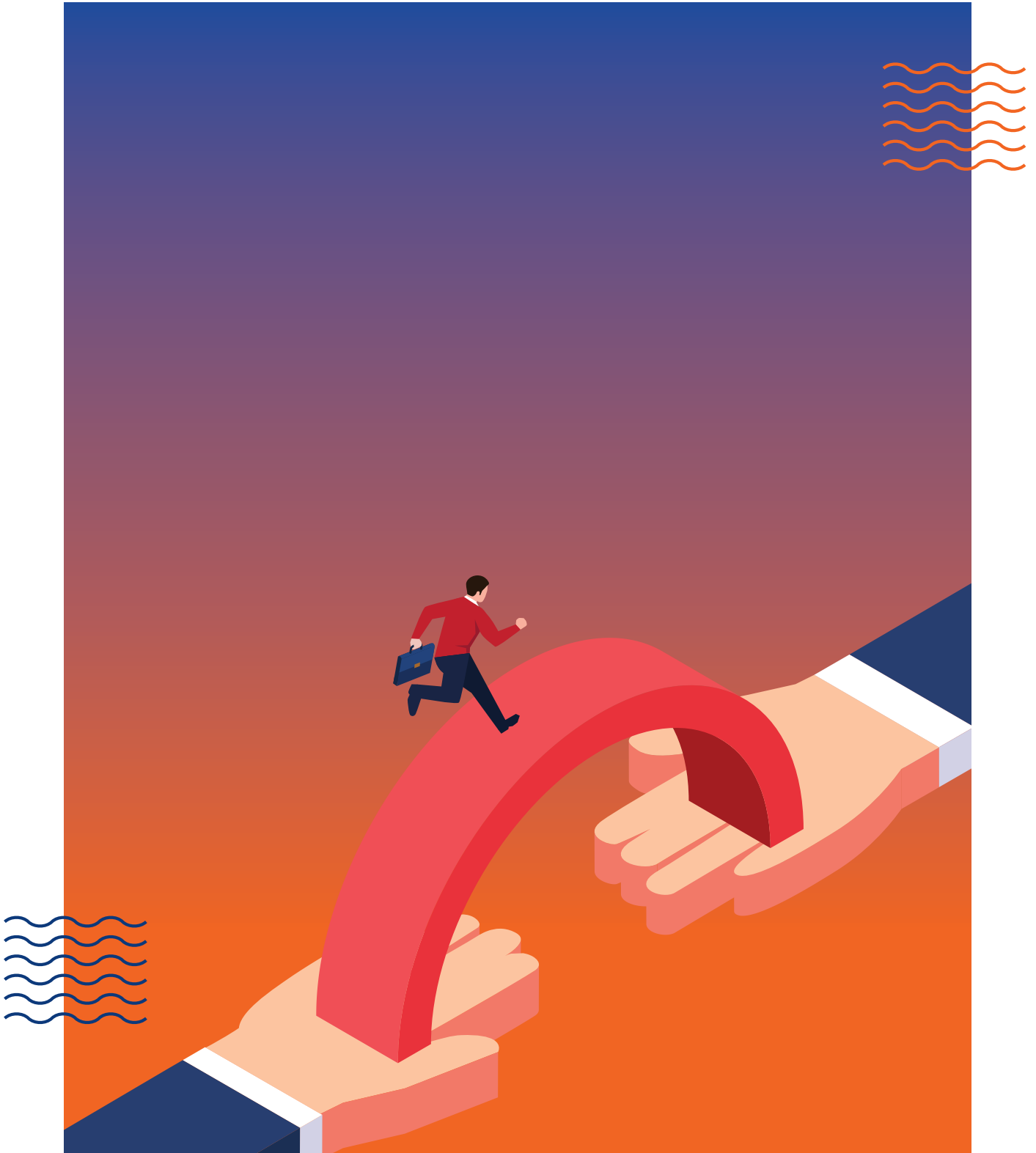


Annual Report 2020-21



**BANKING ON TRANSFORMATION**



# AN EVENTFUL YEAR AT CSB

FY 2021 was an eventful year for CSB Bank. The 100 years of the Bank came with many a milestones achieved which include a turnaround performance, increasing the leadership abilities, moving fast on the Bank's digital journey, streamlined processes, and increasing geographical footprints. Management narratives of this report focuses on the 100 year old Bank's transformation into a new age, profit making entity.



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# BANKING ON TRANSFORMATION

CSB Bank has been transforming within itself since 2016. While cherishing its 100 years of 'Trust Capital' the renewed focus of the Bank has been transforming its leadership and people capabilities, bringing in investor confidence, prudent risk management, streamlining processes, rationalization, strong sales verticalization and embarking on a digital journey.

FY21 is a new dawn at CSB Bank with the transformation initiatives reflecting in its performance. The Gross NPA of the Bank declined from 7.2% in FY17 to 2.7% in FY21. The net NPA declined from 4.40% to 1.17% during the same period. The Bank improved its topline, margins, and provisioning during FY21. During the year, Net profit of the Bank increased to ₹ 218 crores as against ₹ 13 crores in the previous year.

Going forward, the management of the Bank will ensure that the newly gained advantages are enhanced year on year for ensuring value for all its stakeholders.

“SINCE WE BEGAN OUR TRANSFORMATION JOURNEY, WE AT CSB BANK HAVE BEEN BUILDING IN THE MUCH-NEEDED OPERATIONAL RESILIENCE. WE ARE AHEAD OF THE INDUSTRY IN TERMS OF MANAGING NPAS, PROVISIONING, EXPANDING OUR MARKETS ESPECIALLY, IN RETAIL, GOLD LOANS AND SME SPACE. I AM DELIGHTED TO SAY THAT IN FY20 THE BANK SHOWED EARLY SIGNS OF A TURNAROUND AND IN FY21 THE BANK HAS PUT ON RECORD A STELLAR PERFORMANCE DESPITE FOLLOWING STRINGENT PROVISIONING NORMS”

**Madhavan Aravamuthan**  
Chairman

“AS WE HAVE ACHIEVED THE CRITICAL TRANSFORMATION OF THE BANK, WE WILL NOW FULLY FOCUS ON GROWTH IN FY 22 AND BEYOND. WE ARE DEVOID OF THE INSTABILITIES WHICH DETERRED OUR PERFORMANCE AND GROWTH IN THE PAST. GOLD LOANS, TWO WHEELER LOANS, AGRI LOANS, MSME AND SME SEGMENT WILL CONTINUE TO BE IN THE MAIN FOCUS”

**C. VR. Rajendran**  
Managing Director & CEO

# CHAIRMAN'S MESSAGE

## Dear Shareholders,

I am delighted to make my maiden address to the stakeholders of CSB Bank as Chairman of the Board. With the support from the Board of Directors, RBI and our shareholders, I am confident of successfully delivering my responsibilities.

Since my joining the Board, in December 2018, I have been observing the Board of Directors and senior management meticulously following the governance and risk management norms. The entire team at CSB Bank under the leadership of our MD & CEO Mr. C. VR. Rajendran has ensured the effective implementation of our renewed strategies. This includes a prudent risk assessment, business expansion, reducing the NPAs, and turning the underperforming bank to a new age profit making entity.

In FY20, CSB Bank had achieved 100 years of its glorious existence. During the Bank's centenary celebrations, the founders of the Bank were remembered, who had the vision to create an institution for providing employment and livelihood to a large section of the society. It was also a coincidence that during its 100<sup>th</sup> Year, your Bank came out with its highly successful IPO, and the Bank's shares were also listed on the bourses, adding another golden feather on its hat. Again, in its 101<sup>st</sup> year, your Bank opened 101 new branches, across India.

A century old trust capital along with renewed strategies has enabled your Bank to script a success story to emulate. Amidst stress and difficulties in survival in the Indian banking sector, we are among few banks, in the recent past, who not only survived maintaining our own identity but successfully turned around on a well-defined glide path.

## Provisioning

In banking, judicious provisioning is akin to sustainable risk management. Bank's NPA provisions increased by ₹ 60 crores during the year consequent mainly due to the accelerated provisioning policy of the Bank in view of the prevailing uncertainties. Standard asset provisions have increased by 110 crores which include the covid related provision of around 25% on stressed assets starting from one-day default. Your Bank also has been providing 25% on the restructured accounts having more credit risk based on the management judgement as against a requirement of only 5%. The excess provisions held over and above RBI provisioning norm amounts to approximately ₹ 250 crores as on 31.03.2021.

“AMIDST STRESS AND DIFFICULTIES IN SURVIVAL IN THE INDIAN BANKING SECTOR, WE ARE AMONG FEW BANKS, IN THE RECENT PAST, WHO NOT ONLY SURVIVED MAINTAINING OUR OWN IDENTITY BUT SUCCESSFULLY TURNED AROUND ON A WELL-DEFINED GLIDE PATH.”



**Madhavan Aravamuthan**  
Chairman

“  
**STANDARD ASSET PROVISIONS HAVE INCREASED BY 110 CRORES WHICH INCLUDE THE COVID RELATED PROVISION OF AROUND 25% ON STRESSED ASSETS STARTING FROM ONE-DAY DEFAULT. YOUR BANK ALSO HAS BEEN PROVIDING 25% ON THE RESTRUCTURED ACCOUNTS HAVING MORE CREDIT RISK BASED ON THE MANAGEMENT JUDGEMENT AS AGAINST A REQUIREMENT OF ONLY 5%.**  
 ”

#### On Performance

Since we began our transformation journey, we at CSB Bank have been building in the much needed operational resilience. We are ahead of the industry in terms of managing NPAs, provisioning, expanding our markets especially, in retail, gold loans and SME space.

I am delighted to say that in FY20 the Bank showed early signs of a turnaround and in FY21 the Bank has put on record a stellar performance despite following stringent provisioning norms. Congratulations to the team CSB for this path-breaking performance. This resulted in a significant improvement in all key performance ratios, earnings per share improved from ₹ 0.88 to ₹ 12.59 and Book value per share rose from ₹ 113.04 to ₹ 125.67. These stellar results had been well taken note of by the investors' community, thus pushing the market capitalisation to ₹ 6000 crore mark post declaration of this year's results, the best ever market capitalisation, post listing of shares of the Bank.

I thank the Central Bank and promoters for all the support and guidance. Even during the difficult times our customers and shareholders continued to repose faith in the Bank, and they are indeed partners in our progress. My sincere thanks to them while I seek their continued patronage. My colleague Mr. C. VR. Rajendran, MD & CEO will elaborate more on our performance in his address.

Banks need to embrace technology and keep updating the acquired technology for delivering customer

“  
**A SIGNIFICANT IMPROVEMENT IN ALL KEY PERFORMANCE RATIOS, EARNINGS PER SHARE IMPROVED FROM ₹ 0.88 TO ₹ 12.59 AND BOOK VALUE PER SHARE ROSE FROM ₹ 113.04 TO ₹ 125.67. THESE STELLAR RESULTS HAD BEEN WELL TAKEN NOTE OF BY THE INVESTORS' COMMUNITY, THUS PUSHING THE MARKET CAPITALISATION TO ₹ 6000 CRORE MARK POST DECLARATION OF THIS YEAR'S RESULTS.**  
 ”

experience as well as to be able to compete with the fintech companies in credit delivery. Digitalization is engraved in our strategy and in recent years we have made strides in rolling out various internet and mobile banking options. During the year the Bank has launched a virtual account opening application and WhatsApp banking. Further, our team along with our technology partners are working on enhancing the Bank's digital capabilities. The increased number of internet banking users in FY21 is proof that our digital strategies are delivering results.

#### Corporate Governance Philosophy

Transparency between the shareholders and prudent risk management are the cornerstones of effective corporate governance. As a significant player in the country's financial systems, any nonconformity to governance norms can jeopardize the Bank's very survival leading to exposing customers, employees and investors to enormous financial risks. In recent years, we have seen a few financial entities going through adverse situations leading the regulators to press the reboot button.

The Corporate Governance Philosophy of the Bank is to promote corporate fairness, transparency and accountability, so as to maximize long-term value for all stakeholders. Your Bank is committed to high standards of corporate governance practices and upholds fairness and trust in all its dealings with its stakeholders, in line with its Corporate Governance Philosophy. This philosophy is realized through the Bank's endeavour in

working towards portfolio, operational and reputation excellence. Bank in tune with Corporate Governance Philosophy, follows the principles of 'arm's length basis' relationship and follows regulatory compliance in its all dealings with related parties. In practice, it follows a more conservative approach than even what the policy had laid down. I believe this Philosophy helped the Bank to be rated as the second-best bank among all banks by Forbes Business Magazine, based on the parameters of general satisfaction and key attributes like trust, fees, digital services, financial advice, etc.

### Going Forward

FY21 has been a challenging year for the global economy as the consequences of the COVID-19 hitting most of the sectors. As the signs of devastation began to recede with the beginning of the vaccination, most economies started recovering in the last quarter of CY20 - including India. While the Government, Central Bank and research agencies expected a quick turnaround and an economic rebound in India, the second wave of the pandemic however is posing enormous challenges, creating an atmosphere of uncertainties. At the CSB Bank, we will closely monitor the external situation as well as keep ourselves agile to mitigate its impact.

We will continue to be a socially committed Bank. In FY20 we ensured stability and in FY21 we have embarked on our journey towards profitability and growth. Our primary objective is to ensure governance and customer delight while creating value for our shareholders. Our workforce is becoming younger year on year. By aligning them with the Bank's vision we are able to build an efficient workforce and ensure their professional growth. In the coming years, we will also explore avenues for increasing your Bank's contribution to society under our CSR initiatives. At the same time, we are also looking after the wellbeing of the CSB family in the fight against the Covid.

Across the world, climate change has a huge impact on financial institutions. It comes with risks as well as opportunities. On the risk side, we will monitor the impact of climate change on segments in our business

banking portfolios. We will also move towards sustainable banking through financing energy efficient business models. As we are becoming a digitally enabled new age Bank, we are contributing to the planet by reducing fossil fuel consumption and resources.

Going forward our strategic focus will remain on year-on-year growth. We help many entrepreneurial aspirations succeed through our retail and SME loan products. The majority of your Bank's clients are micro and small businesses who are pillars of the economy. Amidst economic uncertainties, we have a social business responsibility to make the credit available for those who bank on us. At the same time, we must ensure that the delivered credit is secured. The Board and senior management of the Bank are geared towards managing this twin responsibility.

I wish to make a special mention on the invaluable contribution of Mr. Madhavan Menon, my predecessor chairman for setting up a good corporate governance framework in the Bank and also the sheer professionalism that he displayed during his tenure by sharing unbiased, decisive and professional opinions, keeping in view of all the stakeholders' interest at hand and setting the Bank on an all-round recovery path.

I would like to conclude by thanking all our customers for their continued patronage, associates, partners, and other well-wishers for creating value and for strengthening our strategic intent, the Central Bank, and the Securities and Exchange Board of India, and the stock exchanges for all the help and guidance on regulatory compliance. I also thank Govt. of India, various state governments, in particular Government of Kerala and government agencies for the administrative guidance and help they have been extending.

Stay Safe.

Thank you.

**Madhavan Aravamuthan**  
Chairman

## ABOUT CSB BANK

Established in 1920, CSB Bank is among the few private sector banks which has completed 100 years of banking in India. Beyond its strong base in Southern India, the Bank is expanding its footprints across the country. The Bank's transformation journey started since 2016 under the new leadership and by the majority acquisition by the Toronto-based Fairfax group in October, 2018. The Bank completed its enormously successful IPO with an overwhelming response and its shares were listed on Indian stock exchanges in 2019.

Prudent risk management, rationalization of operations, leadership empowerment, product innovations and digitalization were the key drivers of the new CSB Way.

After reporting losses over a period- ₹ 197 Crore loss in FY19, the Bank clocked a profit of ₹13 Crores in FY20 and a 1616% increase to ₹ 218 Crores in FY21. The Bank has four principal business areas, namely, SME banking, Retail banking, Corporate banking, and Treasury operations.

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**512**

Branches

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**4180**

Employees

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**1,700,000+**

Customers





“

FROM LONG HISTORY OF YEAR ON YEAR NET LOSSES – A ₹197 CRORES LOSS IN FY19 THE BANK CLOCKED A PROFIT OF ₹ 13 CRORES IN FY20 AND A 1616% INCREASE TO ₹ 218 CRORES IN FY21. THE BANK HAS FOUR PRINCIPAL BUSINESS AREAS, NAMELY, SME BANKING, RETAIL BANKING, CORPORATE BANKING, AND TREASURY OPERATIONS.

”

CSB Bank SERVICE LOUNGE

**NRI SERVICES**

Let your money feel at home.

- Accounts & Deposits
- Loans & Advances
- Remittances
- Forex Services

For more information, visit [www.csbbank.com](http://www.csbbank.com)

**100th Anniversary**

THANK YOU for your support

8 Key Financial Needs

**INSTA GOLD LOAN**

Unlock the Power of Your Gold.

- Maximum Loan Value
- Low Interest Rate
- Maximum Tenure
- 24x7 Loan Facility

Loan transfer from other institutions available at low rates

# BUSINESS MODEL

CSB has four principal business areas, namely, SME banking, Retail banking, Corporate banking, and Treasury operations. Bank has renewed its business model for functional efficiency as a full service new age private sector bank. To this end, the Bank has re-aligned the organizational set-up by driving the operations, people and business strategy. CSB's Renewed Business Model is based on four management initiatives.

## Branches:

CSB Branches are responsible for deposits, gold loans, cross-selling and customer servicing.

## Products:

All loan products will be driven by dedicated teams, with each business team operating as a profit centre.

## People:

Lateral hiring along with hiring of new recruits by offering market based compensation with a performance linked variable pay component, including employee stock option plans, which will align our employees' interest with the performance of the Bank.

## Customer Experience:

We are also expanding our products suite, services, and digital banking platform, with investments in technology aimed at improving our customers' experience, making it easier for them to interact with us, and offering them a range of products tailored to their financial needs.

## Inputs

### Financial Capital

Pool of funds available with us from diverse sources for investments and advances.

### Manufactured Capital:

Branch Networks, Associates, ATMs and Information Technology – Data Centres.

### Intellectual Capital :

Brand & Reputation, Processes and Procedures, Innovation, Information Technology.

### Human Capital

Skills, Knowledge, Experience of employees, Leadership.

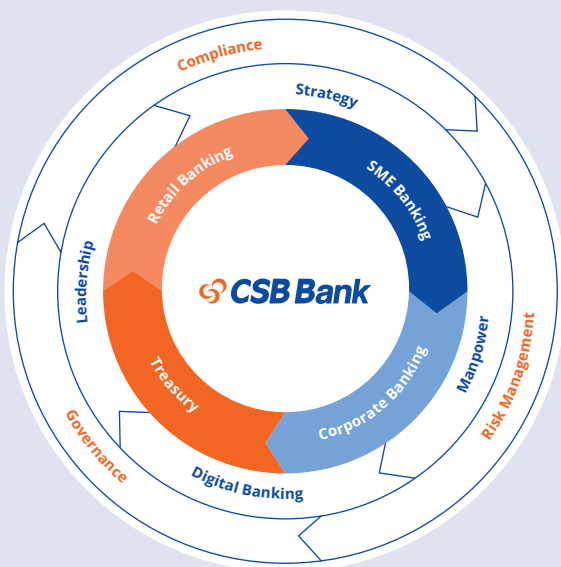
### Social & Relationship Capital:

Customers, Shareholders, Community.

## Vision Mission

"CSB endeavours to be a leading bank striving to excel in bringing products that satisfy the needs of targeted client segments, backed by excellent service – through our branches and technology driven initiatives in a compliant and regulated manner. For our employees, we want to create a culture of pride – driven by performance and productivity that should eventually result in sustainable growth in business and deliver superior returns to our Shareholders."

### Operational/Governance Matrix



#### Key Drivers of the business

Social, economic and market forces.  
Shareholders, customers, employees, regulatory bodies, society.

## Outputs

### Financial Capital

₹**34,500** Cr Total business

₹**613** Cr Operating profit

### Manufactured Capital:

**512** Branches across 16 states & 4 union territories

**318** ATMs

### Intellectual Capital :

**100** Years of Trusted Banking,

**310,000+** Internet Banking Users

**2,77,000+** Mobile Banking Users

### Human Capital

**4180** Employees.

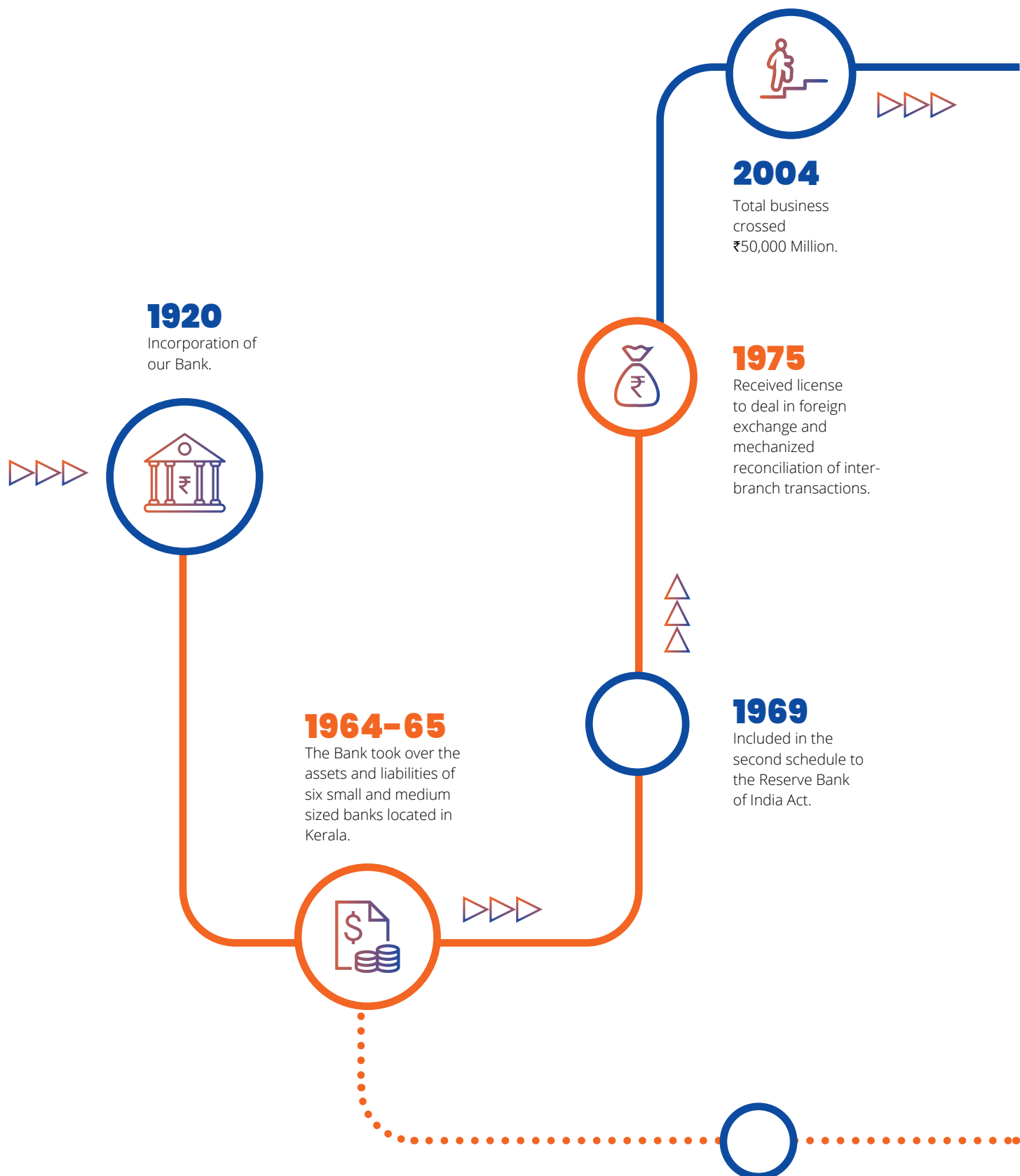
### Social & Relationship Capital:

**1.7** Million + Customers.

₹ **3,095** Cr Loans to SME, MSME, Agri & MFIs in FY21.

**47,513** Shareholders ( as on 31.03.2021).

## KEY MILESTONES





## BOARD OF DIRECTORS



**Mr. Madhavan Aravamuthan**  
Chairman

**Date of Joining:** December 13, 2018  
as an Independent Director.

**Chairman Since:** August 10, 2020.

**Experience:** He is a seasoned banker having served Reserve Bank of India for over 37 years in various areas and capacities. His expertise include deep knowledge of IT Systems, Payment & Settlement Systems and Offsite surveillance of Banks.

**Education:** Bachelor's Degree and a Master's Degree in arts from the University of Madras. Certified associate of the Indian Institute of Bankers.



**Mr. C.VR. Rajendran**  
Managing Director & CEO

**Date of Joining:** November 24, 2016

**MD & CEO Since:** December 9, 2016

**Experience:** He has over 40 years of experience in banking and finance sector. He has held the position of Chairman & Managing Director of Andhra Bank and Executive Director in Bank of Maharashtra. He has also held various positions including that of General Manager in the Corporation Bank. He was holding the position of Chief Executive Officer of the Association of Mutual Funds in India prior to joining in the Bank.

**Education:** Bachelor's Degree and a Master's Degree in commerce from Madurai Kamaraj University, ICWA, Inter and is an associate of the Indian Institute of Bankers.



**Mr. Madhavan Menon**  
Non Executive Director

**Date of Joining:** September 3, 2018.

**Experience:** He has over 30 years of experience in the finance and banking sector. He was the Part Time Chairman of the Bank for the period April 22, 2019 and up to July 21, 2020. He has previously worked with ANZ Grindlays Bank Limited, Citibank N.A., Emirates Bank International, Birla Capital International AMC Limited in the past. He is currently the Managing Director of Thomas Cook (India) Limited.

**Education:** Bachelor's Degree and a Master's Degree in Business Administration from the George Washington University.



**Mr. Sumit Maheshwari**  
Non Executive Director

**Date of Joining:** September 3, 2018

**Experience:** He is a recognized accounting expert, with particular strength in translating between Indian GAAP, U.S. GAAP and IFRS accounting standards. He is the Managing Director and Chief Executive Officer of Fairbridge Capital Private Limited and currently serves on the Board of many of the Investee/ portfolio companies of Fairfax group. Prior to joining Fairbridge, he was at KPMG in India in their audit and accounting advisory practices.

**Education:** Master of Business Administration from the Indian School of Business, Hyderabad and Bachelor's Degree and Master's Degree in Commerce from the University of Mumbai. He is a Member of the Institute of Chartered Accountants of India.



**Ms. Bhama Krishnamurthy**  
Independent Director  
**Date of Joining:** September 3, 2018

**Experience:** She has over 35 years experience in Banking and is a seasoned banker with a sparkling career in IDBI Ltd., (presently IDBI Bank) and SIDBI. She retired as Country Head and Chief General Manager from SIDBI in December 2014. She has also Served on the Boards of several companies, venture funds and CIBIL. Her main areas of specialisation are Resource Raising and Management (Rupee and Forex), Integrated Treasury operations, Credit Dispensation and Management, Risk management, etc.

**Education:** Master's Degree in Science from the University of Mumbai.



**Ms. Sharmila Abhay Karve**  
Additional Director  
(Non-Executive & Independent)  
**Date of Joining:** July 20, 2020.

**Experience:** She has over three decades of association with the Network of Price Waterhouse firms in India in various capacities till she retired on 30<sup>th</sup> of June 2019. She held the position of Ethics and Business Conduct Leader for the firms and was also elected to the Partnership Oversight Committee (POC) which is responsible for governance and oversight. By 2017, she was holding the position as the Diversity & Inclusion Leader for the PwC Global network and was on the Global Leadership Team and the Global Human Capital Team.

**Education:** Bachelor's Degree in Commerce from Mumbai University and also a Member of the Institute of Chartered Accountants of India.



**Mr. Sudhin Choksey**  
Additional Director  
(Non-Executive & Independent)  
**Date of Joining:** March 30, 2021.

**Experience:** He has over 42 years of experience in India and abroad. Former MD of GRUH Finance Ltd which merged with Bandhan Bank. As a part of the scheme of merger, Joined Bandhan Bank as ED (Designate) in October 2019 and retired in February, 2021. As CEO of GRUH Finance, worked in the mortgage finance business with skills in lending. 26 years of working with GRUH Finance, he held various positions as GM, ED, Chief Executive Director and MD. At Bandhan Bank, vertical head of the housing finance.

**Education:** Bachelor's Degree in Commerce from Mumbai University and also a fellow Member of the Institute of Chartered Accountants of India.



**Mr. Sunil Srivastav**  
Additional Director  
(Non-Executive & Independent)  
**Date of Joining:** June 8, 2021.

**Experience:** He has over 38 years of experience in SBI since 1980. Held various positions in SBI and retired as Deputy Managing Director of Corporate Banking. He has ample experience in Credit Risk, Project and Corporate Finance, International Banking, Investment Banking, Corporate Strategy, National/Elite Banking, Corporate, Digital and Retail Banking.

**Education:** Bachelor's Degree in Science from Delhi University and MBA from Banaras Hindu University. He is also a Certified Associate of Indian Institute of Bankers.

## HOW WE PERFORMED



### Financial

₹ **23,337** crores

Balance Sheet  
From ₹ 18,864 crore in FY20

₹ **15,388** crores

Total Advances(Gross)  
+26% year on year

₹ **6,162** crores

Total Deposits (CASA)  
+ 34% year on year

₹ **19,140** crores

Total Deposits  
+21% year on year

₹ **218** crores

Net Profit  
As against ₹ 12.72 crores in FY20

₹ **613** crores

Operating Profit  
As against ₹ 281 crores in FY20



### Customers

**1,700,000+**

Customers  
+13% year on Year

**310,000+**

Net Banking Users  
+55 % year on year

**277,000+**

Mobile Banking Users





## Network

**20** states/UTs  
16 States + 4 UTs

**512**  
Branches

**318** ATMs



## Compliance

**84.89%**  
Provision Coverage Ratio  
From 80% in FY20

**21.37%**  
Capital Adequacy Ratio

**19.96%**  
Tier I ratio

**8.11%**  
Leverage Ratio



# COVID IMPACT MITIGATION



**THE BANK CONTINUES TO PRACTICE ALL COVID RISK MITIGATION INITIATIVES WHICH WERE IMPLEMENTED IN FY20. THIS INCLUDES PROTECTION OF OUR EMPLOYEES, CUSTOMERS AND BUSINESS RISK MITIGATION AND HAVING A BUSINESS CONTINUITY PLAN. IN CONTINUATION OF THE COVID IMPACT MITIGATION INITIATIVES, THE BANK HAS FURTHER STEPPED UP THE PREVENTIVE MEASURES AGAINST THE SECOND WAVE OF THE PANDEMIC.**



## Ensuring Business Continuity

Since the beginning of the outbreak in early FY 2020, CSB Bank has prepared itself to deal with exceptional situations. The Bank has set in motion its Business Continuity Plan, a precise system for protecting its employees while maintaining essential tasks and services both to retail and business customers. With its unique business model that reinforces financial strength and resilience, the Bank is able to support its employees and clients in overcoming these extraordinary circumstances.

## Workforce Protection

The Bank continues to take all measures for the employee safety. Across its branches the employee response to safety guidelines is being monitored. After the second wave, with lock down imposed in most parts of the Country, work from home facility has been provided to employees to the extent as feasible without much discomfort to the Customers. To encourage minimal workforce at branches, staggered work shifts are also provided to the extent as possible.

Covid Impact on the workforce (As on 31<sup>st</sup> March 2021)

| Total Work force | Tested positive | Recovered | Under Treatment/ Quarantine | Deaths |
|------------------|-----------------|-----------|-----------------------------|--------|
| 4180             | 324             | 310       | 13                          | 1      |

## Customer Engagement

Since the lockdown in March 2020, the Bank has been facing challenges in terms of branch operations. However by enhancing the digital options, the Bank could provide a safe, alternate mode of banking to its customers.

Customers have been educated to use mobile and net banking to ensure their safety. In FY21 the total channel transactions consisting of mobile and internet banking, debit cards & UPI are at ₹ 266.5 lakhs as against ₹ 170.3 lakhs in FY20.

## Financial Stress

Advances against Gold Loan constitutes a major share in the Bank's credit portfolio. Due to the COVID outbreak since Q4 of FY 20, the stressed assets have marginally increased. The practice of accelerated NPA provisioning and standard asset provisioning on account of COVID was maintained. The COVID related standard asset provisions in excess of RBI requirement, amount to ₹ 89 crores.

COVID related and previous impact related rescheduling as on 31<sup>st</sup> March 2021 is ₹ 13.00 Crore mostly from the MSME segments. The Bank is in the process of recovering/ regularizing these stressed assets.



## REVIEW BY MANAGING DIRECTOR & CEO

### Dear Shareholders,

Despite challenging times never seen in a century, CSB's FY 21 performance has been encouraging, one of the best of its kind and we can very well relate it to the story of Chinese bamboo - a popular metaphor for sustainable business growth.

When the seed of a Chinese bamboo tree is planted, we don't see any outcome for almost 5 years, despite watering it every day. In those initial years lack of reward for the hard labour can be a trigger for getting disheartened and quitting. Those who persist, will see that on the 5th year the bamboo sprouts have started coming through the surface. After the first breakthrough, they grow with phenomenal speed, even few feet in a day. During the initial years when there was no visible outcome on the surface, root networks were growing forming a strong foundation for the future exponential growth.

In FY20 we had emerged from long years of subdued performance by streamlining our operations, infusing capital, filling skill gaps and strengthening the balance sheet. We could attract enough investor interest by changing our strategies to survive and stay on the course since 2016. From FY 21, we have commenced our journey towards growth and our stellar results give testimony to this. I am confident that in the years to come, CSB will become a formidable force in the banking sector by creating value for all its stakeholders.

### COVID 19 Impact

The economy, especially micro, small businesses and service sector, was impacted by the COVID 19 pandemic. While the world has been gradually recovering from COVID 1.0, the second wave and the spread of stronger mutations of the virus has hit the ground negating the recovery gains. At many a place, the healthcare infrastructure is fully occupied with patients and they are unable to admit new critical cases leading to unfortunate casualties. In order to alleviate the spread, many states have declared partial or full lockdown. Vaccination drives are happening across the country. But vaccinating the entire population of the country is a massive challenge that the governments are facing. Both Central and State governments are collectively working on this and other nations are also supporting us to succeed in this critical task. Let us be optimistic that going forward, economy will recover and humanity will contain the virus with the help of science.

“ **IN FY20 WE HAD EMERGED FROM LONG YEARS OF SUBDUED PERFORMANCE BY STREAMLINING OUR OPERATIONS, INFUSING CAPITAL, FILLING SKILL GAPS AND STRENGTHENING THE BALANCE SHEET. WE COULD ATTRACT ENOUGH INVESTOR INTEREST BY CHANGING OUR STRATEGIES TO SURVIVE AND STAY ON THE COURSE SINCE 2016.** ”



**C. VR. Rajendran**  
Managing Director & CEO

“

**IN DEPOSITS AND ADVANCES FRONT, WE GREW 21% AND 27% RESPECTIVELY. CASA GREW BY 33% WHILE ADVANCE GROWTH WAS POWERED MAINLY BY 61 PER CENT GROWTH IN GOLD LOAN PORTFOLIO.**

”

We were able to successfully surmount one of the most challenging times, with clear focus, prompt response to regulatory cues, coherent business strategy, digital push, technology support, strong processes, emphasis on business continuity planning and above all the dedication of our staff.

#### On FY21 Performance

Details of the financial performance has been highlighted in various chapters in this report, however let me take you through few highlights.

In deposits and advances front, we grew 21% and 27% respectively. CASA grew by 33% while advance growth was powered mainly by 61% growth in gold loan portfolio.

The Bank recorded an all-time high net profit of ₹ 218.40 crore in FY21 as against ₹ 12.72 crore in FY20, a whopping increase of 1617%. Our income too increased to ₹ 2,273.11 crore in FY21 from ₹ 1,731.50 crore in FY20. Interest income during the year was at ₹ 1872 crore as against ₹ 1510 crore in the previous year. Asset quality improved as the gross non-performing assets (NPAs) fell to 2.68% of the gross advances as of March 31, 2021 as against 3.54% by end of March 2020. In absolute value, the gross NPAs amounted to ₹ 393.49 crore, compared with ₹ 409.43 crore a year ago. Net NPAs also fell to 1.17% (₹ 168.81 crore) from 1.91% (₹ 216.94 crore)

- Net Interest Income of the Bank improved from ₹ 592 Cr to ₹ 941 Cr recording a growth rate of 58.94%.
- Treasury gains, Sale of PSLC, recovery of bad debts and growth in fee income helped to boost the Non Interest Income from ₹ 222 Cr to ₹ 401 Cr.

- Total staff cost for FY 21 amounted to ₹ 497 Cr with an increase of 50% y-o-y on account of increase in head count, the change in actuarial assumption on mortality, VRS, AS 15 provisions etc.
- Bank is holding an amount of ₹ 156 Cr as provision for NPA accounts over and above the RBI provisioning norms, as per the accelerated provisioning policy followed by the Bank. Further Bank is holding an additional standard asset provision amounting to ₹ 89 Cr in excess of the RBI requirements.
- CD Ratio (Net) of the Bank improved by 345 bps (71.98% to 75.43%).
- CASA Ratio of the Bank improved to 32.19 % from 29.17%.
- Provision Coverage Ratio of the Bank stood at 84.89%.
- Yield on advances improved from 10.56 % to 10.97%.
- Cost of deposits reduced from 5.91% to 5.07%
- NIM improved from 3.74 % to 4.81 % with an increase of 107 bps.
- CRAR ratio of the Bank is 21.37 % against the regulatory requirement of 10.875%.
- Cost to income ratio of the Bank is 54.31% vis a vis 65.53% on 31.03.2020.

Despite the challenges posed by the pandemic, we could achieve a historic milestone of opening 101 branches in this 101<sup>st</sup> year of Bank's existence. Out of these 101 branches, 92 branches were opened outside the home state to reduce the concentration risk in a single

“

**DESPITE THE CHALLENGES POSED BY THE PANDEMIC, WE COULD ACHIEVE A HISTORIC MILESTONE OF OPENING 101 BRANCHES IN THIS 101ST YEAR OF BANK'S EXISTENCE. OUT OF THESE 101 BRANCHES, 92 BRANCHES WERE OPENED OUTSIDE THE HOME STATE TO REDUCE THE GEOGRAPHICAL CONCENTRATION RISK.**

”

geography. The footprints were expanded mainly in to the states of Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Maharashtra and northern parts of the country.

### Opportunities

In the external as well as internal environment, we have abundant opportunities for growth. At the organizational level we have people, processes and product capabilities to enhance the performance at the bank level. In terms of business per branch, today we are about 60% of the industry average. This leaves us with a potential to grow further by capitalizing on our newly gained operational capabilities.

As we have achieved the critical transformation of the Bank, we will now fully focus on growth in FY 22 and beyond. We are devoid of the instabilities which deterred our performance and growth in the past. Gold loans, Two wheeler loans, Agri loans, MSME and SME segment will continue to be in the main focus. Revised structure and policies are in place for SME vertical and the focus will be on select segments, customer priorities and value proposition. Retail team, will be working on improved product offerings and the related process framework with due focus on customer acquisition. While going digital will be the mantra, we also plan to add close to 200 branches to our network in FY 22 so that there is proper mix of brick and click banking. Though we may have to wait for a month or so to fully understand the impact of second wave of COVID 19, we are optimistic in our outlook to continue the good work in FY 22 as well.

### Risks

Banking sector is known for its intrinsic risks. The corner stone of our transformation to a profit making bank is all about how we managed risks.

“

**WHILE GOING DIGITAL WILL BE THE MANTRA, WE ALSO PLAN TO ADD CLOSE TO 200 BRANCHES TO OUR NETWORK IN FY 22 SO THAT THERE IS PROPER MIX OF BRICK AND CLICK BANKING.**

”

As I mentioned, in the present environment, the external uncertainties might pose some risks and challenges. If you analyse the balance sheet, it can be inferred that we have made adequate provisioning buffers that will help us to face the unforeseen risks that may come in our way. Our capital and liquidity position is also very strong.

We have instituted prudent risk management controls, policies, and procedures that are critical for the long-term sustainable development of our business.

When concluding, I express my gratitude to our customers for reposing faith and banking on us. I extend my gratitude to the Chairman and esteemed members of the board, shareholders, customers, employees – past and present and well-wishers for their patronage. I also thank RBI, Central and State governments, partners, all other regulators and the general public for all the guidance and support we have been receiving especially during this challenging times.

Please continue to Stay Safe.

Thank you.

**C. VR. Rajendran**  
Managing Director & CEO

# STRATEGIES KPIs AND GOALS



**WE HAVE IMPLEMENTED STRATEGIC CHANGES IN OUR BUSINESS MODEL AS A FULL SERVICE NEW AGE PRIVATE SECTOR BANK. WE HAVE RE-ALIGNED OUR ORGANIZATIONAL SET-UP FOR EFFICIENTLY DRIVING OUR OPERATIONS AND BUSINESS STRATEGY, WHEREIN BRANCHES WILL BE RESPONSIBLE ONLY FOR DEPOSITS, CROSS SELLING, AND CUSTOMER SERVICING, AND ALL LOAN PRODUCTS WILL BE DRIVEN BY DEDICATED TEAMS, WITH EACH BUSINESS TEAM OPERATING AS A PROFIT CENTRE.**



## Strategy Branch Distribution

### Key Performance Indicators

101 branches opened in FY21.

500+ branches and 318 ATMs across 16 states and four union territories as on 31 March, 2021

### Goals 2022 and beyond

- Plans to add close to 200 branches in FY 22 to our network.
- Attaining break even business by branches opened in FY 20 and FY 21.
- Rationalisation of unviable branches/turnaround of loss making branches will be in focus.



## Strategy Building a large customer franchise

### Key Performance Indicators

For better customer reach the Bank expanded the branch networks and enhanced digital banking initiatives.

Increased the customers from 1.5 million in FY20 to 1.7 million in FY21.

### Goals 2022 and beyond

- Retail team will be working on improved product offerings and the related process framework with due focus on customer acquisition.
- tracking average product per customer and ensuring improvement through emphasis on cross selling.



#### Strategy

### Stabilising the existing verticals and expanding new verticals

#### Key Performance Indicators

The existing asset verticals are stabilised now.

Gold Loan Advance improved by 61.3% year on year. Advances to Agri and MFI loans increased 252% year on year. Two wheeler business also grew by 119%.

#### Goals 2022 and beyond

- Gold loans, Two Wheeler loans, Agri loans, MSME and SME will continue to be in the main focus. In the long run, it would be our endeavour to position ourselves as an SME bank. We will be following a carefully designed and tailored approach towards this objective.
- Take over of MSME book by SME team.



#### Strategy

### Building a performance culture

#### Key Performance Indicators

CSB's key managerial personnel, members of Board & other senior employees have strong reputation within the industry, extensive industry relationships and wide-ranging experience in the banking and finance industry.

#### Goals 2022 and beyond

- The key enablers towards building the performance culture will be skill building through various platforms, better alignment of learning objectives with business needs, roll out of KPIs/ Scorecards and performance based incentives.
- Ensure proper capturing of revenue, cost and profit metrics in the performance scorecard of all employees.



#### Strategy

### Maintaining a robust capital and liquidity base

#### Key Performance Indicators

Bank's capital position continues to be strong with a CRAR of 21.37% and a leverage ratio of 8.11%. Liquidity position is ultra-comfortable with an LCR of 210% as on 31.03.2021.

#### Goals 2022 and beyond

To maintain the capital and liquidity position at a comfortable level well above the regulatory prescriptions.



#### Strategy

### A strong Balance Sheet

#### Key Performance Indicators

Balance Sheet size grew by 24% from ₹ 18,864 Cr in FY20 to ₹ 23,337 Cr in FY21 with tightened risk management framework and adequate and additional provisioning for the external uncertainties.

#### Goals 2022 and beyond

The key driving factor for the coming years will be growth which is driven by profitability and sustainability.

## OUR HUMAN CAPITAL



Human Resource Development at CSB Bank is in alignment with the Bank's vision and mission to be a leading bank striving to excel in bringing products that satisfy the needs of targeted client segments, backed by excellent service – through our branches and technology driven initiatives in a compliant and regulated manner. Our people centric approach is engraved on our vision mission statement which says "For our employees, we want to create a culture of pride – driven by performance and productivity that should eventually result in sustainable growth in business and deliver superior returns to our Shareholders."

### Talent Acquisition and Skill Development

Bank's talent acquisition is in line with the Bank strategy to expand its branch network as well as to transform itself to a new gen profit making entity. The total number of employees in the Bank during the end of FY 2021 is 4180 up from 3204 in the previous financial year end. Rigorous talent acquisition in the recent years, especially in the fields of Sales portfolios such as CASA, Gold, etc., has contributed towards the increase in total employee count.

The Bank's own "Institute of Learning and Development" (ILD) at Ollur, Thrissur provides training to its employees as per an annual training calendar. The Bank also avails

training offered by renowned institutions like National Institute of Bank Management, Pune; IDRBT, Hyderabad; Southern India Banks' Training College (SIBSTC), Bangalore; etc. Due to the threat of COVID 19, classroom trainings had to be suspended. However, our ILD was fully equipped to handle this and training programmes were conducted through online mode instead. Arrangements were made so that employees could attend the training sessions from their own locations. The L&D Department achieved a remarkable milestone by getting the **ISO 9001:2015 certification** awarded during the year.

Grade system through an objective job evaluation methodology, aided by AON Hewitt is in progress. This would ease the process of career planning and progression.

Another significant step in the L&D area was the decision to set up a training centre under the **Deen Dayal Upadhyay Grameen Kaushalya Yojana (DDUGKY)** scheme of the Government of India. Through this initiative, the Bank is looking forward to receiving trained and work ready young employees on a regular basis.

Course fee and incentives are given to employees for passing various examinations / courses conducted by the Indian Institute of Banking & Finance (IIBF).

# 215

215 Training Programs  
(128 online + 14 Classroom + 73 External)

# 200+

Online + Classroom programmes  
for Leadership Development

# 6066

Participants

## Leadership Development

Leadership Development is the key enabler at CSB Bank to accelerate transformation. In FY21, CSB Bank further strengthened its leadership with three C-suite hires as well as six hires at the senior management level.

200 + online and classroom training initiatives and development programs were rolled out by the L&D team during FY21 for employees at various levels with an aim to create a robust leadership pipeline.

## Technology Adoption

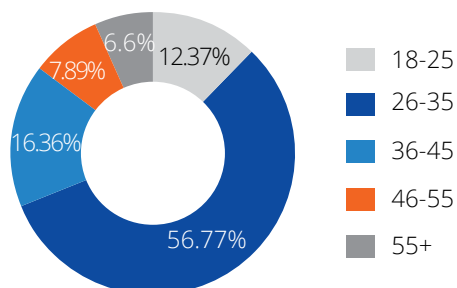
In the FY 2021 the Bank further enhanced its HRMS capabilities. The Bank's HRMS which has already gone live encompasses, leave module, HRIS, attendance module and PMS module. Further new modules such as training, confirmation, transfer, promotion, exit, recruitment, on boarding, reimbursements of business claims, etc., have been introduced during FY21. Additionally, a feature for internal communication viz., 'Zippie' and a chat bot named 'Jinie' have also been launched.

## Employee Diversity

# 2.5: 1

Male: Female Ratio

## Age of employees



As part of the Bank's strategy on talent management a people development programme was initiated under the title ARISE. Performance score cards for objective assessment at individual, unit and business / functional levels were created in order to give employees clarity on what is expected from the assigned roles. Two way performance feedbacks was initiated between the management and employees/ HODs twice in a year to enable the organization to better anticipate and meet the needs of the employees.

As an outcome of the ARISE FY20-21 annual performance appraisal process critical employees were provided opportunities in elevated roles and levels basis their performance. Additionally, the annual increments were supplemented by salary correction basis market for identified employees.



# FINANCIAL HIGHLIGHTS

## TOTAL ASSETS (₹ In Crores)



## TOTAL INCOME (₹ In Crores)



## TOTAL ADVANCES (NET) (₹ In Crores)



## TOTAL DEPOSITS (₹ In Crores)



## YIELD ON ADVANCES



## COST OF DEPOSITS



## NET INTEREST INCOME (₹ In Crores)



## CRAR



## PROVISION COVERAGE RATIO



## COST TO INCOME RATIO



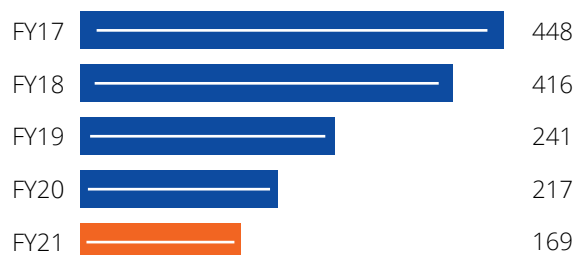
## NIM



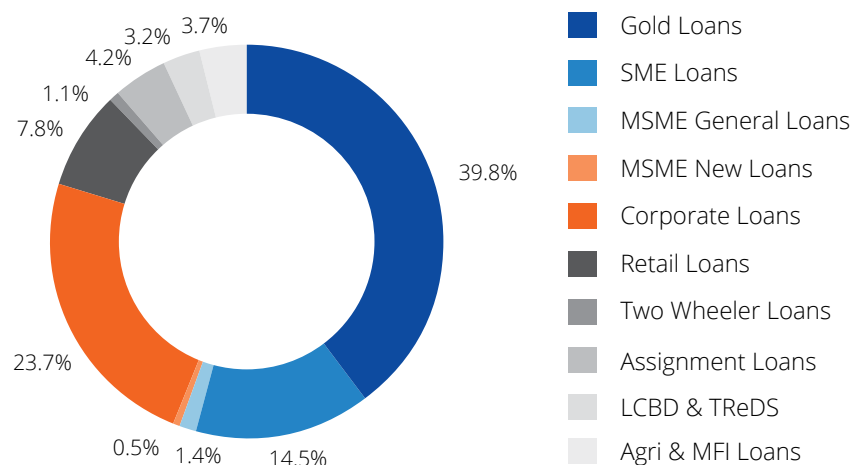
## GROSS NPA (₹ In Crores)



## NET NPA (₹ In Crores)



## NET PROFIT (₹ In Crores)



# REVIEW BY PRESIDENT

## Key Strategies

One of our strategic priority is expanding Bank's CASA base through new customer acquisitions, product propositions and deepening our relations with our existing customers. Increasing Family Banking and product penetration are key drivers behind CASA.

Bank is also planning to offer Health Insurance in tie with Insurance Companies. On investment front, bank is integrating a tech platform for Mutual Fund investments. Online Broking facility is also being strengthened with our partners. Our customers will have multiple options of investments during the year. We are strengthening our product suite by offering Housing Loans, Credit Card, Online Broking, Online Mutual Fund, Health Insurance and Payment Terminals to our customers.

## Geographical Footprints

In FY22 we have definite plans to further expand our national footprints by expanding our branch network. Bank plans to add 200 new branches to its existing network of 512.

## Digital Banking

It is our endeavor to use technology for improving our processes and to deliver a new age banking experience to customers. Some of the new digital banking initiatives are:

- Account opening process has been digitized with options for customer to apply as well as branch staff to facilitate the process
- Video KYC facility
- Online investment into Mutual Funds
- Online platform for Insurance products

## NRI Banking

We are in the process of setting up NRI Branches across key metros and markets with high concentration of NRIs. These branches will give differentiated services for NRIs by leveraging technology. The Bank will also work on setting up a world class remittances platform along with providing PIS offering to the clients. Further, we would be leveraging tie ups with domestic and international institutions for acquiring new NR relationships.

## Retail & SME Banking

Gold Loans constituted 40% of total advances as on March 31, 2021 and continue to be a mainstay for the Bank on the advances side. Our Key strategy of

'penetrating in to rural and urban markets, mainly at unbanked areas presently dominated by unorganized players' has worked well for both on new business acquisition and yield. We have also enabled multiple channels for gold loan origination which has contributed 61% of the growth during FY 21. NTB (New to Bank customer) strategy has also helped us to grow our gold loan portfolio and with the increased network of branches, the Bank will continue to retain its focus in growing the Gold Loan Book.

For Retail and SME Business, a differentiated focussed approach is being instituted, which is in line with the overall strategy of the Bank for driving credit growth along with maintaining superior credit quality:

- Creating a strong risk framework for acquiring new customers
- Proactively working towards customer friendly solutions to prevent situational delinquencies
- Managing the NPA and Loss numbers within permissible limits
- Delivering operating efficiencies and reduce costs
- Reviewing Industry insights and working on product offering pertaining to identified recession proof Industry

The Bank would be introducing wider range of products, to have larger share of customers' wallet and to meet their needs. Such products would be governed by structured product programmes specific to the business, which will detail out the criteria on customer selection and underwriting standards. We would focus on client level profitability by working closely with customers through a robust relationship management structure that would focus on portfolio hygiene and wallet share. The Bank would also identify key markets where it wants to penetrate on the SME & Retail Asset side with superior product features.

The Bank, on its new journey, towards building a strong, high quality, scalable Retail and SME Book will be driven by below key objectives:

- Network and Channel optimisation to leverage Bank Branch Network that works on Hub and Spoke models and create Product offering based on market categorisation

“

**OUR KEY STRATEGY OF PENETRATING IN TO RURAL AND URBAN MARKETS, MAINLY AT UNBANKED AREAS PRESENTLY DOMINATED BY UNORGANIZED PLAYERS HAS WORKED WELL FOR BOTH ON NEW BUSINESS ACQUISITION AND YIELD.**

”

- Partnership model with Fintech's & Business Correspondents
- Product and Segment based approach that are aligned to the market/opportunity
- Simplify process & policy to improve customer experience
- Enable technology as a tool to help business
- Create robust analytics & data support to help business

We will be launching credit card for our customers this financial year through multiple fintech partnerships. This will be a huge boost to our retail consumers which will complete the retail product bouquet for the customer and will also help the Bank to fulfil all the Banking needs of the customer which will help in customer retention.

We have also tied up with HDFC Ltd to provide Home Loans at attractive rates to our affluent, premium and HNI customers. This will help us in providing full product suite offerings and retain the relationship value of these valued customers through EMI debits in the CSB savings accounts of these customers for which necessary balance need to be maintained in the Bank. This will also help us in gaining larger wallet share from these customers.

Thank you.

**Mr. Pralay Mondal**

President - Retail, SME, Technology and Operations

“

**THE BANK WILL ALSO WORK ON SETTING UP A WORLD CLASS REMITTANCES PLATFORM ALONG WITH PROVIDING PIS OFFERING TO THE CLIENTS. FURTHER, WE WOULD BE LEVERAGING TIE UPS WITH DOMESTIC AND INTERNATIONAL INSTITUTIONS FOR ACQUIRING NEW NR RELATIONSHIPS.**

”



**Pralay Mondal**  
President - Retail, SME, Technology and Operations

# RETAIL BANKING

“

**THE BANK OFFERS A BROAD RANGE OF RETAIL LOANS, DEPOSIT AND WEALTH MANAGEMENT PRODUCTS AND SERVICES ACROSS INDIA AS WELL AS FOR NON RESIDENT INDIANS. INDIVIDUALS AS WELL AS SMALL BUSINESSES ENCOMPASS THE RETAIL CUSTOMERS.**

”

Deposit products comprise of current accounts, savings accounts, fixed deposits, recurring deposits, and corporate salary accounts. For enabling fund transfer services required by NRI customers, the Bank has remittance and rupee drawing arrangements with major exchange houses in the Middle East. Apart from that it also has tieups with major money transfer agents, which enhances its capability to provide inward remittance services to the customers and strengthens its NRI business. For the benefit of the customers the Bank also has bancassurance tie ups with leading life and non-life insurance companies. In the retail loans sector, the Bank offers a variety of personal and business loans including, loans against gold jewellery (Gold Loans), two wheeler and motor vehicle loans, housing loans and overdrafts on mortgage/ hypothecation/pledge, small business loans (MSME loans), agricultural loans and microfinance.

## How We Performed in FY21

### TOTAL RETAIL LOANS (in ₹ Crores)



### GOLD LOANS (in ₹ Crores)



### RETAIL LOAN PORTFOLIO IN FY21



## Gold Loans:

Advances against Gold Ornaments and Jewellery accounted for about 40% per cent of the Bank's gross advances in FY21 as against 31 per cent as at December-end 2019. As an outcome of banks continued efforts to increase its branch footprints across the country, during the year the gold advances sans Kerala increased to 63% from 57% in FY20.

### Number of Gold Accounts

**4.92** lakhs  
+ 21% year on year

### LTV

**83** %

### NPA

**0.69** %



## SME BANKING



**THE BANK WILL BE WORKING ON IMPROVED PRODUCT OFFERINGS AND THE RELATED PROCESS FRAMEWORK WITH DUE FOCUS ON CUSTOMER ACQUISITION. DURING THE YEAR THE BANK ALSO RATIONALISED THE SME PORTFOLIO BY EXITING FROM THE UNVIALE ACCOUNTS.**



A specialized SME team was established by the Bank to strengthen marketing in order to source additional SME business and drive further penetration. As of March 31, 2021, out of the total 388 SME cluster areas spread across India, as identified by UNIDO, the Bank has presence in 203 such clusters and further intend to expand SME business in the remaining clusters, specifically in the states of Tamil Nadu, Andhra Pradesh, Telangana, and Gujarat. The Bank has dedicated relationship managers with regard to high value SME loans, to engage with customers on a continuous basis, enabling to cater to their financial needs in a customized manner. The Bank offers a wide range of products under SME banking which includes term loans, working capital loans, invoice/bill discounting, letters of credit and bank guarantees.

Revised structure and policies are in place for SME vertical and the focus will be on select segments, customer priorities and value proposition.

### How We Performed in FY21

#### Total SME Loans

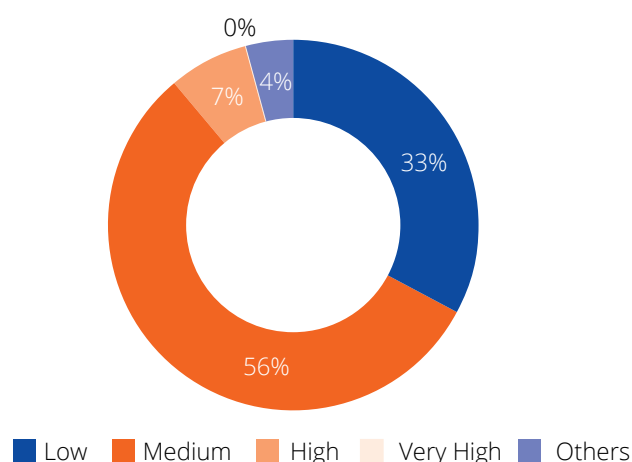
₹ **2,239** Crores

+ 8.6% year on year

#### TOTAL SME LOANS (in ₹ Crores)



#### SME LOANS INTERNAL RATING (Q4 FY21)



## CORPORATE BANKING



Under corporate banking business, Bank caters to large and mid-size corporates and other business entities. The corporate banking group at Bank caters to the needs of corporate entities and provides a range of commercial banking products and services to corporates. This includes regular banking services, corporate accounts, salary accounts, cash management services, short term funding including working capital finance, long term solutions including term loans and trade finance services.

Our Bank has also set up a centralized corporate banking team to work with other banks that arrange syndicated loans.

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₹ **3,653** Crores  
FY21 Corporate Loans

## TREASURY MANAGEMENT



Our treasury operations primarily consist of statutory reserves management, asset liability management, liquidity management, investment and trading of securities, and money market and foreign exchange activities. Our treasury operations are aimed at maintaining an optimum level of liquidity, while complying with the RBI mandated CRR and SLR. We maintain SLR through a portfolio of dated securities and treasury bills of the Government of India, state development loans, and other securities as may be permitted by the RBI from time to time, which we actively manage to optimize yield and benefit from price movements. We are also involved in the trading of securities and foreign exchange, and investment in sovereign debt instruments, commercial papers, mutual funds, certificates of deposits, bonds, and debentures to manage short-term surplus liquidity and to further optimize yield and generate profits thereon.

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₹ **6,126** Crores  
FY21 Treasury Investments

# DIGITAL BANKING



CSB's digital strategy focuses on acquiring customers, enhancing customer experience and making internal business operations more efficient. We currently provide a range of options for customers to access their accounts, including internet banking and mobile banking and it has also launched a mobile application BHIM CSB Pay based on UPI platform.

During the year the Bank could overcome the impact of covid on day to day banking needs of the customers with a plethora of digital banking options. The bank increased reach of digital usage among its customers through education and handholding.

The pronounced digital push yielded good result during the year and the digital transactions reached almost 78% of the total transaction numbers. The Bank also launched whatsapp banking during the year. Introduction of online account opening portal enhanced the customer convenience and customer experience and resulted in better account openings. The Bank is continuously working on improving the channel activation which are beneficial to the customer as well as the Bank on account of reduced transaction cost. During the year the Bank launched CSB Wink, an online account opening platform, where the customer can open an account conveniently.

### Key Developments during the year



## 310,000+

Netbank users

## 277,000+

Mobile Banking Users

## 74.33%

Channel Transactions

## 584,000+

Debit Cards

# CORPORATE INFORMATION

## Board of Directors

**Madhavan Aravamuthan**  
Chairman

**C. VR. Rajendran**  
Managing Director & CEO

**Madhavan Menon**  
Non-executive Director

**Sumit Maheshwari**  
Non-executive Director

**Bhama Krishnamurthy**  
Independent Director

**Sharmila Abhay Karve**  
Additional Director  
(Non-Executive & Independent)

**Sudhin Choksey**  
Additional Director  
(Non-Executive & Independent)

**Sunil Srivastav**  
Additional Director  
(Non-Executive & Independent)

## Key Managerial Personnel

**C. VR. Rajendran**  
Managing Director & CEO

**B. K Divakara**  
Chief Financial Officer

**Sijo Varghese**  
Company Secretary

## Stock Exchanges

BSE Ltd.  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400001.  
Scrip Code: 542867

The National Stock Exchange of  
India Ltd.  
Exchange Plaza, 5<sup>th</sup> floor,  
Bandra-Kurla Complex,  
Bandra (E), Mumbai 400051.  
Scrip Code: CSBBANK

**Corporate Identity Number**  
L65191KL1920PLC000175

## Senior Management Team

**Pralay Mondal**  
President - Retail, SME,  
Technology and Operations

**Narendra Kumar Dixit**  
Head - Retail Banking

**P V Antony**  
General Manager – Accounts

**T Jayashankar**  
Head – HR

**K Rayar**  
Head – Treasury

**Vuppala Srinivasa Rao**  
General Manager – IT

**Vincy Louis Palliserry**  
Chief Compliance Officer

**Arvind K Sharma**  
Chief Risk Officer

**Ganesan V**  
Head - Credit Monitoring & Recovery

**Harsh Kumar**  
Chief Human Resource Officer

**Neena Anand**  
Head – Operations

**Arun Kumar Ramchandran**  
Head – Audit

**Shyam Chandher M**  
Head – SME & NRI

**Mylsamy P**  
Chief Vigilance Officer

**Sreelatha M**  
Head Strategy & Planning

**Manish Agarwal**  
Chief Credit Officer - Retail &  
SME Segment

**Rajesh Choudhary**  
Chief Technology Officer

## 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: board@csb.co.in  
Website: www.csb.co.in

## Registrar & Share Transfer Agents

Link Intime India Pvt. Ltd,  
Surya 35, May Flower Avenue,  
Behind Senthil Nagar,  
Sowripalayam Road,  
Coimbatore – 641028.  
Tel : 0422 – 2314 792, 2315 792  
Fax: 022-49186060  
Email : coimbatore@linkintime.co.in

## Statutory Auditors

B S R & CO. LLP,  
5<sup>th</sup> Floor, Lodha Excelus, Apollo Mills  
Compound,  
N. M. Joshi Marg, Mahalaxmi,  
Mumbai- 400011 Maharashtra.  
Telephone: +91 22 6257 1000  
Fax: +91 22 6257 1010

## Secretarial Auditors

SVJS & Associates  
Company Secretaries  
65/2364 A, Ponoth Road,  
Kaloore, Kochi- 682 017.  
Kerala, India.  
Telephone: +91 484 2950007, 2950009  
Email: svjsassociates@gmail.com

**International Securities  
Identification Number (ISIN)**  
INE679A01013

## CRISIL Rating

|                                  |   |                     |
|----------------------------------|---|---------------------|
| Deposits issue<br>Programme      | : | CRISIL<br>A1+       |
| Tier II Bonds<br>issue Programme | : | CRISIL A/<br>Stable |

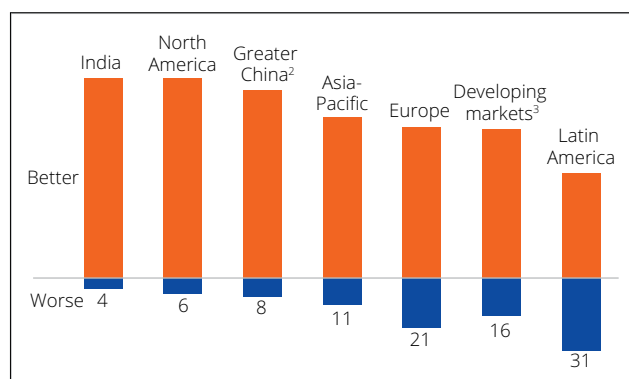
# MANAGEMENT DISCUSSION AND ANALYSIS

## GLOBAL ECONOMY

Post pandemic, the global economy continues to be wavered. Weak demand continues to impact business growth across the globe. Global GDP was estimated at around 87.55 trillion U.S. dollars in CY2019. It is estimated that 4.5 percent drop in economic growth in 2020 amounts to almost 3.94 trillion U.S. dollars. Global growth is projected at 4.9 percent in 2020, 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast.

While \$26 trillion worth of crisis support and the arrival of vaccines have fuelled a faster recovery than many anticipated, the legacies of stunted education, the destruction of jobs, war-era levels of debt and widening inequalities between races, genders, generations and geographies will leave lasting scars, most of them in the poorest and developing nations.

Going forward, business leaders, economists and analysts expect a rebound in the first two quarters of the CY21. According to a study released in March 2021 by McKinsey, most of the business leaders across various regions foresee a positive momentum building in the economy as per the Exhibit given below:



The IMF expects the world economy to grow by 6% in 2021, up from its 5.5% forecast in January. For advanced economies, the IMF estimated growth of 5.1%, with the United States set to expand by 6.4%. The forecast for emerging and developing economies' growth is 6.7% for 2021, with India expected to expand by as much as 12.5% - again subject to the second wave of the pandemic playing havocs across the country.

## BANKING & FINANCE GLOBAL SCENARIO

As an adverse impact of the global outbreak of Covid 19 across the world, financial systems in the world over are facing unprecedented challenges as they struggle to restore the flow of credit even while bracing up for

large scale delinquencies and balance sheet stress that the ravages of the COVID-19 pandemic leave behind. In addition, they have to resume the stalled implementation of regulatory reforms, re-build and top-up capital and liquidity buffers and re-engage to nurture the economic recovery. During the time around, the world banks played a crucial hand in keeping the global economy moving during the Coronavirus pandemic. Lenders were able to maintain the flow of credit to businesses and households. They raised emergency capital for small businesses and extended debt maturities for large corporations, originated and refinanced home loans, and were the cog in which, stimulus checks and relief payments were transmitted.

Banks across the world are expected to face a cumulative revenue loss of \$1.5 trillion to \$4.7 trillion between 2020 and 2024 as the potential for near-term economic recovery remains uncertain in wake of COVID-19 pandemic, according to a latest report by McKinsey. In the base-case scenario, \$3.7 trillion of revenue will be lost, equivalent of more than a half year of banking industry revenues. However, the banks remain sufficiently capitalised. Further in anticipation of sharp increase in personal and corporate defaults due to COVID-led crisis, global banks have provisioned \$1.15 trillion for loan losses through third quarter 2020, much more than they did through all of 2019.

## INDIAN ECONOMY

Indian economy had started dwindling in FY18 when the growth declined to 7.04 per cent from 8.26 per cent in the previous fiscal. The GDP growth further declined to 6.15 per cent in FY19 and 4.2 per cent in FY20, which was the lowest in 44 quarters.

India's economy bounced back amazingly from the COVID-19 pandemic and nationwide lockdown over the last year, but it is not out of the woods yet, according to the World Bank, which in its latest report has predicted that the country's real GDP growth for fiscal year 21/22 could range from 7.5 to 12.5 percent. Threat of second wave looms large on the Indian economy's eminent recovery.

Among the badly hit sectors are small and micro enterprises in the period under review. According to a report by CRISIL, revenue of small firms saw a sharper dip relative to large firms due to lower bargaining power and weak bank credit. Less than 20% of 400 smaller companies among the 800 listed ones, only saw positive revenue growth in the first half of FY21. The pandemic hit harder contact based services like hotels, passenger transport, trade and retail. With higher concentration of services, urban economy was adversely impacted. Lack of social safety nets for the urban poor added to the distress.

Manufacturing sector showed faster recovery during the period. Rural economy backed mostly by agriculture,

remained the most resilient. Agriculture is estimated to grow 3.4% in FY21 and 3% in FY22 backed by a good monsoon in FY21 and a normal monsoon forecast for FY22. India exported agricultural commodities worth ₹ 2.74 lakh crore till February of FY21, a 16.9% increase from ₹ 2.31 lakh crore in the financial year 2020. With support from MGNREGA and PM Kissan Scheme the agriculture and rural economy also fared well.

In response to the biggest economic crisis since 1979 triggered by the Covid-19 pandemic and the subsequent 54-day lockdown across India, a 20 lakh crore (equivalent to 10% of India's GDP) under the 'Atmanirbhar Bharat Abhiyan' was announced in May 2020. This special economic package was announced to make India independent against the tough global supply chain competition and help empower the labourers, poor and migrants who had been severely affected by the COVID-19 pandemic.

Further, the Reserve Bank of India on 5<sup>th</sup> May 2021 extended relief to individuals and small businesses who have loans upto ₹ 25 crore by allowing them to seek a loan restructuring if they are affected by the second wave of the covid 19. Announcing a series of steps to ensure financial stability, the central bank also announced a ₹ 50,000 crores liquidity window to ramp up healthcare infrastructure. This has been topped with incentives for lenders who build a covid-19 loan book.

Going forward, all the economic predictions on FY22 are subject to the second wave of Covid which may slow down the projected economic growth. The Reserve Bank of India

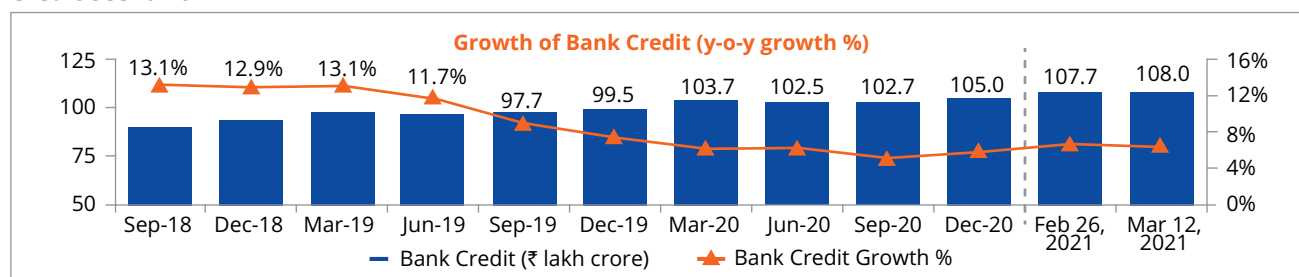
in early April, 21 has cautioned of uncertainties clouding its outlook with the recent surge in covid-19 cases sweeping the country, even as it retained the country's gross domestic product (GDP) growth projection for FY22 at 10.5%.

The rise in global commodity prices, coupled with the volatility in financial markets, accentuates risks and lockdowns in certain states could dampen the gradual revival of growth impulses. However it is unlikely to derail the ongoing recovery, though it may delay the recovery process by one quarter.

### BANKING & FINANCE - DOMESTIC

In India, an unprecedented economic contraction has taken its toll on fundamentals of banks and non-banks and purveyed a generalised risk aversion that has reduced the efficacy of the financial intermediation function. Prompt measures undertaken by the Reserve Bank India and the Government of India to a large extent have ensured easy monetary and liquidity conditions, orderly markets and a secure and well-functioning payment settlement environment. RBI finds that stretched asset valuations are in apparent disconnect with the real economy. A perspective released by the Central Bank in December, 2020 also finds that life support in the form of adequate credit flows to some of the productive and covid stressed sectors had been deficient. Going forward, restoration of health of the banking and non-banking sectors depends on how quickly the spirits return and the revival of the real economy.

### Credit Scenario FY21

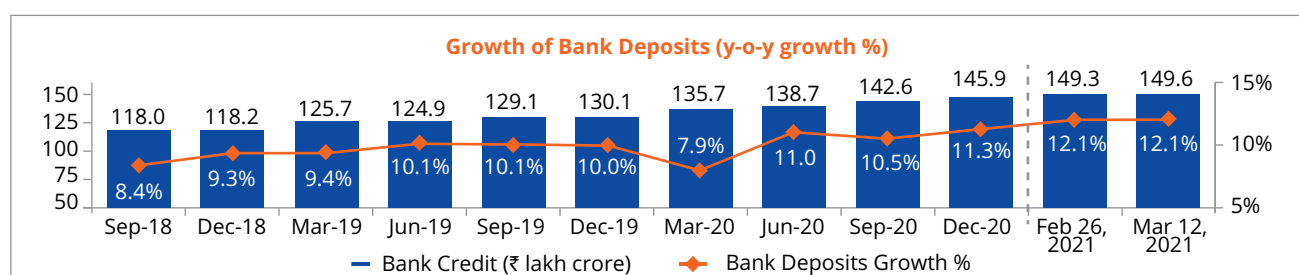


Note: The quarter-end data reflect the last fortnight data of that particular quarter; Source: RBI, CARE Ratings

Overall Bank credit grew 5.56 per cent to ₹ 109.51 lakh crore in FY21. Growth in the bank credit during the year was driven by personal loans and credit to agriculture and allied activities. While advances to large industry fell, lending to the micro, small & medium enterprise segments

grew. Credit growth picked by substantially in March, 2021 backed by a lower base in the same of 2020 due to the imposition of lockdown. According to RBI Non-food credit of all banks stood at ₹ 96.6 lakhs crore as on March 26, 2021, up 4.9% from March 27, 2020.

### Deposit Scenario in FY21



Note: The quarter-end data reflect the last fortnight data of that particular quarter; Source: RBI, CARE Ratings

While deposits rose 11.4 per cent to ₹ 151.13 lakh crore in FY21, as per the data released by Reserve Bank of India as against a growth of 7.9 per cent in the 2019-20 fiscal. Deposit growth stood stable as compared with previous year (9.1% growth during fortnight ended March 13, 2020).

The liquidity surplus in the banking system stood at ₹ 5.7 lakh crores as per the latest report dated March 12, 2021. The liquidity surplus can be primarily attributed to deposit growth outpacing credit growth persistently. However, government borrowings (Central: ₹ 57,230 crore and State: ₹ 45,551 crore) limited the banking system liquidity surplus.

### IMPORTANT MONETARY POLICY INITIATIVES WHILE GOING FORWARD FY21

Important policy initiatives from Reserve Bank of India and Govt. of India in the last year especially in the context of stress felt across on account of COVID-19 pandemic are given below:

#### Policy Rates

The Monetary Policy Committee voted unanimously to keep the repo rate unchanged at 4% for the fourth straight meet since May 2020. The Central Bank that controls the reverse repo rate separately, decided to keep it unchanged at 3.35%.

#### Gold- increase the permissible loan to value ratio (LTV)

RBI in August, 2020, decided to increase the permissible loan to value ratio (LTV) for loans against pledge of gold ornaments and jewellery for non-agricultural purposes from 75 per cent to 90 per cent. This enhanced LTV ratio will be applicable up to March 31, 2021 to enable the borrowers to tide over their temporary liquidity mismatches on account of COVID 19.

#### Credit Schemes for MSMEs

In order to incentivise new credit flow to the micro, small, and medium enterprise (MSME) borrowers, Scheduled Commercial Banks will be allowed to deduct credit disbursed to 'New MSME borrowers' from their Net Demand and Time Liabilities (NDTL) for calculation of the Cash Reserve Ratio (CRR).

Budget Allocation for FY 2021-22 for the MSME more than doubled to ₹ 15,700 crore Vis a Vis ₹ 7,572 crore in 2020-21. The policy related initiatives for MSMEs also included rationalisation of custom duties. To provide credit facilities for the MSMEs, the Government of India has come up with many loan schemes, and even the banking sector and financial institutions grant loans to them.

In FY21, the Sectoral deployment of credit to MSMEs grew by 4.8%, higher than the growth of 2.9% during FY20. Out of this, the credit to services sector (micro and small

enterprises), which accounts for around 60% of the total bank credit disbursed to MSME sector, grew by 4.4% in FY21 compared with 0.2% in FY20.

#### Basel III Capital Regulations: Deferment of the Full Phase-in of Capital Conservation Buffer

The capital conservation buffer (CCB) of 0.625 per cent, which was scheduled to take effect from April 1, 2020, was deferred till April 1, 2021. Considering the continuing stress on account of COVID-19, and in order to aid in the recovery process, it has been decided to defer the implementation of the last tranche of the CCB of 0.625 per cent from April 1, 2021 to October 1, 2021.

#### Deferment of the implementation of Net Stable Funding Ratio (NSFR)

Continuing various policy measures, RBI in the wake of COVID-19, the implementation of Net Stable Funding Ratio (NSFR) by banks in India had been deferred to April 1, 2021. In view of the continued stress on account of COVID-19, it has been decided to defer the implementation of NSFR to October 1, 2021.

#### Capital Infusion

In line with the Budget speech to infuse ₹ 20,000 crore in PSBs in 2021-22 and also to meet the regulatory norms, the government, during the last week of March, 2021, has infused a total capital of ₹ 14,500 crore in four public sector banks (PSBs).

#### Pro forma NPAs

In the context of the prevailing COVID-19 pandemic, the Supreme Court directed Banks not to classify those loans as bad loans, which had not been classified as NPA as of August 31, 2020 and also not to collect compound interest on the outstanding loan amounts during this moratorium period from March 1, 2020 to August 31, 2020. Though the Central Government made a policy not to collect compound interest on loans upto a loan size of ₹ 2 crore, the Supreme Court ordered that the Banks shall not collect compounding interest from all borrowers across the board, during the moratorium period.

#### National Asset Reconstruction Company Ltd (NARCL)

National Asset Reconstruction Company Ltd (NARCL), the name coined for the bad bank announced in the Budget 2021-22, is expected to be operational in June, 2021. The biggest advantage of NARCL would be aggregation of identified NPAs (non-performing assets) in public sector lenders in the form of clean-up of their loan books. This help in recovering value from stressed assets and allowing banks to increase lending.

#### TLTRO

In the wake of the COVID-19 crisis, to enhance liquidity in the system, Reserve Bank of India on March 27, 2020 announced the Targeted Long Term Repo Operations

(TLTROs) which allowed banks to borrow funds from RBI at Repo Rate, by providing government securities with similar or higher tenure as collateral. Liquidity availed under the scheme by banks has to be deployed in investment grade corporate bonds, commercial paper, and non-convertible debentures over and above the outstanding level of banks investments in these bonds as on March 27, 2020. Exposures under this facility will not be reckoned under the large exposure framework and the securities acquired in TLTRO scheme are allowed to be classified under HTM.

As part of the second COVID-19 rescue package, and specifically to channel liquidity to small and mid-sized Non-banking Financial Companies (NBFCs) and Micro Finance Institutions (MFIs), that have been impacted by COVID-19 disruptions, the RBI on April 17, 2020 further announced TLTRO 2.0 at the policy repo rate for tenors up to three years.

### **Other Key Policy Measures**

#### **Reduction in CRR in March 2020 and restoration in two phases beginning March 2021**

To help banks tide over the disruption caused by Covid-19, the cash reserve ratio (CRR) was reduced by 100 basis points to 3.0 per cent of net demand and time liabilities (NDTL) effective from the reporting fortnight beginning March 28, 2020. This relaxation was for one year. After review, it was decided to gradually restore CRR 4.0 percent from fortnight beginning May 22, 2021.

#### **Marginal Standing Facility (MSF) - Relaxation**

On March 27, 2020, banks were allowed to avail of funds under the marginal standing facility (MSF) by dipping into the Statutory Liquidity Ratio (SLR) up to an additional one per cent of net demand and time liabilities (NDTL), i.e., cumulatively up to 3 per cent of NDTL for providing comfort to Banks on their liquidity requirements. In a phased manner, this scheme was decided by RBI, to be continued with the MSF relaxation upto September 30, 2021.

#### **SLR Holdings in Held to Maturity (HTM) category**

On September 1, 2020, RBI increased the limits under Held to Maturity (HTM) category from 19.5 per cent to 22 per cent of net demand and time liabilities (NDTL) in respect of statutory liquidity ratio (SLR) eligible securities acquired on or after September 1, 2020, up to March 31, 2021 and was further extended upto June 30, 2023 by including securities acquired between April 1, 2021 and March 31, 2022, in order to provide certainty to the market participants in the context of the borrowing programme of the centre and states for 2021-22. The HTM limits would be restored from 22 per cent to 19.5 per cent in a phased manner starting from the quarter ending June 30, 2023.

### **OPPORTUNITIES FOR THE BANKING SECTOR**

Bank credit accounts for more than 60% of domestically sourced financial flows to the commercial sector. But the

quantum of bank credit remains woefully inadequate. The total balance sheet of banks in India still constitutes less than 70 per cent of the GDP, which is much less compared to global peers such as China, where this ratio is closer to 175%. Moreover, domestic bank credit to the private sector is just 50% of GDP when in economies such as China, Japan, the US and Korea it is upwards of 150 per cent. In other words, India's banking system has been struggling to meet the credit demands of a growing economy. There is only one Indian bank in the top 100 banks globally by size.

The Indian economy, especially the private sector, needs money (credit) to grow. Against this back drop in November 2020, the Internal Working Group (IWG) came out with a suggestion to allow big corporates/industrial houses to own and run banks and NBFCs. Currently at the proposal level, this suggestion once implemented will have far reaching consequences and its positive and adverse impacts are being debated.

However, the resurgence of COVID is forcing banks, especially smaller banks turn to recession-proof assets to avoid future asset quality shocks. The smaller ones, more susceptible to pandemic shocks, may not be enthusiastic about sanctioning fresh loans to sectors that are directly hit by the pandemic. What they find attractive is recession-proof sectors such as essential services, gold loans and other retail loans. The idea is to de-risk their portfolios at the earliest in the phase of continuing uncertainty on the COVID-front. There is a fear of nationwide lockdown soon as COVID cases are continuing to go up on a daily basis across the country.

### **Gold Loans**

Gold holds high sentiments in Indian households, and as per a report by KPMG, the outstanding gold loans in organized sector is less than 5% of the total gold holdings in Indian households. This indicates low penetration and immense potential for the gold loan financing sector. Rural Indians tend to have higher holdings of gold as compared to their urban counterparts. While the medium term price of gold fluctuates, in the long run, gold has delivered 10-15% CAGR over the last 10-15 years, making it a consistently preferred asset class for investment in India.

### **MSME Loans**

As a developing economy India has a large existing MSME sector as well as number of new micro and small entrepreneurs emerging in multiple sectors. Equity and debit capital support is vital for these MSMEs as they go through many opportunities and risks in business. Scheduled banks and SME development banks have been playing a vital role to make this sector thrive.

In the recent times the Government's ambitious ₹ 3 lakh crore automatic loan scheme for micro, small and medium enterprises (MSME) has received a big thumbs up from banks who are looking at it as a huge business opportunity.

## COVID 19 – RISKS

The RBI expects bad loans of banks to touch 13.5% by September 2021 under a baseline scenario. Under a severe stress scenario, they are expected to touch 14.8%. India's second wave of Covid-19 infections poses increased risks for India's fragile economic recovery and its banks. Fitch Ratings envisages a moderately worse environment for the Indian banking sector in CY2021. Over 80% of the new infections are in six prominent states, which combined account for roughly 45% of total banking sector loans. Any further disruption in economic activity in these states would pose a setback for fragile business sentiment. There are also asset quality concerns since banks' financial results are yet to fully factor in the first wave's impact and the stringent 2020 lockdown due to the forbearances in place. Fitch Rates considers the micro, small and medium enterprises (MSME) and retail loans to be most at risk.

Reserve Bank of India on May 5, 2021 in the context of resurgence of COVID announced a second round of measures to help banks and stressed borrowers. This include special liquidity support to COVID health infra sectors and provision for another round of restructuring for smaller businesses, boost the sentiments in the direction. The banks may stay away from risky unsecured loans to avoid any future impact on asset quality. While gold has always been a safe bet, the pandemic has forced banks to generally shift to selective retail loans from corporate loans.

## OPPORTUNITIES AND THREATS

### Opportunities

- Budget push on capital expenditure and expanded production-linked incentives (PLI) scheme will usher economic revival and investments and increased opportunities will be available in manufacturing and infrastructure segments.
- The outlook for agriculture is also bright and resilient and the agri vertical will be able to build volumes that will qualify for PSL attainment as well.
- The accommodative stance of RBI and liquidity support will promote growth on a durable basis and such measures will have a positive impact on Treasury. (GSAP/VRRRR/HTM dispensation, WMA, etc.).
- The extension of TLTRO scheme will result in improved margins.
- Liquidity support to AIFs will provide a window on mobilising funds through refinance at competitive rates.
- The permission to banks for on lending to Agriculture, MSME and Housing through NBFCs and the extension of PSL dispensation will open up opportunities in the relevant sectors.

