.04
100001 & Above	280	1.06	701,990,250	86.71
Total	26,526	100.00	809,620,820	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) INE 679A01013. 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, 2017, 63.50% of Bank shares were in demat mode as per the statement given below:

Category	No. of Shares	% of holding
Physical Mode	29547939	36.50
Demat Mode		
NSDL	39949637	49.34
CDSL	11464506	14.16
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., Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006. Ph: 0422 - 2539835 2539836 Fax: 0422 2539837 E-mail:info@skdc-consultants.com	The Company Secretary, The Catholic Syrian Bank Limited, P. B. No. 502, "CSB Bhavan", 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.

General Information for Shareholders

Financial Calendar	01.04.2016 to 31.03.2017
Date of the board meeting at which the final accounts were approved	April 24, 2017
Corporate Identity Number (CIN).	U65191KL1920PLC0000175.
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 Facsimile: +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 6549995, 2539835-36 Fax: 0422 2539837 Email: info@skdc-consultants.com

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 the news paper 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

Disclosures:

1. 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.

2. 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.

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 up-to-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 MD & 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).

Address of the Registered & Head Office of the Bank:

The Catholic Syrian Bank Limited,
CSB Bhavan,
Post Box No. 502, St. Mary's College Road,
Thrissur 680 020.

Telephone : +91 487 2333 020

Facsimile : +91 487 2333 170

Website : www.csb.co.in

By Order of the Board
Sd/-

T.S. Anantharaman
Chairman
(DIN: 00480136)

Place : Thrissur
Date: May 22, 2017

Management Discussion and Analysis

Global Economic Review

Global Economic activity gained some drive since the second half of 2016, especially in advanced economies. Growth picked up in the United States as firms grew more confident about future demand, and inventories started contributing positively to growth, after five quarters of drag. Growth also remained solid in the United Kingdom, where spending proved resilient in the aftermath of the June 2016 referendum in favour of leaving the European Union (Brexit). Activity surprised on the upside in Japan thanks to strong net exports, as well as in euro area countries, such as Germany and Spain, as a result of strong domestic demand. Consistent with indications of firming global manufacturing activity, global trade is showing some signs of recovery after a long period of weakness.

Economic performance across emerging market and developing economies has remained varied. Whereas China's growth remained strong, reflecting continued policy support, activity has slowed in India because of the impact of the currency exchange initiative, as well as in Brazil, which has been stuck in a deep recession. Activity remained weak in fuel and nonfuel commodity exporters more generally, while geopolitical factors held back growth in parts of the Middle East. Global trade volumes are finally showing signs of improvement amidst shifts in terms of trade, with exports rising strongly in several EMEs as well as in some AEs whose currencies have depreciated. International financial markets have been impacted by policy announcements in major AEs, geo-political events and country-specific factors.

International Monetary Fund projected that world growth is expected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018. Stronger activity, expectations of more robust global demand, reduced deflationary pressures, and optimistic financial markets are all upside developments. But structural impediments to a stronger recovery and a balance of risks that remains tilted to the downside,

especially over the medium term, remain important challenges.

Risks to the global growth outlook are two sided but are assessed to be skewed to the downside, especially over the medium term; Recent political developments highlight a fraying consensus about the benefits of cross-border economic integration. A potential widening of global imbalances coupled with sharp exchange rate movements, should those occur in response to major policy shifts, could further intensify protectionist pressures.

Indian Economic Review

Against the backdrop of modest improvement in the global economic activity especially in the second half of 2016, the Indian economy is also growing steadily albeit, slowing temporarily as a result of interruptions to consumption and business activity from the recent withdrawal of high-denomination bank notes from circulation, and remains a bright spot in the global landscape. Against the backdrop of demonetisation, the Central Statistics Office (CSO) released its second advance estimates for 2016-17 on February 28, placing India's real GVA growth at 6.7 percent for the year, down from 7 percent in the first advance estimates released on January 6. However, Indian economy continued to consolidate the gains achieved in the FY 2015-16 and exhibited resilience and its strength. Several indicators are pointing to a modest improvement in the macroeconomic outlook. Agriculture expanded robustly year-on-year after two consecutive years of sub-one percent growth. The halving of global oil prices that began in late 2014 boosted economic activity in India, further improved the external current account and fiscal positions, and helped lower inflation. In addition, continued fiscal consolidation, by reducing government deficits and debt accumulation, and an anti-inflationary monetary policy stance have helped reinforce macroeconomic stability. The improvement in India's economic fundamentals has hastened with the combined impact of strong government reforms, RBI inflation focus supported by benign global commodity prices.

Inflation, both Wholesale Price Index (WPI) and Consumer Price Index (CPI), remained modest during the first three quarters of FY 2016-17, showing upward trend in the last quarter of the financial year. India's forex reserves as on 24th March 2017 were at USD 367.38 billion compared to USD 355.56 billion as on 25th March 2016.

Challenges remain, however, and there is little scope for complacency. The demonetisation initiative presents an opportunity to increase the size of the formal economy and broaden financial intermediation in the longer term. It can also support a widening of the tax base, help reduce the fiscal deficit, enhance bank liquidity, and give a fillip to the government's efforts to promote greater financial inclusion. India's overall outlook remains positive, although growth will slow temporarily as a result of disruptions to consumption and business activity from the recent withdrawal of high-denomination banknotes from circulation. GVA growth is projected to strengthen to 7.4 percent in 2017-18 from 6.7 percent in 2016-17, with risks evenly balanced. The government has made significant progress on important economic reforms, which will support strong and sustainable growth going forward. In particular, the upcoming implementation of the goods and services tax (GST), which has been in the making for over a decade, is expected to raise India's medium-term growth to above 8 percent, as it will enhance the efficiency of production and movement of goods and services across Indian states.

Downside risks include poor monsoon, possible increase in crude price, infrastructure bottlenecks and adverse global economic conditions.

Developments in the Indian Banking Sector

The operating environment for the banking system for the period under review continued to be challenging due to concerns over growing non-performing assets and a high incidence of assets being restructured which hurt the profitability of the Banks across, barring a few. The Indian banking sector has displayed a high level of resilience despite these challenges by improving overall performance. Reserve Bank of India

(RBI) adopted a slew of policy measures in order to stimulate the economy and support the growth of the banking sector. On the monetary policy front, RBI reduced the Repo rate overall by 125 bps and reach to 6.25 % from 7.50% at the beginning of the financial year. The RBI has also reduced the Statutory Liquidity Ratio (SLR) by 100 bps to 20.50% of Net Demand and Time Liabilities (NDTL).

On a year-on-year (y-o-y) basis, non-food bank credit increased by 9.0 percent in March 2017 as compared with an increase of 9.1 percent in March 2016. Credit to agriculture and allied activities increased by 12.4 percent in March 2017, lower than increase of 15.3 percent in March 2016. Credit to industry contracted by 1.9 percent in March 2017 in contrast with an increase of 2.7 percent in March 2016. Credit to the services sector increased by 19.5 percent in March 2017, up from the increase of 9.1 percent in March 2016.

Indian banks are increasingly focusing on adopting integrated approach to risk management. Banks have already embraced the international banking supervision accord of Basel III for which Reserve Bank of India has given a deadline of March 31, 2019. Most of the banks have put in place the framework for asset-liability match, credit and derivatives risk management.

The Indian economy is on the brink of a major transformation, with several policy initiatives set to be implemented shortly. Positive business sentiments, improved consumer confidence and more controlled inflation are likely to prop-up the country's economic growth. Enhanced spending on infrastructure, speedy implementation of projects and continuation of reforms are expected to provide further impetus to growth. All these factors suggest that India's banking sector is also poised for robust growth as the rapidly growing businesses would turn to banks for their credit needs. Also, the advancements in technology have brought the mobile and internet banking services to the fore. The banking sector is laying greater emphasis on providing improved services to their clients and

also upgrading their technology infrastructure, in order to enhance the customer's overall experience as well as to give banks a competitive edge. The recently promulgated Banking Regulation (Amendment) ordinance 2017, would empower Reserve Bank of India to issue directions to the Banks for resolution of stressed assets. This is a revolutionary change in the Banking space as the ordinance allows the banks to treat default as per bankruptcy laws and act in advance even if an asset has not been classified as non-performing in the books of the banks. This would help the banks to take necessary action if the payment is missed, it turns into a default the next day, as against the same overdue for more than 90 days.

Banking Industry adopting differentiated channels and technology could enable a multi-fold increase of reach in rural and remote areas. Coupled with the emergence of a new class of bank, the Small and Payments Banks, one of the biggest impacts of technology adoption is rapidly accelerating financial inclusion by making last-mile access more cost effective and is expanding the reach of banking to the unbanked.

Impact of Demonetisation

The move by the government to demonetize ₹ 500 and ₹ 1000 notes has been the most significant developments in India's recent history, which will have a major long-term impact on the economy in the long run. The move by the government is to tackle the menace of black money, corruption, terror funding and fake currency. The extinguishing of the major proportion of unaccounted currency would reduce from the liabilities of the government and would add to its finances.

For the Banking system, in the short term, was under stress as it had to deal with large deposits of banned notes and the issues of new notes. For the long term, with a large part of the cash moving through the banking channels, the banking sector is likely to be flush with funds in the near term and this would help them reduce cost of funds. Also with more money being kept in the banking channel, some of these low

cost deposits may be sticky and improve the medium to long term Current Account and Savings Account (CASA) ratio of the banks.

Digital India and Indian Banking Industry.

The transition to digital banking has been happening over the last decade. Building of infrastructure for RTGS (Real Time Gross Settlement), NEFT (National Electronic Fund Transfer), ECS (Electronic Clearing System for both debits and credits) and National Clearing House were the first few big steps in digitalising the payment and fund transmission in banking which forms a great part of transactional banking. With the advent of Aadhar Card and its linking with the accounts of customer was the next step in further digitalising banking in India. The introduction of Payment and Settlement Systems Act, 2007, gave the necessary legal backup, the Bharat Bill Payment Systems and Unified Payments Interface have taken the digitalising transformation further. The Prime Minister Jan Dhan Yojana which aims to provide a RuPay debit card to all. This initiative will take digital banking to those people who had not been part of the banking system.

Business Overview

Our Bank is one of the oldest private sector banks in India with a history of over 95 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, 2017.

Indian Banking Sector has undergone significant turbulence during the period under review. The operating environment in which the Banks operated continued to be a challenging one due to mounting non-performing assets and a high incidence of assets being structured, resulting in significant stress on profitability of the Banks, barring a few. Our Bank was not an exception and during the period under review, the Bank's profitability was under stress due to muted growth in business and increase in NPA provisioning.

Despite these challenges, our Bank is able to be back in the black after a two years of gap and posted an Operating Profit of ₹ 151.71 crore as against operating loss of ₹ 3.75 crore in the FY 2015-16 and reported a Net profit of ₹ 1.55 crore as against Net Loss of ₹ 149.72 crore in the FY 2015- 16.

Total Deposits

Aggregate deposits of the Bank at the end of FY17 stood at ₹ 14911.56 crore, registering a growth to the tune of ₹ 473.16 crore, compared to previous year level of ₹ 14,438.40 crore.

NR Deposits

NRI Deposits have grown by ₹ 214 crore in FY17 to reach the level of ₹ 3576 crore registering 6.37% growth YoY compared to 17.07% in the previous financial year.

The moderation in the growth is partially attributable to decline in NRI remittances from gulf countries due to slump in oil prices and appreciation of Indian Rupee during fourth quarter of FY 2016-17. Some of the high cost Term Deposits were also paid off on maturity, without roll over, to reduce the overall cost of deposits.

CASA position

During the period under review, CASA has grown by ₹ 802.56 crores, registering 27.75% growth YoY, compared to ₹ 286.38 crores in the previous financial year (10.99 % YoY). CASA ratio has improved from 20.03% in the previous financial year to 24.78% at the end of FY17.

CASA is a key driver in our transformational journey towards profitable growth. The launch of CASA graded products in FY17, is a big leap forward for the Bank – with this launch we will effectively plug the gap in CASA offerings and provide best in class value proposition to customers. The graded product variants, viz. Orange, Silver, Gold & Platinum being offered are quite competitive, offers best in class features.

Credit Portfolio.

During this period, the Bank's net advances increased to ₹ 8,118.93 crore against ₹ 7,852.65 crore in the

previous period. The CD Ratio of the Bank stood at 54.45% against 54.39% in the corresponding previous year.

Retail Assets performance

The retail loan portfolio (non-gold) stands at ₹ 1,141 crore and comprises 13.61% of the Bank's total advances as on March 31, 2017. During this financial year, the retail business growth is flat compared to the previous year and the incremental growth is 3%. The business during this financial year was mainly added from the secured mortgage business. The retail portfolio is almost evenly spread across all ten Zones of the Bank and has an average yield of 12.32%.

Gold loan book has grown by 15% from ₹ 1,761 crore as on March 31, 2016 to ₹ 2,025 Crore as on March 31, 2017. Demonetisation also had an impact on reduced growth in the gold loan portfolio during the FY 16-17.

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 ₹ 3,766.1 Crores as on March 31, 2017, equal to 43.6% of the Bank's total advance. The Bank extends working capital, term loan, trade finance and project finance facilities to SME for their various financial needs. Bank has identified 26 Commercial Branches across the nation, 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).

Priority Sector Lending

Our Bank focuses on priority sector lending in adherence to the prescribed guidelines. Priority Sector Advances extended by our Bank stood at ₹ 3,784.51

crore at the end of March 2017, constituting 44.22% of Adjusted Net Bank Credit. This is against the mandated target of 40% prescribed by Reserve Bank of India. PSLC General Category to the tune of ₹ 565 crore have also been sold. Total Agricultural Advances stood at ₹ 1,717.08 crore at the end of March 2017, constituting 20.14% of Adjusted Net Bank Credit. This is 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 19 Business Correspondents and 7 Financial Literacy and Credit Counselling Centers (FLCCs) in Kerala and Tamil Nadu.

Business Correspondents

The Bank has adopted 6 villages, one in Kerala and five 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. Business Correspondents will act as a micro unit of CSB and will be opening 'No Frill' SB accounts. 13 centres in Thrissur and Ernakulam have been activated so far.

Financial Literacy and Credit Counselling Centres

Financial Literacy and Credit Counselling Centres (FLCCs) have been set up in 7 blocks in Kerala to provide free financial literacy/education and credit counselling. The Bank has 49 Rural Branches and is in the process of strengthening financial literacy activities at the branch level.

Pradhan Mantri Jan Dhan Yojana (PMJDY)

The Hon'ble Prime Minister launched the Pradhan Mantri Jan Dhan Yojana (PMJDY) on August 15, 2014, to strengthen the country's existing Financial Inclusion Programme and bring all households in the country within the fold of the banking sector.

The Bank has 1,48,609 BSBDA (Basic Savings Bank Deposit Accounts), 1209 KCC Accounts (Kisan Credit Card) and 653 GCC (General Credit Card) Accounts serviced through our branches and through Business Correspondent outlets. Out of the BSBDA accounts opened, 62243 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) were launched by Hon'ble Prime Minister on April 8, 2015.

We have opened so far 6660 PMJJBY, 20476 PMSBY and 1488 APY accounts.

Integrated Treasury Operations

Financial year 2016-17 was eventful for global and Indian financial markets. While Brexit, U.S Presidential elections and Fed rate hikes were the major global market movers, demonetization and change in RBI monetary stance shocked the Indian markets. Bond prices rallied till November 2017, thanks to Brexit triggered risk off sentiment, demonetisation induced liquidity deluge and victory of Donald Trump in the U.S Presidential elections. The accommodative stance of RBI coupled with rate cuts also supported the rally. However, by the financial year end, yields hardened as Fed rate hikes and change in policy stance of RBI from accommodative to neutral dampened market sentiment.

Our Bank made a profit of ₹ 195.91 crore from the domestic treasury operations during the financial year compared to ₹ 5.69 crore in the previous year.

International Banking

Global economic activity and trade picked up modestly from the later part of 2016, but new risks have emerged from an increasing tendency towards protectionist policies, proposals to retreat from multilateral/regional trade agreements and raising of tariffs and non-tariff barriers. Commodity prices have risen since late 2016 on improvement in US economic indicators, infrastructure spending in China, and geopolitical concerns. India's merchandise exports during the financial year 2016-17 at 274.65 billion dollar was 4.71 % higher compared to the same period last year and imports fell 0.17% to 380.37 billion dollar. The total income from Bank's foreign exchange business was ₹ 37.41 Crores compared to ₹ 33.70 Crores during the previous year.

The International Banking Division has initiated several measures to improve the foreign exchange business of the Bank. Centralised Trade Processing Cell (CTPC) has been set up at Chennai, for centralisation of various foreign exchange operations being handled by branches. Centralisation of trade and retail forex operations will be a major turning point in bank's foreign exchange business as it will ensure quicker and higher quality customer service, better compliance and will also help in managing operations risk. This will help branches to devote more time to canvass good export/import accounts and increase the foreign exchange business of the Bank.

NPA Management

The year under review continued to be a challenging one for the banking sector. Growth across all sectors in the economy remained subdued which severely affected the credit quality. This led to delinquencies in loan repayment which resulted in the increase in Non-Performing Assets (NPAs) for all banks. Our Bank continued its focus on improving the quality of assets by ensuring closer monitoring of advances and other control measures including up-gradation of NPAs to standard assets, invocation of the SARFAESI Act and compromise settlements. In addition, Our Bank has set up special Monitoring and Recovery teams to enhance monitoring, arrest fresh slippages and improving recoveries.

Our Bank recovered an aggregate amount of ₹ 103.18 crore of which ₹ 48.13 Crore was by way of cash recovery and ₹ 55.05 crore was by way of upgradation of accounts. However, due to adverse economic conditions and its impact on the asset portfolio, the gross NPA level of the Bank increased to ₹ 600.10 crore as on March 31, 2017 from ₹ 446.91 crore in the previous year, which resulted in an increase in the Gross NPA ratio and Net NPA ratio to 7.25% and 5.51%, respectively as against 5.62% and 4.40% respectively in the previous year. The provision coverage ratio increased to 53.13% as on March 31, 2017 against the previous year's position of 48.63%.

Bancassurance Business

Bank has the Certificate of Registration as required by the new IRDAI (Registration of Corporate Agents) Regulations 2015, to act as Corporate Agent (Composite) for life insurance and non life insurance, which is valid for 3 years from 01.04.2016.

Life Insurance Business

The new regulations permitted the Bank as a Corporate agent to sign up with 3 Insurance companies. In compliance with the regulations, the Bank has partnered with 2 new insurance companies – in addition to the existing partner in Life insurance. The 3 life insurance partners are - 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 help its customers by providing them a choice of innovative insurance products from the 3 partners. The product portfolio addresses six key needs of the prospective customers – Protection, Wealth Accumulation, Wealth Enhancement, Education, Income Replacement and Retirement.

The financial year 2016-17 generated a 62 % growth of new business premium on life insurance amounting to ₹ 2,971 lakhs compared to ₹ 1,839 lakhs last year. The number of new policies issued and lives insured in FY 16-17 was 4,914. All of the above business was done through Edelweiss Tokio Life Insurance Company. The business with the new partners will commence in FY 17-18.

General Insurance Business

In the general insurance business, the Bank signed up with Reliance General Insurance Company Ltd. in addition to its current partner –ICICI Lombard General Insurance Company Ltd. These two partnerships will provide the Bank's client General insurance options ranging from Motor, Health, Asset, Travel insurance to insurance of assets funded by the Bank .

The general insurance business has seen a 27% growth in collected premium from ₹ 312.87 lakh premium for the FY 16-17 compared to ₹ 246.31 lakh in the previous year. Number of policies issued was 6966 through ICICI Lombard.

Overall commission received across Life and General insurance partners was ₹ 510 lakh compared to ₹ 395 lakh of last year.

Branch Network

The Bank has been systematically expanding its presence across India, over the past nine decades. The Bank's branch network has a presence across 17 States and 3 Union Territories.

The Bank's branch and ATM network as on March 31, 2017 is given below:

Area	Branches	% to total	ATMs	% to total
Metro	66	15	54	21
Urban	88	21	76	30
Semi-Urban	230	54	125	48
Rural	42	10	2	1
Total	426	100	257	100

Business Strategy

Achievement of business goals and maximizing shareholder value is the prime vision of any organization and our bank is no exception. For achieving these goals, Bank needs to have a balanced mix of resources - a proper mix of technology, experienced manpower and contemporary risk management practices - which will enable growth. Additionally, external factors such as robust economic growth of the Indian economy will further enable Bank in achieving its business objectives. Demonetisation was one such game changer in

FY17, which has transformed the Banking landscape in many ways. It has given a big boost to digital/cashless transactions. With the increasing acceptance of digital transactions, the initiatives taken by our Bank on technology front has yielded good results. Our alternate channel products viz. mobile banking, internet banking, POS, ATM, payment apps like BHIM, UPI, etc. helped our customers to go cashless in a hassle-free manner.

The Bank continues to maintain a stable funding profile, the focus has been on reducing cost of deposits by scaling up acquisition of Current and Savings Account (CASA) customers and reducing dependence on bulk deposits. For growing CASA, Bank had set up dedicated CASA team – this is now being further scaled up in select markets. Bank also launched new variants of CA & SA accounts and launched other CASA enablers such as POS machines for current account customers, Mobile Banking & upgrades to Net Banking.

On the advances front, the Bank continues to remain focused on SME, Gold Loans & Retail businesses. With respect to SME business, the Bank has strengthened its underwriting and risk management capabilities – thereby enabling quicker turnaround time and competitive product offerings. Bank shall be providing SME's support through the life cycle of their business – from inception to expansion including modernisation of their businesses. The Bank aims to use its in-depth knowledge and local experience of banking requirements of SMEs to formulate specific products, services, processes and delivery capabilities and cater to the requirements of SME customers to grow in sectors that it believes have good growth potential. These sectors include food processing, healthcare, education, real estate, textiles, agriculture and infrastructure. In order to grow its Retail Assets, the Bank proposes to expand business rapidly in Loan against property (LAP) of low ticket size & Two wheeler loans. As in the case of SME, Bank has invested in a Centralized processing centre (CPC) setup to meet customer expectations in terms of turnaround time, while at the same time keep a tight control on quality. Bank has a good understanding of Gold Loans business – Bank intends to leverage this opportunity by launching new products and

supporting Branches by providing Marketing Officers for canvassing Gold Loans. During the past few years, Bank has centralized a number of activities that were being done at Branches, thereby releasing bandwidth for originating business – Gold Loans will be one of the focus products in geographies offering potential for this segment.

Technology Adoption

Technological improvements in banking is already transforming the financial world, and the traditional banking landscape is changing the banking experience of customers rapidly. CSB is no exception and use of alternate delivery channels including Internet banking, mobile banking, ATMs, etc. has defeated the location and time barriers of banking operations. CSB realized and utilized almost all digital technologies to meet fast-changing demands of the industry and it is easier than ever to do your banking without ever visiting a branch.

Information Technology (IT) Initiatives

During the Financial Year 2016-17, bank had taken many initiatives on the technological front as part of supporting various business initiatives of the Bank. Special focus has been given in Digital Banking platform. In tandem with contemporary market trends and with a view to meet the competition and also to position Bank as Smart and Strong Technology enabled Bank, the following technology advancements have been made by the Bank during the financial year 2016-17, for the benefit of its customers and the Bank's Core Banking Solution (CBS) has been the key component in integrating the below services. The Bank has taken various measures towards complying with Gopalakrishna Committee Recommendations. During this period, our bank has also reviewed its policy documents including Information Technology and Information Security Policy.

UPI Application

Unified Payments Interface (UPI) is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood. It also caters to the "Peer to

Peer" collect request which can be scheduled and paid as per requirement and convenience. Our Bank is one of the banks which enabled UPI on the pilot launch date and our UPI application was demonstrated by NPCI as part of product launch.

Online Deposit Facility in Internet Banking

Online Deposit facility has been incorporated in Internet Banking Application to facilitate the customers for opening and closure of e-deposits. With this facility, the customer has the convenience for opening deposits under various term deposit products offered by the Bank from time to time, without visiting the branch.

CSB Widget

CSB Widget is an application with a unified view of all mobile applications launched by our bank to the customers. The customer will be able to choose the desired CSB Mobile Application from this widget application. It is an ultra-light application, which gives fast and simple access to multitude of mobile applications of the Bank.

RuPay Platinum & Visa Platinum Cards

The system was made capable to launch RuPay Platinum and VISA Platinum Cards to customers.

Value Added Services in ATMs

Other than the normal services provided by ATMs like Cash Withdrawal, Balance Inquiry, Mini Statement, our Bank has also enabled value added services in ATMs including Mobile Banking Registration, Account Statement request, etc., where-in customers can raise a particular service request / perform alternate channel activations, without visiting our branch.

Self-User Creation

Customers can directly access our corporate website and register for alternate channels of banking like Netbanking and Mobile Banking. This facility allows the customer to set his credentials online, which will be activated, upon confirmation by Call-center representatives of the Bank, without visiting any of our branches.

Immediate Payment Service (IMPS) on Internet Banking Portal

Our internet banking platform is enabled with many features and the same satisfies almost all of our customer banking needs online. The other bank fund transfer facility available in our internet banking framework was in NEFT Platform and hence the settlement will happen only on business days and business hours specified by RBI for NEFT. By enabling IMPS, the customers will be able to do real time fund transfer to other bank accounts. Moreover, customers will be able to do the fund transfer on 24*7 instantly.

Online school fee collection

To support educational institution customers of the Bank, our Bank has implemented school fee collection solution to help the parents to remit all kind of fees online, even if they maintain accounts with any other bank.

e-KYC

Apart from physical verification of identity of customers as a part of KYC compliance, our Bank has implemented e-KYC platform wherein branches can ensure customer authenticity by capturing his/her Aadhaar number and biometrics.

ASBA

Our Bank has taken a new initiative wherein customers can apply for new public issue and right issue using the funds in his/her CSB account for bidding.

Wage protection system - WPS

Our Bank has also supported Kerala Government initiative of ensuring minimum wages to the employees of private sectors, as per Wage Protection Act, wherein salary to the employees shall be credited by debiting the Employer's accounts through banking channels.

Account portability

In order to give the customer the ease of account maintenance, our Bank has given flexibility in customizing their accounts based on their choice of branch location, product and account type any time.

National Automated Clearing House (NACH) Implementation

As part of NPCI's initiative to devise a new system for processing digital payment instructions, National Automated clearing House (NACH) has been implemented. In order to ensure standard set of rules as well as to introduce best practices in electronic transactions, our bank has implemented NACH. It is an efficient system for handling debits, credits, reversals, refunds and dispute handling.

Bharat Bill Presentment System (BBPS)

Our Bank has gone live in BBPS platform, which will offer integrated and interoperable bill payment services to customers across geographies with certainty, reliability and safety of transactions.

Advancements in IT Infrastructure

Network bandwidth of branches have been upgraded to provide better customer service at branches.

Bank has taken necessary steps to mitigate Distributed Denial of Service (DDOs) attacks, which will adversely affect the online banking channels provided to the customers.

Datacentre storage has been upgraded, thereby improving the performance of the systems.

Incident management system

As per Gopalakrishna Committee recommendation, a robust incident management system has been implemented in our bank to manage incidents within the Bank, to enable containment of exposures and to achieve recovery within a specified time period.

Alternative Channel

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

1. Online Donations to Guruvayur Devaswom using IMPS facility in both Mobile as well as Net Banking

To promote digital payments and give the CSB brand a good boost, we have tied up with Guruvayur Devaswom for facilitating online donations facility whereby customers of CSB as well as non-CSB

can offer donations to e-Hundi, Annadanam, cow and elephant maintenance. For CSB customers, the donation menu is available in CSB “Mobile Banking” app. Netbanking users can also offer donations using the IMPS facility available inside netbanking.

2. IMPS facility in CSB Net Banking

IMPS stands for Immediate Payment Services (IMPS) which facilitates fund transfer 24*7*365 instantly even on bank holidays. IMPS facility was first launched in our mobile banking app. To get more customers to use our IMPS services, we have now enabled this facility in our Net banking platform as well.

3. Launch of Point of Sale Terminals (POS)

Owing to branch and customer demands, we have tied-up with two POS vendors (M/s. MRL Posnet-Bangalore based and M/s. MSwipe-Mumbai based) for installation of white label POS Machines. In a short span of time, we have crossed more than 1,600 terminals and in this FY we intend to add few more tie-ups to expand the POS business.

4. Self-User registration of Net & Mobile banking

To promote digitization and for customer convenience, we have introduced Self-User registration of Net/Mobile banking. This means customers can now directly register themselves for net and mobile banking without even visiting the branch. The registration link is available in our website as well as mobile banking app. This increases customer engagement as today every customer would like to have bank transaction at his fingertips.

5. Launch of Online e-Deposit in CSB Net Banking

To give the convenience of opening deposits anytime anywhere, we have introduced online term/RD deposit opening facility for all our net banking customers. One can open e-Deposit (either Fixed Deposit/Recurring Deposit/Family Welfare Deposit) & also get instant receipts for the deposits made. Customers have the option to

close the deposit either online or by visiting their branch.

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 optimising 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. The implementation of Basel II norms in our Bank commenced in FY 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. To ensure strict separation of risk and return, credit hubs are formed in Head Office

and various other places. With a view to ensuring the quality of the rating exercise, all the Credit Ratings of proposals with exposure above ₹ 5 Crore, done by Credit hubs are verified and confirmed by the Central Credit Risk evaluation team at the 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. Bank had engaged CRIS a subsidiary of CRISIL, the accredited rating agency, for review and improvement of credit processes and rating models, to be in line with industry best practices. CRIS has put forth their recommendations and provided their rating models and score cards. These are being implemented in the Bank in a phased manner.

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 and Net Stable Funding Ratio on a monthly basis.

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 maintains additional capital wherever required. 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 III – 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 has 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) has 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. For banking companies, the implementation of IND AS will begin from April 1, 2018 onwards, with comparatives for the year beginning April 1, 2017.

The Bank has commenced the process of IND AS implementation from FY 2016-17. As per RBI directions, the Bank has taken following steps so far:

- (a) In line with the guidance issued by the Reserve Bank of India in February 2016, the Bank has set up a Steering Committee comprising members from cross-functional areas of the bank to immediately initiate the implementation process.
- (b) Bank has appointed a consultant for assisting in the IND AS migration.
- (c) Submitted Proforma IND AS financial statements to the RBI for the half-year ended September 30, 2016, as required by RBI.
- (d) An update on the implementation status and requirements was also submitted to the Audit Committee of Board.
- (e) 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 comprehensive Compliance Policy, the same was also reviewed during the year under report. Your Bank follows 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, etc., and ensures their effective compliance. It also ensures observance of other regulatory guidelines issued from time to time, standards and codes prescribed by IBA, FEDAI, FIMMDA etc; as well as the Bank's internal policies and fair practices code. A Compliance Policy is also put in place which is reviewed every year so as to keep pace with new compliance points as instructed by the regulators. Compliance Officers have been appointed in all Departments / Offices to effectively monitor the compliance functions. The Bank also has invested in new technologies like the Cerma+ and TasC+ software that systematically addresses the compliance of regulations & submission of returns to the regulators and strengthens its compliance functions.