- The support to MSMEs by way of extension and widening the scope of ECLGS scheme will throw up opportunities in that segment.
- We could leverage the LTV dispensation for gold loans as advised by RBI and register a y-o-y growth of over 60% in FY 21. Apart from pricing, our customer centric approach and TAT will help us to acquire new customers / market share of NBFCs & unorganized sector. The leveraging of the existing branch network, aligned branch distribution strategy and indirect channels will open up decent scope for growing the gold loan portfolio.
- The pronounced digital push especially in the covid situation is yielding the desired results and the continued efforts in this direction as supported by the government and regulator will improve the penetration, enhance the customer experience and result in reduced transaction costs.
- Conducive atmosphere for expanding physical branch network due to the availability of premises at lower rentals or even the opportunity to move to a ready to occupy premises due to the merger of the PSU banks.

### Threats

- The coronavirus (COVID-19) outbreak is causing widespread concern and economic hardship for consumers, businesses and communities across the globe. The situation is changing quickly with widespread impacts. Though the vaccination programme is running in full swing, the recent surge in infections by way of second wave has created panic and is resulting in localised and regional lockdowns. This could dampen the recent improvement in the economy managed with all out efforts from the government and regulators.
- Concerns around continuity of processes which have direct touch-points with the customer.
- With the popularisation of digitisation and work from home model to counter the covid effect, the cyber security/protection from cyber-attacks is assuming a major role.
- With the uncertainties in the economies, there could be challenges in growing the non-gold advance portfolios.
- The increased rate of credit risk defaults and lower recoveries due to inactive markets for collaterals.
- Reduced cash inflows from loan repayment will affect the ALM.
- The combined effect of low business activities, higher impairment and possible operational and MTM losses may result in reduced profit levels and capital depletion.

- New entrants and related regulatory prescriptions having implications on banking industry-For example, RBI has permitted payment banks to hold a maximum balance of ₹ 2 lakh per individual customer as against the prevailing one lakh limit.

## **BUSINESS SEGMENT/PRODUCT OVERVIEW**

### **Retail Banking**

The Bank offers a wide range of loans, deposit and wealth management products and services to domestic and NRI customers, under retail banking business. In the retail loans segment, the Bank offers a variety of personal and business loans including, loans against gold jewellery (Gold Loans), two wheeler and motor vehicle loans, housing loans, loan against property and overdrafts on mortgage/hypothecation/pledge, small business loans (MSME loans), agricultural loans and microfinance.

Deposit products include current accounts, savings accounts, NR accounts, fixed deposits, recurring deposits, and corporate salary accounts. For facilitating fund transfer services required by NRI customers, the Bank has remittance and rupee drawing arrangements with major exchange houses in the Middle East and also has tie ups with major money transfer agents, which enhances its capability to provide inward remittance services to the customers and strengthens its NRI business. The Bank also has Bancassurance tie ups with leading life and non-life insurance companies for the benefit of the customers. Bank also provides demat services in tie-up with partners for CSB customers, where CSB holds the savings account and demat and trading account will be provided by the partner.

### **SME Banking**

In our vision to make CSB Bank as one of the best SME banks in the country, we have worked on strategy that focusses on leveraging our branch distribution along with expansion to new SME centric markets. In addition to this, one key aspect of the strategy is to work on simplifying policy and process through technology enablement.

The group would want to focus on client level profitability by working closely with customers through a robust relationship management structure that would focus on portfolio hygiene and wallet share.

SME group has implemented Business Structure Reorientation with focus on Portfolio Management and new client acquisition through independent teams. Geographic outreach is a critical focus area for business generation and this is being primarily driven through the identified 41 SME Centric hub locations that are aligned to the 208 spoke branches spread across the key markets in the country.

The Bank will focus on creating parameterized schematic products in SME that can be fast tracked for quicker TAT and this will be done along with initiatives to create segment based knowledge expertise by partnering with trade and industry associations. The other key objective of SME Banking will be to further simplify business and credit process through technology enablement that will take care of complete life cycle of the customer covering business sourcing to post disbursement till loan monitoring.

### **Corporate Banking**

The Corporate Banking services comprises of Corporate Lending as well as Transaction Banking offerings to clients in India. Corporate Banking at CSB caters to the needs of Corporates, primarily Large and Mid-Sized companies and provides a range of commercial banking products and services to corporates. The division also provides banking services to Financial Institutions viz, NBFCs, Banks, Insurance Companies, Mutual Funds, Brokers etc. Transaction Banking consists of 2 businesses i.e., Cash Management and Trade Finance. The services are delivered through our wide network of branches as well as digital banking services.

### **Treasury Management**

Bank's treasury operations primarily consist of statutory reserves management, asset liability management, liquidity management, investment and trading of securities, and money market and foreign exchange activities. Treasury operations are aimed at maintaining an optimum level of liquidity, while complying with the RBI mandated CRR and SLR. We maintain SLR through a portfolio of dated securities and treasury bills of the Government of India, state development loans, and other securities as may be permitted by the RBI from time to time, which has been actively managed to optimize yield and benefit from price movements. Treasury is also actively involved in the trading of securities and foreign exchange, investment in sovereign debt instruments, commercial papers, mutual funds, certificates of deposits, bonds, and debentures to manage short-term surplus liquidity and to further optimize yield and generate profits thereon.

## **REVIEW OF PERFORMANCE**

### **Total Business**

The total business of your Bank stood at ₹ 34,528 crore as on March 31, 2021, as against ₹ 28,031 crore a year before, registering a y-o-y growth of 23.18%.

### **Total Assets**

The total assets of the Bank increased to ₹ 23,337.36 crore in FY21 from ₹ 18,864.24 crore in FY20 showing a y-o-y growth of 23.71%. The increase is mainly on account of increase in investments and advances.

## Total Deposits

Aggregate deposits of the Bank at the end of FY21 stood at ₹ 19,140 crore, compared to previous year level of ₹ 15,791 crore, registering a y-o-y growth of 21.21%. Improvement in CASA as well as term deposits of the Bank is responsible for the growth of deposits.

## CASA Position

During the period under review, CASA has grown by ₹ 1,555.21 crore, registering 33.76% growth y-o-y, compared to ₹ 396.01 crore in the previous financial year (9.41% y-o-y). CASA ratio has improved from 29.17% in the previous financial year to 32.19% at the end of FY21.

The aggregate NRI deposits of the Bank at the end of FY21 stood at ₹ 4,308.50 crore, compared to previous year level of ₹ 3,914.22 crore, registering a moderate growth of 10.07%.

## CASA Strategy

With the operational, structural and developmental changes initiated in FY20, the Branch Banking Vertical is now focused on Deposits (including low cost deposits) and distributed products including insurance, money transfer and cross selling of all other asset products of the Bank. The branches are more focused on providing better customer experiences through efficient customer services and products to all categories of customers of the Bank and thereby generating cross selling opportunities and revenue. The sales and customer relationship team comprising of Business Development Executives, Relationship Managers/Officers and Customer Relationship Executives as frontline staff have been strengthened to achieve the sales and service objectives of the Bank. Specialized teams are built up for key growth segments including Government business, TASC and other potential growth segments.

Bank is planning to introduce Family banking services so that the entire family can enjoy the products and services of the Bank. It is our endeavour to add more products and give better services to our customers so that we become their primary bankers.

The CSB Instapay fee collection portal "The unique product proposition targeted at schools" have been enhanced with more features and also have contributed to the growth in a big way. The customer base for the existing Online Broking Services through partner tie-ups has shown a growing trend with increased revenue through fee income.

Over the year, the Bank has introduced new products and propositions and focussed on digitisation of its processes with a view to improve the quality.

## Classification of Deposits Portfolio

(₹ in Cr)

|                       | FY 20            | FY 21           | Growth         | Growth %      |
|-----------------------|------------------|-----------------|----------------|---------------|
| Demand Deposits       | 739.42           | 1192.37         | 452.95         | 61.26%        |
| Savings Deposits      | 3,867.17         | 4969.43         | 1102.25        | 28.50%        |
| CASA                  | 4,606.59         | 6161.80         | 1555.20        | 33.76%        |
| Term Deposits         | 11,184.08        | 12978.24        | 1794.16        | 16.04%        |
| <b>Total Deposits</b> | <b>15,790.67</b> | <b>19140.04</b> | <b>3349.36</b> | <b>21.21%</b> |

## Advances

(₹ In Crores)

|      |  |        |
|------|--|--------|
| FY20 |  | 12,240 |
| FY21 |  | 15,388 |

During the period under review, the Bank's total advances (gross) increased to ₹ 15,388 crore against ₹ 12,240 crore as on March 31, 2020, registering a y-o-y growth of 25.72%. The gross CD Ratio of the Bank stood at 80.40% against 77.52% in the corresponding previous year.

Gold loan portfolio grew by 61% to ₹ 6,131 crore as on 31.03.2021 from ₹ 3,800 crore of corresponding previous year, whereas Two Wheeler and Agri & MFI portfolio grew by 119% and 252% in FY 21.

## Retail Assets

The Bank has a diversified product suit for all its customer segments – Gold Loans, Two-Wheeler Loans, Business Loans (MSME), Home Loans, Loans Against Property, Education Loans, Microfinance Loans and Agriculture Loans. The core strategy in Retail Assets has been deepening the existing product offering within existing branches coupled and identifying the right target segments and keeping the associated risks under control.

Business growth depends on a strong retail credit management function that focuses on maintaining asset quality and concentration at individual exposures, as well as at the portfolio level. It must also evaluate the internal scoring models determining the acceptability of risk and the maximum exposure ceiling prescribed. The retail credit management function must also consider sanctioning authority, pricing decisions and review frequency. Large exposures within retail require to be independently seen by the respective Committees whereas small, template exposures are extended within the approved product policies.

## Gold Loans

(₹ In Crores)

|      |  |       |
|------|--|-------|
| FY20 |  | 3,799 |
| FY21 |  | 6,131 |

As per reports, the consumers in India, use their gold holdings as collateral to fulfil their immediate financial needs during the COVID – 19 pandemic phase. Demand during the pandemic has pushed gold loan AUM (Asset Under Management) higher for many of the Financial entities. It was also complimented by the increase in gold prices. While many banks have aggressively got into gold loan business, CSBs proven strategies such as blue ocean strategy, NTB (New to Bank customer) strategy has helped us to grow our gold loan portfolio by 61% Y-o-Y. Our per

branch productivity stood at ₹ 14.51 Crore which is one of the highest in the industry. With increased network of 100 more branches, we are poised to grow in the similar pace during FY 22 also.

Gold Loan portfolio of your Bank as on March 31, 2021 stood at ₹ 6,131 crore with a growth of 61% y-o-y. Gold Loans constituted 40 % of total advances as on March 31, 2021 and continue to be a mainstay for the Bank on the advances side. Aggregate weighted yield on gold loan portfolio has increased by 87 bps and reached 12.67% during FY 21.

Our Key strategy of 'penetrating in to rural and urban markets, mainly at unbanked areas presently dominated by unorganized players' has worked well for the Bank both on new business acquisition and yield. We have also engaged different entities as Business Correspondent to penetrate into rural and other markets.

We have also enabled multiple channels for gold loan origination namely Indirect Channel, Business Correspondent, Direct Sales Team (DST), Doorstep Banking service, Digital Business Acquisition channel which had also helped us in acquiring new customers and thereby improving over overall portfolio.

### Other Retail Loans

The Other Retail Loans book had a closing balance of ₹ 1,201 crore as on March 31, 2021 as compared to ₹ 1,298 crore as on 31<sup>st</sup> March 2020.

### Two Wheeler Loans

(₹ In Crores)

|      |                                                                                     |     |
|------|-------------------------------------------------------------------------------------|-----|
| FY20 |  | 78  |
| FY21 |  | 171 |

Two-wheelers continued to see sluggish demand as the new wave of Covid in certain states kept customers away. As customers preferred personalized modes of transport due to the pandemic there was some demand till the festival season in November 2020. However, from January 2021 rising fuel prices led to deferment of consumers' decision to purchase a vehicle, shortage of semi-conductors and high container charges, which deterred the production levels and the imposition of new lockdowns in some cities affected the sales of two wheelers. The expectation was the rural economy would show better growth than the urban markets as the same was largely affected by the pandemic. Now with the second wave emerging again the sales of two wheelers will be impacted further.

From date of launch in 2018, we have acquired 28069 customers and disbursed ₹ 225 crores. We have now 12% market share in Kerala and are # 3 amongst Banks in few key towns of Kerala next only to HDFC & Indus Ind.

Completed our location expansion and presence in all major cities of the four southern states. Signed preferred financier agreement with Royal Enfield. Only regional based Bank to have such a tie up.

The two wheeler loans grew by 119% in FY 2020-21 to ₹ 171 crore as compared to ₹ 78 crore as on 31<sup>st</sup> March 2020 mainly from the business operations in the state of Kerala.

### AGRI/MFI Banking

(₹ In Crores)

|      |                                                                                    |     |
|------|------------------------------------------------------------------------------------|-----|
| FY20 |  | 158 |
| FY21 |  | 567 |

Your Bank caters to each segment of the Agri value chain – individuals (farmers, professionals and self-employed), traders (dealers/distributors, aggregators), processors and rural institutions by using customised proposition across product segments. The Bank meets the credit related requirements of its agriculture customers through Kisan Credit Cards, Investment credit, Financing Agri Allied activities and Agri Ancillary units. These initiatives are designed to support the farmer borrowers engaged in agri & allied activities for maximization of their agricultural income by ensuring optimum utilization of their farm assets.

Your Bank has specialized Relationship Managers and Agricultural Officers to cater to the needs of the valued farmer clients and along with a variety of tailor-made schemes, cater to meet the short-term credit requirements of the farmers, post-harvest expenses, Marketing loans, Investment credit requirement and working capital requirement.

The portfolio has grown by ₹ 410 crores (259% ) in FY 21 to reach ₹ 567 crore as compared to a closing book of ₹ 158 crore as on 31<sup>st</sup> March 2020.

Your Bank is committed to continue the growth in Agri & FI portfolio with improved vigour and increase its contribution to the upward trajectory of the Bank's business.

### MSME Loans

(₹ In Crores)

|      |                                                                                      |     |
|------|--------------------------------------------------------------------------------------|-----|
| FY20 |  | 284 |
| FY21 |  | 289 |

The Bank offers Micro, Small and Medium Enterprise loans to various businesses across geographies of India. The Existing Product offering is in the form of Term loan, cash credit and overdraft against collateral to self-employed businesses.

The MSME advances of the Bank stood at ₹ 289 crore as on March 31, 2021 as compared to ₹ 284 crore as on March 31, 2020.

Considering a huge untapped market available to the Bank and continuous focus of the regulators and government on micro enterprise sector, the Bank has set up a dedicated vertical in FY 21 to cater to the lending requirements of the large underserved micro & small businesses. A unique product offering based on cash flow and PD analysis was designed considering the challenges faced by micro enterprises in availing credit through formal channels. The new product offering was launched across 25 branch locations in TN, Karnataka & Telangana in Quarter 1 of FY 21.

Portfolio of the new product offering stands at ₹ 71 Cr as on 31st Mar 2021 with zero SMA accounts. The product has taken off really well in spite of the prevailing pandemic situation. Focus was on quality of sourcing, in line with the same internal study was done to understand the impact of pandemic across various industries. Customer segmentation was done basis the risk assessment and focus was on sourcing to low and medium risk segments.

The new vertical is also focussing on conversion of existing MSME book of cash credit and overdraft to term loans in 25 locations where the team is operational.

Next Year focus would be on expanding the new product line across other branches of the Bank. The new vertical will also be exploring opportunities through partnership model with Fintech's & Business Correspondents.

### Priority Sector Loans

The Bank continues to accord importance to varied goals under national priorities, including agriculture, micro, small and medium enterprises, education, housing, social infrastructure, renewable energy, microcredit, credit to weaker sections and specified minority communities as a part of Priority sector lending. Separate verticals are formed to cater to these segments with the support of experienced and specialised teams under the verticals. Performance under the sector is given below:

| Priority sector Loans                    | 2020<br>(Crores) | 2021<br>(Crores) |
|------------------------------------------|------------------|------------------|
| Priority sector Lending as on 31st March | 3,974.55         | 4,930.59         |
| Quarterly Average PSL                    | 4,261.51         | 4,920.45         |
| Achievement (Quarterly average)          | 42.55%           | 42.52%           |

Priority sector advance improved by 24.05% compared to 2020. Disbursement of Priority sector loans are achieved at 42.52% of Adjusted Net Bank credit, which is against 40% prescribed by Reserve Bank of India. Your bank has also achieved the sub targets under Agriculture, Small & Marginal Farmers, Weaker Sections and Micro-Enterprises.

Your bank could sell PSLC Agriculture category to the tune of ₹ 1,500.00 crore, PSLC Small & Marginal Category to the tune of ₹ 600.00 crore and purchased PSLC Micro Enterprise category to the tune of ₹ 400 crore and PSLC

General to the tune of ₹ 300 crore during the year under review.

### Financial Inclusion

The objective of financial Inclusion is to extend financial services to the large unserved population of the country to unlock its growth potential. Through Financial Literacy and Credit counselling centres (FLCCs) and by extending the banking outreach through Business correspondents, your Bank has enabled the channels for lending to this group. Your Bank has 37 Rural Branches and 7 FLCC's to strengthen the financial literacy activities at the field level.

### Pradhan Mantri Jan Dhan Yojana (PMJDY)

Bank has 159886 BSBDAs (Basic Savings Bank Deposit Accounts), 1491 KCC Accounts (Kisan Credit Card) outstanding as on 31.03.2021. Out of the BSBDAs accounts opened, 73469 accounts are opened under Pradhan Mantri Jan Dhan Yojana.

### PMJJBY, PMSBY AND APY

Three 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. Bank has 5657 PMJJBY, 19389 PMSBY and 4799 APY accounts outstanding as on 31.03.2021.

### Business Through Business Correspondent (BC) Model

In line with its commitment towards sustainable 'Inclusive growth' in the rural and semi urban segment, your bank has always focused on digital banking channels and expansion of Business Correspondents (BC) to further grow its Financial Inclusion activities. The BC channel, which provides customers in unbanked areas, an access to various banking products and services. During the current financial year, the bank has extended credit to 48000 women borrowers through micro lending programmes through business correspondents' model. Your bank has reached out to more than 60,000 families through this initiative with the support of 9 Business correspondents empanelled by the bank across the geographies.

Total business outstanding as on 31st March 2021 in Micro Finance business under BC model is ₹ 189.50 Crores as against ₹ 62.50 Crores as on March 31, 2020.

### Corporate Lending

CSB caters to Large and Mid-size Corporates and other business entities, with credit requirement of ₹ 250 million and above.

Your Bank offers a full range of client-focused corporate banking services, including working capital finance, term lending, trade and transactional services to corporate customers in India. The product offerings are suitably structured taking into account a client's risk profile

and specific needs by a specialized team. During FY21, Corporate Banking segment has identified to put more foot prints at Hyderabad, Ahmedabad and Bengaluru in addition to our existing locations of Mumbai, Delhi, Pune, Chennai and Kerala, to capture maximum opportunities available. In addition, your Bank has put Regional Business Head in place for West and North for focussed corporate asset growth in these geographies.

Your Bank follows a risk adjusted return philosophy in the corporate banking and is focused on growing Mid-size corporate assets. The Bank is committed to continuously improve its efficiency and processes for better experience of clients, leading to mutually beneficial relationship.

In line with conscious strategy to reduce the reliance on big chunky customers, Corporate Book closed at ₹ 3,653 crore (marginally up by 7% YoY) as on March 31, 2021 as compared to ₹ 3,402 crore as on March 31, 2020.

A few of the client-focused Corporate Banking services as under:

#### Supply Chain Finance:

The supply chain finance division of the corporate banking team has implemented a new product known as TReDS-Trade Receivables e-Discounting System. In order to cater to the liquidity issues of the Micro, Small and Medium Enterprises (MSMEs), RBI has released guidelines for setting up and operating TReDS which would facilitate the discounting of trade receivables of MSMEs from corporates and other buyers including Government departments and Public Sector Undertakings (PSUs).

TReDS being a complete digital platform helps the Bank to considerably reduce the cost of acquisition of customers. The funding of MSMEs on the platform qualifies for priority sector lending which enhances the compliance of our bank. TReDS is one of the many digital steps taken by your Bank to reach out to its customers.

TReDS portfolio stood at ₹ 109 crore as on 31.03.2021. LCBD portfolio has a de-growth of 9% in FY 2020-21 to ₹ 384 crore as compared to ₹ 422 crore as on 31<sup>st</sup> Mar 2020.

#### Structured Finance:

Bank helps NBFC clients by acquiring their existing assets pools by Direct Assignment (DA) /Pass Through Certificates (PTC). This also helps Bank to achieve PSL targets.

The assignments loans de grew by 5% in FY 2020-21 to ₹ 645 crore as compared to ₹ 678 crore as on 31<sup>st</sup> Mar 2020.

#### Cash Management Services:

Your Bank has recently introduced Cash Management Services that offers Cash / Cheque Collection facility for all clients. This facility helps in timely deposition of cash as well as cheques in your Bank account and is backed by proper MIS that helps in reconciling and managing funds efficiently.

E-Collection which is part of Cash Management services facilitates customers to get the payer details and credit information for recurring inward Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) transactions in the current account.

Bank plans to offer full range of advanced Cash Management products that would help its business to process clients' Receivable and Payable, efficiently. These products will help the Bank in optimizing client's cash flow position and ensure effective management of their business operation.

#### SME Lending

Bank's SME business has been driven through RM – SME, Portfolio Managers – SME and Relationship Executive – SME. The structure is driven by SME Cluster Heads/Regional heads. SME business are driven in 41 SME hubs primarily through 208 identified branches. Under SME banking, the Bank offers a wide range of products including term loans, working capital loans, invoice/bill discounting, letters of credit and bank guarantees.

The SME advances of the Bank stood at ₹ 2,239 crore as on 31.03.2021 as compared to ₹ 2,062 crore as on 31.03.2020.

#### Classification of Gross Advances Portfolio

(₹ in Cr)

|                             | FY20          | FY21          | Growth       | Growth %   |
|-----------------------------|---------------|---------------|--------------|------------|
| Gold Loans                  | 3,800         | 6,131         | 2,331        | 61%        |
| SME Loans                   | 2,062         | 2,239         | 177          | 9%         |
| MSME Loans                  | 284           | 289           | 5            | 2%         |
| Corporate Loans             | 3,402         | 3,653         | 251          | 7%         |
| Retail Loans                | 1,298         | 1,201         | -97          | -7%        |
| Two Wheeler Loans           | 78            | 171           | 93           | 119%       |
| Agri & MFI                  | 161           | 567           | 406          | 252%       |
| Assignments                 | 678           | 645           | -33          | -5%        |
| LCBD & TReDS                | 477           | 492           | 15           | 3%         |
| <b>Total Gross Advances</b> | <b>12,240</b> | <b>15,388</b> | <b>3,148</b> | <b>26%</b> |

#### Integrated Treasury Operations

##### Domestic market transactions

Domestic Financial markets stabilised during the first quarter of 2020-21 after recovering from the tailspin during February and March 2020 due to COVID 19 Pandemic and returned to normalcy with a recovery in trading volumes, narrowing of spreads and rebounds in financial asset prices. Equity markets also recovered strongly from panic sell-offs in March tracking global movements. The Indian rupee appreciated vis-à-vis the US dollar with the return of investor appetite for EME assets. During the months to follow, sentiments have been intermittently dampened by rising infections and geo-political tensions or lifted by news on the progress on the vaccine. A slew of monetary, liquidity, credit easing and regulatory measures by the Reserve Bank of India (RBI) and the government's stimulus

package enthused market sentiment. During second half year, domestic financial markets continued to post recovery in market activity amidst easy liquidity conditions. Money markets have remained broadly stable during the year due to proactive liquidity management initiated by the Reserve Bank of India.

During the first half of 2020-21, yields on government bonds moderated, with the 10-year paper softening by 29 bps in response to the slew of conventional and unconventional measures taken by the Reserve Bank to enhance systemic liquidity and compress term spreads. During second half the 10-year G-sec yield firmed up by 30 bps, although it remained at decadal low levels. During the third quarter, the yields softened by 15 bps from 6.04 per cent to 5.89 per cent, aided by various policy measures. The extent of softening, however, was limited over concerns about large supply of bonds with the announcement of additional borrowing of ₹1.1 lakh crore by the Central Government to fund the shortfall in GST compensation for states.

During this tumultuous year, Bank's Integrated Treasury at Mumbai without any interruptions successfully managed the investment and trading operations of the Bank, proactively managed the liquidity position and maintained Statutory Reserve requirements at optimal levels. The Fixed Income & Money Market Desk at Integrated Treasury is actively involved in trading in Government securities, Certificates of Deposits, Commercial Paper, Corporate Bonds & Debentures and Alternate Investment Instruments maximising the Bank's trading profit. The newly formed Equity desk began equity trading operations and participated in select IPOs and contributed to banks revenue. Treasury has raised low cost resources through borrowings from money markets including issuance Certificate of Deposits. Bank participated in various TLTRO operations announced by RBI aimed to channelize funding to various needy sectors of the economy. There was significant improvement in the interest income from Treasury operations compared to previous year.

Bank made a profit of ₹ 125.12 crore on sale of investments during the FY 2020-21 compared to ₹ 30.20 crore during previous financial year.

### Foreign Exchange Transactions

Global financial markets went into a tailspin in the beginning of 2020, that continued up to March 23, 2020 when the US Federal Reserve announced extensive measures to support the economy, including removing the upper bound on its asset purchases. The announcements prompted a recovery in financial markets across the world. In currency markets, the US dollar weakened considerably since March 2020 on expectations that policy rates may stay low for a considerable time horizon and also on concerns of Covid 19 infections and fatalities. However, the US dollar strengthened in September 2020, on safe haven demand as waning vaccine optimism amidst rising infections in Europe and the UK and uncertainty regarding

US stimulus package triggered risk-off sentiments. Emerging market currencies depreciated further during Q4, 20-21 due to resumption in capital outflows mostly on account of strengthening of US yields.

Forex Merchant Desk of the Integrated Treasury provided centralised cover operations for exchange positions originating from branches and also extended advisory services to Corporate, SME and MSME customers for effective management of their foreign exchange exposures. The proprietary trading desk of the Integrated Treasury is active in forex trading operations in various currencies. The desk also utilises arbitrage opportunities available between domestic and overseas markets augmenting Bank's revenue.

### Bancassurance

Bancassurance is a process by which the Bank and insurance companies collaborate to distribute and market insurance products. The insurance companies sell their products through the bank's outlets, benefiting the customers for soliciting, procuring and servicing Insurance business of life, general and health. There is a tremendous untapped opportunity for growth globally in Bancassurance. With Bancassurance, insurance is added to our product mix, in turn diversifying the customer portfolio. This also generate a fee-based income for the bank by cross-selling, with no increase in our operational expenses. The Bank has laid down a Bancassurance policy, in line with the mission, vision and business strategy of the Bank. Our focus is on selling the right product to the right customer. We ensure that offering of a product is done in an informed, transparent and fair manner after considering the interest and need of the customer through IRDAI SP certified employees. The Bank currently has over 850 SP certified employees in 512 Branches as on 31st March 2021.

### Life Insurance

The Bank is providing a wide range of insurance products to its customers on protection, wealth accumulation, education, retirement and above all efficient schemes covering the future needs of our customers. Presently, Bank as a corporate agent has partnered with three Life Insurance companies - M/s. Edelweiss Tokio Life Insurance Company Limited, M/s. ICICI Prudential Life Insurance Co. Ltd. and M/s. HDFC Life Insurance Co. Ltd. In FY 2020-21, overall Life Insurance grew by 108% with a premium of ₹ 76.11 Crore against ₹ 37.36 Crore in the corresponding previous Financial Year. The Life Insurance income grew by 73% over the previous year with a revenue of ₹ 19.39 crore against ₹ 11.18 crore in the corresponding previous financial year.

### Non-Life Insurance

The Bank had tied up with M/s Go Digit General Insurance Co. Ltd. as our third General Insurance partner in FY 2020-21. We provide our customers varied Non-Life Insurance

options ranging from SFSP, Motor, Health, Marine, Asset, Travel Insurance etc. Presently, the Bank has partnered with three companies – M/s. ICICI Lombard General Insurance Company Ltd., M/s. Reliance General Insurance Company Ltd. and M/s Go Digit General Insurance Co. Ltd. for offering new and innovative products to our customers. In FY 2020-21, overall Non-Life Insurance grew by 69% with a premium of ₹ 5.42 Crore against ₹ 3.20 Crore in the corresponding previous Financial Year. The Non-Life insurance income grew by 83% over the previous year with a revenue of ₹ 0.44 crore against ₹ 0.24 crore in the corresponding previous financial year.

Overall Bancassurance income grew by 73.64% over the previous year with a revenue of ₹ 19.83 crore as against ₹ 11.42 crore in the corresponding previous Financial Year.

### FINANCIAL PERFORMANCE WITH RESPECT TO THE OPERATIONAL PERFORMANCE

During the fiscal 2020-21, the Interest income rose to ₹ 1,872.29 crore as against ₹ 1,509.89 crore of previous fiscal, reflecting growth of 24.00%. Interest expenses stood at ₹ 930.91 crore as against the previous year figure of ₹ 917.60 crore showing a marginal growth of 1.45%. The Net Interest Income increased to ₹ 941.39 crore from ₹ 592.29 crore y-o-y growth of 58.94%. Non-Interest Income increased by ₹ 179.21 crore (80.87% Growth) from ₹ 221.61 crore in FY20 to ₹ 400.82 crore in FY21.

Your Bank reported an Operating Profit of ₹ 613.21 crore compared to ₹ 280.58 crore in the previous fiscal, reported an increase of 118.55%. The increase was primarily due to increase in the net interest income, non-interest income.

Operating Revenue of your Bank reported a y-o-y growth of 31.28% and stood at ₹ 2,273.11 crore as against previous year figure of ₹ 1,731.50 crore. The operating expenses increased to ₹ 729.00 crore from ₹ 533.32 crore recording an increase of 36.69% mainly on account of increase in staff cost and depreciation.

For the year ended the Net Interest Margin of the Bank rose by 107 basis points from 3.74% to 4.81%, compared to the previous fiscal. The Bank has posted a Net Profit of ₹ 218.40 crore in FY 2020-21 as against Net Profit of ₹ 12.72 crore in FY 2019-20. The increase in profit was mainly on account of increased yield on advance, treasury profits, recovery in written off accounts, other non-interest income and decrease in cost of deposits.

The Return on Assets was 0.99 % at the end of the fiscal under report as against 0.07 % in the previous fiscal.

The Earning per Share (EPS) and Book value of share as on 31.03.2021 stood at ₹ 12.59 and ₹ 125.7 respectively as against ₹ 0.88 and ₹ 113.04 as on 31.03.2020. The Bank's Return on Equity was 12.48% as against 0.99 % for the previous fiscal FY 20.

### Income

Interest income of the Bank has increased by ₹ 362.41 crore and stood at ₹ 1872.29 crore as on 31st March 2021. Net Interest Income of the Bank increased to ₹ 941.39 crore from ₹ 592.29 crore registering a growth of 58.94%. Yield on advances increased to 10.97% from 10.56% and Yield on investment increased in line with the market trends from 6.41% to 6.81%.

Non-Interest Income grew by 80.87%, y-o-y from ₹ 221.61 crore to ₹ 400.82 crore.

### Expenditure

The interest expenditure increased from ₹ 917.60 crore in FY 2020 to ₹ 930.91 crore in FY 2021, registering slight increase of 1.45%. Operating expenses increased from ₹ 533.32 crore in FY 2020 to ₹ 729.00 crore in FY 2021 mainly on account of increase in staff cost and depreciation on fixed assets. Cost of Deposits decreased to 5.07% in FY 2021 from 5.91% in FY 2020. Increase of Net Interest Margin (NIM) from 3.74 % in FY 2020 to 4.81% in FY 2021.

### Key Financial Ratio

- (a) Details of significant changes (i.e. change of 25 % or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor or sector specific equivalent ratios, as applicable are given below:

| Particulars                                | March 31st 2021 | March 31st 2020 |
|--------------------------------------------|-----------------|-----------------|
| Capital Adequacy Ratio (CRAR)% Basel – III | 21.37           | 22.46           |
| Earnings per share (in ₹)                  | 12.59           | 0.88            |
| Book value per share (in ₹)                | 125.7           | 113.04          |
| Net Interest Margin%                       | 4.81            | 3.74            |
| Cost–Income Ratio%                         | 54.31           | 65.53           |
| Return On Assets (ROA)%                    | 0.99            | 0.07            |
| Return On Equity (ROE)%                    | 12.48           | 0.99            |
| Gross NPA %                                | 2.68            | 3.54            |
| Net NPA %                                  | 1.17            | 1.91            |
| Leverage Ratio                             | 8.11            | 8.87            |
| Interest Income as a % to working funds    | 8.51            | 8.15            |
| Operating profits as a % to working funds  | 2.79            | 1.51            |

CRAR ratio decreased from 22.46% as on March 31, 2020 to 21.37% as on March 31, 2021 due to increase of ₹ 1995.63 crore in Credit Risk Weighted Assets during the year.

Net interest margin increased due to improved yield on advances and reduced cost of deposits. Increased

net interest income, treasury profits, recovery in write off accounts and reduction in cost of deposits had contributed to increased profits. Resultant to which the EPS, ROA, ROE and Operating profit as a % of working funds have progressed upward. This also improved the cost to income ratio of the current year even though the operating costs have risen by 36.69%. Upsurge in asset quality and recovery contributed to reduced Gross NPA %. In addition to the reduced Gross NPA, the increased provision towards NPA contributed to reduction in Net NPA %.

- (b) Details of any change in Return on Net worth as compared to the immediately previous financial year along with a detailed explanation thereof.

Return on net worth increased to 12.48% from 0.99% of the previous year on account of increase in profit from ₹ 12.72 crore as on March 31, 2020 to ₹ 218.40 crore as on March 31, 2021.

#### DISCLOSURE OF ACCOUNTING POLICY

The significant accounting policy of the Bank is mentioned in Schedule 17 of the financial statements. There is no change in the accounting policy having financial impact during the FY 2020-21.

#### NPA MANAGEMENT

Indian banks had a challenging FY21 in the wake of the Covid-19 pandemic, with much of the year clouded by uncertainty on both growth and asset quality. The outbreak of the pandemic has impacted the lives and businesses drastically than anyone expected. It has severely impaired the debt servicing capacity of the borrowers leading to a sharp spike in bad loans.

The recovery climate was also adversely affected by factors like misconception of the loan moratorium as loan waivers and the consequent defaults, restrictions imposed by the State Governments / District Administrations and Courts on initiation of recovery actions, non-recognition of NPAs on an ongoing basis in view of the Hon'ble Supreme Courts directions, etc. The unwinding of the measures taken to combat the impact of Covid-19 has also added to the woes of the banks in the form of increase in stressed loans.

Despite the impediments referred to above, your bank paid focussed attention in improvement of asset quality by putting in place an effective credit monitoring mechanism. Relief measures in accordance with the Covid-19 Regulatory Package like extending moratorium on loan repayment for 6 months, re-scheduling / restructuring of loans, sanction of additional facilities under Emergency Credit Line, Funded Interest Term Loans, etc., were also made available to the needy borrowers to enable them to pursue their business activities and in the process protect the asset quality.

Through effective persuasion, encouraging compromise/ one time settlements and initiating recovery actions

wherever possible, the bank could upgrade / recover substantial amounts locked up in Non-Performing Assets during the year.

The various initiatives taken resulted in cash recovery of ₹ 69.23 Crore and up gradation of NPAs to the tune of ₹ 12.05 Crore. The Gross NPA level of the bank as on March 31, 2021 stood at a level of ₹ 393.49 Crore as compared to ₹ 409.43 Crore in the corresponding period of the previous financial year. The Gross NPA and Net NPA ratios are at 2.68% and 1.17% respectively as against 3.54% and 1.91% respectively in the previous financial year. The provision coverage ratio as on March 31, 2021 improved to 84.89% from the level of 80.02% in the previous year.

Further, during the period under review, your bank could recover ₹ 73.01 Crore from the prudentially written off portfolio. Interest recovery during the period amounted to ₹ 19.42 Crore.

During the current financial year also, your bank's focus would be on arresting fresh delinquencies through close monitoring and recovery of NPAs by initiating appropriate and timely recovery steps.

#### OUTLOOK & BUSINESS STRATEGY

The recovery from the COVID-19 induced recession-phase I- was managed with great difficulties and economic activity is expected to recover in 2021-22 only. On the other hand, new mutations of the COVID-19 virus, second/ third waves of, local lockdowns, shortage of vaccine at places, indifferent attitude to vaccination drive by few, etc., pose real threats to the recovery. The evolving COVID-19 trajectory, severity of second wave and progress on vaccination will be the key drivers of economic rebound globally and in India.

Coming to the banking industry, the situation is putting lot of pressure on customers, the increased reliance on digital channels pressurise the technology & resources and ultimately there is pressure on the financial performance and capital base. The slowdown of economic activities negatively impact the house hold income and SMEs in particular. Relief can be expected in few sectors like pharma, health, automobile, agri& allied industries, etc. Customers will expect flexibilities in terms of interest waivers, charge reversals, repayment deferrals, etc., which will ultimately result in lower margins. Cost and Provisions will increase. Straight through processing will become imperative.

On the retail front, the short term strategy would be to focus on customer acquisition while continue to build gold and TW portfolios. In the medium term, the endeavour should be to be ready with full product suite and prepare for the scale & desired geo reach in the long term. Pushing the customer to alternate channels will be one of the key agendas. Wealth Management and Credit Card tie ups are likely to happen shortly. As regards liabilities, NR and TASC will be the two segments that will be focussed for

volume build up. In the long run, the Bank would target to position itself as an SME bank. In whole sale banking, the Bank will follow a relationship model with few select sectors wherein the attempt would be to develop deep understanding resulting in better risk management and customer satisfaction.

## Strategy

### Bank aims to

- Deliver long term value for the shareholders,
- Grow with the aspirations of our customers,
- Provide employees with a meritocratic work environment,
- Meet the regulatory expectations.

### Through

- Branch Distribution Strategy
- Building a large Customer Franchise
- Stabilising the existing Verticals and formation of new verticals as required
- Building the right performance culture
- Improved focus on non-Gold Retail Portfolio
- Maintaining robust capital and liquidity base
- Building strong balance sheet
- Better Compliance Culture

## RISK MANAGEMENT

A robust risk management system will ensure long term financial security, stability and success of the Bank. 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. We have in place robust ICAAP Policy. The purpose of the Internal Capital Adequacy Assessment Process (ICAAP) is to inform the Board of the ongoing assessment of the bank's risks, how the Bank intends to mitigate those risks and how much current and future capital is necessary having considered other mitigating factors. 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 to achieve an optimal risk-reward profile. Integrated Risk Management framework comprising functionaries headed by Assistant General Managers of Credit Risk, Operations Risk, Market Risk and CISO are reporting to Chief Risk Officer (CRO). During the year, the Bank has taken steps to strengthen its risk management framework to keep pace with requirements in terms of RBI guidelines and Basel prescriptions. A new dedicated team to manage and monitor Cyber Fraud is formed under the name Fraud Risk Monitoring Team reporting under IRMD.

## Risk and Concerns

Risk management is created with the objective of achieving compatibility in risk and business policies and to ensure their simultaneous implementation in a consistent manner. Risk management encompasses setting up of enterprise-wide risk governance framework based on Bank's risk culture, risk appetite and risk limits.

Risk management involves:

- a) Identification of Risks
- b) Measurement of Risks
- c) Monitoring & Control of Risks
- d) Mitigation of Risks

The Bank has policies for identification, measurement and management of major risks - credit risk, operational risk, market risk, liquidity risk and cyber risk. The functional efficiency of these policies are regularly assessed and the policies are refined, keeping in view the dynamic business environment and emerging risks.

### Risk Appetite and Risk Management Practices:

The overall responsibility of setting the Bank's risk appetite and effective risk management policies and strategies rests with the Board of Directors. The Bank has put in place a vibrant Risk Appetite Framework. In tune with the guidelines of RBI, the Board has constituted a Risk Management Committee of the Board (RMC). The major risks namely Credit, Market, Liquidity and Operational risk are managed through following Sub Committees of RMC namely; Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC), Asset Liability Management Committee (ALCO) and IT Security Committee. The Committees described above work within the overall guidelines and policies approved by the Board. Several meetings of Risk Management Committee (RMC) and executive-level risk committees have been conducted during the year.

### Compliance With Basel II And Basel III Framework:

Implementation of Basel II norms in the Bank commenced in the financial year 2007-08. The Bank has been calculating capital ratios every quarter as per Basel III norms, along with Basel II norms, since April 1, 2013. The Bank has also been in line 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 Standardized Approach and for market risk by the Standardized Duration Method. The capital charge for operational risk has been as per the Basic Indicator Approach. The Bank has also computed Expected Credit Losses as per IFRS norms every quarter.

To address the requirements of Pillar II of Basel Norms in its Internal Capital Adequacy Assessment Process

(ICAAP), the Bank analyses various other risks in addition to the Pillar 1 risks and the additional capital requirements thereon. Our Bank has put in place a robust Stress Testing Framework. It consists of a series of sensitivity and scenario tests on various risk areas like default risk, credit concentration risk, interest rate risk in the banking book, and market risk, among others.

### Credit Risk:

Credit risk is defined as “the possibility that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms”. Credit Risk, therefore, arises from the Bank’s dealings with or lending to a corporate, individual, another bank, financial institution or a country.

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

Credit Rating is mandatory for non-retail exposure of above ₹ 25 Lakhs having a valid Audited Balance Sheet. Scorecards are being used to evaluate retail loans such as educational loans, personal loans and loan against property. The major part of the internal rating is carried out by expert rating models provided/vetted by CRIS, the subsidiary of CRISIL.

Segment-wise and borrower category-wise exposure limits are fixed and monitored by the Bank to address the risk of concentration. Rating migration studies and default rate analysis based on the credit risk rating of the borrowers are undertaken periodically to analyse the changes in the credit risk profile of the borrowers and to provide input for policy and strategic decisions. Retail portfolio analysis of various products/industries, covering multiple credit quality indicators are being carried out periodically for identifying portfolio trends and generating portfolio level MIS.

Discretion for sanctioning of SME & Corporate loans is vested with various levels of Credit Approving Committees/ Management Committee/Board etc. To manage Credit Risk, the Bank’s Credit Risk Management Department undertakes Industry/Product/Loan profile studies and makes them available for credit operations. The Bank has also set down industry/ sector-wise prudential exposure ceilings to contain/monitor the risk of credit concentration. The Bank has in place various credit risk mitigation measures such as exposure limits to single borrower and group borrowers, exposure limit for sensitive sectors, benchmark financial ratios, hurdle rate, etc.

During the FY 2020-21, Bank has introduced Altman’s Z score results to know the strength and weakness of different internal rating models. Further, the external rating of the borrowers also compared with Z score to check the relevance of the Z score for the particular group of borrowers.

In the backdrop of volatility of gold price in the recent past, Credit Risk Management department has been sending daily alerts to Gold department and top management on LTV breaches and MTM analysis.

### Market Risk:

Market risk addresses the risk that the value of ‘on’ or ‘off’ balance sheet positions that will be adversely affected by changes in market interest rates, currency exchange rates, equity and commodity prices and the possibility of resultant loss to the Bank. The focal point of market risk management is to assist the business verticals in maximizing risk adjusted return by providing analytics driven inputs regarding market risk exposures, portfolio performance vis-à-vis risk exposures and comparable benchmarks.

**Mitigation:** The Bank has laid down comprehensive policies, framework and procedures to manage Market risk holistically. Various tools like stress testing, duration, modified duration, VaR, etc., are used to measure and control interest rate risk, liquidity risk and other market-related risks. The MRM Policy along with Investment policy of the Bank, encompass the risk arising out of Investment/Market operations and monitors and controls the risks to optimise the return from Treasury Operations. An independent Mid-office reporting to Market Risk Management Department closely monitors the risk positions and transactions against policy prescribed limits. The policies and practices also take care of monitoring and controlling of liquidity risk arising out of its banking book, trading book and off-balance sheet exposures.

The Bank has a healthy Contingency Funding Plan (CFP) for taking action to ensure that the bank has adequate liquid financial resources to meet its liabilities as they fall due. CFP is also periodically reviewed.

### Liquidity & Interest Rate Risk:

Liquidity risk is the potential inability to fund an increase in assets, decrease in liabilities or meet obligations as they fall due, without incurring unacceptable losses. Interest rate risk is the chance that a change in interest rates will negatively impact value of an investment.

**Mitigation:** The Asset Liability Management Policy (ALM) & Liquidity Management Policy of the Bank stipulates broad framework for liquidity risk management and interest rate risk management to ensure that the Bank is in a position to manage its daily liquidity requirements and to withstand stress situations stemming from, bank-specific factors, market-specific factors or a combination of both. The core objective of the ALM policy adopted by Asset Liability Management Committee (ALCO) is to ensure planned and profitable growth in business through appropriate management of the liquidity risk and interest rate risk. The Bank is also adhering to the Basel III Regulatory Standards of Liquidity by monitoring the Liquidity Coverage Ratio daily and Net Stable Funding Ratio monthly.

The Bank has also put in place Stress Testing policy wherein sensitivity / scenario analysis are carried out to know the impact on PBT and Net-worth of the Bank. Back testing of stress tested results ensure efficacy of Stress Testing Model.

All the mandated Policies of Market Risk Management Dept are reviewed annually and Board approval obtained. During the FY 2020-21 we have introduced new model to compute various Pillar II risks to facilitate evaluation of Pillar II capital.

Introduction of Risk Appetite framework after incorporating Risk appetite statements encompassing Business and Risk parameters.

We have also automated generation of Regulatory Liquidity report viz Liquidity Coverage Ratio report and Structural Liquidity Statement.

We have also introduced Liquidity Coverage Ratio Dash Board whereby the Top Management is made to gauge the liquidity position of the Bank comprising availability of High quality liquid assets and likely outflow of funds.

We have also provided Market Risk report before various investments are placed by our Integrated Treasury Dept under TLTRO scheme of RBI, IPO participation.

### **Operational Risk:**

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational Risk includes legal risk, but excludes reputational risks. Legal risk includes, but is not limited to, exposure to fines, penalties or punitive damages resulting from supervisory actions, as well as ordinary damages in civil litigation, related legal costs and private settlements.

**Mitigation:** In conformity with RBI guidelines, our Bank has evolved a robust Operational Risk Management Policy. This policy provides the framework to identify, assess, monitor, control and report operational risks, which arise out of the failure of internal processes, people and systems and on account of external events. The policy is implemented in an uninterrupted, reliable and comprehensive manner across the entire Bank. The Bank also has a board-approved Business Continuity and Disaster Recovery policy to manage disruptions to its operations. Risk Management Department vets all new products and processes and thus ensures that all risks involved in new products and processes are documented and adequate procedures and controls are implemented before the product/ process is launched. To ensure sufficient and timely identification, measurement, monitoring, control and mitigation of reputation risk posed by banking operations at the business line and firm-wide levels, a Board-approved Reputation Risk Management Policy is put in place. Risk drivers for reputation risk are identified and monitored yearly. Quantification of reputation risk is accomplished

through Reputation risk scorecard and is undertaken on a half-yearly basis. Further, the Bank has a framework to compute the strategic risk score as per the risk drivers identified in the strategic risk policy approved by the Board. Quantitative and qualitative risk drivers are considered to arrive the strategic risk score.

Bank has rolled out Risk matrix based on 25 KRIs covering Credit Risk, Cyber Risk, Market Risk and Operational Risk.

### **Cyber Risk:**

Cyber Risk can be defined as the risk of financial loss, disruption or reputational damage to an organisation resulting from the failure of its IT systems. These episodes include malicious cyber incidents (cyber-attacks) where the threat actor intends to do harm (e.g. ransomware attacks, hacking incidents or data theft by employees).

It pertains to online business activity such as Internet Banking, Mobile Banking, Electronic Systems and storage of sensitive Information over computer networks. Common categories of Cyber Risk include inter-alia, Hacker Attacks, Data Breach, Virus / Malware transmission and Cyber Extortion. Financial gain continues to be a primary driver of the most sophisticated criminal offences and presents evolving challenges as criminal networks reinvest the revenue they generate into developing more advanced capabilities.

Cyber Risk can drive up costs and impact revenue. It can harm an organisation's ability to innovate and to gain and maintain customers. Cyber risk pose commercial losses and public relations problems, disruption of operations and the possibility of extortion, cyber- attacks. It also exposes an organisation to negligence claims, the inability to meet contractual obligations and a damaging loss of trust among customers. Protecting key information assets is of critical importance to the sustainability and competitiveness of business today due to which financial institutions like banks are taking front foot in terms of their cyber preparedness.

**Mitigation:** To safeguard the Bank from cyber threats, the Bank has set up the cyber security framework and follows multi-layered architecture for cyber defence mechanism starting from end point security to perimeter security. Bank is having a strong incidence response team to detect and respond to cyber incidents. Bank is taking continuous efforts to create cyber security awareness among employees and customers.

### **Cyber Security Framework**

Cyber security risks are products of three elements: threat, vulnerability and impact. The Bank has the holistic risk picture based on periodic vulnerability assessment and threat intelligence from advisory bodies such as CERT-In (Indian Computer Emergency Response Team) and

IB-CART (Indian Banks – Centre for Analysis of Risks and Threats). The Bank has invested in advanced systems such as antivirus / anti-malware, threat protection, WAF, Anti-DDOS, PIM, NAC, Next Gen firewalls and Web application firewalls. Bank continues to invest in enhancing the overall effectiveness of the Bank's security posture to enable the Bank to prioritise and align its resources to detect and respond to cyber incidents quickly and prevent emerging cyber security risks.

Information Security Management department is headed by Chief Information Security Officer (CISO) to address cyber security risks. As part of the cyber security framework, proactive security measures adopted by the Bank are Managed Security Operations Centre, advanced anti-phishing, anti-malware and anti-rogue services, Privileged Identity Management Solution, Web Application Firewall, Intrusion Detection and Prevention System for protecting network-level threats and for preventing unwanted and malicious network transmissions, Network Access Control which will allow only authorised users to connect to banks network, Data Leakage Prevention solution to prevent data leakage, through email, web and endpoints, DDoS mitigation service to prevent Denial of services, DMARC & SPF protection to enhance the email security standards, Vulnerability Assessment and Penetration Testing, with dedicated VAPT tools like Tenable and Burfsuit, SSL encryption for data transfers, Deep Server Security to enhance security at server levels, API gateway Security Solution to authenticate and provide secure API connections, Email Security Solutions to enhance email security, Artificial Intelligence based SIEM, User Behaviour analysis based End Point Detection and Response (EDR) solution and dedicated VPN solution with security controls, etc. The Bank is continuing to invest on advanced technologies to enhance the systems to mitigate Zero day threats.

Bank is conducting VAPT by an external agency every quarter to identify the vulnerabilities and mitigate the same. Information Security Audit are conducted by an external agency every year to identify the vulnerabilities/ bugs in various IT applications and mitigate the same. Source code audit of critical applications are done by an external agency to identify the vulnerabilities in the applications and necessary steps are taken to mitigate the same. To evaluate Banks preparedness against cyber-attacks, Bank participates in the cyber-drill conducted by IDRBT. The Bank has always taken continuous steps to create cyber security awareness among employees and customers through training/Newsletter/SMS/Emails. Information security team is conducting red team exercises like Phishing campaigns related to Ransomware etc., to create and gage the incident response and awareness among employees. Special cyber security awareness programs are conducted for Executives of the bank (AGM and above) and banks IT Team. Dedicated Fraud Risk Monitoring team is available to monitor customer transactions and report frauds in the customer accounts.

As part of Bank's Cyber Security Policy and Cyber Crisis Management Plan, Bank has availed Cyber Risk Insurance, to cover any losses arising from cyber risks/ threats.

### Disclosures

In compliance with the Reserve Bank of India guidelines on Basel II – Pillar III – 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.

### Compliance Risk:

Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to its banking activities.

Compliance laws, rules and standards have various sources, including primary legislation, rules and standards issued by legislators and supervisors, market conventions, codes of practice promoted by industry associations, and internal codes of conduct applicable to the staff members of the Bank will be the important sources for compliance laws, rules and standards. These rules and standards may go beyond what is legally binding.

Compliance laws, rules and standards generally cover matters such as observing proper standards of market conduct, managing conflicts of interest, treating customers fairly, and ensuring the suitability of customer advice. They also include specific areas such as the prevention of money laundering, terrorist financing and must contain transparency and disclosure norms and may extend to tax laws that are relevant to the structuring of banking products or customer advice.

The Compliance Function envisages strict observance of all statutory provisions contained in various legislations such as Banking Regulation Act, Reserve Bank of India Act, Foreign Exchange Management Act, Prevention of Money Laundering Act, etc., as well as to ensure observance of other regulatory guidelines issued from time to time; standards and codes prescribed by IBA, FEDAI, FIMMDA, BCSBI, etc., and also Bank's internal policies and fair practices code.

**Mitigation:** A good Compliance Culture is built to maintain the reputation and win the trust of customers, investors and regulators. Such culture is an essential element in the safe and sound functioning of the Bank and if not followed effectively, may adversely affect the Bank's risk profile. Compliance with core elements like following the laws, rules, regulations, and various codes of conducts and also to be in adherence with fair practice codes, managing conflict of interest and treating customers fairly to assist build a true Compliance Culture, is ensured.

The Bank promotes awareness of compliance obligations and ethical values to maintain an appropriate compliance culture throughout its businesses. Compliance is not to be seen as an activity of the Compliance Department alone but as a culture that shall pervade across the Bank. As a part of the Compliance framework of the Bank, it is envisaged to embed compliance in every department of the Bank in an effective way as a part of the corporate culture that emphasizes standards of honesty and integrity. The organization holds itself to high standards when carrying on business and, at all times, strive to observe the spirit as well as the letter of the law.

Bank developed Compliance Risk assessment model in FY 2021.

### **Reputation Risk:**

Reputational risk, is a risk of loss resulting from damages to a firm's reputation, in lost revenue; increased operating, capital or regulatory costs; or destruction of shareholder value, consequent to an adverse or potentially criminal event even if the company is not found guilty. Adverse events typically associated with reputation risk include ethics, safety, security, sustainability, quality, and innovation.

**Mitigating and Managing Reputational Risk:** Preserving a strong reputation revolves around effectively communicating and building solid relationships. Communication between the Bank and its stakeholders can be the foundation for a strong reputation. Timely and accurate financial reports, informative newsletters, and excellent customer service are important tools for reinforcing credibility and obtaining the trust of its stakeholders.

Reputational risk is managed through strong corporate governance. Setting a tone of strong corporate governance starts at the top; the institution's board of directors and senior management should actively support reputational risk awareness by demanding accurate and timely management information.

The following are just a few examples of key elements for managing reputational risk:

Maintaining timely and efficient communications among shareholders, customers, boards of directors, and employees, reinforcing a risk management culture by creating awareness at all staff levels, responding promptly and accurately to Bank regulators, oversight professionals (such as internal and external auditors), and law enforcement, etc.

### **Employee Risk:**

Employees are bank's resources from the point of view of risk management. Such resources have knowledge and experience of different problems, situations and the ability to change such risks.

Key personnel employees are those who possess a unique ability essential to the continued success of an organization. Persons with relevant knowledge, creativity, inspiration, reputation and / or skills are essential to the viability or growth of an organization (Bank), and the loss of whom could paralyze the Bank's activities.

Key personnel, given the unique ability that they possess, throw various risks as a result of non-availability to organization due to voluntary or involuntary reasons associated with their exit.

High cost of replacement due to unique skill sets to suit the job profile, non-availability of equal skill sets either within or outside the organization, negative impact among colleagues on work environment and employee morale within the organization, time for new incumbent integration with existing employees, etc., are the effects of key personnel risks.

Key employee's losses are critical for the long-term health and success of the Company. Key employees guarantee customer satisfaction, business growth, satisfied colleagues and reporting staff.

Bank has put in place a Key Personnel Risk and HR policy, which address identification of Key employees, documentation of key processes and procedures, talent pool creation and retention, succession planning, job rotation, restriction on group travel, well defined work place support, etc.

### **BUSINESS CONTINUITY PLAN**

The Bank is having a comprehensive Business Continuity Plan (BCP) to ensure continuity of critical business operations of the Bank (identified through criticality assessment using Business impact analysis (BIA) at times of disruptions. In line with the Business Continuity Plan, Bank has constituted a BCP Committee incorporating the heads of all major departments to exercise, maintain and invoke business continuity plan as needed. A core team called Emergency Operation Team is also in place to act immediately upon a crisis and for the supervision of recovery under alternative operations arrangements during a disaster and the team ensures that the business functions are back to normalcy with minimum delay. During the pandemic, bank was able to work seamlessly as bank has BCP plans in place with defined BCP locations and resources for critical applications. Secured Work from home facilities are provided for critical teams. Disaster Recovery drill for the core banking system (CBS) and critical systems of the Bank is conducted at regular intervals to ensure the competence of the same during emergencies apart from undertaking periodical testing of recovery speed of critical applications from alternate locations.

### **INTERNAL CONTROL, INTERNAL AUDIT**

A well-established independent audit system and structure is required to ensure, not only adequate internal

control for safe and sound operations but also compliance to regulatory guidelines.

Your Bank's Internal Audit Department performs independent and objective assessment to ensure adequacy, effectiveness and adherence to internal control systems and procedures laid down by the management, in safeguarding its assets and compliance of extant regulations. Internal Audit directly reports to the Audit Committee of the Board, which comprises of Independent directors. Key issues emanating from Audit Reports are discussed in the Audit Committee of the Board after discussing compliance and design level controls in the Audit Committee of Executives. ACB provides guidance and direction on improving the controls across the organisation.

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

Your Bank had conducted the Risk Based Internal Audit (RBIA) across the various units / businesses / branches as per the audit plan approved by the ACB. Your Bank subjects its operations to Concurrent Audit by a large and experienced Chartered Accountant Audit firm to complement its Internal Audit function. Concurrent Audit of selected branches are done by Audit firm taking into account risk perception besides also covering critical functions, viz Integrated Treasury Operations, Retail Forex, Trade and Centralised Processing Cells for the various business units, transactions monitoring across the Bank. Synopsis of Concurrent Audit Reports for the entire Bank are placed before the Audit Committee of the Board.

Besides RBIA and Concurrent audits, your Bank also conducts Gold loan audits to ensure quality, purity and availability of adequate gold as per approved guidelines. During FY 20-21, your Bank conducted 591 Gold loan audits to ensure adequate controls are in place.

Additionally, Bank has a system of re-appraisal of jewels pledged under jewel loan portfolio on a sample basis by panel of appraisers covering the various branches under Jewel Loan portfolio.

Currency chests of the Bank are subjected to inspection at periodical intervals as per extant guidelines of RBI besides Concurrent Audit.

Information System audits of critical areas in Information Technology including IT Governance, IT security, Critical

applications, Vulnerability Assessments and Penetration Testing are outsourced to expert firms.

### VIGILANCE FUNCTION

The Bank has a dedicated Vigilance Department to control the frauds happening in the Bank. Functions of Vigilance Department covers both prevention as well as investigation of frauds. Actual or suspected instances of fraud are detected through regular Internal Inspections, Surprise Inspections, Offsite Surveillance, Revenue Audits, Concurrent Audits, Preventive Vigilance Audits and Complaints from customers and other sources. Once it is reported to Vigilance Department, a detailed investigation is conducted into such incidents with the permission of Managing Director & CEO. The synopsis of the investigation report will be placed to the Managing Director & CEO for further action. If element of fraud is recognized / suspected, the incident will be reported to RBI as fraud / suspected fraud. The Bank will also initiate actions to book the culprit and recover the amount. The Department will analyse the root cause of the fraud and suggests corrective measures for improving the systems & controls to avoid similar frauds in future. If lapses are observed on the part of bank staff, explanations will be called from such employees. Examination of staff accountability is conducted after obtaining reply from the concerned staff. If disciplinary proceedings are to be initiated against the staff, the file will be transferred to the HR Department. If third parties such as gold appraisers, Chartered Accountants, valuers, legal advisors, etc., are involved in the fraud or lapses are observed on their part, explanations will be called from them. If their reply are found not satisfactory and they are found accountable, they will be immediately removed from Bank's approved panel. In applicable cases, their names will be referred to IBA to include them in the Caution List of IBA.

Bank has appointed a Part time Advisor for advising the Bank in all Vigilance & Departmental proceedings related matters including processing of individual Vigilance and disciplinary proceedings cases. Advisor, Vigilance will also act as Chief of Internal Vigilance (CIV) of the Bank.

Vigilance Department plays a dynamic role in prevention of frauds. Preventive measures include spreading awareness on potential fraudulent activities and instigating a compliant environment among all employees of the Bank. Effectiveness of fraud prevention mechanism is ensured by conducting Preventive Vigilance Audits. Wherever deficiencies are observed, the same will be intimated to the respective branches and Zonal Offices for rectification and to avoid recurrence of similar deficiencies. In cases where there are severe deficiencies, explanations will be called from those responsible for such deficiencies. If their reply are not found satisfactory, the file will be transferred to the HR Department for initiating disciplinary proceedings against them.

Vigilance Department also issue caution advises on a regular basis on modus operandi of various frauds in the banking industry including that has happened in our Bank. This will enable the Branches / Offices to prevent similar kind of fraudulent attempts in future.

### BRANCH EXPANSION PROGRAMME

Despite the challenges posed by the pandemic, the Bank could open the targeted 101 branches in FY 21 which is the 101<sup>st</sup> year of bank's existence. In line with Bank's strategy to expand beyond the home state, 92 branches were opened outside Kerala predominantly in Tamilnadu, AP and Telengana and Western India. Though 64% of these branches could be opened in Q4 only, the newly opened branches could contribute to a total business of more than ₹ 300 Crores. The performance of these branches is closely monitored for earliest break even. The main focus of Rural & Semi urban branches is on retail liabilities, agri and gold whereas the new branches in Urban/Metro locations are focussing on all businesses including SME and Corporate banking. The Metro branches are expected to break even in 18 months and other category branches in 12 months. In line with our strategy to expand, the Bank plans to open close to 200 branches targeting the locations with CASA, Gold, Agri and MSME focus in FY 2021-22.

### ATM NETWORK

During the year, your Bank installed 18 more new ATMs making the total to 318 onsite and off-site ATMs. For increasing the Security Controls at ATMs and for securing card transactions, multiple layers of security features were incorporated and EMV roll out has been completed in all Diebold and Vortex ATMs. With this 100% of our ATMs have become EMV complied. The Bank has implemented One Time Combination Lock in 130 ATMs and implementation is in progress in the remaining ATMs also. The newly opened ATM Kiosks are aesthetically designed with colour code and special ambience to increase customer pride, footfall and loyalty.

### BRANCH NETWORK

As on March 31, 2021, the Bank has 518 branches including 3 service branches, 3- Asset Recovery Branches and 318 ATMs spread across 16 states and 4 union territories.

The Bank's branch and ATM network as on March 31, 2021 is given below:

| Area         | Branches*  | % to Total | ATMs       | % to Total |
|--------------|------------|------------|------------|------------|
| Metro        | 95         | 19         | 62         | 19         |
| Rural        | 45         | 9          | 18         | 6          |
| Semi- Urban  | 264        | 52         | 159        | 50         |
| Urban        | 108        | 21         | 79         | 25         |
| <b>Total</b> | <b>512</b> | <b>100</b> | <b>318</b> | <b>100</b> |

\*Excluding: 3 – Service Branch & 3- Asset Recovery Branch

### CURRENCY CHEST

Bank's currency chests are situated at Ernakulum and at Coimbatore Singanallore for providing adequate cash supply to branches & ATMs. Currency Chests play a vital role in providing effective customer service at branches and help the branches to adhere to Clean Note Policy of RBI.

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

### TECHNOLOGY ADOPTION

Being one of the oldest Private Sector banks in India, your Bank has been the frontrunner in adapting new technologies to deliver quality service to customers and other stakeholders. The Bank has maintained the entire technology platform without any breakdown. Bank also has a dedicated Disaster Recovery Site to ensure business continuity.

As part of improving cyber security posture, Bank has implemented Security Operation Centre (SOC), Privileged Identity Management (PIM) Solution, Network Access Control (NAC), Data Leakage Prevention System, Web Application Firewall, Deep Server Security, DDOS mitigation appliance, API Gateway, Link Load balancer at DC and DR, Encryption of data at rest, in-transit and Backup, Ansible tool for auto updation of patches in Servers, VAPT remediation and Server hardening. Also have taken steps to improve the end point security by implementing End point Detection & Response Solution, Active Directory Services, AntiVirus solution, blocked USB /RDP port /PowerShell, White listing of Applications. Conducting internal VAPT on a continuous basis using Tenable and BurfSuit tools.

For improving security in card present and not present transactions, replaced all existing magnetic stripe debit cards with EMV chip cards. Debit Card ON/OFF facility for ON/OFF any channel – ATM, POS and E-commerce implemented in Mobile Banking, Internet banking and through Branches. Also implemented various controls suggested by RBI on Swift System and ATM terminals. The ATM Switch used by the Bank is also PCIDSS Compliant. As per Bit Sight Security Report, your Bank score is 760 out of 900 and is rated as "Advanced" and Scored "A" rating in many parameters.

Continuous efforts are taken to create Cyber Security Awareness among employees and customers through training programs, Red team exercises, newsletters, emails, SMS, etc.

During the year we shifted our Data Centre (DC) to a State of Art Tier 3 DC. Implemented Software Defined

Network (Network centric) at the new DC, replacing all old Servers, Network equipment, Security tools with the latest Servers, Network equipment and Security tools. Implemented Disaster Recovery Centre (DR) for all the Applications during the year. Also implemented Near Disaster Recovery centre (NDR) for zero data loss in case of any disaster at DC. Data between DC and DR is replicated in Asynchronous mode and data between DC and NDR is replicated in Synchronous mode. With these implementations, your Bank has robust infrastructure at DC, DR and NDR ensuring 100% data backup, data safety and security. Also implemented new Backup solutions at DC and DR ensuring 100% back-up of data on tapes at DC and DR on a daily basis and backup process is completely automated. To avoid a single point of failure and high availability, redundant systems are installed for all critical Servers and equipment. During the year there was no outage at our DC, DR and NDR. Periodical DR drills are being conducted to test the preparedness to switch over operations to DR in case of any disaster at DC.

The Bank is leveraging its technology platform to bring most processes on to a centralized platform to improve the overall efficiency and reduce turnaround time. The Bank has implemented several new features / functionality in Mobile Banking and Internet banking to enable customers to pay online for various services. All banking delivery channels comprising of branches, ATMs, internet, Mobile Banking, Mobile Apps, etc., are considered as part of the Bank's core business and are given the highest priority for 100% uptime of these channels.

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

#### 1. Digital Account Opening

Bank has launched a Digital Account Opening platform for on-boarding of new Savings and NR accounts. The account opening form is taken digitally along with KYC documents, which gets verified instantly and thus enables the Bank to on-board new customers on the same day, within a few hours. This platform also helps in reduction of manual data entry errors, reduces physical paper storage and also helps in digital archiving of the documents.

#### 2. Enhancements in Retail Net Banking:

Standing Instructions, Mini Statement, Debt ASBA, Sovereign Gold Bonds and E-deposit for Joint Clients are enabled in Retail Net banking.

#### 3. RTGS 24X7

Implemented RTGS 24X7 with effect from 13<sup>th</sup> Dec, 2020. Customers can initiate RTGS transactions 24X7 without any time limit. Also Implemented N10 message to send positive confirmation message containing the date and time of credit to beneficiary account for RTGS transactions.

#### 4. Gold Loan:

Implemented Gold Loan Origination System for automation of entire life cycle of Gold Loan. Besides improving the efficiency, Gold loan LOS aims at standardizing the credit process.

Bank launched Kanakadhara Term Loan product with 6 months and 12 months tenure. For Quarterly interest servicing Product is offered at lower rate of interest. Also tied up with Unimoni and IIFL for disbursement of Gold Loans for our Bank customers.

#### 5. Card ON/OFF facility

Card ON/OFF facility has been implemented through Mobile Banking, Internet banking, Call Centre and Branch. Customers can enable or disable, any channel – ATM/POS/E-commerce, as per their choice.

#### 6. E-KYC Solution.

Bank implemented Central Know Your Customer (CKYC) solution of OSPYN for capturing KYC details of the customer from Core Banking Solution and uploading the same in CKYC India site along with ID Proof and Address proof and generate CKYC No.

#### 7. Setting/re-setting of mPIN or Password for Mobile banking & Internet banking

Bank already implemented self-user creation option for Registering for Mobile Banking and Net banking using Debit Card and PIN and OTP. However, to help the customers not having a Debit card to Register for Internet banking and Mobile Banking, option is provided on the website for generation of Login and Transaction Password for Net Banking and mPIN for Mobile Banking. The facility can be used for generation of mPIN or password, in case the customer forget the same.

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

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

- Effective measures have been taken to address the identified gaps in each areas such as IT Governance, Information Security, IT Service outsourcing, IS Audit, IT Operations, Cyber Frauds, Business Continuity Plan (BCP), Customer Education and Legal issues.
- The IT Organization setup has been redrawn to suit the functions/roles specified in the recommendations with segregation of duties. IT Strategy Committee of the Board has been meeting every quarter to review IT Strategy of the Bank, the implementation of various IT projects, IT Policies, implementation of Information Security controls and Advisory issued by RBI. IT Steering Committee has been meeting periodically to review the status of

implementation of IT projects/ Customisations and also the new IT projects to be taken up. IT Security Committee reviewed Cyber Incidents, Assessment of SOC, Domain Security Parameters and Patch updation and Bank's IT Security. Chief Information Security Officer (CISO) has been reporting to IT Strategy Committee and the Board about the emerging Cyber threats and bank's preparedness in these aspects.

#### **Cyber Security Framework in Banks vide notification dated 2nd June, 2016 issued by RBI.**

As per the Cyber Security Frameworks in Banks, the Bank implemented the following measures:

- The Bank has also formulated Cyber Security Policy and Cyber Crisis Management Plan. The policy will highlight the risks from cyber threats and the measures to address/mitigate these risks. These policies are reviewed by the Board in Dec 2020.
- The Bank has also identified the inherent risks and the controls in place to adopt appropriate cyber-security framework.
- To improve the Security posture of the Bank, implemented Security operation centre, Anti-phishing, Anti-malware and Anti-Rogue services, PIM (Privileged Identity Management) solution, Active Directory, Intrusion Detection and Prevention System, DDoS (Distributed Denial of Service) mitigation services, Network Access Control, Data leakage Prevention system, Deep Server Security, End Point Detection and Response, DDOS Mitigation Appliance, Refreshed internal and external firewalls at DC and DR with next generation Firewalls, Implemented Link load Balancers for Internet leased lines at DC and DR, Upgrade of Link Load Balancer for replication links at DC and DR, etc.
- Conducting VAPT by an external agency every half year to identify the vulnerabilities and mitigating them. Conducting Information Security Audit by an external agency every year to identify the vulnerabilities/bugs in various IT applications and mitigating them. Conducting Source code audit of critical applications by an external agency to identify the vulnerabilities in the applications and mitigating them. Internal team is also conducting vulnerability assessment of servers and the vulnerabilities identified are mitigated by regularly patching the system.
- Bank Implemented Security Operation Centre (SOC) and logs are collected from all critical systems to correlate and identify the cyber-attacks. All the critical alerts generated from SOC are being reviewed and appropriate action is being initiated to close the alerts regularly.

- All Public facing applications traffic is routed through Web Application Firewall and any malicious traffic is quarantined.
- Bank is continuously educating bank staff and customers on precautions to be taken while performing online transactions through SMS/emails/ Newsletters, etc. Red team exercises are being conducted to test the Cyber Security awareness among the employees and also guiding the employees on Do's and Don'ts.

#### **STRATEGY FOR DIGITAL PENETRATION AND CUSTOMER ENGAGEMENT**

The recent pandemic crisis has driven the importance of digital banking solutions, especially in the Banking sector. Keeping in view of the emergent situation, your Bank has implemented a slew of products for an alternate mode of Banking. Digital Banking products have played a vital role in providing convenient and cost effective 24x7 banking facility to the customers and thereby providing customer stickiness to brand CSB. Your Bank has been introducing a bundle of Digital Products from time to time, ranging from full-fledged Internet Banking Suite, RuPay Cards, QR Payments, POS, Prepaid Cards, UPI, e-Passbook, Missed Call Balance Enquiry, up-gradation of Mobile Banking Application with more security and value-added features. Card Control Tools, ASBA, UPI enabled payment services, Scan & Pay, Quick payments, Mini statements, Zero Cost fund transfers, etc., are the highlights of the new CSBMobile+ app. The Bank has also provided the best-in-class facilities like WhatsApp Banking and ATM Green PIN based support to its customers.

In terms of growth in digital transactions, Bank has fared very well this year when compared to previous years. As on March 2020, the total Digital transaction penetration when compared to branch transactions was 68%. It has now improved to 81.1% as on March 2021. Customers are migrating to Digital Channels thereby contributing to a reduction in operating costs. As a Bank, our focus has been predominantly to introduce digital solutions that are easy, fast, secured and also cost-effective.

The key initiatives in the financial year 2020 - 21 are as under:

1. **Launch of CSBMobile+** for iOS platforms as well as for android platform with enhanced security feature and Debit Card Control Functionality, keeping in view the safety concerns of the application and providing our customers with a seamless banking solution with high-end security features with robust security enhancements and in addition a Debit Card Control functionality has also been implemented complying with RBI directives. Other new features included are Mini Statements, RD Repayments, and Optimized ASBA.

2. **Launch of CSB WhatsApp Banking** - With banks rewiring their branch banking services in favour of digital alternatives during the on-going pandemic crisis, WhatsApp Banking has rapidly proved to be an innovative platform to engage customers. Fuelled by this idea, CSB Bank's 1<sup>st</sup> ever AI (Artificial Intelligence enabled) personal banking assistant was launched.
3. **Mobile Token** - For ensuring better security in online transactions done through Online Banking, using a bank provided dedicated Mobile Token App, customers will be able to securely generate a random token which they can utilize to complete a transaction which ordinarily required an SMS OTP.
4. **CSB Wink** - Online account opening portal during this digital era, most of the customers will not prefer to visit any bank branch for their day-to-day banking needs as they will rely mostly on digital platform to save time and money. Irrespective of the age, customers are always looking for safe, quick and convenient solutions. In order to cater the needs of the customers who rely mostly on digital platform in order to save time and money and to keep pace with the emerging industry trends in acquisition and on-boarding of new to bank customers, CSB Bank has made a paradigm shift from the conventional way of account opening, to the online mode. With a view to increase our penetration in the digital banking space and position CSB Bank better in the digital market place, we have launched CSB-Wink Savings Account that facilitates on-boarding through selfie digital mode, where customers can open accounts with CSB at the convenience and comfort of their home. It enables resident individuals who owns PAN and AADHAAR to instantly open and activate an instant digital Savings Account.
5. **Virtual Account Number** - To cater the business needs of corporate customers, we have launched CSB Virtual Account Number facility as an innovative solution, which facilitates corporates to easily collect and keep track of receivables from their vendors. This facility serves as a huge advantage to corporates where the number of vendors is large.

### ONLINE BROKING SERVICES

Demat and Trading facility is being extended to CSB customers through 3-in-1 tie up with four broking firms namely M/s Geojit Financial Services Ltd., M/s Acumen Capital Market Ltd (formerly Celebrus Capital Ltd.), M/s IDBI Capital Markets and Securities Ltd and M/s IIFL Securities Ltd.

Under the 3-in-1 tie up, the current/savings account is maintained with CSB while demat and trading account facility are provided by the third-party service providers. Fund transfer from customers CA/SA accounts to the trading account is enabled through the net banking

platform of the Bank through API integration whereas the fund transfers from trading account to customer's bank account with CSB is executed by the brokerage, based on customer instruction. Under the referral arrangement, the leads generated by CSB branches are passed on to the brokerage firms for on boarding the customer.

### COMPLIANCE FUNCTION

Compliance means "the adherence to laws, regulations, rules, related self-regulatory organization standards and codes of conduct in matters concerned observing proper standards of market conduct, managing conflicts of interest and specifically dealing with matters such as prevention of money laundering and terrorist financing, and investigations of alleged breaches and fraudulent behaviour". The Bank has a full-fledged Compliance Cell that envisages strict observance of all statutory provisions contained in various legislations such as the Banking Regulation Act, Reserve Bank of India Act, Foreign Exchange Management Act, PMLA Act, etc. It also ensures observance of other regulatory guidelines issued from time to time, standards and codes prescribed by IBA, BCSBI, etc., as well as the Bank's internal policies. The scope of Compliance includes the ability to assist, support and advise the management in fulfilling its compliance responsibilities, advise any employee with respect to their compliance obligations, Identify, assess, and monitor the compliance risks faced by the Bank, help bank to carry out business in conformity with external, internal standards and regulations and to develop a system that represents a set of management processes and tools, including reporting, which is used in execution of business activities, in order to mitigate compliance risk. Compliance Officers have been appointed at all Departments/Offices so as to effectively ensure compliance and report to the Chief Compliance Officer through the appointed Principal Officer of the Bank. The Chief Compliance Officer is the nodal point of contact between the Bank and the Regulator and in turn assists the top management in effectively managing the AML & Compliance risks faced by the Bank and will also be a participant in the quarterly informal discussions held with RBI. He will ensure that all new products are subjected to intensive monitoring for the first six months of introduction by the concerned departments and that the indicative parameters of compliance risk are adequately monitored. The compliance function shall aim to measure compliance risk by using performance indicators during compliance risk assessment. They shall use quantitative and qualitative criteria as a gauge to check the adequacy of compliance within the bank. The risks shall be classified into high, medium and low categories based on agreed parameters to mitigate them by appropriate level of attention of the management. Appropriate software's have also been put in place to monitor compliance of regulations and submission of returns effectively. Apart from the routine KYC/AML/CFT training conducted, the Compliance Cell also imparts annual training on compliance functions

to the compliance officers. Compliance department of the bank shall re-emphasize the need to comply with instructions meticulously among all the staff in the bank through continuous and mandatory training to all staff on compliance aspects, appropriate disciplinary measures through staff accountability framework/ policies for non-compliance, etc. The Bank shall not see compliance as an activity of the compliance department alone but as a culture that pervades across the banks. Bank has put in place a Board approved policy and procedural guidelines on Know Your Customer (KYC) / Anti Money Laundering (AML)/Combating of Financing of Terrorism (CFT) measures in line with the guidelines issued by Reserve Bank of India, Prevention of Money laundering Amendments and the FATF. This Policy ensures that the appropriate AML procedures are implemented effectively, including customer acceptance policy, customer due diligence, record-keeping, ongoing monitoring, timely reporting of suspicious transactions and combating the financing of terrorism. It also ensures that all employees are aware of the reporting institution's AML measures, including control policies, control mechanism and the channel of reporting. A dedicated PMLA Cell is functioning at the Head Office to oversee the compliance of KYC/AML/CFT norms and the Bank has comprehensive AML software that processes all transactions and indicative trends handled by our branches on a day to day basis and suspicious transactions/trends found if any, will be reported to FIU-IND, New Delhi. The Managing Director & CEO is the Designated Director and the Head of the PMLA Cell is the Principal Officer for the purpose of KYC/AML/CFT compliance and FATCA/CRS reporting in the Bank. To ensure that the employees are kept abreast on the subject, necessary training on Compliance/KYC/AML/CFT is imparted to all members in coordination with Bank's Institute of Learning and Development on an ongoing basis. Members' awareness is also effectively enhanced through General E-learning, Targeted Online Trainings, Circulars, FAQ's, etc., and the Staff members are also encouraged to undertake Subject awareness Quiz programmes, Certification courses in KYC/AML/CFT by granting incentives/benefits upon passing the programmes/certifications.

### **CUSTOMER SERVICE**

The Bank has put in place a well-defined Customer Grievances Redressal System, wherein customers can approach Bank through multiple channels for redressal of their grievances – Bank's Branches, 24 X 7 Call Centre or register their complaints online on Bank's Complaint Management System. Your Bank ensures that customer complaints received through various sources are resolved within the shortest possible time and to the best satisfaction of the customers.

Customer Satisfaction Surveys is another exercise to identify gaps, initiating corrective action and improving

customer experience. Feedback from the survey is a source for evaluating customer's rating of services extended, ways and means for improving customer service, providing infrastructure at branches, and greater awareness on Bank's products and facilities. During the year, the bank conducted a pilot project for revamped customer survey to record the customer feedback and analyse the ratings given by them. This will be proliferated to more branches during the ensuing financial year.

Imbibing new technologies and the many ways they can be used to offer more convenient, secure and simply better service to their customers, your Bank is committed to reaching out to the customers. Keeping abreast with the latest trends in Banking, your Bank has launched a number of products and services that are aimed at satisfying specific needs of its clientele.

Your Bank has already constituted a sub-committee of the Board, (known as the Customer Service Committee of the Board) in line with RBI directives, 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. Additionally, the Bank also has constituted a Standing Committee on Customer Service, which has representation from customer groups. The customer service committee of the board meets every quarter during the year, as required.

In order to carry the message of importance of customer service to the employees, especially the frontline staffs, efforts are taken for sensitizing staff members at branches, through proper training. Redressals of customer complaints mostly starts at branch level. Only cases which are beyond the purview of branch are forwarded to the Nodal Officer at Zonal Office. And those even beyond the purview of the Zonal Office are escalated to Branch Service Department at Head Office headed by a Principal Nodal Officer under Banking Ombudsman Scheme.

RBI has introduced Internal Ombudsman Scheme, and in line with this, your Bank has appointed an Internal Ombudsman. The Internal Ombudsman examines customer complaints which are in the nature of deficiency in service that are partly or wholly being rejected by the bank. The Bank internally escalates all complaints which are not fully redressed to the Internal Ombudsman, before communicating the final decision to the customer.

Disposal statistics of Customer Complaints (Other than ATM) for the FY under review is given below:

| Complaints Status                                         | 31.03.2021 | 31.03.2020 |
|-----------------------------------------------------------|------------|------------|
| a) No. of complaints pending at the beginning of the year | 134        | 30         |
| b) No. of complaints received during the year             | 3,313      | 4,221      |
| c) No. of complaints redressed during the year            | 3,350      | 4,117      |
| d) No. of complaints pending at the end of the year       | 97         | 134        |

The resolution of customer complaints improved to 97% in the current year compared to 96% in the previous year.

### HUMAN RESOURCE - AN OVERVIEW

HR Department of the Bank plays a pivotal role in ensuring effective utilisation of its Human Resources who are considered to be the backbone of the Organization as a whole. The HR function assumes a critical role in enhancing employee performance and leveraging their potential in order to achieve the desired business outcomes. HR Department's role is to act as a driving force, ensuring balance and synergy between the Organization's vision and the interests of the workforce.

The Bank through its HR Department strives hard to ensure efficient as well as effective management of its Human Resources. As our Bank is going through a transition wherein the entire work philosophy is shifting towards a modernized and automated approach, it is the duty of HR Department to develop effective HR frameworks and programs with a 360° view on all aspects of Human Resource Management.

In the FY 2021, our Bank has made a huge stride forward in developing HRMS software with the help of 'Peoplestrong' group. Leave module, HRIS, Attendance module and PMS module have already gone live. New modules such as Training, Confirmation, Transfer, Promotion, Exit, Recruitment, On Boarding, Reimbursements of Business Claims, etc., have been introduced during this fiscal. Additionally, a feature for internal communication viz., 'Zippie' and a chat bot named 'Jinie' have also been launched.

Further, the Bank encourages all employees to express any grievance related to their work life or personal life. Disassociation from work desk has been made compulsory to maintain a healthy work life balance as part of imbining compliance culture.

As a long term strategy, our Bank plans on expanding its branch banking network beyond the present borders

and affirm its presence Pan India. In order to achieve our goal, talents have been pooled Pan India and qualified candidates matching each job role have been hired after rigorous recruitment process. These candidates are recruited on Cost to Company (CTC) basis and their remuneration is fixed on par with the Industry standards. More recruitment is on the cards, in alignment with the organization's requirements.

### HR Policy - Facts and Figures

HR Policies are formal rules and procedures that dictate as to how certain matters should be addressed in the workplace including employee rights and duties. HR Policies are tied to employment laws. To avoid non-compliance and penalties from the government, employer must adhere to HR policies.

Our HR Policies cover the entire gamut of Human Resource processes in the Bank, including and not limited to Recruitment Policy, Lateral Recruitment Policy, Internal Hiring Policy, Succession Planning Policy, Induction, Granting of Incentives/ Benefits to Staff, Training and Development, Prohibition of Sexual Harassment of Women at Workplace, Transfer Policy, Promotion Policy, Performance Appraisal Policy, Welfare Aspects of HRM Policy in the Bank, Reward Recognition System, Management of Industrial Relations, Work Culture Effectiveness Policy, Employee Grading and Banding Policy, Mediclaim Policy, Leave and Working Hours Policy, The Buddy programme Policy and Staff Exit Policy.

A Social Media Policy educates Bank's employees, customers, stakeholders & general public about the do's and don'ts to be kept in mind while putting a comment, post, idea or concern on social media.

The total number of employees in the Bank during the end of FY 2021 is 4180 compared to 3204 in the previous financial year end. Rigorous talent acquisition in the recent years, especially in the fields of Sales portfolios such as CASA, Gold, etc., has contributed towards the increase in total employee count.

| Financial Year | No. of employees recruited in the FY |       | No. of branches including Service and Recovery branches |
|----------------|--------------------------------------|-------|---------------------------------------------------------|
|                | Operations                           | Sales |                                                         |
| 2021           | 224                                  | 1592  | 518                                                     |

The total hiring for the Financial Year is as follows:

| Sl No | Cadre                                             | No. of New Recruits |
|-------|---------------------------------------------------|---------------------|
| 1     | Officers (Including RSM/ASM/RE) etc.              | 654                 |
| 2     | Direct Selling Agents (BDE's, RME's, CRE's/CRO's) | 1160                |
| 3     | Others                                            | 2                   |

### **Welfare Aspects of Human Resource Management**

The Bank offers various perquisites to its staff which include staff loans at concessional rate of interest, viz. Housing Loan, Overdraft, Motor Vehicle Loan, etc. Such loans are considered to be secure and ensures prompt repayment. Concessional rate of interest is offered to employees for availing Educational Loan for their children for higher studies.

Facilities such as medical reimbursement and cashless hospitalisation are provided to all employees. The scheme undertaken by the Indian Banks' Association under arrangement with National Insurance Co. Ltd has been implemented and maintained successfully for IBA Employees. All Officers irrespective of their grade are covered for a Sum insured of ₹ 4,00,000/- and all Award Staff are covered for a Sum Insured of ₹ 3,00,000/-. Insurance Premium is paid by the Bank.

CTC Employees' insurance is administered by ICICI Lombard. All officers with grade of Assistant Managers and above are covered for a sum insured of ₹ 4,00,000/- and other officers like BDE/CRE/RE etc., are covered for a sum insured of ₹ 3,00,000/-.

Apart from the medical insurance cover extended to employees by the Bank at its cost, we have also introduced Voluntary Parental Medical Insurance cover for all CTC employees, the premium for which comes at a very attractive rate and borne by the employees.

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

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

### **Learning and Development**

Learning is fundamental and remains at the core of all our functions and processes. In line with RBI's Capacity Building Policy, the Bank had made it mandatory to qualify a Certificate Course for Officers working in specialized functional areas like Treasury Operations, Risk Management, Credit Management and Accounting. Learning support, in the form of incentives and reimbursement of the course fee, is also provided to those employees who are taking up certifications in these areas.

Training and development is a significant part of the Human Resource Management. Employees are entrusted with different roles and responsibilities in the Bank. Training enables them to carry out these roles and

responsibilities efficiently. It also helps employees acquire new knowledge and skills thus preparing them to take up higher responsibilities in the future. Imparting training to the right person, at the right time, on the right subject/area is the need of the day. The Bank has "Institute of Learning and Development" (ILD) at Ollur, Thrissur. Training is provided to officers and workmen in this establishment as per the Annual Training Plan. Newly recruited employees are taken through orientation programmes before joining the Bank. Besides, the Bank avails of training programmes offered by renowned institutions like National Institute of Bank Management, Pune; IDRB, Hyderabad; Southern India Banks' Training College (SIBSTC), Bangalore; etc. Due to the threat of Covid-19, classroom trainings had to be suspended. However, our ILD was fully equipped to handle this and training programmes were conducted through online mode instead. Arrangements were made so that employees could attend the training sessions from their own locations.

### **Updates from Learning & Development Department**

CSB Bank believes that the quality of our employees makes us stand above the crowd, and our L&D Department's mission is to develop the bank into a Learning Organisation. World over, organisations are moving to facilitating learning, rather than training.

The Financial Year 2020-21 was one with special challenges and opportunities. The spread of Covid 19 virus to pandemic proportions brought physical classroom training to a grinding halt. Restrictions on travel and stay in hotels prevented the movement of our employees to the CSB Institute of Learning & Development (CSBILD) to attend training programs.

This challenge was converted into an opportunity as the CSBILD made a seamless transition from the classroom teaching mode to online virtual classes and e-learning methodology, thereby successfully overcoming the challenges thrown up by the Covid pandemic.

Looking for innovation and technological improvements was also a major area of focus in 2020-21.

The L&D Department achieved a remarkable milestone by getting the ISO 9001:2015 certification awarded during the year.

Another significant step in the L&D area was the decision to set up a training centre under the Deen Dayal Upadhyay Grameen Kaushalya Yojana (DDUGKY) scheme of the Government of India. Through this initiative, the Bank is looking forward to receiving trained and work ready young employees on a regular basis.

Role based certification of key role holders has already commenced, with a blend of E-Lessons and online Tests for ensuring the provision of realistic Balanced Score Card entries related to Learning.

Branch Heads, Relationship Managers/ Relationship Officers / Relationship Executives, Branch Operations Managers, Business Development Executives, Gold Loan Officers, and other role holders were covered by training during the year. In all, 141 E-Lessons were uploaded, and 128 Online programs, 14 physical programs and 73 external programs were conducted, ensuring a staff coverage of well over 100% at 6066 during the year, an increase of 24% Year on Year.

### HR Verticalisation

The organization has embarked on the path to improve customer experience, without compromising on quality and efficiency of existing processes. To ensure that this happens HR jointly with all senior management is transforming existing businesses into vertical structures, which is contemporary to current outlook in the industry and is backed by technology. This is being done in order to create higher efficiency and reduced operational / credit risk, without compromising on customer service and responsiveness and indeed trying to achieve and create better benchmarks on an ongoing basis.

In the structure being introduced, monitoring and review is also being done with the help of Performance Score Cards for assessment at individual, Unit, Business / Functional level. Education /Communication with regards to creating clarity on expectations is being delivered through regular/ objective feedback to employees/units/functions and feedback from them during appraisals which will also enable the organization to change what is needed for aiding faster growth. HR is also ensuring that all its effort is directed towards attaining the said objectives, creating a winning solution for all stake holders.

### Industrial Relations

The Bank is having 4180 employees on its fold as on 31/03/2021. Out of 4180 employees, 1544 employees both officers and Award Staff are governed under IBA pay structure. Whereas 2528 employees are governed under Cost to Company basis. Bank has been deploying retired officers from Nationalised Banks in identified areas to improve the necessary skill set and expertise in the Bank. The number employees deployed under contract basis in the bank is 108. The average age of the employees of the Bank is 34 years.

| Financial Year | Total No. of Employees |      |      |                | Average Age (in Years) |
|----------------|------------------------|------|------|----------------|------------------------|
|                | As on 31.03.2021       | IBA  | CTC  | Contract Basis |                        |
| 2020-21        | 4180                   | 1544 | 2528 | 108            | 34                     |
| 2019-20        | 3204                   | 1805 | 1238 | 161            | 37                     |

The officers in Scale I to III under IBA pay structure 909 are affiliated to Officers' Associations. There are two Officers' Associations functioning in the Bank. There are three trade unions representing the Award Staff members (Clerks, Sub Staff and Part- time Sweepers) of the Bank.

Barring a strike call given by one of the Officers' Association & employees' unions during the month of March 2021, demanding implementation of 11<sup>th</sup> Bi-Partite Settlement, Bank has had a cordial industrial relations scenario during the last financial year.

By Order of the Board

Sd/-  
**Madhavan Aravamuthan**  
Chairman  
(DIN: 01865555)

Place: Thrissur  
Date : July 05, 2021

# BOARD'S REPORT

Dear Shareholders,

Your Directors have great pleasure in presenting you the 100<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Bank for the financial year ended 31<sup>st</sup> March, 2021.

## BUSINESS OVERVIEW

In the FY 2020-21, the total income increased by ₹ 541.61 crore to ₹ 2,273.11 crore from ₹ 1,731.50 crore in the corresponding previous financial year. In the same period, Interest income increased by ₹ 362.40 crore to ₹ 1,872.29 crore from ₹ 1,509.89 crore and the non-interest income increased by ₹ 179.21 crore to ₹ 400.82 crore from ₹ 221.61 crore in the corresponding previous financial year.

In the same period, the total Operating Profit of the Bank increased by ₹ 332.63 crore to ₹ 613.21 crore from ₹ 280.58 crore and Net Profit increased by ₹ 205.68 crore to ₹ 218.40 crore from ₹ 12.72 crore in the corresponding previous financial year.

Despite the Covid-19 pandemic which disrupted the operations of the Bank in many ways especially first quarter and last month of the fourth quarter, in the financial year 2020-21, the Bank has reported a record net profit of ₹ 218.40 crore in the financial year 2020-21 compared to ₹ 12.72 crore in the corresponding previous financial year. The profit came on the back drop of a strong growth in net interest income (NII) supported by increased yield on advance/investments and decrease in the cost of deposits/funds Non-interest income was backed primarily by treasury profits, recovery in written off accounts, processing fee, commissions on selling bankassurance products and PSLC (priority sector lending certificate) income.

In the same period, the Bank's total advances grew by ₹ 3151.51 crore to ₹ 15,386.96 crore, led by an over 61% growth in gold loans to ₹ 6,131 crore, from ₹ 3,800 crore and Deposits grew by ₹ 3,349.36 crore to ₹ 19,140.04 crore from ₹ 15,790.68 crore in the corresponding previous financial year.

Gross non-performing assets (NPA) decreased by ₹ 15.94 crore to ₹ 393.49 crore as on March 31, 2021 from ₹ 409.43 as on March 31, 2020. The gross NPA as percentage of advances fell by 86 basis points to 2.68% as on March 31, 2021 as against 3.54% as on March 31, 2020 in the corresponding previous financial year. Net NPAs also fell to 1.17% (₹ 168.81 crore) as of March 31, 2021 from 1.91% (₹ 216.94 crore) as on March 31, 2020. Provision coverage ratio improved to 84.89% at the end of the financial year from 80.02% in the corresponding previous financial year.

Total Assets have increased by ₹ 4,473.11 crore and stood at ₹ 23,337.35 crore as on March 31, 2021 as against ₹ 18,864.24 crore as on March 31, 2020. Net Advances have increased by ₹ 3,071.77 crore and reached ₹ 14,438.12 crore as on March 31, 2021 as against ₹ 11,366.35 crore as on March 31, 2020.

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

## FINANCIAL SUMMARY

The financial performance of the Bank for the fiscal 2020-21 is as given below:

(₹ in Cr)

| Particulars                                                   | March 31 <sup>st</sup><br>2021 | March 31 <sup>st</sup><br>2020 |
|---------------------------------------------------------------|--------------------------------|--------------------------------|
| Deposits                                                      | 19,140.04                      | 15,790.68                      |
| Borrowings-Tier II Bonds                                      | Nil                            | Nil                            |
| Net Advances                                                  | 14,438.12                      | 11,366.35                      |
| Total Assets/Liabilities                                      | 23,337.35                      | 18,864.24                      |
| Net Interest Income (NII)                                     | 941.39                         | 592.29                         |
| Non-Interest Income                                           | 400.82                         | 221.61                         |
| Operating Profit/ (Loss)                                      | 613.21                         | 280.58                         |
| Provisions and Contingencies (Other than tax)                 | 320.66                         | 146.58                         |
| Profit /(Loss) before Tax                                     | 292.55                         | 134.00                         |
| Provision for taxes                                           | 74.15                          | 121.28                         |
| Net Profit /(Loss)                                            | 218.40                         | 12.72                          |
| Add: Surplus/(Deficit) brought forward from last period       | (513.96)                       | (513.96)                       |
| Profit & Loss Account balance before appropriations           | (295.56)                       | (501.24)                       |
| <b>Appropriations</b>                                         |                                |                                |
| Statutory Reserve u/s 17 of the Banking Regulation Act, 1949. | 54.60                          | 3.18                           |
| Capital Reserve                                               | 117.67                         | 8.33                           |
| Special Reserve                                               | 1.66                           | 1.21                           |
| Investment Fluctuation Reserve                                | 40.00                          | 0.00                           |
| Balance carried over to Balance Sheet                         | (509.49)                       | (513.96)                       |

| Particulars                                | March 31 <sup>st</sup><br>2021 | March 31 <sup>st</sup><br>2020 |
|--------------------------------------------|--------------------------------|--------------------------------|
| <b>Key Performance Indicators</b>          |                                |                                |
| Capital Adequacy Ratio (CRAR)% Basel – III | 21.37                          | 22.46                          |
| Earnings per share (in ₹)                  | 12.59                          | 0.88                           |
| Book value per share (in ₹)                | 125.67                         | 113.04                         |
| Net Interest Margin%                       | 4.81                           | 3.74                           |
| Cost–Income Ratio%                         | 54.31                          | 65.53                          |
| Return On Assets (ROA)%                    | 0.99                           | 0.07                           |
| Return On Equity (ROE)%                    | 12.48                          | 0.99                           |

### CENTENARY CELEBRATIONS- UPDATES

Bank, on November 26, 2020, celebrated 100 years of its glorious existence and this was a rare achievement in the corporate world, as there may not be many institutions in this world, which has accomplished this rare feat of achieving this 100 years of legacy.

CSB Bank was established in the year 1920 by 11 prominent business families of respectable stature from Thrissur, Kerala, in the name and style of The Catholic Syrian Bank Ltd., to cater to the Banking needs of the local society. With the support and clientele from all communities, the Bank grew from a very tiny Bank into its present position of a Bank with more than 500 branches, pan India.

Though the Centenary celebrations for the occasion was planned on a grand scale, due to COVID 19 pandemic, the celebrations were held on a subdued note, in virtual mode on November 26, 2021. During the celebrations, the founders of the Bank were remembered, who had the vision to bring about this institution into being, providing employment and livelihood to 1000s of people.

Special thanks were offered to the Management team, staff members and the present Promoters of the Bank, FIH Mauritius Investments Ltd, who had brought about the dynamic and appreciable changes in the Bank, including the change of name from The Catholic Syrian Bank Ltd., to CSB Bank Ltd., so that the Bank could face the future, more confidently.

Listing of shares of the Bank during the 100<sup>th</sup> year of its existence on the bourses was an unparalleled achievement, especially so, because the shares were ultimately listed, post one of the most successful IPOs in the year 2019.

### TOTAL BUSINESS

The total business of your Bank stood at ₹ 34,528 crore as on March 31, 2021, as against ₹ 28,031 crore a year before, registering a y-o-y growth of 23.18%.

### DEPOSITS

Aggregate deposits of the Bank as on March 31, 2021 stood at ₹ 19,140.04 crore, as against ₹ 15,790.68 crore a year before, registering a y-o-y growth of 21.21%.

Total CASA deposits grew by ₹ 1,555.21 crore to ₹ 6,161.80 crore from ₹ 4,606.59 crore of corresponding previous year. Total Term Deposits grew by ₹ 1,794.16 crore to ₹ 12,978.24 crore from ₹ 11,184.08 crore of corresponding previous year. Total NRI Deposits grew by ₹ 394.28 crore to ₹ 4,308.50 crore from ₹ 3,914.22 crore of corresponding previous year.

### ADVANCES

During the period under review, the Bank's gross advances increased to ₹ 15,388 crore against ₹ 12,240 crore as on March 31, 2020, registering a y-o-y growth of 25.72%. The gross CD Ratio of the Bank stood at 80.40% against 77.52% in the corresponding previous year.

Gold loan portfolio grew by 61% to ₹ 6,131 crore as on 31.03.2021 from ₹ 3,800 crore of corresponding previous year, whereas Two Wheeler and Agri & MFI portfolio grew by 119% and 252% in FY 21.

### PRIORITY SECTOR LENDING

Priority Sector Advance extended by your Bank grew by ₹ 960.38 crore to ₹ 4,934.95 crore from ₹ 3,974.57 crore of corresponding previous year.

### ASSETS QUALITY

Asset quality of banks is expected to come under further pressure as the impact of Covid-19 pandemic is likely to pose challenges to the financial performance of banks. Non-performing assets of banks have increased sharply in the last quarter of the fiscal on recognition of the unrecognised NPAs in the wake of the Hon'ble Supreme Court direction.

Close monitoring of Special Mention Accounts [SMA] was one of the focus area of your Bank during the just concluded fiscal. For the first time, apart from SMA-1 & 2 accounts, the Bank made it a policy to monitor SMA-0 accounts including Proforma NPAs also in its pursuit of improving asset quality. This helped in containing the stressed assets at historically low levels. Multi-level monitoring of SMA portfolio and monitoring of stressed accounts in the SME segment by dedicated Relationship Managers have paid rich dividends. Tele calling for improving collection of retail loans, collection through external agencies in the two wheeler segment are some of the innovations brought in by the bank in the recent past.

Automation of Early Warning Signals [EWS] identification is another important technological improvements made during the financial year. The system helps identifying stress in accounts in early stages itself and take appropriate corrective steps.

By initiating appropriate recovery steps in a time bound manner, the bank could recover / upgrade substantial amounts of NPAs during the year. Account by account follow up of large value NPAs at Head Office level has also proved to be very effective in recovery maximisation.

Compromise / One Time Settlement of NPAs as a strategy was vigorously pursued by the bank for NPA recovery during the year. Major chunk of the NPA recovery achieved is through Compromise / One Time Settlement/ LOK Adalats. By organising Recovery Camps in various locations, substantial retail NPAs could be recovered during the year.

Physical possession of secured assets by moving application before the concerned authority and auction of secured assets under SARFAESI was conducted at few centres to the extent it was permitted by the authorities. Similarly, the bank had also resorted to filing under Revenue Recovery Act, filing of suits in Civil Courts / DRTs as a last resort for recovery of the dues.

The various initiatives taken resulted in cash recovery of ₹ 69.23 Crore and up gradation of NPAs to the tune of ₹ 12.05 Crore. The Gross NPA level of the Bank as on March 31, 2021 stood at a level of ₹ 393.49 Crore as compared to ₹ 409.43 Crore in the corresponding period of the previous financial year. The Gross NPA and Net NPA ratios are at 2.68% and 1.17% respectively as against 3.54% and 1.91% respectively in the previous financial year. The provision coverage ratio as on March 31, 2021 improved to 84.89% from the level of 80.02% in the previous year.

Further, during the period under review, your bank could recover ₹ 73.01 Crore from the prudentially written off portfolio. Interest recovery during the period amounted to ₹ 19.42 Crore.

During the current financial year also, your bank's focus would be on arresting fresh delinquencies through close monitoring and recovery of NPAs by initiating appropriate and timely recovery steps.

## FINANCIAL PERFORMANCE

Net Interest Income (NII) increased to ₹ 941.39 crore in FY 2020-21 as against ₹ 592.29 crore in FY 2019-20. Treasury Income increased to ₹ 125.12 crore in FY 2020-21 from ₹ 30.20 crore in FY 2019-20. Non-Treasury Other Income increased to ₹ 275.70 crore in FY 2020-21 from ₹ 191.41 crore in FY 2019-20.

Provision other than taxes increased by ₹ 174.08 crore (118.76%) from ₹ 146.58 crore to ₹ 320.66 crore.

The Operating Profit for the year under review was ₹ 613.21 crore before taxes and provisions as against ₹ 280.58 crore for the year 2019-20 mainly on account of increased net interest income and other income.

The Net Profit for the year was ₹ 218.40 crore as compared to a Net Profit of ₹ 12.72 crore during the previous year

## DIVIDEND

The Board of Directors of the Bank have expressed their inability to recommend dividend for the financial

year ended March 31, 2021 in view of the restrictions under Section 123 (1) of the Companies Act, 2013 that no company shall declare dividend unless carried over previous losses and depreciation not provided in previous year or years are set off against profit of the company for the current year and also inadequacy of profits available for dividend after the mandatory appropriations to the reserves.

## 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 31<sup>st</sup>, 2021 and the date of the Directors' Report i.e., July 05, 2021.

## PAID-UP CAPITAL AND RESERVES

As on March 31<sup>st</sup>, 2021, the Paid-up Equity Capital of the Bank stood at ₹ 173.48 crore comprising 173,485,827 fully paid-up Equity Shares of ₹ 10/- each.

The free reserves and surplus after adjusting debit balance in Profit and Loss Account stood at ₹ 1,580.21 crore as on March 31<sup>st</sup>, 2021 as against ₹ 1,460.37 crore as on March 31<sup>st</sup>, 2020.

## CAPITAL ADEQUACY

As per the Basel III Capital Adequacy Framework, the Capital to Risk Weighted Assets Ratio (CRAR), as assessed by the Bank as on March 31<sup>st</sup>, 2021, is 21.37 %. This is much higher than the minimum CRAR of 10.875% stipulated by the Reserve Bank of India.

The Tier I and Common Equity CRAR stood at 19.96%, well above the minimum of 7% and 5.5% respectively.

## ALLOTMENT OF SHARES

The Bank on March 30, 2021, allotted 30,000 equity shares under the CSB Employee Stock Option Scheme 2013 for an issue price of ₹ 147.25 per share (₹ 10/- towards share capital and ₹ 137.25 towards share premium). Consequently, the Issued and Subscribed Share Capital of the Bank stands increased from ₹ 1,73,45,58,270/- to ₹ 1,73,48,58,270/- and that of the Share Premium account of the Bank, from ₹ 1791,69,62,366.74 to ₹ 1792,10,79,866.74.

## PROMOTER HOLDING - FIH MAURITIUS INVESTMENTS LTD (FIHM).

Pursuant to approval accorded by the shareholders by way of special resolution passed in the Extraordinary General Meeting of the Bank held on March 21, 2018 and in terms of Reserve Bank of India approval vide letter DBR.PSBD.No.341/16.1.060/2018-19 dated July 12, 2018 and DBR.PSBD.No.1643/ 16.01.060/2018-19 dated August 27, 2018 and approval of Department of Financial Services (DFS), Ministry of Finance, Government of India vide letter

No. F.No.26/5/2018-BOA dated October 9, 2018, FIH Mauritius Investments Ltd (FIHM), promoter of the Bank holds 86,262,976 shares which constitute 49.72 % in the paid up capital of the Bank.

Out of the 86,262,976 shares held by FIHM in the Bank, 69,394,331 are locked-in until August 7, 2024, as advised by Reserve Bank of India in terms of its approval to FIHM to acquire up to 51 % in the post issue paid-up capital of the Bank. This 69,394,331 shares includes the minimum promoters' contribution required to be locked-in and the same was locked in for a period of three years from the date of allotment of shares under the Initial Public offer of the Bank, completed on December 2, 2019, pursuant to Regulation 16 and other applicable regulations of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Pursuant to Section 12(2) of Banking Regulation Act and a Gazette Notification no. DBR.PSBD. No. 1084/16.13.100/2016-17 dated July 21, 2016, voting rights of FIHM are currently capped at 26% of the total voting rights of the Bank.

FIHM holding in the Bank is subject to the dilution schedule of the said investment as mandated by Reserve Bank of India, vide letter dated DBR.PSBD.No.1643/16.01.060/2018-19 dated August 27, 2018. Dilution schedule is spread over a period of fifteen years from the date of completion of their investment in the Bank.

FIHM is an investment holding company incorporated under the laws of Mauritius. FIHM is wholly owned by Fairfax India Holdings Corporation (Fairfax India), a Fairfax group company. Founded in 2014, Fairfax India is a publicly listed Toronto-based investment holding company whose objective is to achieve long-term capital appreciation by investing in Indian businesses. With a permanent capital base, Fairfax India takes a long-term value approach towards its investments in India. Fairfax India is controlled by Fairfax Financial Holdings Limited (Fairfax Financial).

Fairfax Financial is a publicly listed Toronto-based holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management. Fairfax Financial has been under present management since 1985. Mr. V. Prem Watsa has been the Chairman and CEO of Fairfax Financial since 1985 and the Chairman of Fairfax India since its inception in 2014.

FIHM's investment in the Bank is in tune with Reserve Bank of India vide Master Direction No. DBR. PSBD. No.56/16.13.100/2015-16 dated November 19, 2015 on 'Prior approval for acquisition of shares or voting rights in Private Sector Banks' and Reserve Bank of India Master Direction DBR.PSBD.No.95/16.13.100/2015-16 May 12, 2016 on 'Ownership in Private Sector Banks, Directions, 2016.'

## CREDIT RATING

CRISIL, vide letter dated March 19, 2021, has reaffirmed the rating 'CRISIL A1+' to the ₹ 2,000 crore Certificate of Deposits Programme and ₹ 2,000 crore Short Term Fixed Deposits Programme of the Bank.

CRISIL, vide letter dated June 3, 2021 has assigned 'CRISIL A /Stable' rating to the proposed ₹ 500 Crore Tier II, Basel III compliant bonds issue Programme of the Bank. The bonds issue programme the Bank is under initial stage and has to be materialised.

## DEPOSITS ISSUANCE PROGRAMME

Bank under the Certificate of Deposits Programme, raised ₹ 1,160 crore from various Mutual funds and Banks during the period under review, with an amount of ₹ 660 Crore outstanding as on 31.03.2021. Bank has not raised deposits under the Short Term Fixed Deposits Programme.

## ISSUE OF EQUITY SHARES WITH DIFFERENTIAL VOTING RIGHTS

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

## ISSUE OF SWEAT EQUITY SHARES

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

## EMPLOYEES STOCK OPTION SCHEMES

### 1. CSB Employees Stock Option Scheme 2013

Pursuant to receipt of approval of the shareholders by postal ballot on August 18, 2014, the Bank had formulated a stock option scheme called "CSB Employees Stock Option Scheme 2013" ("ESOS 2013" or "Scheme"). Pursuant to clause 26.2 of the scheme, the Board, vide resolution dated May 23, 2019, amended the scheme for the purpose of compliance with SEBI (Share Based Employee Benefits) Regulations, 2014, considering Initial Public Offering ("IPO") of shares of the Bank in the year 2019.

The Scheme was effective from April 1, 2013. The scheme envisages 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, which was capped pursuant to the Board vide resolution dated May 23, 2019, at 20,92,356 equity shares, being shares/ options reserved of not exceeding 5% (five per

cent) of the issued equity shares of the Bank with reference to issued equity shares of the Bank as on August 18, 2014 i.e., date of approving the scheme by shareholders.

Against the options granted in the earlier year, for a term of 10 years (including vesting period) and against those options remaining in force, an equal number of equity shares will be allotted to the beneficiary upon exercise of the option, within the said period.

Under the Scheme, 8,20,000 stock options were granted over a period of time since June 2015. Out of 8,20,000, granted, 7,90,000 options were lapsed over a period of time and 30,000 options were exercised by one grantee in the financial year 2021. All the Options granted and exercised shall carry an exercise price of ₹ 147.25 per option. The Bank, on April 8, 2021, obtained trading approval for the shares allotted pursuant to the option exercised and allotted on March 30, 2021.

Pursuant to the Board, vide resolution dated May 23, 2019, the Bank decided not to make any fresh grants under the ESOS scheme-2013, under any circumstances and the scheme would continue only to facilitate exercise of the options, already granted under the scheme and the scheme will continue till such period only so to facilitate to exercise the option already granted. Post allotment of 30,000 shares pursuant to exercise of options granted in 2015 and the rest of the options granted were lapsed over a period of time, the Scheme stands automatically discontinued with effect from March 31, 2021, as per Board, vide resolution dated May 23, 2019.

## **2. CSB Employees Stock Option Scheme 2019**

The Bank, on receipt of approval of the shareholders by postal ballot on May 4, 2019, has formulated a stock option scheme called "CSB Employees Stock Option Scheme 2019" ("ESOS 2019" or "Scheme"). The Scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014.

The 2019 ESOS Scheme was effective from May 4, 2019. The scheme is intended to promote the culture of employee ownership as well as to attract, retain, motivate and incentivize talents in the Bank. The Scheme shall be administered through an employee stock option trust ("ESOS Trust") in the nature of an irrevocable employee welfare trust in due compliance with the applicable laws. Under the Scheme, the Bank, on July 12, 2019, allotted 50,00,000 equity shares to CSB ESOS Trust, at an issue price of ₹ 10/- per share.

Under the trust route, the Bank allots shares to the trust and the trust will transfer the shares to the eligible employees at the time of exercise of

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

Being a Pre-IPO Scheme, in terms of Regulation 12(1) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), any fresh grant of Options can be made under ESOS 2019 in case such ESOS 2019 is in compliance with the SEBI SBEB Regulations and ratified by the members of the Bank post IPO. Accordingly, the ESOS 2019 was placed before the members at the Annual General Meeting held on July 20, 2020 for ratification though, the ESOS 2019 as well as the Trust originally introduced, were already in conformity with the SEBI SBEB Regulations and ratification obtained. Besides, the Scheme was amended at the Annual General Meeting of the Bank held on July 20, 2020, inter alia, to increase the Options Reserve by an additional quantum of 1,16,72,791 options. The source of corresponding number of shares equivalent to 1,16,72,791 options shall be in the form of (i) fresh issue of shares up to 30,00,000 shares and (ii) secondary acquisition by the Trust up to 86,72,791 shares. With this, the total Options Reserve under ESOS 2019 stood at 1,66,72,791 options. A few other modifications were also made in the Scheme as per the prevailing regulations.

Under the Scheme, 10,38,150 stock options were granted in the financial year 2020-21 and 8,88,150 options were in force at the end of the financial year. Out of the 8,88,150 options which were in force as on March 31, 2021, 4,55,000 options were granted on different dates carry an exercise price of ₹ 10 per option and 4,33,150 options granted on March 30, 2021 carry an exercise price of ₹ 75 per option. All the options granted have to be vested subject to the vesting conditions and be exercised within the period as per the terms of the respective grant and the Scheme.

4,33,150 stock options referred above, were granted to Managing Director & CEO under the scheme @ ₹ 75/- per option on March 30, 2021 as performance grant for the period from December 9, 2016 to March 31, 2020. The said grant is as per approval of Reserve Bank of India dated March 23, 2021. The

Bank originally sought approval of Reserve Bank of India for grant of 34,70,000 stock options which were reduced initially to 18,00,000 options and subsequently to 17,86,400 options against which approval has been received from RBI for grant of stock options for a fair value of ₹ 7.5 crore for the same period with a condition that the intrinsic value of options to be granted shall not be more than ₹ 7.5 crore as on the date of RBI approval i.e. March 23, 2021. Accordingly, the Bank granted 4,33,150 options equivalent to the intrinsic value as per RBI letter. Options granted to him will be vested equally over a period of three years and shall be exercised over the period commencing from the date of 1<sup>st</sup> vesting of Options and ending on or before March 31, 2024.

### 3. Amendment proposed in the CSB Employees Stock Option Scheme 2019

Bank, in the ensuing Annual General Meeting proposes to amend the scheme subject to the approval of members of the Bank, to comply with the requirements of the Guideline No. DOR.Appt. BC.No.23/ 29.67.001/2019-20 dated November 4, 2019 issued by the Reserve Bank of India ("RBI Guidelines") and approvals issued thereunder in specific cases of retirement and general cases of retirement of option grantees, by allowing vesting of unvested employee stock options ("Options") after the date of retirement as determined by the Nomination and Remuneration Committee ("Committee") of the Board of Directors of the Bank. This is especially relevant as the Bank grants Options as part of remuneration on the basis of annual pay cycle which vests over at least next 3 (three) years in a staggered way. In case of retirement in the meantime before completion of vesting, the unvested Options would lapse in case not allowed to vest, resulting in loss of Options/ remuneration of the past annual pay cycle for which Bank would have consumed the concerned option grantee's contribution. However, any vesting after retirement shall be subject to usual malus and clawback requirement as prescribed under the Scheme read with RBI Guidelines.

### 4. CSB Employees Stock Option Scheme – Statutory Compliance

A Certificate of Statutory Auditors pursuant to Regulation 13 of SEBI (Share Based Employee Benefits) Regulations, 2014, that the Bank's above mentioned Schemes have been implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations and the Resolutions passed by the Shareholders for the 2013 and the 2019 Scheme, will be placed to the Annual General Meeting for the scrutiny of Shareholders.

The disclosure as required as per rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 in respect of the stock options granted by the Bank under the schemes forms part of this report as Annexure-I.

### BUSINESS RESPONSIBILITY REPORT

In compliance with Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Business Responsibility Report of the Bank for the FY 2020-21, in the format as specified by SEBI, describing the initiatives taken by the Bank from an environmental, social and governance perspective, forms part of this Report as Annexure-II.

The same has been hosted on the website of the Bank and can be accessed at <https://csb.co.in/investor-relations> > General meetings > Annual General Meeting – 2021.

### 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 purchased subscription of its shares, to any persons including directors and employees of the Bank in terms of Section 67 of the Companies Act, 2013.

### REDEMPTION OF CSBL BONDS

Bank has not issued any bonds during the period under review. Bonds issued by the Bank in earlier periods were redeemed as per the redemption schedule and no bonds were outstanding at the beginning and end of the financial year.

### DEPOSITS

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

### SUBSIDIARY COMPANY

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

Bank has formulated a Policy for determination of material subsidiary pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is displayed on the website of the Bank at: [https://www.csb.co.in/pdf/Policy\\_for\\_Determining\\_Material\\_Subsidiaries.pdf](https://www.csb.co.in/pdf/Policy_for_Determining_Material_Subsidiaries.pdf)

### RISK MANAGEMENT POLICY

The Bank has a comprehensive policy framework which contains separate policies for identification, measurement, monitoring & control and mitigation of all material risks

including but not limited to credit, market, operational, liquidity and other Pillar– II risks. The Bank has put in place an integrated risk management policy which ensures independence of the risk governance structure. IRMD Charter is included in the Integrated Risk Management policy. The risk management policy details the principles, rules and guidelines to be adopted by the Bank for managing and controlling various kinds of risks through various sub-policies. The policies are implemented in an uninterrupted, reliable and comprehensive manner across the entire bank. The details of risk management practices are provided in the Management Discussion and Analysis Report annexed to the Director's Report.

#### **WHISTLE BLOWER POLICY / VIGIL MECHANISM**

Bank has put in place a Whistle Blower Policy / Vigil Mechanism to report concerns about unethical behaviour, violations of system and procedures of our Bank, violation of law, questionable business practices or grave misconduct by employees of the Bank that could lead to financial loss or reputation to the Bank, actual or suspected fraud and others. Whistle Blower Policy is published in the website of the Bank and thereby awareness is given to all the stake holders about the same so as to make the said Policy and the Scheme an effective tool in the reporting and prevention of frauds. As per the Policy /Mechanism, Directors and employees of the Bank, customers, stakeholders, Non-Governmental Organizations (NGO) and others can lodge complaints / disclosures. The Audit Committee of the Board will oversee the vigil mechanism through the Committee processes. The Policy /Mechanism provides reassurance of protection to the whistle blower from victimisation, discrimination or reprisals for having blown the whistle in the interest of the Bank with good faith. The Chairman of Audit Committee shall directly hear grievances of victimisation of employees and directors, who used vigil mechanism to report genuine concerns. The Bank affirms that no employee has been denied access to the Audit Committee of the Board under the Whistle Blower/ Vigil Mechanism in the Bank.

A topic on Whistle Blower Policy available in the Bank, and Ethics & Code of conduct has been included in every session of the training programme conducted at the Bank's staff Training College for enhancing awareness of fraud risk and for promoting a culture of compliance among the employees. Bank is ensuring that the systems and procedures are scrupulously followed by all the employees of the bank. Bank is taking stringent actions against employees who do not comply the instructions of the Bank.

Bank, based on RBI directions, has put in place a Fraud Risk Management Policy that covers the various controlling, monitoring and surveillance mechanism of the Bank to prevent frauds and to manage the risk of loss in the event of a fraud. As a part of Vigilance all the cases of frauds reported in the Bank are investigated in detail.

Lacunae if any observed during the course of investigation are plugged and cases where systemic corrections are required, are placed before the Audit Committee for corrective measures / necessary directions.

Apart from investigation of fraud, Vigilance Department also conducts Preventive Vigilance Audits to ensure the effectiveness of fraud prevention mechanism in the Bank. This will promote a culture of compliance among the employees. Wherever deficiencies are observed the branches are suitably cautioned so that such deficiencies are not recurred and incidents of frauds can be minimized. Vigilance Department also issue caution advises on a regular basis that disseminates various modus operandi of frauds in the banking industry including that has happened in our Bank. This will enable the Branches / Offices to prevent similar kind of fraudulent attempts in future.

Bank has taken all efforts to prevent frauds by strengthening the existing control measures and by reiterating the systems and procedures to update and alert the employees. Bank has a well-organized Inspection Department which conducts regular and comprehensive inspections (RBIA) of branches and offices at specified intervals and also oversees all other Audits and Inspections of the Bank. Over the last few years the Bank has taken several measures to plug the gaps in the areas of appraisal, monitoring, internal systems etc. to strengthen the overall control system on loan assets. The Bank had strengthened the internal audit machinery, functions of vigilance department and put in place appropriate mechanism, information systems and required infrastructure to prevent recurrence, early detection of frauds on an ongoing basis.

#### **MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34(2) (e) of the Listing Regulations is presented in a separate section forming part of this Annual Report.

#### **INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

### UPDATE ON IND AS IMPLEMENTATION

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

The Bank has commenced the process of IND AS implementation from FY 2016-17 itself. As per RBI Directions, the Bank has taken the following further steps towards implementation of IND AS during the year 2020-21:

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

### CORPORATE GOVERNANCE

The Bank continues its endeavour to adopt the best prevalent Corporate Governance Practices. A separate section on Corporate Governance standards followed by your Bank and the relevant disclosures as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 and the rules made thereunder is enclosed as an annexure to this report.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE BANK

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

### PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions with related parties were entered in the books as prescribed during the financial year were in the ordinary course of business only. However, there were no absolute comparable data available to compare the terms of contracts or arrangements so as to establish such transactions were on arm's length basis, the Bank decided to consider such contracts or arrangements as related party transactions and obtained requisite approvals for the said transactions as prescribed in the section 188 of the Companies Act, 2013, as amended and Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and further reported the same as related party transactions.

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

Bank has also obtained omnibus approval of the Audit Committee for the respective transaction under 188 of the Companies Act, 2013 and Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014, though no transaction were consummated during the period ended March 31, 2021.

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

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

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

The CSR policy of the Bank aims to identify and support all projects/programs/subjects undertaken as part of the Bank's Corporate Social Responsibilities/commitments within the framework of Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, from time to time. The Policy was last amended in March 2021 to incorporate the requirements of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

The main objective of CSR policy of the Bank is to make CSR a key business process for sustainable development of the society. The CSR Policy will guide and govern the Bank's activities in focus areas namely rural development and inclusiveness and other areas of special interest, ultimately for sustainable development of the society, across.

The Bank continued with CSR activity during the period under view in a limited way though it was not mandatory to spend for the said period in terms of Section 135 of the Companies Act, 2013 and CSR Rules 2014 as the average net profit of the Bank for the last three years was in the negative zone. As a responsible citizen, the Bank will continue with a slew of measures for fulfilment of its commitment to the society as a whole.

The Bank, in terms of the requirements of Section 135 of the Companies Act, 2013 and CSR Rules 2014, has set up a Board-level Corporate Social Responsibility (CSR) Committee to look after the CSR initiatives of the Bank. The CSR Committee, shall (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy as per Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. (b) recommend the amount of expenditure to be incurred on the activities as part of the CSR programme of the Bank; (c) monitor the corporate social responsibility policy of the company from time to time and (d) formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy.

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

## AUDITORS

### a) Statutory Auditors

The Statutory Central Auditors viz. B S R & CO. LLP, 5<sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai- 400011 Maharashtra, Firm Regn. Number: 101248W/W-100022, who were appointed at the 99<sup>th</sup> Annual General Meeting held on July 20, 2020 will be retiring at the ensuing Annual General Meeting, and are eligible for reappointment as per the guidelines of the Reserve Bank of India (RBI).

In terms of Reserve Bank of India Guidelines No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 regarding "Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) in Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)" read with FAQ dated June 11, 2021, the statutory audit of the entities with asset size of ₹ 15,000 crore and above as at the end of previous year, should be conducted under joint audit of a minimum of two audit firms and accordingly the Bank has to appoint two audit firms from financial year 2021-22 onwards as per the guidelines.

In line with said guidelines, the Board on recommendation of the Audit Committee of the Board, recommends the appointment of

B S R & CO. LLP, Chartered Accountants, 5<sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400011, Maharashtra, Firm Regn. Number: 101248W/W-100022, for a period of two (2) years together with Mukund M. Chitale & Co, Chartered Accountants, 2<sup>nd</sup> Floor, Kapur House, Paranjape B Scheme Road No.1, Vile Parle (East), Mumbai – 400057, Firm Registration Number : 106655W, being the first preferred choice of firm to the RBI for the second joint statutory auditor, for a period of three (3) years as the Joint Statutory Auditors of the Bank, to hold office from the conclusion of 100<sup>th</sup> Annual General Meeting till the conclusion of the 102<sup>nd</sup> and 103<sup>rd</sup> Annual General Meetings of the Bank respectively, subject to the specific approval of Reserve Bank of India for each year during their tenure in terms of Section 30(1A) of the Banking Regulation Act, 1949, for the purpose of audit of the Bank, including certifications, reporting on internal financial controls, of the Bank's accounts at its head office, branches and all the controlling and other offices.

Bank has received consent from the said firms and confirmation to the effect that they are not disqualified to be appointed as the Statutory Central Auditors of the Bank in terms of the provisions of the Companies Act, 2013 and rules made here under and Reserve Bank of India Guidelines dated April 27, 2021. Accordingly, the Board of Directors recommended the appointment of B S R & CO. LLP, Chartered Accountants, 5<sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400011, Maharashtra, Firm Regn. Number: 101248W/W-100022, for a period of two (2) years together with Mukund M. Chitale & Co, Chartered Accountants, 2<sup>nd</sup> Floor, Kapur House, Paranjape B Scheme Road No.1, Vile Parle (East), Mumbai – 400057, Firm Registration Number : 106655W, being the first preferred choice of firm to the RBI for the second joint statutory auditor, for a period of three (3) years as the Joint Statutory Auditors of the Bank, to hold office from the conclusion of 100<sup>th</sup> Annual General Meeting till the conclusion of the 102<sup>nd</sup> and 103<sup>rd</sup> Annual General Meetings of the Bank respectively, on such remuneration to be decided subject to the approval of Reserve Bank of India (RBI) in terms of Section 30(1A) of the Banking Regulation Act, 1949 and approval of the shareholders of the Bank in terms of Section 139, 142, 143 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules.

Pursuant to the Regulation 33(1) (d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Joint Statutory Auditors have confirmed that they are subjected to the peer review

process of the Institute of Chartered Accountants of India (ICAI) and that they hold a valid certificate issued by the Peer Review Board of ICAI.

#### Independent Auditors' Report

B S R & CO. LLP, Chartered Accountants Mumbai, Firm Regn. Number: 101248W/W-100022 Statutory Central Auditors of the Bank, have audited the accounts of the Bank for the FY 2020-21 and their Report is annexed.

Pursuant to Section 143(3)(i) of the Companies Act, 2013, the Statutory Auditors have also reported on the adequacy and operating effectiveness of the internal financial controls system over financial reporting, which has been enclosed as "Annexure A" to Independent Auditor's Report.

There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report for the FY 2020-21.

#### 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 2020-21. The Bank produced all necessary records to the Secretarial Auditors for smooth conducting of their Audit.

The Report of Secretarial Auditor for the said period is annexed to this report as Annexure -V.

There are no qualifications, reservations or adverse remarks made by the Secretarial Auditors in their report for the FY 2020-21.

#### COMPLIANCE TO SECRETARIAL STANDARDS

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

#### TRANSFER OF UN-CLAIMED/UN-PAID DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

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

In compliance with above, the Bank on October 30, 2020, transferred ₹ 1,417,817 /- to the above Fund, being the unclaimed dividend for the financial year 2012-13.

#### TRANSFER OF EQUITY SHARES TO INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY

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

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

To comply with the above, the Bank had on November 18, 2020, transferred 104,932 shares, comprising of 826 folios/records, to Investor Education and Protection Fund Authority through M/s. Central Depository Services (India) Limited (CDSL), in respect of which dividend was not claimed for consecutive 7 years from the date of transfer to unpaid dividend account of the Bank for the respective year(s).

#### UNCLAIMED SHARE APPLICATION MONEY

Unclaimed Share application money in respect of Rights issue 2013 and allotment completed on March 30, 2013 was due for transfer to the Investor Education and Protection Fund after the due date i.e., March 30, 2020, as per provisions of the Section 125(2) (h) of the Companies Act, 2013.

To comply with the above requirements, the Bank on April 3, 2020 transferred ₹ 1,18,260/- to the Investor Education and Protection Fund, being the unclaimed share application money in respect of Rights Issue 2013.

#### COMPENSATION/ REMUNERATION POLICY

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

The Bank has fine-tuned the policy in the financial year under review, in line with the changes proposed by Reserve Bank of India 'Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff' dated November 4, 2019.

#### NOMINATION POLICY

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

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

#### DETAILS OF DIRECTORS/EMPLOYEES REMUNERATION

The details of Directors/Employees remuneration, etc., as required under Sec 197(12) of the Companies Act, 2013,

read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report as Annexure-VI.

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

## **BOARD OF DIRECTORS**

The composition of the Board of Directors is governed by the Banking Regulation Act, 1949, Circulars and Guidelines issued by the Reserve Bank of India, from time to time, the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with the best practices in corporate governance adopted by the Bank.

As on the date of this report, the Board comprises of Eight 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/changes in the Board of the Bank since the last Board's report dated June 22, 2020 is as given under:

## **APPOINTMENT OF NON-EXECUTIVE DIRECTORS**

Mr. Sumit Maheshwari (DIN: 06920646) was reappointed as a director, liable to retire by rotation at the 99<sup>th</sup> Annual General Meeting held on July 20, 2020.

## **PART-TIME CHAIRMAN**

Mr. Madhavan Menon (DIN: 00008542) ceased to be the Part-time Chairman of the Bank with effect from July 22, 2020 upon expiry of his extended tenure of appointment as per Reserve Bank of India letter no. DoR. Appt. no.8065/08.36.001/2019-20 dated April 24, 2020. Mr. Madhavan Menon continues on the Board as Non-Executive Director. Mr. Madhavan Menon is one of the two directors nominated by promoters of the Bank, M/s. FIH Mauritius Investments Ltd.

The Board places on record its appreciation of the valuable contributions, advises and services of Mr. Madhavan Menon during his tenure as the Part-time Chairman of the Bank. The Board also took note of the sheer professionalism displayed by Mr. Madhavan Menon during his tenure by sharing unbiased, decisive and professional opinions, keeping in view of all the stakeholders' interest at hand.

Mr. Madhavan Aravamuthan (DIN: 01865555) was appointed as the Part-time Chairman of the Bank in place of

Mr. Madhavan Menon for the period starting from August 10, 2020 and up to June 28, 2022 on receipt of approval of Reserve Bank of India pursuant to the section 10B(1A) (i) of the Banking Regulation Act, 1949. Mr. Madhavan Aravamuthan has been on the Board of the Bank since December 13, 2018 as an Independent Director.

## **APPOINTMENT OF MR. PRALAY MONDAL AS DEPUTY MANAGING DIRECTOR**

Pursuant to the recommendation of the NRC, the Board at its meeting held on June 8, 2021, approved the appointment of Mr. Pralay Mondal as a Director and the Deputy Managing Director of the Bank, for a period of 5 (five) years, with effect from the date of approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 and the terms and conditions relating to the said appointment, including remuneration, are subject to the approval of the RBI and the Shareholders of the Bank. During the said period, Mr. Pralay Mondal shall be liable to retire by rotation.

## **APPOINTMENT OF INDEPENDENT DIRECTORS**

Mrs. Sharmila Abhay Karve (DIN: 05018751), was appointed as an Additional Director (Non- Executive, Independent category) of the Bank w.e.f. July 20, 2020 for a period of three (3) years pursuant to the provisions of Section 149,161(1) of the Companies Act, 2013 and Rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Article 133 of the Articles of Association of the Bank.

Mr. Sudhin Bhagwandas Choksey, (DIN: 00036085), was appointed as an Additional Director (Non- Executive, Independent category) of the Bank w.e.f. March 30, 2021 for a period up to January 30, 2024 pursuant to the provisions of Section 149,161(1) of the Companies Act, 2013 and Rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Article 133 of the Articles of Association of the Bank.

Mr. Sunil Srivastav (DIN: 00237561), was appointed as an Additional Director (Non- Executive, Independent category) of the Bank w.e.f. June 8, 2021 for a period of three (3) years pursuant to the provisions of Section 149,161(1) of the Companies Act, 2013 and Rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Article 133 of the Articles of Association of the Bank.

Necessary resolutions seeking approval of the members in connection with appointment of Mrs. Sharmila Abhay Karve, Mr. Sudhin Bhagwandas Choksey and Mr. Sunil Srivastav as Independent Directors of the Bank, forms part of the notice of the ensuing Annual General Meeting.

The detailed profile of Mrs. Sharmila Abhay Karve, Mr. Sudhin Bhagwandas Choksey and Mr. Sunil Srivastav recommended for their appointment as Independent

Directors in the ensuing Annual General Meeting will be provided in the Notice of the Annual General Meeting for the benefit of shareholders as per the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2).

#### RETIREMENT OF INDEPENDENT DIRECTOR

Mr. Thomas Mathew (DIN: 01277149), Non- Executive, Independent Director, retired from the office of directorship with effect from September 25, 2020, upon completion of his term of appointment. As per the extant Reserve Bank of India guidelines, prevailing at the time, the upper age limit prescribed for directors in the banking companies was 70 years and Mr. Thomas Mathew was nearing 70 years of age, hence not did not pursue for re-appointment.

The Board places on record its appreciation for the valuable contributions made to the Bank and for the support and cooperation extended by Mr. Thomas Mathew during his tenure as an independent director of the Bank. The Board also acknowledged with thanks the professional and unbiased approach that Mr. Thomas Mathew had taken at the Board and the Committee meetings and also his sincere efforts to build up a very strong compliance culture in the Bank.

#### RESIGNATION OF INDEPENDENT DIRECTOR

Mr. Syed Nagoor Ali Jinnah (DIN: 05238633) resigned from the position of the Non-Executive Independent Director of the Bank with effect from April 19, 2021 on personal grounds of health. Pursuant to Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 read with Clause 7B of Part A of Schedule III, Mr. Syed Nagoor Ali Jinnah confirmed that there are no material reasons for his resignation from the position of Independent Director of the Bank other than on personal grounds of health.

The Board places on record its appreciation for the valuable contributions made to the Bank and for the support and cooperation extended by Mr. Syed Nagoor Ali Jinnah during his tenure as an independent director of the Bank. The Board also acknowledged with thanks the professional and unbiased approach that Mr. Syed Nagoor Ali Jinnah had taken at the Board and the Committee meetings.

#### REAPPOINTMENT OF INDEPENDENT DIRECTORS

Mr. Madhavan's Aravamuthan first term as Non-Executive Independent Director of the Bank ends on June 28, 2022. The Board of Directors post satisfactory evaluation of his performance, recommended reappointment of Mr. Madhavan Aravamuthan as Non-Executive Independent Director of the Bank to hold office for a period of three consecutive years with effect from June 29, 2022 to June 28, 2025.

Mrs. Bhama Krishnamurthy's first term as Independent Director of the Bank ends on September 28, 2021. The Board of Directors post satisfactory evaluation of her performance, recommended reappointment of Mrs. Bhama Krishnamurthy as Independent Director of the Bank to hold office for a period of three consecutive years with effect from September 29, 2021 to September 28, 2024.

Necessary resolutions seeking approval of the members in connection with reappointment of Mr. Madhavan Aravamuthan and Mrs. Bhama Krishnamurthy as Independent Directors of the Bank, forms part of the notice of the ensuing Annual General Meeting.

The detailed profile of Mr. Madhavan Aravamuthan and Mrs. Bhama Krishnamurthy recommended for their reappointment as Independent Directors in the ensuing Annual General Meeting will be provided in the Notice of the Annual General Meeting for the benefit of shareholders as per the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2).

#### INDEPENDENT DIRECTORS- COMPLIANCE STATUS

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

| Sl. No | Name of the Independent Director              | Term up to         |
|--------|-----------------------------------------------|--------------------|
| 1      | Mrs. Bhama Krishnamurthy (DIN: 02196839)      | September 28, 2021 |
| 2      | Mr. Madhavan Aravamuthan (DIN: 01865555)      | June 28, 2022      |
| 3      | Mrs. Sharmila Abhay Karve (DIN: 05018751)     | July 19, 2023      |
| 4      | Mr. Sudhin Bhagwandas Choksey (DIN: 00036085) | January 30, 2024   |
| 5      | Mr. Sunil Srivastav (DIN: 00237561)           | June 7, 2024       |

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.

Pursuant to Rule 6(3) of The Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, all Independent directors of the Bank have registered in the Independent Directors Data Bank, as required under rule 6(1) and 6(2) of The Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended.

The Board is confident about their integrity, expertise and experience in the relevant functional areas.

### **DECLARATION BY INDEPENDENT DIRECTORS**

All Independent Directors have confirmed of having complied with the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that they meet the criteria of independence laid down thereunder. Further, they have also complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013 and the Code of Conduct and Ethics for Board of Directors and Senior Management Personnel of the Bank. Based on the declarations submitted by the Independent Directors, Board is of the opinion that, they fulfil the conditions specified in the Act and SEBI LODR and are independent of the management.

Pursuant to rule 6(3) of The Companies (Appointment and Qualifications of Directors) Rules, 2014, the Independent Directors of the Bank have affirmed that, they had registered as an Independent Director in the Independent Directors Data Bank as required under rule 6(1) and 6(2) of The Companies (Appointment and Qualifications of Directors) Rules, 2014 and are also complied with the requirements of passing the online proficiency self-assessment test/exempted from online proficiency self-assessment test in terms of Rule 6(4) of The Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended.

Board is of the opinion that Independent Directors appointed since the date of last report and up to the date of the report are being a person of integrity, and has the necessary knowledge, experience and expertise and also complied requirements of passing the online proficiency self-assessment test/exempted from online proficiency self-assessment test in terms of Rule 6(4) of The Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended for being appointed as an Independent Director of the Bank

### **FAMILIARIZATION PROGRAMMES OF INDEPENDENT DIRECTORS**

All directors including Independent Directors are familiar with their roles, rights and responsibilities in the Bank at the time of appointment and also on a recurrent basis. Bank is also arranging Certification programme in IT and Cyber Security for its directors.

The details of various programmes undertaken/arranged for familiarizing the Independent Directors are disclosed in Corporate Governance Report, which forms part of this Annual Report.

### **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. Currently, there

are two women directors on the Board of the Bank. Mrs. Bhama Krishnamurthy (DIN: 02196839) was appointed as a Director since September 3, 2018 and Mrs. Sharmila Abhay Karve (DIN: 05018751) since July 20, 2020.

### **DIRECTORS RETIRING BY ROTATION**

In terms of Section 152 of the Companies Act, 2013, Non-Executive Director, Mr. Madhavan Menon (DIN: 00008542) shall retire by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting (AGM).

Mr. Madhavan Menon (DIN: 00008542) was at first appointed as an Additional Director of the Bank with effect from September 03, 2018 under the Section 161(1) of the Companies Act 2013 and regularized his appointment as Director at 97th AGM held on September 29, 2018, liable to retire by rotation. Mr. Madhavan Menon was the Part-time Chairman of the Bank for the period from April 22, 2019 to July 21, 2020.

Mr. Madhavan Menon is one of the two directors nominated by promoters of the Bank, M/s. FIH Mauritius Investments Ltd.

Approval of the members of the Bank is being requested for re-appointment of Mr. Madhavan Menon as Non-Executive, Non-Independent Director of the Bank. The detailed profile of Mr. Madhavan Menon recommended for reappointment in the ensuing Annual General Meeting will be provided in the Notice of the Annual General Meeting for the benefit of shareholders as per the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2).

### **APPOINTMENT/ CHANGES IN KEY MANAGERIAL PERSONNEL**

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

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

### **BOARD AND ITS COMMITTEES**

#### **Number of Meetings of the Board**

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

The Board met Fourteen (14) times during the FY 2020-21 and the gap between the said meetings did not exceed the limit of 120 days, as prescribed under the relevant regulations. Detailed information on the meetings of the Board is included in the report on Corporate Governance, which forms part of this Annual Report.

## Committees of the Board

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

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

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

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

Constitution of Audit Committee in the Bank in terms of the extant guidelines of Reserve Bank of India (RBI), provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The Committee consists of three members as on date of the Report. The Committee is chaired by Mrs. Sharmila Abhay Karve, Independent Director, who is a Chartered Accountant. The other members of the Committee are Mr. Madhavan Menon (Non-Executive, Non-Independent) and Mr. Madhavan Aravamuthan (Part-time Chairman-Independent)

The Committee discharges the functions laid down in the Companies Act, and those prescribed by the Reserve Bank of India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It also discharges the functions delegated by the Board of Directors from time to time. The ACB, which held 9 meetings during the year, has been closely overseeing and monitoring the Internal Control System and Procedures, Inspection and audit functions including follow-up and compliance of inspection audit reports. It has also interacted with the Auditors. The ACB acts as an effective tier to the Board in the matters of inspection, audit and internal control system.

### ANNUAL EVALUATION OF PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also in line with Board evaluation policy, Bank has put in place a criteria for annual evaluation of performance of Chairperson, Managing Director & CEO, Directors, Board Level Committees and the Board as a whole.

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

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

The Statement indicating the manner in which formal annual evaluation of the Directors, Committees of the Board and the Board are given in detail in the report on Corporate Governance, which forms part of this Annual Report. The Board evaluation policy is displayed on the website of the Bank at: <https://www.csb.co.in/pdf/PolicyonEvaluationoftheBoard.pdf>

### PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Ensuring compliance of the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014, the relevant disclosures to be made are as under:

#### 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 branch offices of the Bank have been using solar power, which is aimed at optimum utilisation of power in a cost-effective manner. Apart from the above, the Bank is installing LED lights in phased manner across.

#### b) Technology Absorption

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

#### 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.

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS

No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and the Bank's operations in future.

### MAINTENANCE OF COST RECORDS

Being a Banking Company, the Bank is not required to make and maintain such accounts and cost records as

specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

#### **DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS**

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.

#### **STRICTURES AND PENALTIES**

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.

#### **DISCLOSURE ON MATERIALLY SIGNIFICANT TRANSACTION**

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.

#### **DISCLOSURE UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016**

Being a banking company, the disclosures required as per Rule 8(5)(xi)&(xii) of the Companies (Accounts) Rules, 2014, on the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year and the details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, are not applicable to the Bank.

#### **ANNUAL RETURN**

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013, read with Rule 11 of the Companies (Management and Administration) Rules, 2014, as amended, the Annual Return (MGT-7) as on March 31<sup>st</sup>, 2021 will be displayed on the website of the Bank at: <https://csb.co.in/investor-relations> > General meetings > Annual General Meeting – 2021.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- The directors have selected such accounting policies and applied them consistently and made judgments

and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit and loss of the Bank for that period.

- The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.
- The directors have prepared the annual accounts on a going concern basis.
- The directors have laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively.
- 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 is grateful to the Government of India, Reserve Bank of India, Securities and Exchange Board of India, stock exchanges, Insurance Regulatory and Development Authority of India, the domestic banking community, the Registrar and Share Transfer Agents and rating agencies for their support. The Board of Directors would like to take this opportunity to express sincere thanks to its valued clients and customers for their continued patronage.

The Board also expresses its deep sense of appreciation to all the employees of the Bank for their strong work ethics, excellent performance, professionalism, teamwork, commitment and initiatives which has led to the Bank reinforcing its customer centric image and making commendable progress in today's challenging environment. The Board looks forward for their continued dedicated and sincere services to take the Bank to greater heights.

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

By Order of the Board

Sd/-  
**Madhavan Aravamuthan**  
Chairman  
(DIN: 01865555)

Place: Thrissur  
Date : July 05, 2021

## ANNEXURE-I

### DISCLOSURES UNDER SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 AND/OR THE COMPANIES ACT, 2013

#### A. SUMMARY OF STATUS OF ESOPs GRANTED

The position of the existing schemes is summarized as under:

| Particulars |                                                    | ESOS 2013                                                                                                                                                                                                                                                                                                                      | ESOS 2019                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1           | Date of Shareholders' Approval                     | 18-Aug-2014                                                                                                                                                                                                                                                                                                                    | 4-May-2019                                                                                                                                                                                                                                                                                                                                                                                                                |
| 2           | Total Number of Options approved under ESOP Scheme | 20,92,356                                                                                                                                                                                                                                                                                                                      | Total options reserve stood at 1,66,72,791 options and sourcing of corresponding number of shares shall be from (i) fresh issue of up to 80,00,000 equity shares to the ESOS Trust and (ii) secondary acquisition of up to 86,72,791 shares by the Trust                                                                                                                                                                  |
| 3           | Vesting Requirement                                | The period of Vesting shall range from a minimum of 3 (three) years from the date of Grant and normally shall not exceed a maximum of 5 (five) years ("Vesting Period"), unless the Committee decides for a longer/ shorter Vesting Period, subject to Applicable Laws.                                                        | Vesting Period for any Options granted under this Scheme shall be subject to statutory minimum period of 1 (One) year from the date of Grant during which no Vesting shall be allowed. Subject to this statutory minimum period, any staggered Vesting prescribed for any Grant shall be over a Vesting schedule of minimum of 3 (Three) years and maximum of 10 (Ten) years from the date of Grant.                      |
| 4           | Exercise Price or Pricing Formula                  | The Exercise Price of the Option shall not be lower than the fair market value of the Share as on the Grant Date for each relevant Grant. The Committee shall determine the fair market value of the Share for the relevant Grant, from time to time, in its sole discretion and keeping in view the relevant Applicable Laws. | The Exercise Price per Option shall be determined by the Committee which shall not be lesser than the face value of Shares as on date of Grant.                                                                                                                                                                                                                                                                           |
| 5           | Maximum Term of Options Granted                    | 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.                                               | The exercise period in respect of a vested option shall be a period commencing from the relevant vesting date of such option and shall end with the expiry of 10 (Ten) years or such other shorter period as approved by the Committee from the date of grant of such option. Thus, expiry of exercise period in respect of options granted in a tranche of grant shall be same for all options in such tranche of grant. |
| 6           | Source of Shares                                   | Primary                                                                                                                                                                                                                                                                                                                        | Primary & Secondary                                                                                                                                                                                                                                                                                                                                                                                                       |

|   |                                 |                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7 | Variation in terms of ESOP      | Changes made in the scheme, vide Board resolution dated May 23, 2019 only for the purpose of compliance of the scheme with SEBI (Share Based Employee Benefits) Regulations, 2014. All the changes made in the scheme has not affected interest of the employee to whom options were granted, in anyway. | <p>The Scheme was amended at the Annual General meeting of the Bank held on July 20, 2020, inter alia, to increase the Options Reserve by an additional quantum of 1,16,72,791. The source of corresponding number of shares equivalent to 1,16,72,791 options shall be in the form of (i) fresh issue of shares up to 30,00,000 shares and (ii) secondary acquisition by the Trust up to 86,72,791 shares. With this, the total Options Reserve under ESOS 2019 stood at 1,66,72,791 options. A few other modifications were also made in the scheme as per the prevailing regulations and also to effect change of name of the Bank in the Scheme document.</p> <p>Being a Pre-IPO Scheme, in terms of Regulation 12(1) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), any fresh grant of Options can be made under ESOS 2019 in case such ESOS 2019 is in compliance with the SEBI SBEB Regulations and ratified by the members of the Bank post IPO. Accordingly, the ESOS 2019 was placed before the members at the Annual General Meeting held on July 20, 2020 for ratification though the ESOS 2019 and as well as the Trust as originally introduced were already in conformity with the SEBI SBEB Regulations and ratification obtained.</p> <p>No options were granted prior to the amendment of the scheme.</p> |
| 8 | Method used to account for ESOP | Intrinsic Value Method                                                                                                                                                                                                                                                                                   | Intrinsic Value Method                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

Note :

- (i). This quantum of secondary acquisition is capped at 5 % (Five percent) of the paid-up equity share capital of the Bank as on March 31, 2020, which is line with the statutory ceiling prescribed under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations")
- (ii). Acquisition of shares by the Trust in any financial year shall not exceed the ceilings, which is currently, shall not exceed two per cent of the paid up equity capital as at the end of the previous financial year, prescribed in SEBI SBEB Regulations as amended from time to time. Trust shall not deal in derivatives, and shall undertake only delivery based transactions for the purposes of secondary acquisition and for the purpose of the Plan
- (iii). Pursuant to the Board, vide resolution dated May 23, 2019, the Bank decided not to make any fresh grants under the ESOS scheme-2013, under any circumstances and the scheme would continue only to facilitate exercise of the options, already granted under the scheme and the scheme will continue till such period (exercise of the option granted) only. Post allotment of 30,000 shares pursuant to exercise of options granted in 2015 and the rest of the options granted, were lapsed over a period of time, the Scheme stands automatically discontinued with effect from March 31, 2021, as per Board, vide resolution dated May 23, 2019.

| 9(1)                                                                                                              | Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. | <div>ESOS 2013</div> <div>Not Applicable as the vesting period is already over for the option granted under ESOS 2013.</div> <div>ESOS 2019</div> <table><tr><th>Grant</th><th>Intrinsic Value</th><th>Fair Value</th><th>Difference</th><th>No. of Options</th><th>Total Difference</th></tr><tr><td>Grant – I</td><td>215.10</td><td>218.86</td><td>3.76</td><td>3,55,000</td><td>13,35,483.24</td></tr><tr><td>Grant – II</td><td>210.35</td><td>214.10</td><td>3.75</td><td>1,00,000</td><td>3,75,185.37</td></tr><tr><td>Grant – III</td><td>163.35</td><td>176.73</td><td>13.38</td><td>4,33,150</td><td>57,94,253.47</td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Grant       | Intrinsic Value | Fair Value                             | Difference | No. of Options                                                                      | Total Difference | Grant – I                                                                                                         | 215.10 | 218.86                            | 3.76   | 3,55,000                         | 13,35,483.24 | Grant – II  | 210.35 | 214.10   | 3.75  | 1,00,000                           | 3,75,185.37 | Grant – III | 163.35 | 176.73   | 13.38 | 4,33,150 | 57,94,253.47 |
|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------------|----------------------------------------|------------|-------------------------------------------------------------------------------------|------------------|-------------------------------------------------------------------------------------------------------------------|--------|-----------------------------------|--------|----------------------------------|--------------|-------------|--------|----------|-------|------------------------------------|-------------|-------------|--------|----------|-------|----------|--------------|
| Grant                                                                                                             | Intrinsic Value                                                                                                                                                                                                                                                                                     | Fair Value                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Difference  | No. of Options  | Total Difference                       |            |                                                                                     |                  |                                                                                                                   |        |                                   |        |                                  |              |             |        |          |       |                                    |             |             |        |          |       |          |              |
| Grant – I                                                                                                         | 215.10                                                                                                                                                                                                                                                                                              | 218.86                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 3.76        | 3,55,000        | 13,35,483.24                           |            |                                                                                     |                  |                                                                                                                   |        |                                   |        |                                  |              |             |        |          |       |                                    |             |             |        |          |       |          |              |
| Grant – II                                                                                                        | 210.35                                                                                                                                                                                                                                                                                              | 214.10                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 3.75        | 1,00,000        | 3,75,185.37                            |            |                                                                                     |                  |                                                                                                                   |        |                                   |        |                                  |              |             |        |          |       |                                    |             |             |        |          |       |          |              |
| Grant – III                                                                                                       | 163.35                                                                                                                                                                                                                                                                                              | 176.73                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 13.38       | 4,33,150        | 57,94,253.47                           |            |                                                                                     |                  |                                                                                                                   |        |                                   |        |                                  |              |             |        |          |       |                                    |             |             |        |          |       |          |              |
| 9(2)                                                                                                              | The impact of this difference on profits and on EPS of the company shall also be disclosed.                                                                                                                                                                                                         | <div>ESOS 2013</div> <div>Not Applicable as the vesting period is already over for the option granted under ESOS 2013.</div> <div>ESOS 2019</div> <div>The stock-based compensation cost calculated as per the intrinsic value method for the period April 1, 2020 to March 31, 2021 before tax is ₹ 77,49,906.97/-. If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the period April 1, 2020 to March 31, 2021 before tax would be ₹ 79,01,125.73/-.The effect of adopting the fair value method on the net income and earnings per share is presented below:</div> <table><tr><th>Particulars</th><th>March 31,2021</th></tr><tr><td>Net Profit (as reported) (₹ in crores)</td><td>218.40</td></tr><tr><td>Add: Stock based employee compensation expense included in net income (₹ in crores)</td><td>0.58</td></tr><tr><td>Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)</td><td>0.59</td></tr><tr><td>Net Loss (Proforma) (₹ in crores)</td><td>218.39</td></tr><tr><td>Earnings per share: Basic (in ₹)</td><td></td></tr><tr><td>As reported</td><td>12.59</td></tr><tr><td>Proforma</td><td>12.59</td></tr><tr><td>Earnings per share: Diluted (in ₹)</td><td></td></tr><tr><td>As reported</td><td>12.59</td></tr><tr><td>Proforma</td><td>12.59</td></tr></table> | Particulars | March 31,2021   | Net Profit (as reported) (₹ in crores) | 218.40     | Add: Stock based employee compensation expense included in net income (₹ in crores) | 0.58             | Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores) | 0.59   | Net Loss (Proforma) (₹ in crores) | 218.39 | Earnings per share: Basic (in ₹) |              | As reported | 12.59  | Proforma | 12.59 | Earnings per share: Diluted (in ₹) |             | As reported | 12.59  | Proforma | 12.59 |          |              |
| Particulars                                                                                                       | March 31,2021                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |             |                 |                                        |            |                                                                                     |                  |                                                                                                                   |        |                                   |        |                                  |              |             |        |          |       |                                    |             |             |        |          |       |          |              |
| Net Profit (as reported) (₹ in crores)                                                                            | 218.40                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |             |                 |                                        |            |                                                                                     |                  |                                                                                                                   |        |                                   |        |                                  |              |             |        |          |       |                                    |             |             |        |          |       |          |              |
| Add: Stock based employee compensation expense included in net income (₹ in crores)                               | 0.58                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |             |                 |                                        |            |                                                                                     |                  |                                                                                                                   |        |                                   |        |                                  |              |             |        |          |       |                                    |             |             |        |          |       |          |              |
| Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores) | 0.59                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |             |                 |                                        |            |                                                                                     |                  |                                                                                                                   |        |                                   |        |                                  |              |             |        |          |       |                                    |             |             |        |          |       |          |              |
| Net Loss (Proforma) (₹ in crores)                                                                                 | 218.39                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |             |                 |                                        |            |                                                                                     |                  |                                                                                                                   |        |                                   |        |                                  |              |             |        |          |       |                                    |             |             |        |          |       |          |              |
| Earnings per share: Basic (in ₹)                                                                                  |                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |             |                 |                                        |            |                                                                                     |                  |                                                                                                                   |        |                                   |        |                                  |              |             |        |          |       |                                    |             |             |        |          |       |          |              |
| As reported                                                                                                       | 12.59                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |             |                 |                                        |            |                                                                                     |                  |                                                                                                                   |        |                                   |        |                                  |              |             |        |          |       |                                    |             |             |        |          |       |          |              |
| Proforma                                                                                                          | 12.59                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |             |                 |                                        |            |                                                                                     |                  |                                                                                                                   |        |                                   |        |                                  |              |             |        |          |       |                                    |             |             |        |          |       |          |              |
| Earnings per share: Diluted (in ₹)                                                                                |                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |             |                 |                                        |            |                                                                                     |                  |                                                                                                                   |        |                                   |        |                                  |              |             |        |          |       |                                    |             |             |        |          |       |          |              |
| As reported                                                                                                       | 12.59                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |             |                 |                                        |            |                                                                                     |                  |                                                                                                                   |        |                                   |        |                                  |              |             |        |          |       |                                    |             |             |        |          |       |          |              |
| Proforma                                                                                                          | 12.59                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |             |                 |                                        |            |                                                                                     |                  |                                                                                                                   |        |                                   |        |                                  |              |             |        |          |       |                                    |             |             |        |          |       |          |              |

## B. OPTION MOVEMENT DURING THE YEAR 2020-21

| Sr. No | Particulars                                                           | ESOS 2013 | Weighted Avg Exercise Price | ESOS 2019                    | Weighted Avg Exercise Price  |
|--------|-----------------------------------------------------------------------|-----------|-----------------------------|------------------------------|------------------------------|
| 1      | Number of Options Outstanding at the Beginning of the Year            | 2,85,000  | 147.25                      | 0                            | NA                           |
| 2      | Number of Options Granted during the Year                             | 0         | NA                          | 10,38,150                    | 37.12                        |
| 3      | Number of Options Forfeited / Surrendered during the Year             | 0         | NA                          | 0                            | NA                           |
| 4      | Number of Options Vested during the Year                              | 0         | NA                          | 0                            | NA                           |
| 5      | Number of Options Exercised during the Year                           | 30,000    | 147.25                      | 0                            | NA                           |
| 6      | Number of Options Lapsed during the Year                              | 2,55,000  | 147.25                      | 1,50,000*                    | 10.00                        |
| 7      | Total Number of Shares Arising as a Result of Exercise of Options     | 30,000    | NA                          | 0                            | NA                           |
| 8      | Money realised by Exercise of Options                                 | 44,17,500 | 147.25                      | NA                           | NA                           |
| 9      | Loan repaid by the Trust during the year from exercise price received | NA        | NA                          | Not applicable for the FY 21 | Not applicable for the FY 21 |
| 9      | Number of Options Outstanding at the End of the Year                  | 0         | NA                          | 8,88,150                     | 41.70                        |
| 10     | Number of Options Exercisable at the End of the Year                  | 0         | NA                          | 0                            | NA                           |

\* Cancellation of options granted due to resignation.

## C. THE WEIGHTED AVERAGE MARKET PRICE OF OPTIONS EXERCISED DURING THE YEAR: NA

## D. WEIGHTED AVERAGE EXERCISE PRICE OF OPTIONS GRANTED DURING 2020-21 WHOSE (Amount in ₹)

|     |                                             |       |
|-----|---------------------------------------------|-------|
| (a) | Exercise price equals market price (₹)      | NA    |
| (b) | Exercise price is greater than market price | NA    |
| (c) | Exercise price is less than market price    | 37.12 |

## E. WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED DURING 2020-21 WHOSE (Amount in ₹)

|     |                                             |        |
|-----|---------------------------------------------|--------|
| (a) | Exercise price equals market price (₹)      | NA     |
| (b) | Exercise price is greater than market price | NA     |
| (c) | Exercise price is less than market price    | 200.82 |

## F. EMPLOYEE-WISE DETAILS OF OPTIONS GRANTED DURING THE FINANCIAL YEAR 2020-21 TO:

### (i) Senior managerial personnel

| Name                    | Designation                                        | ESOS 2019          |                       |
|-------------------------|----------------------------------------------------|--------------------|-----------------------|
|                         |                                                    | Exercise Price (₹) | No of Options Granted |
| Mr. C. VR. Rajendran    | Managing Director & CEO                            | ₹ 75/-             | 4,33,150              |
| Mr. Pralay Mondal       | President - Retail, SME, Technology and Operations | ₹ 10/-             | 3,00,000              |
| Mr. Neeraj Dhawan*      | Chief Credit Officer                               | ₹ 10/-             | 1,50,000              |
| Mr. Harsh Kumar         | Chief Human Resource Officer                       | ₹ 10/-             | 40,000                |
| Mr. Shyam Chandher Mani | Head- SME& NRI                                     | ₹ 10/-             | 15,000                |
| Mr. Narendra Dixit      | Head- Retail Banking                               | ₹ 10/-             | 1,00,000              |

\* Cancellation of options granted due to resignation.

(ii) Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year

| Name                 | Designation                                        | ESOS 2019             |                                            |
|----------------------|----------------------------------------------------|-----------------------|--------------------------------------------|
|                      |                                                    | No of Options Granted | % to total options granted during the year |
| Mr. C. VR. Rajendran | Managing Director & CEO                            | 4,33,150              | 41.72%                                     |
| Mr. Pralay Mondal    | President - Retail, SME, Technology and Operations | 3,00,000              | 28.90%                                     |
| Mr. Neeraj Dhawan    | Chief Credit Officer                               | 1,50,000*             | 14.45%                                     |
| Mr. Narendra Dixit   | Head Retail Banking                                | 1,00,000              | 9.63%                                      |

\* Cancellation of options granted due to resignation

(iii) Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

| Name                               | No of Options Granted | % to total options granted | No of Options Granted | % to total options granted |
|------------------------------------|-----------------------|----------------------------|-----------------------|----------------------------|
| No Options Granted during the Year |                       |                            |                       |                            |

**G. METHOD AND ASSUMPTIONS USED TO ESTIMATE THE FAIR VALUE OF OPTIONS GRANTED DURING THE YEAR:**

The fair value has been calculated by using the Black Scholes Option Pricing model. The fair value of options granted under the ESOS 2019 during the period has been estimated on the date of grant using the Black Scholes option-pricing model with the following assumptions:

| Variables                | Date of grant<br>(October 30, 2020) | Date of grant<br>(December 15, 2020) | Date of grant<br>(March 30, 2021)             |
|--------------------------|-------------------------------------|--------------------------------------|-----------------------------------------------|
| No. of Options           | 3,55,000                            | 1,00,000                             | 4,33,150                                      |
| Average Dividend Yield   | 0%                                  | 0%                                   | 0%                                            |
| Expected Volatility      | 52.98%                              | 51.86%                               | 48.60%                                        |
| Risk free interest rate  | 4.66% to 6.21%                      | 4.52% to 6.23%                       | 5.21%                                         |
| Expected life of options | 5-9 years                           | 5-9 years                            | 3 years with an outer limit of March 31, 2024 |
| Expected forfeiture      | NIL                                 | NIL                                  | NIL                                           |
| Stock Price              | ₹ 225.10                            | ₹ 220.35                             | ₹ 238.35                                      |

**H. ASSUMPTIONS**

|                          |                                                                                                                                                                                                                           |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stock Price              | Closing price on National Stock Exchange one day prior to the date of grant has been considered.                                                                                                                          |
| Expected Volatility      | Expected volatility has been computed by considering the historical data on daily volatility in bank's share price from the date of listing.                                                                              |
| Risk-free Rate of Return | The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities. |
| Exercise Price           | Exercise Price of each specific grant has been considered.                                                                                                                                                                |
| Time to Maturity:        | Time to Maturity / Expected Life of options is the period for which the Bank expects the options to be live.                                                                                                              |
| Expected Divided Yield   | 0%                                                                                                                                                                                                                        |

**I. DISCLOSURES IN COMPLIANCE WITH THE GUIDANCE NOTE ON ACCOUNTING FOR EMPLOYEE SHARE-BASED PAYMENTS AS ON 31ST MARCH 2021:**

Bank uses Intrinsic Value Method for accounting the value of Options granted under the Scheme. Further details, refer to the para 5.3 of the Notes forming part of the financial statement for the year ended March 31, 2021, of the Annual Report. (Disclosures are provided in accordance with the guidance note -(GN (A) 18 (Issued 2005), Guidance Note on Accounting for Employee Share-based Payments) read with the Indian Accounting Standard (Ind AS) 102 on Share based payment.

**Description of the ESOP**

| Particulars                     | ESOS 2013                                                                                                                                                                                                                                                                        | ESOS 2019                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Vesting requirements            | The period of Vesting shall range from a minimum of 3 (three) years from the date of Grant and normally shall not exceed a maximum of 5 (five) years ("Vesting Period"), unless the Committee decides for a longer/ shorter Vesting Period, subject to Applicable Laws.          | Vesting Period for any Options granted under this Scheme shall be subject to statutory minimum period of 1 (One) year from the date of Grant during which no Vesting shall be allowed. Subject to this statutory minimum period, any staggered Vesting prescribed for any Grant shall be over a Vesting schedule of minimum of 3 (Three) years and maximum of 10 (Ten) years from the date of Grant.                      |
| Maximum term of options granted | 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. | The exercise period in respect of a vested option shall be a period commencing from the relevant vesting date of such option and shall end with the expiry of 10 (Ten) years or such other shorter period as approved by the Committee from the date of grant of such option. Thus, expiry of exercise period in respect of options granted in a tranche of grant shall be same for all options in such tranche of grant. |
| Method of Settlement            | Equity Settled                                                                                                                                                                                                                                                                   | Equity Settled.                                                                                                                                                                                                                                                                                                                                                                                                           |

**Number and Weighted average Exercise price of options**

**Option Movement during the year 2020-21**

| Sr. No | Particulars                                                       | ESOS 2013 | Weighted Avg. Exercise Price | ESOS 2019 | Weighted Avg. Exercise Price |
|--------|-------------------------------------------------------------------|-----------|------------------------------|-----------|------------------------------|
| 1      | Number of Options Outstanding at the Beginning of the Year        | 2,85,000  | 147.25                       | 0         | NA                           |
| 2      | Number of Options Granted during the Year                         | 0         | NA                           | 10,38,150 | 37.12                        |
| 3      | Number of Options Forfeited / Surrendered during the Year         | 0         | NA                           | 0         | NA                           |
| 4      | Number of Options Vested during the Year                          | 0         | NA                           | 0         | NA                           |
| 5      | Number of Options Exercised during the Year                       | 30,000    | 147.25                       | 0         | NA                           |
| 6      | Number of Options Lapsed during the Year                          | 2,55,000  | 147.25                       | 1,50,000  | 10.00                        |
| 7      | Total Number of Shares Arising as a Result of Exercise of Options | 30,000    | NA                           | 0         | NA                           |
| 8      | Money realised by Exercise of Options                             | 44,17,500 | 147.25                       | NA        | NA                           |
| 9      | Number of Options Outstanding at the End of the Year              | 0         | NA                           | 8,88,150  | 41.70                        |
| 10     | Number of Options Exercisable at the End of the Year              | 0         | NA                           | 0         | NA                           |

| Weighted Average share price of Options exercised during the year | ESOS 2013 | ESOS 2019 |
|-------------------------------------------------------------------|-----------|-----------|
|                                                                   | 147.25    | NA        |

**Range of Exercise price and weighted average remaining contractual life of Outstanding Options**

| Scheme    | Number of Options Outstanding | Weighted Average Remaining Contractual Life (in years) | Weighted Average Exercise Price (₹) | Range of Exercise Price (₹) |
|-----------|-------------------------------|--------------------------------------------------------|-------------------------------------|-----------------------------|
| ESOS 2013 | Nil                           | NA                                                     | NA                                  | NA                          |
| ESOS 2019 | 8,88,150                      | 5.14                                                   | 41.70                               | 10-75                       |

**J. DETAILS RELATED TO TRUST**
**(i) General information on all schemes**

The CSB ESOS Scheme 2019 shall be administered through an employee stock option trust ("ESOS Trust") in the nature of an irrevocable employee welfare trust, set up in May 2019 in due compliance with the applicable laws. Under the Scheme, the Bank can allot a maximum of 50 lakh shares to the Trust, over a period of time. Accordingly, the Bank, on July 12, 2019, allotted 50,00,000 equity shares to CSB ESOS Trust, at an issue price of ₹ 10/- per share.

The Scheme was amended at the Annual General meeting of the Bank held on July 20, 2020, inter alia, to increase the Options Reserve from 50,00,000 equity shares by an additional quantum of 1,16,72,791. The sourcing of corresponding number of additional shares shall be from (i) fresh issue of shares up to 30,00,000 shares and (ii) secondary acquisition by the Trust up to 86,72,791 shares. With this, the total Options Reserve under ESOS 2019 stood at 1,66,72,791 options. A few other modifications were also made in the scheme as per the prevailing regulations and also to effect change of name of the Bank in the Scheme document.

Under the trust route, the Bank allots shares to the trust and the trust will transfer the shares to the eligible employees at the time of exercise of option by eligible employees on meeting terms of grant fixed by the Nomination & Remuneration Committee. The details of the CSB ESOS Trust as required under Regulation 14 of SEBI (Share Based Employee Benefits) Regulations 2014 is furnished below:

| Sl No. | Particulars                                                                                                                           | Details                                                                                                                                                                                                                                      |
|--------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.     | Name of the Trust                                                                                                                     | CSB ESOS Trust                                                                                                                                                                                                                               |
| 2.     | Details of the Trustee(s)                                                                                                             | 1. Mr. S.S. Narayanan,<br>CSB Bank Limited,<br>CSB Bhavan, St. Mary's College Road, Thrissur – 680020, Kerala, India.<br><br>2. Mr. Ragesh M,<br>CSB Bank Limited,<br>CSB Bhavan, St. Mary's College Road, Thrissur – 680020, Kerala, India. |
| 3.     | Amount of loan disbursed by company / any company in the group, during the year                                                       | Nil <sup>^</sup>                                                                                                                                                                                                                             |
| 4.     | Amount of loan outstanding (repayable to Bank / any company in the group) as at the end of the year                                   | Nil <sup>^</sup>                                                                                                                                                                                                                             |
| 5.     | Amount of loan, if any, taken from any other source for which Bank / any company in the group has provided any security or guarantee* | Nil <sup>^</sup>                                                                                                                                                                                                                             |
| 6.     | Any other contribution made to the Trust during the year                                                                              | NIL<br><br>Initial contribution in the form of Corpus funding of ₹ 1,00,000/- was made in the financial year 2019-20                                                                                                                         |

\* CSB ESOS Trust has borrowed ₹ 58,081,631/- from M/s IIFL Finance Limited to close the loan, equal to the borrowed amount, initially availed from M/s Edelweiss Finvest Pvt Ltd for the purpose of acquisition of 50,00,000 shares from CSB Bank Limited and this connection, 8,20,000 equity shares out of 50,00,000 allotted to the trust were pledged with M/s IIFL Finance Limited.

<sup>^</sup> In terms of Reserve Bank of India Master circular- Loans and Advances- Statutory and other Restrictions dated July 1, 2015, the banks are not allowed to extend advances to employees trusts set up by them for the purpose of purchasing their own shares under ESOS/ESOP / from the secondary market.