In order to effectively combat financing of terrorism and money laundering the Bank has set up a dedicated Cell that is fully committed to establishing appropriate policies and procedures for ensuring all relevant legal and regulatory requirements. The Bank has published a KYC/AML/CFT Policy in lines with the directions and guidelines of the FATF/RBI. The Cell regularly reviews the policies and procedures on the prevention of money laundering and terrorist financing to ensure their effectiveness. It undertakes customer due diligence ("CDD") measures to an extent that is sensitive to the risk of money laundering and terrorist financing depending on the type of client, business relationship or transaction. The Cell also develops staff members' awareness of KYC norms and brings in a compliance culture through trainings & issuance of Branch Circulars, FAQ's and other publications, so that the employees of the Bank conduct themselves in accordance with the highest ethical standards and in accordance with the extant regulatory requirements and laws. The Cell also reports to the Financial Intelligence Unit, New Delhi any transactions that

are suspect, through the ST/CT/CC/NT/CBWT Reports, etc. During the demonetization period the Cell maintained strict quality & timely reporting to the FIU-IND. Compliance under Unique Customer Identification Code (UCIC) was successfully completed to the satisfaction of the RBI. FATCA/CRS reporting as required by the regulator was also complied with, well within the time frame.

Customer Service

Customer Service has been accorded paramount importance in our Bank. Our Bank has put in place a well-defined Customer Grievances Redressal Machinery System. 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 to the satisfaction of the customers. It has been our earnest endeavor to provide excellent service to customers keeping up with industry trends. Our Bank continues to look for avenues that will enable it to reach out to customers in the most cost effective and efficient way. As part of this plan, 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.

Customer service will continue to be the corner stone and the most important factor in maintaining and improving the Bank's role within the Banking sector. A satisfied customer is the focal point of all activities.

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 as 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 Office 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

The Bank, through its Human Resources (HR/ Staff) department focuses and works towards the objective of creating a team of empowered employees who are capable of converting the Bank's potential into business. Towards this aim, the Bank is committed to create a congenial working environment where there is mutual trust and respect, duly recognizing the talents, rights and dignity of every employee. It is a continuous effort of the Bank to strengthen its HR practice. The well-structured HR Department of the Bank plays a major role in the performance of the Bank. The Bank also has a well-defined HR Management Policy which covers the aspects on selection, recruitment, training and promotion of staff members. The Bank recognises that people are its real strength, whether it is an insider (employee) or an outsider (customer and the public at large). People play a key role in enhancing the growth curve of the Bank. The total staff strength of our Bank at the end of FY 2016-17 is 2,716; comprising 1,634 officers, 939 clerks, 105 sub-staff and 38 permanent part-time employees. Recruitment was done on a very selective basis, focusing on the contribution to

improved productivity that would follow with the hiring. Recruitment made during the financial year is as follows:

Executives (Grade IV & above)	8
Officers (Grade I to III)	30
Clerks	2

To recognize the efficiency of the employees and to meet the requirements at various levels, a promotion process of officers and clerks was conducted during the months of May & June 2016.

The Staff Training College of the Bank, situated at Ollur, Thrissur, provides specialized training in new areas of skills and wide exposure to executives, officers and clerks. The appointment of employees at various levels calls for extensive training requirements. During the year, 55 training programmes were conducted at the Bank's Staff Training College and 1,424 participants at different levels attended the same. Also 176 staff members took part in external training programmes in different functional, managerial and behavioural areas. The Bank continues to lay added focus on imparting training to its employees to upgrade the knowledge base and skill in tune with the changing times and business requirements. Employees who qualify in certain certificate examinations conducted by IIBF are rewarded appropriately. Also employees who successfully complete the composite examination conducted by IRDA are reimbursed with the examination fees and a one-time incentive.

Internal Control, inspection and Audit

A well organised Inspection and Audit machinery provides adequate support to the management in exercising the required control of a bank. With the advent of diversification of banking functions and introduction of digital banking, appropriate control and supervision is vital for the growth and development of any bank. Moreover, presence of a robust system for controls and checks is essential for public confidence and customer satisfaction. Our Bank has an effective, reliable and a well-structured system of inspection of branches, administrative and other offices. The Inspection Department of our Bank functions independently and ensures that there is a

systematic and sound mechanism on an ongoing basis to check adherence to the Bank's policies, systems and procedures. Without hindering healthy business growth, the Inspection Department aims for robust internal control. This includes, assisting and guiding all the Branches and Departments in complying with various rules and guidelines as applicable to the Bank. The Inspection Department manages various types of audits like Risk Based Internal Audit (RBIA), Information System Audit, KYC Audit, Concurrent Audit, Currency Chest Audit, Gold Loan Audit and Management Audit of Zonal Offices and various departments. Professionally qualified Chartered Accountant firms are appointed for the conduct of Concurrent Audits. The Audit Committee of the Board regularly meets to review the functioning of the audit system and to approve policies and guidelines for the audit function of the Bank, as required from time to time.

Off-site surveillance mechanism has been identified as a powerful tool in the current CBS environment for the internal control of branches and offices. For this purpose, a separate cell is functioning under the Inspection Department, which focuses on prompt detection and rectification of irregularities, revenue leakage, violations of rules and procedures in order to safeguard the Bank from potential losses.

Vigilance Function

The Bank has a dedicated Vigilance Department headed by the Chief of Internal Vigilance (CIV). Head, Inspection, Audit & Vigilance has been designated as the Chief of Internal Vigilance by the Board, who reports directly to the Managing Director & CEO in the matters relating to vigilance. The Department operates as a channel for providing inputs to the top management by conducting investigations into vigilance related complaints and incidences. It also suggests corrective measures for improving the systems & controls based on the root-cause analysis so as to ensure compliance of the procedures and guidelines laid down. The Department also carries out snap inspections at Branches, Zonal Offices and various Departments whenever required, with focus on preventive vigilance.

SWOT Analysis

1. Strengths

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 96 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.

Remodeling of Organization structure and Management team

With the onboarding of two well experienced persons on the Board, viz., Chairman and the Managing Director & CEO, the organization has got a facelift. We believe that the rich 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

Rapidly changing Technology Landscape

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 31.03.2017 is 41 years. This is higher than most of our peer banks where average age of workforce is below 40 years. Because of this, while the Bank is benefited by the experience of the employees, the cost per employee is higher than peer banks.

Low Brand Visibility

The brand spend during the year is comparatively low which has impacted the visibility of the Bank brand.

3. Opportunities

Market expansion

We being a South-India centered Bank, we have an opportunity to expand our business in relevant pockets of Western as well as Northern states of India. The market potential of such new markets will enable growth in focus businesses of Bank.

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.

4. Threats

Competition from peer banks & Upcoming Small Finance Banks (SFB's)

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. Some of the banks are large institutions and may have larger branch network and wider capital base. Increased competitive pressure may have an adverse impact on our business & revenues. Also, the upcoming SFB's are keen to garner market share, they might leverage pricing & technology to take a share of business from conventional banks.

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.

By Order of the Board

Sd/-

T.S. Anantharaman

Chairman

(DIN: 00480136)

Place : Thrissur

Date: May 22, 2017

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, 2017 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: Kochi

Date: April 24, 2017

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, 2017, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information contained in the notes to accounts. Incorporated in these financial statements are the returns of 24 branches/offices audited by us and 427 branches/offices audited by the 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 and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, 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 including its branches in accordance with the Standards on Auditing (“The Standards”) 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 misstatements 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 controls 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 Bank’s directors, 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 expenditure of the Bank are being made only in accordance with authorisations of management and directors of the Bank 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 for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Bank as at 31st March 2017 and its Profit and its cash flows for the year then ended.

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 our audit and have found them to be satisfactory
- (b) The transactions of the Bank which have come to our notice have been within the powers of the Bank.
- (c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

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) On the basis of written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- (g) In our opinion, considering nature of business, size of operation and organisational structure of the entity, 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 2017, 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.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i) The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 4.6.1 of Schedule 18 - Notes on Accounts.

ii) The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts – Refer Note No. 9 of Schedule 18 – Notes on Accounts.

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

iv) The disclosure requirement as envisaged in Notification G.S.R.308 (E) dated 30th March 2017 in respect of SBN is not applicable to the Bank.

For R.G.N Price & Co.
Chartered Accountants
FR No: 002785S

Sd/-
G.Surendranath Rao
Partner
M No. 022693

Place: Kochi
Date: April 24, 2017

BALANCE SHEET

As at March 31, 2017

(₹ in thousand)

		Schedule No अनुसूची	As on 31.03.2017	As on 31.03.2016
पूंजी और देयताएँ	CAPITAL AND LIABILITIES			
पूंजी	Capital	1	81,01,43	71,76,02
आरक्षितियाँ और अधिशेष	Reserves and Surplus	2	918,34,21	821,03,27
निक्षेप	Deposits	3	14911,56,23	14438,40,49
उधार	Borrowings	4	41,80,00	41,80,00
अन्य देयताएँ और प्रावधान	Other Liabilities and Provisions	5	270,51,73	278,94,39
योग	Total		16223,23,60	15651,94,17
संपत्तियाँ	ASSETS			
नकदी और भारतीय रिज़र्व बैंक में जमाराशियाँ	Cash and Balances with Reserve Bank of India	6	756,38,57	676,43,45
बैंकों में जमाराशियाँ और माँग तथा अल्प सूचना पर प्राप्त धनराशि	Balances with banks and money at call and short notice	7	454,76,40	49,85,77
निवेश	Investments	8	5761,51,62	5986,68,93
अग्रिम	Advances	9	8118,93,38	7852,64,56
स्थिर संपत्तियाँ	Fixed assets	10	215,26,14	215,09,34
अन्य संपत्तियाँ	Other assets	11	916,37,49	871,22,12
योग	Total		16223,23,60	15651,94,17
आकस्मिक देयताएँ	CONTINGENT LIABILITIES	12	779,50,99	832,15,18
संग्रहण के लिये बिल	Bills for collection		81,80,85	76,29,02
महत्वपूर्ण लेखांकन नीतियाँ	Significant Accounting Policies	17		
लेखा सम्बन्धी टिप्पणियाँ	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/
T S Anantharaman, Chairman
(DIN : 00480136)

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

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

Sd/
Bobby Jos. C, Chairman-Audit Committee
(DIN : 03270042)

Sd/
Sijo Varghese
Company Secretary

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

Sd/
Alok Kochhar, Director
(DIN : 07336899)

Sd/
P.V.Antony
Chief Financial Officer

Sd/
Ashish Ahluwalia, Director
(DIN : 03514036)

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

Sd/
Radha Unni, Director
(DIN : 03242769)

Place: Kochi
Date : April 24, 2017

PROFIT & LOSS ACCOUNT

For the year ended March 31, 2017

(₹ in thousand)

		Schedule No अनुसूची	Year Ended 31.03.2017	Year Ended 31.03.2016
I. आय	I. INCOME			
अर्जित ब्याज	Interest earned	13	1336 , 29 , 49	1482 , 88 , 54
अन्य आय	Other income	14	281 , 20 , 13	104 , 68 , 10
योग	Total		1617 , 49 , 62	1587 , 56 , 64
II. व्यय	II. EXPENDITURE			
व्ययकिया गया ब्याज	Interest expended	15	1022 , 69 , 35	1159 , 27 , 15
परिचालन व्यय	Operating expenses	16	443 , 08 , 91	432 , 04 , 11
प्रावधान और आकस्मिक व्यय	Provisions and contingencies		150 , 15 , 91	145 , 97 , 82
योग	Total		1615 , 94 , 17	1737 , 29 , 08
III. लाभ / हानि	III. PROFIT/LOSS			
वर्ष के लिए शुद्ध लाभ / (हानि)	Net Profit/(Loss) for the period / year		1 , 55 , 45	(149 , 72 , 44)
पिछले अवधि / वर्ष के अग्रणीत लाभ / (हानि)	Profit/(Loss) brought forward from previous period/ year		(219 , 07 , 01)	(67 , 01 , 10)
योग	Total		(217 , 51 , 56)	(216 , 73 , 54)
IV. विनियोजन	IV. APPROPRIATIONS			
वैधानिक आरक्षितियों को अन्तरण	Transfer to Statutory Reserve		38 , 86	Nil
पूंजीगत आरक्षितियों को अन्तरण	Transfer to Capital Reserve		1 , 16 , 59	2 , 33 , 47
तुलनपत्र में ले जाई गई शेषराशि	Balance carried over to Balance Sheet		(219 , 07 , 01)	(219 , 07 , 01)
योग	Total		(217 , 51 , 56)	(216 , 73 , 54)
प्रति शेयर अर्जन (₹) (अंकित मूल्य ₹ 10/- प्रत्येक)	Basic and diluted Earnings Per Equity Share (₹) (Face value ₹ 10 per share)		0.21	(23.98)
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			

Sd/
T S Anantharaman, Chairman
(DIN : 00480136)

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

As per our report of even date
For R G N Price & Co
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Sd/
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Chief Financial Officer

Sd/
Ashish Ahluwalia, Director
(DIN : 03514036)

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

Sd/
Radha Unni, Director
(DIN : 03242769)

Place: Kochi
Date : April 24, 2017

CASH FLOW STATEMENT

For the year ended March 31, 2017

(₹ in thousand)

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	(8, 91, 33)	(228, 27, 59)
Adjustments for:		
Depreciation on Fixed Assets	12, 15, 04	11, 51, 73
Amortisation of Intangible Assets	2, 77, 78	2, 18, 56
Provisions and Contingencies	160, 62, 69	224, 52, 96
Interest Paid on Tier II Bonds	5, 11, 43	5, 02, 61
Others	47, 40	41, 20
Operating Profit before Working Capital Changes	172, 23, 01	15, 39, 47
Adjustments for:		
Investments	241, 93, 53	(1574, 44, 44)
Advances	(447, 75, 82)	1430, 14, 45
Other Assets	(29, 18, 92)	72, 22, 95
Deposits	473, 15, 74	(36, 08, 16)
Borrowings	Nil	(3, 64, 77)
Other Liabilities	(10, 76, 40)	(65, 49, 54)
Cash generated from Operating Activities	399, 61, 14	(161, 90, 04)
Direct Taxes Paid (Net of refunds)	(4, 12, 97)	(3, 61, 02)
Net Cash flow from Operating Activities (A)	395, 48, 17	(165, 51, 06)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Intangible Assets	(17, 37, 17)	(13, 14, 66)
Sale of Fixed Assets	38, 09	42, 66
Net Cash Used in Investing Activities (B)	(16, 99, 08)	(12, 72, 00)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share Capital	9, 25, 41	11, 37, 04
Proceeds from Share Premium	102, 22, 68	99, 58, 90
Redemption of Tier II Bonds	Nil	Nil
Interest Paid on Tier II Bonds	(5, 11, 43)	(5, 02, 61)
Dividend paid (including Tax on Dividend)	Nil	Nil
Net Cash (used)/generated from Financing Activities (C)	106, 36, 66	105, 93, 33

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	484 , 85 , 75	(72 , 29 , 73)
Cash and Cash Equivalents at the Beginning of the Year	726 , 29 , 22	798 , 58 , 95
Cash and Cash Equivalents at the End of the Year	1211 , 14 , 97	726 , 29 , 22
NET INCREASE AS DISCLOSED ABOVE	484 , 85 , 75	(72 , 29 , 73)
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)	756 , 38 , 57	676 , 43 , 45
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	454 , 76 , 40	49 , 85 , 77
Cash and cash equivalents at the end of the year	1211 , 14 , 97	726 , 29 , 22

Sd/
T S Anantharaman, Chairman
(DIN : 00480136)

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

As per our report of even date
For R G N Price & Co
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Sd/
Madhavan Nambiar M, Director
(DIN : 03487311)

Sd/
Radha Unni, Director
(DIN : 03242769)

Place: Kochi
Date : April 24, 2017

SCHEDULES**to Balance Sheet**

(₹ in thousand)

	As on 31.03.2017		As on 31.03.2016	
SCHEDULE 1 - CAPITAL				
Authorized Capital :				
12,00,00,000 (Previous year 12,00,00,000) Equity shares of ₹ 10/- each		120 , 00 , 00		120 , 00 , 00
Issued Capital				
8,09,62,082 (Previous Year 7,17,07,982) Equity shares of ₹ 10/- each fully paid - up		80 , 96 , 20		71 , 70 , 79
Subscribed, Called up and Paid - up Capital				
8,09,62,082 (Previous Year 7,17,07,982) Equity shares of ₹ 10/- each fully paid - up		80 , 96 , 20		71 , 70 , 79
Add: Forfeited Shares (1,93,743 Equity shares forfeited (Previous year 1,93,743))		5 , 23		5 , 23
		81 , 01 , 43		71 , 76 , 02