**(ii) Brief details of transactions in shares by the Trust**

| Sl No. | Particulars                                                                          | Details                                                                                                                          |                         |                              |
|--------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------|------------------------------|
| 1.     | Number of shares held at the beginning of the year (April 1, 2020);                  | 50,00,000                                                                                                                        |                         |                              |
| 2.     | Number of shares acquired during the year                                            |                                                                                                                                  | <b>Primary Issuance</b> | <b>Secondary Acquisition</b> |
|        |                                                                                      | Number of shares                                                                                                                 | NIL                     | NIL                          |
|        |                                                                                      | Percentage of paid up capital                                                                                                    | NA                      | NA                           |
|        |                                                                                      | Weighted average cost of acquisition per share                                                                                   | NA                      | NA                           |
|        |                                                                                      | Number of shares acquired during the year as a percentage of paid up equity capital as at the end of the previous financial year | NA                      | NA                           |
| 3.     | Number of shares transferred to the employees / sold along with the purpose thereof; | Nil                                                                                                                              |                         |                              |
| 4.     | Number of shares held at the end of the year(March 31, 2021)                         | 50,00,000                                                                                                                        |                         |                              |

**(iii) In case of secondary acquisition of shares by the Trust:**

The quantum of secondary acquisition is capped at 1,16,72,791 shares which constitute 5 % (Five percent) of the paid-up equity share capital of the Bank as on March 31, 2020, which is in tune with the statutory ceiling prescribed under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations").

Acquisition of shares by the Trust in any financial year shall not exceed two percent of the paid up equity capital as at the end of the previous financial year as per SEBI SBEB Regulations as amended from time to time.

No shares were acquired by the trust from Secondary Market.

By Order of the Board

Sd/-

**Madhavan Aravamuthan**

Chairman

(DIN: 01865555)

Place: Thrissur  
Date: July 05, 2021

## ANNEXURE-II

# BUSINESS RESPONSIBILITY REPORT

### ABOUT CSB BANK

Established in 1920 as The Catholic Syrian Bank Limited, CSB Bank Limited is one of the oldest private sector banks in India, having a strong presence in Kerala along with significant presence in Tamil Nadu, Karnataka and Maharashtra. During the period under review, the Bank extended its footprint to many more states especially AP, Telengana, Maharashtra and Delhi as part of its plans to build up customer franchise by tapping the opportunities, across.

The Bank offers a wide range of products and services to its customers, with specific focus on Gold, Other Retail, SME and NR customers. Considering the opportunities and experience, Bank continued to focus on Gold portfolio. Along with this, there was a strong push on SME loans, Two Wheeler loans, Loans against Property, Small Business loans and Agri & MFI loans.

The Bank delivers its products and services through multiple channels, via 512 branches (excluding three service branches and three asset recovery branches) and 318 ATMs spread across 16 states and 4 union territories as on March 31, 2021. Other alternate channels comprised of micro ATMs, debit cards, internet banking, mobile banking, POS services and UPI.

The Bank has, with a thrust on quality of service & enduring long term customer relationships, established as a well-recognized and trusted brand in South India. With further expansion plans, Banks targets to tap opportunities in building a customer franchise both in terms of assets and liabilities from southern, northern and western markets. Bank strengthened its capability & leadership in technology, retail distribution, SME, NRI, risk, and digital business verticals for aligning with the larger growth plans.

### ABOUT THIS REPORT

The Securities and Exchange Board of India (SEBI) in terms of Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has mandated the inclusion of a "Business Responsibility Report" (BRR) as part of Company's Annual Report for top 1000 listed entities based on market capitalization at the BSE Limited (BSE) and the National Stock Exchange of India Ltd. (NSE).

The disclosure present in this Business Responsibility Report ('BRR') covers the Bank's initiatives from the point of environmental, social and governance perspective, and is based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)' released by the Ministry of Corporate Affairs, Government of India, in July 2011 which contains 9 Principles and Core Elements for each of the those 9 Principles.

Following is the second Business Responsibility Report of your Bank post listing of its shares on December 4, 2019 after Initial Public offering of shares in November 2019.

| SECTION A: GENERAL INFORMATION ABOUT THE BANK |                                                                          |                                                                                                                                                                   |                                        |                                        |          |                                     |
|-----------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|----------|-------------------------------------|
| 1                                             | Corporate Identity Number (CIN) of the Company                           | L65191KL1920PLC000175                                                                                                                                             |                                        |                                        |          |                                     |
| 2                                             | Name of the Company                                                      | CSB Bank Limited                                                                                                                                                  |                                        |                                        |          |                                     |
| 3                                             | Registered address                                                       | Head Office, “CSB Bhavan”, Post Box No.502, St. Mary's College Road, Thrissur – 680020                                                                            |                                        |                                        |          |                                     |
| 4                                             | Website                                                                  | www.csb.co.in                                                                                                                                                     |                                        |                                        |          |                                     |
| 5                                             | e-mail id                                                                | board@csb.co.in                                                                                                                                                   |                                        |                                        |          |                                     |
| 6                                             | Financial Year reported                                                  | April 1, 2020 to March 31, 2021                                                                                                                                   |                                        |                                        |          |                                     |
| 7                                             | Sector(s) that the Company is engaged in (industrial activity code-wise) | CSB Bank is a Banking Company governed by the Banking Regulation Act, 1949. Classification as per National Industrial Classification 2008 is given below:         |                                        |                                        |          |                                     |
|                                               |                                                                          | <table><tr><td>Section</td><td>K - Financial and Insurance Activities</td></tr><tr><td>NIC Code</td><td>64191- Banking &amp; Financial Services</td></tr></table> | Section                                | K - Financial and Insurance Activities | NIC Code | 64191- Banking & Financial Services |
|                                               |                                                                          | Section                                                                                                                                                           | K - Financial and Insurance Activities |                                        |          |                                     |
| NIC Code                                      | 64191- Banking & Financial Services                                      |                                                                                                                                                                   |                                        |                                        |          |                                     |
|                                               |                                                                          |                                                                                                                                                                   |                                        |                                        |          |                                     |

|    |                                                                                               |                                                                                                                                                                                              |
|----|-----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8  | List three key products/services that the Company manufactures/provides (as in balance sheet) | CSB Bank is a publicly held banking company engaged in providing a wide range of banking and financial services including retail banking, corporate banking and treasury & Forex operations. |
| 9  | Total number of locations where business activity is undertaken by the Company                |                                                                                                                                                                                              |
|    | a. Number of International Locations (Provide details of major 5)                             | None                                                                                                                                                                                         |
|    | b. Number of National Locations                                                               | As on March 31, 2021, the Bank had a network of 518 Branches including 3 Service and 3 Asset Recovery Branches each, and 318 ATMs spanning in 16 states and 4 union territories              |
| 10 | Markets served by the Company – Local/ State/ National/ International                         | National : Pan India                                                                                                                                                                         |

#### SECTION B: FINANCIAL DETAILS OF THE BANK

|   |                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Paid up Capital (INR)                                                                         | 173,48,58,270                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 2 | Total Turnover (INR)                                                                          | 22,73,11,11,533                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 3 | Total profit after taxes (INR)                                                                | 2,18,40,02,057                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 4 | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | <p>The Bank undertakes CSR activities in accordance with its Corporate Social Responsibility policy. The CSR activities are undertaken by the Bank either directly or through projects undertaken by the implementing agencies.</p> <p>Bank is not required to spend money for CSR activities in the financial year 2020-21 as per the policy adopted by the Bank and as per Section 135 of the Companies Act, 2013 in view of average net profit of the Bank for the last three years was negative in the zone. Though, no regulatory requirements, your Bank as part of the continued focus towards sustainable development and being a responsible Banker towards social upliftment, contributed partially to a project/programme come under the areas/subjects defined in the CSR Policy of the Bank.</p> |
| 5 | List of activities in which expenditure in 4 above has been incurred.                         | <p>a) Slum area development</p> <p>b) Measures for the benefits of armed forces veterans, war widows and their dependents</p> <p>c) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

#### SECTION C: OTHER DETAILS

|   |                                                                                                                                                                                                                                                              |    |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| 1 | Does the Company have any Subsidiary Company/ Companies?                                                                                                                                                                                                     | No |
| 2 | Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)                                                                                                 | NA |
| 3 | Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] | No |

#### SECTION D: BUSINESS RESPONSIBILITY INFORMATION

|   |                                                                                                 |                           |
|---|-------------------------------------------------------------------------------------------------|---------------------------|
| 1 | Details of Director/ Directors responsible for BR                                               |                           |
|   | (a) Details of the Director/ Directors responsible for implementation of the BR policy/policies |                           |
|   | DIN Number                                                                                      | 00460061                  |
|   | Name                                                                                            | Mr. C.VR. Rajendran       |
|   | Designation                                                                                     | Managing Director & CEO   |
|   | (b) Details of the BR head                                                                      |                           |
|   | DIN Number (if applicable)                                                                      | NA                        |
|   | Name                                                                                            | Mr. Vincy Louis Pallisery |
|   | Designation                                                                                     | Chief Compliance Officer  |
|   | Telephone number                                                                                | 0487-2333020              |
|   | e-mail id                                                                                       | cco@csb.co.in             |

#### SECTION D (2): BR INFORMATION – PRINCIPLE-WISE (AS PER NVGs) BR POLICY/POLICIES (Reply in YES/NO)

The NVGs on social, environmental and economic responsibilities of business prescribed by the Ministry of Corporate Affairs advocates the nine principles (detailed below) as P1-P9 to be followed:

|             |                                                                                                                                                              |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Principle 1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.                                                                |
| Principle 2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.                                     |
| Principle 3 | Businesses should promote the well-being of all employees.                                                                                                   |
| Principle 4 | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. |
| Principle 5 | Businesses should respect and promote human rights.                                                                                                          |
| Principle 6 | Business should respect, protect and make efforts to restore the environment.                                                                                |
| Principle 7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.                                                  |
| Principle 8 | Businesses should support inclusive growth and equitable development.                                                                                        |
| Principle 9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner.                                                    |

#### (a) Details of compliance (Reply in Y/N)

| No. | Questions                                                                                       | P1 | P2 | P3^ | P4 | P5 | P6 | P7 | P8 | P9 |
|-----|-------------------------------------------------------------------------------------------------|----|----|-----|----|----|----|----|----|----|
| 1   | Do you have a policy/ policies for BR ?                                                         | Y  | Y  | Y   | Y  | Y  | Y  | NA | Y  | Y  |
| 2   | Has the policy being formulated in consultation with the relevant stakeholders?                 | Y  | Y  | Y   | Y  | Y  | Y  | NA | Y  | Y  |
| 3   | Does the policy conform to any national / international standards? (If yes, specify. (50 Words) | Y  | Y  | Y   | Y  | Y  | Y  | NA | Y  | Y  |

Policies of the Bank are in line with the requirements of RBI guidelines, listing agreement with stock exchanges, The Securities and Exchange Board of India (SEBI) as per its (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and rules made thereunder or the Bank's internal requirements and best practices.

|    |                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                         |   |   |   |   |   |    |   |   |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|----|---|---|
| 4  | Has the policy being approved by the Board?<br><br>Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?                               | Y                                                                                                                                                                                                                                                                                                                                                                                                       | Y | Y | Y | Y | Y | NA | Y | Y |
| 5  | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?                                  | Y                                                                                                                                                                                                                                                                                                                                                                                                       | Y | Y | Y | Y | Y | NA | Y | Y |
| 6  | Indicate the link for the policy to be viewed online?                                                                                                      | <p>The policies are available in Bank's website at <a href="https://csb.co.in/investor-relations">https://csb.co.in/investor-relations</a> and <a href="https://csb.co.in/bank-policies">https://csb.co.in/bank-policies</a></p> <p>The policies other than that are available in the Bank website are being internal documents and are only available to the employees through the Bank's intranet</p> |   |   |   |   |   |    |   |   |
| 7  | Has the policy been formally communicated to all relevant internal and external stakeholders?                                                              | Y                                                                                                                                                                                                                                                                                                                                                                                                       | Y | Y | Y | Y | Y | NA | Y | Y |
| 8  | Does the company have in-house structure to implement the policy/ policies?.                                                                               | Y                                                                                                                                                                                                                                                                                                                                                                                                       | Y | Y | Y | Y | Y | NA | Y | Y |
| 9  | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Y                                                                                                                                                                                                                                                                                                                                                                                                       | Y | Y | Y | Y | Y | NA | Y | Y |
| 10 | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?                                 | Y                                                                                                                                                                                                                                                                                                                                                                                                       | Y | Y | Y | Y | Y | NA | Y | Y |

<sup>^</sup> In line with the general laws and regulations and sound ethical practices followed nationally, the Bank has adopted employee oriented policies covering areas such as employee benefits and sexual harassment at the workplace which endeavor to provide an environment of care, nurturing and opportunity to accomplish professional aspirations.

### Principle-wise Policies

|             |                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Principle 1 | Code of Conduct and Ethics for Directors, Senior Management Personnel of the Bank, Whistle Blower Policy, Compliance Policy, Policy to deal with Staff Members who are directly and incidentally part of the Fraud related accounts, Code of Conduct and Ethics for all the employees, Code of Fair Disclosure and Conduct , Fraud Risk Management Policy, Customer Rights policy and Customer Protection Policy. |
| Principle 2 | Sustainable Development Policy                                                                                                                                                                                                                                                                                                                                                                                    |
| Principle 3 | HR Policies                                                                                                                                                                                                                                                                                                                                                                                                       |
| Principle 4 | CSR Policy, Sustainable Development Policy, Business Correspondent Policy, FLCC policy, Loan Policy –Agriculture, MSME and Financial inclusion, Policy Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises [MSMEs].                                                                                                                                                                   |

|             |                                                                                                                                                                                                      |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Principle 5 | HR Policies, Human Rights Statement, Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women Employees at Workplace and Policy for General Management of Branches.             |
| Principle 6 | CSR Policy, Sustainable Development Policy                                                                                                                                                           |
| Principle 7 | NIL                                                                                                                                                                                                  |
| Principle 8 | CSR Policy, Sustainable Development Policy, Business Correspondent Policy, FLCC policy, Loan Policy –Agriculture, MSME and Financial inclusion.                                                      |
| Principle 9 | Customer Rights Policy, Customer Protection Policy, Grievance Redressal /Complaints Policy, Compensation Policy – Customers, Banking Codes and Standards Board of India (BCSBI) and Citizen Charter. |

**(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why (Tick up to 2 options) :**

| S.No. | Questions                                                                                                                         | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|-------|-----------------------------------------------------------------------------------------------------------------------------------|----|----|----|----|----|----|----|----|----|
| 1.    | The company has not understood the Principles                                                                                     | -  | -  | -  | -  | -  | -  | -  | -  | -  |
| 2.    | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | -  | -  | -  | -  | -  | -  | -  | -  | -  |
| 3.    | The company does not have financial or manpower resources available for the task                                                  | -  | -  | -  | -  | -  | -  | -  | -  | -  |
| 4.    | It is planned to be done within next 6 months                                                                                     | -  | -  | -  | -  | -  | -  | -  | -  | -  |
| 5.    | It is planned to be done within the next 1 year                                                                                   | -  | -  | -  | -  | -  | -  | -  | -  | -  |
| 6.    | Any other reason (please specify)                                                                                                 | -  | -  | -  | -  | -  | -  | *  | -  | -  |

\* The Bank does not engage in policy advocacy, but is actively involved in consultation/ discussion forums with the government and other bodies in the banking industry. In taking public policy positions, the Bank has not lobbied through any associations.

#### SECTION D (3): GOVERNANCE RELATED TO BR

|     |                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) | Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.(Within 3months, 3-6 months, Annually, More than one year) | Annually                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| (b) | Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?                                                       | <p>The Bank annually publishes BR Report as part of its Annual Report.</p> <p>BR Report of 2020-21 is the 2<sup>nd</sup> report published by the Bank post listing of its shares in the Stock exchanges on December 4, 2019 after Initial Public offering of shares.</p> <p>Hyperlink: <a href="https://csb.co.in/investor-relations">https://csb.co.in/investor-relations</a> &gt; General meetings &gt; Annual General Meeting – 2021.</p> <p>Frequency :Annual</p> |

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1- Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

|   |                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs / Others?                           | <p>Yes.</p> <p>The Bank is committed to acting professionally, fairly and with integrity in all its dealings across. The Bank, has adopted a Code of Conduct and Ethics for its Board and Senior Managerial Personnel and adhere to the highest standards of honest and ethical conduct, including proper and ethical procedures in dealing with actual or apparent conflicts of interest between personal and professional relationship. Similarly, the Bank has put in place a Code of Conduct and Ethics which is applicable to all its employees as per instructions laid out in the Books of instructions. This articulates the ethical principles and acceptable behaviour that the Bank's employees are expected to imbibe and demonstrate towards upholding the Bank's values.</p> <p>Bank's Whistle Blower Policy / Vigil Mechanism to report concerns about unethical behaviour, violations of system and procedures in the Bank, violation of law, questionable business practices or grave misconduct by employees of the Bank that could lead to financial loss or reputation to the Bank, actual or suspected fraud and others. As per the Policy /Mechanism, Directors and employees of the Bank, customers, stakeholders, Non-Governmental Organizations (NGO) and others can lodge complaints / disclosures.</p>                                                                                                                            |
| 2 | How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so. | <p>Bank established various channels for its stakeholders to communicate their expectations/concerns.</p> <p>Investor's grievances are redressed either directly by the Bank or through Bank's Registrar and Transfer Agents, M/s SKDC Consultants Ltd, Coimbatore till November 30, 2020 and by M/s Link Intime India Pvt Ltd. with effect from December 01, 2020. Complaints received on SCORES (a centralized web based complaint redressal system of SEBI) are attended within stipulated time. The Bank conducts meeting of Standing Committee on customer service as per RBI guidelines to review the customer service aspects prevalent in the Bank and to take necessary corrective action on an on-going basis.</p> <p>As a part of customer-centric approach, the Bank has appointed an Internal Ombudsman (IO) as an independent authority to review complaints that were partially or wholly rejected by the bank. The IO mechanism was set up with a view to strengthen the internal grievance redressal system of the Bank and to ensure that the complaints of the customers are redressed at the level of the bank itself by an authority placed at the highest level of bank's grievance redressal mechanism, so as to minimize the need for the customers to approach other forums, for redressal.</p> <p>The details of the Investor Complaints and other stakeholders complaints during the FY 2020-21 are as below: Refer Table 1.1</p> |

Table 1.1

#### Stakeholder complaints during the FY 2020-21

|                                                 | Pending as on 31.03.2020 | 2020-21  |           | % of cases resolved satisfactorily | Pending as on 31.03.2021 |
|-------------------------------------------------|--------------------------|----------|-----------|------------------------------------|--------------------------|
|                                                 |                          | Received | Redressed |                                    |                          |
| Customer Complaints (other than ATM Complaints) | 134                      | 3313     | 3350      | 97.18 %                            | 97                       |
| Investor Complaints                             | 0                        | 03       | 03        | 100%                               | 0                        |
| Consumer cases                                  | 35                       | 11       | 7         | 16 %                               | 39                       |

| Principle 2- Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle. |                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1                                                                                                                                     | List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.                                                                                                                                                                                                                                                          | <p>The Bank is a service-oriented industry and hence the product is not posing any risk to environmental concerns, but rather its products provide growth opportunities. Bank offers a wide range of banking products to fulfil customer expectations through an extensive network of branches, ATMs, and through technologies like Mobile Banking, WhatsApp Banking, Internet Banking, Doorstep banking, Point of sale services and UPI. Bank offers many customized products including gold loans, retail loans, two- wheeler loans, home loans, MSME loans, loans against properties, loans for asset purchases and a wide range of savings bank products.</p> <p>Bank has implemented hi-tech products which enable its customers to do banking activities, sitting in the comfort of their homes. This reduces unnecessary travel, reduces wastage of time and energy, which and carbon footprint. These products are safe and secure to use and contribute to sustainability throughout their life cycle.</p> <p>The Bank, as a part of credit dispensation to viable projects, ensures that the promoter has necessary pollution control equipment either online or end of the pipeline for pollution abatement and has necessary approval in place from the regulatory authorities, viz. Pollution Control Board. The bank has been extensively using digital mode for sending agenda for the meetings thereby saving a huge amount of paper.</p> <p>Bank also promotes the conservation of the environment, by reducing the usage of paper by promoting green pin for debit cards, digital alerts, e-passbook application and digitalising of documents. All these efforts combined will produce a positive effect on the reduction of load on the environment</p> |
| 2                                                                                                                                     | <p>For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):</p> <p>(i)Reduction during sourcing/production / distribution achieved since the previous year throughout the value chain?</p> <p>(ii)Reduction during usage by consumers (energy, water) has been achieved since the previous year?</p> | <p>Not applicable for banking products</p> <p>Not applicable for banking products</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 3                                                                                                                                     | Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.                                                                                                                                                                         | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 4                                                                                                                                     | Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?                                                                                                                                     | The nature of the banking sector is service-oriented and not material resource intensive. However, the Bank procures locally the daily use items and services such as stationery, food and beverages and local transport. It works with most local vendors to align them with the Bank's procurement requirements and standards.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

|   |                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5 | Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so. | <p>Not Applicable. Being a Banking service company, the bank is not generating products and waste associated with a manufacturing concern. As the Bank relies on computer and technology hardware to run its banking operations, the waste generated by the Bank is primarily e-waste, such as computers, monitors, modems, switches, laptops, scanners, routers, printers, and UPS systems.</p> <p>Besides, the Bank digitization efforts across its office and branch locations are also helping rationalise its paper requirements.</p> |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Principle 3- Businesses should promote the well-being of all employees.**

|       |                                                                                                                                                                                  |                                                                                                                                                                         |                                                |                                                                 |                                                  |                                                          |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------|
| 1     | Please indicate the total number of employees.                                                                                                                                   | The Bank had 4180 employees as on March 31, 2021                                                                                                                        |                                                |                                                                 |                                                  |                                                          |
| 2     | Please indicate the Total number of employees hired on temporary/ contractual/ casual basis.                                                                                     | The Bank had 108 employees as on March 31, 2021 on Contract basis                                                                                                       |                                                |                                                                 |                                                  |                                                          |
| 3     | Please indicate the Number of permanent women employees.                                                                                                                         | The Bank had 1192 permanent women employees as on March 31, 2021                                                                                                        |                                                |                                                                 |                                                  |                                                          |
| 4     | Please indicate the Number of permanent employees with disabilities                                                                                                              | Two                                                                                                                                                                     |                                                |                                                                 |                                                  |                                                          |
| 5     | Do you have an employee association that is recognized by management?                                                                                                            | Yes.                                                                                                                                                                    |                                                |                                                                 |                                                  |                                                          |
|       |                                                                                                                                                                                  | 1458 employees of the Bank are in 6 Associations/ Unions, detailed below :                                                                                              |                                                |                                                                 |                                                  |                                                          |
|       |                                                                                                                                                                                  | Catholic Syrian Bank Officers Association                                                                                                                               |                                                | 869                                                             |                                                  |                                                          |
|       |                                                                                                                                                                                  | Staff Federation                                                                                                                                                        |                                                | 276                                                             |                                                  |                                                          |
|       |                                                                                                                                                                                  | Staff Association                                                                                                                                                       |                                                | 234                                                             |                                                  |                                                          |
|       |                                                                                                                                                                                  | Officers Federation                                                                                                                                                     |                                                | 40                                                              |                                                  |                                                          |
|       |                                                                                                                                                                                  | CSB Award Staff Union                                                                                                                                                   |                                                | 37                                                              |                                                  |                                                          |
|       |                                                                                                                                                                                  | Staff Union                                                                                                                                                             |                                                | 2                                                               |                                                  |                                                          |
| Total |                                                                                                                                                                                  | 1458                                                                                                                                                                    |                                                |                                                                 |                                                  |                                                          |
| 6     | What percentage of your permanent employees is members of this recognized employee association?                                                                                  | 25.81 % of employees in Officer Cadre are members of Bank Officers' Association/s and 99.82 % of employees in Award Staff cadre are members of Bank Employees' Union/s. |                                                |                                                                 |                                                  |                                                          |
| 7     | Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. | No                                                                                                                                                                      | Category                                       | No of complaints pending at the beginning of the financial year | No of complaints filed during the financial year | No of complaints pending as on end of the financial year |
|       |                                                                                                                                                                                  | 1                                                                                                                                                                       | Childlabour/ forced labour/ involuntary labour | Nil                                                             | Nil                                              | Nil                                                      |
|       |                                                                                                                                                                                  | 2                                                                                                                                                                       | Sexual harassment                              | Nil                                                             | Nil                                              | Nil                                                      |
|       |                                                                                                                                                                                  | 3                                                                                                                                                                       | Discriminatory employment                      | Nil                                                             | Nil                                              | Nil                                                      |
|       |                                                                                                                                                                                  |                                                                                                                                                                         |                                                |                                                                 |                                                  |                                                          |

|   |                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                         |                   |              |
|---|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------|--------------|
| 8 | What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year | <b>Sl. No</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Category</b>                         | <b>Percentage</b> |              |
|   |                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                         | <b>Safety</b>     | <b>Skill</b> |
|   |                                                                                                                    | A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Permanent Employees                     | 1.44              | 1.67         |
|   |                                                                                                                    | B                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Permanent Women Employees               | 5.49              | 6.09         |
|   |                                                                                                                    | C                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Casual/Temporary/ Contractual Employees | Nil               | Nil          |
|   |                                                                                                                    | D                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Employees with Disabilities             | Nil               | Nil          |
|   |                                                                                                                    | <p>The Financial Year 2020-2021 was one with special challenges and opportunities. The spread of Covid 19 virus to pandemic proportions brought physical classroom training to a grinding halt. Restrictions on travel and stay in hotels prevented the movement of employees to the CSB Institute of Learning &amp; Development (CSBILD) to attend training programs. This challenge was converted into an opportunity as the CSBILD made a seamless transition from the classroom teaching mode to online virtual classes and e-learning methodology, thereby successfully overcoming the challenges thrown up by the Covid pandemic. Looking for innovation and technological improvements was also a major area of focus in 2020-21.</p> <p>The L&amp;D Department achieved a remarkable milestone by getting the ISO 9001:2015 certification awarded during the year. As an innovative initiative, CSBILD developed a mobile learning application, LoGo, for reaching out to all our employees for dissemination of knowledge and inspiration on a daily basis. Another significant step in the L&amp;D area was the decision to set up a training centre under the Deen Dayal Upadhyay Grameen Kaushalya Yojana (DDUGKY) scheme of the Govt of India. Through this initiative, the Bank is looking forward to receiving trained and work ready young employees on a regular basis.</p> <p>Role based certification of key role holders has already commenced, with a blend of E-Lessons and online Tests for ensuring the provision of realistic Balanced Score Card entries related to Learning. Branch Heads, Relationship Managers/ Relationship Officers / Relationship Executives, Branch Operations Managers, Business Development Executives, Gold Loan Officers, and other role holders were covered by training during the year. In all, 141 E-Lessons were uploaded, and 128 Online programs, 14 physical programs and 73 external programs were conducted, ensuring a staff coverage of well over 100% at 6066 during the year, an increase of 24% Year on Year.</p> |                                         |                   |              |

**Principle 4- Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

|   |                                                                                                         |                                                                                                                                                                                                                                                                                                                |
|---|---------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Has the company mapped its internal and external stakeholders? Yes/No                                   | Yes.<br><br>Stakeholders are segmented into Corporate, Retail customers and investors/members of the Bank. Human Resources Department looks after the interest of the Bank Employees.                                                                                                                          |
| 2 | Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders. | The Bank is guided by Reserve Bank of India (RBI) prescribed guidelines on priority sector lending, lending to small and marginal farmers, lending to weaker section etc., and government-led initiatives to improve access to financial services, to disadvantaged, vulnerable and marginalised stakeholders. |

|   |                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3 | Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? | <p>Under Financial Inclusion, the Bank is rendering services to the disadvantaged, rural/semi-urban section of the society by providing basic banking services at their doorstep. The Bank has appointed Business Correspondents to service the banking requirement of such disadvantaged society. In addition, the Bank has also engaged Financial Literacy Counsellors at 7 blocks in the State of Kerala for financial literacy activities.</p> <p>Apart from the above, CSR initiatives of the Bank in a limited way with the intention to improve the living conditions of the under-privileged and marginalised sections of the society.</p> |
|---|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Principle 5- Businesses should respect and promote human rights.**

|   |                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others? | <p>The Bank realizes and respects the human rights of all its stakeholders. All employees are required to follow code of ethics and business conduct, which also documents the ethical practices to be followed by them. The Bank does not promote any kind of discrimination between its employees, customers and other stakeholders on the basis of race, caste, religion, sex, etc. The Bank follows the code issued by The Banking Codes and Standards Board of India, to ensure protection of customer's rights. There are separate mechanisms to address the grievances of employees/ customers and also on the complaints of sexual harassment at workplace.</p> <p>The Bank is committed to uphold the dignity of every individual engaged or associated with them.</p> |
| 2 | How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?       | No complaints have been received from the stakeholders during the reporting period with respect to Human Rights violations from internal or external stakeholders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

**Principle 6- Business should respect, protect and make efforts to restore the environment.**

|   |                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                          |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.                                                           | The aspects outlined under this Principle are not substantially relevant to the Bank given the nature of its business. The Bank complies with applicable environmental regulations in respect of its premises and operations. Further, the Bank participates in the initiatives towards addressing environmental issues. |
| 2 | Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.                  | The Bank adheres to environmental laws in force to the extent as applicable. Further, the Bank constantly aims to reduce the impact on the environment by identifying ways to optimise resource consumption to the extent as possible.                                                                                   |
| 3 | Does the company identify and assess potential environmental risks? Y/N                                                                                                                                | The Bank is aware of the potential environmental risks and participates in the initiatives to the extent as possible to address the environmental concerns. The Bank complies with applicable environmental regulations in respect of its premises and operations.                                                       |
| 4 | Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed? | The question is not applicable to the Bank as it is not a manufacturing company.                                                                                                                                                                                                                                         |

|   |                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5 | Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc. | <p>The Bank leverages its Digital Banking strategy to enhance the digitization of its operations which positively connects with reduction in environmental impacts such as paper usage in bank or avoidance of travel by the customers to the bank.</p> <p>In respect of energy efficiency, renewable energy, the Bank prefers to use star rated and energy efficient ACs and Diesel Gensets and replacement with LED lights in the offices.</p> |
| 6 | Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?                               | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 7 | Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.                        | The Bank has not received any notice during the reporting period.                                                                                                                                                                                                                                                                                                                                                                                |

**Principle 7- Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

|   |                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                   |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:                                                                                                                                                                                           | <p>The Bank is a member of various governing bodies and associations</p> <p>such as the Indian Banks' Association, Banking codes and standards board of India, Fixed Income Money Market and Derivatives Association (FIMMDA) and Foreign Exchange Dealers Association of India (FEDAI), etc.</p> |
| 2 | Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others) | The Bank does not engage in policy advocacy, but is actively involved in consultation/ discussion forums with the government and other bodies in the banking industry. In taking public policy positions, CSB Bank has not lobbied through any associations.                                      |

**Principle 8- Businesses should support inclusive growth and equitable development.**

|   |                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---|---------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Does the company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof   | <p>The Bank has put in place 'Corporate Social Responsibility Policy' to guide its efforts to identify and support all projects/programs/ subjects undertaken within the framework of Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended. The policy will serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the spirit of the policy. CSR initiatives of the Bank aims inclusive growth and sustainable development.</p> <p>Bank has engaged Business Correspondents and Financial Literacy Counsellors (External sources) for promoting Financial Literacy and to promote inclusive growth.</p> <p>Further, of late, the bank has started holding meetings of the Board and its Committees as also intra and inter office meetings using digital platforms, thereby reducing the usage of paper tremendously and thus the carbon foot prints as well</p> |
| 2 | Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organization? | The Bank undertakes programmes /projects directly and also with the assistance of implementation partners/ agencies as required.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

|   |                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3 | Have you done any impact assessment of your initiative?                                                                                               | Yes. The results of these initiatives are reviewed periodically by seeking completion report and other documents.                                                                                                                                                                                                                                                                                                                                                                         |
| 4 | What is your company's direct contribution to community development projects – Amount in INR and the details of the projects undertaken               | <p>The Bank has spent ₹ 10.50 lakhs on Corporate Social Responsibility activities during the FY 2020-21.</p> <p>The expenditure has been undertaken primarily on Slum area development and also for environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources. Also include rural area related activities like financial inclusion and financial literacy and digitization of adopted village.</p> |
| 5 | Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so | <p>The Bank through effective monitoring of its CSR and Financial Inclusion activities ensures that community development initiatives are reaching the target groups and it is being adopted and utilised by the beneficiaries.</p> <p>Periodic visits to Financial Literacy Centres and BC points, seeking report from implementing agency for CSR assistance are measures taken to ensure the above objectives.</p>                                                                     |

**Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

|   |                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | What percentage of customer complaints/ consumer cases are pending as on the end of financial year.                                                                                                                                                                                      | As on 31.03.2021, 2.82 % of the total customer complaints received during the FY 2020-21 were pending. In respect of consumer cases, 84 % were pending for disposal at various forum/courts, which is beyond the Bank's control.                                                                                                                                                                                                                                                                                                                                                       |
| 2 | Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)                                                                                                                       | This aspect is not applicable as the Bank is not a manufacturing company. The Bank complies with disclosure requirements relating to its products and services.                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 3 | Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so provide details thereof, in about 50 words or so. | <p>NIL.</p> <p>The Bank always strives to have a cordial relationship with its customers/borrowers and attempts to have an amicable settlement of any disputes. In the ordinary course of banking business, some customers may raise disputes with the Bank, which could result in their filing a civil suit or a consumer complaint against the Bank, alleging deficiency of services. In such cases, the Bank intervenes and sorts out unresolved issues, amicably. But only in some rare instances, where the issues cannot be settled mutually, legal recourse is resorted.</p>    |
| 4 | Did your company carry out any consumer survey/ consumer satisfaction trends?                                                                                                                                                                                                            | <p>Yes.</p> <p>The Bank conducts online customer satisfaction survey and the result of the survey is being continuously monitored. The Bank also conducts Branch Level Customer Service Committee at all branches on 15th of every month. During these meetings customer feedback, suggestions, etc., about various products are directly collected and consolidated. Feasible suggestions for improvements on service/ products are implemented and are monitored at various forums including Standing Committee on Customer Service and Customer Service Committee of the Board.</p> |

By Order of the Board

Sd/-

**Madhavan Aravamuthan**

Chairman

(DIN: 01865555)

Place: Thrissur  
Date : July 05, 2021

## ANNEXURE-III

# FORM NO. AOC-2

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

### 1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS IN FISCAL 2021

| Sl No | Name(s) of the related party and nature of relationship                                                                                                                                                                                                                                                                                           | Nature of contracts/ arrangements/ transactions                                                 | Duration of the contracts/ arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any*                             | Justification for entering into such contracts or arrangements or transaction                                                                                                                                                                      | Date(s) of approval by the Board (latest approvals) | Amount paid as advances, if any: | Date of passing special resolution                                                                          |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------|-------------------------------------------------------------------------------------------------------------|
| 1.    | Finsigma Inclusive Services Private Limited (FISLP)*<br><br>Common Director - Shri. Madhavan Aravamuthan                                                                                                                                                                                                                                          | Business Correspondents Tie up with FISPL                                                       | Ongoing basis                                         | Interest at prevailing market rates and other terms at competitive market rates.<br><br>Overall exposure- ₹ 50.00 Crore | The tie up with FISPL is for Micro Finance business through BC model to accelerate the growth in the Agri. & Micro segments and weaker sections                                                                                                    | 17.02.2020                                          | Nil                              | Since the transaction is within the limits as per Section 188, the approval of shareholders is not required |
| 2.    | Thomas Cook (India) Limited (TCIL)<br><br>Subsidiary of Fairbridge Capital (Mauritius) Limited (FCML)<br><br>FCML is associate of FIH Mauritius Investments Ltd(FIH-M). FIH-M is holding 49.72 % in the paid up capital of the Bank as on March 31, 2021. Details of their other holdings are disclosed in 1.1.of Schedule 18- Notes on accounts. | Tie-up with TCIL for issuance of Co-branded Multicurrency Pre-paid Foreign Exchange Travel Card | One year with effect from April 1, 2020               | At competitive market rates.<br><br>Sales volume up to ₹10 Crores #                                                     | Thomas Cook India Ltd is the leading issuer of multi-currency pre-paid cards for making payments in a convenient way. This tie up helps the Bank to serve its customers, while they are travelling abroad or making payments in a foreign country. | 16.03.2020                                          | Nil                              | Since the transaction is within the limits as per Section 188, the approval of shareholders is not required |

\* Bank already has BC tie up with FISPL well before Shri. Madhavan Aravamuthan was appointed as director on the Board of the Bank. Post appointment, Board, vide resolution dated January 28, 2019, approved initial exposure for ₹ 10 crore, which was later increased to ₹ 25 crore, vide Board resolution dated September 17, 2019 and again increased to ₹ 50 crore, vide Board resolution dated February 17, 2020. Being a BC arrangement there is no direct exposure with Finsigma and the exposure is treated as direct customer exposure.

\* Shri. Madhavan Aravamuthan, resigned from the board of Finsigma Inclusive Services Pvt. Ltd., with effect from August 13, 2020. Finsigma Inclusive Services Pvt. Ltd., ceased to be a related party of the Bank from the date of resignation of common director Shri. Madhavan Aravamuthan and hence, the reporting was made up to the said period only.

@ Transactions are in the ordinary course of business only, but in view of difficulty to establish that the same is on an arm's length basis in view of there being no comparable data to establish an arm's length criteria, the Bank decided to consider such contracts or arrangements as related party transactions and obtained requisite approvals for the said transactions as prescribed in the section 188 of the Companies Act, 2013, as amended and Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014.

# Board and Audit Committee has initially approved the Tie-up on March 25, 2019. Audit Committee, vide resolution dated June 15, 2020, has accorded omnibus approval to the arrangement for a further period of one year with effect from April 1, 2020. However, no transaction has been entered into with TCIL till 31.03.2021. Mr Madhavan Menon, Non-Executive Director of the Bank is the Chairman & Managing Director of TCIL.

**2. DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS IN FISCAL 2021:**

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

By Order of the Board

Sd/-

**Madhavan Aravamuthan**

Chairman

(DIN: 01865555)

Place: Thrissur

Date : July 05, 2021

## ANNEXURE-IV

# ANNUAL REPORT ON CSR ACTIVITIES

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2021

### 1. Brief outline on CSR Policy of the Bank.

The CSR policy of the Bank aims to identify and support all projects/programs/subjects undertaken as part of the Bank's Corporate Social Responsibilities/commitments within the framework of Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, from time to time and last amended by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

The policy will serve as a guiding principle/document to help identify, execute and monitor CSR projects/activities as well as formulation of the annual action plan in pursuance and in keeping with the spirit of the policy. The annual action plan shall include the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act, the manner of execution of such projects or programmes, the modalities of utilisation of funds and implementation schedules for the projects or programmes, monitoring and reporting mechanism for the projects or programmes, etc.

The Bank will undertake activities in the areas or subjects in line with Schedule VII of the Companies Act, 2013, The Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended and the CSR policy adopted by the Bank.

### 2. Composition of CSR Committee:

Constitution of the Corporate Social Responsibility Committee (CSR Committee) in the Bank is in line with Section 135 of the Companies Act, 2013 and rules made thereunder. The Committee is empowered to monitor the CSR activities as per the policy and plan and the Committee is responsible for overall governance of CSR activities in the Bank as per the policy.

Members of the CSR Committee as on March 31, 2021 are:

| Sl No | Name of Director                                              | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|-------|---------------------------------------------------------------|--------------------------------------|----------------------------------------------------------|--------------------------------------------------------------|
| 1.    | Mr. Syed Nagoor Ali Jinnah, Independent Director <sup>^</sup> | Chairman                             | 1                                                        | 1                                                            |
| 2.    | Mr. C. VR. Rajendran, Managing Director & CEO                 | Member                               | 1                                                        | 1                                                            |
| 3.    | Mr. Sumit Maheshwari, Non-Executive Director                  | Member                               | 1                                                        | 1                                                            |
| 4.    | Mr. Madhavan Menon, Non-Executive Director                    | Member                               | 1                                                        | 1                                                            |

<sup>^</sup> Resigned on April 19, 2021 and ceased to be Chairman of the Committee said date. Mr. Sudhin Choksey is the Chairman of the Committee as on the date of signing the report.

|                                                                                                                                            |                                    |   |                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Bank | Composition of CSR committee       | : | <a href="https://www.csb.co.in/pdf/List_of_Sub_Committees_of_the_Board.pdf">https://www.csb.co.in/pdf/List_of_Sub_Committees_of_the_Board.pdf</a>                                                                                                                                                                                                               |
|                                                                                                                                            | CSR Policy                         | : | <a href="https://www.csb.co.in/corporate-social-responsibility">https://www.csb.co.in/corporate-social-responsibility</a>                                                                                                                                                                                                                                       |
|                                                                                                                                            | CSR projects approved by the Board | : | No specific projects have been approved by the Board in the financial year under review for direct implementation. However, the Board approved the projects /programmes as per the policy, which were implemented by the implementing agencies as mentioned in para 8(c) of the Report and in line with the Corporate Social Responsibility policy of the Bank. |

|                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                    |                                                                    |                                                                    |                        |   |                  |                        |   |                  |                        |   |                |                                                                                  |   |                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|------------------------|---|------------------|------------------------|---|------------------|------------------------|---|----------------|----------------------------------------------------------------------------------|---|------------------|
|                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                     | As the average net profit of the Bank for the last three years was in the negative zone, the Bank is not required to spend money for CSR activities in the financial year 2020-21 as per the policy adopted by the Bank and as per Section 135 of the Companies Act, 2013 read with The Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended. |                                                                    |                                                                    |                        |   |                  |                        |   |                  |                        |   |                |                                                                                  |   |                  |
| 4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable                                     | Not Applicable as the CSR obligation of the Bank for the period under review is NIL as against the prescribed threshold limit to undertake impact assessment.                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                    |                                                                    |                                                                    |                        |   |                  |                        |   |                  |                        |   |                |                                                                                  |   |                  |
| 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any. | Sl. No.                                                                                                                                                                                                                                                                                                                                                                             | Financial Year                                                                                                                                                                                                                                                                                                                                                     | Amount available for set-off from preceding financial years (in ₹) | Amount required to be setoff for the financial year, if any (in ₹) |                        |   |                  |                        |   |                  |                        |   |                |                                                                                  |   |                  |
|                                                                                                                                                                                                                             | -----NA-----                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                    |                                                                    |                                                                    |                        |   |                  |                        |   |                  |                        |   |                |                                                                                  |   |                  |
|                                                                                                                                                                                                                             | Not applicable as the average net profit of the Bank in all three year case bucket period since the introduction of the Companies (Corporate Social responsibility Policy) Rules, 2014 as amended was in the negative zone.                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                    |                                                                    |                                                                    |                        |   |                  |                        |   |                  |                        |   |                |                                                                                  |   |                  |
| 6. Average net profit/(loss) of the Bank as per section 135(5):                                                                                                                                                             | <table><tr><td>Financial Year 2017-18</td><td>:</td><td>₹ (149.36) Crore</td></tr><tr><td>Financial Year 2018-19</td><td>:</td><td>₹ (300.09) Crore</td></tr><tr><td>Financial Year 2019-20</td><td>:</td><td>₹ 133.99 Crore</td></tr><tr><td>Average Net Profit/ (Loss) before tax of the Bank for the Last 3 Financial Years</td><td>:</td><td>₹ (105.15) Crore</td></tr></table> |                                                                                                                                                                                                                                                                                                                                                                    |                                                                    |                                                                    | Financial Year 2017-18 | : | ₹ (149.36) Crore | Financial Year 2018-19 | : | ₹ (300.09) Crore | Financial Year 2019-20 | : | ₹ 133.99 Crore | Average Net Profit/ (Loss) before tax of the Bank for the Last 3 Financial Years | : | ₹ (105.15) Crore |
| Financial Year 2017-18                                                                                                                                                                                                      | :                                                                                                                                                                                                                                                                                                                                                                                   | ₹ (149.36) Crore                                                                                                                                                                                                                                                                                                                                                   |                                                                    |                                                                    |                        |   |                  |                        |   |                  |                        |   |                |                                                                                  |   |                  |
| Financial Year 2018-19                                                                                                                                                                                                      | :                                                                                                                                                                                                                                                                                                                                                                                   | ₹ (300.09) Crore                                                                                                                                                                                                                                                                                                                                                   |                                                                    |                                                                    |                        |   |                  |                        |   |                  |                        |   |                |                                                                                  |   |                  |
| Financial Year 2019-20                                                                                                                                                                                                      | :                                                                                                                                                                                                                                                                                                                                                                                   | ₹ 133.99 Crore                                                                                                                                                                                                                                                                                                                                                     |                                                                    |                                                                    |                        |   |                  |                        |   |                  |                        |   |                |                                                                                  |   |                  |
| Average Net Profit/ (Loss) before tax of the Bank for the Last 3 Financial Years                                                                                                                                            | :                                                                                                                                                                                                                                                                                                                                                                                   | ₹ (105.15) Crore                                                                                                                                                                                                                                                                                                                                                   |                                                                    |                                                                    |                        |   |                  |                        |   |                  |                        |   |                |                                                                                  |   |                  |
| 7.                                                                                                                                                                                                                          | ₹ (105.15) Crore                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                    |                                                                    |                                                                    |                        |   |                  |                        |   |                  |                        |   |                |                                                                                  |   |                  |
| a) Two percent of average net profit of the Bank as per section 135(5)                                                                                                                                                      | As the average net profit of the Bank for the last three years was negative, the Bank is not required to spend money for CSR activities in the financial year 2020-21 as per the Section 135 of the Companies Act, 2013 read with The Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended, and the CSR policy adopted by the Bank.                            |                                                                                                                                                                                                                                                                                                                                                                    |                                                                    |                                                                    |                        |   |                  |                        |   |                  |                        |   |                |                                                                                  |   |                  |
| b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.                                                                                                                     | NA                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                    |                                                                    |                                                                    |                        |   |                  |                        |   |                  |                        |   |                |                                                                                  |   |                  |
| c) Amount required to be set off for the financial year,                                                                                                                                                                    | NA                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                    |                                                                    |                                                                    |                        |   |                  |                        |   |                  |                        |   |                |                                                                                  |   |                  |
| d) Total CSR obligation for the financial year (7a+7b-7c).                                                                                                                                                                  | Nil                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                    |                                                                    |                                                                    |                        |   |                  |                        |   |                  |                        |   |                |                                                                                  |   |                  |

8.

a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year.<br>(in ₹) | Amount Unspent (in ₹)                                                 |                  |                                                                                                     |        |                  |
|------------------------------------------------------|-----------------------------------------------------------------------|------------------|-----------------------------------------------------------------------------------------------------|--------|------------------|
|                                                      | Total Amount transferred to Unspent CSR Account as per section 135(6) |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) |        |                  |
|                                                      | Amount                                                                | Date of transfer | Name of the Fund                                                                                    | Amount | Date of transfer |
| ₹ 10,50,000.00*                                      | -----Nil-----                                                         |                  |                                                                                                     |        |                  |

\* Not mandatory requirements to spend in the FY 2020-21

**b) Details of CSR amount spent against ongoing projects for the financial year:**

| 1.            | 2.                   | 3.                                                           | 4.                   | 5.                       | 6.       | 7.               | 8.                                       | 9.                                                 | 10.                                                                                     | 11.                                                  |
|---------------|----------------------|--------------------------------------------------------------|----------------------|--------------------------|----------|------------------|------------------------------------------|----------------------------------------------------|-----------------------------------------------------------------------------------------|------------------------------------------------------|
| SI No.        | Name of the Project. | Item from the list of activities in Schedule VII to the Act. | Local area (Yes/No). | Location of the project. |          | Project duration | Amount allocated for the project (in ₹). | Amount spent in the current financial Year (in ₹). | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹). | Mode of Implementation - Through Implementing Agency |
|               |                      |                                                              |                      | State                    | District |                  |                                          |                                                    |                                                                                         | Name                                                 |
| -----Nil----- |                      |                                                              |                      |                          |          |                  |                                          |                                                    |                                                                                         |                                                      |

**c) Details of CSR amount spent against other than ongoing projects for the financial year:**

| 1.     | 2.                                                                                                                                                                                                                                                    | 3.                                                                                                                                                                        | 4.                    | 5.                       |          | 6.                                  | 7.                                     | 8.                                                                  |                          |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|--------------------------|----------|-------------------------------------|----------------------------------------|---------------------------------------------------------------------|--------------------------|
| SI No. | Name of the Project.                                                                                                                                                                                                                                  | Item from the list of activities in Schedule VII to the Act.                                                                                                              | Local area (Yes/ No). | Location of the project. |          | Amount spent for the project (in ₹) | Mode of Implementation Direct (Yes/No) | Mode of Implementation - Through Implementing Agency                |                          |
|        |                                                                                                                                                                                                                                                       |                                                                                                                                                                           |                       | State                    | District |                                     |                                        | Name                                                                | CSR Registration Number. |
| 1      | Setting up homes for socially and economically backward groups in the society including for women and orphans                                                                                                                                         | Slum Area Development                                                                                                                                                     | Yes                   | Kerala                   | Thrissur | Rs. 10,00,000.00                    | No                                     | Santhwanam Trust (Social Apostolate Centre of Thrissur Archdiocese) | NA                       |
| 2      | To take up animal welfare activities like rescue and rehabilitation and promoting conservation and to conduct educational, training program and nature trips for promoting awareness about conservation of nature, natural resources and Biodiversity | Ensuring environmental sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water | Yes                   | Kerala                   | Kannur   | Rs.50,000.00                        | No                                     | Malabar Awareness and Rescue Centre for Wildlife (MARC)             | NA                       |
| Total  |                                                                                                                                                                                                                                                       |                                                                                                                                                                           |                       |                          |          | Rs.10,50,000.00                     |                                        |                                                                     |                          |

|    |                                                         |   |                 |
|----|---------------------------------------------------------|---|-----------------|
| d) | Amount spent in Administrative Overheads                | : | Nil             |
| e) | Amount spent on Impact Assessment, if applicable        | : | Not Applicable  |
| f) | Total amount spent for the Financial Year (8b+8c+8d+8e) | : | Rs.10,50,000.00 |
| g) | Excess amount for set off, if any                       | : | NA              |

| Sl. No. | Particulars                                                                                                 |                    |
|---------|-------------------------------------------------------------------------------------------------------------|--------------------|
| (i)     | Two percent of average net profit of the Bank as per section 135(5)                                         | ₹ (105.15) Crore * |
| (ii)    | Total amount spent for the Financial Year                                                                   | ₹ 10,50,000.00     |
| (iii)   | Excess amount spent for the financial year [(ii)-(i)]                                                       | Nil                |
| (iv)    | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | Nil                |
| (v)     | Amount available for set off in succeeding financial years [(iii)-(iv)]                                     | Nil                |

\* As the average net profit of the Bank for the last three years was negative, the Bank is not required to spend money for CSR activities in the financial year 2020-21 as per the Section 135 of the Companies Act, 2013 read with The Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended and the CSR policy adopted by the Bank.

9.

a) Details of Unspent CSR amount for the preceding three financial years:

| Sl. No.       | Preceding Financial Year | Amount transferred to Unspent CSR Account under section 135 (6) (in ₹) | Amount spent in the Reporting Financial Year (in ₹). | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. |                |                   | Amount remaining to be spent in succeeding financial years. (in ₹) |
|---------------|--------------------------|------------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------------------------------------|----------------|-------------------|--------------------------------------------------------------------|
|               |                          |                                                                        |                                                      | Name of the Fund                                                                           | Amount (in ₹). | Date of transfer. |                                                                    |
| -----Nil----- |                          |                                                                        |                                                      |                                                                                            |                |                   |                                                                    |

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

| 1.      | 2.          | 3.                   | 4.                                                 | 5.                | 6.                                             | 7.                                                                  | 8.                                                                     | 9.                                          |
|---------|-------------|----------------------|----------------------------------------------------|-------------------|------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------------|---------------------------------------------|
| Sl. No. | Project ID. | Name of the Project. | Financial Year in which the project was commenced. | Project duration. | Total amount Allocated for the Project (in ₹). | Amount spent on the project in the reporting Financial Year (in ₹). | Cumulative amount spent at the end of Reporting Financial Year. (in ₹) | Status of the project - Completed /Ongoing. |
| NIL     |             |                      |                                                    |                   |                                                |                                                                     |                                                                        |                                             |

|                                                                                                                                                                          |                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |     |                                                         |   |     |    |                                                                   |   |     |    |                                                                                                                                 |   |     |    |                                                                                                                            |   |     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|---------------------------------------------------------|---|-----|----|-------------------------------------------------------------------|---|-----|----|---------------------------------------------------------------------------------------------------------------------------------|---|-----|----|----------------------------------------------------------------------------------------------------------------------------|---|-----|
| <b>10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year</b> | :                                                                                                                               | <table><tr><td>a)</td><td>Date of creation or acquisition of the capital asset(s)</td><td>:</td><td>Nil</td></tr><tr><td>b)</td><td>Amount of CSR spent for creation or acquisition of capital asset.</td><td>:</td><td>Nil</td></tr><tr><td>c)</td><td>Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc.</td><td>:</td><td>Nil</td></tr><tr><td>d)</td><td>Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)</td><td>:</td><td>Nil</td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | a)  | Date of creation or acquisition of the capital asset(s) | : | Nil | b) | Amount of CSR spent for creation or acquisition of capital asset. | : | Nil | c) | Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc. | : | Nil | d) | Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) | : | Nil |
| a)                                                                                                                                                                       | Date of creation or acquisition of the capital asset(s)                                                                         | :                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Nil |                                                         |   |     |    |                                                                   |   |     |    |                                                                                                                                 |   |     |    |                                                                                                                            |   |     |
| b)                                                                                                                                                                       | Amount of CSR spent for creation or acquisition of capital asset.                                                               | :                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Nil |                                                         |   |     |    |                                                                   |   |     |    |                                                                                                                                 |   |     |    |                                                                                                                            |   |     |
| c)                                                                                                                                                                       | Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc. | :                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Nil |                                                         |   |     |    |                                                                   |   |     |    |                                                                                                                                 |   |     |    |                                                                                                                            |   |     |
| d)                                                                                                                                                                       | Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)      | :                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Nil |                                                         |   |     |    |                                                                   |   |     |    |                                                                                                                                 |   |     |    |                                                                                                                            |   |     |
| <b>11. Specify the reason(s), if the Bank has failed to spend two per cent of the average net profit as per section 135(5).</b>                                          | :                                                                                                                               | <p>As per the CSR policy approved by the Board and Section 135 of the Companies Act, 2013 read with The Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended, the CSR budget allocation of the Bank shall be at least 2 % of the average net profits of the Bank made during the three immediately preceding financial years.</p> <p>As the average net profit of the Bank for the last three years was in the negative zone, the Bank is not required to spend money for CSR activities in the financial year 2020-21 as per the policy adopted by the Bank and as per Section 135 of the Companies Act, 2013. However, as part of the Bank's continued focus towards sustainable development and responsible banker and its commitment towards society, has spent the amount as mentioned in point No.8 (c) of the report to CSR activities during the period under review.</p> <p>As the Bank has come back to the profitability path in the past two financial years, the Bank is committed and obliged to spend CSR activities for areas / subjects / project covered under Schedule VII, as part of the CSR policy adopted by the Bank. Within the frame, the Bank will identify/ continue to take steps to identify areas / subjects / projects, either directly or jointly by such entities as permitted in the rules or through implementation agencies/institutions with an established track record of at least 3 financial years in undertaking similar projects or programs as part of the CSR initiative.</p> <p>The Bank remains committed to increase its CSR reach and spend over the coming years as per the policy, supplemented by its continued focus towards sustainable development and responsible banking with a clear understanding that bank has a key role of job and wealth creation in the society. CSR is generally understood to be the way an organization achieves a balance between economic, environmental and social imperatives while addressing the expectations of shareholders and stakeholders.</p> |     |                                                         |   |     |    |                                                                   |   |     |    |                                                                                                                                 |   |     |    |                                                                                                                            |   |     |

Sd/-

**C. VR. Rajendran**

Managing Director &amp; CEO

(DIN: 00460061)

Sd/-

**Sudhin Choksey**

Chairman - CSR Committee

(DIN : 00036085)

Sd/-

**Madhavan Aravamuthan**

Chairman

(DIN: 01865555)

Place: Thrissur

Date : July 05, 2021

## ANNEXURE-V

Form No. MR-3  
**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31.03.2021

[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

**CSB BANK LIMITED**

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 **CSB Bank Limited [CIN: L65191KL1920PLC000175]** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2021 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 **CSB Bank Limited** ("the Company") for the financial year ended on 31.03.2021 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 to the extent applicable.
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014
  - (e) 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
  - (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) As informed to us, the following other laws are specifically applicable to the Company.
  - 1. The Banking Regulation Act, 1949 and the Banking Regulation (Companies) Rules, 1949
  - 2. Reserve Bank of India Act, 1934
  - 3. Banking Ombudsman Scheme 2006
  - 4. The Bankers' Books Evidence Act, 1891
  - 5. The Banking Companies (Period of Preservation of Records) Rules, 1985
  - 6. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security

Interest (SARFAESI) Act, 2002 and The Security Interest (Enforcement) Rules, 2002

7. The Prevention of Money-Laundering Act, 2002 and The Prevention of Money-Laundering (Maintenance of Records) Rules, 2005
8. The Deposit Insurance and Credit Guarantee Corporation Act, 1961 and The Deposit Insurance and Credit Guarantee Corporation General Regulations, 1961.
9. The Recovery of Debts Due to Banks and Financial Institutions Act, 1993
10. 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 Agreements entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

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

#### We further report that

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

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

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

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

**We further report that** during the audit period there were no instances of public /rights/preferential issue of shares or issue of debentures/sweat equity or redemption/buy back of securities, Merger / amalgamation / reconstruction, or Foreign technical collaborations.

During the period, the Bank has obtained approval of shareholders for the following:

| Sl. No. | Subject                                                                                                                                                                                                        | Mode of Approval                                                                  | Date of Approval | Particulars of approval                                                                                                                                                                                                                     |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.      | Increase the limit of borrowing powers of the Board to ₹ 5000 crores from the existing limit of ₹ 1000 crores .                                                                                                | Shareholders' approval by way of special resolution in the Annual General Meeting | 20.07.2020       | Approval of shareholders for Increase the limit of borrowing powers of the Board to ₹ 5000 crores from the existing limit of ₹ 1000 crores .                                                                                                |
| 2.      | Alteration of Articles of Association of Bank                                                                                                                                                                  | Shareholders' approval by way of special resolution in the Annual General Meeting | 20.07.2020       | Approval of shareholders for Alteration of Articles of Association of Bank                                                                                                                                                                  |
| 3.      | Ratification of "CSB Employee Stock Option Scheme 2019"                                                                                                                                                        | Shareholders' approval by way of special resolution in the Annual General Meeting | 20.07.2020       | Approval of shareholders for Ratification of "CSB Employee Stock Option Scheme 2019"                                                                                                                                                        |
| 4.      | Approval for increasing total number of employee stock options reserved under 'CSB Employee Stock Option Scheme 2019' from 50,00,000 Options to 1,66,72,791 Options by creating additional 1,16,72,791 Options | Shareholders' approval by way of special resolution in the Annual General Meeting | 20.07.2020       | Approval of shareholders for Approval for increasing total number of employee stock options reserved under 'CSB Employee Stock Option Scheme 2019' from 50,00,000 Options to 1,66,72,791 Options by creating additional 1,16,72,791 Options |

| Sl. No. | Subject                                                                                                                                   | Mode of Approval                                                                  | Date of Approval | Particulars of approval                                                                                                                                                |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5.      | Secondary acquisition of 86,72,791 shares through Trust route for the implementation of CSB Employee Stock Option Scheme 2019 as amended. | Shareholders' approval by way of special resolution in the Annual General Meeting | 20.07.2020       | Approval of shareholders for Secondary acquisition of 86,72,791 shares through Trust route for the implementation of CSB Employee Stock Option Scheme 2019 as amended. |

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

**For SVJS & Associates**  
Company Secretaries

Sd/-

**CS Vincent P.D.**

Managing Partner

CP No.: 7940, FCS: 3067

**UDIN: F003067C000430780**

Place : Kochi

Date : June 08, 2021

### Annexure A

## ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To

The Members,

**CSB BANK LIMITED**

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 audit practices and processes as were appropriate, to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
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 2021 but before the 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.
8. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For SVJS & Associates**  
Company Secretaries

Sd/-

**CS Vincent P.D.**

Managing Partner

CP No.: 7940, FCS: 3067

**UDIN: F003067C000430780**

Place : Kochi

Date : June 08, 2021

## ANNEXURE-VI

### PARTICULARS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES 2014, AS AMENDED.

#### 1. DISCLOSURE AS PER RULE 5(1) –THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN EMPLOYEE'S REMUNERATION AND OTHER DETAILS :-

| Sl No. | Requirements                                                                                                                                                                                                                                                                                                                                                               | Disclosure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| 1      | The ratio of the remuneration of each director to the median remuneration of the employees of the Bank for the financial year 2020-21                                                                                                                                                                                                                                      | <b>Non-Executive Independent (Part-time) Chairman*</b><br>Shri. Madhavan Aravamuthan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 3.58x   |
|        |                                                                                                                                                                                                                                                                                                                                                                            | <b>Managing Director &amp; CEO</b><br>Shri. C. VR. Rajendran                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 93.72x  |
| 2      | The percentage increase in remuneration of each director, CEO, CFO, CS in the financial year 2020-21 <sup>^^</sup>                                                                                                                                                                                                                                                         | Shri. Madhavan Aravamuthan<br><b>(Non-Executive Independent (Part-time) Chairman)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | NA      |
|        |                                                                                                                                                                                                                                                                                                                                                                            | Shri. C. VR. Rajendran<br><b>(Managing Director &amp; CEO)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 320.94% |
|        |                                                                                                                                                                                                                                                                                                                                                                            | Shri. B K Divakara #<br><b>(Chief Financial Officer)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | NA      |
|        |                                                                                                                                                                                                                                                                                                                                                                            | Shri. Sijo Varghese<br><b>(Company Secretary)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 28.86 % |
| 3      | The percentage increase/ (decrease) in the median remuneration of employees in the financial year 2020-21                                                                                                                                                                                                                                                                  | Median remuneration of the employees in the financial year was decreased by 30.29% as compared to corresponding previous financial year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |         |
| 4      | The number of permanent employees on the rolls of the Bank as on March 31st, 2021                                                                                                                                                                                                                                                                                          | There were 4180 employees as on March 31st, 2021.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |         |
| 5      | Average percentile increase/ (decrease) already made in the salaries of employees other than the managerial personnel in the financial year 2020-21 and its comparison with the percentile increase/(decrease) in the managerial remuneration and justification thereof. Point out if there are any exceptional circumstances for increase in the managerial remuneration. | <p>The average percentage of salaries of the employees other than the managerial personnel in the financial year 2020-21 has been increased by 27.64%.</p> <p>The average percentage of the salaries of the managerial personnel (Managing Director &amp; CEO, Chief Financial Officer and Company Secretary) in the FY 2020-21 has been increased by 220.04 %.</p> <p>Increase in the managerial remuneration is mainly due to revision in the remuneration of the Managing Director &amp; CEO. Remuneration of the Managing Director &amp; CEO was revised with effect from January 10, 2020 on receipt of approval of Reserve Bank of India on May 4, 2020 for the first time since he joined in the Bank on December 9, 2016. Also payment of variable pay for the FY 2018-2019 and 2019-2020 was made in the financial year 2020-21 on receipt of RBI approval subject to deferral arrangements as per the compensation policy of the Bank.</p> <p>Quantum of increase in the average percentage of salaries of the employees other than the managerial personnel is in the lower scale was due to accruing benefit of the decision, to reduce the retirement age of the employees to 58 years from 60 years, in FY 2020 and further recruitment of employees on CTC basis at a competitive wage scale, except for those positions, where more salary is required to be offered to get the right people to suit Bank's requirements, who could shoulder more risks and responsibilities commensurate with their role in the Bank.</p> |         |
| 6      | Affirmation that the remuneration is as per the remuneration policy of the Bank                                                                                                                                                                                                                                                                                            | Affirmed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |         |

<sup>^^</sup> No remuneration/sitting fee was paid to the Directors nominated by promoters of the Bank, M/s. FIH Mauritius Investments Ltd. The sitting fees paid to Independent Directors is not considered for calculation of median remuneration.

#### Note:

The remuneration for the purpose of this table includes Gross Salary only excluding exceptional items in the nature of LFC, etc., and ESOS.

'X' denotes the median remuneration of the employees in the Financial Year.

\*Appointed as Part-time Chairman of the Bank with effect from August 10, 2020.

# Shri. B K Divakara was appointed as the Chief Financial Officer of the Bank with effect from February 5, 2020. Since his remuneration in the capacity as CFO is only for a part of the year in the FY 20 and there is no change in the pay scale in the financial year 2021, the percentage increase in remuneration is NIL as far Mr. B K Divakara is concerned in the FY 2021.

**2. DISCLOSURE AS PER RULE 5(2) - STATEMENT SHOWING THE NAMES OF TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN DURING THE FINANCIAL YEAR 2020-21 :-**

**a. List of top ten employees in terms of remuneration drawn other than those covered in 2(b):**

| SL No | Name of the employee            | Date of joining | Designation                           | Nature of Employment (Contractual or otherwise) | Qualification                                                                                                                                                 | Age | Experience Years | Remuneration Received (in ₹) | Last employment                                                                 | No of shares held if any | % of shareholding to the paid up capital | Relationship with Director |
|-------|---------------------------------|-----------------|---------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|------------------|------------------------------|---------------------------------------------------------------------------------|--------------------------|------------------------------------------|----------------------------|
| 1     | Mr. Harsh Kumar <sup>#</sup>    | 09/08/2019      | Chief Human Resource Officer          | Regular                                         | B.E. (Electrical & Electronics) PGDM- HR & Finance                                                                                                            | 45Y | 21Y              | 96,94,233.33                 | Senior Vice President & Head - Human Resources Retail Branch Banking -HDFC Bank | Nil                      | N.A                                      | No                         |
| 2     | Mr. Arun Kumar Ramchandran      | 26/02/2020      | Head - Audit                          | Regular                                         | B. Com, CA, Certified Internal Auditor (CIA), Certified Information System Auditor (CISA)                                                                     | 44Y | 19Y              | 92,12,900.00                 | Senior Vice President - Internal Audit in Kotak Mahindra Bank.                  | Nil                      | N.A                                      | No                         |
| 3     | Mr. B K Divakara                | 05/02/2020      | CFO                                   | Contractual                                     | BBM, ACA, ACS, ACMA                                                                                                                                           | 60Y | 33Y              | 66,71,500.00                 | Executive Director - Central Bank of India                                      | Nil                      | N.A                                      | No                         |
| 4     | Mr. Prem Kumar Thampi           | 02/03/2015      | Head - Wholesale Banking and Treasury | Contractual                                     | MSc - Physics                                                                                                                                                 | 60Y | 33Y              | 54,94,939.92                 | Dy. CEO - Bank M (Tanzania) Ltd                                                 | Nil                      | N.A                                      | No                         |
| 5     | Mr. Sanjeet Vijaykumar Mahajan* | 02/03/2020      | Zonal Manager Head Wealth TPP         | Regular                                         | B. Com                                                                                                                                                        | 47Y | 26Y              | 51,78,715.35                 | CEO - Banking Insurance & Financial Services, Vakrangee Limited, Mumbai.        | Nil                      | N.A                                      | No                         |
| 6     | Mr. Srichanth Nair              | 25/11/2019      | Head - MSME                           | Regular                                         | B. Com                                                                                                                                                        | 43Y | 22Y              | 50,59,702.07                 | Business Head - RBL Bank / RBL Financial Services                               | 361                      | 0.0002%                                  | No                         |
| 7     | Ms. Neena Anand                 | 01/11/2019      | Head - Operations                     | Regular                                         | B Sc, Computer Management, Executive Program in Leadership & Management                                                                                       | 54Y | 31Y              | 45,93,252.00                 | Senior Vice President Head Retail Operations & PNO - Lakshmi Vilas Bank         | Nil                      | N.A                                      | No                         |
| 8     | Mr. Arvind K Sharma             | 26/08/2019      | Chief Risk Officer                    | Regular                                         | AMP(Harvard Business), EPM(Columbia Business), Advanced Risk Management (Wharton Business), PG Diploma in Financial Engineering & Risk, BSC, M.A (ECO), CAIIB | 56Y | 28Y              | 42,24,568.00                 | Chief Risk Officer - Bank Sohar, Sultanate of Oman                              | Nil                      | N.A                                      | No                         |

| SL No | Name of the employee              | Date of joining | Designation                              | Nature of Employment (Contractual or otherwise) | Qualification                                       | Age | Experience Years | Remuneration Received (in ₹) | Last employment                                                    | No of shares held if any | % of shareholding to the paid up capital | Relationship with Director |
|-------|-----------------------------------|-----------------|------------------------------------------|-------------------------------------------------|-----------------------------------------------------|-----|------------------|------------------------------|--------------------------------------------------------------------|--------------------------|------------------------------------------|----------------------------|
| 9     | Mr. Vastav Pandya                 | 01/07/2020      | Head – HRBP & Organization effectiveness | Regular                                         | B.Sc. Physics, Masters in Human Resource Management | 40Y | 16Y              | 40,17,505.00                 | Head – TA Analytics, Technology and Process Design - HDFC Bank Ltd | Nil                      | N.A                                      | No                         |
| 10    | Mr. Shyam Chandher M <sup>s</sup> | 29/10/2020      | Head – SME & NRI                         | Regular                                         | B.E.                                                | 47Y | 24Y              | 38,73,548.39                 | Head-Global Indian Banking (NRI Banking) - Yes Bank Ltd            | Nil                      | N.A                                      | No                         |

\* Resigned on 22.02.2021.

# 40,000 stock options were granted @ ₹10/- per option under CSB Employee Stock Option Scheme 2019 on 30/10/2020.

\$ 15,000 stock options were granted @ ₹10/- per option under CSB Employee Stock Option Scheme 2019 on 30/10/2020.

#### Note :

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.

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

| SL No | Name of the employee               | Date of joining | Designation                                        | Nature of Employment | Qualification               | Age | Experience Years | Remuneration (in ₹) | Last employment                                               | No of shares held if any | % of shareholding to the paid up capital | Relationship with Director |
|-------|------------------------------------|-----------------|----------------------------------------------------|----------------------|-----------------------------|-----|------------------|---------------------|---------------------------------------------------------------|--------------------------|------------------------------------------|----------------------------|
| 1.    | Mr. C. VR. Rajendran <sup>\$</sup> | 09/12/2016      | MD & CEO                                           | Contractual          | M Com, CAIIB, ICWAI (Inter) | 66Y | 42Y              | 3,03,07,526.70      | Chief Executive - Association of Mutual Funds of India (AMFI) | Nil                      | N.A                                      | No                         |
| 2.    | Mr. Bharath Mani <sup>†</sup>      | 04/04/2014      | Head - Retail Banking                              | Contractual          | BA, PGDBM                   | 50Y | 27Y              | 1,76,57,387.10      | Head – Branch Banking, India - Royal Bank of Scotland         | 866                      | 0.0005%                                  | No                         |
| 3.    | Mr. Pralay Mondal <sup>*</sup>     | 23/09/2020      | President - Retail, SME, Technology and Operations | Regular              | BE, MBA                     | 55Y | 32Y              | 1,30,34,666.66      | Executive Director and Head of Retail Banking - Axis Bank     | Nil                      | N.A                                      | No                         |

| SL No | Name of the employee              | Date of Joining | Designation                                   | Nature of Employment | Qualification                                                                                      | Age | Experience Years | Remuneration (in ₹) | Last employment                                              | No of shares held if any | % of shareholding to the paid up capital | Relationship with Director |
|-------|-----------------------------------|-----------------|-----------------------------------------------|----------------------|----------------------------------------------------------------------------------------------------|-----|------------------|---------------------|--------------------------------------------------------------|--------------------------|------------------------------------------|----------------------------|
| 4.    | Mr. Neeraj Dhawan *               | 01/09/2020      | CCO - Retail & SME, Strategy, BIU & Analytics | Regular              | B.Com (Hons), Grad. CWA, Licentiate C.S., ACA.                                                     | 51Y | 27Y              | 84,00,000.00        | Senior Group President and Chief Risk Officer - Yes Bank Ltd | Nil                      | N.A                                      | No                         |
| 5.    | Narendra Kumar Dixit <sup>^</sup> | 25/11/2020      | Head-Retail Banking                           | Regular              | BA, Certificate Course from National Institute of Sales, Certificate Course in Business Management | 51Y | 24Y              | 44,15,500.00        | Group President II - Axis Bank                               | Nil                      | N.A                                      | No                         |

\$ 4,33,150 stock options were granted @ ₹ 75/- per option on March 30, 2021 as performance grant for the period from December 9, 2016 to March 31, 2020 under CSB Employee Stock Option Scheme 2019. Bank on July 05, 2021, submitted the application with Reserve Bank of India again, being the proposal to revise the fixed pay and perquisites of Shri. C. VR. Rajendran, Managing Director & CEO from the present limit of ₹ 200 lac p.a., to ₹ 240 lac p.a., with effect from April 1, 2020 and for a variable pay of ₹ 6 crore (cash and stock options) for the financial year 2020-21 and approval from RBI is awaited.

\*5,55,000 stock options were granted @ 10/- per option under CSB Employee Stock Option Scheme 2019, of which 3,00,000 were granted on October 30, 2020 and 2,50,000 were granted on April 28, 2021.

<sup>^</sup> resigned on 15.12.2020

# resigned on 31.03.2021, 1,50,000 stock options were granted @ ₹ 10/- per option under CSB Employee Stock Option Scheme 2019 on 30/10/2020, were cancelled due to resignation. @1,00,000 stock options were granted @ ₹ 10/- per option under CSB Employee Stock Option Scheme 2019 on 15/12/2020.

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: Nil

By Order of the Board

Sd/-  
**Madhavan Aravamuthan**  
Chairman  
(DIN: 01865555)

Place: Thrissur  
Date : July 05, 2021

## ANNEXURE-VII

### REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:

| Sr. No                                                                | Particulars of Remuneration, service contracts, notice period, severance fees                                                            | Total Amount                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name of the Managing Director &amp; CEO : Mr. C. VR. Rajendran</b> |                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 1                                                                     | Gross Salary*                                                                                                                            | (₹)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| (a)                                                                   | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961                                                          | 2,07,98,825.81                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| (b)                                                                   | Value of perquisites u/s 17(2) Income-tax Act, 1961                                                                                      | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| (c)                                                                   | Profits in lieu of salary under section 17(3) Income- tax Act, 1961                                                                      | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| (d)                                                                   | Performance Linked Incentives and performance criteria ^                                                                                 | 69,00,000.00<br>Performance linked incentive will be paid in case of improvement in overall performance of the Bank and that of his individual performance.<br>From the FY 2020-21, Performance linked incentive will be paid on achieving the performance parameters and linked rating as per the scorecard set for the same period based on the metrics (both quantitative and qualitative).                                                                                                                           |
| (e)                                                                   | Service contracts, notice period and severance fees                                                                                      | The service contract, dated December 9, 2016, executed with the Managing Director & CEO, Shri. C.VR. Rajendran covering all the terms and conditions of the appointment has been amended/modified on December 9, 2019, post re-appointment of him as the Managing Director & CEO, for a period of three years with effect from the said date. The service contract was further amended on May 13, 2020, December 15, 2020 and March 30, 2021 to incorporate the revision in the terms of the appointment/re-appointment. |
| 2                                                                     | stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable (Nos)# | 4,33,150 stock options were granted @ ₹ 75/- per option on March 30, 2021 as performance grant for the period from December 9, 2016 to March 31, 2020 under the CSB Employee Stock Option Scheme, 2019.<br>Options granted to him will be vested equally over a period of three years and shall be exercised over the period commencing from the date of 1st vesting of Options and ending on or before March 31, 2024.                                                                                                  |
| 3                                                                     | Sweat Equity                                                                                                                             | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 4                                                                     | Commission                                                                                                                               | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                                                                       | - as % of profit                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                                                                       | - others, specify                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 5                                                                     | Others                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                                                                       | - LFC                                                                                                                                    | 9,20,210.31                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|                                                                       | - PL Encashment                                                                                                                          | 2,10,000.00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|                                                                       | - PF                                                                                                                                     | 14,78,490.58                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                                                       | - Pension                                                                                                                                | NIL                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Total (A)</b>                                                      |                                                                                                                                          | <b>3,03,07,526.70</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Ceiling as per the Act                                                |                                                                                                                                          | Being a banking company under the Banking Regulation Act, 1949, the relevant provisions on managerial remuneration under the Companies Act, 2013 are not applicable.                                                                                                                                                                                                                                                                                                                                                     |

\* The Bank, on May 4, 2020, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 to revise fixed pay of Shri. C.VR. Rajendran, Managing Director & CEO from the present limit of ₹ 75 lac p.a., to ₹ 200 lac p.a., with effect from January 10, 2020. Bank on July 05, 2021, submitted the application with Reserve Bank of India again, being the proposal to revise the fixed pay and perquisites of Shri. C. VR. Rajendran, Managing Director & CEO from the present limit of ₹ 200 lac p.a., to ₹ 240 lac p.a., with effect from April 1, 2020 and for a variable pay of ₹ 6 crore (cash and stock options) for the financial year 2020-21 and approval from RBI is awaited.

^ The Bank, on May 4, 2020, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 for payment of a variable pay to the tune of ₹ 45 lac to Shri. C.VR. Rajendran, Managing Director & CEO, for the period from April 1, 2018 to March 31, 2019, which being 60 % of the gross annual salary for the said period subject to malus and claw back arrangements for the deferral payments. Further, the Bank, on November 30, 2020, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 for payment of a variable pay to the tune of ₹ 70 lac to Shri. C.VR. Rajendran, Managing Director & CEO, for the period from April 1, 2019 to March 31, 2020, which being approximately 70 % of the gross annual salary for the said period subject to malus/claw back arrangements for the deferral payments.

# Options granted were in line with Reserve Bank of India approval dated March 23, 2021 that the grant of stock options for a fair value of ₹ 750 lac for the period December 9, 2016 to March 31, 2020 with a condition that the intrinsic value of options to be granted shall not be more than ₹ 750 lac as on the date of RBI approval i.e. March 23, 2021.

**B. REMUNERATION TO OTHER DIRECTORS: @**

(Amount in ₹)

| Sr. No                                       | Particulars of Remuneration                   | Name of Directors                                                                                                                                                    | Total Amount          |
|----------------------------------------------|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 1                                            | Independent Directors                         |                                                                                                                                                                      |                       |
|                                              | • Fee for attending Board/ Committee Meetings | Mr. Madhavan Aravamuthan                                                                                                                                             | 14,10,000.00          |
|                                              |                                               | Mrs. Bhama Krishnamurthy                                                                                                                                             | 13,90,000.00          |
|                                              |                                               | Mr. Syed Nagoor Ali Jinnah                                                                                                                                           | 11,40,000.00          |
|                                              |                                               | Mrs. Sharmila Abhay Karve (20.07.2020 - 31.03.2021)                                                                                                                  | 7,10,000.00           |
|                                              |                                               | Mr. Sudhin Choksey (30.03.2021 - 31.03.2021)                                                                                                                         | 0.00                  |
|                                              |                                               | Mr. Thomas Mathew (01.04.2020 – 24.09.2020)                                                                                                                          | 7,10,000.00           |
|                                              | • Commission                                  |                                                                                                                                                                      | NIL                   |
|                                              | • Others, please specify                      |                                                                                                                                                                      |                       |
|                                              | Honorarium paid to Part-time Chairman         | Mr. Madhavan Aravamuthan (10.08.2020 to 31.03.2021)                                                                                                                  | 11,56,451.00          |
|                                              | <b>TOTAL (1)</b>                              |                                                                                                                                                                      | <b>65,16,451.00</b>   |
| 2                                            | Other Non-Executive Directors^:               |                                                                                                                                                                      |                       |
|                                              | • Fee for attending Board/ Committee Meetings | Mr. Madhavan Karunakaran Menon                                                                                                                                       | NIL                   |
|                                              |                                               | Mr. Sumit Maheshwari                                                                                                                                                 | NIL                   |
|                                              | • Commission                                  |                                                                                                                                                                      | NIL                   |
|                                              | • Others, please specify                      |                                                                                                                                                                      | NIL                   |
|                                              | <b>TOTAL (2)</b>                              |                                                                                                                                                                      | <b>NIL</b>            |
| <b>TOTAL (B) = (1)+(2)</b>                   |                                               |                                                                                                                                                                      | <b>65,16,451.00</b>   |
| <b>Total Managerial Remuneration (A)+(B)</b> |                                               |                                                                                                                                                                      | <b>3,68,23,977.00</b> |
| <b>Overall Ceiling as per the Act</b>        |                                               | Being a banking company under the Banking Regulation Act, 1949, the relevant provisions on managerial remuneration under the Companies Act, 2013 are not applicable. |                       |

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

^ No remuneration/sitting fees was paid to the directors nominated by promoters of the Bank, M/s. FIH Mauritius Investments Ltd.

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| Sr. No       | Particulars of Remuneration                                                     | Chief Financial Officer | Company Secretary   | Total Amount        |
|--------------|---------------------------------------------------------------------------------|-------------------------|---------------------|---------------------|
|              |                                                                                 | Mr. B K Divakara        | Mr. Sijo Varghese   |                     |
| 1            | Gross Salary                                                                    | (₹)                     | (₹)                 | (₹)                 |
| (a)          | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 66,71,500.00            | 21,97,166.12        | 88,68,666.12        |
| (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                 |
| <b>TOTAL</b> |                                                                                 | <b>66,71,500.00</b>     | <b>21,97,166.12</b> | <b>88,68,666.12</b> |

By Order of the Board

Sd/-

**Madhavan Aravamuthan**

Chairman

(DIN: 01865555)

Place: Thrissur

Date : July 05, 2021

# REPORT ON CORPORATE GOVERNANCE

## BANK'S PHILOSOPHY ON CODE OF GOVERNANCE

The Corporate Governance Philosophy of the Bank is to promote corporate fairness, business excellence, transparency, accountability and integrity so as to maximize long-term value for all stakeholders. This philosophy is realized through the Bank's endeavour in working towards portfolio, operational and reputation excellence. Your Bank believes that Corporate Governance is not just limited to creating checks and balances; it is more about creating organizational excellence leading to increasing employee and customer satisfaction and shareholder value. The Bank always endeavours to leverage its human and capital resources to translate opportunities into reality, create awareness of corporate vision and spark dynamism and entrepreneurship at all levels. Your Bank also believes that sound corporate governance is critical to enhance and retain investor confidence. Your Bank always seeks to follow the best practices in corporate governance and in tune with the regulatory prescriptions. Your Bank recognizes the fact that they are the custodians of public money and in order to fulfil its fiduciary obligations and responsibilities, it has to maintain and continue to enjoy the trust and good will of the public at large for which, it has to follow good corporate governance practices. This approach will be central to the day-to-day functioning of the Bank and in implementation of its business strategy. Your Bank is committed to transparency in all its dealings and places uncompromising emphasis on integrity and regulatory compliance. Your Bank's adherence to Corporate Governance stems not only from the letter of law but also from inherent belief in doing business the right way.

## BOARD COMPOSITION

The composition of the Board reflects a diversity of thought, backgrounds, skills, experiences and expertise and a range of tenures that are appropriate given the Bank's current and anticipated circumstances and that collectively, enable the board to perform its oversight function effectively. Bank's Corporate Governance Philosophy emphasis Directors independence which is vital and critical to effective Corporate Governance, and providing objective independent judgment that represents the interests of all shareholders is at the core of the board's oversight function. Corporate Governance Philosophy of the Bank clearly defines and understands the respective roles of the board, management and shareholders; their relationships with each other; and their relationships with all the stakeholders.

In line with the Corporate Governance Philosophy and Principles, your Bank has a broad-based Board, constituted

in compliance with the provisions of Section 10A (2) (a) of the Banking Regulation Act, 1949 and the extant guidelines issued by RBI from time to time, the Companies Act, 2013 and rules made thereunder, Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Articles of Association of the Bank and all other applicable laws and in accordance with the best practices in corporate governance.

The Composition of Board comprises of directors with different skills sets, expertise and competence, representing the areas/sectors like Agriculture, Rural Economy, Banking, Accountancy, Co-operation, Economics, Finance, MSME, Law, etc., and also having special knowledge or practical experience useful to banking companies such as Information Technology, Payment & Settlement Systems, Human Resources, Risk Management and Business Management.

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

The Bank, as on March 31, 2021, has eight (8) directors on its Board chaired by the Non-Executive-Independent Part-time Chairman and the Composition of Board are furnished as under:

| Nature of Directorship          | Category        | No. of Directors |
|---------------------------------|-----------------|------------------|
| Part-time Chairman              | Independent     | 1                |
| Managing Director & CEO         | Executive       | 1                |
| Non – Executive Directors       | Non-Independent | 2                |
| Non – Executive Directors       | Independent     | 2*               |
| Non – Executive Woman Directors | Independent     | 2                |

\* Mr. Syed Nagoor Ali Jinnah (DIN: 05238633), Independent Director, resigned on April 19, 2021, hence the number of directors in this category is one from the date of resignation.

## PROFILE OF DIRECTORS

**Mr. Madhavan Aravamuthan (DIN 01865555),  
Non – Executive Independent (Part-Time) Chairman**

Mr. Madhavan Aravamuthan was appointed as Part-time Chairman of the Bank effective from August 10, 2020 and

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

**Mr. C.VR. Rajendran (DIN 00460061),  
Managing Director and Chief Executive Officer**

Mr. C.VR. Rajendran was appointed as the Managing Director & CEO of the Bank with effect from December 9, 2016 and re-appointed for a period of three years with effect from December 9, 2019 after completion of his initial term on December 8, 2019. Mr. Rajendran is a seasoned banker with solid grassroots level Indian banking experience spanning more than three and a half decades. He has hands-on cross functional experience in every aspects of banking spread across Branch Operations, NPA / Asset Quality Management, Business Process Re-engineering, Productivity Enhancement, Corporate Industrial Finance, Merchant Banking, Treasury Operations, International Banking, Primary Dealership, Collection and Payment Services and Information Technology.