SCHEDULE 2 - RESERVES AND SURPLUS				
I Statutory Reserves				
Opening balance	146 , 36 , 72		146 , 36 , 72	
Additions during the year	38 , 86		-	
sub total	146 , 75 , 58		146 , 36 , 72	
Deductions during the year	-		-	
		146 , 75 , 58		146 , 36 , 72
II Capital Reserves				
Opening balance	70 , 56 , 49		68 , 23 , 02	
Additions during the year	1 , 16 , 59		2 , 33 , 47	
sub total	71 , 73 , 08		70 , 56 , 49	
Deductions during the year	-		-	
		71 , 73 , 08		70 , 56 , 49
III Revaluation Reserves				
Opening balance	165 , 78 , 10		123 , 97 , 97	
Additions during the year	-		43 , 06 , 58	
sub total	165 , 78 , 10		167 , 04 , 55	
Deductions during the year	1 , 82 , 23		1 , 26 , 45	
		163 , 95 , 87		165 , 78 , 10
IV Share Premium				
Opening balance	545 , 28 , 15		445 , 69 , 25	
Additions during the year	102 , 22 , 68		102 , 33 , 32	
sub total	647 , 50 , 83		548 , 02 , 57	
Deductions during the year	-		2 , 74 , 42	

SCHEDULES

to Balance Sheet

(₹ in thousand)

	As on 31.03.2017		As on 31.03.2016	
		647,50,83		545,28,15
V Revenue and other Reserves				
a) General Reserves				
Opening balance	88,29,63		87,03,18	
Additions during the year	1,82,24		1,26,45	
sub total	90,11,87		88,29,63	
Deductions during the year	6,47,20		-	
		83,64,67		88,29,63
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)		(67,01,10)	
Additions during the year	1,55,45		(149,72,44)	
sub total	(217,51,56)		(216,73,54)	
Deductions during the year	1,55,45		2,33,47	
		(219,07,01)		(219,07,01)
TOTAL		918,34,21		821,03,27

	As on 31.03.2017		As on 31.03.2016	
SCHEDULE 3 - DEPOSITS				
A. I. Demand Deposits				
[i] From banks	63,36		48,28	
[ii] From others	607,11,69		385,19,20	
		607,75,05		385,67,48
II. Savings Bank Deposits		3086,83,19		2506,35,24
III. Term Deposits				
[i] From banks	18,34,01		76,91,47	
[ii] From others	11198,63,98		11469,46,30	
		11216,97,99		11546,37,77
TOTAL [I,II, and III]		14911,56,23		14438,40,49
B [i] Deposits of branches in India		14911,56,23		14438,40,49
[ii] Deposits of branches outside India		-		-
TOTAL		14911,56,23		14438,40,49

SCHEDULES

to Balance Sheet

(₹ in thousand)

	As on 31.03.2017		As on 31.03.2016	
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		13,05,11		15,98,76
II. Inter-office adjustments (net)		11,32,08		5,72,48
III. Interest accrued		63,25,17		66,84,70
IV. Contingent provisions against standard assets		34,63,72		41,82,26
V. Others		148,25,65		148,56,19
TOTAL		270,51,73		278,94,39

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA				
I. Cash in hand (including foreign currency notes)		50,59,42		71,82,36
II. Balances with Reserve Bank of India				
[i] in Current Account	705,79,15		604,61,09	
[ii] in Other Accounts	-		-	
		705,79,15		604,61,09
TOTAL (I AND II)		756,38,57		676,43,45

SCHEDULE 7 - BALANCES WITH BANKS & MONEY AT CALL AND SHORT NOTICE				
I. In India				
[i] Balances with banks				
(a) in Current Accounts	7,64,25		11,64,88	
(b) in Other Deposit Accounts	50,00,00		-	
		57,64,25		11,64,88
[ii] Money at call and short notice				
(a) with banks	-		-	
(b) with other Institutions	378,00,00		-	
		378,00,00		-
TOTAL (i and ii)		435,64,25		11,64,88
II. Outside India				
(i) in Current Accounts	19,12,15		38,20,89	
(ii) in Other Deposit Accounts	-		-	
(iii) Money at call and short notice	-		-	
TOTAL		19,12,15		38,20,89
GRAND TOTAL (I and II)		454,76,40		49,85,77

SCHEDULES

to Balance Sheet

(₹ in thousand)

	As on 31.03.2017	As on 31.03.2016
SCHEDULE 8 INVESTMENTS		
I. Investments in India (Gross)	5777 , 11 , 04	6019 , 06 , 97
Less Provision for depreciation & diminution	15 , 59 , 42	32 , 38 , 04
Net Investment in India	5761 , 51 , 62	5986 , 68 , 93
BREAK - UP		
[i] Government securities	5056 , 11 , 37	4887 , 14 , 44
[ii] Other approved securities	0	0
[iii] Shares	2 , 55 , 50	262 , 42
[iv] Debentures and Bonds	202 , 55 , 78	129 , 77 , 59
[v] Subsidiaries and/or joint ventures	0	0
[vi] Others [Certificate of Deposits etc]	500 , 28 , 97	967 , 14 , 48
TOTAL	5761 , 51 , 62	5986 , 68 , 93
II. Investments outside India	-	-
GRAND TOTAL (I and II)	5761 , 51 , 62	5986 , 68 , 93

SCHEDULE 9 - ADVANCES		
A [i] Bills purchased and discounted	579 , 15 , 62	351 , 95 , 92
[ii] Cash credits, overdrafts and loans repayable on demand	5041 , 64 , 34	4869 , 62 , 88
[iii] Term loans	2498 , 13 , 42	2631 , 05 , 76
TOTAL	8118 , 93 , 38	7852 , 64 , 56
B [i] Secured by tangible assets (Includes advances against book debts)	7167 , 05 , 06	7165 , 42 , 40
[ii] Covered by Bank/Government guarantees	587 , 92 , 40	389 , 19 , 70
[iii] Unsecured	363 , 95 , 92	298 , 02 , 46
TOTAL	8118 , 93 , 38	7852 , 64 , 56
C. I. Advances in India		
[i] Priority sector	3687 , 99 , 64	3871 , 42 , 26
[ii] Public sector	40 , 44 , 89	84 , 53 , 08
[iii] Banks	-	-
[iv] Others	4390 , 48 , 85	3896 , 69 , 22
TOTAL	8118 , 93 , 38	7852 , 64 , 56
II. Advances outside India	-	-
GRAND TOTAL (C.I and II)	8118 , 93 , 38	7852 , 64 , 56

SCHEDULES

to Balance Sheet

(₹ in thousand)

	As on 31.03.2017		As on 31.03.2016	
SCHEDULE 10 - FIXED ASSETS				
I. Premises				
At cost as on 31 st March of the preceding year	7, 19, 12		6, 98, 54	
Appreciation on revaluation till date	178, 09, 24		178, 09, 24	
Additions during the year	5, 11		20, 58	
Sub total	185, 33, 47		185, 28, 36	
Deductions during the year	-		-	
Depreciation to date	18, 14, 33		16, 15, 28	
		167, 19, 14		169, 13, 08
II. Other Fixed Assets (including furniture and fixtures)				
At cost as on 31st March of the preceding year	127, 51, 94		121, 88, 28	
Additions during the year	13, 07, 80		9, 03, 50	
Sub total	140, 59, 74		130, 91, 78	
Deductions during the year	4, 58, 12		3, 39, 84	
Depreciation to date	87, 94, 62		81, 55, 68	
		48, 07, 00		45, 96, 26
TOTAL (I, and II)		215, 26, 14		215, 09, 34

SCHEDULE 11 - OTHER ASSETS				
I. Interest accrued		89, 17, 85		99, 69, 95
II. Tax paid in advance/tax deducted at source (Net of provisions)		42, 16, 97		30, 00, 35
III. Stationery and stamps		1, 20, 56		1, 10, 65
IV. Non-banking assets acquired in satisfaction of claims		30, 90, 14		20, 95, 46
V. Deposits placed with NABARD/SIDBI/NHB for meeting shortfall in Priority Sector Lending		550, 24, 00		523, 58, 84
VI. Deferred tax asset		128, 37, 42		125, 94, 29
VII. Others		74, 30, 55		69, 92, 58
TOTAL		916, 37, 49		871, 22, 12

SCHEDULE 12 - CONTINGENT LIABILITIES				
I. Claims against the Bank not acknowledged as debts		39, 37, 66		37, 22, 59
II. Liability for partly paid investments		-		-
III. Liability on account of outstanding forward exchange contracts		365, 48, 30		422, 73, 44
IV. Guarantees given on behalf of constituents				
(a) In India		254, 68, 35		251, 75, 35
(b) Outside India		-		-
V. Acceptance, endorsements and other obligations		58, 06, 37		70, 13, 17
VI. Other items for which the Bank is contingently liable		61, 90, 31		50, 30, 63
TOTAL		779, 50, 99		832, 15, 18

SCHEDULES

to Profit & Loss Account

(₹ in thousand)

	Year ended 31.03.2017	Year ended 31.03.2016
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances / bills	880 , 87 , 95	1051 , 21 , 82
II. Income on investments	412 , 56 , 07	394 , 45 , 25
III. Interest on balances with Reserve Bank of India and other inter -bank funds	2 , 69 , 38	5 , 41 , 29
IV Others	40 , 16 , 09	31 , 80 , 18
TOTAL	1336 , 29 , 49	1482 , 88 , 54

SCHEDULE 14 - OTHER INCOME			
I. Commission, Exchange and Brokerage		20 , 49 , 27	19 , 48 , 75
II. Profit on sale of investments	201 , 21 , 78		8 , 57 , 63
Less: Loss on sale of investments	5 , 31 , 17		2 , 88 , 20
		195 , 90 , 61	5 , 69 , 43
III. Profit on revaluation of investments	-		-
Less: Loss on revaluation of investments	-		-
		-	-
IV. Profit on sale of land, buildings and other assets	36 , 68		8 , 58
Less: Loss on sale of land, buildings and other assets	64 , 29		47 , 26
		(27 , 61)	(38 , 68)
V. Profit on exchange transactions (Net)		9 , 34 , 21	11 , 23 , 77
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 ₹ 5.62 Crores, previous year ₹ 17.36 Crores and processing fee of ₹ 19.30 crores, previous year ₹ 23.53 crores)		55 , 73 , 65	68 , 64 , 83
TOTAL		281 , 20 , 13	104 , 68 , 10

SCHEDULE 15 - INTEREST EXPENDED			
I. Interest on deposits		1004 , 14 , 67	1135 , 68 , 67
II. Interest on Reserve Bank of India/ inter -bank borrowings		9 , 27 , 26	16 , 04 , 93
III. Others		9 , 27 , 42	7 , 53 , 55
TOTAL		1022 , 69 , 35	1159 , 27 , 15

SCHEDULE 16 - OPERATING EXPENSES			
I. Payments to and provisions for employees		293 , 58 , 06	302 , 58 , 67
II. Rent, taxes and lighting		41 , 46 , 15	40 , 02 , 76
III. Printing and Stationery		4 , 58 , 73	3 , 42 , 43
IV. Advertisement and publicity		85 , 90	1 , 11 , 37
V. Depreciation on bank's property (including amortisation / write off of intangible assets)		14 , 92 , 82	13 , 70 , 30
VI. Directors' fees, allowances and expenses		1 , 42 , 73	93 , 47
VII. Auditors' fees and expenses (including branch auditors fees and expenses)		1 , 78 , 29	1 , 40 , 63
VIII. Law charges		1 , 92 , 19	1 , 58 , 33
IX. Postages, Telegrams, Telephones etc.		8 , 85 , 99	7 , 79 , 88
X. Repairs and maintenance		6 , 99 , 76	6 , 14 , 67
XI. Insurance		15 , 34 , 94	15 , 12 , 89
XII. Other expenditure		51 , 33 , 35	38 , 18 , 71
TOTAL		443 , 08 , 91	432 , 04 , 11

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 next 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 Capital Infusion

On 25.10.2016, the Bank has allotted 92,54,100 Equity Shares on Preferential basis for an issue price of ₹ 120/- per share (₹ 10/- towards share capital & ₹ 110/- towards share premium) and mobilized ₹ 111,04,92,000/- (Rupees One Hundred and Eleven crores four lakhs ninety two thousand only). An amount of ₹ 9,25,41,000/- has been collected towards Share Capital and ₹ 101,79,51,000/- towards Share Premium out of the Issue.

The balance addition of ₹ 0.43 Crores in share premium account represents reversal of excess amount appropriated towards expenses incurred in Pre IPO placement of shares during FY 2015-16.

Consequent to the above the paid up equity capital of the Bank increased from ₹ 71.76 Crores to ₹ 81.01 Crores and Share Premium Account from ₹ 545.28 Crores to ₹ 647.51 Crores.

1.2 Investments

- a) The profit on sale of investments under Held to Maturity category amounting to ₹ 186.83 Crores (previous year ₹ 3.57 Crores) and loss on sale of investments under Held to Maturity category amounting to ₹ 0.07 Crore (Previous Year - ₹ 0.02 crores) has been taken to Profit and Loss account. Due to inadequacy of profits, the appropriation towards capital reserves is made only to the extent of ₹ 1.17 Crores (previous year - ₹ 2.33 Crores), being the net profit available for appropriation after transfer to statutory reserves. Had there been no change in the manner of appropriation, capital reserves as well as the debit balance in Profit & Loss Account would have been higher by ₹ 120.62 Crores.
- b) In respect of Investments in Held to Maturity category, the amount of amortization of excess of acquisition cost over face value is ₹ 15.37 Crores (previous year ₹ 15.88 Crores) which is netted against Income on Investments (Schedule 13, Item II).
- c) Excess Provisions for depreciation on investments in the Available for Sale category investments amounting to ₹ 16.79 Crores is credited to Profit & Loss account (previous year ₹ 14.84 Crores depreciation is debited to Profit & Loss account).
- d) During the financial year 2016-17, the Bank has transferred securities amounting to ₹ 674.05 Crores (previous year - Nil) from Held to Maturity category to Available for Sale category.
- e) 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 ₹ 36.57 crores are treated as standard assets and no further provision is made apart from 15% held in terms of RBI letter [DBR. BP. BC. No. 11660/21.04.132/2015-16, dated 17.03.2016]

1.3 Reconciliation

Reconciliation of inter-bank and inter-branch transactions has been completed up to 31st March 2017. Steps for elimination of outstanding entries are in progress. In the opinion of the management, since the outstanding entries to be eliminated are insignificant, no material consequential effect is anticipated.

1.4 Taxation

Claims against the Bank not acknowledged as debt under contingent liabilities (Schedule 12) include disputed income tax liabilities of ₹ 26.88 Crores (Previous Year - ₹ 27.21 Crores) of which ₹ 21.25 Crores (Previous Year - ₹ 18.51 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	
	31.03.2017	31.03.2016
i) Common Equity Tier 1 capital ratio (%)	11.54	9.76
ii) Tier 1 Capital ratio (%)	11.54	9.76
iii) Tier 2 Capital ratio (%)	0.61	0.79
iv) Total Capital ratio (CRAR) (%)	12.15	10.55
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	₹ 111.05 Crore	₹ 113.70 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	
	31.03.2017	31.03.2016
i) Common Equity Tier 1 capital ratio (%)	11.56	9.76
ii) Tier 1 Capital ratio (%)	11.56	9.76
iii) Tier 2 Capital ratio (%)	0.62	0.83
iv) Total Capital ratio (CRAR) (%)	12.18	10.59
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	₹ 111.05 Crore	₹ 113.70 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)]		

Notes to Accounts

2.2 Investments

(₹ in Crore)

Items	31.03.2017	31.03.2016
(1) Value of Investments		
(i) Gross Value of Investments	5777.11	6019.07
(a) In India	5777.11	6019.07
(b) Outside India.	Nil	Nil
(ii) Provisions for Depreciation/Diminution	15.59	32.38
(a) In India	15.59	32.38
(b) Outside India.	Nil	Nil
(iii) Net Value of Investments	5761.52	5986.69
(a) In India	5761.52	5986.69
(b) Outside India.	--	--
(2) Movement of provisions held towards depreciation/ diminution on investments		
(i) Opening balance	32.38	21.13
(ii) Add: Provisions made during the year	--	15.25
(iii) Less: Write-off/ write-back of excess provisions during the year	16.79	4.00
Closing balance	15.59	32.38

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 31.03.2017
Securities sold under Repo / Term Repo				
i. Government Securities	Nil	409.00	99.84	Nil
ii Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under Reverse Repo / Term Reverse Repo				
i. Government Securities	Nil	2130.00	188.79	378.00
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	80.93	50.92	Nil	36.57	50.92
(ii)	FIs	2.00	2.00	Nil	Nil	2.00
(iii)	Banks	269.44	31.56	5.00	Nil	Nil
(iv)	Private Corporate	91.88	1.82	0.00	Nil	0.05
(v)	Subsidiaries/ Joint Ventures	Nil	Nil	Nil	Nil	Nil
(vi)	Others (Security receipts)	276.74	276.74	Nil	Nil	276.74
(vii)	Provision held towards depreciation	15.59	XXX	XXX	XXX	XXX
	Total	705.40	363.04	5.00	36.57	329.71

ii) **Non performing Non-SLR investments** (₹ in Crore)

Particulars	31.03.2017	31.03.2016
Opening balance	0.86	4.86
Additions during the year	1.82	Nil
Reductions during the above period	0.86	4.00
Closing balance	1.82	0.86
Total provisions held	1.31	0.86

2.2.3 **Sale of Financial Assets to Securitisation Company / Reconstruction Company Book value of investments in Security receipts** (₹ in Crore)

Particulars	Backed by NPAs/ SMA/ SMA2 sold by the Bank as underlying		Backed by NPAs/ SMA/ SMA2 sold by other banks/ financial institutions/ non-banking financial companies as underlying		Total	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Book value of investments in security receipts	276.74	280.08	---	---	276.74	280.08

2.2.4 **Sale and transfers to/from HTM Category:**

The value of sales from HTM category in 2016-17 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 31.03.2017	2976.49
Excess of book value over market value for which provision is not required to be made as per RBI guidelines.	108.70

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	31.03.2017	31.03.2016
(i) Net NPAs to Net Advances (%)	5.51%	4.40%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	446.91	474.81
(b) Additions during the year	395.67	403.09
(c) Reductions during the year	242.48	430.99
(d) Closing balance	600.10	446.91
(iii) Movement of Net NPAs		
(a) Opening balance	345.15	364.59
(b) Additions during the year	274.25	337.09
(c) Reductions during the year	171.76	356.53
(d) Closing balance	447.64	345.15
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	98.13	106.02
(b) Provisions made during the year	189.16	134.45
(c) Write-off/ write-back of excess provisions	138.59	142.34
(d) Closing balance	148.70	98.13

2.4.1.2 **Divergence in Asset Classification and Provisioning for NPAs as per AFI in terms of RBI Circular RBI/2016-17/283 dated 18.04.2017**

- NIL

(₹ in crore)

2.4.2 PARTICULARS OF ACCOUNTS RESTRUCTURED/RESCHEDULED AS ON 31.03.2017

Sl. No.	Type of Restructuring	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total			
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
1	Restructured Accounts as on April 1 (opening figure)	Details															
		No. of Borrower	1	Nil	Nil	Nil	1	Nil	Nil	Nil	Nil	Nil	12	5	12	Nil	33
		Amount	77.18	Nil	Nil	Nil	77.18	Nil	Nil	Nil	Nil	Nil	40.19	1.6	40.19	Nil	220.84
		Other facility	Nil	Nil	Nil	Nil	Nil	48.96	1.21	1.72	Nil	51.89	48.96	1.21	1.72	Nil	51.89
		Total	77.18	Nil	Nil	Nil	77.18	150.83	2.81	41.91	Nil	195.55	228.01	2.81	41.91	Nil	272.73
2	Fresh restructuring during the year	Provision thereon	0	Nil	Nil	Nil	0	1.35	0.17	Nil	1.61	1.35	0.09	0.17	Nil	1.61	
		No. of Borrower	Nil	Nil	Nil	Nil	Nil	Nil	2	2	2	Nil	Nil	2	2	2	
		Amount	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.09	0.09	0.09	Nil	Nil	0.09	0.09	
		Other facility	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		Total	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.09	0.09	0.09	Nil	Nil	0.09	0.09	0.09
3	Upgradations to restructured standard category during the year.	Provision thereon	Nil	Nil	Nil	Nil	Nil	Nil	0.005	0.005	0.005	Nil	Nil	0.005	0.005	0.005	
		No. of Borrower	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
		Amount	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
		Other facility	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
		Total	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.005	0.005	0.005	Nil	Nil	0.005	0.005	
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	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
		No. of Borrower	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
		Amount	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
		Other facility	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
		Total	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Total		Nil	Nil	Nil	Nil	Nil	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	
Amount		Nil	Nil	Nil	Nil	Nil	(3.49)	(3.49)	(3.49)	(3.49)	(3.49)	(3.49)	(3.49)	(3.49)	(3.49)	(3.49)	
Other facility		Nil	Nil	Nil	Nil	Nil	(0.53)	(0.53)	(0.53)	(0.53)	(0.53)	(0.53)	(0.53)	(0.53)	(0.53)	(0.53)	
Total		Nil	Nil	Nil	Nil	Nil	(4.02)	(4.02)	(4.02)	(4.02)	(4.02)	(4.02)	(4.02)	(4.02)	(4.02)	(4.02)	
Provision thereon		Nil	Nil	Nil	Nil	Nil	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

Sl. No.	Type of Restructuring	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total													
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total											
5	Down gradations of restructured accounts during the Year. (Net)	No. of Borrower	(1)	Nil	1	Nil	0	NIL	NIL	NIL	NIL	(3)	(2)	5	Nil	0	0										
		Amount outstanding- Restructured facility	(77.18)	Nil	77.18	Nil	0.00					(45.62)	(0.34)	45.96	Nil	0.00	(122.8)	(0.34)	123.14	Nil	0.00						
		Other facility	Nil	Nil	Nil	Nil	0.00					(2.28)	0	2.28	Nil	0.00	(2.28)	0	2.28	Nil	0.00						
		Total	(77.18)	Nil	77.18	Nil	0.00					(47.90)	(0.34)	48.24	Nil	0.00	(125.08)	(0.34)	125.42	Nil	0.00						
		Provision thereon	Nil	Nil	0.00	Nil	0.00					(1.29)	(0.02)	1.31	Nil	0.00	(1.29)	(0.02)	1.31	Nil	0.00						
6	Write-offs / Sale /Closed of restructured accounts during the FY.	No. of Borrower	Nil	Nil	1	Nil	1	NIL	NIL	NIL	NIL	(2)	(3)	(1)	Nil	(6)	(6)										
		Amount outstanding- Restructured facility	Nil	Nil	(41.15)	Nil	(41.15)					(40.17)	(1.05)	(22.38)	Nil	(63.6)	(40.17)	(1.05)	(63.53)	Nil	(104.75)						
		Other facility	Nil	Nil	Nil	Nil	Nil					(44.42)	(1.42)	(2.6)	Nil	(48.44)	(44.42)	(1.42)	(2.6)	Nil	(48.44)						
		Total	Nil	Nil	(41.15)	Nil	(41.15)					(84.59)	(2.47)	(24.98)	Nil	(112.04)	(84.59)	(2.47)	(66.13)	Nil	(153.19)						
		Provision thereon	Nil	Nil	0.00	Nil	0.00					0.00	(0.07)	(0.00)	Nil	(0.07)	0.00	(0.07)	(0.00)	Nil	(0.07)						
7	Changes in the account balance	No. of Borrower	Nil	Nil	Nil	Nil	Nil	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL										
		Amount outstanding- Restructured facility	Nil	Nil	(13.67)	Nil	(13.67)											(1.25)	Nil	(13.07)	Nil	(14.32)	(1.25)	Nil	(26.74)	Nil	(27.99)
		Other facility	Nil	Nil	Nil	Nil	Nil											(0.13)	Nil	3.58	Nil	3.45	(0.13)	Nil	3.58	Nil	3.45
		Total	Nil	Nil	(13.67)	Nil	(13.67)											(1.38)	Nil	(9.49)	Nil	(10.87)	(1.38)	Nil	(23.16)	Nil	(24.54)
		Provision thereon	Nil	Nil	0.00	Nil	0.00											(0.00)	Nil	(1.17)	Nil	(1.17)	(0.00)	Nil	(1.17)	Nil	(1.17)
8	Restructured accounts as on March 31st 2017 (closing figures*)	No. of Borrower	Nil	Nil	1	Nil	1	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL										
		Amount outstanding- Restructured facility	Nil	Nil	22.36	Nil	22.36											11.34	Nil	50.78	Nil	62.12	11.34	Nil	73.14	Nil	84.48
		Other facility	Nil	Nil	Nil	Nil	Nil											1.6	Nil	4.98	Nil	6.58	1.6	Nil	4.98	Nil	6.58
		Total	Nil	Nil	22.36	Nil	22.36											12.94	Nil	55.77	Nil	68.71	12.94	Nil	78.13	Nil	91.07
		Provision thereon	Nil	Nil	Nil	Nil	Nil											0.06	Nil	0.31	Nil	0.36	0.06	Nil	0.31	Nil	0.36

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

The total of SL no.5 (Downgradations of restructured accounts during the year. (Net)) is 0 since the movement is between the different categories only.

Notes to Accounts

2.4.3 Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

	12 months ended 31.03.2017	12 months ended 31.03.2016
(i) No. of accounts	Nil	12
(ii) Aggregate value (net of provisions) of accounts sold to SC/ RC (₹in Crore)	Nil	142.11
(iii) Aggregate consideration (₹in Crore)	Nil	89.00
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain/(loss) over net book value (₹in Crore)	Nil	(53.11)

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	31.03.2017	31.03.2016
Provisions held towards Standard Assets	34.64	41.82

2.5 Business Ratio

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

Particulars	12 Months ended 31.03.2017	12 Months ended 31.03.2016
(i) Interest Income as a percentage to Working Funds	8.13	9.13
(ii) Non-interest income as a percentage to Working Funds	1.71	0.64
(iii) Operating Profit as a percentage to Working Funds	0.92	(0.02)
(iv) Return on Assets (%)	0.01	(0.92)
(v) Business (Deposits plus advances) per employee	₹ 859.28 Lac	₹ 775.35 Lac
(vi) Profit /(Loss) per employee	₹ 0.06 Lac	₹ (5.23) Lac

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 31.03.2017	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	85.46	151.41	183.58	178.64	294.08	271.07	830.19	724.19	4407.30	701.59	7084.06	14911.56
Advances	12.95	83.46	112.92	313.97	359.49	403.57	845.79	1269.53	3512.12	574.40	630.73	8118.93
Investments	0.00	73.15	96.40	318.54	54.60	933.69	666.52	141.21	529.40	127.75	2820.26	5761.52
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	30.85	125.87	4.22	13.64	9.17	19.52	61.67	26.56	38.13	0.00	0.00	329.63
Foreign Currency liabilities	22.36	26.02	0.15	19.28	5.34	23.33	66.11	68.95	85.36	12.92	0.00	329.82

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	31.03.2017	31.03.2016
a) Direct exposure		
(i) Residential Mortgages		
a) Priority sector	229.97	252.55
b) Non priority sector	185.07	170.57
(Of which staff housing loans)	(70.77)	(71.26)
c) Total	415.04	423.12
(ii) Commercial Real Estate	419.17	556.75
(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)	30.00	Nil
Total Exposure to Real Estate Sector	864.21	979.87

2.7.2 Exposure to Capital Market

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

(₹ in Crore)

Sl No	Items	31.03.2017	31.03.2016
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	0.05	0.13
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	0.08	0.09
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	0.13	0.22

Notes to Accounts

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 31.03.2017	Provision held as at 31.03.2017	Exposure (Net) as at 31.03.2016	Provision held as at 31.03.2016
Insignificant	27.93	Nil	32.41	Nil
Low	11.19	Nil	4.34	Nil
Moderately Low	0.27	Nil	Nil	Nil
Moderate	Nil	Nil	Nil	Nil
Moderately High	Nil	Nil	Nil	Nil
High	Nil	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
Total	39.39	Nil	36.75	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 31.03.2017			Exposure as on 31.03.2016		
	Advance Exposure	Investment Exposure	Total Exposure	Advance Exposure	Investment Exposure	Total Exposure
Phoenix Trust	Nil	140.74	140.74	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	31.03.2017	31.03.2016
Provision for Income Tax(including Deferred Tax)	(10.47)	(78.55)

2.8.1 Disclosure of Penalties imposed by RBI -

The RBI had imposed a penalty of ₹ 1,000/- during the Financial Year 2016-17 on account of counterfeit note detected in the remittance of soiled notes at RBI by Singanellur Currency Chest.

3. Disclosures as per Accounting Standards where RBI has issued Guidelines in respect of items for 'Notes to Accounts'

3.1 Accounting Standard 5 – Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies

There are no material prior period income/ expenditure requiring disclosure

3.2 Accounting Standard 9 – Revenue Recognition

Income of certain items are recognized on cash basis the effect of which on the financial statements are not considered to be material.

3.3 Accounting Standard 15 (Revised) –Employee Benefits

3.3.1 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 ₹ 4.98 Crore(Previous Year- ₹ 5.54Crore). There is no deficit in the Income & Expenditure of the provident fund.

3.3.2 Disclosures for Defined Benefit Plans – Pension, Gratuity & Long term Compensated Absences (Privilege Leave)

3.3.2.1 Amount recognised 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)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Present Value of Obligations – Closing	315.52	320.48	80.27	85.70	34.75	33.37
Fair Value of Plan Assets - Closing	286.94	287.55	81.14	71.06	N.A	N.A.
Funded Status	28.58	32.93	(0.87)	14.64	34.75	33.37
Net Liability (Asset) recognised in Balance Sheet (included in Item No IV- Others of Schedule 5 – Other Liabilities & Provisions)	28.58	32.93	(0.87)	14.64	34.75	33.37

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

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Current Service Cost	59.44	62.64	3.44	4.33	10.70	7.57
Past Service Cost	N.A	N.A.	N.A.	N.A.	N.A.	N.A.
Interest Cost	20.03	20.22	5.68	5.56	1.87	3.16
Expected Return on Plan Assets	(21.57)	(23.35)	(5.32)	(6.85)	N.A.	N.A.
Net Actuarial Loss/(Gain) recognised in the year	3.18	17.82	0.33	16.04	5.62	(8.39)
Total, (included in Item I. “Payment to and provisions for employees” of Schedule 16 – Operating Expenses)	61.08	77.33	4.13	19.08	18.19	2.34

3.3.2.2 Changes in Fair Value of Plan Assets

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Fair Value of Plan Assets at the beginning of the year	287.55	291.84	71.06	85.66	N.A.	N.A.
Expected Return on Plan Assets	21.57	23.35	5.32	6.85	N.A.	N.A.
Contributions	65.43	73.83	19.64	Nil	16.81	17.06
Benefits Paid	106.71	103.68	19.86	21.34	16.81	17.06
Actuarial (Loss)/Gain	19.10	2.21	4.98	(0.11)	N.A.	N.A.
Fair Value of Plan Assets at the end of the year	286.94	287.55	81.14	71.06	N.A.	N.A.