Mr. Rajendran was holding the position of Chief Executive Officer of the Association of Mutual Funds in India prior to joining in the Bank. Prior to this, he has held other key positions like Chairman & Managing Director of Andhra Bank (December 2013 – April 2015) and as Executive Director at Bank of Maharashtra (March 2012 – December 2013). He has also held various positions including that of General Manager in the Corporation Bank (1978 – 2012).

**Mr. Madhavan Menon (DIN 00008542),  
Non – Executive – Non Independent Director**

Mr. Madhavan Menon is a Non – Executive Director of the Bank and has been associated with the Bank since September 3, 2018. Mr. Madhavan Menon was the Part Time Chairman of the Bank for the period from April 22, 2019 to July 21, 2020. He has a varied background having commenced his career in ANZ Grindlays Bank and subsequently worked in Citibank, Emirates Bank and in the Financial Services Division of the Aditya Birla Group. His areas of interest include Treasury, Corporate Lending, Operations, Corporate Governance and Strategic Planning. Mr. Menon is presently the Chairman & Managing Director of Thomas Cook (India) Ltd (TCIL), a Fairfax Company, which is the leading integrated travel and travel related financial services company in the country, offering a broad

spectrum of services that include Foreign Exchange, Corporate Travel, MICE, Leisure Travel, Insurance, Visa & Passport Services and E-Business. Mr. Menon holds Directorships in various subsidiaries of TCIL and is also the Chairman of the Fairfax India Charitable Foundation that focusses on bringing down the cost of treating kidney related ailments in the country. Mr. Madhavan Menon is one of the two directors nominated by promoters of the Bank, M/s. FIH Mauritius Investments Ltd.

**Mr. Sumit Maheshwari (DIN 06920646),  
Non – Executive – Non Independent Director**

Mr. Sumit Maheshwari is a Non – Executive Director of the Bank and has been associated with the Bank since September 3, 2018. He is a qualified Chartered Accountant, holds a Master of Business Administration degree from the Indian School of Business, Hyderabad and Master of Commerce degree from the University of Mumbai. Mr. Maheshwari specializes in Indian GAAP, U.S. GAAP and IFRS accounting standards. Mr. Maheshwari joined Fairbridge Capital, Mumbai, Fairfax Financial Holdings Limited's and Fairfax India Holdings Limited's India investment arm in 2011, from its inception. Prior to being named the Managing Director & Chief Executive Officer of Fairbridge Capital in 2018, Mr. Maheshwari has been involved in and has been a critical part of building the Fairbridge Capital organization. During his tenure at Fairbridge Capital, Mr. Maheshwari has sourced, evaluated and recommended most of the transactions completed by Fairfax Financial Holdings Limited and Fairfax India Holdings Limited. He also played a key role in the completion of these transactions and is involved in the monitoring of the portfolio companies. Mr. Maheshwari was a key member of the team that completed, among others, Thomas Cook (India) Limited, Qess Corp Limited, Sterling Holiday Resorts (India) Limited, IIFL Holdings Limited, Bangalore International Airport Limited, National Collateral Management Services Limited and Fairchem Specialty Limited. Mr. Maheshwari serves on the board of directors of many of the Company's and Fairfax's portfolio companies in India. Mr. Sumit Maheshwari is one of the two directors nominated by promoters of the Bank, M/s. FIH Mauritius Investments Ltd.

**Mrs. Bhamu Krishnamurthy (DIN 02196839),  
Independent Director**

Mrs. Bhamu Krishnamurthy is an Independent Director of the Bank and has been associated with the Bank since September 3, 2018. Mrs. Bhamu Krishnamurthy, is a seasoned banker with a sparkling career spanning over 35 years in IDBI (presently IDBI Bank) and SIDBI, an Apex Development Bank for MSMEs in India covering almost all areas of development banking operations, viz., Resource Raising and Management (Rupee and Forex), Integrated Treasury operations, Credit Dispensation and Management, Risk Management, Management of Associates and Subsidiaries, etc. not only from policy perspectives but implementation aspects, besides direct credit functions including as Head of Branch

operations and member of various credit committees. Had also handled Human Resources Development division covering recruitment, training and promotion aspects. She retired as Country Head and Chief General Manager from SIDBI in December 2014. She has also served on the Boards of several companies venture funds and CIBIL as Nominee of SIDBI. Mrs. Bhama Krishnamurthy was instrumental in bringing about several policy changes in various State Financial Corporations, while serving on the Boards, as nominee of SIDBI.

**Mr. Syed Nagoor Ali Jinnah (DIN 05238633),  
Non – Executive Independent Director**

Mr. Syed Nagoor Ali Jinnah is an Independent Director of the Bank and has been associated with the Bank since March 6, 2019. Mr. Jinnah, retired as Chief General Manager, NABARD, Tamil Nadu Regional Office, Chennai in 2018 is an experienced banker who has a fine blend of academics and Pan Indian insights with diverse operational, consulting and policy making experience in addition to international exposure in development banking, supervision and institutional development. He is a Science Graduate in Agriculture from Tamilnadu Agricultural University with a Postgraduate Diploma from Indian Institute of Management, Ahmedabad. Mr. Syed Nagoor Ali Jinnah was involved in designing and refinancing large area development projects in agriculture in 16 states of the country and was part of the anti-poverty and micro credit programmes in the State of Orissa and Kerala. Mr. Jinnah designed and implemented high value agricultural projects in Andhra Pradesh, Kerala, Karnataka, Tamil Nadu and Puducherry as a NABARD Executive. Mr. Jinnah was a Director in the Boards of Regional Rural Banks (RRB), Tamil Nadu State Co-operative Bank, Karnataka State Cooperative Agriculture & Rural Development Bank and NABARD Financial Services Ltd. He also has headed the operations of NABCONS, a wholly owned subsidiary of NABARD at Tamil Nadu & Puducherry. He has served as the Chairman of NABARD's Internal Working Group / Committees on 'Future Business Model for NABARD', and 'Work Processes, Promotion Policies and Recruitment in NABARD'. He resigned from the Board of the Bank with effect from April 19, 2021.

**Mrs. Sharmila Abhay Karve (DIN: 05018751),  
Additional Director (Non – Executive Independent)**

Mrs. Sharmila Abhay Karve is an Additional Director (Non-executive Independent) of the Bank and has been associated with the Bank since July 20, 2020. Mrs. Sharmila Abhay Karve is a member of The Institute of Chartered Accountants of India and is also a Commerce Graduate from Mumbai University. Ms. Sharmila has over three decades of association with the Network of Price Waterhouse firms in India in various capacities till she retired on 30<sup>th</sup> of June 2019. In the Price Waterhouse India network, Ms. Sharmila held various positions. She was an audit partner for several Indian and Multinational clients for many years. She was

appointed as the Ethics and Business Conduct Leader for the firms and was also elected to the Partnership Oversight Committee (POC) which is responsible for governance and oversight. Later, she took over as the Head of Audit. She has also been the Head for Risk & Quality, which restructured the risk profile of their clients' products and services and implemented mitigating controls. In 2017, she was appointed as the Diversity & Inclusion Leader for the PwC Global network and was on the Global Leadership Team and the Global Human Capital Team.

**Mr. Sudhin Choksey (DIN: 00036085)  
Additional Director (Non – Executive Independent)**

Mr. Sudhin Choksey is an Additional Director (Non – Executive Independent) of the Bank and has been associated with the Bank since March 30, 2021. Mr. Choksey has overall 42 years of professional experience, both in India and Overseas. Mr. Sudhin Choksey was the former Managing Director of GRUH Finance Ltd. which was merged with Bandhan Bank. As a part of the scheme of merger, Mr. Sudhin Choksey joined Bandhan Bank as Executive Director (Designate) in October 2019 and retired on February 16, 2021. Mr. Choksey was an experienced CEO at GRUH Finance with a demonstrated history of working in the mortgage finance business and skilled in lending business. During the span of 26 years of working with GRUH Finance, he has held various positions including that of General Manager, Executive Director, Chief Executive Director and Managing Director. At Bandhan Bank, he was the vertical head of the housing finance business. Mr. Choksey has also served as an Independent Director on the Boards of many listed and unlisted companies. Mr. Sudhin Choksey is a fellow member of the Institute of Chartered Accountants of India and has done his graduation in Commerce (Honours) from The Sydenham College of Commerce & Economics, Bombay University. He was the recipient of BUSINESS LEADER – FINANCIAL SERVICES Award for 2015 from The Institute of Chartered Accountants of India, New Delhi.

**RELATIONSHIP BETWEEN DIRECTORS INTER-SE**

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

**LIST OF CORE SKILLS/EXPERTISE/COMPETENCIES IDENTIFIED BY THE BOARD**

Board, in tune with the provisions of Section 10A (2) (a) of the Banking Regulation Act, 1949 and the extant guidelines issued by RBI from time to time and other applicable rules and regulations have identified Accountancy, Agriculture, Rural Economy, Banking, Co-operation, Economics, Finance, SSI, Law, Information Technology, Payment & Settlement Systems, Human Resources, Risk Management and Business Management as the Core Skills/ Practical Experience/Special Knowledge/ Competencies as required in the context of its business(es) and sector(s) for it to function effectively.

## COMPOSITION OF THE BOARD OF DIRECTORS OF THE BANK AND DIRECTORS' ATTENDANCE AT THE BOARD AND LAST ANNUAL GENERAL MEETING/S

| Name of Director              | Executive /<br>Non - Executive<br>Director | Independent /<br>Non - Independent<br>Director | Nature of interest/<br>skill set represented<br>on the Board as per<br>the section 10A(2)(a)<br>of Banking Regulation<br>Act, 1949 and<br>Regulation 34(3) read<br>with Schedule V of the<br>Listing Regulations | No. of Board<br>Meetings        |          | Attendance<br>of last AGM<br>held on<br>20.07.2020 |
|-------------------------------|--------------------------------------------|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------|----------------------------------------------------|
|                               |                                            |                                                |                                                                                                                                                                                                                  | Held<br>during<br>the<br>tenure | Attended |                                                    |
| Part-time Chairman            |                                            |                                                |                                                                                                                                                                                                                  |                                 |          |                                                    |
| Mr. Madhavan Aravamuthan *    | Non – Executive                            | Independent                                    | Banking, Economics, Finance, IT and Payment and Settlement Systems                                                                                                                                               | 14                              | 14       | Present                                            |
| Managing Director & CEO       |                                            |                                                |                                                                                                                                                                                                                  |                                 |          |                                                    |
| Mr. C. VR. Rajendran          | Executive                                  | Non – Independent                              | Banking                                                                                                                                                                                                          | 14                              | 14       | Present                                            |
| Directors                     |                                            |                                                |                                                                                                                                                                                                                  |                                 |          |                                                    |
| Mr. Madhavan Menon #^^        | Non – Executive                            | Non – Independent                              | Banking and Finance                                                                                                                                                                                              | 14                              | 14       | Present                                            |
| Mr. Sumit Maheshwari ~ ^^     | Non – Executive                            | Non – Independent                              | Accountancy and Finance                                                                                                                                                                                          | 14                              | 13       | Present                                            |
| Mrs. Bhama Krishnamurthy      | Non – Executive                            | Independent                                    | Banking, Small Scale Industry and Risk Management                                                                                                                                                                | 14                              | 14       | Present                                            |
| Mr. Syed Nagoor Ali Jinnah ** | Non – Executive                            | Independent                                    | Agriculture, Rural Economy & Co– operation                                                                                                                                                                       | 14                              | 14       | Present                                            |
| Ms. Sharmila Abhay Karve^     | Non – Executive                            | Additional Director (Independent)              | Accountancy and Finance                                                                                                                                                                                          | 8                               | 8        | NA                                                 |
| Mr. Sudhin Choksey®           | Non – Executive                            | Additional Director (Independent)              | Accountancy, Finance and Banking                                                                                                                                                                                 | 0                               | 0        | NA                                                 |
| Mr. Thomas Mathew\$           | Non – Executive                            | Independent                                    | Accountancy and Finance                                                                                                                                                                                          | 8                               | 8        | Present                                            |

\* appointed as Part-time Chairman w.e.f August 10, 2020.

# term of appointment as Part-time Chairman completed on July 21, 2020.

\*\* resigned from the Board of the Bank w.e.f. April 19, 2021.

~ re-appointed as Director, liable to retire by rotation at the Annual General Meeting held on July 20, 2020.

^ appointed as an Additional Director (Non-Executive Independent) for a tenure of 3 (three) years w.e.f. July 20, 2020.

@ appointed as an Additional Director (Non-Executive Independent) for a tenure up to January 30, 2024 w.e.f. March 30, 2021.

\$ retired from the office of directorship with effect from September 25, 2020, upon completion of his term of appointment.

^^ nominated by promoters of the Bank, M/s. FIH Mauritius Investments Ltd.

## BOARD MEETINGS

During the Financial Year 2020–21, your Bank had 14 Board Meetings as detailed below:

|            |            |            |            |            |            |            |
|------------|------------|------------|------------|------------|------------|------------|
| 13.05.2020 | 09.06.2020 | 15.06.2020 | 19.06.2020 | 22.06.2020 | 20.07.2020 | 19.08.2020 |
| 27.08.2020 | 28.09.2020 | 19.10.2020 | 15.12.2020 | 19.01.2021 | 15.03.2021 | 30.03.2021 |

**DIRECTORSHIP AND COMMITTEE MEMBERSHIP DETAILS OF THE DIRECTORS AS ON MARCH 31, 2021**

| Sl. No | Name of the Director         | No. of Directorship in listed entities | Names of the Listed Entities including the Bank and the Category of Directorship |                              | No. of other Directorships in Public Limited Companies including the Bank and Committee Memberships and Chairmanships |                    |                    |
|--------|------------------------------|----------------------------------------|----------------------------------------------------------------------------------|------------------------------|-----------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
|        |                              |                                        | Names of the Listed Entities                                                     | Category                     | Director-ships                                                                                                        | Committees*        |                    |
|        |                              |                                        |                                                                                  |                              |                                                                                                                       | Chairman           | Member             |
| 1.     | Mr. Madhavan Aravamuthan     | 1                                      | 1. CSB Bank Limited                                                              | Independent Director         | 1                                                                                                                     | 0                  | ACB – 1<br>SRC – 0 |
| 2.     | Mr. C. VR. Rajendran         | 1                                      | 1. CSB Bank Limited                                                              | Managing Director & CEO      | 2                                                                                                                     | 0                  | ACB – 1<br>SRC – 1 |
| 3.     | Mr. Madhavan Menon           | 2                                      | 1. CSB Bank Limited                                                              | Non-Executive Director       | 5                                                                                                                     | 0                  | ACB – 4<br>SRC – 1 |
|        |                              |                                        | 2. Thomas Cook (India) Limited                                                   | Chairman & Managing Director |                                                                                                                       |                    |                    |
| 4.     | Mr. Sumit Maheshwari         | 3                                      | 1. CSB Bank Limited                                                              | Non-Executive Director       | 9                                                                                                                     | 0                  | ACB – 5<br>SRC – 1 |
|        |                              |                                        | 2. Thomas Cook (India) Limited                                                   | Non-Executive Director       |                                                                                                                       |                    |                    |
|        |                              |                                        | 3. Privi Speciality Chemicals Limited                                            | Non-Executive Director       |                                                                                                                       |                    |                    |
| 5.     | Mrs. Bhama Krishnamurthy     | 5                                      | 1. CSB Bank Limited                                                              | Independent Director         | 8                                                                                                                     | 0                  | ACB – 6<br>SRC – 1 |
|        |                              |                                        | 2. Reliance Industrial Infrastructure Limited                                    | Independent Director         |                                                                                                                       |                    |                    |
|        |                              |                                        | 3. Network18 Media & Investments Limited                                         | Independent Director         |                                                                                                                       |                    |                    |
|        |                              |                                        | 4. Cholamandalam Investment and Finance Company Limited                          | Independent Director         |                                                                                                                       |                    |                    |
|        |                              |                                        | 5. Thirumalai Chemicals Limited                                                  | Independent Director         |                                                                                                                       |                    |                    |
| 6.     | Mr. Syed Nagoor Ali Jinnah** | 1                                      | 1. CSB Bank Limited                                                              | Independent Director         | 2                                                                                                                     | SRC – 1            | ACB – 1<br>SRC – 1 |
| 7.     | Mrs. Sharmila Abhay Karve    | 3                                      | 1. CSB Bank Limited                                                              | Independent Director         | 9                                                                                                                     | ACB – 3<br>SRC – 1 | ACB – 5<br>SRC – 2 |
|        |                              |                                        | 2. EPL Limited                                                                   | Independent Director         |                                                                                                                       |                    |                    |
|        |                              |                                        | 3. Syngene International Limited                                                 | Independent Director         |                                                                                                                       |                    |                    |
| 8.     | Mr. Sudhin Choksey           | 1                                      | 1. CSB Bank Limited                                                              | Independent Director         | 1                                                                                                                     | 0                  | 0                  |

\* Membership in committees denotes Audit Committee of the Board (ACB) and Stakeholders Relationship Committee (SRC) only, including membership details in the Bank.

\*\*resigned from the Board of the Bank with effect from April 19, 2021.

### AFFIRMATION UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

- None of the Directors of the Bank were members in more than ten committees or act as chairperson of more than five committees across all listed entities in which he/she is a director.
- None of the Independent Directors of the Bank held Directorship in more than seven listed companies.
- Whole Time Director of the Bank is not serving as an Independent Directors in any other listed companies.

### BOARD PROCEDURE

Board evaluates its operational, strategic, financial performance and provides strategic directions, effectiveness of the Bank's management policies, risks and opportunities as well as its conduct. Boards exercise their responsibilities by clearly setting out the policy guidelines within which they expect the management to operate. Given the pivotal role, the Board and its Committees, oversees that the management serves long-term objectives and enhances stakeholder value. The Board has complete access to all the relevant information within the Bank.

The date, time 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 sent to the Board of Directors in compliance with the provisions of the Companies Act, 2013, Secretarial Standards and Listing Regulations. The Board is presented with the information on various important aspects of business operations, risk, new initiatives, budgets, financial results, human resources, compliance, financial inclusion, customer protection and minutes of the 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. The Bank follows the Reserve Bank of India circular no. DBR No.BC.93/29.67.001/2014-15 dated May 14, 2015, which advises banks to review/discuss seven critical themes prescribed by the Nayak Committee namely, business strategy, financial reports and their integrity, risk, compliance, customer protection, financial inclusion and human resources. The members of the Board exercise due diligence in performance of their functions as Directors of the Bank and follow highest degree of business ethics, transparent practices and code of good governance amidst cordial environment.

Directors are being provided with all the agenda of the meetings of the Board and Committees in soft format by uploading the same to a digital meeting platform for exclusive use of by them and the invitees to the meetings. Directors and members of the Committee are provided with video conferencing facility to participate in the meetings of the Board and Committees.

The Board also passes resolutions by circulation along with necessary papers which are circulated to enable the Directors for informed decision making and to seek clarification as may be required which are due to exigent business matters and the said resolutions are noted in the subsequent Board/Committee Meetings.

Minutes of the Board and Board Committees are being circulated to all the Board and Committee Members within the time lines prescribed under the Companies Act, 2013 and other regulatory guidelines. The Bank has in place, a post meeting follow-up procedure, which will track the observations/decision taken by the Board/ Board Level Committee Meeting till the closure of such observations/decision. An Action Taken Report (ATR) is being placed before the Board/Board Level Committee on regular intervals. Periodical Compliance Report on various compliances as insisted under the Companies Act, 2013, SEBI Regulations and as per the extant guidelines issued by the Bank, will be placed to the Board and various committees for review and rectify instances of non-compliance, if any.

### REMUNERATION OF THE DIRECTORS

#### (a) Part-time Chairman

Mr. Madhavan Aravamuthan (DIN: 01865555) was appointed as Part-time Chairman of the Bank with effect from August 10, 2020 for the term up to June 28, 2022 which coincides with his current term as independent director of the Bank.

The payment of remuneration/ honorarium and sitting fees to Mr. Madhavan Aravamuthan, Part-time Chairman is in accordance with the terms of appointment as approved by Reserve Bank of India, and subject to approval of the shareholders of the Bank, as applicable.

Mr. Madhavan Aravamuthan was paid ₹ 11,56,451/- (Gross), being the remuneration for the period starting from the date of his appointment as Part-time Chairman on 10.08.2020 and up to 31.03.2021. Apart from, the Bank has paid, ₹ 14,10,000/- (Gross) as sitting fee for the period 01.04.2020 to 31.03.2021.

#### (b) Managing Director & CEO

Mr. C.V.R. Rajendran (DIN: 00460061) was re-appointed as the Managing Director & CEO of the Bank for a term of three years with effect December 9, 2019 up to December 8, 2022.

The remuneration paid to Managing Director & CEO is in accordance with the terms of appointment/ re-appointment as approved by Reserve Bank of India and shareholders of the Bank, as applicable and the service contract executed with him in this connection.

Mr. C.VR. Rajendran was paid ₹ 3,03,07,526.70 (Gross), being the fixed pay and perquisites for the period 01.04.2020 to 31.03.2021 and the variable pay (non-deferral portion) for the FY 2019 and FY 2020. Pursuant to the approval of Reserve Bank of India received on May 4, 2020 in term of Section 35B of the Banking Regulation Act, 1949, the fixed pay and perquisites of Mr. C.VR. Rajendran was increased from ₹ 75 lac p.a., to ₹ 200 lac p.a., with effect from January 10, 2020.

Bank on July 05, 2021, submitted the application with Reserve Bank of India again, being the proposal to revise the fixed pay and perquisites of Shri. C. VR. Rajendran, Managing Director & CEO from the present limit of ₹ 200 lac p.a., to ₹ 240 lac p.a., with effect from April 1, 2020 and for a variable pay of ₹ 6 crore (cash and stock options) for the financial year 2020-21 and approval from RBI is awaited.

The Bank, on May 4, 2020, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 for payment of a variable pay of ₹ 45 lac to Shri. C.VR. Rajendran, Managing Director & CEO, for the period from April 1, 2018 to March 31, 2019, which being 60 % of the gross annual salary for the said period, which is subject to malus/claw back arrangements for the deferral payments.

Further, the Bank, on November 30, 2020, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 for payment of a variable pay of ₹ 70 lac to Shri. C.VR. Rajendran, Managing Director & CEO, for the period from April 1, 2019 to March 31, 2020, which being approximately 70 % of the gross annual salary for the said period, which is subject to malus/claw back arrangements for the deferral payments.

Nomination & Remuneration Committee of the Board on receipt of approval of Reserve Bank of India on March 23, 2021, granted 4,33,150 stock options @ ₹ 75/- per option on March 30, 2021 to Shri. C. VR. Rajendran, Managing Director & CEO of the Bank as performance grant for the period from December 9, 2016 to March 31, 2020 under CSB Employee Stock Option Scheme 2019. The Bank originally sought approval of Reserve Bank of India for grant of 34,70,000 stock options which were reduced initially to 18,00,000 options and subsequently to 17,86,400 options against which approval has been received from RBI for grant of stock options for a fair value of ₹ 7.5 crore for the same period with a condition that the intrinsic value of options to be granted shall not be more than ₹ 7.5 crore as on the date of RBI approval i.e. March 23, 2021. Accordingly, the Bank granted 4,33,150 options equivalent to the intrinsic value as per RBI letter. Options granted to him will be vested equally

over a period of three years and shall be exercised over the period commencing from the date of 1st vesting of Options and ending on or before March 31, 2024.

The service contract, dated December 9, 2016, executed with the Managing Director & CEO covering all the terms and conditions of the appointment has been amended/modified on December 9, 2019, post re-appointment of him as the Managing Director & CEO, for a period of three years with effect from the said date. The service contract was further amended on May 13, 2020, December 15, 2020 and March 30, 2021 to incorporate the revision in the fixed pay and perquisites with effect from January 10, 2020, payment of variable for the FY 2019 and FY 2020 and grant of 4,33,150 stock options @ ₹ 75/- per option, made on March 30, 2021 to him.

Details of the remuneration paid to the Managing Director & CEO are provided in Annexure-VII which forms part of the Directors Report.

### **(c) Non-Executive Directors**

Non-Executive-Independent Directors were paid sitting fees at ₹ 50,000/- for attending the Board Meeting, ₹ 30,000/- for Management Committee, Audit Committee and Risk Management Committee Meetings and ₹ 10,000/- for rest of the Committee Meetings throughout the financial year.

No remuneration/sitting fee was paid to the Directors nominated by FIH Mauritius Investments Ltd., on the Board of the Bank.

The Bank did not pay any amount to directors by way of salary and perquisites except to the MD & CEO. However, remuneration/honorarium was paid to Mr. Madhavan Aravamuthan, Part-time Chairman in accordance with the terms of his appointment as Part-time Chairman, approved by Reserve Bank of India.

There were no other pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Bank except normal banking transactions and related party transactions, which were disclosed in the Report to the extend as required.

The criteria of making payments to Non-Executive Directors, is displayed on the website of the Bank <https://www.csb.co.in/pdf/Remuneration-criteria-for-non-Executive-or-Independent-Directors.pdf>

Details of remuneration paid to Non-Executive Directors for attending Board and Committee Meetings for the fiscal 2020-21 are provided in the Annexure-VII which forms part of the Directors Report.

None of the Executive/Non-Executive Directors except Mr. C.VR. Rajendran, Managing Director & CEO

are holding shares or convertible instruments in the Bank. The Bank on March 30, 2021, granted 4,33,150 stock options @ ₹ 75/- per option to Mr. C. VR. Rajendran, Managing Director & CEO as performance grant for the period from December 9, 2016 to March 31, 2020 under CSB Employee Stock Option Scheme 2019. Options granted will be vested equally over a period of three years and shall be exercised over the period commencing from the date of 1st vesting of Options and ending on or before March 31, 2024.

### CRITERIA FOR APPOINTMENT AS DIRECTOR OF THE BANK

Nomination & Remuneration Committee (NRC) of the Board shall identify and ascertain the qualification, expertise, experience, track record, integrity, etc., of the person who is considered for being appointed/reappointed as Director of the Bank and shall carry out the prescribed due diligence exercise in compliance of the extant guidelines of the Reserve Bank of India on Fit and Proper criteria, applicable provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### TERMS AND CONDITIONS FOR APPOINTMENT OF INDEPENDENT DIRECTORS

Terms and Conditions for appointment of Independent Directors shall be governed by the provisions of the Companies Act, 2013, the rules made there under, Listing Regulations from time to time and having regard to the provisions of the Banking Regulation Act, 1949 as amended from time to time and the extant guidelines of RBI and Articles of Association of the Bank. The Bank will issue a formal Letter of Appointment to Independent Directors at the time of their appointment. The terms and conditions of appointment of Independent Directors has been disclosed on the website of the Bank at [https://www.csb.co.in/pdf/Independent-Directors\\_Terms\\_and\\_Conditions.pdf](https://www.csb.co.in/pdf/Independent-Directors_Terms_and_Conditions.pdf)

### AFFIRMATION BY INDEPENDENT DIRECTORS

The Independent Directors have confirmed that they have met the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 and the rules made thereunder. Also confirmed that they have also met the criteria of independence as provided in clause (b) of sub-regulation (1) of regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge their duties with an objective independent judgment and

without any external influence. On the basis of this, the Board of Directors opines that the Independent Directors of the Bank fulfil the conditions specified in Companies Act, 2013 and Listing Regulations and are independent of the management.

Further, pursuant to rule 6(3) of The Companies (Appointment and Qualifications of Directors) Rules, 2014, the Independent Directors of the Bank had affirmed that, they had registered as an Independent Director in the Independent Directors Data Bank as required under rule 6(1) and 6(2) of The Companies (Appointment and Qualifications of Directors) Rules, 2014 and are also complied with the requirements of passing the online proficiency self-assessment test/exempted from online proficiency self-assessment test in terms of Rule 6(4) of The Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended.

### TRAINING PROGRAMME TO DIRECTORS

The Directors of the Bank are encouraged to attend the training programmes being organized by various regulators/bodies/institutions on roles, rights, responsibilities in the Bank, nature of the banking industry, business model, risk management system and technology of the Bank. This enables the Directors to make informed decisions in the interest of the Bank and its stakeholders.

Non-Executive Directors are provided with a formal letter of appointment with all materials related to their roles, rights, responsibilities in the Bank as well as with the nature of industry and business model of the Bank at the time of their appointment as Director and through periodical presentations on economy & industry overview, key regulatory developments, strategy and performance. This enables the Directors to have a clear picture of the Bank and make informed decisions in the interest of the Bank and its stakeholders.

Pursuant to the Listing Regulations, your Bank is required to induct familiarisation programme for Independent Directors of the Bank in the above line. The details of familiarisation programmes arranged in the FY 2021 are available in the website of the Bank at the link <https://www.csb.co.in/pdf/FAMILIARISATION-PROGRAMMES-FOR-DIRECTORS.pdf>

### SUCCESSION PLANNING

Succession planning at the Bank is the identification of Board, Key Management positions and other specialized areas/functions which are critical for the bank's business continuity, operations and growth. Succession planning at the Bank to ensure that the Bank is prepared with a plan to support operations and business continuity. Building up and nurturing a talent pool of qualified, experienced

and motivated employees for taking on higher roles and responsibilities as and when gaps arise. Careful planning and preparation is also necessary to manage the changes that result from a generational transfer of leadership as well as the ongoing changes that occur regularly when key employees leave the Bank. The Succession Planning Policy of the Bank, seeks to do so.

Nomination and Remuneration Committee of the Bank works with the Board on the leadership succession plan and also prepares contingency plans for succession in case of any exigencies. The Bank follows a succession planning as part of its Nomination and Human Resource Management (HRM) Policy which involves assessing the likely gap in Board/leadership/management, developing the succession planning model, implementation of the plan and continuous evaluation and assessment.

### **DIRECTORS AND OFFICERS INSURANCE**

The Bank had undertaken Directors and Officers insurance ('D & O insurance') for all its Directors, including Independent Directors, for a quantum and risks as determined by the Board of Directors of the Bank from time to time.

### **BOARD'S COMMITTEES**

Various Committees of Directors have been constituted by the Board for taking informed decisions in the best interest of the Bank. These Committees monitor the activities falling within their respective terms of reference. Some of the Committees of the Board were reconstituted, and terms of reference were revised to align with the provisions of the Companies Act, 2013, Listing Regulations, The Banking Regulation Act, 1949 and the relevant RBI guidelines in this regard. No recommendation of the Committees, which is mandatorily required to be accepted, have been rejected by the Board in the financial year under review.

The Board's Committees are as follows:

#### **Audit Committee of the Board**

The Audit Committee of the Board (ACB) was constituted by a resolution of the Board at their meeting held on June 6, 1994 and was last reconstituted on September 28, 2020.

#### **1. The objectives and Key Functions:**

- a) Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Oversight of the integrity of the Bank's financial statements;
- c) Oversight of the Bank's systems of disclosure controls and procedures, internal controls over financial reporting, and compliance with ethical standards adopted by the Bank;

- d) Oversight of auditing processes of the Bank, both internal and external and independence of the audit function in the Bank;
- e) Oversight of the performance of the Bank's independent auditor, internal audit and compliance functions;
- f) Oversight of the Bank's compliances with legal and regulatory requirements.

#### **2. Duties and responsibilities**

- a) Reviewing, with the management, the quarterly and annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - i. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - ii. changes, if any, in accounting policies and practices and reasons for the same;
  - iii. management letters/letters of internal control weaknesses issued by the statutory auditors/ internal auditors of the Bank;
  - iv. major accounting entries involving estimates based on the exercise of judgment by management;
  - v. significant adjustments made in the financial statements arising out of audit findings;
  - vi. compliance with listing and other legal requirements relating to financial statements;
  - vii. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of the Bank modified opinion(s) in the draft audit report.
- b) 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;
- c) 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; the follow up and compliance of inspection/audit reports;
- d) Reviewing the inspection reports of specialized and extra-large branches and all branches with unsatisfactory ratings, obtaining and reviewing half yearly reports from the compliance officers appointed in the Bank, following up on all the issues raised in the long form audit report and following up on all the issues/concerns raised in the inspection reports of RBI;
  - e) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process; Recommendation for appointment, remuneration and terms of appointment of auditors of the Bank;
  - f) Evaluation of internal financial controls and risk management systems;
  - g) Approval of payments to statutory auditors for any other services rendered by the statutory auditors;
  - h) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  - i) Discussion with internal auditors of any significant findings and follow up there on;
  - j) 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;
  - k) Reviewing the periodical reviews/returns/statements placed before it as per the approved calendar of items.
  - l) Approval or any subsequent modification of transactions of the Bank with related parties;
  - m) Review internal audit reports relating to internal control weaknesses;
  - n) 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;
  - o) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Bank and its shareholders

### 3. Other Responsibilities

- a) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;

- b) Review of Statement of deviations:
  - i. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - ii. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
- c) Review the functioning of the whistle blower mechanism;
- d) Oversight over the vigil mechanism established by the Bank and the chairman of Audit Committee shall directly hear grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns;
- e) Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- f) Approval of the appointment of the chief financial officer after assessing the qualifications, experience and background, etc., of the candidate;
- g) Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
- h) Approval or any subsequent modification of transactions of the Bank with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of the company, wherever it is necessary;
- k) Carrying out any other functions as is mentioned in the terms of reference of the Audit Committee;
- l) To review Management discussion and analysis of financial condition and results of operations.

### 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 |
|-----------------------------------------|----------------------------------------|-------------------|
| Mrs. Sharmila Abhay Karve, Chairperson* | 5                                      | 5                 |
| Mr. Madhavan Menon                      | 9                                      | 8                 |
| Mr. Madhavan Aravamuthan                | 9                                      | 9                 |
| Mr. Syed Nagoor Ali Jinnah^             | 9                                      | 9                 |
| Mr. Thomas Mathew#                      | 5                                      | 5                 |

\* appointed as the member of the Committee w.e.f August 20, 2020 and Chairperson of the Committee w.e.f September 29, 2020.

^ ceased to be a Director of the Bank/Member of the Committee w.e.f. April 19, 2021.

# ceased to be a member and Chairman of the Committee w.e.f September 25, 2020, upon completion of his term of appointment.

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

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

During the year, Audit Committee met 9 times and not more than one hundred and twenty days lapsed between two consecutive meetings of the Audit Committee of the Board. The dates of the meetings are as under:

|            |            |            |            |            |
|------------|------------|------------|------------|------------|
| 15.06.2020 | 22.06.2020 | 29.06.2020 | 19.08.2020 | 21.09.2020 |
| 19.10.2020 | 15.12.2020 | 18.01.2021 | 26.02.2021 |            |

## Management Committee

### Terms of reference

#### (i). Sanctioning Credit facilities

The Committee shall discharge and exercise the Credit sanctioning powers delegated to it under Discretionary Powers for Sanctioning of Credit Facilities by the Board. The Committee also reviews the periodical Reviews/Returns/Statements placed before it as per the approved calendar of items.

A monthly consolidated statement of Credit sanctioning powers, etc., exercised by the Committee is put up to the Board for information and control purposes.

#### (ii). HR and Admin Functions

The Committee shall discharge and exercise the powers and functions, inter alia administrative, including financial matters related to human resource management.

#### (iii). Other functions

- a) Reviews the periodical Reviews/Returns/Statements placed before it as per the approved calendar of items.
- b) Assist/support the Board and Management to develop business ideas and optimize the operations in a better and most efficient manner.
- c) Empowered with the powers to take investment strategy/decision in Financial Markets.
- d) Functioning as Review Committee in the mechanism for identification of borrowers as wilful defaulters.
- e) Discharge such functions and other responsibilities as may be delegated by the Board of Directors from time to time.

## Composition

| Name of the Director                  | No. of meetings held during the tenure | Meetings attended |
|---------------------------------------|----------------------------------------|-------------------|
| Mrs. Bhama Krishnamurthy, Chairperson | 11                                     | 11                |
| Mr. C. VR. Rajendran                  | 11                                     | 11                |
| Mr. Sumit Maheshwari                  | 11                                     | 11                |
| Mr. Sudhin Choksey*                   | 0                                      | 0                 |
| Mr. Syed Nagoor Ali Jinnah #          | 2                                      | 2                 |

\*appointed as member of the Committee w.e.f March 30, 2021

# ceased to be a member of the Committee w.e.f July 10, 2020.

The Committee met 11 times during the financial year 2020–21 and the dates of the meetings are as under:

|            |            |            |            |            |            |
|------------|------------|------------|------------|------------|------------|
| 13.05.2020 | 09.06.2020 | 20.07.2020 | 18.08.2020 | 21.09.2020 | 30.10.2020 |
| 30.11.2020 | 08.01.2021 | 10.02.2021 | 23.02.2021 | 15.03.2021 |            |

## 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.

The role of the Committee shall, inter alia, include the following:

- a) To formulate a detailed risk management policy and strategy which shall include:
  - i. A framework for identification of internal and external risks specifically faced by the Bank, in particular including credit, financial, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - ii. Measures for risk mitigation including systems and processes for internal control of identified risks.
  - iii. Business continuity plan.
  - iv. Devise a process to contain operational risk and manage risks which are critical to the Bank's operations including non-financial risks and Strategic Risks.
- b) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- c) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- d) To periodically review the risk management policy and plan, every year, including by considering the changing industry dynamics and evolving complexity;
- e) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- f) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
- g) To effectively co-ordinate between the credit risk management committee, asset liability management committee and other risk management committees of the Bank, if any;
- h) The Committee functions as the Managerial and Supervisory Committee of Directors for asset liability management functions;
- i) To review cyber security related matters;
- j) To review the periodical returns/reviews/statements placed before it as per the approved calendar of items;
- k) To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
- l) To maintain close co-ordination with Nomination & Remuneration Committee in order to achieve effective alignment between remuneration and risks;
- m) To coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of directors;
- n) To review Stress Testing Results & Back-testing report;
- o) To review the Asset Liability Management (ALM) of the Bank on a regular basis; and
- p) Any other functions as may be stipulated by SEBI, Ministry of Corporate Affairs, RBI, Stock Exchanges and any other statutory authorities from time to time.

#### Composition:

| Name of the Director           | No. of meetings held during the tenure | Meetings attended |
|--------------------------------|----------------------------------------|-------------------|
| Mr. Sumit Maheshwari, Chairman | 5                                      | 5                 |
| Mr. C. VR. Rajendran           | 5                                      | 5                 |
| Mr. Madhavan Menon             | 5                                      | 5                 |
| Mr. Madhavan Aravamuthan       | 5                                      | 5                 |
| Mrs. Bhama Krishnamurthy       | 5                                      | 5                 |

The Committee met 5 times during the financial year 2020-21 and the dates of the meetings are as under:

|            |            |            |            |            |
|------------|------------|------------|------------|------------|
| 29.06.2020 | 17.07.2020 | 21.09.2020 | 30.11.2020 | 26.02.2021 |
|------------|------------|------------|------------|------------|

#### NPA Management Committee

##### Terms of reference

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

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

#### Composition:

| Name of the Director               | No. of meetings held during the tenure | Meetings attended |
|------------------------------------|----------------------------------------|-------------------|
| Mr. Madhavan Aravamuthan, Chairman | 8                                      | 8                 |
| Mr. Madhavan Menon                 | 8                                      | 7                 |
| Mrs. Sharmila Abhay Karve*         | 6                                      | 6                 |
| Mr. Thomas Mathew ^                | 3                                      | 3                 |

\* appointed as a member of the Committee w.e.f August 20, 2020

^ ceased to be a member of the Committee w.e.f September 25, 2020, upon completion of his term of appointment.

The Committee met 8 times during the financial year 2020-21 and the dates of the meetings are as under:

|            |            |            |            |
|------------|------------|------------|------------|
| 13.05.2020 | 18.08.2020 | 21.09.2020 | 30.10.2020 |
| 15.12.2020 | 18.01.2021 | 26.02.2021 | 15.03.2021 |

#### Stakeholders Relationship Committee

##### Terms of reference

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the registrar and share transfer agent;
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Bank;
- Issue and allotment shares subject to the provisions of the Section 39 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, Section 46 of the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014 and subject to the Memorandum and Articles of Association of the Bank;
- To transfer, transposition and transmission of securities;
- To consider and approve, split, consolidation and duplication of shares or other securities;
- To approve dematerialization and re-materialization of shares;
- To seek any information it requires from the employees, directors of the Bank in order to perform its functions;

- j) To do all such other things as are necessary thereto pursuant to and in accordance with the employee stock option schemes and the decision of the Board in connection with allotment of shares under the schemes;
- k) Investor relations and redressal of shareholders' grievances in general and relating to non-receipt of dividends, interest, non-receipt of balance sheet etc.; and
- l) 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. Syed Nagoor Ali Jinnah, Chairman * | 4                                      | 4                 |
| Mr. C. VR. Rajendran                   | 6                                      | 6                 |
| Mrs. Bhama Krishnamurthy               | 6                                      | 6                 |
| Mr. Madhavan Menon                     | 6                                      | 5                 |
| Mr. Thomas Mathew <sup>#</sup>         | 2                                      | 2                 |
| Mr. Sumit Maheshwari <sup>^</sup>      | 2                                      | 1                 |

\* appointed as a member and Chairman of the Committee w.e.f August 20, 2020 and ceased to be a Director of the Bank/ Member and Chairman of the Committee w.e.f. April 19, 2021.

<sup>#</sup> ceased to be the Chairman of the Committee w.e.f August 20, 2020 and ceased to be a member of the Committee w.e.f September 25, 2020, upon completion of his term of appointment.

<sup>^</sup> ceased to be a member of the Committee w.e.f August 20, 2020.

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

The Committee met 6 times during the financial year 2020–21 and the dates of the meetings are as under:

|            |            |            |            |            |            |
|------------|------------|------------|------------|------------|------------|
| 09.06.2020 | 19.08.2020 | 28.09.2020 | 30.10.2020 | 15.12.2020 | 10.02.2021 |
|------------|------------|------------|------------|------------|------------|

#### Status of the investor complaints

Status of the Investor complaints received during the period April 1, 2020 and up to March 31, 2021 are given under:

#### Investor Complaints

| Number of Investor Complaints including through SEBI SCORES platform received during the period 01.04.2020 to 31.03.2021* | No. of Complaints |
|---------------------------------------------------------------------------------------------------------------------------|-------------------|
| a) Investor complaints pending as on 01.04.2020                                                                           | Nil               |
| b) Investor complaints received during the period                                                                         |                   |
| 1. Investor complaints pertaining to Initial Public Offering of the shares of the Bank                                    | 01                |
| 2. Investor complaints received through SEBI SCORES Platform                                                              | 01                |
| 3. Other Investor complaints received                                                                                     | 01                |
| c) Total number of complaints disposed off                                                                                | 03                |
| d) Complaints pending as on 31.03.2021                                                                                    | Nil               |

## Committee for Monitoring Large Value Frauds

### Terms of reference

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

The other major functions of the Special Committee are to;

- Identify the systemic lacunae, if any that facilitated perpetration of the fraud and put in place measures to plug the same.
- Identify the reasons for delay, if any, in detection and reporting to top management of the Bank and RBI.
- Monitor progress of CBI/Police Investigation and recovery position.
- Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.
- Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.
- Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.
- To monitor and follow up Red Flagged Accounts and FraudAccounts(Accountsbeyondthethresholdlimitof ₹ 50 crores and above).
- Such other functions as may be decided/delegated by the Board of Directors/advised by the Reserve Bank of India, from time to time.

The meeting of the Committee has to schedule once in a quarter, and as and when a fraud involving an amount of ₹ 100 lakh and above comes to light.

### Composition:

| Name of the Director                   | No. of meetings held during the tenure | Meetings attended |
|----------------------------------------|----------------------------------------|-------------------|
| Mr. Syed Nagoor Ali Jinnah, Chairman * | 4                                      | 4                 |
| Mr. C. VR. Rajendran                   | 4                                      | 4                 |
| Mr. Sumit Maheshwari                   | 4                                      | 4                 |
| Mr. Madhavan Menon                     | 4                                      | 3                 |
| Mrs. Sharmila Abhay Karve <sup>#</sup> | 1                                      | 1                 |
| Mr. Madhavan Aravamuthan <sup>^</sup>  | 1                                      | 1                 |

\* appointed as the Chairman of the Committee w.e.f August 20, 2020 and ceased to be a Director of the Bank/Chairman of the Committee w.e.f. April 19, 2021.

# appointed as a member of the Committee w.e.f January 20, 2021.

<sup>^</sup> ceased to be the Chairman and member of the Committee w.e.f. August 20, 2020.

The Committee met 4 times during the financial year 2020-21 and the dates of the meetings are as under:

|            |            |            |            |
|------------|------------|------------|------------|
| 09.06.2020 | 21.09.2020 | 30.11.2020 | 10.02.2021 |
|------------|------------|------------|------------|

## Customer Service Committee

### Terms of reference

The Committee strives to bring about ongoing improvements in the quality of Customer Service provided by the Bank. The Committee shall, inter alia, not only oversee the functioning of the Standing Committee on Customer Services, including compliance with recommendations of the CPPAPS (Committee on Procedures and Performance Audit on Public Services constituted by the RBI), but shall also mount innovative measures for enhancing the quality of Customer Service and improving the level of customer satisfaction for all categories of clientele. The functioning of the Committee shall be reviewed on a half yearly basis (September/March) and the review shall be put up to the Board of Directors within one month from the end of the relevant half-year.

The meeting of the Committee has to be scheduled once in a quarter.

### Composition:

| Name of the Director                    | No. of meetings held during the tenure | Meetings attended |
|-----------------------------------------|----------------------------------------|-------------------|
| Mrs. Sharmila Abhay Karve, Chairperson* | 3                                      | 3                 |
| Mr. C. VR. Rajendran                    | 4                                      | 4                 |
| Mr. Madhavan Menon                      | 4                                      | 3                 |
| Mr. Sumit Maheshwari                    | 4                                      | 4                 |
| Mr. Thomas Mathew <sup>#</sup>          | 1                                      | 1                 |
| Mr. Syed Nagoor Ali Jinnah <sup>^</sup> | 1                                      | 1                 |

\* appointed as the Chairperson of the Committee w.e.f August 20, 2020.

# ceased to be a member of the Committee w.e.f September 25, 2020, upon completion of his term of appointment.

<sup>^</sup> ceased to be the Chairman and member of the Committee w.e.f August 20, 2020.

The Committee met 4 times during the financial year 2020-21 and the dates of the meetings are as under:

|            |            |            |            |
|------------|------------|------------|------------|
| 09.06.2020 | 28.09.2020 | 30.11.2020 | 10.02.2021 |
|------------|------------|------------|------------|

### Corporate Social Responsibility Committee

In terms of Section 135 of the Companies Act, 2013, Bank constituted the Corporate Social Responsibility Committee of the Board.

#### Terms of reference

- a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy as per Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- b) Recommend the amount of expenditure to be incurred on the activities referred to in clause.
- c) Monitor the corporate social responsibility policy of the company from time to time.
- d) Formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:-
  - i. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
  - ii. the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;
  - iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
  - iv. monitoring and reporting mechanism for the projects or programmes; and
  - v. details of need and impact assessment, if any, for the projects undertaken by the company and;
  - vi. Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

#### Composition:

| Name of the Director                              | No. of meetings held during the tenure | Meetings attended |
|---------------------------------------------------|----------------------------------------|-------------------|
| Mr. Syed Nagoor Ali Jinnah, Chairman <sup>^</sup> | 1                                      | 1                 |
| Mr. C. VR. Rajendran                              | 1                                      | 1                 |
| Mr. Sumit Maheshwari                              | 1                                      | 1                 |
| Mr. Madhavan Menon                                | 1                                      | 1                 |
| Mrs. Bhama Krishnamurthy*                         | N.A                                    | N.A               |

<sup>^</sup> ceased to be a Director of the Bank/Chairman of the Committee w.e.f. April 19, 2021.

\* ceased to be a member of the Committee w.e.f. August 20, 2020.

The Committee met once during the financial year 2020–21 and the date of the meeting is February 10, 2021.

### Nomination & Remuneration Committee

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

#### Terms of reference

- a) Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down;
- b) Undertake the due diligence of candidates before their appointment/re-appointment as directors;
- c) Recommend to the Board appointment of directors senior management personnel and their removal;
- d) Devising a policy on diversity of board of directors;
- e) Formulate the criteria for determining qualification, positive attributes and independence of a director, key managerial personnel and other employees;
- f) Recommend to the Board the policy for evaluation of performance of board, its committees and individual directors;
- g) To oversee the framing, review and implementation of the Bank's overall compensation structure and related policies on remuneration packages payable to whole time directors, the Managing Director and Chief Executive Officer and other staff as may be prescribed from time to time including performance linked incentives, perquisites, stock option scheme, etc., with a view to attract, motivate and retain employees and review compensation levels;
- h) To implement and administer the CSB Employee Stock Option Schemes;
- i) To formulate detailed terms and conditions of the scheme, administer and supervise the same and to allot shares in compliance with the scheme, guidelines and other applicable laws;
- j) To obtain necessary clearances and approvals from regulatory authorities and do such other things as may be necessary in respect of the Schemes;
- k) To make suggestions to amend any stock option plans or incentive plans, provided that all amendments to such plans shall be subject to consideration and approval of the Board;

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>l) To review the compensation structure/policy on a periodical basis;</p> <p>i. To approve the overall compensation structure of the new recruitment of the executives at top level management including performance linked incentives, perquisites, stock option scheme, etc.; and</p> <p>ii. To conduct annual review of their performance and to revise their compensation structure in tandem with their performance/target achieved.</p> <p>m) Any other matters regarding remuneration of whole time directors, the Managing Director and Chief Executive Officer and other staff of the Bank as may be prescribed as and when permitted by the Board;</p> <p>n) Any other matters regarding compensation structure as and when permitted by the Board;</p> | <p>o) To fulfil such other powers and duties as may be delegated to it by the Board;</p> <p>p) Specify the manner for effective evaluation of performance of Board, its committees and individual directors;</p> <p>q) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;</p> <p>r) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and</p> <p>s) To allot shares pursuant to the options granted to the eligible employees/officers under the ESOP scheme which is existing and to be framed in future.</p> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

#### Composition:

| Name of the Director                  | No. of meetings held during the tenure | Meetings attended |
|---------------------------------------|----------------------------------------|-------------------|
| Mrs. Bhama Krishnamurthy, Chairperson | 14                                     | 14                |
| Mr. Madhavan Menon                    | 14                                     | 14                |
| Mr. Sumit Maheshwari                  | 14                                     | 14                |
| Mr. Madhavan Aravamuthan              | 14                                     | 14                |
| Mrs. Sharmila Abhay Karve*            | 5                                      | 5                 |
| Mr. Thomas Mathew #                   | 8                                      | 8                 |

\* Appointed as a member of the Committee w.e.f. August 20, 2020 and ceased to be a member w.e.f January 20, 2021.

# ceased to be a member of the Committee w.e.f September 25, 2020, upon completion of his term of appointment.

The Committee met 14 times during the financial year 2020-21 and the dates of the meetings are as under:

|            |            |            |            |            |            |            |
|------------|------------|------------|------------|------------|------------|------------|
| 13.05.2020 | 02.06.2020 | 09.06.2020 | 19.06.2020 | 22.06.2020 | 20.07.2020 | 19.08.2020 |
| 27.08.2020 | 28.09.2020 | 30.10.2020 | 15.12.2020 | 18.01.2021 | 15.03.2021 | 30.03.2021 |

#### IT Strategy Committee (ITSC)

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 14<sup>th</sup> November, 2013. IT Strategy Committee, inter alia, approves IT strategy and policy documents, etc.

#### Terms of reference

The powers, roles and responsibilities of the Committee:

- |                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>a) Perform oversight functions over the IT Steering Committee (at a senior management level).</p> | <p>b) Investigate activities within this scope.</p> <p>c) Seek Information from any employee.</p> <p>d) Obtain outside legal or professional advice.</p> <p>e) Secure attendance of outsiders with relevant expertise, if it considers necessary.</p> <p>f) Work in partnership with other Board Committees and Senior Management to provide input, review and amend the aligned corporate and IT strategies.</p> <p>g) Approving IT strategy and policy documents.</p> |
|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

- h) Ensuring that the management has put an effective strategic planning process in place.
- i) Ratify that the business strategy is indeed aligned with IT strategy.
- j) Ensuring that the IT organizational structure complements the business model and its direction.
- k) Ascertaining that management has implemented process and practices that ensure that the IT delivers value to the business.
- l) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
- m) Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
- n) Ensuring proper balance of IT investments for sustaining Bank's growth.
- o) Becoming aware about exposure towards IT risks and controls. And evaluating effectiveness of management's monitoring of IT risks.
- p) Assessing Senior Management's performance in implementing IT strategies.
- q) Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks).
- r) Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT.
- s) The authority to sanction all expenses in respect of the IT and IT related matters.

#### Composition:

| Name of the Director               | No. of meetings held during the tenure | Meetings attended |
|------------------------------------|----------------------------------------|-------------------|
| Mr. Madhavan Aravamuthan, Chairman | 5                                      | 5                 |
| Mr. C. VR. Rajendran               | 5                                      | 5                 |
| Mr. Madhavan Menon                 | 5                                      | 5                 |
| Mr. Sumit Maheshwari               | 5                                      | 5                 |
| Mr. Thomas Mathew*                 | 2                                      | 2                 |

\* ceased to be a member of the Committee w.e.f August 20, 2020.

The Committee met 5 times during the financial year 2020-21 and the dates of the meetings are as under:

|            |            |            |            |            |
|------------|------------|------------|------------|------------|
| 13.05.2020 | 18.08.2020 | 30.11.2020 | 10.02.2021 | 25.03.2021 |
|------------|------------|------------|------------|------------|

#### 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

- a) Review the performance of Non-Independent Directors and the Board as a whole;
- b) Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- c) 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 of the year was held on March 15, 2020 for the period under review and all the Independent Directors attended the meeting.

#### BOARD LEVEL PERFORMANCE EVALUATION

In accordance with the relevant provisions of the Companies Act, 2013, Listing Regulations and as per the Guidance Note on Board Evaluation issued by SEBI, Nomination and Remuneration Committee of the Board formulated the methodology and criteria/policy for evaluation of the Individual Directors including Independent Directors and Non-Independent Directors, Chairperson, Managing Director & CEO, Committees of the Board and the Board as a whole.

#### The process for performance evaluation is as under:

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

#### The criteria for performance evaluation are as under: Performance Evaluation of 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; Managing Relationships and Communications; Resources; Conduct of Meetings, effective leadership, open-mindedness, decisiveness, courteousness,

display of professionalism, impartiality in conducting discussions, seeking of views and dealing with dissent.

#### **Performance Evaluation of Managing Director & CEO**

Knowledge, Experience & Competency, Qualification, Fulfilment of functions, Leadership qualities, Strategy formulation and execution, Financial planning, monitoring and evaluation of performance, Relationships with the Board, External Relations, Human Resources Management/Relations, Succession planning, Product/Service Knowledge, actively and timely taking of initiatives with respect to various areas, Availability and Attendance, Contribution to conduct of Board and Committee meetings, Prepares adequately for the meetings, Integrity, Personal Qualities & Behaviour and seeking opportunities for self-Development.

#### **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, fulfilment of responsibilities and independence from the management as laid down in the code for Independent Directors as per Schedule IV to the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Performance Evaluation of Non-Executive Directors**

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 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 provisions of the Companies Act, 2013 including any amendments from time to time, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Articles of Association of the Bank and Nomination Policy of the Bank. Nomination and Remuneration Committee formulated the criteria for determining qualifications, positive attributes and independence of a Director to adhere the various provisions and guidelines.

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

##### **a) Appointment Criteria and Qualifications**

- a. Subject to the extent of RBI Guidelines as applicable, all other applicable provision of the Companies Act, 2013 including any amendments from time to time, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Articles of Association of the Bank, 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.
- b. 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.
- c. Special knowledge or practical experience in Banking, accountancy, agriculture and rural economy, co-operation, economics, finance, Information Technology, law, small-scale industry or any other field useful to the

Banking Company in the opinion of Reserve Bank of India.

- d. 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.
- e. The Bank shall not appoint or re-appoint any person as Director if he/she has attained the age of seventy years.
- f. 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.
- g. 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 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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.

Further pursuant to Rule 6(3) of The Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, independent director shall submit a declaration of compliance of sub-rule (1) and sub-rule (2) to the Board, each time he submits the declaration required under sub-section (7) of section 149 of the Act. The terms and conditions of appointment of Independent Directors is disclosed on the website of the Bank and a web link there to, is: [https://www.csb.co.in/pdf/Independent-Directors\\_Terms\\_and\\_Conditions.pdf](https://www.csb.co.in/pdf/Independent-Directors_Terms_and_Conditions.pdf)

**c) Disqualification/Conflicts of interest**

- a. The Bank's Directors shall be subject to the disqualifications/prohibitions contained in the Companies Act, 2013 and the Banking Regulation Act, 1949 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with respect to directorship of companies in general or banking companies in particular.
- b. 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.

- c. 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.

**COMPENSATION/REMUNERATION POLICY**

The Bank has an approved Compensation Policy which deals with the compensation and benefits of the employees, Material Risk Takers (MRTs), Whole-time Directors including Managing Director & CEO, Part-time Chairman, Executive and Non-Executive Directors of the Bank. This Policy is in tune with the guidelines issued by the Reserve Bank of India, provisions of Companies Act, 2013, and the Listing Regulations, amended from time to time. The Policy is also in tune with Reserve Bank of India circular/guideline dated November 4, 2019 bearing number DOR.Appt.BC.No.23/29.67.001/2019-20 on "Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/Other Risk Takers and Control Function Staff, etc."

The objectives of the remuneration policy are four fold:

- To align compensation with prudent risk taken.
- To ensure effective governance of the compensation in the organization.
- To ensure effective supervisory oversight and stakeholder engagement in compensation.
- To attract and retain talent.

The policy covers all aspects of the compensation structure such as fixed pay, perquisites, variable pay in form of cash or non-cash instrument, (share-linked instruments e.g. Employee Stock Option Plan), pension plan, gratuity, guaranteed bonus etc.

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

- 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, Material Risk Takers (MRTs), key managerial personnel and senior management involves a balance between fixed and variable pay (as applicable) reflecting short and long-term performance objectives appropriate to the working of the Bank and its goals.

#### **Remuneration of Part-time Chairman**

The Nomination & Remuneration Committee recommends the remuneration of the Part-time Chairman 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 Part-time Chairman is subject to prior approval of the Reserve Bank of India (RBI). Therefore, payment of remuneration or any revision in remuneration of the Part-time Chairman 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.

The Non-Executive Chairman of the Bank shall not be entitled to any profit linked commission and Stock Options.

#### **Remuneration of Managing Director & CEO/Whole Time- Executive Directors/Material Risk Takers (MRTs)**

- 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 subject to adherence with statutory requirements. All the fixed items of compensation, including the perquisites, will be treated as part of fixed pay. All perquisites that are reimbursable should also be included in the fixed pay so long as there are monetary ceilings on these reimbursements. Contributions towards superannuation/retiral benefits will be treated as part of fixed pay.
- The variable compensation is fixed based on performance and responsibility in the Bank. The grant of total variable pay shall be based on individual performance, unit-level performance as well as the organizational performance. Individual performance is assessed based on quantitative and qualitative measures as defined in the balanced scorecard in the Performance Management system of the Bank. The Bank's performance is based on the various financial indicators like revenue earned, cost deployed, profit earned, assets quality, owners' wealth creation, compliance, governance and misconduct risk, divergence in bank's provisioning for Non-Performing Assets and other intangible factors like leadership and employee development. Variable pay is paid purely based on performance.
- The variable pay can be in the form of share-linked instruments, or a mix of cash and share-linked

instruments in the manner as per the compensation policy. There should be proper balance between the cash and share linked components in the variable pay. Only in cases where the compensation by way of share-linked instruments is not permitted by law/regulations, the entire variable pay can be in cash subject to limits. Cash-linked Stock Appreciation Rights (CSARs) are also to be treated as share-linked instruments.

- Approval from Reserve Bank of India 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 196 of the Companies Act, 2013.
- Grant of share-linked instruments is also subject to approval of the respective scheme by the shareholders of the Bank.

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

#### **Remuneration of Non-Executive Directors / Independent Directors**

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

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

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

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

The remuneration of all Key Management Personnel (KMPs), Executives, and other officers and staff of the Bank either on CTC or IBA pattern is governed by the compensation policy of the Bank.

##### **(a) Key Managerial Personnel**

The KMP's recruited under CTC are paid salary and benefits as agreed upon by the Bank and the employee while making the offer for appointment and those recruited under IBA pattern being paid as per IBA pattern within the compensation policy of the Bank.

**(b) Risk control and compliance staff**

Members of staff engaged in financial and risk control, including internal audit should be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank.

The grant of total variable pay shall be based on individual performance as well as the organizational performance. Individual performance is assessed based on financial and non-financial measures as defined in the balanced scorecard in the Performance Management System of the Bank.

The requirement of minimum 50% of total compensation to be paid in the form of variable pay will not be applicable for this category of staff. However, a reasonable proportion of compensation has to be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous. Total Variable Pay can be paid in the form of both cash and/or non-cash (ESOPs) instruments as per eligibility and Bank's policy. Non-cash portion of the variable pay (ESOPs) shall be granted to eligible employees and shall be governed as defined in the Bank's ESOP policy.

**(c) Senior executives/Other Officers (Non IBA Scheme)**

The compensation structure for officers other than on IBA Scheme shall be on a cost to company basis and for employees recruited laterally, as freshers/ at entry level, the same will be fixed in line with the Lateral Recruitment Policy of the Bank. In line with Bank's compensation philosophy, the CTC shall be determined considering the role, market competitiveness, internal pay parity, qualification, level of experience and seniority, skills and capabilities they bring and their last drawn fixed pay.

The grant of total variable pay shall be based on individual performance as well as the organizational performance. Individual performance is assessed based on financial and non-financial measures as defined in the balanced scorecard in the Performance Management System of the Bank.

Total Variable Pay can be paid in the form of both cash and/or non-cash (ESOPs) instruments as per eligibility and Bank's policy. The proportion of non-cash variable pay may be higher for the Senior Management staff of the Bank. Non-cash portion of the variable pay (ESOPs) shall be granted to eligible employees and shall be governed as defined in the Bank's ESOP policy.

**(d) Compensation paid to Other Officers and staff members on IBA Scheme**

The compensation paid to other officials that include Award staff and Officers coming under Scale I to III and Senior executives coming under Scale IV to VII is fixed based on 10th bipartite settlement / 7th Joint Note. However, it is the discretion of the bank either to continue with the existing compensation structure prevailing under IBA scheme or modify the structure partially or fully on need basis or discontinue the existing structure in toto and switch over to different structure which is prevailing in banking industry by keeping in view, various parameters like industry level, peer group status, burden on the bank, etc.

It is prerogative of the Bank either to utilize the service of IBA in matter of structuring compensation or device the compensation structure on its own based on the prevailing practice in the banking industry.

Performance Linked Variable Pay (PLVP) may be adopted for select categories of the staff on IBA terms who are not otherwise covered under the Annual Performance based Variable Pay. The Performance Linked Variable Pay may be based on Employee performance (Balanced Scorecard) defined from time to time.

The ESOP scheme may be extended to select categories of employees at the discretion of the Board / Nomination Remuneration Committee 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.

Details of Remuneration paid to the Directors and Key Managerial Personnel during the year ended 31.03.2021 are given in the Annexure - VII.

**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 applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Bank continuously seeks to enhance the effectiveness of its Board and to maintain the highest standards of corporate governance and recognizes and embraces the benefits of diversity in the boardroom. Diversity is ensured through consideration of a number of factors,

including but not limited to skills, regional and industry experience, background and other qualities. In informing its perspective on diversity, the Bank also takes into account, factors based on its own business model and specific needs from time to time.

The Nomination & Remuneration Committee has responsibilities for leading the process for Board appointments and for identifying and nominating, for approval by the Board, candidates for appointment to the Board. The benefits of diversity continue to influence

succession planning and continue to be the key criteria for the search and nomination of directors to the Board.

Board appointments are based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender. While making Board appointments, the requirement as per the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for appointment of at least one woman director on the Board of the Bank is also considered.

## GENERAL BODY MEETINGS HELD DURING THE LAST THREE YEARS

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

| No. of Meetings      | Day, Date and Time                                                                                  | Venue of the Meeting                                                                                                         | Special Resolution passed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------|-----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 97 <sup>th</sup> AGM | Saturday, 29 <sup>th</sup> September 2018 at 10.00 AM                                               | Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001                                                                    | Modifications in the terms of grant of stock options to Mr. C. VR. Rajendran, Managing Director and CEO (DIN: 00460061) of the Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 98 <sup>th</sup> AGM | Saturday, 29 <sup>th</sup> June 2019 at 10.00 AM                                                    | Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001                                                                    | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 99 <sup>th</sup> AGM | Monday, July 20, 2020 at 11:00 a.m.                                                                 | Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") mode                                                           | <ul style="list-style-type: none"> <li>To increase the limit of borrowing powers of the Board to ₹ 5,000 crores from the existing limit of ₹ 1,000 crores.</li> <li>Alteration of Articles of Association of the Bank.</li> <li>Ratification of 'CSB Employee Stock Option Scheme 2019'.</li> <li>Approval for increasing total number of employee stock options reserved under 'CSB Employee Stock Option Scheme 2019' from 50,00,000 Options to 1,66,72,791 Options by creating additional 1,16,72,791 Options in the form of (i) fresh issue of shares up to 30,00,000 shares and (ii) secondary acquisition by the Trust up to 86,72,791 shares.</li> <li>Approval for secondary acquisition of 86,72,791 shares through Trust route for the implementation of CSB Employee Stock Option Scheme 2019 as amended.</li> <li>Grant of 34,70,000 stock options to Mr. C. VR. Rajendran, Managing Director and CEO of the Bank.</li> </ul> |
| (b)                  | Whether any special resolution passed last year through postal ballot<br>Details of voting pattern. | No resolutions were transacted through postal ballot<br><br>Not applicable                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| (c)                  | Person who conducted the postal ballot exercise.                                                    | Not applicable                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| (d)                  | Whether any special resolution is proposed to be conducted through postal ballot?                   | No Special Resolution requiring Postal Ballot is being proposed on or before the ensuing Annual General Meeting of the Bank. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| (e)                  | Procedure for the postal ballot.                                                                    | Not applicable                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

### SHAREHOLDING PATTERN AS ON MARCH 31, 2021

Shareholding pattern of the Bank as on March 31, 2021 is given below

| Sr. No       | Particulars                                                           | No. of Shareholders | No. of Shares       | % of Shares |
|--------------|-----------------------------------------------------------------------|---------------------|---------------------|-------------|
| <b>A.</b>    | <b>Promoters</b>                                                      |                     |                     |             |
| 1            | Promoters & Promoters Group                                           | 1                   | 8,62,62,976         | 49.72       |
| <b>B.</b>    | <b>Institutions-Public Shareholding</b>                               |                     |                     |             |
| 2            | Financial Institutions & Banks                                        | 1                   | 2,463               | 0.00        |
| 3            | Mutual Funds                                                          | 9                   | 1,33,55,264         | 7.70        |
| 4            | Insurance Companies                                                   | 1                   | 8,41,206            | 0.48        |
| 5            | Foreign Financial Institutions/Banks                                  | 0                   | 0                   | 0           |
| 6            | Foreign Portfolio Investors                                           | 9                   | 92,03,106           | 5.30        |
| 7            | Alternate Investment Funds                                            | 2                   | 18,92,198           | 1.09        |
| <b>C.</b>    | <b>Other Non-Institutions/Individuals/Others- Public Shareholding</b> |                     |                     |             |
| 8            | Bodies Corporate                                                      | 252                 | 95,76,795           | 5.52        |
| 9            | Foreign Corporate Bodies                                              | 4                   | 30,06,390           | 1.73        |
| 10           | Non-Resident Indians                                                  | 495                 | 1,26,38,989         | 7.29        |
| 11           | Clearing Members                                                      | 80                  | 2,94,208            | 0.17        |
| 12           | Hindu Undivided Families                                              | 624                 | 7,33,891            | 0.42        |
| 13           | Trusts                                                                | 2                   | 15,489              | 0.01        |
| 14           | Directors & Relatives                                                 | 1                   | 9,897               | 0.01        |
| 15           | Resident Individuals                                                  | 46,027              | 3,00,39,209         | 17.32       |
| 16           | NBFC's registered with RBI                                            | 1                   | 1,00,000            | 0.06        |
| 17           | Foreign Portfolio Investor (Category – III)                           | 1                   | 3,497               | 0.00        |
| 18           | Unclaimed Suspense Account                                            | 1                   | 9,866               | 0.01        |
| 19           | IEPF Authority                                                        | 1                   | 5,00,383            | 0.29        |
| <b>D.</b>    | <b>Non-Promoter - Non Public Shareholding</b>                         |                     |                     |             |
| 20           | CSB ESOS Trust                                                        | 1                   | 50,00,000           | 2.88        |
| <b>Total</b> |                                                                       | <b>47513</b>        | <b>17,34,85,827</b> | <b>100</b>  |

### DETAILS OF SHAREHOLDERS HOLDING SHARES 1% AND ABOVE AS ON MARCH 31, 2021

| Sl. No | Name of the Shareholder                                       | No. of Shares | % of holding |
|--------|---------------------------------------------------------------|---------------|--------------|
| 1      | FIH Mauritius Investments Ltd                                 | 8,62,62,976   | 49.72        |
| 2      | SBI Mutual Fund through its various schemes                   | 87,41,998     | 5.04         |
| 3      | CSB ESOS Trust                                                | 50,00,000     | 2.88         |
| 4      | Mr. Yusuffali Musaliam Veetil Abdul Kader                     | 37,56,427     | 2.17         |
| 5      | Omers Administration Corporation - OAC Custody Account (SCV6) | 35,89,800     | 2.07         |
| 6      | Sundaram Mutual Fund through its various schemes              | 34,65,209     | 2.00         |
| 7      | Nomura Singapore Limited ODI                                  | 31,94,724     | 1.84         |
| 8      | Plutus Wealth Management LLP                                  | 31,75,000     | 1.83         |

| Sl. No       | Name of the Shareholder          | No. of Shares       | % of holding |
|--------------|----------------------------------|---------------------|--------------|
| 9            | Mr. Vallabh Bhanshali            | 21,85,392           | 1.26         |
| 10           | Infinity Holdings                | 19,74,048           | 1.14         |
| 11           | Mr. Zafar Ahmadullah             | 18,50,100           | 1.07         |
| 12           | Volrado Venture Partners Fund II | 17,92,198           | 1.03         |
| 13           | Mr. Satpal Khattar               | 17,73,906           | 1.02         |
| 14           | Mr. Lal Arakulath Sankappa       | 17,56,908           | 1.01         |
| <b>TOTAL</b> |                                  | <b>12,85,18,686</b> | <b>74.08</b> |

#### DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2021

| Category           | No. of Shareholders |                     |                     |              | No. of Shares |              |              |              |
|--------------------|---------------------|---------------------|---------------------|--------------|---------------|--------------|--------------|--------------|
|                    | Physical            | Demat               | Total               | %            | Physical      | Demat        | Total        | %            |
| Up to 5,000        | 49,12,949           | 89,98,012           | <b>1,39,10,961</b>  | <b>8.02</b>  | 17155         | 30885        | <b>48040</b> | <b>98.12</b> |
| 5,001 to 10,000    | 4,47,930            | 26,16,940           | <b>30,64,870</b>    | <b>1.77</b>  | 67            | 341          | <b>408</b>   | <b>0.83</b>  |
| 10,001 to 20,000   | 4,22,863            | 31,36,126           | <b>35,58,989</b>    | <b>2.05</b>  | 30            | 210          | <b>240</b>   | <b>0.49</b>  |
| 20,001 to 30,000   | 1,98,810            | 19,06,954*          | <b>21,05,764</b>    | <b>1.21</b>  | 8             | 74           | <b>82</b>    | <b>0.17</b>  |
| 30,001 to 40,000   | 1,02,220            | 9,14,916            | <b>10,17,136</b>    | <b>0.59</b>  | 3             | 26           | <b>29</b>    | <b>0.06</b>  |
| 40,001 to 50,000   | 48,332              | 11,80,459           | <b>12,28,791</b>    | <b>0.71</b>  | 1             | 26           | <b>27</b>    | <b>0.06</b>  |
| 50,001 to 1,00,000 | -                   | 42,14,991           | <b>42,14,991</b>    | <b>2.43</b>  | -             | 58           | <b>58</b>    | <b>0.12</b>  |
| 1,00,001 & Above   | 10,00,000           | 14,33,84,325        | <b>14,43,84,325</b> | <b>83.22</b> | 1             | 75           | <b>76</b>    | <b>0.15</b>  |
| <b>Total</b>       | <b>71,33,104</b>    | <b>16,63,52,723</b> | <b>17,34,85,827</b> | <b>100</b>   | <b>17265</b>  | <b>31695</b> | <b>48960</b> | <b>100</b>   |

\* Includes 30,000 shares that were allotted under CSB ESOS 2013 in demat form and included in NSDL, but demat credit and trading approval have not been completed/obtained as on 31.03.2021.

#### DEMATERIALIZATION OF SHARES

As on 31st March, 2021, 95.89% of Bank's shares were in demat mode as per the statement given below:

| Category      | No. of Shares       | % of holding |
|---------------|---------------------|--------------|
| Physical Mode | 71,33,104           | 4.11         |
| Demat Mode    |                     |              |
| NSDL *        | 14,39,47,464        | 82.97        |
| CDSL          | 2,24,05,259         | 12.92        |
| <b>Total</b>  | <b>17,34,85,827</b> | <b>100</b>   |

\* Includes 30,000 shares that were allotted under CSB ESOS 2013 in demat form and included in NSDL, but demat credit and trading approval have not been completed/obtained as on 31.03.2021.

As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in

dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In this regard, shareholders holding shares in physical form are requested to dematerialize their shares in order to avail the benefit of free transferability as any request for transfer of shares will not be permitted if the shares are held in physical mode.

Physical shareholders are requested to contact the Registered & Head Office of the Bank or Registrar & Share Transfer Agent of the Bank: M/s. Link Intime India Pvt Ltd., Coimbatore, for further information in this regard. The Shareholders of the Bank who have not dematerialized their share so far may approach any of the Depository Participants of National Securities Depository Ltd. (NSDL) or Central Depository Services (India) Ltd. (CDSL) through depository participants for dematerializing their shareholding.

## RECONCILIATION OF SHARE CAPITAL AUDIT

The Bank has complied with SEBI requirements with regard to reconciliation of share capital audit for the purpose of reconciliation of the total admitted capital in physical mode as also with both the Depositories NSDL & CDSL. The total issued and listed capital of the Bank and in respect of other matters covered under the directions of SEBI by the statutory/Secretarial auditors of the Bank. Quarterly compliance reports have been submitted to the exchanges in this regard.

## REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd., Surya 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028 was appointed as the new Registrar & Share Transfer Agent (RTA) of the Bank, with effect from December 01, 2020, in place of S.K.D.C Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006. The shareholders may lodge their requests/ complaints either with the Registrar & Share Transfer Agents or with the Bank in the following address:

Link Intime India Pvt. Ltd,  
Surya 35, May Flower Avenue,  
Behind Senthil Nagar,  
Sowripalayam Road, Coimbatore - 641028,  
Tel : 0422 - 2314 792, 2315 792  
Fax: 022-49186060  
Email : coimbatore@linkintime.co.in

The Company Secretary,  
CSB Bank Limited,  
"CSB Bhavan", P. B. No. 502,  
St. Mary's College Road,  
Thrissur - 680 020.  
Ph: 0487 - 2333020  
Fax: 0487 2338764  
E-mail: investors@csb.co.in

## SHARE TRANSFER SYSTEM:

M/s. Link Intime India Pvt. Ltd., the Registrar & Share Transfer Agents looks after the share transfer system in the Bank. Further, the Board delegated the authority for approving transfer, transmission, etc. of the Bank's securities to the Stakeholders' Relationship Committee of the Board.

Pursuant to the Ministry of Corporate Affairs (MCA) Notification regarding Companies (Prospectus and allotment of securities) 3rd Amendment Rules, 2018 dated 10th September, 2018, the Bank will not permit transfer of shares in physical form with effect from October 2, 2018. Further, Securities and Exchange Board of India has barred physical transfer of shares of listed companies effective from April 01, 2019 and mandated the share transfer only through Electronic Mode. Subsequently, Securities and Exchange Board of India, vide circular dated September 7, 2020, permits re-lodgment of transfer deeds with a cut-off date of March 31, 2021 for those shareholders whose transfer deeds were lodged prior to deadline of April 01, 2019 and rejected / returned due to deficiency in the documents. The shares that are re-lodged for transfer (including those request that are pending with the listed company / RTA, as on date) shall be issued only in demat mode. However the above decision does not prohibit the investor from holding the shares in physical form; investor has the option of holding shares in physical form even after October 2, 2018/ April 01, 2019 as the case may be. Also the Board decision is not applicable for transmission (i.e. transfer of title of shares by way of inheritance / succession) and transposition (i.e. re-arrangement/interchanging of the order of name of

shareholders) cases. Subject to the above, the request for transfer /transmission/ transposition, etc., as and when received, are duly processed and shares in respect of valid share transfer instruments are transferred in the names of transferees complying with rules in force.

The Bank obtains half yearly certificate of compliance with the share transfer formalities as required under Regulation 40 (10) of the Listing Agreement with Stock Exchanges from a Company Secretary in Practice, and files a copy of the certificate with the Stock Exchanges where Bank's shares are listed.

## DISCLOSURES UNDER THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL), ACT, 2013

Every staff of the Bank have the right to be treated with dignity and respect. Bank has no lenience towards women harassment at workplace and the same is strictly prohibited as it may perhaps lead to a vicious act. In order to safeguard harmless workplace for the women employees in the Bank, a policy on "Prevention, Prohibition and Redressal of sexual harassment of women employees at workplace and Redressal of Complaints of sexual harassment" has been formulated. As per Section 4 of "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act- 2013", the Bank constitutes an Internal Complaints Committee to preclude Women harassment at workplace to provide them with better atmosphere.

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

|                                                                        |     |
|------------------------------------------------------------------------|-----|
| Number of complaints pending as on the beginning of the financial year | Nil |
| Number of complaints of sexual harassment received in the year         | Nil |
| Number of complaints disposed off during the year                      | Nil |
| Number of complaints pending as on the end of the financial year       | Nil |
| Number of cases pending for more than ninety days                      | Nil |
| Remedial measures taken by the company                                 | NA  |
| No of workshops or awareness programme against sexual harassment       | 15  |
| Nature of action taken by employer/district officer                    | NA  |

## OTHER DISCLOSURES

### a) Related party transactions

All transactions with related parties were entered in the books as prescribed during the financial year was in the ordinary course of business only. However, there were no absolute comparable data available to compare the terms of contracts or arrangements so as to establish such transactions were on arm's length basis, the Bank decided to consider such contracts or arrangements as related party transactions and obtained requisite approvals for the said transactions as prescribed in the section 188 of the Companies Act, 2013, as amended and Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, SEBI LODR Regulations and further reported the same as related party transactions.

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

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

Details of related party transaction in terms of AS - 18 entered into during the FY 2020 - 21 are given in notes to the financial statements.

### b) Whistle Blower Policy/Vigil Mechanism:

The Bank put in place a 'Whistle Blower Policy/ Vigil Mechanism' in compliance of the provisions of Regulations 4(2) (d) and 22 of the SEBI LODR Regulations, the Companies Act, 2013 and SEBI

(Prohibition of Insider Trading) Regulations, 2015 as amended. 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. The details of the Whistle Blower Policy is available on the website of the Bank <https://csb.co.in/pdf/WhistleBlowerPolicy.pdf>

### c) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity:

Not applicable. The Bank has not yet issued GDRs/ ADRs and hence the same is not applicable in the Bank's case.

The Bank does not have any outstanding Warrants or any other convertible instruments as on March 31, 2021.

### d) Plant Locations:

As the Bank is engaged in the business of Banking/ Financial Services, this is not applicable in the Bank's case. However, the Bank has 512 Branches (including three Service and Asset Recovery Branches, each) and 318 ATMs as on 31<sup>st</sup> March 2021.

### e) Commodity Price Risks and Commodity hedging activities:

Risk is an integral part of the banking business and the Bank's aim is to maintain portfolio quality by making appropriate risk/reward trade-offs. Key risks that the Bank is exposed to are credit, concentration, market, country exposure, liquidity, operational and reputation risk. The Board of Directors of the Bank has oversight of all the risk assumed by the Bank and has delegated its power to manage risk to Risk Management Committee (RMC) of the Board. The Bank does not have direct exposure on any commodities. The Bank has exposure to borrowers which are secured against various commodities.

**f) Certificate under Regulation 34(3) of Listing Regulations:**

Pursuant to the Regulation 34(3) read with Schedule V of the Listing Regulations, a certificate has been obtained from "M/s. SVJS & Associates", Company Secretaries, Kochi, confirming that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of the Companies either by Securities and Exchange Board of India or the Ministry of Corporate Affairs or any other Statutory Authorities.

**g) Fees paid to Statutory Auditors and all entities in the network firm/network entity of which the statutory auditor is a part:**

The total fees incurred by the Bank for services rendered by Statutory Auditors are given below:

| Fee paid (excluding taxes)                   | Amount (in ₹)      |
|----------------------------------------------|--------------------|
| Statutory Audit/Limited review               | 1,07,00,000        |
| Certification and other attestation services | 26,25,000          |
| Out of Pocket expenses                       | 3,54,750           |
| <b>Total</b>                                 | <b>1,36,79,750</b> |

**h) Details of utilization of funds:**

During the year under review, there were no preferential allotment or qualified institutional placement as specified under Regulation 32(7A) of the SEBI LODR Regulations.

**i) Policies of the Bank:**

As a part of good Corporate Governance, the Bank has adopted various policies/codes from time to time which are hosted on the website of the Bank at <https://csb.co.in/investor-relations>

**j) Disclosure of the compliance with corporate governance requirements specified in regulations 17 to 27 and clause (b) to (i) of sub regulation (2) of Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

All disclosures in compliance with the Corporate Governance requirement specified in regulation 17 to 27 and clause (b) to (i) of sub regulation (2) of Regulation 46 to the extent applicable are hosted in Banks' website [www.csb.co.in](http://www.csb.co.in) and have complied with the said regulations.

**k) Accounting Policy**

The significant accounting policy of the Bank is mentioned in Schedule 17 of the financial statements. There is no change in the accounting policy having financial impact during the FY 2020-21.

**l) Strictures and Penalties**

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.

**GOVERNANCE CODES**

**Declaration of Compliance with the Code of Conduct**

The Bank has adopted a 'Code of Conduct and Ethics for Board of Directors and Senior Management Personnel of the Bank' which is applicable to the Board of Directors and Senior Management personnel of the Bank. The code requires Directors and Senior Management Team members to act honestly, fairly, ethically and with integrity, conduct themselves in professional, courteous and respectful manner.

All the Directors and Senior Management personnel have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors. An annual confirmation of the Code of Conduct is taken from all the Directors and Senior Managerial Personnel to whom the Code applies. MD & CEO's affirmation that the Code of Conduct has been complied with by the persons covered under the Code is given at the end/part of this report.

**CONFLICT OF INTERESTS**

Each Director informs the Company on an annual basis about the Board and the Committee positions he occupies in other companies including Chairmanships and notifies changes during the year. The members of the Board while discharging their duties, avoid conflict of interest in the decision making process. The Members of Board restrict themselves from any discussion and voting in transactions in which they have concern or interest.

**COMPLIANCE WITH SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015**

The Bank had adopted a "Code of Conduct- Prohibition of Insider Trading Policy" in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons. The code is applicable to promoters and promoter's Group, all Directors and such designated persons who are expected to have access to unpublished price sensitive information relating to the Bank.

The Code requires that trading by Designated Persons and their Immediate Relatives shall be subject to pre-clearance by the Compliance Officer, if the value of the proposed trade(s) is above a minimum threshold limit of ₹ 10,00,000/- (Rupees Ten Lakh) in value (either in one transaction or series of transaction) over any calendar year/ quarter, or such other limits as the Board may

stipulate. This is a mandatory requirement even when the trading window is open. Further it prohibits the purchase or sale of Bank's securities by the Promoters, Directors, KMPs, Auditors, Designated Persons & their immediate relatives and other Connected Persons of the Bank while in possession of UPSI in relation to the Bank. Further, the trading window for dealing in shares of the Bank has been closed for the Promoters, Directors, KMPs, Auditors, Designated Persons & their immediate relatives, other Connected Persons of the Bank and the details of Trading Window closure were as under:

| Trading Window Closure Period        | Purpose of closure of Trading Window                                                                                                   |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| April 01, 2020 to June 17, 2020      | For announcement/declaration of the Audited Financial Results of the Bank for the quarter and financial year ending on March 31, 2020. |
| July 01, 2020 to August 21, 2020     | For announcement/declaration of the unaudited financial results of the Bank for the quarter ending on June 30, 2020                    |
| October 01, 2020 to October 21, 2020 | For announcement/declaration of the unaudited financial results of the Bank for the quarter and half year ending on September 30, 2020 |
| January 01, 2021 to January 21, 2021 | For announcement/declaration of the unaudited financial results of the Bank for the quarter and nine months ended on December 31, 2020 |
| April 01, 2021 to May 11, 2021       | For announcement/declaration of the Audited Financial Results of the Bank for the quarter and financial year ending on March 31, 2021  |

The Company Secretary is the Compliance Officer for monitoring adherence to the said regulation.

The Bank has also formulated 'The Code of Practices and procedures for fair disclosure of Unpublished Price Sensitive Information' in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 and this code is displayed on the Bank's website viz., [www.csb.co.in](http://www.csb.co.in).

#### DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the Bank has Board approved "Dividend Distribution Policy". The Policy has been displayed on the website of the Bank [https://www.csb.co.in/pdf/CSB\\_Dividend\\_Policy.pdf](https://www.csb.co.in/pdf/CSB_Dividend_Policy.pdf). The Bank shall declare dividend only after ensuring compliance with the Banking Regulation Act, 1949, various regulatory guidelines on dividend declaration issued by RBI from time to time, the provisions of the Companies Act, 2013 and the rules made there under, Listing Regulations, as amended to the extent applicable for Banking Companies.

#### UNCLAIMED DIVIDEND

As per the provisions of Section 124 (5) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, the Bank is statutorily required to transfer to the Investor Education & Protection Fund ('IEPF'), established by the Central Government, all dividends remaining unpaid/unclaimed for a period of 7 years, from the date of such transfer to the unclaimed dividend account. Once such amounts are transferred to IEPF, no claim of the shareholder shall lie against the Bank.

All dividends remaining unclaimed/unpaid upto and including for the financial year 1993-94 have been transferred to the General Revenue Account of the Central Government. Unpaid/unclaimed dividends for the financial years 1994-95 to 2012-13 have been transferred to Investor Education and Protection Fund (IEPF). No claim shall lie against the Bank for unpaid/unclaimed dividends once such dividends have been transferred.

The unclaimed dividends amount of ₹ 1,417,817/- for FY 2012-13 have been transferred to Investor Education and Protection Fund (IEPF) on October 30, 2020.

The unclaimed dividend and the respective shares for the financial year 2013-14 needs to be transferred to IEPF Authority after the due date i.e., October 28, 2021. The details of unclaimed dividends for the financial year 2013-14 and the last date for claiming such dividends are given below:

| Financial Year | Unclaimed amount in (₹) | Date of declaration of dividend | Last date for claiming dividend |
|----------------|-------------------------|---------------------------------|---------------------------------|
| 2013-14        | 10,91,195/-             | 26.09.2014                      | 27.10.2021                      |

In terms of Rule 5(8) of IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Bank has uploaded the information regarding unclaimed dividend due to be transferred to Investor Education Protection Fund (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.

Bank has not declared any dividend since the financial year 2014-15.

#### TRANSFER OF SHARES TO IEPF AUTHORITY

In terms of the provisions of the Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended and other applicable rules, notifications and circulars, if any, every company is required to transfer the shares, in respect of which

dividend remains unpaid / unclaimed for a period of seven (7) consecutive years or more to the Investor Education Protection Fund (IEPF) Authority. Subsequent to such transfer of shares to "IEPF Authority", all future benefits which may accrue, on these shares, including future dividend, will be credited to the said IEPF Authority only.

As per the said Rules, Bank is required to transfer all shares in respect of which dividend has been unclaimed by the shareholders for FY 2013-14, subject to the requirements of non-claiming of dividend for a period of seven consecutive years. Bank will be sending individual communication to the concerned shareholders whose shares are liable to be transferred to IEPF Authority for taking appropriate action and submitting requisite documents to claim the unclaimed dividend amount.

Pursuant to the IEPF Rules, 104,932 shares in respect of which unclaimed/unpaid dividend was not claimed from 2012-13 for seven consecutive years were transferred to IEPF Authority Ministry of Corporate Affairs Account (IEPF) on November 17, 2020, bearing demat account no. 1204720013676780 which is opened with Central Depository Services (India) Limited (CDSL) with Depository Participant at SBICAP Securities Limited.

The information pertaining to unpaid/unclaimed dividends for last seven years and the details of such members whose unclaimed dividend/shares have been transferred to IEPF Authority is also available on the Bank's website [www.csb.co.in](http://www.csb.co.in).

### Intimation to the Shareholders for claiming of dividends

Reminders to encash the unclaimed dividend on shares are sent to the relevant shareholders at regular intervals as required.

### UNCLAIMED SHARE APPLICATION MONEY

Unclaimed Share application money in respect of Rights issue 2013 and allotment completed on March 30, 2013 was due for transfer to the Investor Education and Protection Fund on March 30, 2020, as per provisions of the Section 125(2)(h) of the Companies Act, 2013. To comply with the above requirements, the Bank on April 3, 2020 transferred ₹ 1,18,260/- to the Investor Education and Protection Fund, being the unclaimed share application money in respect of Rights Issue 2013. The applicants/members may claim for refund of the application money by making an application to IEPF authority as per the procedure prescribed in the IEPF Rules.

### GUIDELINES FOR CLAIMING REFUND OF SHARES TRANSFERRED TO INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY

Pursuant to Section 124(6) of the Companies Act, 2013 read with Rule 7 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, all shares in respect of which dividend has not been paid or claimed for seven consecutive years

or more shall be transferred by the Bank in the name of Investor Education and Protection Fund.

Any person whose shares have been transferred as per the above provision, can make an application for refund of shares by filing Form IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) along with fee specified by the Authority. Claimants are requested to read the instructions provided in the website (instruction kit for filing e-Form IEPF-5) which includes the steps to file the e-form IEPF-5.

On successful submission of the Form, an Acknowledgement/challan will be generated indicating the SRN. Claimants may please note the SRN for future tracking of the form.

The claimant has to send the print out of duly filled and uploaded claim form IEPF-5; with claimant signature and if joint holders are involved then the Form should be signed by all the joint holders, copy of acknowledgement generated after uploading the claim Form IEPF-5, Indemnity Bond (original) with claimant signature, Advance Stamped receipt (original) with signature of claimant and two witnesses along with other necessary documents as prescribed by the Authority to the Nodal Officer (IEPF) of the Bank at its registered office in an envelope marked "Claim for refund from IEPF Authority" for initiating the verification for claim.

The general information about the Bank required for filing the Form are given below;

|     |                                                   |                                                                                                                                                   |
|-----|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) | Name of the Nodal Officer                         | Shri. Sijo Varghese                                                                                                                               |
| (b) | Corporate Identification Number (CIN) of the Bank | L65191KL1920PLC000175                                                                                                                             |
| (c) | Address of registered office of the Bank          | CSB Bhavan,<br>Post Box No. 502, St. Mary's College Road,<br>Thrissur - 680 020, Kerala, India.<br>Telephone: 0487 2333 020<br>Fax: 0487 2338 764 |
| (d) | E-mail ID of the Bank                             | investors@csb.co.in                                                                                                                               |

### UPDATION OF PERMANENT ACCOUNT NUMBER (PAN) AND BANK DETAILS

The Securities and Exchange Board of India vide its Circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 has mandated submission of Permanent Account Number (PAN) and bank account details by every participant in securities market. Accordingly, Members holding shares in physical form are requested to submit self-attested copy of the PAN Card(s) and any one of the Officially Valid Documents (OVD), cancelled cheque leaf where an active Bank account is maintained to the Bank's Registrars and Transfer Agents: Link Intime India Pvt. Ltd., Surya 35, May

Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028. Further members holding shares in electronic form are requested to submit their copy of the PAN Card(s) and Bank Account Details to their Depository Participants with whom they are maintaining their demat accounts.

#### **DISCLOSURE UNDER REGULATION 39(4) OF THE SEBI LISTING REGULATIONS**

Regulation 39(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, inter alia requires every listed company to comply with certain procedures while dealing with securities issued pursuant to the public issue or any other issue, physical or otherwise, which remain unclaimed and/or are lying in the escrow account, as applicable.

Bank had initiated and completed the action as specified under Regulation 39(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Schedule VI, in respect of share certificates of the shares which were allotted prior to its listing of shares on the stock exchanges on December 4, 2019 and returned as undelivered and lying unclaimed.

As on March 31, 2020, 17,708 shares underlying in 166 share certificates of equal number of shareholders are

lying as unclaimed with Registrar & Share Transfer Agents of the Bank. No shares of the Bank were lying unclaimed in demat form as on said date.

As per the Schedule VI of the regulations, the Bank had sent three reminders in the manner prescribed, advising them to claim the same by writing to the Bank/Registrar & Share Transfer Agents of the Bank. Accordingly, 71 shareholders had claimed their share certificates and all the cases were returned after completing the formalities.

The Bank on September 28, 2020, transferred the remaining 9,966 shares underlying in 95 certificates into one folio in the name of 'CSB Bank Limited-Unclaimed Suspense Account', and dematerialised in the manner as provided in the regulation and the demat account is maintained with 'Stock Holding Corporation Of India Ltd'.

The disclosure in terms of Regulation 39(4) and Schedule VI of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below. Holding of shares in 'Unclaimed Suspense Account', is subject to Sections 124(5) and 124(6) of the Companies Act, 2013 in the matter of transfer of unpaid or unclaimed dividend and shares underlying thereon.

| Sl. No. | Particulars                                                                                                                            | Number of Shareholders | No. of shares |
|---------|----------------------------------------------------------------------------------------------------------------------------------------|------------------------|---------------|
| 01      | Number of shareholders and the outstanding shares as on 01 <sup>st</sup> April 2020                                                    | NIL                    | NIL           |
| 02      | Aggregate Number of shareholders and the outstanding shares transferred during the financial year to Unclaimed Suspense Account        | 95                     | 9966          |
| 03      | Less: No. of shareholders who approached the Bank for transfer of shares and to whom shares were transferred during the fiscal 2020-21 | 1                      | 100           |
| 04      | Less: No. of Shares transferred to the IEPF authority in terms of Section 124(6) of the Companies Act, 2013                            | 0                      | 0             |
| 05      | Aggregate Number of shareholders and the outstanding shares as on 31st March 2021 in the Unclaimed Suspense Account                    | 94                     | 9,866         |

The voting rights on the above mentioned 9,866 shares shall remain frozen till the rightful owner of such shares claims the same.

### LISTING AGREEMENT WITH STOCK EXCHANGES

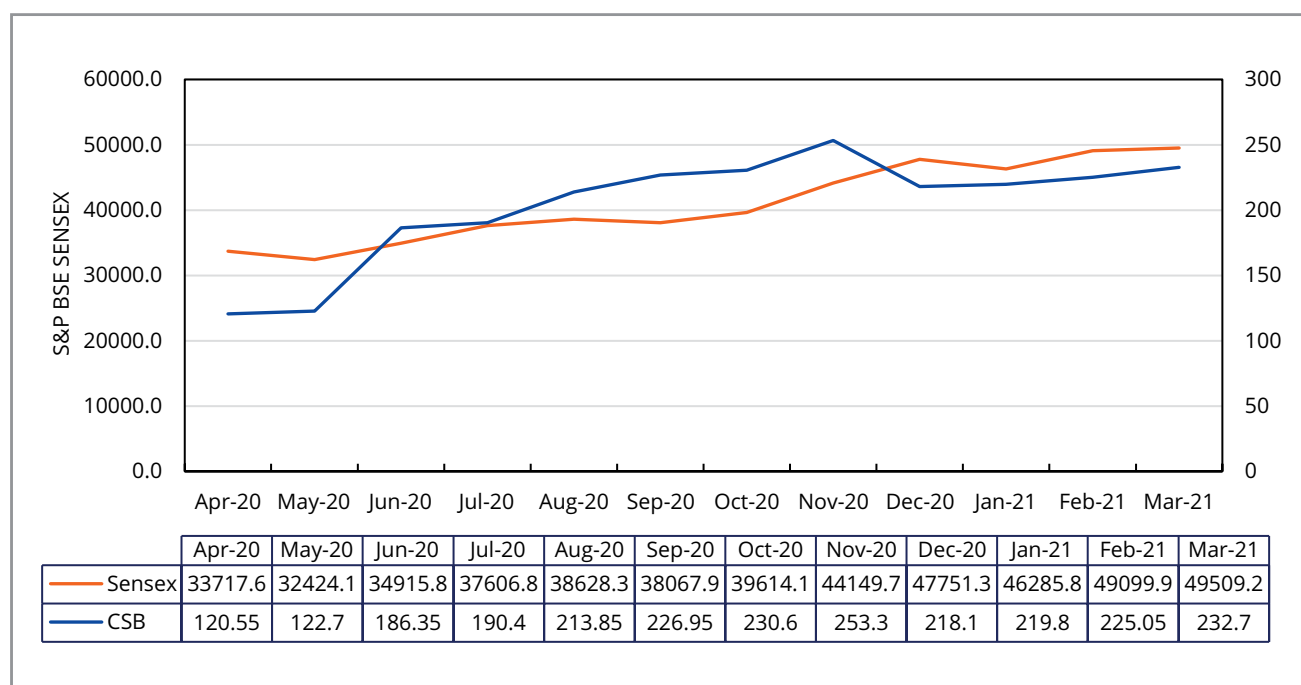
Bank's shares were listed on the exchanges with effect from December 4, 2019 and the listing fees payable to the Stock Exchanges for the financial year 2021-22 have already been paid.

### STOCK MARKET PRICE DATA OF BANK'S SHARES

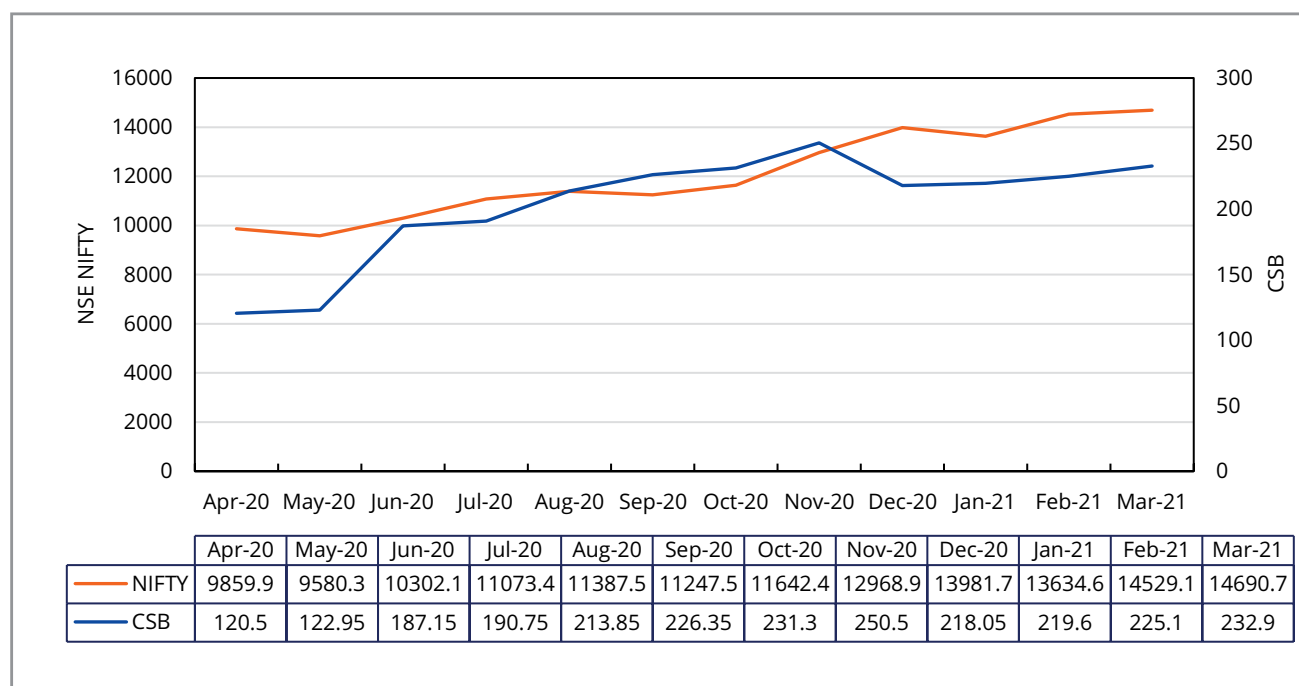
The monthly high and low prices of the Bank's shares traded on the National Stock Exchange of India Ltd. (NSE), Mumbai and BSE Ltd. (BSE), Mumbai during the period April 1, 2020 to March 31, 2021 are as under:

| Month          | BSE    |        | NSE    |        |
|----------------|--------|--------|--------|--------|
|                | High   | Low    | High   | Low    |
| April 2020     | 128.05 | 108.30 | 128.80 | 107.05 |
| May 2020       | 126.05 | 110.10 | 126.30 | 110.55 |
| June 2020      | 195.00 | 123.00 | 195.25 | 123.05 |
| July 2020      | 203.80 | 172.80 | 204.00 | 172.65 |
| August 2020    | 245.00 | 187.55 | 245.35 | 186.45 |
| September 2020 | 245.00 | 204.70 | 245.00 | 203.90 |
| October 2020   | 249.30 | 219.00 | 249.85 | 221.65 |
| November 2020  | 269.90 | 229.40 | 268.40 | 227.55 |
| December 2020  | 269.00 | 197.05 | 249.90 | 193.20 |
| January 2021   | 243.75 | 215.05 | 243.70 | 213.80 |
| February 2021  | 234.20 | 215.60 | 234.50 | 215.10 |
| March 2021     | 279.75 | 224.00 | 280.00 | 224.00 |

### PERFORMANCE OF THE CSB BANK EQUITY SHARES RELATIVE TO S&P BSE SENSEX FROM APRIL 1, 2020 AND UP TO MARCH 31, 2021.



**PERFORMANCE OF THE CSB BANK EQUITY SHARES RELATIVE TO NSE NIFTY FROM APRIL 1, 2020 AND UP TO MARCH 31, 2021.**



**FINANCIAL CALENDAR FOR PUBLICATION OF FINANCIAL RESULTS: 1ST APRIL 2020 TO 31ST MARCH 2021**

| Quarter ending | Date of approval | Quarter ending | Date of approval |
|----------------|------------------|----------------|------------------|
| 30.06.2020     | 19.08.2020       | 31.12.2020     | 19.01.2021       |
| 30.09.2020     | 19.10.2020       | 31.03.2021     | 08.05.2021       |

**MEANS OF COMMUNICATION**

After the approval of Quarterly/Yearly Financial Results ('Results') by the Board of Directors, the same are being disclosed to the Stock Exchange/s, formal presentations are made to analysts by the Management and the same is also placed on the Bank's website at [www.csb.co.in](http://www.csb.co.in).

The results are communicated through newspaper advertisements, press releases and by posting information on the Bank's website. Results are generally published in the Business Standard and Malayalam Daily "Deepika" on the next day of results declaration.

The Bank conducts meetings/call with Institutional Investors and Analysts in every quarter, after the results are declared. The Investors Presentations and transcript of the Institutional Investors and Analysts call are uploaded in the Bank's website [www.csb.co.in](http://www.csb.co.in) and also submitted to the stock exchanges. The Bank has recently started uploading of the audio recordings of the Institutional Investors and Analysts meetings/call in the Bank's website [www.csb.co.in](http://www.csb.co.in), with a reporting of the same to the stock exchanges.

The results, Annual Report including the Notice and Explanatory Statement are also displayed on the Bank's website at [www.csb.co.in](http://www.csb.co.in).

**COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES:**

To monitor Foreign Exchange risk, Bank has envisaged Forex VaR and AGL which are being monitored on daily basis by Market Risk department. Bank also has Investment, Forex policy to define and regulate Forex operations taken up by the Bank and different levels of limits are given in it. Treasury also monitors foreign assets liabilities gap to hedge it in the market. Bank hedges its foreign currency position using derivatives including mainly SWAPs and outright Forwards. Bank is not involved in commodity trading and its hedging activities.

**MD & CEO/CFO CERTIFICATION**

The certification by Managing Director & CEO and Chief Financial Officer pursuant to the Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.

Further, in terms of Regulation 36 of the Listing Regulations, MCA circular dated January 13, 2021 SEBI Circular dated January 15, 2021, the listed entity is required to send soft copies of its Annual Report to all those shareholder(s), who have registered their email address for this purpose. Accordingly, the documents including the notice and explanatory statement of 100<sup>th</sup> Annual General Meeting, Annual Report of the Bank for the financial year 2020-21 including Audited Financial Statements, Directors' Report, Auditors' Report etc., for the year ended March 31, 2021, are being sent to the e-mail address registered with their Depository Participant (DP)/Registrar/Bank. The e-mail addresses indicated in respective DP accounts which will be periodically downloaded from NSDL/CDSL will be deemed to be their registered e-mail address for serving notices/documents including those covered under Section 136 of the Companies Act, 2013. In case a Member, whose email address has changed, fails to update this new e-mail address, the said documents will be sent to the existing e-mail address and the said documents will be deemed to have been delivered, in compliance with the relevant provisions of the Companies Act, 2013, the relevant Rules made there under and the Listing Regulations. Members who have not yet registered their email address have been requested to do so, at the earliest. In case of shares held in electronic form and in case of any change in the email address, Members have been requested to update the same with their DP and in case of shares held in Physical form, Members have been requested to update the same with the Registrar/Company.

Shareholders have been requested on several occasions to update their e-mail IDs in their folio/demat a/c to help accelerate the Bank's migration to paperless compliances. The Bank seeks your support to the said green initiatives, as it is designed to protect the fragile environment.

#### COMPLIANCE WITH MANDATORY REQUIREMENTS

The Bank's shares were listed on the Stock Exchanges on December 4, 2019. The Bank has complied with all mandatory recommendations prescribed in Listing Agreement/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the date of listing or from the respective date of applicability of the same in

the Bank's case, whichever is earlier. A certificate to this effect issued by M/s SVJS & Associates, Practicing Company Secretaries, Kochi is annexed.

#### COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

In addition to the Mandatory Requirements, your Bank has ensured the implementation of the non-mandatory requirements as suggested in Regulation 27 read with Part E of Schedule II of the Listing Regulations.

##### 1. The Board

Part-time Chairman is entitled to maintain his office at the administrative/other office space of the Bank which is at the expenses of the Bank, though no office has been specifically allotted to the present chairman. Part-time Chairman is entitled and allowed for reimbursement of expenses incurred in performance of his duties.

##### 2. Shareholders' rights

The Bank publishes its financial result once approved by the Board of Directors to the Stock Exchanges within 30 minutes (under Regulation 30 of the Listing Regulations) of the conclusion of the agenda/meeting. The same are also available on the websites of the Stock Exchanges.

Quarterly/Annual Financial statements are also published in the Newspapers and uploaded in the Bank's website. Shareholders/Investor presentations on Quarterly /Annual financial statements are uploaded in the Bank's website and intimated to Stock Exchanges and where shares of the Bank are listed.

##### 3. Unmodified audit opinion /reporting

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

##### 4. Reporting of Internal Auditor:

The Internal Auditor directly reports to the Audit Committee of the Board.

#### 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/ Bank's Registrars and Transfer Agents (RTAs).

Pursuant to Regulation 6(2)(d) Listing Regulations, Bank has created a separate e-Mail ID viz. investors@csb.co.in for redressal of Investor Complaints and Grievances.

## GENERAL INFORMATION FOR SHAREHOLDERS

|                                                                        |                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial Calendar                                                     | 01.04.2020– 31.03.2021                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                    |
| Date of the Board Meeting at which the final accounts were approved    | May 8, 2021                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                    |
| Dividend                                                               | NIL. Board has not recommended dividend for the financial year 2020-21                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                    |
| 100 <sup>th</sup> Annual General Meeting                               | Date :                                                                                                                                                                                                                                                                                                                                                   | August 12, 2021                                                                                                                                                                                                                                                                                    |
|                                                                        | Day :                                                                                                                                                                                                                                                                                                                                                    | Thursday                                                                                                                                                                                                                                                                                           |
|                                                                        | Time :                                                                                                                                                                                                                                                                                                                                                   | 11:00 AM                                                                                                                                                                                                                                                                                           |
|                                                                        | Venue/ Virtual meeting                                                                                                                                                                                                                                                                                                                                   | The Bank is conducting meeting through VC / OAVM pursuant to the MCA Circulars dated May 5, 2020 and January 13, 2021, SEBI Circulars dated May 12, 2020 and January 15, 2021 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM. |
| Date of the Book Closure                                               | August 06, 2021 to August 12, 2021                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                    |
| Listing on Stock Exchanges                                             | <ol style="list-style-type: none"> <li>1. The National Stock Exchange of India Ltd.<br/>Exchange plaza, 5th floor,<br/>Bandra-kurla Complex,<br/>Bandra (E), Mumbai 400051.</li> <li>2. BSE Ltd.<br/>Phiroze Jeejeebhoy Towers,<br/>Dalal Street,<br/>Mumbai 400001.</li> </ol>                                                                          |                                                                                                                                                                                                                                                                                                    |
| Date of Listing                                                        | December 04, 2019                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                    |
| Stock Code                                                             | NSE : CSBBANK<br>BSE : 542867                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                    |
| Corporate Identity Number (CIN).                                       | L65191KL1920PLC000175.                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                    |
| ISIN                                                                   | INE679A01013                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                    |
| Credit Rating                                                          | CRISIL has reaffirmed the rating 'CRISIL A1+' to the ₹ 2,000 crore Certificate of Deposits Programme and ₹ 2,000 crore Short Term Fixed Deposits Programme of the Bank.<br><br>CRISIL, vide letter dated June 3, 2021 has assigned 'CRISIL A /Stable' rating to the proposed ₹ 500 Crore Tier II, Basel III compliant bonds issue Programme of the Bank. |                                                                                                                                                                                                                                                                                                    |
| Bank's Address for correspondence / Address of the Compliance Officer. | Mr. Sijo Varghese,<br>Company Secretary,<br>CSB Bank Limited,<br>"CSB Bhavan", Post Box No. 502,<br>St. Mary's College Road,<br>Thrissur 680 020, Kerala.<br>Phone No.: +91 487 2333 020<br>Fax: +91 487 2338 764<br>Email: board@csb.co.in<br>Website: www.csb.co.in                                                                                    |                                                                                                                                                                                                                                                                                                    |
| Address of the Registrars & Share Transfer Agents of the Bank.         | Link Intime India Pvt. Ltd.<br>Surya 35, May Flower Avenue,<br>Behind Senthil Nagar,<br>Sowripalayam Road, Coimbatore - 641028.<br>Tel : 0422 – 2314 792, 2315 792:<br>Fax : 022-49186060<br>Email : coimbatore@linkintime.co.in                                                                                                                         |                                                                                                                                                                                                                                                                                                    |

By Order of the Board

Sd/-

**Madhavan Aravamuthan**

Chairman

(DIN: 01865555)

Place: Thrissur

Date : July 05, 2021

## AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT

I, C.VR. Rajendran, Managing Director & CEO hereby declare that the Bank's Code of Conduct and Ethics for Board of Directors and Senior Management Personnel of the Bank has been accepted and the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management as required under Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on "Corporate Governance".

Place: Thrissur  
Date : July 05, 2021

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

## CEO / CFO CERTIFICATION

We, C. VR. Rajendran, Managing Director & CEO and B K Divakara, Chief Financial Officer, of CSB Bank Limited hereby certify that:

- (A) We have reviewed financial statements for the 12 months ended 31.03.2021 and that to the best of our knowledge and belief:
  - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) 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 period 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 we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
- (D) We have indicated to the auditors and the Audit Committee :
  - (1) there has not been any significant changes in internal control over financial reporting during the period;
  - (2) there has not been any significant changes in accounting policies during the period except accelerated provisioning for NPA; and
  - (3) 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/-

**B. K. Divakara**  
Chief Financial Officer

Sd/-

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

Place: Thrissur  
Date : May 08, 2021

## CERTIFICATE ON CORPORATE GOVERNANCE

To the members of **CSB BANK LIMITED**

We have examined the compliance of conditions of Corporate Governance by **CSB BANK LIMITED [CIN: L65191KL1920PLC000175]** having its registered office at Head Office, "CSB Bhavan", Post Box No.502, St. Mary's College Road, Thrissur -680020 for the year ended **31<sup>st</sup> March, 2021** as stipulated in Regulation 17 to 27 and clause (b) to (i) of Regulation 46 (2), Schedule V and Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated above. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2021.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For SVJS & Associates**  
Company Secretaries

Sd/-

**CS Vincent P.D.**

Managing Partner

CP No.: 7940, FCS: 3067

**UDIN: F003067C000430802**

Place: Kochi

Date: June 08, 2021

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34 (3) and Schedule V Para C Clause (10) (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members  
**CSB Bank Limited**  
Head Office, "CSB Bhavan"  
Post Box No.502,  
St.Mary's College Road  
Thrissur-680020  
Kerala

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **CSB Bank Limited** having CIN: **L65191KL1920PLC000175** and having registered office at Head Office, "CSB Bhavan", Post Box No.502, St.Mary's College Road, Thrissur-680020, Kerala (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and its officers, the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31<sup>st</sup> March, 2021** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such Statutory Authority.

| Sl. No. | Name of Director              | DIN      | Date of appointment in Company |
|---------|-------------------------------|----------|--------------------------------|
| 1       | Mr.Madhavan Menon Karunakaran | 00008542 | 03.09.2018                     |
| 2       | Mr.Rajendran Chinna Veerappan | 00460061 | 24.11.2016                     |
| 3       | Mr.Thomas Mathew*             | 01277149 | 24.04.2017                     |
| 4       | Mr.Aravamuthan Madhavan       | 01865555 | 13.12.2018                     |
| 5       | Ms.Bhama Krishnamurthy        | 02196839 | 03.09.2018                     |
| 6       | Mr.Syed Nagoor Ali Jinnah#    | 05238633 | 06.03.2019                     |
| 7       | Mr.Sumit Maheshwari           | 06920646 | 03.09.2018                     |
| 8       | Mr.Sudhin Bhagwandas Choksey  | 00036085 | 30.03.2021                     |
| 9       | Ms.Sharmila Abhay Karve       | 05018751 | 20.07.2020                     |

\* Mr.Thomas Mathew retired from the board on 25.09.2020

# Mr.Syed Nagoor Ali Jinnah resigned from the board on 19.04.2021

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For SVJS & Associates**  
Company Secretaries

Sd/-

**CS Vincent P.D.**

Managing Partner

CP No.: 7940, FCS: 3067

**UDIN: F003067C000430824**

Place : Kochi  
Date : June 08, 2021

# INDEPENDENT AUDITOR'S REPORT

## To the Members of CSB Bank Limited

(formerly, The Catholic Syrian Bank Limited)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of CSB Bank Limited (formerly, The Catholic Syrian Bank Limited) (the 'Bank'), which comprise the balance sheet as at 31 March 2021, the profit and loss account, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

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 (the 'Act') 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 31 March 2021, and its profit and its cash flows for the year ended on that date.

#### BASIS OF OPINION

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion on the financial statements.

#### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Provisions on advances</b><br><b>Charge: INR 2,971,590 thousands for year ended 31 March 2021</b><br><b>Provision: INR 3,891,135 thousands at 31 March 2021</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <i>Refer to the accounting policies in "Note 3 to the Financial Statements: Significant Accounting Policies - Use of estimates" and "Schedule 9 and Schedule 5 to the Financial Statements: Advances and Other Liabilities and Provisions"</i>                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Subjective estimate</b><br><br>Provisions in respect of non-performing and restructured advances are made based on the policy approved by the Board of Directors of the Bank based on management's assessment of the degree of impairment of the advances subject to the minimum provisioning levels prescribed under the Prudential Norms on Income Recognition, Asset Classification & Provisioning, prescribed by the RBI from time to time.<br><br>The provision on non-performing assets (NPAs) are also based on the valuation of the security available. In case of restructured accounts, provision is made in accordance with the RBI guidelines. | Our key audit procedures included:<br><br>Design / controls <ul style="list-style-type: none"> <li>Assessing the design, implementation and operating effectiveness of key internal financial controls over monitoring of watch list loans, including monitoring process of overdue loans (and those which became overdue subsequent to the reporting date), measurement of provision, identification of NPA accounts, assessing the reliability of management information, which included overdue reports. Also, assessing how management has factored in the deterioration in the overall economic environment arising from COVID-19 in its NPA assessment.</li> <li>Understanding management's approach, interpretation, systems and controls implemented in relation to NPA computation.</li> </ul> |

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>We identified provision on advances as a key audit matter because of the management judgement involved in determining the provision and the valuation of the security available on NPAs, particularly on the Bank's gold advances portfolio and because of its significance to the financial results of the Bank.</p> <p>The Bank's advance portfolio majorly comprises of gold loans which are disbursed against the pledge of gold jewellery. Further, considering gold as the security, existence of gold, both physical security as well as purity, are considered to be critical focus areas for the Bank</p> <p>We have also identified the impact of, and uncertainty related to the COVID-19 pandemic as a key event and consideration for recognition and measurement of NPAs on account of greater levels of management judgement and therefore increased levels of audit focus in the Bank's estimation of provision for NPAs.</p> <p>Management has assessed the impact of COVID-19 on the loan portfolio in evaluating the need for recording additional provisions on loans at 31 March 2021.</p> | <ul style="list-style-type: none"> <li>For corporate loans, testing controls over the monitoring of the credit watch list, credit file review processes, approval of external collateral valuation vendors and review controls over the approval of significant individual impairments.</li> <li>Evaluating the design, implementation and operating effectiveness of key internal controls over the valuation of the securities for the NPAs and watch list cases.</li> <li>Testing of review controls over measurement of provisions including documentation of the relevant approvals along with basis and rationale of the provision and disclosures in financial statements.</li> <li>Involving information system specialist to gain comfort over data integrity and calculations, including system interface reconciliations</li> <li>Testing key controls operating over the information technology in relation to NPA systems, including system access and system change management, program development and computer operations.</li> <li>Understanding Bank's policy over appointment of external appraiser for gold loans and storage of pledged gold and assessing the design, implementation and operating effectiveness of key controls.</li> </ul> <p>Substantive tests</p> <ul style="list-style-type: none"> <li>Test of details over of calculation of NPA provisions, including provisions on restructured loans, as at the year-end for assessing the completeness, accuracy and relevance of data and to ensure that the same is in compliance with the Bank's NPA provision policy and Prudential Norms on Income Recognition, Asset Classification &amp; Provisioning and the Resolution Framework for COVID-19 related stress announced by the RBI .</li> <li>Testing a sample (based on quantitative and qualitative thresholds) of larger sized corporate clients where impairment indicators had been identified by management. Obtaining management's assessment of the recoverability of these exposures (including individual provisions calculations) and challenging whether individual impairment provisions, or lack of, were appropriate.</li> </ul> <p>This included the following procedures:</p> <ul style="list-style-type: none"> <li>Evaluating the statement of accounts, approval process, board minutes, credit review of customer, review of SMA reports and other related documents to assess recoverability and the classification of the facility.</li> <li>Assessing external collateral valuer's work and the results and comparing external valuations to values used in management's assessment.</li> </ul> |

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <ul style="list-style-type: none"> <li>For a selection of corporate loans not identified as displaying indicators of impairment by management, challenged this assessment by reviewing the historical performance of the customer and formed our own view whether any impairment indicators were present.</li> <li>For selection of samples for gold loans, inspected external appraiser's valuation report certifying the purity of the pledged gold and checked the quantity and weight mentioned in the valuation report</li> <li>Conducted physical visits for selection of branches for verifying the existence of pledged gold.</li> <li>Evaluating management rationale for the creation of additional provision reflecting impact of COVID-19 and testing the computation.</li> <li>Assessing the factual accuracy and appropriateness of the financial statements disclosures made by the Bank in context of impact of COVID-19 and restructured loans, including those required by RBI Guidelines issued from time to time.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <p><b>Information technology system and controls-</b></p> <p>The Bank's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Amongst its multiple IT systems, we scoped in systems that are key for the overall financial reporting.</p> <p>Further, the prevailing COVID-19 situation, has caused the required IT applications to be made accessible on a remote basis.</p> <p>We have identified 'IT systems and automated controls' as key audit matter because of considerable level of automation and number of systems being used by management.</p> | <p>We involved IT specialists, to cover the following key audit procedures:</p> <ul style="list-style-type: none"> <li>We focused on user access management, change management, segregation of duties, system interface/ reconciliation controls, system application controls, Information Provided by the entity (IPE) controls over key financial accounting and reporting systems.</li> <li>We tested a selection of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.</li> <li>We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.</li> <li>For a selected group of key controls over financial and reporting systems, we have performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process.</li> <li>We have also assessed other areas which include password policies, security configurations, system interface controls, controls over changes to applications and databases and controls to ensure that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.</li> </ul> |

| Key audit matter | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                  | <ul style="list-style-type: none"> <li>Based on the procedures performed above, we have identified areas where the Bank's general IT controls need improvement, particularly in relation to change management, user access rights and admin user rights/ activity review. As a consequence, the Bank identified compensating controls over these areas, and we performed a range of other procedures such as:</li> <li>Reconciliation of manual list vs list of changes from the respective vendors, backup files maintained by Bank, etc. to confirm the completeness and accuracy.</li> <li>Review of year end controls such as user access rights and admin user rights/ activity review performed by Management in March 2021</li> </ul> |

### INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Bank's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Bank's Annual report, but does not include the financial statements and our auditor's report thereon. The Bank's Annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Bank's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### MANAGEMENT'S AND THE BOARD OF DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Bank's management and the Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss 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, provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate

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

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

The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain

audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about

the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### OTHER MATTER

The comparative figures for the year ended 31 March 2020 provided in the financial statements have been audited by the predecessor auditor who expressed an unmodified opinion on those financial statements vide their Independent Auditor's Report dated 15 June 2020.

Our opinion on the financial statements is not modified in respect of this matter.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The balance sheet and the profit and loss account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act.

- A. 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; and
  - (c) since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. However, during the course of our audit, we have visited 20 branches.
- B. 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;
  - (c) 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;
  - (d) in our opinion, the aforesaid financial statements comply with the Accounting

Standards specified under Section 133 of the Act, to the extent they are not inconsistent with the accounting policies prescribed by the RBI;

- (e) on the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Act; and
- (f) with respect to the adequacy of the internal financial controls with reference to the financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'.

C. 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 as at 31 March 2021 on its financial position in its financial statements - Refer Schedule 12 and Note 5.7 to the financial statements;
- 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 Schedule 5 and Note 5.7 to the financial statements; and
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

D. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

The Bank is a banking company as defined under the Banking Regulation Act, 1949. Accordingly the requirements prescribed under Section 197 of the Act are not applicable.

For **B S R & Co. LLP**  
Chartered Accountants

ICAI Firm Registration No: 101248W/W-100022

Sd/-  
**Vaibhav Shah**  
Partner

Place : Mumbai  
Date : 08 May 2021

Membership No: 117377  
UDIN (21117377AAAABL6137)

## **Annexure A to the Independent Auditor's Report of even date on the financial statements of CSB Bank Limited (formerly, The Catholic Syrian Bank Limited) for the year ended 31 March 2021**

### **Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph (B)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

#### **OPINION**

WE HAVE AUDITED THE INTERNAL FINANCIAL CONTROLS WITH reference to financial statements of CSB Bank Limited (formerly, The Catholic Syrian Bank Limited) (the "Bank") as of 31 March 2021 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

#### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Bank's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note. 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 Banks's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as the "Act").

#### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act,

to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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 with reference to financial statements.

#### MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

The bank's internal financial controls with reference to financial statements 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 controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable

detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorisations of management and 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 WITH REFERENCE TO FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration No: 101248W/W-100022

Sd/-

**Vaibhav Shah**

*Partner*

Place : Mumbai

Date : 08 May 2021

Membership No: 117377

UDIN (21117377AAAABL6137)

# BALANCE SHEET

## AS AT 31<sup>ST</sup> MARCH, 2021

(₹ in thousand)

|                                                              |                                                                                                               | SCHEDULE | As at                       | As at                       |
|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|----------|-----------------------------|-----------------------------|
|                                                              |                                                                                                               | NO       | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
| <b>पूँजी और देयताएँ</b>                                      | <b>CAPITAL AND LIABILITIES</b>                                                                                |          |                             |                             |
| पूँजी                                                        | Capital                                                                                                       | 1        | 173,53,81                   | 173,50,81                   |
| आरक्षितियाँ और अधिशेष                                        | Reserves and Surplus                                                                                          | 2        | 2006,68,87                  | 1787,15,64                  |
| निक्षेप                                                      | Deposits                                                                                                      | 3        | 19140,04,27                 | 15790,67,89                 |
| उधार                                                         | Borrowings                                                                                                    | 4        | 1425,91,94                  | 794,00,00                   |
| अन्य देयताएँ और प्रावधान                                     | Other Liabilities and Provisions                                                                              | 5        | 591,16,49                   | 318,89,47                   |
| <b>योग</b>                                                   | <b>TOTAL</b>                                                                                                  |          | <b>23337,35,38</b>          | <b>18864,23,81</b>          |
| <b>संपत्तियाँ</b>                                            | <b>ASSETS</b>                                                                                                 |          |                             |                             |
| नकदी और भारतीय रिज़र्व बैंक में जमा राशियाँ                  | Cash and balances with Reserve Bank of India                                                                  | 6        | 736,13,67                   | 547,79,16                   |
| बैंकों में जमा राशियाँ और माँग तथा अल्प सूचना प्राप्त धनराशि | Balances with banks and money at call and short notice                                                        | 7        | 977,93,05                   | 391,55,01                   |
| निवेश                                                        | Investments                                                                                                   | 8        | 6125,99,07                  | 5359,83,53                  |
| अग्रिम                                                       | Advances                                                                                                      | 9        | 14438,12,23                 | 11366,35,39                 |
| स्थिर संपत्तियाँ                                             | Fixed Assets                                                                                                  | 10       | 269,48,91                   | 253,48,31                   |
| अन्य संपत्तियाँ                                              | Other Assets                                                                                                  | 11       | 789,68,45                   | 945,22,41                   |
| <b>योग</b>                                                   | <b>TOTAL</b>                                                                                                  |          | <b>23337,35,38</b>          | <b>18864,23,81</b>          |
| <b>आकस्मिक देयताएँ</b>                                       | <b>CONTINGENT LIABILITIES</b>                                                                                 | 12       | 1956,63,03                  | 1523,22,74                  |
| संग्रहण के लिए बिल                                           | Bills for collection                                                                                          |          | 72,96,14                    | 61,15,64                    |
| <b>महत्वपूर्ण लेखांकन नीतियाँ</b>                            | <b>Significant Accounting Policies</b>                                                                        | 17       |                             |                             |
| <b>लेखा सम्बन्धी टिप्पणियाँ</b>                              | <b>Notes to Accounts</b>                                                                                      | 18       |                             |                             |
| अनुसूचियाँ ऊपर बैलेंस शीट का एक अभिन्न अंग के रूप में        | The schedules and accompanying notes to accounts referred to above form an integral part of the Balance Sheet |          |                             |                             |

As per our report of even date

**For B S R & Co. LLP**  
**Chartered Accountants**  
**Firm Registration No:101248W/W-100022**

Sd/-  
**Vaibhav Shah**  
Partner  
(Membership No 117377)

Date : May 08, 2021  
Place : Mumbai

**For and on behalf of the Board of Directors**

Sd/-  
**Madhavan Aravamuthan**  
Chairman  
DIN:01865555

Sd/-  
**Sharmila Abhay Karve**  
Chairperson-Audit Committee  
DIN:05018751

Sd/-  
**Sumit Maheshwari**  
Director  
DIN:06920646

Sd/-  
**C.VR. Rajendran**  
Managing Director & CEO  
DIN:00460061

Sd/-  
**Sijo Varghese**  
Company Secretary

Sd/-  
**B.K. Divakara**  
Chief Financial Officer

Sd/-  
**P V Antony**  
General Manager - Accounts

Date : May 08, 2021  
Place : Thrissur

# PROFIT & LOSS ACCOUNT

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

(₹ in thousand)

|                                                                              |                                                                 | SCHEDULE<br>NO | Year ended<br>31 <sup>st</sup> March 2021 | Year ended<br>31 <sup>st</sup> March 2020 |
|------------------------------------------------------------------------------|-----------------------------------------------------------------|----------------|-------------------------------------------|-------------------------------------------|
| <b>I. आय</b>                                                                 | <b>I INCOME</b>                                                 |                |                                           |                                           |
| अर्जित ब्याज                                                                 | Interest earned                                                 | 13             | 1872,29,45                                | 1509,88,65                                |
| अन्य आय                                                                      | Other Income                                                    | 14             | 400,81,67                                 | 221,60,99                                 |
| योग                                                                          | TOTAL                                                           |                | <b>2273,11,12</b>                         | <b>1731,49,64</b>                         |
| <b>II. व्यय किया गया ब्याज</b>                                               | <b>II EXPENDITURE</b>                                           |                |                                           |                                           |
| परिचालन व्यय                                                                 | Interest expended                                               | 15             | 930,90,64                                 | 917,60,03                                 |
| प्रावधान और आकस्मिक व्यय योग                                                 | Operating expenses                                              | 16             | 728,99,52                                 | 533,32,02                                 |
| योग                                                                          | Provisions and contingencies<br>(Refer note 4.1 of Schedule 18) |                | 394,80,94                                 | 267,85,12                                 |
|                                                                              | TOTAL                                                           |                | <b>2054,71,10</b>                         | <b>1718,77,17</b>                         |
| <b>III. लाभ / हानि</b>                                                       | <b>III PROFIT/LOSS</b>                                          |                |                                           |                                           |
| वर्ष के लिए शुद्ध लाभ / (हानि)                                               | Net Profit for the year                                         |                | 218,40,02                                 | 12,72,47                                  |
| पिछले अवधि / वर्ष के अग्रणीत लाभ / (हानि)                                    | Loss brought forward from previous year                         |                | -513,95,86                                | -513,95,86                                |
| योग                                                                          | TOTAL                                                           |                | <b>-295,55,84</b>                         | <b>-501,23,39</b>                         |
| <b>IV. विनियोजन</b>                                                          | <b>IV APPROPRIATIONS</b>                                        |                |                                           |                                           |
| वैधानिक आरक्षितियों को अन्तरण                                                | Transfer to Statutory Reserves                                  |                | 54,60,01                                  | 3,18,12                                   |
| पूँजित आरक्षितियों को अन्तरण                                                 | Transfer to Capital Reserves                                    |                | 117,66,76                                 | 8,32,92                                   |
| आयकर अधिनियम 1960, आयकर अधिनियम 1961, की धारा 36 (i) (viii) के अंतर्गत विशेष | Transfer to Revenue & Other Reserves                            |                | 1,66,39                                   | 1,21,43                                   |
|                                                                              | Transfer to Investment Fluctuation Reserve                      |                | 40,00,22                                  | 0                                         |
| तुलनपत्र में ले जाई शेषराशि                                                  | Balance carried over to Balance Sheet                           |                | -509,49,22                                | -513,95,86                                |
| योग                                                                          | TOTAL                                                           |                | <b>-295,55,84</b>                         | <b>-501,23,39</b>                         |
|                                                                              | Earnings per equity share: (Refer note 5.1 of Schedule 18)      |                |                                           |                                           |
|                                                                              | (1) Basic                                                       |                | <b>12.59</b>                              | <b>0.88</b>                               |
|                                                                              | (2) Diluted                                                     |                | <b>12.59</b>                              | <b>0.88</b>                               |
|                                                                              | (Face value ₹ 10 per share)                                     |                |                                           |                                           |

As per our report of even date

For B S R & Co. LLP  
Chartered Accountants  
Firm Registration No:101248W/W-100022

Sd/-  
**Vaibhav Shah**  
Partner  
(Membership No 117377)

Date : May 08, 2021  
Place : Mumbai

For and on behalf of the Board of Directors

Sd/-  
**Madhavan Aravamuthan**  
Chairman  
DIN:01865555

Sd/-  
**Sharmila Abhay Karve**  
Chairperson-Audit Committee  
DIN:05018751

Sd/-  
**Sumit Maheshwari**  
Director  
DIN:06920646

Sd/-  
**C.VR. Rajendran**  
Managing Director & CEO  
DIN:00460061

Sd/-  
**Sijo Varghese**  
Company Secretary

Sd/-  
**B.K. Divakara**  
Chief Financial Officer

Sd/-  
**P V Antony**  
General Manager - Accounts

Date : May 08, 2021  
Place : Thrissur

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

(₹ in thousand)

|                                                                              | Year ended<br>31 <sup>st</sup> March 2021 | Year ended<br>31 <sup>st</sup> March 2020 |
|------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| <b>A. Cash flows from operating activities</b>                               |                                           |                                           |
| NET PROFIT BEFORE TAX                                                        | 292,55,21                                 | 133,99,90                                 |
| Adjustments for:                                                             |                                           |                                           |
| Depreciation on fixed assets                                                 | 40,76,45                                  | 23,52,48                                  |
| Provision for depreciation in value of investments                           | 23,12,30                                  | 20,39,20                                  |
| Provision/(Write back) towards non performing advances                       | 181,35,25                                 | 121,15,80                                 |
| Provision for Standard Assets                                                | 115,69,07                                 | 5,27,54                                   |
| Profit on Sale of Fixed Assets                                               | 32,16                                     | 64,43                                     |
| Other Provisions and Contingencies                                           | 1,21,16                                   | -24,85                                    |
| <b>Cash flow before changes in Working Capital</b>                           | <b>655,01,60</b>                          | <b>304,74,50</b>                          |
| <b>Adjustments for:</b>                                                      |                                           |                                           |
| (-)Increase/Decrease in Investments (excluding Held to Maturity Investments) | 385,93,30                                 | -1160,95,08                               |
| Increase in Advances                                                         | -3253,23,68                               | -872,24,62                                |
| Decrease in Other Assets                                                     | 75,67,94                                  | 19,21,32                                  |
| Increase in Deposits                                                         | 3349,36,38                                | 666,80,61                                 |
| Increase/(-)Decrease in Other Liabilities & Provisions                       | 154,98,35                                 | -41,59,87                                 |
|                                                                              | <b>1367,73,89</b>                         | <b>-1084,03,14</b>                        |
| Direct Taxes Paid Net of refunds                                             | 6,05,75                                   | -25,15,34                                 |
| <b>Net Cash flow from/(-)used in Operating Activities (A)</b>                | <b>1373,79,64</b>                         | <b>-1109,18,48</b>                        |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                                |                                           |                                           |
| Purchase of Fixed Assets and Intangible Assets                               | -56,54,06                                 | -44,03,10                                 |
| Sale of Fixed Assets                                                         | 31,99                                     | 34,49                                     |
| Increase in Held to Maturity Investments                                     | -1175,21,14                               | -191,66,49                                |
| <b>Net Cash Used in Investing Activities (B)</b>                             | <b>-1231,43,21</b>                        | <b>-235,35,10</b>                         |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                                |                                           |                                           |
| Proceeds from issue of Equity Share Capital                                  | 44,18                                     | 1167,26,92                                |
| Proceeds from Equity Share Warrants                                          | -                                         | -651,02,23                                |
| Net proceeds of borrowings                                                   | 631,91,94                                 | 794,00,00                                 |
| <b>Net Cash generated from Financing Activities (C)</b>                      | <b>632,36,12</b>                          | <b>1310,24,69</b>                         |

|                                                                    | Year ended                  | Year ended                  |
|--------------------------------------------------------------------|-----------------------------|-----------------------------|
|                                                                    | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
| <b>D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>        | <b>774,72,55</b>            | <b>-34,28,89</b>            |
| Cash and Cash Equivalents at the Beginning of the Year             | 939,34,17                   | 973,63,06                   |
| Cash and Cash Equivalents at the End of the Year                   | 1714,06,72                  | 939,34,17                   |
| <b>BREAKUP OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b> |                             |                             |
| Cash and Balances with Reserve Bank of India (Refer Schedule 6)    | 736,13,67                   | 547,79,16                   |
| Balances with Banks (Refer Schedule 7)                             | 572,93,05                   | 391,55,01                   |
| Money at Call and Short Notice (Refer Schedule 7)                  | 405,00,00                   |                             |
| Cash and cash equivalents at the end of the year                   | 1714,06,72                  | 939,34,17                   |

As per our report of even date

**For B S R & Co. LLP**  
**Chartered Accountants**  
**Firm Registration No:101248W/W-100022**

Sd/-  
**Vaibhav Shah**  
 Partner  
 (Membership No 117377)

Date : May 08, 2021  
 Place : Mumbai

**For and on behalf of the Board of Directors**

Sd/-  
**Madhavan Aravamuthan**  
 Chairman  
 DIN:01865555

Sd/-  
**Sharmila Abhay Karve**  
 Chairperson-Audit Committee  
 DIN:05018751

Sd/-  
**Sumit Maheshwari**  
 Director  
 DIN:06920646

Sd/-  
**C.VR. Rajendran**  
 Managing Director & CEO  
 DIN:00460061

Sd/-  
**Sijo Varghese**  
 Company Secretary

Sd/-  
**B.K. Divakara**  
 Chief Financial Officer

Sd/-  
**P V Antony**  
 General Manager - Accounts

Date : May 08, 2021  
 Place : Thrissur

(₹ in thousand)

|                                                                                         | As at 31 <sup>st</sup> March 2021 |                  | As at 31 <sup>st</sup> March 2020 |                  |
|-----------------------------------------------------------------------------------------|-----------------------------------|------------------|-----------------------------------|------------------|
| <b>SCHEDULE 1 - CAPITAL</b>                                                             |                                   |                  |                                   |                  |
| <b>Authorised Capital :</b>                                                             |                                   |                  |                                   |                  |
| 22,00,00,000 (Previous year 22,00,00,000) Equity shares of ₹10/- each                   |                                   | 220,00,00        |                                   | 220,00,00        |
| <b>Issued Capital</b>                                                                   |                                   |                  |                                   |                  |
| 17,34,85,827 (Previous Year 17,34,55,827) Equity shares of ₹ 10/- each*                 |                                   | 173,48,58        |                                   | 173,45,58        |
| <b>Subscribed, Called up and Paid - up Capital</b>                                      |                                   |                  |                                   |                  |
| 17,34,85,827 (Previous Year 17,34,55,827) Equity shares of ₹ 10/- each fully paid - up* |                                   | 173,48,58        |                                   | 173,45,58        |
| Add: Forfeited Shares (1,93,743 Equity shares forfeited (Previous Year 1,93,743)        |                                   | 5,23             |                                   | 5,23             |
|                                                                                         |                                   | <b>173,53,81</b> |                                   | <b>173,50,81</b> |

\* Includes 30,000 shares equity shares @ ₹147.25/- issued during the year pursuant to exercise of employee stock option.

(₹ in thousand)

|                                                                 |            |            |            |            |
|-----------------------------------------------------------------|------------|------------|------------|------------|
| <b>SCHEDULE 2 - RESERVES AND SURPLUS</b>                        |            |            |            |            |
| <b>I Statutory Reserves (Refer note 4.3 (i) of Schedule 18)</b> |            |            |            |            |
| Opening balance                                                 | 149,93,70  |            | 146,75,58  |            |
| Additions during the year                                       | 54,60,01   |            | 3,18,12    |            |
| sub total                                                       | 204,53,71  |            | 149,93,70  |            |
| Deductions during the year                                      | -          |            | -          |            |
|                                                                 |            | 204,53,71  |            | 149,93,70  |
| <b>II Capital Reserves</b>                                      |            |            |            |            |
| <b>a) Revaluation Reserves (Refer note 5.4 of Schedule 18)</b>  |            |            |            |            |
| Opening balance                                                 | 156,21,81  |            | 157,82,49  |            |
| Additions during the year                                       | -          |            |            |            |
| sub total                                                       | 156,21,81  |            | 157,82,49  |            |
| Deductions during the year                                      | 1,74,53    |            | 1,60,68    |            |
|                                                                 |            | 154,47,28  |            | 156,21,81  |
| <b>b) Others* (Refer note 4.3 (iii) of Schedule 18)</b>         |            |            |            |            |
| Opening balance                                                 | 80,37,83   |            | 71,73,08   |            |
| Additions during the year                                       | 117,66,76  |            | 8,64,75    |            |
| sub total                                                       | 198,04,59  |            | 80,37,83   |            |
| Deductions during the year                                      | -          |            | -          |            |
|                                                                 |            | 198,04,59  |            | 80,37,83   |
| <b>III Share Premium (Refer note 1.1 of Schedule 18)</b>        |            |            |            |            |
| Opening balance                                                 | 1791,69,62 |            | 711,96,27  |            |
| Additions during the year                                       | 41,18      |            | 1079,73,35 |            |
| sub total                                                       | 1792,10,80 |            | 1791,69,62 |            |
| Deductions during the year                                      | -          |            | -          |            |
|                                                                 |            | 1792,10,80 |            | 1791,69,62 |

|                                                                                                      |          |                   |          |                   |
|------------------------------------------------------------------------------------------------------|----------|-------------------|----------|-------------------|
| <b>IV Revenue and other Reserves</b>                                                                 |          |                   |          |                   |
| <b>a) General Reserves (Refer note 4.3 (v) of Schedule 18)</b>                                       |          |                   |          |                   |
| Opening balance                                                                                      | 97,85,92 |                   | 96,25,24 |                   |
| Additions during the year                                                                            | 1,69,06  |                   | 1,60,68  |                   |
| sub total                                                                                            | 99,54,98 |                   | 97,85,92 |                   |
| Deductions during the year                                                                           | -        |                   | -        |                   |
|                                                                                                      |          | 99,54,98          |          | 97,85,92          |
| <b>b) Investment Fluctuation Reserve (Refer note 4.3 (ii) of Schedule 18)</b>                        |          |                   |          |                   |
| Opening balance                                                                                      | -        |                   | -        |                   |
| Additions during the year                                                                            | 40,00,22 |                   | -        |                   |
| sub total                                                                                            | 40,00,22 |                   | -        |                   |
| Deductions during the year                                                                           | -        |                   | -        |                   |
|                                                                                                      |          | 40,00,22          |          | -                 |
| <b>b) Special Reserve (Section 36 (1)(viii) of IT Act,1961) (Refer note 4.3 (iv) of Schedule 18)</b> |          |                   |          |                   |
| Opening balance                                                                                      | 24,97,62 |                   | 23,76,19 |                   |
| Additions during the year                                                                            | 1,66,39  |                   | 1,21,43  |                   |
| sub total                                                                                            | 26,64,01 |                   | 24,97,62 |                   |
| Deductions during the year                                                                           | -        |                   | -        |                   |
|                                                                                                      |          | 26,64,01          |          | 24,97,62          |
| <b>V Contingency Reserve</b>                                                                         |          |                   |          |                   |
| Opening balance                                                                                      | 5,00     |                   | 5,00     |                   |
| Additions during the year                                                                            | -        |                   | -        |                   |
| sub total                                                                                            | 5,00     |                   | 5,00     |                   |
| Deductions during the year                                                                           | -        |                   | -        |                   |
|                                                                                                      |          | 5,00              |          | 5,00              |
| <b>VI Share Option Outstanding Account</b>                                                           |          |                   |          |                   |
| Opening balance                                                                                      | -        |                   | -        |                   |
| Additions during the year                                                                            | 77,50    |                   | -        |                   |
| sub total                                                                                            | 77,50    |                   | -        |                   |
| Deductions during the year                                                                           | -        | 77,50             | -        | -                 |
|                                                                                                      |          |                   |          |                   |
| <b>VII Balance in Profit and Loss Account</b>                                                        |          | -509,49,22        |          | -513,95,86        |
| <b>TOTAL (I,II,III,IV,V,VI and VII)</b>                                                              |          | <b>2006,68,87</b> |          | <b>1787,15,64</b> |

\* Includes Profit appropriated to Capital Reserve (net of applicable taxes and transfer to statutory reserve) on Gain on sale of Held to Maturity Investments

(₹ in thousand)

|                                         | As at 31 <sup>st</sup> March 2021 |             | As at 31 <sup>st</sup> March 2020 |             |
|-----------------------------------------|-----------------------------------|-------------|-----------------------------------|-------------|
| SCHEDULE 3 - DEPOSITS                   |                                   |             |                                   |             |
| A. I. Demand Deposits                   |                                   |             |                                   |             |
| [i] From banks                          | 67,36                             |             | 42,99                             |             |
| [ii] From others                        | 1191,70,12                        |             | 738,99,14                         |             |
|                                         |                                   | 1192,37,48  |                                   | 739,42,13   |
| II. Savings Bank Deposits               |                                   | 4969,42,69  |                                   | 3867,17,37  |
| III. Term Deposits                      |                                   |             |                                   |             |
| [i] From banks                          | 152,53,66                         |             | 2,50                              |             |
| [ii] From others                        | 12825,70,44                       |             | 11184,05,89                       |             |
|                                         |                                   | 12978,24,10 |                                   | 11184,08,39 |
| TOTAL [I,II, and III]                   |                                   | 19140,04,27 |                                   | 15790,67,89 |
| B [i] Deposits of branches in India     |                                   | 19140,04,27 |                                   | 15790,67,89 |
| [ii] Deposits of branches outside India |                                   | -           |                                   | -           |
| TOTAL                                   |                                   | 19140,04,27 |                                   | 15790,67,89 |

|                                               |           |                   |           |                  |
|-----------------------------------------------|-----------|-------------------|-----------|------------------|
| <b>SCHEDULE 4 - BORROWINGS</b>                |           |                   |           |                  |
| <b>I. Borrowings in India</b>                 |           |                   |           |                  |
| [i] Reserve Bank of India                     | 876,00,00 |                   | 794,00,00 |                  |
| [ii] Other banks                              | -         |                   | -         |                  |
| [iii] Other institutions and agencies         | 549,91,94 |                   | -         |                  |
| TOTAL OF I                                    |           | 1425,91,94        |           | 794,00,00        |
| <b>II. Borrowings outside India</b>           |           | -                 |           | -                |
| <b>TOTAL ( I and II)</b>                      |           | <b>1425,91,94</b> |           | <b>794,00,00</b> |
| Secured borrowings included in I and II above |           | 925,91,94         |           | 794,00,00        |

Secured borrowings includes TLTRO borrowings and transactions under Liquidity Adjustment Facility.

|                                                                                        |  |                  |  |                  |
|----------------------------------------------------------------------------------------|--|------------------|--|------------------|
| <b>SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS</b>                                   |  |                  |  |                  |
| I. Bills payable                                                                       |  | 105,84,69        |  | 11,49,09         |
| II. Inter-office adjustments (net)                                                     |  | 1,15,15          |  | 13,32,10         |
| III. Interests accrued                                                                 |  | 114,07,36        |  | 79,58,89         |
| IV. Contingent provisions against standard assets* ( Refer note 2.4.7 of schedule 18 ) |  | 168,20,62        |  | 52,51,55         |
| V. Others (Including Provisions)                                                       |  | 201,88,67        |  | 161,97,84        |
| <b>TOTAL</b>                                                                           |  | <b>591,16,49</b> |  | <b>318,89,47</b> |

\* Includes an amount of ₹102.12 Crs (Previous year - ₹1.63 Crs) provision created by the Bank towards contingencies related to COVID-19 (including provisions as per RBI Circular dated 17.04.2020 towards general provision against accounts retained as standard as on 31.03.2020)

(₹ in thousand)

|                                                                 | As at 31 <sup>st</sup> March 2021 |                  | As at 31 <sup>st</sup> March 2020 |                  |
|-----------------------------------------------------------------|-----------------------------------|------------------|-----------------------------------|------------------|
| <b>SCHEDULE 6 -CASH AND BALANCES WITH RESERVE BANK OF INDIA</b> |                                   |                  |                                   |                  |
| I. Cash in hand(including foreign currency notes)               |                                   | 87,27,07         |                                   | 98,38,49         |
| II Balances with Reserve Bank of India                          |                                   |                  |                                   |                  |
| [i] in Current Account                                          | 648,86,60                         |                  | 449,40,67                         |                  |
| [ii] in Other Accounts                                          | -                                 |                  | -                                 |                  |
|                                                                 |                                   | 648,86,60        |                                   | 449,40,67        |
| <b>TOTAL (I AND II)</b>                                         |                                   | <b>736,13,67</b> |                                   | <b>547,79,16</b> |

|                                                                           |           |                  |           |                  |
|---------------------------------------------------------------------------|-----------|------------------|-----------|------------------|
| <b>SCHEDULE 7- BALANCES WITH BANKS and MONEY AT CALL AND SHORT NOTICE</b> |           |                  |           |                  |
| <b>I. In India</b>                                                        |           |                  |           |                  |
| [i] Balances with banks                                                   |           |                  |           |                  |
| (a) in Current Accounts                                                   | 11,04,07  |                  | 6,56,04   |                  |
| (b) in Other Deposit Accounts                                             | 2,50      |                  | 2,50      |                  |
|                                                                           |           | 11,06,57         |           | 6,58,54          |
| [ii] Money at call and short notice                                       |           |                  |           |                  |
| (a) with banks                                                            | -         |                  | -         |                  |
| (b) with other Institutions                                               | 405,00,00 |                  | 280,00,00 |                  |
|                                                                           |           | 405,00,00        |           | 280,00,00        |
| <b>TOTAL (i and ii)</b>                                                   |           | <b>416,06,57</b> |           | <b>286,58,54</b> |
| <b>II. Outside India</b>                                                  |           |                  |           |                  |
| (i) in Current Accounts                                                   | 13,53,98  |                  | 29,29,97  |                  |
| (ii) in Other Deposit Accounts                                            | 548,32,50 |                  | 75,66,50  |                  |
| (iii) Money at call and short notice                                      | -         |                  | -         |                  |
| <b>TOTAL</b>                                                              |           | <b>561,86,48</b> |           | <b>104,96,47</b> |
| <b>GRAND TOTAL (I and II)</b>                                             |           | <b>977,93,05</b> |           | <b>391,55,01</b> |

|                                                                                         |  |                   |  |                   |
|-----------------------------------------------------------------------------------------|--|-------------------|--|-------------------|
| <b>SCHEDULE 8 - INVESTMENTS</b>                                                         |  |                   |  |                   |
| I. Investments in India                                                                 |  | 6250,08,19        |  | 5460,80,35        |
| Less Provision for depreciation & diminution                                            |  | 124,09,12         |  | 100,96,82         |
| Net Investments in India                                                                |  | <b>6125,99,07</b> |  | <b>5359,83,53</b> |
| Investments in India in                                                                 |  |                   |  |                   |
| [i] Government securities                                                               |  | 4539,13,34        |  | 4645,57,88        |
| [ii] Other approved securities                                                          |  | -                 |  | -                 |
| [iii] Shares                                                                            |  | 4,31,76           |  | 2,92,83           |
| [iv] Debentures and Bonds                                                               |  | 974,44,09         |  | 75,24,64          |
| [v] Subsidiaries and/or joint ventures                                                  |  | -                 |  | -                 |
| [vi] Others [Certificate of Deposits, Commercial Paper, Security Receipts, AIF and PTC] |  | 608,09,88         |  | 636,08,18         |
| <b>TOTAL</b>                                                                            |  | <b>6125,99,07</b> |  | <b>5359,83,53</b> |
| II. Investments outside India                                                           |  | -                 |  | -                 |
| <b>GRAND TOTAL (I and II)</b>                                                           |  | <b>6125,99,07</b> |  | <b>5359,83,53</b> |

(₹ in thousand)

|                            |                                                             | As at 31 <sup>st</sup> March 2021 |             | As at 31 <sup>st</sup> March 2020 |             |
|----------------------------|-------------------------------------------------------------|-----------------------------------|-------------|-----------------------------------|-------------|
| SCHEDULE 9 - ADVANCES      |                                                             |                                   |             |                                   |             |
| A                          | [i] Bills purchased and discounted                          |                                   | 586,63,80   |                                   | 525,02,92   |
|                            | [ii] Cash credits, overdrafts and loans repayable on demand |                                   | 8726,95,69  |                                   | 6629,77,63  |
|                            | [iii] Term loans                                            |                                   | 5124,52,74  |                                   | 4211,54,84  |
| TOTAL                      |                                                             |                                   | 14438,12,23 |                                   | 11366,35,39 |
|                            |                                                             |                                   |             |                                   |             |
| B                          | [i] Secured by tangible assets*                             |                                   | 12771,52,84 |                                   | 10374,91,31 |
|                            | [ii] Covered by Bank/Government guarantees**                |                                   | 418,25,54   |                                   | 471,97,54   |
|                            | [iii] Unsecured                                             |                                   | 1248,33,85  |                                   | 519,46,54   |
| TOTAL                      |                                                             |                                   | 14438,12,23 |                                   | 11366,35,39 |
| C. I. Advances in India    |                                                             |                                   |             |                                   |             |
|                            | [i] Priority sectors                                        |                                   | 5625,54,66  |                                   | 3842,83,31  |
|                            | [ii] Public sector                                          |                                   | 18,81,59    |                                   | 22,22,59    |
|                            | [iii] Banks                                                 |                                   | 2           |                                   | -           |
|                            | [iv] Others                                                 |                                   | 8793,75,96  |                                   | 7501,29,49  |
| TOTAL                      |                                                             |                                   | 14438,12,23 |                                   | 11366,35,39 |
| II. Advances outside India |                                                             |                                   | -           |                                   | -           |
| GRAND TOTAL ( C.I and II)  |                                                             |                                   | 14438,12,23 |                                   | 11366,35,39 |

The above advances are net of provisions of ₹ 220.51 crore (Previous Year ₹ 188.36 crore)

\* Includes advances against book debts

\*\*Includes advances against LCs issued by banks

|                                                           | As at 31 <sup>st</sup> March 2021 |           | As at 31 <sup>st</sup> March 2020 |           |
|-----------------------------------------------------------|-----------------------------------|-----------|-----------------------------------|-----------|
| SCHEDULE 10 - FIXED ASSETS                                |                                   |           |                                   |           |
| 1. Premises                                               |                                   |           |                                   |           |
| At cost as on 31 st March of the preceding year           | 181,93,27                         |           | 181,65,77                         |           |
| Additions during the year                                 | -                                 |           | 1,00,91                           |           |
| Sub total                                                 | 181,93,27                         |           | 182,66,68                         |           |
| Deductions during the year                                | 40,29                             |           | 73,41                             |           |
| Accumulated Depreciation to date                          | 23,46,55                          |           | 21,95,27                          |           |
|                                                           |                                   | 158,06,43 |                                   | 159,98,00 |
| II. Other Fixed Assets (including furniture and fixtures) |                                   |           |                                   |           |
| At cost as on 31st March of the preceding year            | 233,47,40                         |           | 192,80,77                         |           |
| Additions during the year                                 | 56,72,69                          |           | 44,03,09                          |           |
| Sub total                                                 | 290,20,09                         |           | 236,83,86                         |           |
| Deductions during the year                                | 6,97,49                           |           | 3,36,47                           |           |
| Accumulated Depreciation to date                          | 171,80,12                         |           | 139,97,08                         |           |
|                                                           |                                   | 111,42,48 |                                   | 93,50,31  |
| TOTAL (I and II)                                          |                                   | 269,48,91 |                                   | 253,48,31 |

|                                                                                             | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|---------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>SCHEDULE 11 - OTHER ASSETS</b>                                                           |                                   |                                   |
| I. Inter - Office Adjustments (net)                                                         | -                                 | -                                 |
| II. Interest accrued                                                                        | 127,78,04                         | 87,93,25                          |
| III. Tax paid in advance/tax deducted at source (Net of provisions)                         | 60,31,84                          | 66,46,00                          |
| IV. Stationery and stamps                                                                   | 2,13,32                           | 2,35,70                           |
| V. Non-banking assets acquired in satisfaction of claims                                    | 26,24,01                          | 28,75,58                          |
| VI. Deferred tax assets (net)                                                               | 96,71,64                          | 170,78,42                         |
| VII. Deposits placed with NABARD/SIDBI/NHB for meeting shortfall in Priority Sector Lending | 405,25,51                         | 508,55,34                         |
| VIII. Others                                                                                | 71,24,09                          | 80,38,12                          |
| <b>TOTAL</b>                                                                                | <b>789,68,45</b>                  | <b>945,22,41</b>                  |

|                                                                     |                   |                   |
|---------------------------------------------------------------------|-------------------|-------------------|
| <b>SCHEDULE 12 - CONTINGENT LIABILITIES</b>                         |                   |                   |
| I. Claims against the Bank not acknowledged as debts                | 41,26,84          | 39,48,64          |
| II. Liability for partly paid investments                           | -                 | -                 |
| III. Liability on account of outstanding forward exchange contracts | 1249,64,91        | 1083,43,05        |
| IV. Guarantees given on behalf of constituents                      |                   |                   |
| (a) In India                                                        | 518,21,99         | 276,81,92         |
| (b) Outside India                                                   | -                 | -                 |
| V. Acceptance, endorsements and other obligations                   | 67,44,74          | 50,05,43          |
| VI. Other items for which the Bank is contingently liable*          | 80,04,55          | 73,43,70          |
| <b>TOTAL</b>                                                        | <b>1956,63,03</b> | <b>1523,22,74</b> |

\* includes ₹53.53 crores (Previous Year : ₹48.16 crores) being amount transferred to DEA Fund Cell, RBI and outstanding, as per RBI circular DBOD.No.DEAF Cell.BC.114/30.01.002/2013-14 (Refer Note 3.16 of Schedule 18).

|                                                                                  | Year ended on<br>31 <sup>st</sup> March 2021 | Year ended on<br>31 <sup>st</sup> March 2020 |
|----------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>SCHEDULE 13 - INTEREST EARNED</b>                                             |                                              |                                              |
| I. Interest/discount on advance / bills                                          | 1375,94,88                                   | 1162,11,45                                   |
| II. Income on investments                                                        | 459,29,96                                    | 309,86,61                                    |
| III. Interest on balances with Reserve Bank of India and other inter -bank funds | 5,05,60                                      | 5,85,50                                      |
| IV Others*                                                                       | 31,99,01                                     | 32,05,09                                     |
| <b>TOTAL</b>                                                                     | <b>1872,29,45</b>                            | <b>1509,88,65</b>                            |

\* Includes interest on income tax refunds ₹0.90 crores (Previous Year ₹0.00 crores)

|                                                                                                              | Year ended on<br>31 <sup>st</sup> March 2021 | Year ended on<br>31 <sup>st</sup> March 2020 |
|--------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>SCHEDULE 14 - OTHER INCOME</b>                                                                            |                                              |                                              |
| I. Commission, Exchange and Brokerage                                                                        | 43,92,14                                     | 32,09,20                                     |
| II. Profit on sale of investments (Net)                                                                      | 125,11,74                                    | 30,19,70                                     |
| III. Profit on revaluation of investments (Net)                                                              | -                                            | -                                            |
| IV. Loss on sale of land, buildings and other assets (Net)                                                   | 7,15                                         | -63,68                                       |
| V. Profit on exchange transactions (Net)                                                                     | 5,24,94                                      | 6,70,88                                      |
| VI. Income earned by way of dividends etc. from subsidiaries/companies and/or joint ventures abroad/in India | -                                            | -                                            |
| VII. Miscellaneous Income*                                                                                   | 226,45,70                                    | 153,24,89                                    |
| <b>TOTAL</b>                                                                                                 | <b>400,81,67</b>                             | <b>221,60,99</b>                             |

\* (includes recovery of Bad debts written off ₹74.53 Crores, previous year ₹60.14 Crores and processing fee of ₹54.43 crores, previous year ₹33.04 crores)

|                                                               |                  |                  |
|---------------------------------------------------------------|------------------|------------------|
| <b>SCHEDULE 15 - INTEREST EXPENDED</b>                        |                  |                  |
| I. Interest on deposits                                       | 862,01,79        | 898,21,58        |
| II. Interest on Reserve Bank of India/ inter -bank borrowings | 58,29,21         | 2,95,35          |
| III. Others                                                   | 10,59,64         | 16,43,10         |
| <b>TOTAL</b>                                                  | <b>930,90,64</b> | <b>917,60,03</b> |

|                                                                 |                  |                  |
|-----------------------------------------------------------------|------------------|------------------|
| <b>SCHEDULE 16 - OPERATING EXPENSES</b>                         |                  |                  |
| I. Payments to and provisions for employees                     | 496,23,45        | 331,27,27        |
| II. Rent, taxes and lighting                                    | 60,82,37         | 57,16,99         |
| III. Printing and Stationery                                    | 4,82,20          | 4,16,76          |
| IV. Advertisement and publicity                                 | 2,15,10          | 1,23,12          |
| V. Depreciation on bank's property*                             | 40,76,45         | 23,52,49         |
| VI. Directors' fees, allowances and expenses                    | 56,44            | 78,98            |
| VII. Auditors' fees and expenses<br>(including branch auditors) | 1,18,36          | 2,24,65          |
| VIII. Law charges                                               | 1,59,76          | 3,46,92          |
| IX. Postages, Telegrams, Telephones etc.                        | 10,06,45         | 10,68,70         |
| X. Repairs and maintenance                                      | 13,58,98         | 13,14,55         |
| XI. Insurance                                                   | 22,19,81         | 17,52,40         |
| XII. Other expenditure                                          | 75,00,15         | 68,09,19         |
| <b>TOTAL</b>                                                    | <b>728,99,52</b> | <b>533,32,02</b> |

\* including amortisation /write off of intangible assets

## SCHEDULE 17: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

### 1. Background

CSB Bank Limited ("the Bank"), (Formerly, The Catholic Syrian Bank Ltd'), was incorporated in 1920. The Bank has a network of 512 branches in India and provide a range of banking and financial services including SME banking, Retail banking, Corporate banking and treasury operations. The Bank is governed by the Banking Regulation Act, 1949. The Bank's shares are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

### 2. Basis of preparation

- a) The financial statements have been prepared in accordance with the requirements prescribed under the Third Schedule 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) notified under Section 133 of the Companies Act, 2013 read together with Rule paragraph 7 of The Companies (Accounts) Rules, 2014 to the extent applicable and practices generally prevalent in the banking industry in India.
- b) The Bank follows the historical cost convention and the accrual method of accounting, in the preparation of the financial statements, except as stated in para 4.1 "Revenue recognition". The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

### 3. Use of estimates

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires management to make estimates and assumptions that are considered in the reported amounts of assets and liabilities (including contingent liabilities), as of the date of financial statements and the reported income and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and

reasonable. Actual results could differ from these estimates. The impact of any revision in these estimates is recognized prospectively from the period of change.

### 4. Significant accounting policies

#### 4.1 Revenue Recognition

Revenue is recognized 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 recognized on accrual basis, including for cases where moratorium has been extended for payments of principal and/or interest as per RBI guideline dated March 27, 2020 and May 23, 2020, except in case of non-performing assets in which case the income is recognized as per prudential norms issued by RBI.
- b. Exchange, Brokerage, Commission & Rent on lockers are recognized on cash basis.
- c. Interest on income tax refund is recognized in the year of receipt of Assessment Orders.
- d. The recovery in Non-Performing Assets is first appropriated towards interest and the balance, if any, towards principal dues, 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.
- e. Loan processing fee is accounted for upfront when it becomes due.
- f. Income on discounted instruments is recognised over the tenure of the instrument on a straight line basis.
- g. Income on Investments (other than dividend on shares & mutual funds and income on non performing investments) is recognized on accrual basis.
- h. Dividend income is recognized as income when the right to receive payment is established.
- i. Fee paid/received for priority sector lending certificates (PSLC) is recognized in the year of sale/purchase.
- j. All other fees are accounted for as and when they become due.
- k. In the case of purchase of loans from other banks/NBFCs through direct assignment of cash flows, the Bank recognizes interest income on the basis of original IRR/actual collection record of the pool. The discount, if any, on such purchase is recognized in proportion to the principal received.

- l. 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.
- m. 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.

## 4.2 Advances

- a) Advances are classified as 'Performing assets' and 'Non-performing Assets' (NPA) in accordance with the applicable regulatory guidelines. NPAs are further classified in to Sub-standard, Doubtful and Loss assets based on the criteria stipulated by the RBI. In accordance with the RBI circular dated April 17, 2020, the moratorium granted to certain borrowers is excluded from the determination of number of days past-due/out-of-order status for the purpose of asset classification. The moratorium granted to the borrowers is not accounted as restructuring of loan.
- b) Provision for Non-Performing Advances comprising Sub-standard, Doubtful and Loss Assets is made in accordance with the RBI guidelines, which prescribe minimum provision levels and encourage banks to make a higher provision based on sound commercial judgement. In respect of identified NPAs, provision is recognized at borrower level based on ageing of loans. As per the Board Approved policy, the provisioning done is at or higher than the minimum rate prescribed under the RBI guidelines.
- c) The amount of advances shown in the Balance Sheet is net of provisions against NPA and provisions in lieu of diminution in the fair value of restructured asset, interest suspense, ECGC claims received and discount on assignment transactions.
- d) Provision on Standard Assets, is maintained as per RBI guidelines. In respect of Rescheduled/ Restructured Advances, provision is made for the diminution in the fair value of restructured advances measured in present value terms as per RBI Guidelines. The said provision is reduced to arrive at net advances. In case of

advances to stressed sectors such as Cashew, Cotton Textile, Infra – Telecom and Retail Trade, the Bank has recognized provision in line with RBI guidelines. These provisions are included under in Item No. IV of Schedule 5 – Other Liabilities & Provisions.

- e) The Bank has granted moratorium towards the payment of principal and/or interest in case of certain borrowers in accordance with RBI circular dated March 27, 2020. The Bank makes general provision on such loans at rates equal or higher than requirements stipulated in RBI circular.
- f) The RBI issued guidelines on enhancing credit supply for Large Borrowers through Market Mechanism dated August 25, 2016. The said guidelines are applicable to exposure on all single counterparties of the Bank. The guidelines came into effect from the financial year 2017-18 onwards for identification of specified borrowers. The bank's incremental exposures from FY 2018-19 onwards to the specified borrowers exceeding the Net Permitted Lending Limits ('NPLL') will attract prudential measures. Incremental Exposure of the Banking System to a specified borrower beyond NPLL shall be deemed to carry higher risk which shall be recognized by way of additional standard asset provisioning and higher risk weights.
- g) Further, the RBI has issued guidelines on "Prudential Framework for Resolution of Stressed Assets dated June 07, 2019" with a view to providing a framework for early recognition, reporting and time bound resolution of stressed assets. The Bank is required to put in place Board-approved policy for resolution of distressed Borrowers with an objective to initiate the process of resolution of a distressed Borrower even before a default and prior to the initiation of proceedings under the IBC.
- h) The Bank is required to make an additional provisioning for the delayed implementation of Resolution Plan (RP) as under:
  - [a] Additional provision of 20% of total outstanding, if RP is implemented beyond 180 days from the end of the review period.
  - [b] Additional provision of 35% of total outstanding, if RP is implemented beyond 360 days from the end of the review period.

The additional provisions shall be made over and above the higher of the following, subject to the total provisions held being capped at 100% of total outstanding: [a] The provisions already held; or, [b] The provisions required to be made as per IRAC norms

- i) In the event of substantial erosion in value of loan and remote possibility of collection, non performing loans with adequate provisions are evaluated for technical / prudential write off based on Bank's policy and the RBI guidelines. Such write off does not have an impact on the Bank's legal claim against the borrower. The Bank may also write off non performing loans on one time settlement ('OTS') with the borrower or otherwise. Amounts recovered from borrowers against debts written off is recognised in the Profit and Loss Account.
- j) Non-performing and restructured loans are upgraded to standard as per the extant RBI guidelines.
- k) Policy on Managing Currency induced credit risk: As per Credit Policy of the Bank, Foreign Currency loans are sanctioned for both capital expenditure and working capital, based on the requirements. Such loans are granted only selectively, based on availability of foreign currency funds. Rate of interest on such loans are linked to LIBOR or other market linked external benchmark. Forward exchange cover is insisted in all cases unless there is natural hedge by way of export/ other earnings. However, if the loan amount is less than USD 1 (one) Million, forward exchange cover shall be made optional to the borrower subject to furnishing of an unconditional undertaking to bear the exchange loss if any.
- l) Provision for Unhedged Foreign Currency Exposure (UFCE) of borrower entities is made in accordance with the guidelines issued by RBI, which requires the Bank to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position of those entities. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.
- m) While computing the provision requirement pertaining to fraud accounts, adjustment is made for financial collateral eligible under "BASEL III Capital regulations -Capital charge for credit risk (standardized approach)", if available and amount so arrived at is charged fully to Profit and Loss Account, in the same quarter of detection.

### 4.3 Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). The countries are categorized into seven risk categories namely insignificant, low, moderately low, moderate, moderately high, high and very high, as per Export Credit Guarantee Corporation of India Limited (ECGC) guidelines and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 25%. For exposures with contractual maturity of less than 180 days, provision is required to be held at 25% of the rates applicable to exposures exceeding 180 days. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is required on such country exposure.

### 4.4 Investments

#### a) Classification

All Investments are accounted for on settlement dates. In accordance with the RBI guidelines, investments are categorized at the time of purchase as:

- Held for Trading (HFT);
- Available for Sale (AFS);
- Held to Maturity (HTM)

Under each of these categories, investments are further classified under six groups (hereinafter called groups) - Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries/ Joint Ventures and Other Investments for the purposes of disclosure in the Balance Sheet.

#### Basis of classification:

Investments that are held primarily for resale within 90 days from the date of purchase are classified under the "Held for Trading (HFT)" category. As per RBI guidelines, HFT Securities, which remain unsold for a period of 90 days, are classified as AFS Securities on that date. Investments that the Bank intends to hold till maturity are classified under the "Held to Maturity (HTM)" category. Investments, which are not classified in the above categories, are classified under the "Available For Sale [AFS]" category. Purchase and sale transactions in securities are recorded under settlement date of accounting.

b) Transfer of Investments 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.

c) Cost of acquisition

In determining the acquisition cost of the Investment:

- (i) Transaction costs including brokerage and commission pertaining to acquisition of Investments are charged to the Profit and Loss Account.
- (ii) Broken period interest (the amount of interest from the previous interest payment date till the date of purchase / sale of instrument) on debt instrument is treated as revenue item.
- (iii) Cost of investments is computed based on the weighted average cost method.

d) Valuation of Investments:

- (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 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. Net depreciation, if any, compared to the acquisition cost, in any of the categories, is charged to the Profit and Loss Account.

The net appreciation in each category, if any, is not recognised.