Notes to Accounts

3.3.2.3 Changes in Present Value of Obligations

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Present Value of Obligations at the beginning of the year	320.48	304.66	85.70	80.22	33.37	48.09
Interest Cost	20.03	20.22	5.68	5.56	1.87	3.16
Current Service Cost	59.44	62.64	3.44	4.33	10.70	7.57
Past Service Cost	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Benefits Paid	106.71	103.68	19.86	21.34	16.81	17.06
Actuarial Loss/(Gain)	22.28	36.64	5.31	16.93	5.62	(8.39)
Present Value of Obligations at the end of the year	315.52	320.48	80.27	85.70	34.75	33.37

3.3.2.4 Movement in Net Liability Recognised in Balance Sheet

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Net Liability at the beginning of the period	32.93	21.82	14.64	(4.44)	33.37	48.09
Add Expenses Charged to Profit & Loss Account	61.08	77.33	4.13	19.08	18.19	2.34
Less Contributions	65.43	66.22	19.64	Nil	16.81	17.06
Net Liability (Asset) at the end of the period	28.58	32.93	(0.87)	14.64	34.75	33.37

3.3.2.5 Actual Return on Plan Assets

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Expected Return on Plan Assets	21.57	23.35	5.32	6.85	N.A.	N.A.
Actuarial Gain (Loss)	19.10	2.21	4.98	(0.11)	N.A.	N.A.
Actual Return on Plan Assets	40.67	25.56	10.30	6.74	N.A.	N.A.

3.3.2.6 Actuarial Assumptions

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Discount Rate (p.a.)	7.50%	8.00%	7.50%	8.00%	7.50%	8.00%
Expected Return on Plan Assets (p.a.)	7.50%	8.00%	7.50%	8.00%	N.A.	N.A.
Future Salary Increases (p.a.)	5.00%	5.00%	5.00%	5.00%	5.00%	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).	

3.3.2.7 Investment Percentage maintained by Pension & Gratuity Trust

	Pension		Gratuity	
	As on 31.03.2017	As on 31.03.2016	As on 31.03.2017	As on 31.03.2016
Life Insurance Companies	86.75%	85.23%	57.86%	49.53%
Central Govt. Securities	3.85%	3.76%	19.99%	23.07%
State Govt. Securities	5.80%	5.74%	10.05%	11.48%
Other Trust Securities (PSU)/Deposits with Banks etc.	3.60%	5.27%	12.10%	15.92%
Total	100.00%	100.00%	100.00%	100.00%

3.3.2.8 Experience Adjustments**(i) Pension** (₹ in Crore)

	March 31				
	2017	2016	2015	2014	2013
Defined Benefit Obligations	315.52	320.48	304.66	280.23	249.1
Plan Assets	286.94	287.55	291.84	261.22	170.01
Surplus/(Deficit)	(28.58)	(32.93)	(21.82)	(20.06)	(63.20)
Experience adjustments on Plan Liabilities	(22.11)	(44.83)	(12.11)	(31.30)	(12.19)
Experience Adjustments on Plan Assets	20.53	6.29	6.34	2.16	4.87

(ii) Gratuity (₹ in Crore)

	March 31				
	2017	2016	2015	2014	2013
Defined Benefit Obligations	80.27	85.70	80.22	81.93	81.30
Plan Assets	81.14	71.06	85.66	76.82	65.57
Surplus/(Deficit)	0.87	(14.64)	4.44	(1.96)	(7.43)
Experience adjustments on Plan Liabilities	(4.96)	(18.77)	(0.86)	(7.99)	(4.41)
Experience Adjustments on Plan Assets	5.34	0.53	2.29	(0.83)	1.65

3.3.2.9 Expected Contributions

Bank's best estimates of contributions to the funds in FY 2016-17 are as follows:

Pension : ₹ 70 Crore

Gratuity : ₹ 10 Crore

3.3.3 Other Long term Employee Benefits

- As on 31.03.2017, the Bank holds provision of ₹ 4.31 Crores (Previous Year - ₹ 3.96 Crore) towards provision for Sick Leave and Leave Fare Concession based on actuarial valuation.

Notes to Accounts

3.4 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	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Revenue	633.17	418.33	307.64	323.68	657.16	826.84	19.53	18.72	1617.50	1587.57
Result	(1.02)	(161.88)	(39.40)	(0.34)	187.16	158.66	4.97	(0.19)	151.71	(3.75)
Unallocated expenses									Nil	Nil
Operating profit									151.71	(3.75)
Provisions other than tax									160.63	224.52
Provision for Tax									(10.47)	(78.55)
Extraordinary profit/ loss									Nil	Nil
Net profit/ (Loss)									1.55	(149.72)
OTHER INFORMATION										
Segment assets	6274.05	7383.26	2355.2	2841.15	6677.47	4616.74	8.04	10.31	15314.76	14851.46
Unallocated assets									908.47	800.48
Total assets									16223.23	15651.94
Segment liabilities	72.52	120.67	2541.96	3884.04	13401.49	11435.13	13.05	15.99	16029.02	15455.83
Unallocated liabilities									194.21	196.11
Total liabilities									16223.23	15651.94

Part B: Geographic segments

The Bank has no branches outside India.

3.5 Accounting Standard 18 – Related Party disclosures

Name of the Party	Nature of Relationship
Mr. Anand Krishnamurthy (Managing Director & CEO)	Key Management Personnel (Resigned from the post of Managing Director & CEO of the Bank on 20.09.2016)
Mr. C. VR. Rajendran (Managing Director & CEO)	Key Management Personnel (Appointed as Managing Director & CEO of the Bank w.e.f. 09.12.2016)

Note: 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

3.6 Accounting Standard 21 - Consolidated Financial Statements (CFS)

Not Applicable

3.7 Accounting Standard 22 – Accounting for Taxes on Income

Net Deferred Tax Asset as on 31.03.2017, computed in compliance with the Accounting Standard 22 on Accounting for Taxes on Income, amounts to ₹ 128.38 Crore, which is included in Item No.5 “Others” of Schedule 11-Other Assets.

Components of Net Deferred Tax Asset as on 31.03.2017 are as follows: (₹ in Crore)

	31.03.2017	31.03.2016
Deferred Tax Asset		
Provision for Employee Benefits	13.52	11.79
Provision for Standard Assets	11.99	14.47
Carry Forward Loss	112.14	109.80
Others	3.43	2.83
Total Deferred Tax Asset	141.08	138.89
Deferred Tax Liability		
Depreciation on Fixed Assets	4.48	4.73
Interest accrued but not due	--	--
Special Reserve u/s 36 (1)(viii)	8.22	8.22
Total Deferred Tax Liability	12.70	12.95
Net Deferred Tax Asset	128.38	125.94

3.8 Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements

Not Applicable

3.9 Accounting Standard 24 - Discontinuing Operations - Not Applicable**3.10 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 – Accounting for Fixed Assets**

Disclosure related to revaluation of land and building owned by the Bank.

- the effective date of the revaluation - 31.03.2016
- 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.
- the methods and significant assumptions applied in estimating fair values of the items;

Asset	Details	Valuer 1	Valuer 2
Building	Method	Plinth area rates of CPWD	Plinth area method applicable to the type of structure, specification, services, amenities
	Depreciation	Based on the present condition and age of building.	Based on the age, condition and maintenance of the building
	Valuation	Plinth area rates of previous valuation taken as base rate	Composite market rate
Land	Method	Based on local enquiries, transactions in recent, past and valuers best of judgement	Based on location, level/shape/extent of the land, infrastructure /civic amenities availability, width of the abutting road, water potentialy, etc.
	Valuation	Present market value	Prevailing market rate based on the above

- the extent to which fair values of the items were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques - Fair value as explained in item (c) above

Notes to Accounts

e) the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders.

Revaluation surplus as on 31.03.2017 – ₹ 163.96 Crores

Change for the period – ₹ 1.82 Crores (transferred from Revaluation Reserve to General Reserves)

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	2016-17	2015-16
EPS-Basic /Diluted	₹ 0.21	₹ (23.98)
Amount used as numerator- Profit / (Loss)after Tax (₹ in crore)	1.56	(149.72)
Nominal value per Equity Share	₹ 10	₹ 10
Weighted Average Number of Equity Shares used as denominator	7,57,13,866	6,24,26,232

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:

	31.03.2017	31.03.2016
a) Acquired Application Software		
Opening Balance at cost	13.70	10.82
Add Additions during the year	3.29	2.88
Less Disposals during the year	Nil	Nil
Less Amortisation to date	9.73	7.76
Net Carrying Amount	7.26	5.94
b) Internally Generated Software		
Opening Balance at cost	11.75	10.72
Add Additions during the year	0.95	1.03
Less Disposals during the year	Nil	Nil
Less Amortisation to date	10.17	9.36
Net Carrying Amount	2.53	2.39
Total Carrying Amount	9.79	8.33

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 31.03.2017 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 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)

		31.03.2017	31.03.2016
a	Provisions towards NPA/write offs	182.79	217.89
b	Drawal from Counter Cyclical Provisioning Buffer	--	--
c	Depreciation and write off of investments	(16.76)	14.84
d	Provision for Income tax (Including Deferred Tax)	(10.46)	(78.55)
e	Provision for Standard Assets	(7.19)	(7.76)
f	Provision for diminution on Restructured Advances	(1.32)	(1.46)
g	Other provisions	3.10	1.02
	Total	150.16	145.98

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)

	31.03.2017	31.03.2016
a) No. of complaints pending at the beginning of the year	22	22
b) No. of complaints received during the year	392	253
c) No. of complaints redressed during the year	385	253
d) No. of complaints pending at the end of the year	29	22

B. ATM Complaints

	31.03.2017	31.03.2016
a) No. of ATMs complaints pending at the beginning of the year	Nil	Nil
b) No. of ATMs complaints received during the year	4391	1599
c) No. of ATMs complaints redressed during the year	4391	1599
d) No. of ATMs complaints pending at the end of the year	Nil	Nil

Notes to Accounts

C. Awards passed by the Banking Ombudsman

	31.03.2017	31.03.2016
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 31.03.2017	As on 31.03.2016
Provisioning Coverage Ratio	53.13%	48.63%

5.7 Income from Bancassurance

(₹ in Crore)

Sl.No.	Nature of Income	12 months ended 31.03.2017	12 months ended 31.03.2016
1.	From Selling Life Insurance Policies	4.82	3.72
2.	From Selling Non Life Insurance Policies	0.28	0.23
3.	From Selling Mutual Fund Products	0.00	0.00
4.	Others	Nil	Nil
5.	Total	5.10	3.95

5.8 Concentration of Deposits, Advances, Exposures and NPAs

5.8.1 Concentration of Deposits

	As on 31.03.2017	As on 31.03.2016
Total Deposits of twenty largest depositors (₹ in Crore)	1052.30	1264.10
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	7.06%	8.76%

5.8.2 Concentration of Advances

	As on 31.03.2017	As on 31.03.2016
Total Advances of twenty largest borrowers (₹ in Crore)	1004.18	990.33
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	10.71%	10.33%

5.8.3 Concentration of Exposures

	As on 31.03.2017	As on 31.03.2016
Total Exposures to twenty largest borrowers/customers (₹ in Crore)	1183.56	1190.28
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/customers	11.39%	11.69%

5.8.4 Concentration of NPAs

(₹ in Crore)

	As on 31.03.2017	As on 31.03.2016
Total Exposures to top four NPA Accounts (₹ in Crore)	105.19	95.49

5.9 Sector-wise advances

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

Sector		As on 31.03.2017		
		Outstanding Total Advances ₹ in Crore	Gross NPAs ₹ in Crore	Percentage of Gross NPAs to Total Advances in that sector
A	Priority Sector			
1	Agriculture and allied activities	1317.76	61.98	4.70
2	Advances to industries sector eligible as priority sector lending	1023.24	74.80	7.31
3	Services	1118.22	117.85	10.54
4	Personal loans	325.29	29.29	9.00
	Sub-total (A)	3784.51	283.92	7.50
B	Non Priority Sector			
1	Agriculture and allied activities			
2	Industry	1089.14	103.47	9.50
3	Services	1386.29	141.81	10.23
4	Personal loans	2011.65	70.90	3.52
	Sub-total (B)	4487.08	316.18	7.05
	Total (A+B)	8271.59	600.10	7.25

5.10 Movement of NPA

(₹ in Crore)

Particulars	2016-17	2015-16
Opening Balance of Gross NPA	446.91	474.81
Additions (Fresh NPAs) during the year	395.67	403.09
Sub-total (A)	842.58	877.90
Less:-		
(i) Upgradations	55.05	89.84
(ii) Recoveries (excluding recoveries made from upgraded accounts)	48.13	198.81
(iii) Technical/ Prudential Write-offs	135.79	128.49
(iv) Write-offs other than those under (iii) above	3.51	13.85
Sub-total (B)	242.48	430.99
Closing balance of Gross NPA (A – B)	600.10	446.91

5.11 Movement of technical write offs and recoveries

(₹ in Crore)

Particulars	2016-17	2015-16
Opening balance of technical/prudential written off accounts	225.03	156.52
Add: Technical/Prudential write-offs during the year	135.79	128.49
Sub-total(A)	360.82	285.01
Less-Recoveries/ write off made from previously technical/Prudential written off accounts during the year (including sale to ARCs)(B)	5.91	59.98
Closing balance (A-B)	354.91	225.03

5.12 Overseas Assets, NPAs and Revenue

(₹ in Crore)

Particulars	31.03.2017	31.03.2016
Total Assets	19.12	38.21
Total NPAs	Nil	Nil
Total Revenues	0.32	0.21

Notes to Accounts

5.13 Off-balance Sheet SPVs sponsored

(which are required to be consolidated as per accounting norms) Nil

5.14 Disclosure on Remuneration

Qualitative disclosures	<p>(a) Information relating to the composition and mandate of the Remuneration Committee.</p> <p><u>Composition</u> The Nomination & Remuneration Committee of the Board comprises of independent directors.</p> <p><u>Function and mandate</u> The Nomination & Remuneration Committee of the Board inter alia, oversee the framing, review and implementation of compensation policy of the Bank including ESOS of the Bank on behalf of the Board.</p> <p><u>The Committee should ensure that :-</u></p> <ul style="list-style-type: none"> • the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio; • the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Bank successfully; • relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and • remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
	<p>(b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.</p> <p><u>Process</u> The Nomination & Remuneration Committee works in close co-ordination with the Risk Management Committee of the Board to review the compensation practices every year in order to achieve effective alignment between remuneration and risks. The Nomination & Remuneration Committee will study the business and industry environment, analyze and categorize the risks and streamline the components of the compensation plan like proportion of the total variable compensation to be paid to MD & CEO, WTD's and Senior executives to ensure financial stability of the organization.</p> <p><u>Authority to invoke clawback arrangement</u> The Nomination & Remuneration Committee of the Board also have the authority to ascertain whether the decision taken by the MD& CEO, WTD, Senior executives/ officers (Non IBA Package) have brought forth a negative contribution to the Bank. The Committee has vested with the powers to invoke the clawback arrangement, after taking into account relevant statutory and regulatory stipulations as applicable.</p> <p>Objectives The objectives of the remuneration policy are four fold:</p> <ul style="list-style-type: none"> • To align compensation with prudent risk taken. • To ensure effective governance of the compensation in the organization. • To ensure effective supervisory oversight and stakeholder engagement in compensation. • To attract and retain talent. <p>Key features</p> <ul style="list-style-type: none"> • To actively oversee the compensation systems design and operation. • To monitor and review the compensation system to ensure that the system operates as intended. • Staff engaged in financial and risk control must be independent, have appropriate authority, and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the firm. • Supervisory review of compensation practices must be rigorous and sustained and deficiencies must be addressed promptly with supervisory action. • Firms must disclose clear comprehensive and timely information about their compensation practices to facilitate constructive engagement by all stakeholders.

	<p>(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.</p> <p>For the purpose of effectively aligning compensation structure with risk outcomes, the functionaries in the institution are arranged under the following five categories.</p> <ol style="list-style-type: none"> 1) Managing Director & CEO/Whole time directors 2) Senior Executives (Risk control and compliance staff) -Non IBA Package 3) Senior Executives (Chief General Manager) -Non IBA Package 4) Senior / Other Officers - Non IBA Package 5) Other officers and staff -on IBA package <p><u>Clawback Arrangement/Compensation Recovery</u></p> <p>A clawback arrangement or a compensation recovery is provided in the policy[MD & CEO,WTD's and Senior executives/ officers (Non IBA Package)] which will entail the Bank to recover proportionate amount of variable compensation paid to the functionaries on account of an act or decision taken by the official which has brought forth a negative contribution to the Bank at a prospective stage. The clawback arrangement is subject to the relevant statutory and regulatory stipulations as applicable.</p> <p><u>Limit on variable pay</u></p> <p>The variable compensation offered to an official would not exceed 70% of the total fixed compensation in a year.</p> <p><u>Severance pay and guaranteed bonus</u></p> <p>Severance pay (other than gratuity or terminal entitlements or as entitled by statute) is not paid to any official of the organization except in those cases where it is mandatory by statute.</p> <p>Sign on bonus or joining bonus is limited to the first year and is paid only as Employee stock options.</p> <p><u>Hedging</u></p> <p>No compensation scheme or insurance facility would be provided by the Bank to employees to hedge their compensation structure to offset the risk alignment mechanism (deferral pay and clawback arrangements) embedded in their compensation arrangement.</p> <p><u>Committees to mitigate risks caused by an individual decision</u></p> <p>In order to further balance the impact of market or credit risks caused to the organization by an individual decision taken by a senior level executive, MD & CEO or a whole time director, the Bank, as a promoted practice, has constituted various committees to take decisions on various aspects.</p> <p>Credit limits are sanctioned by committee at different levels.</p> <p>Investment decisions of the Bank are taken and monitored by Investment Committee and there is an upper limit cut in treasury dealings where individual decisions can be taken.</p> <p>Interest rates on Asset and liability products for different buckets are decided and monitored by the ALCO. Banks' exposure to liquidity risk are also monitored by ALCO.</p> <p><u>Compensation of risk control staff</u></p> <p>Members of staff engaged in financial and risk control would be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank. The mix of fixed and variable compensation for control function personnel should be weighted in favour of fixed compensation.</p> <p>(d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.</p> <p><u>Compensation of MD & CEO, whole time directors and senior executives (Non IBA), performance linkage</u></p> <p>The compensation paid out to the referred functionaries is divided into three components</p> <ol style="list-style-type: none"> 1. The fixed compensation is determined based on the industry standards, the exposure, skill sets, talent and qualification attained by the official over his/her career span. 2. The variable compensation for MD & CEO and senior executives on Non – IBA package basis are fixed based on performance and responsibility in the Bank. The Bank's performance is based on the various financial indicators like revenue earned, cost deployed, profit earned, NPA position and other intangible factors like leadership and employee development. Variable pay is paid purely based on performance. 3. Employees Stock options as per the CSB Employees Stock Option Scheme 2013 (CSBESOS-2013) as approved by the Board. <p>Approval from RBI is to be obtained to decide compensation for MD & CEO/ whole time directors. The payment of compensation also requires approval of the shareholders of the Bank in the General Meeting pursuant to the Bank's Articles of Association read with the Section 197 of the Companies Act, 2013.</p>
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Notes to Accounts

	<p><u>Compensation paid to Other Officers and staff members on IBA package</u></p> <p>The compensation paid to other officials that include Award staff, Officers coming under Scale I to III and Senior executives coming under Scale IV to VII is fixed based on the periodic industry level settlements with Indian Bank Association. The variable compensation paid to functionaries is based on the Performance/Target Linked incentive scheme which has been formulated on the basis of performance parameters. The ESOP scheme may be extended to the employees referred herein and form part of the overall performance management program at the discretion of the Board. However, the grant of stock option is as per CSB Employees Stock Option Scheme.</p>		
	<p>(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.</p> <p><u>Deferred compensation and Performance Linkage (Non-IBA)</u></p> <p>In case of deferral arrangements of variable pay to MD & CEO, WTD's, Senior/other executives (Non IBA Package), the deferral period should not be less than three years. Compensation payable under deferral arrangements should vest no faster than on a pro rata basis.</p> <p><u>Clawback and deferral arrangements</u></p> <p>The provisions of clawback and deferral arrangements applicable to the referred functionaries (all Non IBA Package) are subject to relevant statutory and regulatory stipulations as applicable.</p>		
	<p>(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.</p> <p>Bank uses an optimum mix of cash, ESOPs and variable pay to decide the compensation to MD & CEO /WTD and senior executives on Non – IBA package. This is done to align the compensation of senior staff with their performance, risk and responsibility taken in higher assignments.</p> <p>The Officers in Scale I-VII as well as Award staff come under the purview of IBA package that is as per the Industry wide settlements. The variable compensation paid to functionaries is based on the Target/ Performance Linked incentive scheme which has been formulated on the basis of performance parameters as may be prescribed from time to time. The ESOP scheme may be extended to the employees referred herein and form part of the overall performance management program at the discretion of the Board. However, the grant of stock option is as per CSB Employees Stock Option Scheme</p>		
Quantitative disclosures		Current Year (FY 2016-17)	Previous Year (FY 2015-16)
(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.	9 ₹ 4,60,000	6 ₹ 2,40,000
	(h) (i) Number of employees having received a variable remuneration award during the year.	0	0
	(ii) Number and total amount of sign-on awards made during the year.	Nil	Nil
	(iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus	Nil	Nil
	(iv) Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil
	(i) (i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Nil	Nil
	(ii) Total amount of deferred remuneration paid out in the year.	Nil	Nil
	(j) Breakdown of amount of remuneration awards for the year to show fixed and variable, deferred and non-deferred (on payment basis).	₹ 52,05,161 @ (Fixed)* Nil (Variable) Nil (Deferred)	₹ 51,01,935 # (Fixed)* Nil (Variable) Nil (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

For the period from 04.07.2015 to 31.03.2016

@ Includes Remuneration Paid to Shri. AnandKrishnamurthy 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

* Fixed remuneration includes salary, consolidated benefit allowance, residential accommodation, Leave travel concession and Bank's contributions towards Provident fund.

\$ Bank has not paid variable pay during the reporting period.

@ 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.

The Bank has also subject to the approval of Reserve Bank of India agreed to grant additional stock option 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. 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	31.03.2017	31.03.2016
Opening balance of amounts transferred to DEAF	16.96	15.49
Add : Amounts transferred to DEAF during the year	12.55	1.62
Less : Amounts reimbursed by DEAF towards claims	0.28	0.15
Closing balance of amounts transferred to DEAF	29.23	16.96

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 ₹ 0.87 Crore (Previous Year - ₹ 0.84Crore) towards Unhedged Foreign Currency Exposures.

(B) Capital Held

In terms of the aforementioned circulars, an additional capital of - ₹ 2.21Crore (Previous Year - ₹ 2.17Crore) 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)		3292.49
Cash Outflows		
2 Retail deposits and deposits from small business customers, of which:	11618.85	1152.92
(i) Stable deposits	179.32	8.97
(ii) Less stable deposits	11439.54	1143.95
3 Unsecured wholesale funding, of which:	1684.73	325.95
(i) Operational deposits (all counterparties)	0.00	0.00
(ii) Non-operational deposits (all counterparties)	1684.73	325.95
(iii) Unsecured debt	0.00	0.00
4 Secured wholesale funding	0.00	0.00
5 Additional requirements, of which	833.72	78.64
(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	833.72	78.64
6 Other contractual funding obligations	0.00	0.00

Notes to Accounts

	Total Unweighted Value (average)	Total Weighted Value (average)
7 Other contingent funding obligations	284.02	8.52
8 TOTAL CASH OUTFLOWS		1566.04
Cash Inflows		
9 Secured Lending (e.g. reverse repos)	637.73	0.00
10 Inflows from fully performing exposures	521.06	268.93
11 Other cash inflows	0.00	0.00
12 TOTAL CASH INFLOWS	1158.79	268.93
13 TOTAL HQLA		3292.49
14 TOTAL NET CASH OUTFLOWS		1297.10
15 LIQUIDITY COVERAGE RATIO (%)		253.83%

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 11% 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 7.06% of total deposits as on 31st March 2017.

(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 Remuneration & Compensation 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 Remuneration & Compensation 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 31.03.2017 has been as follows:

Outstanding at the beginning of the year	820000
Granted during the year	Nil
Forfeited during the year	490000
Exercised during the year	Nil
Outstanding at the end of the year	330000
Options exercisable at the end of the year	110032

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 ₹ 0.95crore 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 31.03.2017
Net Profit (Loss) as reported (₹ in Cr)	1.56
Proforma Net Profit (Loss) based on fair value approach (₹ in Cr)	0.61
Basic/Diluted EPS as reported (₹)	0.21
Basic/Diluted EPS (Proforma) (₹)	0.08

Notes to Accounts

8. Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

9. Provision for Long Term Contracts

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any Law/Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

10. Disclosure for frauds

(Amount in Crores)

No. of frauds reported during FY 2016-17	50
Amount involved in such frauds	20.51
Balance outstanding as on 31.03.2017	19.47
Quantum of provision made by debiting P&L (including provision made during the previous year – ₹1.39Crore)	13.00
Unamortised provision debited from General Reserve	6.47

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	565.00
Net PSLCs outstanding as on 31.03.2017	(565.00)

12. Comparative Figures

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

Sd/
T S Anantharaman, Chairman
(DIN : 00480136)

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

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

Sd/
Bobby Jos. C., Chairman-Audit Committee
(DIN : 03270042)

Sd/
Sijo Varghese
Company Secretary

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

Sd/
Alok Kochhar, Director
(DIN : 07336899)

Sd/
P.V.Antony
Chief Financial Officer

Sd/
Ashish Ahluwalia, Director
(DIN : 03514036)

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

Sd/
Radha Unni, Director
(DIN : 03242769)

Place: Kochi
Date : April 24, 2017

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 31.03.2017	As on 31.03.2016
Tier 1 Capital		
Paid up Share capital	810.14	717.60
Share Premium	6,475.08	5,452.82
Statutory Reserves	1,467.56	1,463.67
Capital Reserves	717.31	705.65
Special Reserve (36 (i) (viii))	237.62	237.62
Other eligible reserves	836.97	883.46
Revaluation Reserves after discounting	737.81	746.01
Total Tier 1 Capital (Gross)	11,282.49	10,206.83
Add: Credit balance in Profit and Loss account	(2,190.70)	(2,190.70)
Less Deferred Tax Assets and Other Intangible Assets	1124.27	1,096.25
Less unamortised pension gratuity	-	-
Total Tier 1 Capital (Net) [A]	7,967.52	6,919.88
Tier 2 Capital		
Subordinated debt (eligible for inclusion in Lower Tier 2 capital) (Of which amount raised during the current year)	83.60	418.00
Less Discount	-	250.80
Subordinated debt eligible to be reckoned as capital funds	83.60	167.20
Revaluation Reserves after discounting		
Provision for Standard Assets	346.37	418.23
Investment Reserve		
Less reciprocal cross holding	10.00	20.00
Total Tier 2 Capital (Net) [B]	419.97	565.43
Total Eligible capital [A] + [B]	8,387.49	7,485.31

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 standardised 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 – Standardised Approach

(₹ in million)

Portfolios	Gross Exposure	Gross Exposure	Capital Requirement	Capital Requirement
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
On Balance Sheet				
Cash & Balance with RBI	7,563.86	6,764.35	0.00	0.00
Inter Bank Deposits	767.64	498.58	18.98	19.29
Investments (HTM)	33,732.16	32,487.88	55.76	8.28
Advances	78,696.58	78,526.46	4,135.37	4,360.24
Fixed Assets & Other Assets	11,316.36	10,863.14	431.43	396.54
Total	132,076.61	129,140.41	4,641.54	4,784.34
Off Balance Sheet				
Letter of Credit & Guarantees	3,127.47	3,218.85	75.96	64.95
Undrawn Credit Commitments	8,246.31	9,888.16	141.03	154.92
Forward Exchange Contracts	3,654.83	4,227.34	3.05	4.54
Total	15,028.61	17,334.55	220.04	224.41
Total On & Off Balance Sheet	147,105.21	146,474.76	4,861.57	5,008.75

b) Capital Requirement for Market Risk – Standardised Duration Approach

(₹ in million)

Type of Market Risk	Gross Exposure	Gross Exposure	Capital Requirement	Capital Requirement
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Interest Rate Risk	30,600.63	27407.55	543.95	534.69
Foreign Exchange Risk	138.65	138.65	12.48	12.48
Equity Risk	25.55	26.24	6.90	7.09
Total	30,764.84	27572.44	563.33	554.26

c) Capital Requirement for Operational Risk – Basic Indicator Approach

(₹ in million)

Particulars	As on 31.03.2017
Capital Requirement	638.44
Equivalent Risk Weighted Assets	7980.46

d) Total Capital Requirement (As on 31.03.2017)

(₹ in million)

Type of Risk	Capital Requirement	Capital Requirement	Risk Weighted Assets	Risk Weighted Assets
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Credit Risk	4,861.57	5008.75	54,017.48	55652.80
Market Risk	563.33	554.26	7,041.64	6928.18
Operational Risk	638.44	667.93	7,980.46	8349.17
Total	6,063.34	6230.94	69,039.59	70930.15
Total Net Tier 1 Capital			7,967.52	6919.88
Tier 1 Capital Ratio			11.54%	9.76%
Tier 2 Capital Ratio			0.61%	0.80%
Total CRAR			12.15%	10.55%

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 authorised 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 borrowal 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. SME Exposure Limits above ₹ 3 crore and Non SME Exposure Limits above ₹ 2 crore are subject to Facility Rating in addition to borrower rating.