- (iii) Individual scrips in "Held for Trading" category are marked to market at daily intervals. Net depreciation, if any, compared to the acquisition cost, in any of the categories, is charged to the Profit and Loss Account. The net appreciation in each category, if any, is not recognised.
- (iv) The market/fair value of unquoted government securities which are in nature of Statutory Liquidity Ratio (SLR) securities included in the 'Available for Sale' and 'Held for Trading' categories is as per the rates published by FIMMDA/ FBIL. The valuation of other unquoted fixed income securities, including Pass Through Certificates wherever linked to the Yield-to-Maturity (YTM) rates, is computed with a mark-up (reflecting associated credit risk) over the YTM rates for government securities published by FIMMDA. Units of Alternate Investment Funds ('AIF') held under AFS category are valued using the 'NAV' published by the fund (AIF).
- (v) Unquoted equity shares are valued at the break-up value arrived at from the latest balance sheet, or at ₹ 1, if the balance sheet prior to one year is not available.
- (vi) Treasury Bills, Commercial Papers and Certificate of Deposits are valued at carrying cost.
- (vii) Security receipts are valued as per the Net Asset Value (NAV) obtained from the issuing Reconstruction Company/ Securitization Company. Depreciation in each scrip is provided for while appreciation is ignored.
- (viii) Non-performing investments ('NPI') are identified and depreciation / provision is made thereon based on the RBI guidelines. The depreciation / provision against NPI is not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is recognised on cash basis.
- (ix) As per RBI circular [FMOD.MAOG. No. 116/01.01.001/2016-17, dated 10.11.2016], the Bank is classifying Repo / Reverse Repo under LAF scheme in Schedule 4 [Borrowings] and Schedule 7

[Balances with banks and Money at call & short notice] respectively.

e) Investment Fluctuation Reserve ('IFR'):

The RBI has advised banks to create an Investment Fluctuation Reserve ('IFR') with effect from FY 2018-19. Accordingly, an amount not less than the lower of net profit on sale of investments during the year or net profit for the year less mandatory appropriations shall be transferred to the IFR, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis. Where feasible, this should be achieved within a period of 3 years.

Further, the Bank may, at its discretion, draw down the balance available in IFR in excess of 2 percent of its HFT and AFS portfolio, for credit to the balance of profit/loss as disclosed in the profit and loss account at the end of any accounting year. In the event the balance in the IFR is less than 2 percent of the HFT and AFS investment portfolio, a draw down is permitted subject to the following conditions:

- (i) The drawn down amount is used only for meeting the minimum Common Equity Tier 1/Tier 1 capital requirements by way of appropriation to free reserves or reducing the balance of loss and
- (ii) The amount drawn down is not more than the extent the MTM provisions made during the aforesaid year exceed the net profit on sale of investments during that year.

Also, IFR is eligible for inclusion in Tier 2 capital.

f) Disposal of Investments

- (i) Held for Trading and Available for Sale – Profit or loss on sale / redemption is included in the Profit and Loss account.
- (ii) Held to Maturity – Profit on sale / redemption of investments is included in the Profit and Loss Account and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale / redemption is charged to the Profit and Loss Account.

g) Repo and Reverse Repo transactions

Repo and reverse repo transactions in government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are

accounted as collateralized borrowing and lending respectively. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

h) Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The Short Sales positions are reflected in 'Securities Short Sold ('SSS') A/C, specifically created for this purpose. The short position is categorized under HFT category and netted off from investments in the Balance Sheet. These positions are marked-to-market and resultant gains/losses are accounted for as per the relevant RBI guidelines for valuation of Investments discussed earlier.

#### 4.5 Transactions Involving Foreign Exchange

- a) Monetary foreign currency assets and liabilities are translated at closing exchange rates notified by FEDAI relevant to the balance sheet date. The resulting gain or loss on revaluation are included in the Profit and Loss Account in accordance with the RBI / FEDAI guidelines.
- b) Foreign currency income and expenditure items are translated at the exchange rates prevailing on the date of the transaction.
- c) Outstanding foreign exchange forward contracts are revalued at the rates applicable on the closing date as advised by FEDAI. The resultant gains or losses are recognized in the Profit and Loss Account.
- d) Contingent Liabilities on guarantees, letters of credit, acceptances and endorsements are disclosed at closing rates of exchange notified by FEDAI.

#### 4.6 Fixed Assets and Depreciation

- a) Fixed Assets other than premises are carried at cost less accumulated depreciation and impairment, if any. Cost includes cost of purchase and freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.
- 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. Depreciation on assets sold during the year is recognised on a pro rata basis till the date of sale.

The useful lives of the groups of fixed assets are given below:

| Type of Fixed Asset                   | Useful Life | Depreciation Method |
|---------------------------------------|-------------|---------------------|
| Premises                              | 58 Yrs*     | Written Down Value  |
| Computer & data Processing Machines   | 3 Yrs*      | Straight Line       |
| ATMs                                  | 8 Yrs*      | Straight Line       |
| Furniture & Fixtures                  | 8 Yrs*      | Straight Line       |
| Plant & Machinery                     | 5 Yrs*      | Straight Line       |
| Motor Cars                            | 5 Yrs*      | Straight Line       |
| Computer Software, Patent & Copyright | 5 Yrs       | Straight Line       |

\* The useful life of assets is based on historical experience of the Bank, which is different from the useful life as prescribed in Schedule II to the Companies Act, 2013.

#### 4.7 Intangible Assets

Accounting and amortization 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 amortized 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 amortized 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 amortization is charged to Profit & Loss Account.

#### 4.8 Impairment of Assets

The carrying amount of the assets at each Balance Sheet date is reviewed for impairment. If any

indication of impairment based on internal / external factors exists, the recoverable amount of such assets is estimated and impairment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and its value in use, which is arrived at by discounting the future cash flows to their present value, based on an appropriate discounting factor.

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.

#### 4.9 Non-Banking Assets

The Non-Banking asset are initially recognized based on the cost of acquisition. In the case of diminution in value, if any, is provided for.

#### 4.10 Employee Benefits

##### a) 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 recognized during the period when the employee renders the service. These benefits include performance incentives.

##### b) Long term Employee Benefits

- (i) Defined Contribution Plan - Provident Fund and New Pension Scheme (Contributory) are the defined contribution plans of the Bank. The contribution for Provident Fund is made by the Bank to The Catholic Syrian Bank Ltd Employees Provident Fund, administered by the trustees. In addition to contribution for the period, shortfall, if any, in the Provident Fund Trust is charged to Profit and Loss Account of the Bank.
- (ii) 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, as per CSB Bank Ltd Employees' Pension Regulation 1993 and as modified in 1995, to the employees who have specifically opted for the same. The contribution is made by the bank to The Catholic Syrian Bank Ltd Employees Pension Fund, administered by the trustees. 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 - As per the Gratuity Act 1972, Gratuity is payable to all employees on termination of employment due to retirement, death or resignation, provided that the employee has continuously served the Bank for a minimum period of 5 years. The contribution is made by the bank to The Catholic Syrian Bank Ltd Employees Gratuity Fund, administered by the trustees.
- iii) Long term compensated absences and other long-term employee benefits viz:
  - a. Privilege Leave
  - b. Leave fare concession
  - c. Sick Leave

are based on actuarial valuation at the end of the financial year
- c) Employee Stock Options (ESOS)
 

The Bank has formulated a stock option scheme called "CSB Employees Stock Option Scheme 2013" and "CSB Employees Stock Option Scheme 2019" ("ESOS 2019" or "Scheme") in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The scheme is

intended to promote the culture of employee ownership and as well as to attract, retain, motivate and incentivize talents in the Bank. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The accounting for shares granted under Employee Stock Option Scheme is done as per the ICAI Guidance note on Accounting for Employee Share based payments. The Bank has applied the intrinsic value method to arrive at the compensation cost of ESOS granted to the employees of the Bank. For options granted prior to listing of shares, 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. Subsequent to listing of shares, intrinsic value is the amount by which the market price exceeds the exercise price of the options. The market price for this purpose is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered. Compensation cost so determined is amortized over the vesting period of the option granted.

In case the vested stock options expire unexercised, the balance in stock options outstanding is transferred to the general reserve. In case the unvested stock options get lapsed/cancelled, the balance in stock option outstanding account is transferred to the Profit and Loss Account.

#### 4.11 Segment Information

As per the RBI guidelines, business segments of the Bank are divided under a) Treasury b) Corporate and wholesale banking c) Retail Banking and d) Other Banking Business. Business segments have been identified and reported considering the target customer segment, the nature of products, internal business reporting system, Segment reporting policy approved by the Board, the guidelines prescribed by the RBI

#### 4.12 Lease transactions

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognized as an expense in the Profit and Loss

Account as per the lease terms. Amount due under the operating leases, including cost escalation, are charged on a straight line method over the lease term in the Profit and Loss account. Initial direct cost incurred specifically for operating leases are recognised as expense in the Profit and Loss Account in the year in which they are incurred.

#### **4.13 Earnings Per Share**

The Bank reports basic and diluted Earnings per equity share in accordance with the Accounting Standard 20 on "Earnings per share specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. 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 share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. 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.

#### **4.14 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 and Deferred tax expense in accordance with Accounting Standard 22 - Accounting for Taxes on Income. 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 liabilities are recognized for all timing differences. Deferred tax assets are recognized for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there are unabsorbed depreciation and carry forward of losses

and items relating to capital losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realize the assets. 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 realization is considered as reasonably certain.

#### **4.15 Accounting for Provisions, Contingent Liabilities And Contingent Assets**

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. Contingent assets are not recognized in the financial statements.

Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### 4.16 Share Issue Expenses

The share issue expenses are adjusted from share premium account in terms of Section 52 of the Companies Act, 2013, in cases where RBI approval is obtained.

#### 4.17 Proposed Dividend

In terms of Accounting Standard (AS) 4 "Contingencies and Events occurring after the Balance sheet date" as notified by the Ministry of Corporate affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016 dated March 30, 2016, Proposed Dividend or Dividend declared after balance sheet date, if any, are not shown as liability in current year balance sheet. This is disclosed in the notes to accounts,

#### 4.18 Corporate Social Responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013 are recognized in the Profit and Loss Account.

#### 4.19 Input Credit under GST

Goods & Service tax input credit is accounted for in the books within the time limit prescribed under CGST Rules, 2017, as amended.

#### 4.20 Priority Sector Lending Certificates (PSLC)

The Bank vide RBI circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 7, 2016 trades in

priority sector portfolio by selling or buying PSLC. In case of a purchase transaction the bank buys the fulfilment of priority sector obligation and in case of a sale transaction, the bank sells the fulfilment of priority sector obligation through the RBI trading platform without any transfer of underlying risk or loan assets. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

#### 4.21 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India and Balances with Other Banks / institutions and money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

#### 4.22 Net Profit/Loss

The net profit/loss disclosed in the Profit & Loss Account is after

- (i) provision for taxes
- (ii) provision for standard, restructured and non-performing assets.
- (iii) provision for depreciation on investments and
- (iv) other usual and necessary provisions.

# NOTES TO ACCOUNTS

## 1.1 SHARE CAPITAL

In the financial year 2019- 20, the Bank completed the initial Public offering (IPO) of 2,10,09,067 equity shares of ₹ 10 each at a price of ₹ 195 per share aggregating to ₹ 409.67 Crore comprising a fresh issue of 12,30,769 Equity Shares aggregating to ₹ 23.99 Crore and an offer for sale of 1,97,78,298 Equity Shares aggregating to ₹ 385.67 Crore by the selling shareholders.

On March 30, 2021, the Bank allotted 30,000 equity shares under the CSB Employee Stock Option Scheme 2013 for an issue price of ₹ 147.25 per share (₹ 10/- towards share capital & ₹ 137.25 towards share premium). Consequently, the Issued and Subscribed Share Capital of the Bank stands increased from ₹ 173.45 Crores to ₹ 173.48 Crores and that of the Share Premium account of the Bank, from ₹ 1791.69 Crores to ₹ 1792.10 Crores.

The equity shares of Bank were listed and admitted for dealings on BSE Limited ("BSE") and National Stock Exchange Limited ("NSE") with effect from December 4, 2019.

## 1.2 TAXATION

Claims against the bank not acknowledged as debt under contingent liabilities (Schedule 12) include disputed income tax liabilities of ₹ 26.52 Crore (Previous Year ₹ 24.47 Crore) of which ₹ 22.83 Crore (Previous Year ₹ 23.12 Crore) has been paid/adjusted. The above tax liability paid/adjusted are included under other assets (Schedule 11). In respect of these claims, provision for tax is not considered necessary based on various judicial decisions on such disputes. Management does not envisage any liability in respect of such disputed issues.

Provision for income tax for the year is arrived at after due consideration of the various favorable judicial decisions on certain disputed issues.

## 1.3 IMPACT OF COVID -19

The SARS-CoV-2 virus responsible for COVID-19 pandemic has contributed to a significant volatility in global and Indian Financial markets and a significant decrease in the global and local economic activities. COVID-19 outbreak was declared as a global pandemic on March 11, 2020 by World Health Organisation. The Government of India had announced a series of lock-down measures on

March 24, 2020 which had been extended from time to time up to May 31, 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases.

The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The slowdown during the year led to a decrease in loan originations, the sale of third party products, the use of credit and debit cards by customers and the efficiency in collection efforts. This may lead to a rise in the number of customer defaults and consequently an increase in provisions there against. The extent to which the COVID- 19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Bank's results will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by us.

As on March 31, 2020, Bank was maintaining provision against the likely impact of COVID-19 amounting to ₹ 1.63 Crore as per RBI mandated 10% provision on asset classification benefit extended accounts. During the year, as a prudent measure, the Bank has made additional provision of ₹ 100.49 Crores, against the further likely impact of COVID-19 pandemic in respect of exposure of the Bank based on the assessment of presently available information. The aggregate provision against the likely impact of COVID-19, including the RBI mandated provision, as on March 31, 2021 stands at ₹ 102.12 Crore and is grouped under Other Liabilities and Provisions in the Balance Sheet of the Bank.

In accordance with the COVID-19 Regulatory Package 'announced by the RBI on March 27,2020, April 17, 2020 and May 23, 2020 with regard to providing relief to borrowers' on account of COVID-19 pandemic whose accounts were standard, even if overdue as on February 29, 2020, the Bank, in accordance with the

Board approved policy had offered moratorium on repayment of loan instalments and/or deferment of interest due between March 1, 2020 and August 31, 2020 including relaxation in certain parameters, to all eligible borrowers, without considering the same as restructuring. In respect of such accounts that were granted moratorium, the asset classification remained standstill during the moratorium period.

The disclosures as required by RBI circular dated April 17, 2020 are given below:

(₹ in Crore)

|                                                                                                                                                                   |        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended in terms of paragraph 2 and 3 of the circular (As of February 29, 2020) | 198.81 |
| Respective amount where asset classification benefits is extended*                                                                                                | 96.48  |
| Provisions made in terms of para 5 of the circular                                                                                                                | 12.92  |
| Provisions adjusted against slippages in terms of paragraph 6 of the circular                                                                                     | -      |

\* as of March 31, 2021 in respect of such accounts

The Honourable Supreme Court of India (Hon'ble SC), in a Public Interest Litigation (Gajendra Sharma Vs Union of India & Anr), vide its interim order dated September 03, 2020 ("Interim Order"), had directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till

further orders. Basis the said interim order, the bank had not classified any account which was not NPA as at August 31, 2020 as per RBI IRAC norms, as NPA after August 31, 2020.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Bank has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms.

In accordance with the instructions in the aforesaid circular dated April 07, 2021, the Bank shall refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. As required by RBI notification, the methodology for calculation of such interest on interest has recently been circulated by the Indian Banks Association. Accordingly, in accordance with the policy adopted by the Board based on the methodology recommended by IBA, the Bank has estimated the amount to be refunded and made a provision of ₹ 5.80 Crore by way of reversal to Interest Income in the Profit & Loss Account for the year ended March 31, 2021.

## 2. DISCLOSURES IN TERMS OF RESERVE BANK OF INDIA GUIDELINES

Amounts in notes forming part of the financial statements for the year ended March 31, 2021 are denominated in Rupees Crore to conform to extant RBI guidelines except where stated otherwise.

### 2.1 Capital

The Banks Capital Adequacy ratio as per Basel III is given below:

(₹ in Crore)

| Sr No | Particulars                                                                                                                                            | As at March 31, 2021 | As at March 31, 2020 |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| i)    | Tier I capital                                                                                                                                         | 1,961.74             | 1,719.58             |
|       | of which common equity tier I capital                                                                                                                  | 1,961.74             | 1,719.58             |
| ii)   | Tier II capital                                                                                                                                        | 138.84               | 52.52                |
| iii)  | Total capital                                                                                                                                          | 2,100.58             | 1,772.09             |
| iv)   | Total Risk Weighted Assets                                                                                                                             | 9,827.41             | 7,891.39             |
| v)    | Common Equity Tier 1 capital ratio (%)                                                                                                                 | 19.96                | 21.79                |
| vi)   | Tier 1 Capital ratio (%)                                                                                                                               | 19.96                | 21.79                |
| vii)  | Tier 2 Capital ratio (%)                                                                                                                               | 1.41                 | 0.67                 |
| viii) | Total Capital ratio (CRAR) (%)                                                                                                                         | 21.37                | 22.46                |
| ix)   | Percentage of the shareholding of the Government of India in public sector banks                                                                       | N A                  | N A                  |
| x)    | Amount of equity capital (including warrants) raised                                                                                                   | ₹ 0.44 crore         | ₹ 515.93 Crore       |
| xi)   | Amount of Additional Tier 1 capital raised; of which                                                                                                   |                      |                      |
|       | Perpetual Non- Cumulative Preference Shares (PNCPS) :                                                                                                  | Nil                  | Nil                  |
|       | Perpetual Debt Instruments (PDI) :                                                                                                                     | Nil                  | Nil                  |
| xii)  | Amount of Tier 2 capital raised; 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)] |                      |                      |

### 2.2 Investments

(₹ in Crore)

| Items                                          | As at March 31, 2021 | As at March 31, 2020 |
|------------------------------------------------|----------------------|----------------------|
| <b>(1) Value of Investments</b>                |                      |                      |
| (i) Gross Value of Investments                 | 6250.08              | 5460.80              |
| (a) In India                                   | 6250.08              | 5460.80              |
| (b) Outside India                              | Nil                  | Nil                  |
| (ii) Provisions for Depreciation               | 124.09               | 100.97               |
| (a) In India                                   | 124.09               | 100.97               |
| (b) Outside India                              | Nil                  | Nil                  |
| (iii) Provision for Non-performing Investments |                      |                      |
| (a) In India                                   | 1.77                 | 1.81                 |
| (b) Outside India                              | Nil                  | Nil                  |
| (iv) Net Value of Investments                  | 6125.99              | 5359.83              |
| (a) In India                                   | 6125.99              | 5359.83              |
| (b) Outside India.                             | --                   | --                   |

| Items                                                                      | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|----------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>(2) Movement of provisions held towards depreciation on investments</b> |                         |                         |
| (i) Opening balance                                                        | 100.97                  | 84.20                   |
| (ii) Add: Provisions made during the year                                  | 23.21                   | 27.14                   |
| (iii) Less: Write-off/ write-back of excess provisions during the year     | 0.09                    | 10.37                   |
| <b>Closing balance</b>                                                     | <b>124.09</b>           | <b>100.97</b>           |
| <b>(3) Movement of provisions for Non-performing Investments (NPIs)</b>    |                         |                         |
| (i) Opening Balance                                                        | <b>1.81</b>             | <b>8.29</b>             |
| (ii) Add: Provisions made during the year                                  | 0.00                    | 0.03                    |
| (iii) Less: Write-off/write-back of excess provisions during the year      | 0.04                    | 6.51                    |
| <b>Closing Balance</b>                                                     | <b>1.77</b>             | <b>1.81</b>             |

### 2.2.1 Repo Transactions

Details of securities sold/purchased (in face value terms) during the years ended March 31, 2021 under repos/ reverse repos:

(₹ in Crore)

|                                                | Minimum<br>outstanding<br>during the<br>year | Maximum<br>outstanding<br>during the<br>year | Daily Average<br>outstanding<br>during the<br>year | Outstanding<br>as on 31 March<br>2021 |
|------------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------------|---------------------------------------|
| <b>Securities sold under Repo</b>              |                                              |                                              |                                                    |                                       |
| i. Government Securities                       | 743.71                                       | 3,107.67                                     | 1,577.87                                           | 1,001.87                              |
| ii Corporate debt securities                   | Nil                                          | Nil                                          | Nil                                                | Nil                                   |
| <b>Securities purchased under Reverse Repo</b> |                                              |                                              |                                                    |                                       |
| i. Government Securities                       | 4.56                                         | 1,322.57                                     | 336.65                                             | 391.33                                |
| ii Corporate debt securities                   | Nil                                          | Nil                                          | Nil                                                | Nil                                   |

Details of securities sold/purchased (in face value terms) during the years ended March 31, 2020 under repos/ reverse repos:

(₹ in Crore)

|                                                                   | Minimum<br>outstanding<br>during the year | Maximum<br>outstanding<br>during the<br>year | Daily Average<br>outstanding<br>during the<br>year | Outstanding<br>as on 31 March<br>2020 |
|-------------------------------------------------------------------|-------------------------------------------|----------------------------------------------|----------------------------------------------------|---------------------------------------|
| <b>Securities sold under Repo / Term Repo</b>                     |                                           |                                              |                                                    |                                       |
| i. Government Securities                                          | 5.00                                      | 1,463.88                                     | 364.61                                             | 794.00                                |
| ii Corporate debt securities                                      | Nil                                       | Nil                                          | Nil                                                | Nil                                   |
| <b>Securities purchased under Reverse Repo/ Term Reverse Repo</b> |                                           |                                              |                                                    |                                       |
| i. Government Securities                                          | 7.00                                      | 937.00                                       | 183.05                                             | 280.00                                |
| ii Corporate debt securities                                      | Nil                                       | Nil                                          | Nil                                                | Nil                                   |

## 2.2.2 Non-SLR Investment Portfolio

### (i) Issuer composition as at March 31, 2021 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)    | Public sector undertakings (PSUs)                                | 5.85           | -                           | Nil                                           | -                               | -                               |
| (ii).  | FIs                                                              | 748.91         | 154.51                      | Nil                                           | Nil                             | 17.01                           |
| (iii). | Banks                                                            | 35.45          | 20.00                       | Nil                                           | Nil                             | Nil                             |
| (iv).  | Private Corporate                                                | 413.86         | 325.40                      | Nil                                           | Nil                             | 47.63                           |
| (v).   | Subsidiaries/ Joint Ventures                                     | Nil            | Nil                         | Nil                                           | Nil                             | Nil                             |
| (vi).  | Others (Security Receipts, PTC and AIF)                          | 488.37         | 449.02                      | Nil                                           | Nil                             | 488.37                          |
| (vii). | Provision held towards depreciation                              | 103.81         |                             |                                               |                                 |                                 |
| (viii) | Provision held towards depreciation on non performing investment | 1.77           |                             |                                               |                                 |                                 |
|        | <b>Total</b>                                                     | <b>1586.86</b> | <b>948.93</b>               | <b>Nil</b>                                    | <b>Nil</b>                      | <b>553.01</b>                   |

Amounts reported under column (4), (5), (6) and (7) above are not mutually exclusive

\* Excludes investments in equity shares, commercial papers, Certificate of deposits in line with RBI guidelines.

### Issuer composition as at March 31, 2020 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)    | Public sector undertakings (PSUs)                                | 20.85         | Nil                         | Nil                                           | Nil                             | Nil                             |
| (ii).  | FIs                                                              | 2.00          | 2.00                        | Nil                                           | Nil                             | 2.00                            |
| (iii). | Banks                                                            | 374.47        | 193.23                      | Nil                                           | Nil                             | Nil                             |
| (iv).  | Private Corporate                                                | 1.87          | 1.82                        | Nil                                           | Nil                             | 0.05                            |
| (v).   | Subsidiaries/ Joint Ventures                                     | Nil           | Nil                         | Nil                                           | Nil                             | Nil                             |
| (vi).  | Others<br>(Security Receipts, PTC and AIF)                       | 415.98        | 376.63                      | Nil                                           | Nil                             | 415.98                          |
| (vii). | Provision held towards depreciation                              | 99.11         |                             |                                               |                                 |                                 |
| (viii) | Provision held towards depreciation on non performing investment | 1.81          |                             |                                               |                                 |                                 |
|        | <b>Total</b>                                                     | <b>714.26</b> | <b>573.68</b>               | <b>Nil</b>                                    | <b>Nil</b>                      | <b>418.03</b>                   |

Amounts reported under column (4), (5), (6) and (7) above are not mutually exclusive

\*Excludes investments in equity shares, commercial papers, Certificate of deposits in line with RBI guidelines.

**(ii) Non performing Non-SLR investments**

(₹ in Crore)

| Particulars                               | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|-------------------------------------------|------------------------------|------------------------------|
| Opening balance                           | 1.82                         | 17.48                        |
| Additions during the year since 1st April | 0.00                         | 0.00                         |
| Reductions during above period            | 0.00                         | 15.66                        |
| Closing balance                           | 1.82                         | 1.82                         |
| Total provisions held                     | 1.77                         | 1.81                         |

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

During the year, securities amounting to book value ₹ 1857.40 Crores was transferred from Held to Maturity category to Available for Sale category. For the year ended March 31, 2021, the value of sales/transfers from Held to Maturity category (excluding one-time transfer of securities permitted to be undertaken by banks at the beginning of the accounting year and with approval of the Board of Directors and sales to the RBI under open market operation auctions and redemptions in units of Venture Capital Funds as these are not initiated by the Bank) exceeds 5 per cent of the book value of investments held in Held to Maturity category at the beginning of the year. As on 31.03.2021, the excess of book value of investments held in Held to Maturity Category over market value is as under:-

(₹ in Crore)

|                                                                       |           |
|-----------------------------------------------------------------------|-----------|
| Book value of investments held in the HTM Category as on 31.03.2021   | 4,249.97* |
| Market value of investments held in the HTM Category as on 31.03.2021 | 4,221.24  |
| Excess of book value over market value                                | 28.73     |

\* 784.60 Crores relates to TLTRO investment

**2.2.4 Additional Details on Investments**

- In respect of Investments in Held to Maturity category, the amount of amortization of excess of acquisition cost over face value is ₹ 6.60 Crores (previous year ₹ 15.14 Crores) which is netted against Income on Investments (Schedule 13, Item II).
- Profit on sale of investments under Held to Maturity category amounting to ₹ 55.52 Crore (Previous Year ₹ 7.79 Crore) has been taken to Profit and Loss account and an amount of ₹ 31.16 Crore net of tax and appropriation to Statutory reserves has been transferred to Capital Reserve. Further, an amount of ₹ 86.51 Crore available in the Profit and Loss account also has been transferred to Capital Reserve towards shortfall in transfer for the year ended March 31, 2017. There was no loss on sale of investments under Held to Maturity category during the year.
- As per RBI circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018 Investment fluctuation reserve (IFR) is to be created with an amount not less than lower of net profit on sale of investments during the year or net profit for the year less mandatory appropriations until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis.

During the year ended March 31, 2021, the Bank has transferred an amount of ₹ 40 crore and is maintaining an IFR of ₹ 40 Crore and considered it as part of Tier II capital for capital adequacy purposes.

- Provisions for depreciation and diminution on investments in the Available for Sale category investments amounting to ₹ 23.18 Crores is debited to Profit & Loss account (Previous year ₹ 22.98 Crores).
- Provisions for depreciation and diminution on investments in the Held for Trading category investments is NIL (Previous year - ₹ 0.05 Crores).
- During the year, the Bank has transferred securities of book value amounting to ₹ 1,857.40 Crores (Previous year - Nil) from Held to Maturity category to Available for Sale category. During the previous year, the Bank transferred securities of book value amounting to ₹ 78.81 Crores from Available for Sale category to Held to Maturity category.
- During the year bank has written off investment of ₹ 2.00 Crores in Tier 2 bonds of Lakshmi Vilas Bank.

|                                                                     |   |                |
|---------------------------------------------------------------------|---|----------------|
| <b>2.3. Derivatives</b>                                             | : | Nil            |
| <b>2.3.1 Forward Rate Agreement/ Interest Rate Swap</b>             | : | Nil            |
| <b>2.3.2 Exchange Traded Currency and Interest Rate Derivatives</b> | : | Nil            |
| <b>2.3.3 Disclosures on risk exposure in derivatives</b>            | : | Nil            |
| <b>2.3.3 a) Qualitative &amp; Quantitative Disclosure</b>           | : | Not Applicable |
| <b>2.3.4 Credit Default Swaps</b>                                   | : | Nil            |

## 2.4. Asset Quality

### 2.4.1 Non-Performing Assets (₹ in Crore)

| Particulars                                                                           | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>(i) Net NPAs to Net Advances (%)</b>                                               | <b>1.17 %</b>           | <b>1.91%</b>            |
| <b>(ii) Movement of NPAs (Gross)</b>                                                  |                         |                         |
| (a) Opening balance                                                                   | 409.43                  | 530.62                  |
| (b) Additions during the year                                                         | 192.12                  | 181.78                  |
| (c) Reductions during the year                                                        | 208.06                  | 302.97                  |
| (d) Closing balance                                                                   | <b>393.49</b>           | <b>409.43</b>           |
| <b>(iii) Movement of Net NPAs</b>                                                     |                         |                         |
| (a) Opening balance                                                                   | 216.94                  | 240.68                  |
| (b) Additions during the year                                                         | 71.53                   | 89.16                   |
| (c) Reductions during the year                                                        | 119.66                  | 112.90                  |
| (d) Closing balance                                                                   | <b>168.81</b>           | <b>216.94</b>           |
| <b>(iv) Movement of provisions for NPAs (excluding provisions on standard assets)</b> |                         |                         |
| (a) Opening balance                                                                   | 188.36                  | 286.42                  |
| (b) Provisions made during the year                                                   | 120.60                  | 92.62                   |
| (c) Write-off/ write-back of excess provisions                                        | 88.45                   | 190.68                  |
| (d) Closing balance                                                                   | <b>220.51</b>           | <b>188.36</b>           |

Movement is taken on yearly basis.

### 2.4.2 Divergence in Asset Classification and Provisioning for NPAs

In terms of the RBI circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in the notes to accounts.

There was no divergence observed by the RBI for the year ended March 31, 2019 in respect of the Bank's assets classification and provisioning under the extant prudential norms on Income Recognition, Asset Classification and Provisioning. No disclosure on divergence in asset classification and provisioning for NPAs is made for the year ended March 31, 2020 as the RBI's annual supervisory process for the year is yet to be concluded.

(₹ in Crore)

## 2.4.3 A) Particulars of Accounts Restructured as on 31.03.2021

| SI No | Type of Restructuring                                           | Asset classification                      | 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 | Standard | Sub-standard | Doubtful | Loss | Total |
| 1     | Restructured Accounts as on April 1 2020 (opening figures)      | No. of Borrowers                          | 0                   | 0            | 1        | 0    | 1     | NIL                                    | NIL          | NIL      | NIL  | NIL   | 39       | 18           | 8        | 0    | 65    | 39       | 18           | 9        | 0    | 66    |
|       |                                                                 | Amount outstanding- Restructured facility | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 14.04    | 3.51         | 0.36     | 0    | 17.91 | 14.04    | 3.51         | 0.36     | 0    | 17.91 |
|       |                                                                 | Amount outstanding- Other facility        | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 9.53     | 0            | 0        | 0    | 9.53  | 9.53     | 0            | 0        | 0    | 9.53  |
|       |                                                                 | Total                                     | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 23.57    | 3.51         | 0.36     | 0    | 27.44 | 23.57    | 3.51         | 0.36     | 0    | 27.44 |
|       |                                                                 | Provision thereon                         | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 0.18     | 0.03         | 0        | 0    | 0.21  | 0.18     | 0.03         | 0        | 0    | 0.21  |
| 2     | Fresh Restructuring during the year                             | No. of Borrowers                          | 0                   | 0            | 0        | 0    | 0     | NIL                                    | NIL          | NIL      | NIL  | NIL   | 1        | 0            | 1        | 0    | 2     | 1        | 0            | 1        | 0    | 2     |
|       |                                                                 | Amount outstanding- Restructured facility | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 0.5      | 0            | 3.7      | 0    | 4.2   | 0.5      | 0            | 3.7      | 0    | 4.2   |
|       |                                                                 | Amount outstanding- Other facility        | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 0        | 0            | 0        | 0    | 0     | 0        | 0            | 0        | 0    | 0     |
|       |                                                                 | Total                                     | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 0.5      | 0            | 3.7      | 0    | 4.2   | 0.5      | 0            | 3.7      | 0    | 4.2   |
|       |                                                                 | Provision thereon                         | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 0.02     | 0            | 0        | 0    | 0.02  | 0.02     | 0            | 0        | 0    | 0.02  |
| 3     | Upgradations to restructured standard category during the year. | No. of Borrowers                          | 0                   | 0            | 0        | 0    | 0     | NIL                                    | NIL          | NIL      | NIL  | NIL   | 2        | -2           | 0        | 0    | 0     | 2        | -2           | 0        | 0    | 0     |
|       |                                                                 | Amount outstanding- Restructured facility | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 3        | -3           | 0        | 0    | 0     | 3        | -3           | 0        | 0    | 0     |
|       |                                                                 | Amount outstanding- Other facility        | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 0        | 0            | 0        | 0    | 0     | 0        | 0            | 0        | 0    | 0     |
|       |                                                                 | Total                                     | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 3        | -3           | 0        | 0    | 0     | 3        | -3           | 0        | 0    | 0     |
|       |                                                                 | Provision thereon                         | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 0.002    | -0.002       | 0        | 0    | 0     | 0.002    | -0.002       | 0        | 0    | 0     |

| SI No | Type of Restructuring                                                                                                                                                                                                        | Under CDR Mechanism                       |   |   |   |   |   | Under SME Debt Restructuring Mechanism | Others |        |      |   |       | Total  |        |      |    |       |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|---|---|---|---|---|----------------------------------------|--------|--------|------|---|-------|--------|--------|------|----|-------|
| 4     | Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY | No. of Borrowers                          | 0 | 0 | 0 | 0 | 0 | NIL                                    | -1     | 0      | 0    | 0 | -1    | 0      | 0      | 0    | -1 | -0.23 |
|       |                                                                                                                                                                                                                              | Amount outstanding- Restructured facility | 0 | 0 | 0 | 0 | 0 |                                        | -0.23  | 0      | 0    | 0 | -0.23 | 0      | 0      | 0    | 0  | -0.23 |
|       |                                                                                                                                                                                                                              | Amount outstanding- Other facility        | 0 | 0 | 0 | 0 | 0 |                                        | 0      | 0      | 0    | 0 | 0     | 0      | 0      | 0    | 0  | 0     |
|       |                                                                                                                                                                                                                              | Total                                     | 0 | 0 | 0 | 0 | 0 |                                        | -0.23  | 0      | 0    | 0 | -0.23 | 0      | 0      | 0    | 0  | -0.23 |
|       |                                                                                                                                                                                                                              | Provision thereon                         | 0 | 0 | 0 | 0 | 0 |                                        | 0.01   | 0      | 0    | 0 | 0.01  | 0      | 0      | 0    | 0  | 0.01  |
| 5     | Down gradations of restructured accounts during the FY (Net)                                                                                                                                                                 | No. of Borrowers                          | 0 | 0 | 0 | 0 | 0 | NIL                                    | -9     | -1     | 10   | 0 | 0     | -9     | -1     | 10   | 0  | 0     |
|       |                                                                                                                                                                                                                              | Amount outstanding- Restructured facility | 0 | 0 | 0 | 0 | 0 |                                        | -9.06  | 8.71   | 0.35 | 0 | 0     | -9.06  | 8.71   | 0.35 | 0  | 0     |
|       |                                                                                                                                                                                                                              | Amount outstanding- Other facility        | 0 | 0 | 0 | 0 | 0 |                                        | -9.21  | 9.21   | 0    | 0 | 0     | -9.21  | 9.21   | 0    | 0  | 0     |
|       |                                                                                                                                                                                                                              | Total                                     | 0 | 0 | 0 | 0 | 0 |                                        | -18.27 | 17.92  | 0.35 | 0 | 0     | -18.27 | 17.92  | 0.35 | 0  | 0     |
|       |                                                                                                                                                                                                                              | Provision thereon                         | 0 | 0 | 0 | 0 | 0 |                                        | -0.03  | -0.001 | 0.02 | 0 | -0.01 | -0.03  | -0.001 | 0.02 | 0  | -0.01 |
| 6     | Write-offs / Sale /Closed of restructured accounts during the FY.                                                                                                                                                            | No. of Borrowers                          | 0 | 0 | 0 | 0 | 0 | NIL                                    | -7     | -6     | 0    | 0 | -13   | -7     | -6     | 0    | 0  | -13   |
|       |                                                                                                                                                                                                                              | Amount outstanding- Restructured facility | 0 | 0 | 0 | 0 | 0 |                                        | -0.54  | -0.16  | 0    | 0 | -0.7  | -0.54  | -0.16  | 0    | 0  | -0.7  |
|       |                                                                                                                                                                                                                              | Amount outstanding- Other facility        | 0 | 0 | 0 | 0 | 0 |                                        | 0      | 0      | 0    | 0 | 0     | 0      | 0      | 0    | 0  | 0     |
|       |                                                                                                                                                                                                                              | Total                                     | 0 | 0 | 0 | 0 | 0 |                                        | -0.54  | -0.16  | 0    | 0 | -0.7  | -0.54  | -0.16  | 0    | 0  | -0.7  |
|       |                                                                                                                                                                                                                              | Provision thereon                         | 0 | 0 | 0 | 0 | 0 |                                        | -0.03  | -0.01  | 0.00 | 0 | -0.04 | -0.03  | -0.01  | 0    | 0  | -0.04 |

| SI No | Type of Restructuring                                         |                                           | Under CDR Mechanism |   |   |   |   | Under SME Debt Restructuring Mechanism | Others |       |       |      |        | Total |       |       |   |        |
|-------|---------------------------------------------------------------|-------------------------------------------|---------------------|---|---|---|---|----------------------------------------|--------|-------|-------|------|--------|-------|-------|-------|---|--------|
|       |                                                               |                                           | 0                   | 0 | 0 | 0 | 0 |                                        | 0      | 0     | 0     | 0    | 0      | 0     | 0     | 0     | 0 | 0      |
| 7     | Changes in the account balance                                | No. of Borrowers                          | 0                   | 0 | 0 | 0 | 0 | NIL                                    | 0      | 0     | 0     | 0    | 0      | 0     | 0     | 0     | 0 | 0      |
|       |                                                               | Amount outstanding- Restructured facility | 0                   | 0 | 0 | 0 | 0 |                                        | -0.72  | -0.42 | -0.02 | 0    | -1.16  | -0.72 | -0.42 | -0.02 | 0 | -1.16  |
|       |                                                               | Amount outstanding- Other facility        | 0                   | 0 | 0 | 0 | 0 |                                        | 1.4    | -0.23 | 0     | 0    | 1.17   | 1.4   | -0.23 | 0     | 0 | 1.17   |
|       |                                                               | Total                                     | 0                   | 0 | 0 | 0 | 0 |                                        | 0.68   | -0.65 | -0.02 | 0    | 0.01   | 0.68  | -0.65 | -0.02 | 0 | 0.01   |
|       |                                                               | Provision thereon                         | 0                   | 0 | 0 | 0 | 0 |                                        | -0.01  | 0.002 | 0     | 0    | -0.008 | -0.01 | 0.002 | 0     | 0 | -0.008 |
| 8     | Restructured accounts as on March 31, 2021 (closing figures*) | No. of Borrowers                          | 0                   | 0 | 1 | 0 | 1 | NIL                                    | 25     | 9     | 19    | 0    | 53     | 25    | 9     | 20    | 0 | 54     |
|       |                                                               | Amount outstanding- Restructured facility | 0                   | 0 | 0 | 0 | 0 |                                        | 6.99   | 8.64  | 4.39  | 0    | 20.02  | 6.99  | 8.64  | 4.39  | 0 | 20.02  |
|       |                                                               | Amount outstanding- Other facility        | 0                   | 0 | 0 | 0 | 0 |                                        | 1.72   | 8.98  | 0     | 0    | 10.7   | 1.72  | 8.98  | 0     | 0 | 10.7   |
|       |                                                               | Total                                     | 0                   | 0 | 0 | 0 | 0 |                                        | 8.71   | 17.62 | 4.39  | 0    | 30.72  | 8.71  | 17.62 | 4.39  | 0 | 30.72  |
|       |                                                               | Provision thereon                         | 0                   | 0 | 0 | 0 | 0 |                                        | 0.14   | 0.02  | 0.02  | 0.00 | 0.18   | 0.14  | 0.02  | 0.02  | 0 | 0.18   |

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

Note: The above table excludes borrowers restructured under MSME onetime restructuring and Covid-relief restructuring, which is shown separately.

(₹ in Crore)

Particulars of Accounts Restructured as on 31.03.2020

| SI No | Type of Restructuring                                           | Asset classification                      | 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 | Standard | Sub-standard | Doubtful | Loss | Total |
| 1     | Restructured Accounts as on April 1 2019(opening figures)       | No. of Borrowers                          | 0                   | 0            | 1        | 0    | 1     | NIL                                    |              |          |      |       | 66       | 0            | 10       | 0    | 76    | 66       | 0            | 11       | 0    | 77    |
|       |                                                                 | Amount outstanding- Restructured facility | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 19.55    | 0.00         | 6.63     | 0.00 | 26.18 | 19.55    | 0.00         | 6.63     | 0.00 | 26.18 |
|       |                                                                 | Amount outstanding- Other facility        | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 9.29     | 0.00         | 0.00     | 0.00 | 9.29  | 9.29     | 0.00         | 0.00     | 0.00 | 9.29  |
|       |                                                                 | Total                                     | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 28.84    | 0.00         | 6.63     | 0.00 | 35.47 | 28.84    | 0.00         | 6.63     | 0.00 | 35.47 |
|       |                                                                 | Provision thereon                         | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 0.26     | 0.00         | 0.00     | 0.00 | 0.26  | 0.26     | 0.00         | 0.00     | 0.00 | 0.26  |
|       |                                                                 |                                           | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 3        | 0            | 0        | 0    | 3     | 3        | 0            | 0        | 0    | 3     |
| 2     | Fresh Restructuring during the year                             | No. of Borrowers                          | 0                   | 0            | 0        | 0    | 0     | NIL                                    |              |          |      |       | 0.20     | 0.00         | 0.00     | 0.00 | 0.20  | 0.20     | 0.00         | 0.00     | 0.00 | 0.20  |
|       |                                                                 | Amount outstanding- Restructured facility | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       |          |              |          |      |       |          |              |          |      |       |
|       |                                                                 | Amount outstanding - Other facility       | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 0.10     | 0.00         | 0.00     | 0.00 | 0.10  | 0.10     | 0.00         | 0.00     | 0.00 | 0.10  |
|       |                                                                 | Total                                     | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 0.30     | 0.00         | 0.00     | 0.00 | 0.30  | 0.30     | 0.00         | 0.00     | 0.00 | 0.30  |
|       |                                                                 | Provision thereon                         | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 0.01     | 0.00         | 0.00     | 0.00 | 0.01  | 0.01     | 0.00         | 0.00     | 0.00 | 0.01  |
|       |                                                                 |                                           | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 0        | 0            | 0        | 0    | 0     | 0        | 0            | 0        | 0    | 0     |
| 3     | Upgradations to restructured standard category during the year. | No. of Borrowers                          | 0                   | 0            | 0        | 0    | 0     | NIL                                    |              |          |      |       | 0.00     | 0.00         | 0.00     | 0.00 | 0.00  | 0.00     | 0.00         | 0.00     | 0.00 | 0.00  |
|       |                                                                 | Amount outstanding- Restructured facility | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       |          |              |          |      |       |          |              |          |      |       |
|       |                                                                 | Amount outstanding - Other facility       | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 0.00     | 0.00         | 0.00     | 0.00 | 0.00  | 0.00     | 0.00         | 0.00     | 0.00 | 0.00  |
|       |                                                                 | Total                                     | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 0.00     | 0.00         | 0.00     | 0.00 | 0.00  | 0.00     | 0.00         | 0.00     | 0.00 | 0.00  |
|       |                                                                 | Provision thereon                         | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 0.00     | 0.00         | 0.00     | 0.00 | 0.00  | 0.00     | 0.00         | 0.00     | 0.00 | 0.00  |
|       |                                                                 |                                           | 0                   | 0            | 0        | 0    | 0     |                                        |              |          |      |       | 0.00     | 0.00         | 0.00     | 0.00 | 0.00  | 0.00     | 0.00         | 0.00     | 0.00 | 0.00  |

| SI No | Type of Restructuring                                                                                                                                                                                                         | Under CDR Mechanism                       |   |   |   |   |   | Under SME Debt Restructuring Mechanism | Others |      |       |      |       |       | Total |       |       |      |       |       |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|---|---|---|---|---|----------------------------------------|--------|------|-------|------|-------|-------|-------|-------|-------|------|-------|-------|
|       |                                                                                                                                                                                                                               | 0                                         | 0 | 0 | 0 | 0 | 0 |                                        | 0      | 0    | 0     | 0    | 0     | 0     | 0     | 0     | 0     | 0    | 0     | 0     |
| 4     | Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY. | No. of Borrowers                          | 0 | 0 | 0 | 0 | 0 | NIL                                    | 0      | 0    | 0     | 0    | 0     | 0     | 0     | 0     | 0     | 0    | 0     | 0     |
|       |                                                                                                                                                                                                                               | Amount outstanding- Restructured facility | 0 | 0 | 0 | 0 | 0 |                                        | 0.00   | 0.00 | 0.00  | 0.00 | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00 | 0.00  | 0.00  |
|       |                                                                                                                                                                                                                               | Amount outstanding - Other facility       | 0 | 0 | 0 | 0 | 0 |                                        | 0.00   | 0.00 | 0.00  | 0.00 | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00 | 0.00  | 0.00  |
|       |                                                                                                                                                                                                                               | Total                                     | 0 | 0 | 0 | 0 | 0 |                                        | 0.00   | 0.00 | 0.00  | 0.00 | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00 | 0.00  | 0.00  |
| 5     | Down gradations of restructured accounts during the FY (Net)                                                                                                                                                                  | Provision thereon                         | 0 | 0 | 0 | 0 | 0 | NIL                                    | 0.00   | 0.00 | 0.00  | 0.00 | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00 | 0.00  | 0.00  |
|       |                                                                                                                                                                                                                               | No. of Borrowers                          | 0 | 0 | 0 | 0 | 0 |                                        | -18    | 18   | 0     | 0    | 0     | 0     | -18   | 18    | 0     | 0    | 0     | 0     |
|       |                                                                                                                                                                                                                               | Amount outstanding- Restructured facility | 0 | 0 | 0 | 0 | 0 |                                        | -3.45  | 3.45 | 0.00  | 0.00 | 0.00  | 0.00  | -3.45 | 3.45  | 0.00  | 0.00 | 0.00  | 0.00  |
|       |                                                                                                                                                                                                                               | Amount outstanding- Other facility        | 0 | 0 | 0 | 0 | 0 |                                        | 0.00   | 0.00 | 0.00  | 0.00 | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00 | 0.00  | 0.00  |
| 6     | Write-offs / Sale /Closed of restructured accounts during the FY.                                                                                                                                                             | Total                                     | 0 | 0 | 0 | 0 | 0 | NIL                                    | -3.45  | 3.45 | 0.00  | 0.00 | 0.00  | 0.00  | -3.45 | 3.45  | 0.00  | 0.00 | 0.00  | 0.00  |
|       |                                                                                                                                                                                                                               | Provision thereon                         | 0 | 0 | 0 | 0 | 0 |                                        | -0.03  | 0.03 | 0.00  | 0.00 | 0.00  | 0.00  | -0.03 | 0.03  | 0.00  | 0.00 | 0.00  | 0.00  |
|       |                                                                                                                                                                                                                               | No. of Borrowers                          | 0 | 0 | 0 | 0 | 0 |                                        | -12    | 0    | -2    | 0    | -14   | -2    | -12   | 0     | -2    | 0    | -14   | -14   |
|       |                                                                                                                                                                                                                               | Amount outstanding- Restructured facility | 0 | 0 | 0 | 0 | 0 |                                        | -0.46  | 0.00 | -0.84 | 0.00 | -1.30 | -0.46 | -0.46 | 0.00  | -0.84 | 0.00 | -1.30 | -1.30 |
|       |                                                                                                                                                                                                                               | Amount outstanding- Other facility        | 0 | 0 | 0 | 0 | 0 |                                        | 0.00   | 0.00 | 0.00  | 0.00 | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00 | 0.00  | 0.00  |
|       |                                                                                                                                                                                                                               | Total                                     | 0 | 0 | 0 | 0 | 0 |                                        | -0.46  | 0.00 | -0.84 | 0.00 | -1.30 | -0.46 | 0.00  | -0.84 | 0.00  | 0.00 | -1.30 | -1.30 |
|       |                                                                                                                                                                                                                               | Provision thereon                         | 0 | 0 | 0 | 0 | 0 |                                        | -0.02  | 0.00 | -0.00 | 0.00 | -0.02 | -0.02 | 0.00  | 0.00  | 0.00  | 0.00 | -0.02 | -0.02 |
|       |                                                                                                                                                                                                                               |                                           | 0 | 0 | 0 | 0 | 0 |                                        |        |      |       |      |       |       |       |       |       |      |       |       |

| SI No | Type of Restructuring                                         | Under CDR Mechanism                       |   |   |   |   | Under SME Debt Restructuring Mechanism | Others |      |       |      |       | Total |      |       |      |       |
|-------|---------------------------------------------------------------|-------------------------------------------|---|---|---|---|----------------------------------------|--------|------|-------|------|-------|-------|------|-------|------|-------|
|       |                                                               |                                           |   |   |   |   |                                        |        |      |       |      |       |       |      |       |      |       |
| 7     | Changes in the account balance                                | No. of Borrowers                          |   |   |   |   |                                        |        |      |       |      |       |       |      |       |      |       |
|       |                                                               | Amount outstanding- Restructured facility | 0 | 0 | 0 | 0 |                                        | -1.80  | 0.06 | -5.43 | 0.00 | -7.17 | -1.80 | 0.06 | -5.43 | 0.00 | -7.17 |
|       |                                                               | Amount outstanding- Other facility        | 0 | 0 | 0 | 0 |                                        | 0.14   | 0.00 | 0.00  | 0.00 | 0.14  | 0.14  | 0.00 | 0.00  | 0.00 | 0.14  |
|       |                                                               | Total                                     | 0 | 0 | 0 | 0 |                                        | -1.66  | 0.06 | -5.43 | 0.00 | -7.03 | -1.66 | 0.06 | -5.43 | 0.00 | -7.03 |
|       |                                                               | Provision thereon                         | 0 | 0 | 0 | 0 |                                        | -0.04  | 0.00 | 0.00  | 0.00 | -0.04 | -0.04 | 0.00 | 0.00  | 0.00 | -0.04 |
| 8     | Restructured accounts as on March 31, 2020 (closing figures*) | No. of Borrowers                          | 0 | 0 | 1 | 0 | NIL                                    | 39     | 18   | 8     | 0    | 65    | 39    | 18   | 9     | 0    | 66    |
|       |                                                               | Amount outstanding- Restructured facility | 0 | 0 | 0 | 0 |                                        | 14.04  | 3.51 | 0.36  | 0.00 | 17.91 | 14.04 | 3.51 | 0.36  | 0.00 | 17.91 |
|       |                                                               | Amount outstanding- Other facility        | 0 | 0 | 0 | 0 |                                        | 9.53   | 0.00 | 0.00  | 0.00 | 9.53  | 9.53  | 0.00 | 0.00  | 0.00 | 9.53  |
|       |                                                               | Total                                     | 0 | 0 | 0 | 0 |                                        | 23.57  | 3.51 | 0.36  | 0.00 | 27.44 | 23.57 | 3.51 | 0.36  | 0.00 | 27.44 |
|       |                                                               | Provision thereon                         | 0 | 0 | 0 | 0 |                                        | 0.18   | 0.03 | 0.00  | 0.00 | 0.21  | 0.18  | 0.03 | 0.00  | 0.00 | 0.21  |

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

#### 2.4.3 B) Additional Disclosures with relation to Certain Restructuring Schemes:

|                                                                                    |   |     |
|------------------------------------------------------------------------------------|---|-----|
| (i) Disclosures on Flexible Structuring of Existing Loans                          | - | Nil |
| (ii) Disclosures on Strategic Debt Restructuring Scheme                            | - | Nil |
| (iii) Disclosures on Change in Ownership outside SDR Scheme                        | - | Nil |
| (iv) Disclosures on Change in Ownership of Projects under Implementation           | - | Nil |
| (v) Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A) | - | Nil |
| (vi) Restructured accounts under MSME - One-time restructuring on 31.03.2021       | - | Nil |

(₹ in Crore)

| Asset status | As at March 31, 2021 |              | As at March 31, 2020 |              |
|--------------|----------------------|--------------|----------------------|--------------|
|              | No of accounts       | Amount       | No of accounts       | Amount       |
| Standard     | 21                   | 61.45        | 9                    | 25.53        |
| Substandard  | 2                    | 4.26         | 0                    | 0.00         |
| Doubtful     | 0                    | 0            | 0                    | 0.00         |
| <b>Total</b> | <b>23</b>            | <b>65.71</b> | <b>9</b>             | <b>25.53</b> |

#### 2.4.4 Implementation of Resolution Plans (RPs):

| Cases eligible for RPs during the year ended March 31, 2021 |              | RPs Successfully implemented during the year ended March 31, 2021 |              | RPs under implementation during the year ended March 31, 2021 |              |
|-------------------------------------------------------------|--------------|-------------------------------------------------------------------|--------------|---------------------------------------------------------------|--------------|
| Balance Outstanding (Rs. in Crores)                         | No. of cases | Balance Outstanding (Rs. in Crores)                               | No. of cases | Balance Outstanding (Rs. in Crores)                           | No. of cases |
| -                                                           | Nil          | -                                                                 | Nil          | -                                                             | Nil          |

#### 2.4.5 Disclosure on the resolution framework for the Covid - 19 related stress

(₹ in Crore)

| Type of Borrower  | (A) Number of accounts where resolution plan has been implemented under this window | (B) Exposure to accounts mentioned at (A) before implementation of the plan | (C) Of (B), aggregate amount of debt that was converted into other securities | (D) Additional funding sanctioned, if any, including between invocation of the plan and implementation | (E) Increase in provisions on account of the implementation of the resolution plan |
|-------------------|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Personal Loans    | 13                                                                                  | 1.33                                                                        | 0                                                                             | 0                                                                                                      | 0.06                                                                               |
| Corporate Persons | 0                                                                                   | 0                                                                           | 0                                                                             | 0                                                                                                      | 0                                                                                  |
| Of which, MSMEs   | 0                                                                                   | 0                                                                           | 0                                                                             | 0                                                                                                      | 0                                                                                  |
| Others            | 0                                                                                   | 0                                                                           | 0                                                                             | 0                                                                                                      | 0                                                                                  |
| <b>Total</b>      | <b>13</b>                                                                           | <b>1.33</b>                                                                 | <b>0</b>                                                                      | <b>0</b>                                                                                               | <b>0.06</b>                                                                        |

#### 2.4.6 Details of financial assets sold to Securitization / Reconstruction Company for Asset Reconstruction

##### A) Details of Sales

(₹ in Crore)

| Particulars                                                                                | Year ended March 31, 2021 | Year ended March 31, 2020 |
|--------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| (i) No. of accounts                                                                        | 1                         | 1                         |
| (ii) Aggregate value (net of provisions) of accounts sold to SC/RC                         | 0.71                      | 1.65                      |
| (iii) Aggregate consideration                                                              | 0.71                      | 1.65                      |
| (iv) Additional consideration realized in respect of accounts transferred in earlier years | Nil                       | Nil                       |
| (v) Aggregate gain / loss over net book value                                              | Nil                       | Nil                       |

**B) Details of Book Value of Investments in Security Receipts:**

(₹ in Crore)

| Particulars                                                                                                    | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|----------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Backed by NPAs/SMAs sold by the Bank as underlying                                                             | 182.85                  | 194.41                  |
| Backed by NPAs/SMAs sold by other Banks/ financial institutions/ non-banking financial companies as underlying | -                       | -                       |
| <b>Total</b>                                                                                                   | <b>182.85</b>           | <b>194.41</b>           |

**C) Ageing of investments held as Security receipts and provision held as on March 31, 2021**

(₹ in Crore)

| Particulars                                                                                                                           | SRs issued<br>within past 5<br>years | SRs issued more than<br>5 years ago but within<br>past 8 years | SRs issued more<br>than 8 years ago |
|---------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------------------------------------------------|-------------------------------------|
| I Book value of SRs backed by NPAs/SMAs sold by the Bank as underlying                                                                | Nil                                  | 182.85                                                         | Nil                                 |
| Provision held against (i)                                                                                                            | Nil                                  | 103.81                                                         | Nil                                 |
| II Book value of SRs backed by NPAs/SMAs sold by other Banks / financial institutions / non-banking financial companies as underlying | Nil                                  | Nil                                                            | Nil                                 |
| Provision held against (ii)                                                                                                           | Nil                                  | Nil                                                            | Nil                                 |
| <b>Total (I+II)</b>                                                                                                                   | <b>Nil</b>                           | <b>182.85</b>                                                  | <b>Nil</b>                          |

**D) Ageing of investments held as Security receipts and provision held as on March 31, 2020**

(₹ in Crore)

| Particulars                                                                                                                           | SRs issued<br>within past 5<br>years | SRs issued more than<br>5 years ago but within<br>past 8 years | SRs issued more<br>than 8 years ago |
|---------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------------------------------------------------|-------------------------------------|
| I Book value of SRs backed by NPAs/SMAs sold by the Bank as underlying                                                                | 56.25                                | 138.16                                                         | Nil                                 |
| Provision held against (i)                                                                                                            | 14.59                                | 84.52                                                          | Nil                                 |
| II Book value of SRs backed by NPAs/SMAs sold by other Banks / financial institutions / non-banking financial companies as underlying | Nil                                  | Nil                                                            | Nil                                 |
| Provision held against (ii)                                                                                                           | Nil                                  | Nil                                                            | Nil                                 |
| <b>Total (I+II)</b>                                                                                                                   | <b>56.25</b>                         | <b>138.16</b>                                                  | <b>Nil</b>                          |

**2.4.7 Details of non-performing financial assets purchased/sold from/to other Banks - Nil.**

**2.4.8 Provisions on Standard Assets**

(₹ in Crore)

| Particulars                                     | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|-------------------------------------------------|------------------------------|------------------------------|
| Opening Balance                                 | 52.52                        | 47.24                        |
| Additions/adjustments during the year           | 115.69                       | 5.27                         |
| Deductions during the year                      | -                            | -                            |
| <b>Provisions held towards Standard Assets*</b> | <b>168.21</b>                | <b>52.52</b>                 |

\* Includes COVID-19 related provision of ₹102.12 Crores (Previous year: ₹1.63 Crores) and provision held towards Unhedged Foreign Currency Exposure of customers amounting to ₹2.11 Crores (Previous year: ₹0.30 Crores)

## 2.5 Business Ratio

| Particulars                                                      | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|------------------------------------------------------------------|------------------------------|------------------------------|
| (i) Interest Income as a percentage to Working Funds*            | 8.51                         | 8.15                         |
| (ii) Non-interest income as a percentage to Working Funds*       | 1.82                         | 1.20                         |
| (iii) Operating Profit as a percentage to Working Funds* \$      | 2.79                         | 1.51                         |
| (iv) Return on Assets (%)                                        | 0.99                         | 0.07                         |
| (v) Business (Deposits plus advances) per employee^ (₹ in Crore) | 8.00                         | 8.52                         |
| (vi) Profit per employee                                         | ₹ 5.22 Lakhs                 | ₹ 0.40 Lakhs                 |

\* Working funds represents average of total assets as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949, during the 12 months of the financial year.

^ Business is the total of net advances and deposits (net of inter-bank deposits).

\$ Operating profit is profit before provisions and contingencies.

## 2.6 Asset Liability Management

Maturity pattern of certain items of assets and liabilities as at March 31, 2021 and March 31, 2020 are set out below:

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

(₹ in Crore)

| As on 31.03.2021             | 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 & upto 6 months | Over 6 months & upto 1 year | Over 1 year & upto 3 years | Over 3 years & upto 5 years | Over 5 years | Total    |
|------------------------------|---------|----------|-------------|---------------|---------------------|----------------------|-------------------------------|-----------------------------|----------------------------|-----------------------------|--------------|----------|
| Deposits                     | 138.47  | 279.68   | 244.31      | 99.29         | 115.23              | 890.66               | 421.85                        | 575.10                      | 5912.88                    | 54.65                       | 10407.92     | 19140.04 |
| Advances                     | 38.04   | 274.67   | 283.75      | 666.99        | 1071.25             | 971.45               | 2648.68                       | 2502.26                     | 3476.28                    | 1125.67                     | 1379.08      | 14438.12 |
| Investments (Net)            | 1292.49 | 169.68   | 36.72       | 63.99         | 21.53               | 166.80               | 188.13                        | 258.25                      | 2312.15                    | 104.85                      | 1511.40      | 6125.99  |
| Borrowings                   | 0.00    | 49.92    | 0.00        | 0.00          | 0.00                | 62.50                | 62.50                         | 125.00                      | 1126.00                    | 0.00                        | 0.00         | 1425.92  |
| Foreign Currency assets      | 65.77   | 247.27   | 3.26        | 385.94        | 0.00                | 257.44               | 141.40                        | 32.11                       | 4.33                       | 0.00                        | 0.00         | 1137.52  |
| Foreign Currency liabilities | 59.38   | 263.76   | 0.60        | 391.08        | 0.00                | 172.11               | 109.22                        | 73.48                       | 49.67                      | 6.77                        | 11.47        | 1137.52  |

Note: Deposits have been classified as per behavioural maturity. The estimates and assumptions used by the Bank for classification of assets and liabilities under different maturity buckets are based on the returns submitted to RBI for the relevant periods. Maturity profile of foreign currency assets and liabilities includes forward exchange contracts and off balance sheet.

(₹ in Crore)

| As on 31.03.2020             | 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 & upto 6 months | Over 6 months & upto 1 year | Over 1 year & upto 3 years | Over 3 years & upto 5 years | Over 5 years | Total    |
|------------------------------|--------|----------|-------------|---------------|---------------------|----------------------|-------------------------------|-----------------------------|----------------------------|-----------------------------|--------------|----------|
| Deposits                     | 107.36 | 242.73   | 334.87      | 112.14        | 141.94              | 95.93                | 281.85                        | 319.74                      | 4403.75                    | 154.62                      | 9595.76      | 15790.68 |
| Advances                     | 0.00   | 20.98    | 36.71       | 78.67         | 162.59              | 162.59               | 2681.90                       | 2390.59                     | 3978.33                    | 844.78                      | 1009.20      | 11366.35 |
| Investments (Net)            | 674.12 | 44.96    | 87.01       | 45.61         | 75.80               | 363.92               | 164.76                        | 302.24                      | 1744.33                    | 30.52                       | 1826.56      | 5359.84  |
| Borrowings                   | 0.00   | 0.00     | 0.00        | 0.00          | 0.00                | 0.00                 | 0.00                          | 163.00                      | 631.00                     | 0.00                        | 0.00         | 794.00   |
| Foreign Currency assets      | 67.74  | 5.69     | 2.72        | 81.14         | 0.00                | 151.48               | 364.85                        | 116.58                      | 4.50                       | 0.00                        | 0.00         | 794.70   |
| Foreign Currency liabilities | 28.02  | 18.08    | 0.45        | 112.37        | 0.00                | 229.87               | 312.98                        | 33.36                       | 49.00                      | 10.15                       | 0.42         | 794.70   |

Note: Deposits have been classified as per behavioural maturity. The estimates and assumptions used by the Bank for classification of assets and liabilities under different maturity buckets are based on the returns submitted to RBI for the relevant periods. Maturity profile of foreign currency assets and liabilities includes forward exchange contracts and off balance sheet items.

## 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                                                                                                    | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|-------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| a) Direct exposure                                                                                          |                         |                         |
| (i) Residential Mortgages                                                                                   |                         |                         |
| a) Priority sector                                                                                          | 144.06                  | 144.04                  |
| b) Non priority sector                                                                                      | 171.81                  | 195.35                  |
| (Of which staff housing loans)                                                                              | (44.24)                 | (53.48)                 |
| c) Total                                                                                                    | 315.87                  | 339.39                  |
| (ii) Commercial Real Estate                                                                                 | 545.39                  | 276.56                  |
| (iii) Investments in Mortgage Backed Securities (MBS) and other securitized 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) | 605.94                  | 962.17                  |
| <b>Total Exposure to Real Estate Sector</b>                                                                 | <b>1467.20</b>          | <b>1578.12</b>          |

### 2.7.2 Exposure to Capital Market

(₹ in Crore)

| Sl No | Items                                                                                                                                                                                                                                                                                                                                                 | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| 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                                                                                                                                                             | 2.27                    | 0.92                    |
| 2     | Advances against shares/bonds/debentures of other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity oriented mutual funds                                                                                                                    | 0.04                    | 0.04                    |
| 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 | 3.28                    | Nil                     |
| 5     | Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers                                                                                                                                                                                                                                      | Nil                     | Nil                     |
| 6     | Loans sanctioned to corporates 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)                                                                                                                                                                                                                                                                             | 39.35                   | Nil                     |
|       | <b>Total Exposure to Capital Market</b>                                                                                                                                                                                                                                                                                                               | <b>44.94</b>            | <b>0.96</b>             |

### 2.7.3 Risk category wise country exposure \*

(₹ in Crore)

| Risk Category   | Exposure (Net) as at March 31, 2021 | Provision held as at March 31, 2021 | Exposure (Net) as at March 31, 2020 | Provision held as at March 31, 2020 |
|-----------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Insignificant   | 288.39                              | Nil                                 | 121.05                              | Nil                                 |
| Low             | 303.84                              | 0.18                                | 4.96                                | Nil                                 |
| Moderately Low  | 2.18                                | Nil                                 | 0.00                                | Nil                                 |
| Moderate        | 0.00                                | Nil                                 | 0.17                                | Nil                                 |
| Moderately High | 0.00                                | Nil                                 | 0.00                                | Nil                                 |
| High            | 0.00                                | Nil                                 | 0.00                                | Nil                                 |
| Very High       | 0.00                                | Nil                                 | 0.00                                | Nil                                 |
| <b>Total</b>    | <b>594.41</b>                       | <b>0.18</b>                         | <b>126.17</b>                       | <b>Nil</b>                          |

\* Based on categorization followed by Export Credit Guarantee Corporation of India Ltd

### 1.6.4 Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the Bank.

(₹ in Crore)

| Name of Borrower | Exposure as on March 31, 2021 |                     |                | Exposure as on March 31, 2020 |                     |                |
|------------------|-------------------------------|---------------------|----------------|-------------------------------|---------------------|----------------|
|                  | Advance Exposure              | Investment Exposure | Total Exposure | Advance Exposure              | Investment Exposure | Total Exposure |
| Nil              | Nil                           | Nil                 | Nil            | Nil                           | Nil                 | Nil            |

### 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 Disclosure of Penalties imposed by RBI

The RBI had imposed an aggregate penalty of ₹ 743/- (on various dates) during the year 2020-21 on account of discrepancies detected in the remittance of soiled notes at RBI by Currency Chests. (PY 2019-20 -Penalty of ₹ 21,050/- for discrepancies detected in the remittance of soiled notes at RBI by Currency Chests).

## 3. DISCLOSURES AS PER ACCOUNTING STANDARDS WHERE RBI HAS ISSUED GUIDELINES IN RESPECT OF ITEMS FOR 'NOTES TO ACCOUNTS'

### 3.1 Accounting Standard 15 (Revised) –Employee Benefits

#### 3.1.1 Disclosures for Defined Contribution Plans – Provident Fund & New Pension Scheme (Contributory)

Contributions to employee provident fund and new pension scheme (contributory), debited to Profit & Loss Account during the year amounts to ₹ 9.46 Crore (Previous Year ₹ 7.43 Crore).

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

##### 3.1.2.1 Amount recognized in Balance Sheet and Profit & Loss Account

The amount recognized in the balance sheet is as follows:

(₹ in Crore)

|                                                                                                                                   | Pension |         | Gratuity |         | Long term Compensated Absences (Privilege Leave) |         |
|-----------------------------------------------------------------------------------------------------------------------------------|---------|---------|----------|---------|--------------------------------------------------|---------|
|                                                                                                                                   | 2020-21 | 2019-20 | 2020-21  | 2019-20 | 2020-21                                          | 2019-20 |
| Present Value of Obligations – Closing                                                                                            | 175.37  | 166.54  | 45.00    | 44.75   | 25.04                                            | 22.02   |
| Fair Value of Plan Assets – Closing                                                                                               | 130.81  | 136.36  | 37.92    | 58.67   | N.A                                              | N.A     |
| Funded Status                                                                                                                     | 44.56   | 30.18   | 7.08     | (13.92) | 25.04                                            | 22.02   |
| Net Liability (Asset) recognized in Balance Sheet (included in Item No IV- Others of Schedule 5 – Other Liabilities & Provisions) | 44.56   | 30.18   | 7.08     | (13.92) | 25.04                                            | 22.02   |

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

(₹ in Crore)

|                                                                                                            | Pension |         | Gratuity |         | Long term Compensated Absences (Privilege Leave) |         |
|------------------------------------------------------------------------------------------------------------|---------|---------|----------|---------|--------------------------------------------------|---------|
|                                                                                                            | 2020-21 | 2019-20 | 2020-21  | 2019-20 | 2020-21                                          | 2019-20 |
| Current Service Cost                                                                                       | 28.78   | 28.22   | 2.84     | 2.76    | 11.63                                            | 9.71    |
| Past Service Cost                                                                                          | 0.00    | N.A.    | 0.00     | 0.00    | N.A.                                             | N.A.    |
| Interest Cost                                                                                              | 4.83    | 7.68    | 2.08     | 2.98    | 0.99                                             | 1.21    |
| Expected Return on Plan Assets                                                                             | (8.78)  | (9.84)  | (4.08)   | (3.48)  | N.A.                                             | N.A.    |
| Net Actuarial Loss/(Gain) recognized in the year*                                                          | 154.64  | 74.78   | 28.58    | (0.38)  | 5.95                                             | 0.39    |
| Total, (included in Item I. "Payment to and provisions for employees" of Schedule 16 – Operating Expenses) | 179.47  | 100.84  | 29.42    | 1.88    | 18.57                                            | 11.31   |

\* Actuary has changed the mortality assumptions (refer table 3.1.2.6) for valuation of Employee Benefits based on IALM(2012-14)ULT table as against LIC 1994-1996 table used hitherto. This has resulted in an additional charge of ₹39.11 Crore towards pension, ₹(2.27) Crore towards gratuity and ₹1.31 Crore for the quarter as well as the year ended March 31,2021 and is included in the item.

### 3.1.2.2 Changes in Fair Value of Plan Assets

(₹ in Crore)

|                                                        | Pension |         | Gratuity |         | Long term Compensated Absences (Privilege Leave) |         |
|--------------------------------------------------------|---------|---------|----------|---------|--------------------------------------------------|---------|
|                                                        | 2020-21 | 2019-20 | 2020-21  | 2019-20 | 2020-21                                          | 2019-20 |
| Fair Value of Plan Assets at the beginning of the year | 136.36  | 147.31  | 58.67    | 52.07   | N.A.                                             | N.A.    |
| Expected Return on Plan Assets                         | 8.78    | 9.84    | 4.08     | 3.48    | N.A.                                             | N.A.    |
| Contributions                                          | 165.08  | 121.26  | 8.42     | 23.43   | N.A.                                             | N.A.    |
| Benefits Paid                                          | 183.06  | 165.93  | 29.54    | 30.26   | N.A.                                             | N.A.    |
| Actuarial (Loss)/Gain                                  | 3.64    | 23.88   | -3.71    | 9.95    | N.A.                                             | N.A.    |
| Fair Value of Plan Assets at the end of the year       | 130.81  | 136.36  | 37.92    | 58.67   | N.A.                                             | N.A.    |

### 3.1.2.3 Changes in Present Value of Obligations

(₹ in Crore)

|                                                           | Pension |         | Gratuity |         | Long term Compensated Absences (Privilege Leave) |         |
|-----------------------------------------------------------|---------|---------|----------|---------|--------------------------------------------------|---------|
|                                                           | 2020-21 | 2019-20 | 2020-21  | 2019-20 | 2020-21                                          | 2019-20 |
| Present Value of Obligations at the beginning of the year | 166.54  | 197.91  | 44.75    | 59.70   | 22.02                                            | 25.49   |
| Interest Cost                                             | 4.83    | 7.68    | 2.08     | 2.98    | 0.99                                             | 1.21    |
| Current Service Cost                                      | 28.78   | 28.22   | 2.84     | 2.76    | 11.63                                            | 9.71    |
| Past Service Cost                                         | N.A.    | N.A.    | 0.00     | 0.00    | N.A.                                             | N.A.    |
| Benefits Paid                                             | 183.06  | 165.93  | 29.54    | 30.26   | 15.55                                            | 14.78   |
| Actuarial Loss/(Gain)                                     | 158.28  | 98.66   | 24.87    | 9.57    | 5.95                                             | 0.39    |
| Present Value of Obligations at the end of the year       | 175.37  | 166.54  | 45.00    | 44.75   | 25.04                                            | 22.02   |

### 3.1.2.4 Movement in Net Liability Recognized in Balance Sheet

(₹ in Crore)

|                                                | Pension |         | Gratuity |         | Long term Compensated Absences (Privilege Leave) |         |
|------------------------------------------------|---------|---------|----------|---------|--------------------------------------------------|---------|
|                                                | 2020-21 | 2019-20 | 2020-21  | 2019-20 | 2020-21                                          | 2019-20 |
| Net Liability at the beginning of the period   | 30.18   | 50.60   | (13.92)  | 7.63    | 22.02                                            | 25.49   |
| Add Expenses Charged to Profit & Loss Account  | 179.47  | 100.84  | 29.42    | 1.88    | 18.57                                            | 11.31   |
| Less Contributions                             | 165.09  | 121.26  | 8.42     | 23.43   | 15.55                                            | 14.78   |
| Net Liability (Asset) at the end of the period | 44.56   | 30.18   | 7.08     | (13.92) | 25.04                                            | 22.02   |

### 3.1.2.5 Actual Return on Plan Assets

(₹ in Crore)

|                                | Pension |         | Gratuity |         | Long term Compensated Absences (Privilege Leave) |         |
|--------------------------------|---------|---------|----------|---------|--------------------------------------------------|---------|
|                                | 2020-21 | 2019-20 | 2020-21  | 2019-20 | 2020-21                                          | 2019-20 |
| Expected Return on Plan Assets | 8.78    | 9.84    | 4.08     | 3.48    | N.A.                                             | N.A.    |
| Actuarial Gain (Loss)          | 3.64    | 23.88   | (3.71)   | 9.95    | N.A.                                             | N.A.    |
| Actual Return on Plan Assets   | 12.42   | 33.72   | 0.37     | 13.43   | N.A.                                             | N.A.    |

### 3.1.2.6 Actuarial Assumptions

|                                       | Pension            |                | Gratuity           |                | Long term Compensated Absences (Privilege Leave) |                |
|---------------------------------------|--------------------|----------------|--------------------|----------------|--------------------------------------------------|----------------|
|                                       | 2020-21            | 2019-20        | 2020-21            | 2019-20        | 2020-21                                          | 2019-20        |
| Discount Rate (p.a.)                  | 6.44%              | 6.68%          | 6.95%              | 6.68%          | 6.95%                                            | 6.68%          |
| Expected Return on Plan Assets (p.a.) | 6.44%              | 6.68%          | 6.95%              | 6.68%          | 6.95%                                            | N.A.           |
| Future Salary Increases (p.a.)        | 5.00%              | 5.00%          | 5.00%              | 5.00%          | 5.00%                                            | 5.00%          |
| Mortality table                       | IALM (2012-14) ULT | LIC (1994-96). | IALM (2012-14) ULT | LIC (1994-96). | IALM (2012-14) ULT                               | LIC (1994-96). |

### 3.1.2.7 Investment Percentage maintained by Pension & Gratuity Trust

|                                                        | Pension              |                      | Gratuity             |                      |
|--------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                        | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| Life Insurance Companies                               | 99.05%               | 96.22%               | 94.04%               | 94.22%               |
| Central Govt. Securities                               | --                   | --                   | --                   | --                   |
| State Govt. Securities                                 | 0.95%                | 2.47%                | --                   | --                   |
| Other Trust Securities (PSU)/ Deposits with Banks etc. | 0.00%                | 1.31%                | 5.96%                | 5.78%                |
| <b>Total</b>                                           | <b>100.00%</b>       | <b>100.00%</b>       | <b>100.00%</b>       | <b>100.00%</b>       |

### 3.1.2.8 Experience Adjustments

(i) Pension

(₹ in Crore)

|                                            | Year ended March |         |         |        |         |
|--------------------------------------------|------------------|---------|---------|--------|---------|
|                                            | 2021             | 2020    | 2019    | 2018   | 2017    |
| Defined Benefit Obligations                | 175.37           | 166.54  | 197.92  | 282.13 | 315.52  |
| Plan Assets                                | 130.81           | 136.36  | 147.31  | 284.06 | 286.94  |
| Surplus/(Deficit )                         | (44.56)          | (30.18) | (50.61) | 1.93   | (28.58) |
| Experience adjustments on Plan Liabilities | 155.20           | 90.54   | 71.93   | 6.83   | (22.11) |
| Experience Adjustments on Plan Assets      | 3.97             | 25.09   | (7.21)  | (8.61) | 20.53   |

(ii) Gratuity

(₹ in Crore)

|                                            | Year ended March |       |        |        |        |
|--------------------------------------------|------------------|-------|--------|--------|--------|
|                                            | 2021             | 2020  | 2019   | 2018   | 2017   |
| Defined Benefit Obligations                | 45.00            | 44.75 | 59.70  | 75.72  | 80.27  |
| Plan Assets                                | 37.92            | 58.67 | 52.07  | 73.82  | 81.14  |
| Surplus/(Deficit )                         | (7.08)           | 13.92 | (7.63) | (1.90) | 0.87   |
| Experience adjustments on Plan Liabilities | 26.59            | 3.76  | 23.04  | (2.13) | (4.96) |
| Experience Adjustments on Plan Assets      | (3.87)           | 10.37 | (3.62) | (2.27) | 5.34   |

### 3.1.2.9 Expected Contributions

Bank's best estimates of contributions to the funds for FY 21-22 are as follows:

Pension: ₹ 100.90 Crore

Gratuity: ₹ 7.74 Crore

### 3.1.3 Other Long term Employee Benefits

As on March 31, 2021, the Bank holds provision of ₹ 5.37 Crore (Previous Year ₹ 5.12 Crore) towards provision for Sick Leave and Leave Fare Concession based on actuarial valuation.

The Actuarial liability of compensated absences of accumulated sick and leave travel concession of the employees of the Bank is given below:

|                                  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|----------------------------------|-------------------------|-------------------------|
| Sick leave                       | 4.04                    | 4.07                    |
| Leave Travel Concession          | 1.33                    | 1.05                    |
| <b>Total actuarial liability</b> | <b>5.37</b>             | <b>5.12</b>             |
| <b>Assumptions</b>               |                         |                         |
| Discount Rate (p.a.)             | 6.95                    | 6.68                    |
| Future Salary Increases (p.a.)   | 5.00                    | 5.00                    |
| Attrition Rate                   | 1.00                    | 1.00                    |

## 3.2 Accounting Standard 17 – Segment Reporting

### Part A: Business Segments

(As compiled by the Management and relied upon by the Auditors)

Business of the Bank is divided into four segments viz. Treasury, Corporate or Wholesale Banking, Retail Banking and other banking operations. The principal activities of these segments and income and expense structure are as follows:

#### Treasury

Treasury operations include trading and investments in Government and corporate debt instruments, equity and mutual funds, derivative trading and foreign exchange operations on proprietary account and for customers. The income of this

segment primarily consists of earnings from the investment portfolio of the bank, gains and losses on trading operations. The principal expense of the segment consists of interest expense on funds borrowed/utilized and other allocated overheads.

### Corporate/Wholesale Banking

This segment provides loans and other banking services to Corporate and other clients where value of individual exposure to the clients exceeds ₹ 5 Crore as defined by RBI. Revenue of this segment consists of interest and fees earned on loans to such customers and charges and fees earned from other banking services. Expenses of this segment primarily consist of interest expense on funds utilized and allocated overheads.

### Retail banking

Retail banking constitutes lending and other banking services to individuals/small business customers, other than corporate/wholesale banking customers, identified on the basis of RBI guidelines. Revenue of this segment consists of interest earned on loans made to such customers and charges /fees carried from other banking services to them. The principal expenses of the segment consist of interest expenses on funds borrowed and other expenses.

### Other Banking Operations

This segment includes para banking activities like third party product distribution and other banking transactions, not covered under any of the above segments. The income from such services and associated costs are disclosed in this segment.

(₹ in Crore)

| Business Segments         | Treasury                   |                            | Corporate/<br>Wholesale Banking |                            | Retail Banking             |                            | Other Banking<br>Business  |                            | Total                      |                            |
|---------------------------|----------------------------|----------------------------|---------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                           | As at<br>March<br>31, 2021 | As at<br>March<br>31, 2020 | As at<br>March<br>31, 2021      | As at<br>March<br>31, 2020 | As at<br>March<br>31, 2021 | As at<br>March<br>31, 2020 | As at<br>March<br>31, 2021 | As at<br>March<br>31, 2020 | As at<br>March<br>31, 2021 | As at<br>March<br>31, 2020 |
| Revenue                   | 621.17                     | 367.38                     | 466.85                          | 433.55                     | 1,157.35                   | 910.47                     | 27.73                      | 20.09                      | 2,273.11                   | 1,731.50                   |
| Result                    | 185.00                     | 57.74                      | -162.44                         | -128.13                    | 257.81                     | 197.21                     | 12.67                      | 6.92                       | 293.04                     | 133.75                     |
| Unallocated expenses      |                            |                            |                                 |                            |                            |                            |                            |                            | -                          | -                          |
| Operating profit          |                            |                            |                                 |                            |                            |                            |                            |                            | 293.04                     | 133.75                     |
| Provisions other than tax |                            |                            |                                 |                            |                            |                            |                            |                            | -0.49                      | 0.25                       |
| Provision for Tax         |                            |                            |                                 |                            |                            |                            |                            |                            | -74.15                     | -121.27                    |
| Extraordinary profit      |                            |                            |                                 |                            |                            |                            |                            |                            | -                          | -                          |
| Net profit                |                            |                            |                                 |                            |                            |                            |                            |                            | 218.40                     | 12.72                      |
| OTHER INFORMATION         |                            |                            |                                 |                            |                            |                            |                            |                            |                            |                            |
| Segment assets            | 7,224.32                   | 5826.86                    | 4,943.15                        | 4,627.07                   | 11,064.98                  | 8,229.63                   | 8.17                       | 9.68                       | 23,240.62                  | 18,693.23                  |
| Unallocated assets        |                            |                            |                                 |                            |                            |                            |                            |                            | 96.74                      | 171.01                     |
| Total assets              |                            |                            |                                 |                            |                            |                            |                            |                            | <b>23,337.36</b>           | <b>18,864.24</b>           |
| Segment liabilities       | 2,065.51                   | 797.82                     | 3,073.95                        | 1,728.70                   | 16,016.52                  | 14,363.68                  | -                          | -                          | 21,155.98                  | 16,890.19                  |
| Unallocated liabilities   |                            |                            |                                 |                            |                            |                            |                            |                            | 1.15                       | 13.38                      |
| Total liabilities         |                            |                            |                                 |                            |                            |                            |                            |                            | <b>21,157.13</b>           | <b>16,903.57</b>           |
| Capital employed          | 5,158.81                   | 5029.04                    | 1,869.20                        | 2,898.37                   | -4,951.54                  | -6,134.06                  | 8.17                       | 9.68                       | 2,084.64                   | 1,803.04                   |
| Unallocated liabilities   |                            |                            |                                 |                            |                            |                            |                            |                            | 95.59                      | 157.63                     |
| Total liabilities         |                            |                            |                                 |                            |                            |                            |                            |                            | <b>2,180.23</b>            | <b>1960.66</b>             |

The Corporate/wholesale liabilities for the year end 31.03.2021 has been arrived at using the modified definition given in RBI direction RBI/2018-19/128 DBR.DIR.BC.No.27/13.03.00/2018-19 dated February 22, 2019.