Operations in all credit exposures above ₹ 200 lakhs 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
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Fund Based	78,696.58	78,526.46	33,732.16	32,487.88
Non Fund Based	3,127.47	3,218.85	0.00	0.00
Total	81,824.05	81,745.31	33,732.16	32,487.88

b) Industry type distribution – Banking Book

(₹ in million)

	Advances, Letter of Credit & Guarantees		Investments	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Central Government			27,767.49	29,282.91
State Governments			5,664.53	2,904.68
Public Sector	408.83	849.65	300.14	300.29
Manufacturing Industries	-	-		
a) Cotton Textiles	5,768.07	5,114.05		
b) Other Textiles	1,235.12	1,140.78		
c) Chemicals	1,551.60	1,472.98		
d) All Engineering	781.98	664.87		
e) Food Processing	2,653.88	-		
f) Other Industries	4,666.40	12,445.29		
Agriculture	12,170.35	12,547.36		
Residential Mortgage	3,347.28	4,231.20		
Commercial Real Estate	3,171.02	5,582.17		
Consumer Credit	14,139.97	11,663.65		
Students	1,625.71	1,907.80		
Wholesale & Retail Trade	10,459.58	14,857.31		
Banks	-	-		
RIDF, RHF, MSME Fund	-	-		-
NBFCs	1,031.97	307.67		
Own Staff	1,801.13	1,901.17		
All Others	17,011.16	7,059.35		
Total	81,824.05	81,745.31	33,732.16	32,487.88

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	1497.20	3800.20	129.50	0.00	0.00
2-7 days	0.00	244.60	834.60	731.50	0.00
8-14 days	0.00	0.00	1129.20	964.00	0.00
15-30 days	266.10	0.00	3139.70	3185.40	0.00
31days-<2M	64.20	0.00	3594.90	546.00	0.00
2M<3M	85.70	500.00	4035.70	9336.90	0.00
3M-<6M	313.30	0.00	8457.90	6665.20	565.80
6M-<1Y	325.60	0.00	12695.30	1412.10	589.30
1-<3Y	1791.60	0.70	35121.20	5294.00	753.30
3-<5 Y	316.10	0.00	5744.00	1277.50	1344.20
> 5 Yr	2904.10	2.10	6307.30	28202.60	7172.00
Total	7563.90	4547.60	81,189.30	57,615.20	10,424.60

d) Disclosures regarding Non Performing Assets

(₹ in million)

	As on 31.03.2017	As on 31.03.2016
Amount of NPAs (Gross)		
Substandard	2222.59	2,209.45
Doubtful 1	1476.28	1,527.11
Doubtful 2	1871.46	327.82
Doubtful 3	357.88	328.71
Loss	72.78	76.04
Total Gross NPAs	6000.99	4,469.14
Net NPAs	4476.37	3,451.48
NPA Ratios		
Gross NPAs to Gross Advances	7.25%	5.62%
Net NPAs to Net Advances	5.51%	4.40%
Movement of provisions for NPAs		
Opening balance	981.31	1,060.22
Provisions made during the period	1891.62	1,344.55
Write-off	1357.91	1,284.95
Write back of excess provisions	28.05	138.52
Closing balance	1486.97	981.31
Write-offs that have been booked directly to the income statement	35.15	24.19
Recoveries that have been booked directly to the income statement	411.84	812.59

Major Industry breakup of NPA

(₹ in million)

Industry	31.03.2017		31.03.2016	
	Gross NPA	Specific Provision	Gross NPA	Specific Provision
NPA in top 5 Industries	1502.68	320.59	1,192.71	163.06

Basel III Pillar 3 Disclosures

Geography	31.03.2017		31.03.2016	
	Gross NPA	Specific Provision	Gross NPA	Specific Provision
Domestic	6000.99	1486.97	4,469.14	981.31
Overseas	0.00	0.00	0.00	0.00
Amount of Non-Performing Investments			18.20	8.62
Amount of provisions held for non performing investments			13.10	8.62
Movement of provisions for depreciation on investments				
Opening balance			323.80	211.30
Provisions made during the period			0	152.5
Write-off & Write back of excess provisions/diminution			167.86	40.00
Closing balance			155.94	323.80

5. Credit Risk: Disclosures for portfolios subject to standardised approach

Qualitative Disclosures

In accordance with RBI guidelines, the Bank has adopted standardised 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)

Covered by Guarantee	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)
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Advances, Letter of Credit & Guarantees						
Below 100% risk weight	43,710.09	44,809.33	0.00	0.00	43,710.09	44,809.33
100% risk weight	19,135.96	21,593.59	0.00	0.00	19,135.96	21,593.59
More than 100% risk weight	18,978.00	15,342.39	0.00	0.00	18,978.00	15,342.39
Total	81,824.05	81,745.31	0.00	0.00	81,824.05	81,745.31
Investments						
Below 100% risk weight	33,732.16	32,487.88	0.00	0.00	33,732.16	32,487.88
100% risk weight	-	-	0.00	0.00	-	-
More than 100% risk weight	-	-	0.00	0.00	-	-
Total	33,732.16	32,487.88	0.00	0.00	33,732.16	32,487.88

6. Credit Risk Mitigation: Disclosures for standardised approaches

Qualitative Disclosures

A Credit Risk Mitigation and Collateral Management Policy, addressing the Bank's approach towards the credit risk mitigants used for capital calculation is in place.

Following items are considered for on and off balance sheet netting:

- a) Deposits with specific lien to the facility
- b) Subsidies received (for priority sector advances)
- c) Claims received (for NPA accounts)

Of the eligible financial collaterals, the types of collateral taken by the Bank are gold ornaments and bank's own deposit receipts. Gold ornaments are accepted as collateral by branches after due scrutiny and are marked to market value on a daily basis. Bank has made an assessment of market liquidity risk involved in liquidating gold ornaments and is considering a holding period of 21 days for advance against pledge of gold ornaments. In Pillar 1 capital adequacy computations, bank considers a haircut of 22% (after scaling up the standard supervisory haircut of 15% to a 21 day holding period). In addition to this, bank is maintaining extra capital for its gold loan portfolio in Pillar 2 capital computations.

The types of guarantees recognized for credit risk mitigation are guarantee by central government, state government, ECGC and banks (in the form of bills purchased/discounted under Letter of credit).

Collaterals other than financial collaterals that secure the credit portfolio of the Bank are land & building, plant & machinery and current assets of the counter party. Land and Building includes commercial building, residential property and vacant land.

Quantitative Disclosures

a) Exposures Covered by Eligible Financial Collateral (After Haircuts)

(₹ in million)

	31.03.2017	31.03.2016
Corporate	248.54	1,153.69
Regulatory Retail	12,392.48	12,663.68
Personal Loans	9,475.71	7,091.16
Total	22,116.72	20,908.53

b) Exposures Covered by Guarantee

(₹ in million)

Covered by Guarantee	31.03.2017	31.03.2016
Corporate	858.69	1,225.48
Regulatory Retail	5,041.24	2,950.61
Total	5,899.93	4,176.08

7. Securitisation

No exposure of the Bank has been securitised.

8. Market Risk in the Trading Book

Qualitative Disclosures

Bank has put in place Board approved Asset Liability Management Policy, Liquidity Management Policy, 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

Basel III Pillar 3 Disclosures

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 standardised approach are government securities, other trustee securities, Non SLR bonds & debentures, Certificate of Deposits and Equity Shares

Quantitative Disclosures

Capital Requirement for Market Risk

(₹ in million)

Type of Market Risk	Gross Exposure	Gross Exposure	Capital Requirement	Capital Requirement
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Interest Rate Risk	30,600.63	27,407.55	543.95	534.69
Foreign Exchange Risk	138.65	138.65	12.48	12.48
Equity Risk	25.55	26.24	6.90	7.09
Total	30,764.84	27,572.44	563.33	554.25

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 reprice within 12 months.
- Maturity of deposits considered after adjusting empirically observed premature closure rates.

- c) Core portion of Savings Bank Deposits slotted in 7 to 10 year time bucket.
- d) Core portion of Current Deposits slotted in 10 to 15 years time bucket for Modified Duration Gap Analysis (For Earnings at Risk Analysis, Current Deposits are treated as interest non sensitive).

Quantitative Disclosures

Interest Rate Risk – Earnings Perspective

(₹ in million)

1 Year Change in Market Rates (Parallel Shift)	Impact as on 31.03.2017	Impact as on 31.03.2016
+200 basis points	-280.54	-145.77
-200 basis points	+280.54	+145.77

Interest Rate Risk – Economic Value Perspective

(₹ in million)

1 Year Change in Market Rates (Parallel Shift)	Impact as on 31.03.2017	Impact as on 31.03.2016
+200 basis points	+37.50	-406.90
-200 basis points	-37.50	+406.90

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 31.03.2017	Credit Equivalent 31.03.2017	Notional Amount 31.03.2016	Credit Equivalent 31.03.2016
Forward Exchange Contracts	3655.31	109.21	4,227.34	130.58

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	162232.36
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 recognised 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)	3782.65
7	Other adjustments	
8	Leverage ratio exposure	166015.01

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)	162232.36
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)	162232.36
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	36.11
5	Add-on amounts for PFE associated with all derivatives transactions	73.10
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)	109.21
	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	3673.44
18	(Adjustments for conversion to credit equivalent amounts)	
19	Off-balance sheet items (sum of lines 17 and 18)	3782.65
	Capital and total exposures	
20	Tier 1 capital	7967.52
21	Total exposures (sum of lines 3, 11, 16 and 19)	166015.01
	Leverage ratio	
22	Basel III leverage ratio	4.80%

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	1068.75	b1+b2+b3+b4+b6
3	Accumulated other comprehensive income (and other reserves)	737.81	
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	9091.79	
Common Equity Tier 1 Capital: regulatory adjustments			
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)		
9	Intangibles	103.88	e1-e2
10	Deferred tax assets	1020.39	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	0.00	
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	1124.27	
29	Common Equity Tier 1 capital (CET1)	7967.52	
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	0.00	
Additional Tier 1 capital:Regulatory Adjustments			
37	Investments in own Additional Tier 1 instruments	0.00	
38	Reciprocal cross-holdings in Additional Tier 1 instruments		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
41	National specific regulatory adjustments (41a+41b)		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the Bank		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
43	Total regulatory adjustments to Additional Tier 1 capital		
44	Additional Tier 1 capital (AT1)		

		Amounts Subject to Pre-Basel III Treatment	Ref No
44a	Additional Tier 1 capital reckoned for capital adequacy		
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	7967.52	
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	83.60	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	346.37	c1+c3+c4
51	Tier 2 capital before regulatory adjustments	429.97	
Tier 2 capital: Regulatory Adjustments			
52	Investments in own Tier 2 instruments		
53	Reciprocal cross-holdings in Tier 2 instruments	10.00	
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	10.00	
58	Tier 2 capital (T2)	419.97	
58a	Tier 2 capital reckoned for capital adequacy	419.97	
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	0	
58c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	419.97	
59	Total capital (TC = T1 + T2) (45 + 58c)	8387.49	
	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)	69039.59	
60a	of which: total credit risk weighted assets	54017.48	
60b	of which: total market risk weighted assets	7041.64	
60c	of which: total operational risk weighted assets	7980.46	

Basel III Pillar 3 Disclosures

		Amounts Subject to Pre-Basel III Treatment	Ref No
Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.54%	
62	Tier 1 (as a percentage of risk weighted assets)	11.54%	
63	Total capital (as a percentage of risk weighted assets)	12.15%	
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)	4.79%	
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)	0	c3+c4
77	Cap on inclusion of provisions in Tier 2 under standardised approach	862.99	
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	284.70	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0.00	

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	1020.39
	Total as indicated in row 10	1020.39
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	346.37
	Eligible Revaluation Reserves included in Tier 2 capital	
	Total of row 50	346.37
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	-	
	Reserves & Surplus	9,183.42	
	Minority Interest	-	
	Total Capital	9,993.56	
ii	Deposits	149,115.62	
	of which: Deposits from banks	89.74	
	of which: Customer deposits	149,025.89	
	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	2,705.17	
	of which: DTLs related to goodwill	-	
	of which: DTLs related to intangible assets	-	
	Total Capital & Liabilities	162,232.36	
B	Assets		
i	Cash and balances with Reserve Bank of India	7,563.86	
	Balance with banks and money at call and short notice	4,547.64	
ii	Investments	57,615.16	
	of which: Government securities	50,561.14	
	of which: Other approved securities	-	
	of which: Shares	25.55	
	of which: Debentures & Bonds	2,025.58	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	of which: Others (Commercial Papers, Mutual Funds etc.)	5,002.90	
iii	Loans & Advances	81,189.34	
	of which: Loans and advances to banks	-	
	of which: Loans and advances to customers	81,189.34	
iv	Fixed assets	2,152.61	
v	Other Assets	9,163.75	
	of which: Goodwill and intangible assets	1,124.27	
	Out of which:		
	Goodwill	-	
	Other intangibles (excluding MSRs)	1,124.27	
	of which: Deferred tax assets	1,020.39	
vi	Goodwill on consolidation	-	
vii	Debit balance in Profit & Loss account	-	
	Total Assets	162,232.36	

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	
	Reserves & Surplus	9,183.42	
	of which:		
	Share premium	6,475.08	
	Statutory Reserves	1,467.56	
	Capital Reserves	717.31	
	General Reserves	836.47	
	Special Reserve (Tax): After Tax Portion	237.62	
	Special Reserve (Tax): Tax Element (not considered as part of capital funds)	-	
	Contingency Reserves	0.50	

		Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation
		As on reporting date	As on reporting date
	Add: Credit balance in Profit and Loss account	(2,190.70)	
	Current Period profits not reckoned for capital adequacy purpose		
	Revaluation Reserve reckoned as Tier II Capital	737.81	
	Revaluation Reserve not reckoned as Tier II Capital (55% discount)	901.77	
	Investment Reserve		
	Minority Interest	-	
	Total Capital	9,993.56	
ii	Deposits	149,115.62	
	of which: Deposits from banks	89.74	
	of which: Customer deposits	149,025.89	
	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	83.60	
iv	Other liabilities & provisions	2,705.17	
	of which: Provision for Standard assets	-	
	Total Capital & Liabilities	162,232.36	
B	Assets		
i	Cash and balances with Reserve Bank of India	7,563.86	
	Balance with banks and money at call and short notice	4,547.64	
ii	Investments	57,615.16	
	of which: Government securities	50,561.14	
	of which: Other approved securities	-	
	of which: Shares	25.55	
	of which: Debentures & Bonds	2,025.58	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	of which: Others (Commercial Papers, Mutual Funds etc.)	5,002.90	
iii	Loans & Advances	81,189.34	
	of which: Loans and advances to banks	-	
	of which: Loans and advances to customers	81,189.34	
iv	Fixed assets	2,152.61	
v	Other Assets	9,163.75	
	of which: Goodwill and intangible assets	1,124.27	
	Out of which:		
	Goodwill	-	
	Other intangibles (excluding MSRs)	1,124.27	
	of which: Deferred tax assets	1,020.39	
vi	Goodwill on consolidation	-	
vii	Debit balance in Profit & Loss account	-	
	Total Assets	162,232.36	

Basel III Pillar 3 Disclosures

Main Features of Regulatory Capital Instruments

1	Issuer	THE CATHOLIC SYRIAN BANK LTD.
2	Unique identifier (eg. CUSIP, ISIN or Bloomberg identifier for private placement)	INE679A08109
3	Governing Laws(s) of the instruments	Indian Law
Regulatory treatment		
4	Transitional Basel III rules	Sub-ordinated Tier 2 Bonds
5	Post-transitional Basel III rules	Ineligible
6	Eligible at solo/group/group & solo	Solo
7	Instrument type	Tier 2 Debt Instrument
8	Amount recognized in regulatory capital (₹ In million, as of most recent reporting date)	₹ 83.60 Million
9	Par value of instrument	₹ 1 Million
10	Accounting classification	Liability
11	Original date of issuance	31.03.2012
12	Perpetual or dated	Dated
13	Original Maturity date	31.03.2019
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
Coupons / dividends		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	11.70% p.a.
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Cumulative
23	Convertible or Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	NA
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument)	All depositors and other creditors
36	Non-complaint transitioned features	NO
37	If yes, specify non-complaint features	NA

Full Terms and Conditions of Regulatory Capital Instruments

Instruments	Full Terms and Conditions
Unsecured Redeemable Non-Convertible Subordinated Bonds in the nature of Debentures	INE679A08109
	Issue Size : ₹ 418 Million
	Date of Allotment : 31.03.2012
	Date of Redemption : 31.03.2019
	Par Value : ₹ 1 Million
	Put and call option : None
	Rate of Interest and Frequency : @ 11.70 p.a. payable half yearly.

Corporate Information

Board of Directors
T.S.Anantharaman Chairman
C.VR.Rajendran Managing Director & CEO
Ashish Ahluwalia Non – Executive Director
Alok Kochhar Non – Executive, Independent Director
Bobby Jos C Non – Executive, Independent Director
Radha Unni Non – Executive, Independent Director
M Madhavan Nambiar Non – Executive, Independent Director
Thomas Mathew Additional Director
V G Venkatachalapathy Additional Director - RBI Nominee
Subbaiah Singala Additional Director - RBI Nominee

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

Corporate Identity Number
U65191KL1920PLC000175

Registered Office
CSB Bhavan, Post Box No. 502, St. Mary's College Road, Thrissur - 680 020, Kerala, India. Telephone: 0487 2333 020 Fax: 0487 2338 764 Email: investors@csb.co.in Website: www.csb.co.in

Registrar & Transfer Agents - Shares
SKDC Consultants Ltd., Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore – 641 006. 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
R.G.N. PRICE & CO, Chartered Accountants, G 234, Panampally Nagar, Kochi – 682 036. Phone :0484 -2312960,2316538 Fax: 0484 - 2312735 E-mail :priceco@vsnl.com



THE CATHOLIC SYRIAN BANK LIMITED

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Corporate Identity Number: U65191KL 1920PLC000175