Pursuant to Board approved policy on preparation of segment information, the Bank, during current Financial year, has refined the basis of allocation of certain income, expense, assets and liabilities among segments for more appropriate presentation of segment results. Accordingly, figures for the previous year have been regrouped/ reclassified to conform to classification of the current year. The change in segment information has no impact on the overall Revenue, Results, and capital employed of the Bank for the current year or the previous year. However, had the bank continued the same method of preparation of segment information as was adopted in previous periods, the segment revenue, segment results, segment assets, segment liabilities and capital employed would have been Decreased/ (Increased) by:

|                             |                                  |
|-----------------------------|----------------------------------|
| <b>Segment Revenue:</b>     |                                  |
| Decreased/ (Increased)      | <b>Year ended<br/>31.03.2020</b> |
| Treasury                    | -                                |
| Corporate/Wholesale Banking | 5.28                             |
| Retail Banking              | -5.28                            |
| Other Banking Operations    | -                                |
| Unallocated                 | -                                |

|                                             |                                  |
|---------------------------------------------|----------------------------------|
| <b>Segment Results (Net of provisions):</b> |                                  |
| Decreased/ (Increased)                      | <b>Year ended<br/>31.03.2020</b> |
| Treasury                                    | -6.67                            |
| Corporate/Wholesale Banking                 | 146.56                           |
| Retail Banking                              | 6.93                             |
| Other Banking Operations                    | -                                |
| Unallocated                                 | -146.83                          |

|                             |                                  |
|-----------------------------|----------------------------------|
| <b>Segment Assets:</b>      |                                  |
| Decreased/ (Increased)      | <b>Year ended<br/>31.03.2020</b> |
| Treasury                    | -30.58                           |
| Corporate/Wholesale Banking | 74.52                            |
| Retail Banking              | -211.93                          |
| Other Banking Operations    | -4.06                            |
| Unallocated                 | 172.06                           |

|                             |                                  |
|-----------------------------|----------------------------------|
| <b>Segment Liabilities:</b> |                                  |
| Decreased/ (Increased)      | <b>Year ended<br/>31.03.2020</b> |
| Treasury                    | -0.28                            |
| Corporate/Wholesale Banking | -49.85                           |
| Retail Banking              | -175.80                          |
| Other Banking Operations    | 11.43                            |
| Unallocated                 | 214.49                           |

|                                      |                                  |
|--------------------------------------|----------------------------------|
| <b>Capital employed:</b>             |                                  |
| Decreased/ (Increased)               | <b>Year ended<br/>31.03.2020</b> |
| (Segment Assets-Segment Liabilities) |                                  |
| Treasury                             | -30.30                           |
| Corporate/Wholesale Banking          | 124.37                           |
| Retail Banking                       | -36.13                           |
| Other Banking Operations             | -15.50                           |
| Unallocated                          | -42.44                           |

#### **Part B: Geographic segments**

The business of the Bank is concentrated in India. Accordingly, geographical segment results have not been reported.

### 3.3 Accounting Standard 18 – Related Party disclosures

#### (i) Promoter

FIH Mauritius Investments Ltd (FIH-M)

#### (ii) Key Management Personnel

Shri. C. VR. Rajendran, Managing Director & CEO

#### (iii) Relatives of Key Management Personnel

Mrs. Meena Rajendran, Mr. Viswanathan Rajendran, Ms. Indhu Rajendran.

#### (iv) Entities in which Key Management Personnel / their relatives are interested

NSE Clearing Limited –Public Interest Director

#### (v) Name of the related parties - Promoter Group

| Sr. No | Name of the Entity                                    | Relationship                     |
|--------|-------------------------------------------------------|----------------------------------|
| 1.     | Fairfax India Holdings Corporation                    | Parent Company of FIH-M          |
| 2.     | Fairfax Financial Holdings Limited                    | Ultimate parent Company of FIH-M |
| 3.     | FIH Private Investments Ltd                           | Wholly owned subsidiary of FIH-M |
| 4.     | I Investments Limited                                 | Wholly owned subsidiary of FIH-M |
| 5.     | Anchorage Infrastructure Investments Holdings Limited | Wholly owned subsidiary of FIH-M |

#### (vi) Name of the other related parties

| Sr. No | Name of the Entity                           | Relationship*                                |
|--------|----------------------------------------------|----------------------------------------------|
| 1.     | Finsigma Inclusive Services Pvt. Ltd( FISPL) | Common Director - Shri. Madhavan Aravamuthan |

\*Related party for the period up to August 13, 2020 only.

#### (vii) Details of the transactions with related parties

(₹ in Crore)

| Items / Related party              | Finsigma Inclusive Services Pvt. Ltd (FISPL) | Key management personnel | Total |
|------------------------------------|----------------------------------------------|--------------------------|-------|
| Borrowings                         | -                                            | -                        | -     |
| Deposit                            | 1.10 <sup>#</sup>                            | 0.93*                    | 2.03  |
| Placement of deposits              | -                                            | -                        | -     |
| Advances                           | -                                            | -                        | -     |
| Investments                        | -                                            | -                        | -     |
| Non funded commitments             | -                                            | -                        | -     |
| Leasing / HP arrangements availed  | -                                            | -                        | -     |
| Leasing / HP arrangements provided | -                                            | -                        | -     |
| Purchase of fixed assets           | -                                            | -                        | -     |
| Sale of fixed assets               | -                                            | -                        | -     |
| Interest paid                      | -                                            | 0.04                     | 0.04  |
| Interest received                  | -                                            | -                        | -     |
| Income from rendering of services  | 2.86 <sup>#</sup>                            | -                        | 2.86  |
| Expense for receiving of services  | 1.08 <sup>#</sup>                            | -                        | 1.08  |
| Management contracts               | -                                            | -                        | -     |
| Remuneration Paid                  | -                                            | 2.88                     | 2.88  |

\* maximum balance outstanding during the year.

<sup>#</sup> considered for the period up to August 13, 2020 only.

## Notes

1. In terms of Reserve Bank of India guidelines no. DBOD. No. BP.BC/89/21.04.018/2002-03 dated March 29, 2003 on compliance with Accounting Standards (AS) by Banks, Key Management Personnel (KMP) means the Whole Time Directors of the Bank only.
2. In accordance with paragraph 5 of AS -18, the Bank has not disclosed transactions with the related parties as they are in the nature of banker-customer relationship.
3. Tie up with FISPL was for Micro Finance business through BC model to accelerate the growth in the Agri. & Micro segments. However, there were no direct exposure with FISPL.
4. Transactions reported are the transactions with related parties defined and coming under AS 18 -Related Party Disclosures notified under Sections 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendments Rules 2016 and Section 188 of the Companies Act, 2013.
5. Deposit taken from FISPL represents Fixed Loss Default Guarantee (FLDG) placed in the form of Fixed Deposit with the Bank.
6. Income from service of FISPL denotes Interest and processing fee received for the accounts sourced by FISPL and expenses denotes pay out made to them for service rendered.
7. In terms of Reserve Bank of India guidelines no. DBOD. No. BP.BC/89/21.04.018/2002-03 dated March 29, 2003 on compliance with Accounting Standards (AS) by Banks, the Bank is not required to report related party transactions where there is only one related party in each category. However, the Bank has opted to disclose related party transactions though there is only one related party in each category.
8. Shri. Madhavan Aravamuthan, resigned from the board of Finsigma Inclusive Services Pvt. Ltd., with effect from August 13, 2020. Finsigma Inclusive Services Pvt. Ltd., ceased to be a related party of the Bank from the date of resignation of common director Shri. Madhavan Aravamuthan and hence, the reporting was made up to the said period only.

### 3.4 Accounting Standard 22 – Accounting for Taxes on Income

Net Deferred Tax Asset as on 31.03.2021, computed in compliance with the Accounting Standard 22 on Accounting for Taxes on Income, amounts to ₹ 96.72 Crore, which is included in Item No.6 of Schedule 11-Other Assets. Components of Net Deferred Tax Asset as on 31.03.2021 are as follows:

(₹ in Crore)

|                                     | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|-------------------------------------|------------------------------|------------------------------|
| <b>Deferred Tax Asset</b>           |                              |                              |
| Provision for Employee Benefits     | 7.65                         | 6.76                         |
| Provision for Standard Assets       | 42.33                        | 13.22                        |
| Provision for Bad & doubtful debts  | 14.31                        | 19.40                        |
| Carry Forward Loss                  | 35.52                        | 137.23                       |
| Others                              | 4.87                         | 3.75                         |
| <b>Total Deferred Tax Asset</b>     | <b>104.68</b>                | <b>180.36</b>                |
| <b>Deferred Tax Liability</b>       |                              |                              |
| Depreciation on Fixed Assets        | 1.26                         | 3.29                         |
| Special Reserve u/s 36 (1)(viii)    | 6.70                         | 6.29                         |
| <b>Total Deferred Tax Liability</b> | <b>7.96</b>                  | <b>9.58</b>                  |
| <b>Net Deferred Tax Asset</b>       | <b>96.72</b>                 | <b>170.78</b>                |

As at March 31, 2021, the Bank has reassessed the continuing recognition of such deferred tax assets by assessing availability of sufficient future taxable profits, based on financial projections which have been approved by the Board of Directors, to absorb the deferred tax asset.

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

#### A. Changes in accounting policies during the year – Nil

#### B. Changes in accounting estimates:

- I. During the year ended March 31, 2021, the actuary appointed by the bank has changed the mortality assumptions for valuation of Employee Benefits based on IALM(2012-14)ULT table as against LIC 1994-1996 table used hitherto. This has resulted in an additional charge of ₹ 38.15 Crore for the year ended March 31, 2021.
- II. Pursuant to approval of the Board, the Bank has revised its NPA Provisioning estimate by increasing the rates of provision applied for NPAs with effect from quarter ended December 31, 2020, considering the uncertainties about the recoverability within a reasonable time frame. Had the bank not accelerated the provisioning, provisions for NPA for the year ended March 31, 2021 would have been lower by ₹ 40.63 Crore.
- III. Change in useful life of Fixed Asset

Bank has also revised, pursuant to Board approval, its estimate on useful life of other fixed assets and had the bank not revised its estimate on useful life of other fixed assets, other operating expenses for the year ended March 31, 2021 would have been lower by ₹ 12.04 Crore.

| Type of Fixed Asset  | Useful Life Considered (Yrs) | Useful Life as per Schedule II (Yrs) | Depreciation Method |
|----------------------|------------------------------|--------------------------------------|---------------------|
| Furniture & Fixtures | 8 Yrs                        | 10 Yrs                               | Straight Line       |
| Plant & Machinery    | 5 Yrs                        | 15 Yrs                               | Straight Line       |
| Motor Cars           | 5 Yrs                        | 8 Yrs                                | Straight Line       |

If the above revision of accounting estimates (Point II and III) were not adopted during the year ended March 31, 2021, Profit after tax for the year ended March 31, 2021 would have been higher by ₹ 39.41 Crore.

### 3.6 Accounting Standard 9 – Revenue Recognition - Nil

### 3.7 Accounting Standard 21 - Consolidated Financial Statements (CFS), Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements, Accounting Standard 24 - Discontinuing Operations - NIL

### 3.8 Accounting Standard 25 - Interim Financial Reporting

Bank has complied with the disclosures in connection with the half yearly / quarterly review prescribed by RBI /other regulator.

## 4. ADDITIONAL DISCLOSURES AS PER RBI GUIDELINES

### 4.1 Details of provisions and contingencies debited in Profit and Loss Account during the Year (₹ in Crore)

|   |                                                   | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|---|---------------------------------------------------|------------------------------|------------------------------|
| A | Provisions towards NPA/write offs                 | 181.35                       | 121.16                       |
| B | Depreciation and write off of investments         | 23.12                        | 20.39                        |
| C | Provision for Income tax (Including Deferred Tax) | 74.15                        | 121.27                       |
| D | Provision for Standard Assets*                    | 115.69                       | 5.28                         |
| E | Provision for diminution on Restructured Advances | 0.12                         | (0.03)                       |
| F | Other provisions                                  | 0.37                         | (0.22)                       |
|   | <b>Total</b>                                      | <b>394.81</b>                | <b>267.85</b>                |

\* Includes higher provision due to COVID-19 amounting to ₹100.49 Crore

### 4.2 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 |

#### 4.3 Draw Down from Reserves – The Bank has not drawn any amount from Reserves.

##### Appropriation to Reserves

##### i) Statutory Reserve

As mandated by the Banking Regulation Act, 1949, all banking companies incorporated in India shall create a reserve fund, out of the balance of profit of each year as disclosed in the profit and loss account and before any dividend is declared and transfer a sum equivalent to not less than twenty five per cent of such profit. Accordingly, the bank has transferred an amount of ₹ 54.60 Crore from current year Net profit (Previous Year - ₹ 3.18 Crore).

##### ii) Investment Fluctuation Reserve (IFR)

The RBI vide circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018 advised banks to create an Investment Fluctuation Reserve (IFR) with effect from FY 2018-19. Accordingly, an amount not less than the lower of net profit on sale of investments during the year or net profit for the year less mandatory appropriations shall be transferred to the IFR, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis. Where feasible, this should be achieved within a period of 3 years. During the year ended March 31, 2021, the Bank has transferred an amount of ₹ 40 Crore to IFR.

##### iii) Capital Reserve

As per RBI Guidelines, profit/loss on sale of investments in the 'Held to Maturity' category is recognised in the Profit and Loss Account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit / loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the Profit and Loss Account. Accordingly, an amount of ₹ 31.16 Crore net of tax and appropriation to Statutory reserves has been transferred to Capital Reserve. Further, an amount of ₹ 86.51 Crore available in the Profit and Loss account also has been transferred to Capital Reserve towards shortfall in transfer for the year ended March 31, 2017.

##### iv) Special Reserve

As per the provisions under Section 36(1)(viii) of Income Tax Act, 1961, specified entities like banks are allowed deduction in respect of any special reserve created and maintained, i.e. an amount not exceeding twenty per cent of the profits derived from eligible business computed under the head "Profits and gains of business or profession" is carried to such reserve account. This would be applicable till the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and general reserves of the entity. During the year, the Bank has transferred an amount of ₹ 1.66 Crore (Previous year ₹ 1.21 Crore) to Special Reserve.

##### v) General Reserve

During the year ended March 31, 2021 an amount of ₹ 1.69 Crore (Previous year ₹ 1.61 Crore) was transferred to the General reserve from revaluation reserve.

#### 4.4 Summary information on complaints received by the Bank from customers and from the OBOs

##### A. Complaints received by the Bank from its customers

|                                                           | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|-----------------------------------------------------------|------------------------------|------------------------------|
| 1. No. of complaints pending at the beginning of the year | 134                          | 30                           |
| 2. No. of complaints received during the year             | 6555                         | 20839                        |
| 3. No. of complaints disposed during the year             | 6551                         | 20735                        |
| 3.1 Of which, number of complaints rejected by the bank   | 176                          | 100                          |
| 4. No. of complaints pending at the end of the year       | 138                          | 134                          |

##### B. Maintainable complaints received by the Bank from offices of the Banking Ombudsman (OBOs)

|                                                                                             | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|---------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| 5. No of maintainable complaints received by the Bank from OBOs                             | 76                           | 28                           |
| 5.1 No of Complaints resolved in favour of the Bank by BOs                                  | 71*                          | 19**                         |
| 5.2 No of Complaints resolved through conciliation/ mediation/ advisories issued by the BOs | 4                            | 1                            |
| 5.3 No of Complaints resolved after passing of awards by BOs against the Bank               | 0                            | 0                            |
| 6. No of Awards unimplemented within the stipulated time (other than those appealed)        | Nil                          | Nil                          |

\* 1 complaint pending \*\* 8 complaints pending

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in BO Scheme 2006 and covered within the ambit of the Scheme.

#### C. Top five grounds of complaints received by the Bank from customer

| Grounds of complaints, (i.e. complaints relating to) | Number of complaints pending at the beginning of the year | Number of complaints received during the year | % increase/ decrease in the number of complaints received over the previous year | Number of complaints pending at the end of the year | Of 5, number of complaints pending beyond 30 days |
|------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------|----------------------------------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------|
| 1                                                    | 2                                                         | 3                                             | 4                                                                                | 5                                                   | 6                                                 |
| <b>Year ended 31.03.2021</b>                         |                                                           |                                               |                                                                                  |                                                     |                                                   |
| Ground – 1 – ATM                                     | Nil                                                       | 3242                                          | (80.49%)                                                                         | 41                                                  | 6                                                 |
| Ground – 2 Mobile Banking                            | 49                                                        | 675                                           | (12.90%)                                                                         | 0                                                   | 0                                                 |
| Ground – 3 Accounts related                          | 15                                                        | 574                                           | (32.78%)                                                                         | 33                                                  | 4                                                 |
| Ground – 4 Internet Banking                          | 13                                                        | 557                                           | (63.03 %)                                                                        | 0                                                   | 0                                                 |
| Ground – 5 UPI                                       | 21                                                        | 476                                           | 7.93%                                                                            | 8                                                   | 0                                                 |
| Others                                               | 36                                                        | 1031                                          | 60.09%                                                                           | 56                                                  | 22                                                |
| <b>Total</b>                                         | <b>134</b>                                                | <b>6555</b>                                   |                                                                                  | <b>138</b>                                          | <b>32</b>                                         |

|                              |           |              |         |            |           |
|------------------------------|-----------|--------------|---------|------------|-----------|
| <b>Year ended 31.03.2020</b> |           |              |         |            |           |
| Ground – 1 ATM               | Nil       | 16618        | (27.4%) | Nil        | Nil       |
| Ground – 2 Mobile Banking    | 6         | 775          | 6.9%    | 13         | 11        |
| Ground – 3 Accounts Related  | 13        | 1939         | 335%    | 72         | 32        |
| Ground – 4 Internet Banking  | 11        | 1507         | (18.4%) | 49         | 13        |
| <b>Total</b>                 | <b>30</b> | <b>20839</b> |         | <b>134</b> | <b>56</b> |

#### 4.5 Disclosure of Letter of Comforts (LOCs) issued by banks

Not applicable since the Bank has no subsidiaries.

#### 4.6 Provisioning Coverage Ratio

|                                                             | As at March 31, 2021 | As at March 31, 2020 |
|-------------------------------------------------------------|----------------------|----------------------|
| Provisioning Coverage Ratio (including technical write off) | 84.89%               | 80.02%               |

#### 4.7 Income from Bancassurance

(₹ in Crore)

| Sl.No. | Nature of Income                         | Year ended March 31, 2021 | Year ended March 31, 2020 |
|--------|------------------------------------------|---------------------------|---------------------------|
| 1.     | From Selling Life Insurance Policies     | <b>19.39</b>              | <b>11.18</b>              |
|        | i. Traditional                           | 18.79                     | 10.67                     |
|        | ii. Term                                 | 0.46                      | 0.41                      |
|        | iii. ULIP                                | 0.14                      | 0.1                       |
| 2.     | From Selling Non Life Insurance Policies | <b>0.44</b>               | <b>0.24</b>               |
|        | i. Fire                                  | 0.17                      | 0.13                      |
|        | ii. Marine                               | 0.00                      | 0.00                      |
|        | iii. Others                              | 0.27                      | 0.11                      |
| 3.     | From Selling Mutual Fund Products        | <b>0.00</b>               | <b>0.00</b>               |
| 4.     | Others                                   | <b>Nil</b>                | <b>Nil</b>                |
| 5.     | <b>Total</b>                             | <b>19.83</b>              | <b>11.42</b>              |

## 4.8 Concentration of Deposits, Advances, Exposures and NPAs

### 4.8.1 Concentration of Deposits

(₹ in Crore)

|                                                                                   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|-----------------------------------------------------------------------------------|-------------------------|-------------------------|
| Total Deposits of twenty largest depositors                                       | 2033.17                 | 1122.53                 |
| Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank | 10.62%                  | 7.11%                   |

Note: Excludes holders of certificate of deposits which are tradable instruments.

### 4.8.2 Concentration of Advances

(₹ in Crore)

|                                                                                  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|----------------------------------------------------------------------------------|-------------------------|-------------------------|
| Total Advances of twenty largest borrowers                                       | 1541.37                 | 1668.15                 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the Bank | 10.51 %                 | 14.43%                  |

### 4.8.3 Concentration of Exposures

(₹ in Crore)

|                                                                                                                    | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Total Exposures to twenty largest borrowers/customers                                                              | 2367.72                 | 1901.35                 |
| Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/customers | 12.10%                  | 13.45%                  |

Note: Exposure is computed as per the definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBOD. No. Dir. BC.12/13.03.00/ 2015-16 dated July1, 2015.

### 4.8.4 Concentration of NPAs

(₹ in Crore)

|                                          | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|------------------------------------------|-------------------------|-------------------------|
| Total Exposures to top four NPA Accounts | 33.29                   | 74.38                   |

## 4.9 Sector-wise advances

(₹ in Crore)

| Sector                                                                 | As at March 31, 2021             |               |                  | As at March 31, 2020             |               |                  |
|------------------------------------------------------------------------|----------------------------------|---------------|------------------|----------------------------------|---------------|------------------|
|                                                                        | Outstanding<br>Total<br>Advances | Gross<br>NPAs | Gross NPA<br>(%) | Outstanding<br>Total<br>Advances | Gross<br>NPAs | Gross NPA<br>(%) |
| <b>A. Priority Sector</b>                                              |                                  |               |                  |                                  |               |                  |
| (i) Agriculture and allied activities                                  | 3,642.68                         | 35.11         | 0.96             | 2,298.40                         | 48.19         | 2.10             |
| (ii) Advances to industries sector eligible as priority sector lending | 681.44                           | 48.61         | 7.13             | 490.57                           | 61.10         | 12.46            |
| Of which                                                               |                                  |               |                  |                                  |               |                  |
| Textiles                                                               | 365.90                           | 15.10         | 4.13             | 214.05                           | 20.47         | 9.56             |
| (iii) Services                                                         | 1,204.26                         | 123.98        | 10.30            | 860.83                           | 132.19        | 15.36            |
| Of which                                                               |                                  |               |                  |                                  |               |                  |
| Retail trade                                                           | 453.46                           | 59.61         | 13.15            | 378.87                           | 69.40         | 18.32            |
| Tourism, Hotel and Restaurants                                         | 161.59                           | 4.03          | 2.49             | 48.89                            | 4.31          | 8.82             |
| (iv) Personal loans                                                    | 191.98                           | 24.14         | 12.57            | 228.02                           | 7.19          | 3.15             |
| Of which                                                               |                                  |               |                  |                                  |               |                  |
| Housing                                                                | 140.61                           | 11.41         | 8.11             | 168.22                           | 10.99         | 6.53             |
| Education                                                              | 50.74                            | 12.73         | 25.09            | 59.80                            | 7.04          | 11.77            |

| Sector                                                              | As at March 31, 2021       |               |               | As at March 31, 2020       |               |               |
|---------------------------------------------------------------------|----------------------------|---------------|---------------|----------------------------|---------------|---------------|
|                                                                     | Outstanding Total Advances | Gross NPAs    | Gross NPA (%) | Outstanding Total Advances | Gross NPAs    | Gross NPA (%) |
| (v) Others                                                          | 53.35                      | 0.12          | 0.22          | 77.63                      | -             | -             |
| <b>Sub-total(A)</b>                                                 | <b>5,773.71</b>            | <b>231.96</b> |               | <b>3,955.45</b>            | <b>248.67</b> |               |
| <b>B. Non Priority Sector</b>                                       |                            |               |               |                            |               |               |
| (i) Agriculture and allied activities                               | -                          | -             | -             | 4.95                       | 0.30          | 6.06          |
| (ii) Industry                                                       | 435.76                     | -             | -             | 526.96                     | 2.20          | 0.42          |
| Of which                                                            |                            |               |               |                            |               |               |
| Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels | 147.07                     | -             | -             | -                          | -             | -             |
| Textiles                                                            | 100.29                     | -             | -             | 318.31                     | 2.20          | 0.69          |
| Vehicles, Vehicle Parts and Transport Equipments                    | 89.86                      | -             | -             | 4.10                       | -             | -             |
| (v) Services                                                        | 1,936.78                   | 10.70         | 0.55          | 2,832.04                   | 81.04         | 2.86          |
| Of which                                                            |                            |               |               |                            |               |               |
| NBFCs                                                               | 1,639.93                   | 10.70         | 0.65          | 1,923.79                   | 38.47         | 2.00          |
| Tourism, Hotel and Restaurants                                      | 234.53                     | -             | -             | 260.23                     | -             | -             |
| (vi) Personal loans                                                 | 4,265.43                   | 108.11        | 2.53          | 3,029.11                   | 36.05         | 1.19          |
| (v) Others                                                          | 2,251.44                   | 42.72         | 1.89          | 1,210.58                   | 41.17         | 3.40          |
| <b>Sub-total(B)</b>                                                 | <b>8,889.41</b>            | <b>161.53</b> |               | <b>7,603.64</b>            | <b>160.76</b> |               |
| <b>Total (A+B)</b>                                                  | <b>14,663.12</b>           | <b>393.49</b> | <b>2.68</b>   | <b>11,559.09</b>           | <b>409.43</b> | <b>3.54</b>   |

#### 4.10 A) Movement of Gross NPAs

(₹ in Crore)

| Particulars                                                        | Year ended March 31, 2021 | Year ended March 31, 2020 |
|--------------------------------------------------------------------|---------------------------|---------------------------|
| Opening Balance of Gross NPA                                       | 409.43                    | 530.62                    |
| Additions (Fresh NPAs) during the year                             | 192.12                    | 181.78                    |
| <b>Sub-total (A)</b>                                               | <b>601.55</b>             | <b>712.40</b>             |
| Less:-                                                             |                           |                           |
| (i) Upgradations                                                   | 12.05                     | 19.50                     |
| (ii) Recoveries (excluding recoveries made from upgraded accounts) | 69.23                     | 85.20                     |
| (iii) Technical/ Prudential Write-offs                             | 116.00                    | 183.91                    |
| (iv) Write-offs other than those under (iii) above                 | 10.78                     | 14.36                     |
| (v) Reduction by Sale of Assets to ARCs                            | 0                         | 0                         |
| <b>Sub-total (B)</b>                                               | <b>208.06</b>             | <b>302.97</b>             |
| <b>Closing balance of Gross NPA* (A – B)</b>                       | <b>393.49</b>             | <b>409.43</b>             |

Movement is taken on yearly basis.

\* After considering technical/ Prudential Write – Offs

Closing Gross NPAs before technical/ Prudential Write – Offs is ₹ 1,117.33 Crore (Previous Year ₹ 1,085.79 Crore)

**B) Movement of technical write offs and recoveries\*:**

(₹ in Crore)

| Particulars                                                                                                  | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|--------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Opening balance of technical/prudential written off accounts                                                 | 676.36                       | 571.15                       |
| Add: Technical/Prudential write-offs during the year                                                         | 133.85                       | 205.57                       |
| <b>Sub-total(A)</b>                                                                                          | <b>810.20</b>                | <b>776.72</b>                |
| Less : Recoveries/ write off made from previously technical/Prudential written offs accounts during the year | 86.37                        | 100.36                       |
| <b>Sub-total(B)</b>                                                                                          | <b>86.37</b>                 | <b>100.36</b>                |
| <b>Closing balance (A-B)</b>                                                                                 | <b>723.84</b>                | <b>676.36</b>                |

\* Movement is taken on yearly basis.

**4.11 Overseas Assets, NPAs and Revenue**

(₹ in Crore)

| Particulars    | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|----------------|-------------------------|-------------------------|
| Total Assets   | 561.86                  | 104.96                  |
| Total NPAs     | Nil                     | Nil                     |
| Total Revenues | 0.65                    | 1.98                    |

**4.12 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms): Nil**

**4.13 Disclosure on Remuneration**

|                          |             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                         |             |                      |                    |        |                        |                      |        |                        |                          |        |
|--------------------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------|----------------------|--------------------|--------|------------------------|----------------------|--------|------------------------|--------------------------|--------|
| Qualitative Disclosures  | (a)         | <b>Information relating to the composition and mandate of the Nomination &amp; Remuneration Committee.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                         |             |                      |                    |        |                        |                      |        |                        |                          |        |
|                          | (i)         | <p>Composition</p> <p>Constitution of the Nomination &amp; Remuneration Committee (NRC/Committee) is as per the extant Reserve Bank of India guidelines, Section 178 of the Companies Act, 2013 and Regulation 19 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee consists of four members of which two members from Risk Management Committee of the Board to facilitate effective governance of compensation. The Composition of the committee is as under :</p> <table border="1"> <tr> <td>Ms. Bhama Krishnamurthy</td><td>Chairperson</td><td>Independent Director</td></tr> <tr> <td>Mr. Madhavan Menon</td><td>Member</td><td>Non-Executive Director</td></tr> <tr> <td>Mr. Sumit Maheshwari</td><td>Member</td><td>Non-Executive Director</td></tr> <tr> <td>Mr. Madhavan Aravamuthan</td><td>Member</td><td>Independent Director</td></tr> </table> <p>The Committee comprises of majority of independent directors.</p> <p>(ii) Function and mandate</p> <p>The Committee inter alia, oversees the framing, review and implementation of compensation policy/ programme including employee stock options scheme of the Bank on behalf of the Board.</p> <p>The Committee should ensure that:-</p> <ul style="list-style-type: none"> <li>the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio;</li> <li>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;</li> <li>relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and</li> <li>remuneration to directors, Material Risk Takers (MRTs), key managerial personnel and senior management involves a balance between fixed and variable pay (as applicable) reflecting short and long-term performance objectives appropriate to the working of the Bank and its goals.</li> </ul> | Ms. Bhama Krishnamurthy | Chairperson | Independent Director | Mr. Madhavan Menon | Member | Non-Executive Director | Mr. Sumit Maheshwari | Member | Non-Executive Director | Mr. Madhavan Aravamuthan | Member |
| Ms. Bhama Krishnamurthy  | Chairperson | Independent Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                         |             |                      |                    |        |                        |                      |        |                        |                          |        |
| Mr. Madhavan Menon       | Member      | Non-Executive Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                         |             |                      |                    |        |                        |                      |        |                        |                          |        |
| Mr. Sumit Maheshwari     | Member      | Non-Executive Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                         |             |                      |                    |        |                        |                      |        |                        |                          |        |
| Mr. Madhavan Aravamuthan | Member      | Independent Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                         |             |                      |                    |        |                        |                      |        |                        |                          |        |

|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>(b) <b>Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.</b></p> <p>(i) <b>Process</b></p> <p>The Bank's remuneration program is based on principles of pay for performance philosophy, meritocracy and fairness. The compensation system also focuses on pay differentiation based on role, competency, relevant work experience, seniority, contribution and availability of talent.</p> <p>The 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 Committee studies 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 &amp; CEO, WTD's /Material Risk Takers (MRTs) and Senior executives to ensure financial stability of the organization.</p> <p>(ii) <b>Authority to invoke Malus / clawback arrangement</b></p> <p>The deferred compensation shall be subject to malus/clawback arrangements in the event of subdued or negative financial performance of the Bank and/or the relevant line of business in any year. The Committee is vested with the powers to invoke the malus/clawback arrangement, after taking into account relevant statutory and regulatory stipulations as applicable.</p> <p>The Committee also has the authority to ascertain whether the decision taken by the MD&amp; CEO, Material Risk Takers (MRTs), WTD, Senior executives/ officers (Non IBA Scheme) have brought forth a negative contribution to the Bank.</p> <p>(iii) <b>Objectives</b></p> <p>The objectives of the remuneration policy are four fold:</p> <ul style="list-style-type: none"> <li>• To align compensation with prudent risk taken.</li> <li>• To ensure effective governance of the compensation in the organization.</li> <li>• To ensure effective supervisory oversight and stakeholder engagement in compensation.</li> <li>• To attract and retain talent.</li> </ul> <p>The Policy aims to:</p> <ul style="list-style-type: none"> <li>• Ensure that compensation is aligned to individual performance as well as to the organizational objectives of the Bank.</li> <li>• Attract, reward and retain talent to enable the Bank to attain its strategic objectives within the increasingly competitive context in which it operates.</li> <li>• Inculcate and reinforce a culture of meritocracy and differentiate and reward performance.</li> <li>• Have a balanced mix of Fixed, Variable (Short-term or Long Term, cash or non-cash) to appropriately reflect the value and responsibility of the role and to drive appropriate behavior and actions in the long term.</li> <li>• Ensure that the policy is in line with RBI guidelines and promotes effective risk management practices and the company's commitment to compliance and controls.</li> <li>• Ensure fairness and transparency in reward practices.</li> </ul> <p>The policy covers all aspects of the compensation structure such as fixed pay, perquisites, variable pay in form of cash or non-cash instrument, (share-linked instruments e.g. Employee Stock Option Plan), pension plan, gratuity, guaranteed bonus etc.,</p> |
|  | <p>(iv) <b>Key features</b></p> <ul style="list-style-type: none"> <li>• To actively oversee the compensation systems design and operation.</li> <li>• To monitor and review the compensation system to ensure that the system operates as intended.</li> <li>• 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.</li> <li>• Supervisory review of compensation practices must be rigorous and sustained and deficiencies must be addressed promptly with supervisory action.</li> <li>• The Bank shall disclose clear, comprehensive and timely information about their compensation practices to facilitate constructive engagement by all stakeholders.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

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|  | <p>(c) <b>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.</b></p> <p>(i) Compensation structure- prudent risk taking<br/>The compensation structure may be fixed shall align with prudent risk taking, after ensuring the following:<br/>• Compensation must be adjusted for all types of risks.</p> <ul style="list-style-type: none"> <li>• Compensation outcomes must be symmetric with risk outcomes.</li> <li>• Compensation payout schedules must be sensitive to the time horizon of risks.</li> <li>• The mix of cash, equity and other forms of compensation must be consistent with risk alignment.</li> </ul> <p>A wide variety of measures of credit, market and liquidity risks may be used for implementation of risk adjustment. The risk adjustment methods should preferably have both quantitative and judgmental elements.</p> <p>For the purpose of effectively aligning compensation structure with risk outcomes, the functionaries in the institution are arranged under the following four categories.</p> <ol style="list-style-type: none"> <li>Managing Director &amp; CEO (MD&amp; CEO)/ Whole Time Directors( WTDs) and /Material Risk Takers (MRTs)</li> <li>Risk control and compliance staff- Non IBA scheme</li> <li>Senior Executives / Other Officers - Non IBA scheme</li> <li>Other officers and staff -On IBA scheme</li> </ol> <p>(ii) Malus /Clawback Arrangement/Compensation Recovery<br/>A Malus /clawback arrangement or a compensation recovery is provided in the policy in the case of MD &amp; CEO, WTD's, MRTs and Senior executives/ officers (Non IBA Scheme).</p> <p>The deferred compensation shall be subject to malus/clawback arrangements in the event of subdued or negative financial performance of the Bank and/or the relevant line of business in any year. The Committee is vested with the powers to invoke the malus/clawback arrangement, after taking into account relevant statutory and regulatory stipulations as applicable.</p> <p>A malus arrangement permits the Bank to prevent vesting of all or part of the deferred remuneration, but does not reverse vesting after it has already occurred.</p> <p>A clawback is a contractual agreement between the employee and the Bank whereby the employee agrees to return previously paid or vested remuneration to the Bank, under certain circumstances.</p> <p>Criteria for the application of malus and clawback, also specify a period during which malus and/or clawback can be applied, covering at least deferral and retention periods.</p> <p>The Bank has put in place appropriate modalities to incorporate malus/ clawback mechanism in respect of variable pay so as to invoke the malus and clawback clauses that may be applicable on the entire variable pay.</p> <p>The Committee will review the performance taking into consideration the macroeconomic environment as well as the internal performance indicators and accordingly decide whether any part /full of the deferred variable pay/ entire variable pay belonging to a financial year/years merits a withdrawal. Committee may decide/frame any other performance criteria/ strategic target, from time to time and to invoke malus and clawback clauses, if situation warrants.</p> |
|  | <p>(iii) Limit on variable pay</p> <ol style="list-style-type: none"> <li>Managing Director &amp; CEO and/Material Risk Takers (MRTs)<br/>As per the policy, Variable pay is at least 50 % of the fixed pay in a year and up to a maximum of 300 % of the fixed pay. There should be proper balance between the cash and share linked components in the variable pay.</li> </ol> <p>In case variable pay is up to 200% of the fixed pay, a minimum of 50% of the variable pay; and in case variable pay is above 200%, a minimum of 67% of the variable pay should be via non-cash instruments. In the event that an executive is barred by statute or regulation from grant of share-linked instruments, his/her variable pay will be capped at 150% of the fixed pay, but shall not be less than 50% of the fixed pay. Only in cases where the compensation by way of share-linked instruments is not permitted by law/regulations, the entire variable pay can be in cash. Deferral arrangements must invariably exist for the variable pay, regardless of the quantum of pay as per the compensation policy of the Bank.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

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|  |  | <p>(b) Senior Executives/Other officers including Risk control and compliance staff- Non IBA scheme</p> <p>As per the policy, the Bank may fix the variable pay for achievement against business parameters for Senior Executives/ other officers other than Employees under IBA scheme. Variable pay may be decided by the Board or Board delegated authorities from time to time during the financial years subject to any regulatory caps that are prevalent. As per the policy, the Bank may fix variable pay based on individual performance, unit-level performance as well as the organizational performance. Individual performance is assessed based on quantitative and qualitative measures as defined in the balanced scorecard in the Performance Management system of the Bank.</p> <p>Total Variable Pay can be paid in the form of both cash and/or non-cash (ESOPs) instruments as per eligibility and Bank's policy. The proportion of non-cash variable pay may be higher for the Senior Management staff of the Bank. In the case of Risk control and compliance staff, the proportion of variable pay to fixed pay for the aforementioned category of staff is weighted in favor of fixed compensation. The requirement of minimum 50% of total compensation to be paid in the form of variable pay will not be applicable for this category of staff.</p> <p>(c) Employees under IBA scheme</p> <p>Performance Linked Variable Pay (PLVP) may be adopted for select categories of the staff on IBA terms who are not otherwise covered under the Annual Performance based Variable Pay. The ESOP scheme may be extended to select categories of employees at the discretion of the Board / Nomination Remuneration Committee. Grant of ESOP as per the ESOP scheme of the Bank, from time to time.</p> <p>(iv) Severance pay and guaranteed bonus</p> <p>As per the policy, severance pay (other than gratuity or terminal entitlements or as entitled by statute) is not paid to any official of the organization except in those cases where it is mandatory by statute.</p> <p>Guaranteed bonus (joining/sign on bonus) shall only occur in the context of hiring new staff and be limited to first year. Further, guaranteed bonus should be in the form of share-linked instruments only since payments in cash upfront would create perverse incentives. Such bonus will neither be considered part of fixed pay nor part of variable pay.</p> <p>(v) Hedging</p> <p>As per the policy, no compensation scheme or insurance facility would be provided by the Bank to employees to hedge their compensation structure to offset the risk alignment mechanism (deferral pay and claw back arrangements) embedded in their compensation arrangement.</p> <p>(vi) Committees to mitigate risks caused by an individual decision</p> <ul style="list-style-type: none"> <li>• In order to further balance the impact of market or credit risks caused to the Bank by an individual decision taken by a senior level executive, MD &amp; CEO, or a whole time director, the Bank has constituted various committees to take decisions on various aspects:</li> <li>• Credit limits are sanctioned by committees at different levels and there is an upper limit fixed in credit sanction decisions.</li> <li>• Investment decisions of the Bank are taken and monitored by Investment committee and there is an upper limit in treasury dealings where individual decisions can be taken.</li> <li>• Interest rates on asset and liability products for different buckets are decided and monitored by the Asset Liability Committee of the Board (ALCO). Bank's exposure to liquidity risk are also monitored by ALCO.</li> </ul> |
|  |  | <p>(vii) Compensation of risk control staff</p> <p>Members of staff engaged in financial and risk control, including internal audit should be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank. Effective independence and appropriate authority of such staff are necessary to preserve the integrity of financial and risk management's influence on incentive compensation.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|  |  | <p>The mix of fixed and variable compensation for control function personnel should be weighted in favor of fixed compensation. Therefore, the requirement of minimum 50% of total compensation to be paid in the form of variable pay will not be applicable for this category of staff. However, a reasonable proportion of compensation has to be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

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|  | <p><b>(d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.</b></p> <p>(i) Compensation of MD &amp; CEO, Whole Time Directors, Material Risk Takers (MRTs), Risk control and compliance staff and senior executives/other officers (Non IBA Scheme ), performance linkage</p> <p>As per the policy, the compensation paid out to the referred functionaries is divided into two components.</p> <p><b>(a) Compensation of MD &amp; CEO, Whole Time Directors and Material Risk Takers</b></p> <ul style="list-style-type: none"> <li>• 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 subject to adherence with statutory requirements. All the fixed items of compensation, including the perquisites, will be treated as part of fixed pay. All perquisites that are reimbursable should also be included in the fixed pay so long as there are monetary ceilings on these reimbursements. Contributions towards superannuation/retiral benefits will be treated as part of fixed pay.</li> <li>• The variable compensation is fixed based on performance and responsibility in the Bank. The grant of total variable pay shall be based on individual performance, unit-level performance as well as the organizational performance. Individual performance is assessed based on quantitative and qualitative measures as defined in the balanced scorecard in the Performance Management system of the Bank. The Bank's performance is based on the various financial indicators like revenue earned, cost deployed, profit earned, assets quality, owners' wealth creation, compliance, governance and misconduct risk, divergence in Bank's provisioning for Non-Performing Assets and other intangible factors like leadership and employee development. Variable pay is paid purely based on performance.</li> <li>• The variable pay can be in the form of share-linked instruments, or a mix of cash and share-linked instruments. There should be proper balance between the cash and share linked components in the variable pay. Only in cases where the compensation by way of share-linked instruments is not permitted by law/regulations, the entire variable pay can be in cash. Cash-linked Stock Appreciation Rights (CSARs) are also to be treated as share-linked instruments.</li> <li>• Approval from Reserve Bank of India is to be obtained to decide compensation for MD &amp; 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.</li> <li>• Grant of share-linked instruments is also subject to approval of the respective scheme by the shareholders of the Bank.</li> </ul> |
|  | <p><b>(b) Risk control and compliance staff</b></p> <p>Members of staff engaged in financial and risk control, including internal audit should be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

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|  |  | <p>The grant of total variable pay shall be based on individual performance as well as the organizational performance. Individual performance is assessed based on financial and non-financial measures as defined in the balanced scorecard in the Performance Management system of the Bank.</p> <p>The requirement of minimum 50% of total compensation to be paid in the form of variable pay will not be applicable for this category of staff. However, a reasonable proportion of compensation has to be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous. Total Variable Pay can be paid in the form of both cash and/or non-cash (ESOPs) instruments as per eligibility and Bank's policy. Non-cash portion of the variable pay (ESOPs) shall be granted to eligible employees and shall be governed as defined in the Bank's ESOP policy.</p> <p><b>(c) Senior Executives/Other Officers (Non IBA Scheme)</b></p> <p>The compensation structure for officers other than on IBA Scheme shall be on a cost to company basis and for employees recruited laterally, as freshers/ at entry level, the same will be fixed in line with the Lateral Recruitment Policy of the Bank. In line with Bank's compensation philosophy, the CTC shall be determined considering the role, market competitiveness, internal pay parity, qualification, level of experience and seniority, skills and capabilities they bring and their last drawn fixed pay.</p> <p>The grant of total variable pay shall be based on individual performance as well as the organizational performance. Individual performance is assessed based on financial and non-financial measures as defined in the balanced scorecard in the Performance Management System of the Bank.</p> <p>Total Variable Pay can be paid in the form of both cash and/or non-cash (ESOPs) instruments as per eligibility and Bank's policy. The proportion of non-cash variable pay may be higher for the Senior Management staff of the Bank. Non-cash portion of the variable pay (ESOPs) shall be granted to eligible employees and shall be governed as defined in the Bank's ESOP policy.</p> <p><b>(d) Compensation paid to Other Officers and staff members on IBA Scheme</b></p> <p>The compensation paid to other officials that include Award staff and Officers coming under Scale I to III and Senior executives coming under Scale IV to VII is fixed based on 10<sup>th</sup> bipartite settlement / 7th Joint Note. However, it is the discretion of the Bank either to continue with the existing compensation structure prevailing under IBA scheme or modify the structure partially or fully on need basis or discontinue the existing structure in toto and switch over to different structure which is prevailing in banking industry by keeping in view, various parameters like industry level, peer group status, burden on the Bank, etc.</p> <p>It is prerogative of the Bank either to utilize the service of IBA in matter of structuring compensation or device the compensation structure on its own based on the prevailing practice in the banking industry.</p> <p>Performance Linked Variable Pay (PLVP) may be adopted for select categories of the staff on IBA terms who are not otherwise covered under the Annual Performance based Variable Pay. The Performance Linked Variable Pay may be based on Employee performance (Balanced Scorecard) defined from time to time.</p> |
|  |  | <p>The ESOP scheme may be extended to select categories of employees at the discretion of the Board / Nomination Remuneration Committee 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>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

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|  | <p><b>(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.</b></p> <p>(i) Deferred compensation and Performance Linkage (Non-IBA)</p> <p>In case of deferral arrangements of variable pay to MD &amp; CEO, WTD's and Material Risk Takers (MRTs), the deferral period should be a minimum of three years in the manner as provided in the compensation policy of the Bank. This would be applicable to both the cash and non-cash components of the variable pay. The deferral shall be as per the policy including ESOS policy of the Bank.</p> <p>Deferral arrangements of variable pay for rest of the officers in the manner as provided in the policy including ESOS policy of the Bank.</p> <p>Deferred remuneration should either vest fully at the end of the deferral period or be spread out over the course of the deferral period. The first such vesting should be not before one year from the commencement of the deferral period. The vesting should be no faster than on a pro rata basis. Additionally, vesting should not take place more frequently than on a yearly basis to ensure a proper assessment of risks before the application of ex post adjustments. Vesting should not be frontloaded. Bank uses Black-Scholes model to arrive fair value of the share-linked instruments, on the date of grant. Bank will follow the applicable accounting policies specified in regulation 15 of the SEBI (Share Based Employee Benefits) Regulations, 2014 and other relevant guidelines for adjusting deferred remuneration.</p> <p>(ii) Claw-back and deferral arrangements</p> <p>The provisions of Malus/claw-back and deferral arrangements applicable to the referred functionaries (all Non IBA Scheme) are as per the compensation policy subject to relevant statutory and regulatory stipulations as applicable.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|  | <p><b>(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.</b></p> <p>Subject to the policy, Bank uses an optimum mix of cash and share-linked instruments to decide variable compensation structure of MD &amp; CEO /WTD, Material Risk Takers (MRTs), and senior executives and other officers on Non – IBA Scheme. This is done to align the compensation of senior staff with their performance, risk and responsibility taken in higher assignments. The grant of different forms of variable as stated above is subject to relevant statutory and regulatory stipulations as applicable.</p> <p>In the case of MD &amp; CEO /WTD, Material Risk Takers (MRTs), there should be a proper balance between the cash and share linked components in the variable pay. In case variable pay is up to 200% of the fixed pay, a minimum of 50% of the variable pay; and in case variable pay is above 200%, a minimum of 67% of the variable pay should be via non-cash instruments. Only in cases where the compensation by way of share-linked instruments is not permitted by law/regulations, the entire variable pay can be in cash. Cash-linked Stock Appreciation Rights (CSARs) are also to be treated as share-linked instruments.</p> <p>Payment of variable pay to senior executives and other officers other than on Non – IBA Scheme and staff engaged in financial and risk control shall be made as per the compensation policy of the Bank. Total Variable Pay can be paid in the form of both cash and/or non-cash (ESOPs) instruments as per eligibility and Bank's policy. The proportion of non-cash variable pay may be higher for the Senior Management staff of the Bank. In the case of Risk control and compliance staff, the requirement of minimum 50% of total compensation to be paid in the form of variable pay will not be applicable for this category of staff. However, a reasonable proportion of compensation has to be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous.</p> <p>The grant of total variable pay shall be based on individual performance as well as the organizational performance. Individual performance is assessed based on financial and non-financial measures as defined in the balanced scorecard in the Performance Management system of the Bank.</p> <p>The Officers in Scale I-VII as well as Award staff come under the purview of IBA Scheme vide 7th Joint Note / 10<sup>th</sup> bipartite settlement Performance Linked Variable Pay (PLVP) may be adopted for select categories of the staff on IBA terms who are not otherwise covered under the Annual Performance based Variable Pay. The Performance Linked Variable Pay may be based on Employee performance (Balanced Scorecard) defined from time to time. The ESOP scheme may be extended to select categories of employees at the discretion of the Board / Nomination Remuneration Committee and form part of the overall performance management program at the discretion of the Bank. ESOP is used as a compensation as well as a retention tool by Bank, the extent of ESOP will be decided by the Board or its delegated authorities. However, the grant of stock option is as per CSB Employees Stock Option Scheme.</p> |

|                                                                                                                                                             |     |                                                                                                                                            | Current Year<br>(FY 2020-21) | Previous Year<br>(FY 2019-20) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|--------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------|
| <b>Quantitative Disclosures</b><br><br>(The quantitative disclosures should only cover Whole Time Directors/ Chief Executive Officer/ Material Risk Takers) | (g) | Number of meetings held by the Nomination & Remuneration Committee during the financial year and remuneration paid to its members.         | 14<br>₹ 4,10,000             | 13<br>₹ 3,70,000              |
|                                                                                                                                                             | (h) | (i) Number of employees having received a variable remuneration award during the financial year.                                           | 1                            | Nil                           |
|                                                                                                                                                             |     | (ii) Number and total amount of sign-on/ joining bonus made during the financial year.                                                     | NIL                          | Nil                           |
|                                                                                                                                                             |     | (iii) 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 financial year.                                                                 | NIL                          | Nil                           |
|                                                                                                                                                             | (j) | Breakdown of amount of remuneration awards for the financial year (Approval basis)                                                         |                              |                               |
|                                                                                                                                                             |     | (i) <b>Fixed pay</b>                                                                                                                       | ₹ 2,34,07,526.71 *@\$        | ₹ 72,00,000*@\$               |
|                                                                                                                                                             |     | (ii) <b>Variable Pay</b>                                                                                                                   |                              |                               |
|                                                                                                                                                             |     | Deferred                                                                                                                                   | ₹ 46,00,000^                 | Nil^                          |
|                                                                                                                                                             |     | Non - Deferred                                                                                                                             | ₹ 69,00,000^                 | Nil^                          |
|                                                                                                                                                             |     | (iii) <b>Share linked Instruments</b>                                                                                                      | 4,33,150 Stock Options **    | Nil                           |
|                                                                                                                                                             | (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 year due to ex-post implicit adjustments.                                                      | NIL                          | NIL                           |
|                                                                                                                                                             | (l) | Number of MRTs identified                                                                                                                  | 1                            | 1                             |
|                                                                                                                                                             | (m) | (i) Number of cases where malus has been exercised                                                                                         | NIL                          | NA                            |
|                                                                                                                                                             |     | (ii) Number of cases where clawback has been exercised                                                                                     | Nil                          | NA                            |
|                                                                                                                                                             |     | (iii) Number of cases where both malus and clawback have been exercised                                                                    | NIL                          | NA                            |
|                                                                                                                                                             | (n) | The mean pay for the Bank as a whole (excluding sub staff) and the deviation of the pay of each of its WTDs from the mean pay              | 58.95                        | 12.61                         |

\* Fixed remuneration includes salary, consolidated benefit allowance, residential accommodation and Bank's contributions towards Provident fund. Leave fare Concession for the FY 2020-21 and for the FY 2019-20, both have been claimed in the FY 2020-21 only.

@ The Bank, on May 4, 2020, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 to revise fixed pay of Shri. C.VR. Rajendran, Managing Director & CEO from ₹ 75 lac p.a., to ₹ 200 lac p.a., with effect from January 10, 2020.

\$ Bank on July 22, 2020, submitted the application with Reserve Bank of India, being the proposal to revise the fixed pay and perquisites of Shri. C. VR. Rajendran, Managing Director & CEO from the present limit of ₹ 200 lac p.a., to ₹ 240 lac p.a., with effect from April 1, 2020.

^ The Bank, on May 4, 2020, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 for payment of a variable pay to the tune of ₹ 45 lac to Shri. C.VR. Rajendran, Managing Director & CEO, for the period from April 1, 2018 to March 31, 2019, which is being 60 % of the gross annual salary for the said period which is subject to malus/claw back arrangements for the deferral payments. The Bank, on November 30, 2020, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 for payment of a variable pay to the tune of ₹ 70 lac to Shri. C.VR. Rajendran, Managing Director & CEO, for the period from April 1, 2019 to March 31, 2020, which being approximately 70 % of the gross annual salary for the said period, is subject to malus/claw back arrangements for the deferral payments.

*\*\* Nomination & Remuneration Committee of the Board on receipt of approval of Reserve Bank of India on March 23, 2021, granted 4,33,150 stock options @ ₹75/- per option on March 30, 2021 to Shri. C. VR. Rajendran, Managing Director & CEO of the Bank as performance grant for the period from December 9, 2016 to March 31, 2020 under CSB Employee Stock Option Scheme 2019. The Bank originally sought approval of Reserve Bank of India for grant of 34,70,000 stock options which were reduced initially to 18,00,000 options and subsequently to 17,86,400 options against which approval has been received from RBI for grant of stock options for a fair value of ₹750 lac for the same period with a condition that the intrinsic value of options to be granted shall not be more than ₹750 lac as on the date of RBI approval i.e. March 23, 2021. Accordingly, the Bank has granted 4,33,150 options equivalent to the intrinsic value as per the RBI letter. Options granted will be vested equally over a period of three years and shall be exercised over the period commencing from the date of vesting of Options and ending on or before March 31, 2024.*

#### 4.14 Disclosures relating to Securitisation - Not applicable to the Bank as there is no sale during the year.

#### 4.15 Intra-Group Exposures

(₹ in Crore)

| Particulars                                                                                 | As at March 31, 2021 | As at March 31, 2020 |
|---------------------------------------------------------------------------------------------|----------------------|----------------------|
| Total amount of intra-group exposures                                                       | 139.09               | Nil                  |
| Total amount of top 20 intra-group exposures                                                | 139.09               | Nil                  |
| Percentage of intra-group exposure to total exposures of the Bank on borrowers/ customers   | 0.71                 | Nil                  |
| Details of breach of limits on intra group exposures and regulatory action thereon, if any. | Nil                  | Nil                  |

*Note: Exposure is computed as per the definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBR. No. Dir. BC.12/13.03.00/ 2015-16 dated July 1, 2015.*

As per the RBI Guidelines on Management of Intra-Group Transactions and Exposures DBOD.No.BP.BC.96/21.06.102/2013-14 dated February 11, 2014, Group is defined as an arrangement involving two or more entities related to each other through any of the following relationships and a 'group entity' as any entity involved in this arrangement:

- i. Subsidiary – Parent
  - ii. Associate
  - iii. Joint Venture
  - iv. Related Party
  - v. Direct or indirect ownership of 20 percent or more interest in the voting power of the enterprise
  - vi. Common brand name
  - vii. Promoters of bank
  - viii. Non-Operative Financial Holding Company (NOFHC) of bank
  - ix. An entity which has any of the first six relations, as above, with the promoters/NOFHC and their step-down entities
- The disclosure is made as per the above definition and hence, exposures to investee company of the promoter of the bank and its subsidiary is included.

#### 4.16 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 Crore)

| Particulars                                       | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---------------------------------------------------|---------------------------|---------------------------|
| Opening balance of amounts transferred to DEAF    | 48.16                     | 42.71                     |
| Add : Amounts transferred to DEAF during the year | 5.93                      | 5.80                      |
| Less : Amounts reimbursed by DEAF towards claims  | 0.56                      | 0.35                      |
| Closing balance of amounts transferred to DEAF    | 53.53                     | 48.16                     |

#### 4.17 Unhedged Foreign Currency Exposure

##### (A) Provisioning

In terms of RBI Circular DBOD No.BP.BC.85/21.06.200/2013-14 dated 15<sup>th</sup> January 2014 and subsequent clarification vide circular DBOD No.BP.BC.116/21.06.200/2013-14 dated 3<sup>rd</sup> June 2014, based on the available data, available financial statements and declarations from borrowers wherever received, the Bank is holding a provision of ₹ 2.11 Crore (Previous Year ₹ 0.31 Crore) towards Unhedged Foreign Currency Exposures.

##### (B) Capital Held

In terms of the aforementioned circulars, ₹ 58.63 Crore of additional capital is held towards unhedged foreign currency exposures. (Previous Year Nil)

#### 4.18 Liquidity Coverage Ratio

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

##### a) Quantitative Disclosures

The daily average of unweighted and weighted values for all the quarters in the year ended March 31, 2021 (₹ in crore)

| Particulars                                                                    | Quarter ended Mar 31,2021        |                                | Quarter ended Dec 31,2020        |                                | Quarter ended Sep 30,2020        |                                | Quarter ended Jun 30,2020        |                                |
|--------------------------------------------------------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|                                                                                | Total Unweighted Value (average) | Total Weighted Value (average) | Total Unweighted Value (average) | Total Weighted Value (average) | Total Unweighted Value (average) | Total Weighted Value (average) | Total Unweighted Value (average) | Total Weighted Value (average) |
| High Quality Liquid Assets                                                     |                                  |                                |                                  |                                |                                  |                                |                                  |                                |
| 1 Total High Quality Liquid Assets (HQLA)                                      |                                  | 4034.36                        |                                  | 4170.13                        |                                  | 4248.97                        |                                  | 4097.04                        |
| <b>Cash Outflows</b>                                                           |                                  |                                |                                  |                                |                                  |                                |                                  |                                |
| 2 Retail deposits and deposits from small business customers, of which:        | 14477.56                         | 1422.16                        | 13630.65                         | 1343.52                        | 13244.36                         | 1304.61                        | 12154.21                         | 1198.44                        |
| (i) Stable deposits                                                            | 511.81                           | 25.59                          | 390.91                           | 19.55                          | 396.51                           | 19.83                          | 339.67                           | 16.98                          |
| (ii) Less stable deposits                                                      | 13965.75                         | 1396.57                        | 13239.75                         | 1323.97                        | 12847.85                         | 1284.78                        | 11814.55                         | 1181.46                        |
| 3 Unsecured wholesale funding, of which:                                       | 1530.85                          | 1136.34                        | 751.88                           | 470.28                         | 750.8                            | 501.68                         | 1537.07                          | 563.27                         |
| (i) Operational deposits (all counterparties)                                  | 0.00                             | 0.00                           | 0                                | 0                              | 0                                | 0                              | 0                                | 0                              |
| (ii) Non-operational deposits (all counterparties)                             | 1530.85                          | 1136.34                        | 751.88                           | 470.28                         | 750.8                            | 501.68                         | 1537.07                          | 563.27                         |
| (iii) Unsecured debt                                                           | 0.00                             | 0.00                           | 0                                | 0                              | 0                                | 0                              | 0                                | 0                              |
| 4 Secured wholesale funding                                                    | 73.89                            | 0.00                           | 482.36                           | 0                              | 737.73                           | 0                              | 114.2                            | 0                              |
| 5 Additional requirements, of which                                            | 953.69                           | 133.61                         | 905.77                           | 148.69                         | 849.79                           | 140.06                         | 744.47                           | 90.95                          |
| (i) Outflows related to derivative exposures and other collateral requirements | 0                                | 0                              | 0                                | 0                              | 0                                | 0                              | 0                                | 0                              |
| (ii) outflows related to loss of funding on debt products                      | 0                                | 0                              | 0                                | 0                              | 0                                | 0                              | 0                                | 0                              |

| Particulars         |                                         | Quarter ended Mar 31,2021        |                                | Quarter ended Dec 31,2020        |                                | Quarter ended Sep 30,2020        |                                | Quarter ended Jun 30,2020        |                                |
|---------------------|-----------------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|                     |                                         | Total Unweighted Value (average) | Total Weighted Value (average) | Total Unweighted Value (average) | Total Weighted Value (average) | Total Unweighted Value (average) | Total Weighted Value (average) | Total Unweighted Value (average) | Total Weighted Value (average) |
| (iii)               | Credit and liquidity facilities         | 953.69                           | 133.61                         | 905.77                           | 148.69                         | 849.79                           | 140.06                         | 744.47                           | 90.95                          |
| 6                   | Other contractual funding obligations   | 106.99                           | 106.99                         | 0                                | 0                              | 0                                | 0                              | 0                                | 0                              |
| 7                   | Other contingent funding obligations    | 477.59                           | 14.33                          | 449.18                           | 13.48                          | 362.06                           | 10.86                          | 304.1                            | 9.12                           |
| 8                   | TOTAL CASH OUTFLOWS                     |                                  | 2813.43                        |                                  | 1975.97                        |                                  | 1957.21                        |                                  | 1861.78                        |
| <b>Cash Inflows</b> |                                         |                                  |                                |                                  |                                |                                  |                                |                                  |                                |
| 9                   | Secured Lending (eg. reverse repos)     | 203.56                           | 0.00                           | 592.85                           | 0                              | 149.42                           | 0                              | 393.99                           | 0                              |
| 10                  | Inflows from fully performing exposures | 749.77                           | 425.73                         | 408.25                           | 210.9                          | 217.57                           | 112.9                          | 110.2                            | 58.83                          |
| 11                  | Other cash inflows                      | 22.98                            | 22.98                          | 0                                | 0                              | 0                                | 0                              | 0                                | 0                              |
| 12                  | TOTAL CASH INFLOWS                      | 976.31                           | 448.71                         | 1001.1                           | 210.9                          | 366.99                           | 112.9                          | 504.19                           | 58.83                          |
| 13                  | TOTAL HQLA                              |                                  | 3939.99                        |                                  | 4170.13                        |                                  | 4248.97                        |                                  | 4097.04                        |
| 14                  | TOTAL NET CASH OUTFLOWS                 |                                  | 2364.71                        |                                  | 1765.07                        |                                  | 1844.31                        |                                  | 1802.96                        |
| 15                  | LIQUIDITY COVERAGE RATIO (%)            |                                  | <b>170.61%</b>                 |                                  | <b>236.26%</b>                 |                                  | <b>230.38%</b>                 |                                  | <b>227.24%</b>                 |

Note: LCR data has been computed based on simple average of daily observations.

The daily average of unweighted and weighted values for all the quarters in the year ended March 31, 2020

| Particulars Total Unweighted Value (average) |                                                                       | Quarter ended Mar 31,2020        |                                | Quarter ended Dec 31,2019        |                                | Quarter ended Sep 30,2019        |                                | Quarter ended Jun 30,2019        |                                |
|----------------------------------------------|-----------------------------------------------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|                                              |                                                                       | Total Unweighted Value (average) | Total Weighted Value (average) | Total Unweighted Value (average) | Total Weighted Value (average) | Total Unweighted Value (average) | Total Weighted Value (average) | Total Unweighted Value (average) | Total Weighted Value (average) |
|                                              | High Quality Liquid Assets                                            |                                  |                                |                                  |                                |                                  |                                |                                  |                                |
| 1                                            | Total High Quality Liquid Assets (HQLA)                               |                                  | 3700.23                        |                                  | 3372.76                        |                                  | 3251.00                        |                                  | 2975.3313                      |
| <b>Cash Outflows</b>                         |                                                                       |                                  |                                |                                  |                                |                                  |                                |                                  |                                |
| 2                                            | Retail deposits and deposits from small business customers, of which: | 12670.73                         | 1252.44                        | 12701.08                         | 1263.54                        | 12634.56                         | 1256.62                        | 12486.68                         | 1241.78                        |
| (i)                                          | Stable deposits                                                       | 292.72                           | 14.64                          | 131.36                           | 6.57                           | 136.66                           | 6.83                           | 137.65                           | 6.88                           |
| (ii)                                         | Less stable deposits                                                  | 12378.01                         | 1237.80                        | 12569.72                         | 1256.97                        | 12497.90                         | 1249.79                        | 12349.03                         | 1234.90                        |
| 3                                            | Unsecured wholesale funding, of which:                                | 457.57                           | 287.96                         | 515.85                           | 314.84                         | 427.88                           | 272.24                         | 387.23                           | 243.38                         |
| (i)                                          | Operational deposits (all counterparties)                             | 0.00                             | 0.00                           | 0.00                             | 0.00                           | 0.00                             | 0.00                           | 0.00                             | 0.00                           |

| Particulars Total Unweighted Value (average) |                                                                            | Quarter ended Mar 31,2020        |                                | Quarter ended Dec 31,2019        |                                | Quarter ended Sep 30,2019        |                                | Quarter ended Jun 30,2019        |                                |
|----------------------------------------------|----------------------------------------------------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|                                              |                                                                            | Total Unweighted Value (average) | Total Weighted Value (average) | Total Unweighted Value (average) | Total Weighted Value (average) | Total Unweighted Value (average) | Total Weighted Value (average) | Total Unweighted Value (average) | Total Weighted Value (average) |
| (ii)                                         | Non-operational deposits (all counterparties)                              | 457.57                           | 287.96                         | 515.85                           | 314.84                         | 427.88                           | 272.24                         | 387.23                           | 243.38                         |
| (iii)                                        | Unsecured debt                                                             | 0.00                             | 0.00                           | 0.00                             | 0.00                           | 0.00                             | 0.00                           | 0.00                             | 0.00                           |
| 4                                            | Secured wholesale funding                                                  | 503.32                           | 0.00                           | 415.31                           | 0.00                           | 257.67                           | 0.00                           | 46.24                            | 0.00                           |
| 5                                            | Additional requirements, of which                                          | 294.44                           | 92.94                          | 782.65                           | 79.83                          | 648.60                           | 71.39                          | 677.68                           | 64.81                          |
| (i)                                          | Outflows related to derivative exposures and other collateral requirements | 0                                | 0                              | 0.00                             | 0.00                           | 0.00                             | 0.00                           | 0.00                             | 0.00                           |
| (ii)                                         | outflows related to loss of funding on debt products                       | 0                                | 0                              | 0.00                             | 0.00                           | 0.00                             | 0.00                           | 0.00                             | 0.00                           |
| (iii)                                        | Credit and liquidity facilities                                            | 294.44                           | 92.94                          | 782.65                           | 79.83                          | 648.60                           | 71.39                          | 677.68                           | 64.81                          |
| 6                                            | Other contractual funding obligations                                      | 0.00                             | 0.00                           | 0.00                             | 0.00                           | 0.00                             | 0.00                           | 0.00                             | 0.00                           |
| 7                                            | Other contingent funding obligations                                       | 255.83                           | 7.67                           | 231.81                           | 6.95                           | 230.70                           | 6.92                           | 226.12                           | 6.78                           |
| 8                                            | TOTAL CASH OUTFLOWS                                                        |                                  | 1641.00                        |                                  | 1665.17                        |                                  | 1607.18                        |                                  | 1556.77                        |
| <b>Cash Inflows</b>                          |                                                                            |                                  |                                |                                  |                                |                                  |                                |                                  |                                |
| 9                                            | Secured Lending (e.g. reverse repos)                                       | 369.32                           | 0.00                           | 165.88                           | 0.00                           | 65.17                            | 0.00                           | 70.13                            | 0.00                           |
| 10                                           | Inflows from fully performing exposures                                    | 469.18                           | 239.76                         | 544.22                           | 276.23                         | 571.31                           | 290.61                         | 646.58                           | 331.37                         |
| 11                                           | Other cash inflows                                                         | 0.00                             | 0.00                           | 0.00                             | 0.00                           | 0.00                             | 0.00                           | 0.00                             | 0.00                           |
| 12                                           | TOTAL CASH INFLOWS                                                         | 838.50                           | 239.76                         | 710.10                           | 276.23                         | 636.48                           | 290.61                         | 716.71                           | 331.37                         |
| 13                                           | TOTAL HQLA                                                                 |                                  | 3700.23                        |                                  | 3372.76                        |                                  | 3251.00                        |                                  | 2975.33                        |
| 14                                           | TOTAL NET CASH OUTFLOWS                                                    |                                  | 1401.24                        |                                  | 1388.94                        |                                  | 1316.57                        |                                  | 1225.40                        |
| 15                                           | LIQUIDITY COVERAGE RATIO (%)                                               |                                  | <b>264.07%</b>                 |                                  | <b>242.83%</b>                 |                                  | <b>246.93%</b>                 |                                  | <b>242.81%</b>                 |

Note: LCR data has been computed based on simple average of daily observations.

## b) Qualitative disclosures around LCR

### (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

- a. Cash
- b. Balance with RBI in excess of CRR requirement
- c. Unencumbered portion of investments in Government securities in excess of SLR requirement.
- d. Investments in Government securities held within the mandatory SLR requirement, to the extent allowed by RBI under Marginal Standing facility(MSF) which is at present 3 % of NDTL.
- e. Investment in Government Securities held up to 15 % of Net Demand and Time Liabilities (NDTL) permissible under Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR).
- f. Concentration of funding - Banks' concentration from top 20 depositors stood at 10.62 % of total deposits as on 31<sup>st</sup> March 2021.
- g. Derivative exposure and potential collateral calls - Bank does not have derivative business except forward contracts.
- h. 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.
- i. 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.
- j. 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

## 5. OTHER ACCOUNTING STANDARDS

### 5.1 Accounting Standard 20 – Earnings per Share

| Particulars                                          | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|------------------------------------------------------|------------------------------|------------------------------|
| <b>Basic</b>                                         |                              |                              |
| Weighted average number of equity shares outstanding | 17,34,55,991                 | 14,38,60,623                 |
| Net profit after tax (₹ in Crore)                    | 218.40                       | 12.72                        |
| Basic Earnings per Share (₹ )                        | 12.59                        | 0.88                         |
| <b>Diluted</b>                                       |                              |                              |
| Weighted average number of equity shares outstanding | 17,35,06,041                 | 14,38,60,623                 |
| Net profit after tax (₹ in Crore)                    | 218.40                       | 12.72                        |
| Diluted Earnings per Share (₹ )                      | 12.59                        | 0.88                         |
| Nominal value per Equity Share (₹ )                  | 10                           | 10                           |

### 5.2 Proposed Dividend and Tax on Proposed Dividend

The Board of Directors have not recommended any dividend for FY2021 (year ended March 31, 2020: Nil)

### 5.3 Employee Stock Option Scheme (ESOS)-2013

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. As per the approval, The 2013 ESOS Scheme was effective from April 1, 2013

The ESOS is equity settled where the employees will receive one equity share per option. The period of vesting shall range from a minimum of three years from the date of Grant and normally shall not exceed a maximum of five years ("Vesting Period"), unless the Nomination & Remuneration Committee decides for a longer/ shorter vesting period, subject to applicable laws. The Committee may, at its sole discretion, decide the proportion of shares, which shall vest each year during the vesting period ("Vesting Schedule"). The Stock option granted to employees vest over the period as decided by the Nomination & Remuneration Committee. The Exercise Period for the relevant Grant shall be a period commencing from the relevant Vesting Date for the respective tranche and shall end with the expiry of 10 years from the relevant Grant Date or such other period as may be decided by the Committee for each Grant.

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, which was capped pursuant to the Board, vide resolution dated May 23, 2019, at 2092356 equity shares, being shares/options reserved of not exceeding 5% (five per cent) of the issued equity shares of the Bank with reference to issued equity shares of the Bank as on August 18, 2014 i.e. date of approving the scheme by shareholders.

Pursuant to the Board, vide resolution dated May 23, 2019, decided not to make any fresh grants under the ESOS scheme-2013, under any circumstances and the scheme would continue only to facilitate exercise of the options, already granted under the scheme and the scheme will continue till such period (exercise of the option granted) only.

Stock option activity under the scheme during the year ended 31.03.2021 has been as follows:

| Particulars                                | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|--------------------------------------------|------------------------------|------------------------------|
| Outstanding at the beginning of the year   | 2,85,000                     | 3,05,000                     |
| Granted during the year                    | Nil                          | Nil                          |
| Forfeited during the year                  | Nil                          | Nil                          |
| Options Lapsed                             | 2,55,000                     | 20,000                       |
| Exercised during the year                  | 30,000                       | Nil                          |
| Outstanding at the end of the year         | Nil                          | 2,85,000                     |
| Options exercisable at the end of the year | Nil                          | 2,85,000                     |

### CSB Employees Stock Option Scheme 2019

Pursuant to the requisite approval of the members on May 4, 2019, the Bank has formulated a stock option scheme called "CSB Employees Stock Option Scheme 2019" ("ESOS 2019" or "Scheme"). The scheme is intended to promote the culture of employee ownership and as well as to attract, retain, motivate and incentivize talents in the Bank. The Scheme shall be administered through an employee stock option trust viz., CSB ESOS Trust ("ESOS Trust"/"Trust") in the nature of an irrevocable employee welfare trust in due compliance with the applicable laws. Under the Scheme, the Bank can allot a maximum of 50 lakh shares to the Trust, over a period of time. Under the trust route, the Bank allots shares to the trust and trust will transfer the shares to the eligible employees at the time of exercise of option by eligible employees on meeting terms of grant fixed by the Nomination & Remuneration Committee.

The Scheme was amended at the Annual General Meeting of the Bank held on July 20, 2020, inter alia, to increase the Options Reserve by an additional quantum of 1,16,72,791. The source of corresponding number of additional shares shall be from (i) fresh issue of shares up to 30,00,000 shares and (ii) secondary acquisition by the Trust up to 86,72,791 shares. With this, the total Options Reserve under ESOS 2019 stood at 1,66,72,791 options. A few other modifications were also made in the policy as per the prevailing regulations.

In case of trust route of issuance of ESOPs, the trust on its own will not have funds to be able to acquire the shares from the Bank as the trust is not a business trust and is specifically created with the objective of issuance of ESOPs to the employees. Trust has to find out other avenues for sourcing of fund for purchasing shares from the Bank. In terms of Section 20 of the Banking Regulation Act, 1949, the Bank cannot lend to trust to purchase its own shares.

As on March 31, 2021, 50,00,000 shares were allotted to CSB ESOS Trust as per the scheme (Previous year: Nil). Stock option activity under the scheme during the year ended 31.03.2021 has been as follows:

|                                            |           |
|--------------------------------------------|-----------|
| Outstanding at the beginning of the year   | Nil       |
| Granted during the year                    | 10,38,150 |
| Forfeited during the year                  | Nil       |
| Options Lapsed                             | 1,50,000  |
| Exercised during the year                  | Nil       |
| Outstanding at the end of the year         | 8,88,150  |
| Options exercisable at the end of the year | Nil       |

Out of the 8,88,150 options which were in force as on March 31, 2021, 4,55,000 options were granted on different dates carry an exercise price of ₹ 10 per option and 4,33,150 options granted on March 30, 2021 carry an exercise price of ₹ 75 per option. All the options granted have to be vested subject to the vesting conditions and be exercised within the period as per the terms of the grant and the Scheme.

Bank uses Intrinsic Value Method for accounting the value of Options granted under the Scheme. The market price for this purpose is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. Accordingly, the difference between the market price and exercise price will be considered as the value of an Employee Stock Option and shall be expensed over the period of vesting. However, in case of transition to new accounting standard (IND AS), the valuation and accounting shall be done by using fair value method by using Black-Scholes Model.

The value of option arrived at will be amortised over the period of vesting in line with para 42 of GN (A) 18 (Issued 2005) Guidance Note on Accounting for Employee Share-based Payments. In case, the options granted under the Scheme do not vest on one date but have graded vesting schedule, total options granted shall be segregated into different groups, depending upon the vesting dates and each vesting date should be considered as a separate option grant, and evaluated and accounted for, accordingly.

On applying the fair value based method in Guidance Note on 'Accounting for Employee Share-based Payments' the impact on reported net profit and EPS would be as follows:

| Particulars                                                                                                       | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|-------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Net Profit (as reported) (₹ in crores)                                                                            | 218.40                       | 12.72                        |
| Add: Stock based employee compensation expense included in net income (₹ in crores)                               | 0.58                         | Nil                          |
| Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores) | 0.59                         | Nil                          |
| Net Loss (Proforma) (₹ in crores)                                                                                 | 218.38                       | 12.72                        |
| <b>Earnings per share: Basic (in ₹)</b>                                                                           |                              |                              |
| As reported                                                                                                       | 12.59                        | 0.88                         |
| Proforma                                                                                                          | 12.59                        | 0.88                         |
| <b>Earnings per share: Diluted (in ₹)</b>                                                                         |                              |                              |
| As reported                                                                                                       | 12.59                        | 0.88                         |
| Proforma                                                                                                          | 12.59                        | 0.88                         |

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:

|                          |                |                |                                               |
|--------------------------|----------------|----------------|-----------------------------------------------|
| No. of Options           | 3,55,000       | 1,00,000       | 4,33,150                                      |
| Average Dividend Yield   | 0%             | 0%             | 0%                                            |
| Expected Volatility      | 52.98%         | 51.86%         | 48.60%                                        |
| Risk free interest rate  | 4.66% to 6.21% | 4.52% to 6.23% | 5.21%                                         |
| Expected life of options | 5-9 years      | 5-9 years      | 3 years with an outer limit of March 31, 2024 |
| Expected forfeiture      | NIL            | NIL            | 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 annualized 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 bank's share price from the date of listing.

#### 5.4 Accounting Standard 10 – Property, Plant & Equipment

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

- (a) The effective date of the revaluation - 31.03.2021
- (b) Whether an independent valuer was involved - Land and building was valued by two independent valuers. Lower of the value arrived by the valuers is taken as the revalued amount.
- (c) The methods and significant assumptions applied in estimating fair values of the items;

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

- (d) The extent to which fair values of the items were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques - Fair value as explained in item (c) above
- (e) The revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders

Revaluation surplus as on 31.03.2021: ₹ 154.47 Crore

Change for the period: ₹ (1.75) Crore (An amount of ₹ 1.69 Cr transferred from Revaluation Reserve to General Reserves and ₹ 0.06 Crore on account of impairment on revaluation of fixed asset)

As per para 44 of AS 10 - Property, Plant & Equipment, an amount equivalent to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on its original cost need to be transferred to General reserve. The transfer of ₹ 1.69 Cr is on account of the same.

#### 5.5 Accounting Standard 26 – Intangible Assets

The Bank has complied with AS 26 (Intangible Assets) and the disclosures required under the Standard are as follows:

(₹ in Crore)

|                                         | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|-----------------------------------------|------------------------------|------------------------------|
| <b>a) Acquired Application Software</b> |                              |                              |
| Opening Balance at cost                 | 43.08                        | 26.69                        |
| Add: Additions during the year          | 20.81                        | 16.39                        |
| Less: Disposals during the year         | 0.00                         | Nil                          |
| Less: Amortisation to date              | 30.50                        | 21.59                        |
| <b>Net Carrying Amount</b>              | <b>33.39</b>                 | <b>21.49</b>                 |
| <b>b) Internally Generated Software</b> |                              |                              |
| Opening Balance at cost                 | 17.31                        | 16.51                        |
| Add: Additions during the year          | 0.99                         | 0.80                         |
| Less: Disposals during the year         | Nil                          | Nil                          |
| Less: Amortisation to date              | 14.88                        | 13.59                        |
| <b>Net Carrying Amount</b>              | <b>3.42</b>                  | <b>3.72</b>                  |
| <b>Total Carrying Amount</b>            | <b>36.81</b>                 | <b>25.21</b>                 |

## 5.6 Accounting Standard 19 – Leases

Operating leases primarily comprise office premises, which are renewable at the option of the Bank.

- i. Liability for Premises taken on Non-Cancellable operating lease are given below: (₹ in Crore)

| Particulars                                  | As at<br>March 31, 2021 |
|----------------------------------------------|-------------------------|
| Not later than 1 year                        | 3.39                    |
| Later than 1 year and not later than 5 years | 2.78                    |
| Later than 5 years                           | -                       |
| <b>Total</b>                                 | <b>6.17</b>             |

- ii. Amount of lease payments recognised in the P&L Account for operating leases is ₹ 39.41 crore (Previous Year ₹ 36.26 Crore)

## 5.7 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.

### 5.6.1 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.
- b) Liability on account of forward exchange and derivative contracts  
The Bank enters into foreign exchange contracts, (currency swaps, Forward exchange contracts and currency futures) on its own account and forward exchange contracts for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate.
- c) Guarantee given on behalf of constituents  
As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligation.
- d) Acceptances, endorsements and other obligations  
These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.
- e) Other items for which the Bank is contingently liable  
Includes income tax/service tax/GST 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.

### 5.7 Amount of Provisions made for Income tax during the year

| Particulars              | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|--------------------------|------------------------------|------------------------------|
| Provision for Income Tax |                              |                              |
| a) Current Tax           | 0.08                         | 7.91                         |
| b) Deferred Tax          | 74.07                        | 113.36                       |
| <b>Total</b>             | <b>74.15</b>                 | <b>121.27</b>                |

### 5.8 Accounting Standard 28 - Impairment of Assets

In the opinion of the Banks' management, there is no material impairment to the fixed assets as at 31.03.2021 requiring recognition in terms of Accounting Standard 28 – Impairment of Assets.

### 5.9 Disclosure for frauds

(₹ in Crore)

|                                                        |      |
|--------------------------------------------------------|------|
| No of frauds reported during the year ended 31.03.2021 | 69   |
| Amount involved in such frauds                         | 4.52 |
| Balance outstanding as on 31.03.2021*                  | 0.80 |
| Cumulative provision made by debiting P&L              | 0.80 |
| Unamortized provision debited from General Reserve     | -    |

\*Balance outstanding after technical write off / recovery.

### 5.10 Details of Priority Sector Lending Certificate Purchased & Sold during the year

(₹ in Crore)

| SI No. | Type of PSLCs                  | Year ended March 31, 2021 |      | Year ended March 31, 2020 |      |
|--------|--------------------------------|---------------------------|------|---------------------------|------|
|        |                                | Purchase                  | Sale | Purchase                  | Sale |
| 1      | PSLC – General                 | 300                       | -    | -                         | -    |
| 2      | PSLC – Agriculture             | -                         | 1500 | -                         | 300  |
| 3      | PSLC - Small & Marginal Farmer | -                         | 600  | -                         | 600  |
| 4      | PSLC - Micro Enterprise        | 400                       | -    | 400                       | -    |

### 5.11 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

### 5.12 Investor Education and Protection Fund

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

### 5.13 Corporate Social Responsibility

The Bank is not required to spend money for CSR activities in the financial year 2020-21 as per the policy adopted by the Bank and as per Section 135 of the Companies Act, 2013 read with The Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended, as the average net profit for the last three years is negative. However, as part of the Bank's continued focus towards sustainable development, had spent ₹ 0.11 Crore towards CSR activities during the year and is recognised as an expense in the Profit & loss account.

### 5.14 Inter-bank participation with risk sharing - Nil

### 5.15 Factoring Exposure

The factoring exposure of the Bank as on March 31, 2021 is Nil (Previous Year: Nil)

### 5.16 Exposure to Infrastructure Leasing & Financial Services Limited (ILFS) and its group entities

With reference to the RBI circular DBR.BP.BC.No.37/21.04.048/2018-19 dated April 24, 2019, Banks are advised to disclose exposure to ILFS and its group:

|                | Amount outstanding (1) | Of (1), total amount of exposures which are NPAs as per IRAC norms and not classified as NPA (2) | Provisions required to be made as per IRAC norms. (3) | Provisions actually held (4) |
|----------------|------------------------|--------------------------------------------------------------------------------------------------|-------------------------------------------------------|------------------------------|
| March 31, 2021 | -                      | -                                                                                                | -                                                     | -                            |
| March 31, 2020 | -                      | -                                                                                                | -                                                     | -                            |

### 5.17 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.

| Sr. No | Disclosures required under the Micro, Small & Medium Development Act, 2006                                                                                                                                                                                                                |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| I      | Delayed payments due as at the end of each accounting year on account of Principal – Nil and Interest due thereon – Nil                                                                                                                                                                   |
| II     | Total interest paid on all delayed payments during the year under the provisions of the Act – Nil                                                                                                                                                                                         |
| III    | Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under this Act – Nil                                                                                                                                                          |
| IV     | Interest accrued but not due– Nil (Represents interest accrued as at the end of the year but not due as interest is computed at monthly rests from the due date)                                                                                                                          |
| V      | Total Interest Due but not paid – Nil (Represents all interest amounts remaining due together with that from prior year(s) until such date when the interest was actually paid to the small enterprises. Mainly to ascertain the amount of interest disallowable for income tax purposes) |

Note: Outstanding dues to those vendors/suppliers who are registered as micro/small enterprise under the Micro, Small and Medium Enterprises Development Act, (MSMED) 2006 and having an Udyam Registration are only counted as qualified MSME for the purpose of the reporting.

### 5.18 Comparative Figures

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

As per our report of even date

**For B S R & Co. LLP**  
**Chartered Accountants**  
**Firm Registration No:101248W/W-100022**

Sd/-  
**Vaibhav Shah**  
Partner  
(Membership No 117377)

Date : May 08, 2021  
Place : Mumbai

**For and on behalf of the Board of Directors**

Sd/-  
**Madhavan Aravamuthan**  
Chairman  
DIN:01865555

Sd/-  
**Sharmila Abhay Karve**  
Chairperson-Audit Committee  
DIN:05018751

Sd/-  
**Sumit Maheshwari**  
Director  
DIN:06920646

Sd/-  
**C.VR. Rajendran**  
Managing Director & CEO  
DIN:00460061

Sd/-  
**Sijo Varghese**  
Company Secretary

Sd/-  
**B.K. Divakara**  
Chief Financial Officer

Sd/-  
**P V Antony**  
General Manager - Accounts

Date : May 08, 2021  
Place : Thrissur

# BASEL III PILLAR 3 DISCLOSURES

## 1. SCOPE OF APPLICATION

CSB Bank Ltd (formerly Catholic Syrian Bank Ltd) is a commercial bank formed on 26th November 1920 with Registered Office at Thrissur. In August 1969, the Bank was included in the Second Schedule to the Reserve Bank of India Act 1934. The bank has no subsidiaries.

## 2. CAPITAL STRUCTURE

### Qualitative Disclosures:

As per Basel III guidelines, the Bank is required to maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9% {11.5% including Capital Conservation Buffer (CCB)}, with minimum Common Equity Tier I (CET1) of 5.5% (8% including CCB) as on 1st October 2021. The minimum capital required to be maintained by the Bank (including CCB) for year ended 31st march 2021 is 10.875% with minimum Common Equity Tier 1 (CET1) of 7.375% (including CCB of 1.875%).

Bank's capital structure consists of Tier 1 and Tier 2 capital. The major components of Tier 1 capital are equity share capital, equity share premium, statutory reserves, general reserves, special reserve (Section 36(i)(viii) of Income Tax Act) and capital reserves and revaluation reserves (after discounting). Tier 2 capital consists of provision for standard assets, provisions held for country exposures and Investment Fluctuation reserves. Bank has not issued any Upper Tier 2 bonds or perpetual debt or other innovative instruments.

### Quantitative Disclosures:

The breakup of capital funds is as follows:

(₹ in Million)

|                                                       | As on 31.03.2021 | As on 31.03.2020 |
|-------------------------------------------------------|------------------|------------------|
| Tier 1 Capital                                        |                  |                  |
| Paid up Share capital                                 | 1,735.38         | 1,735.08         |
| Warrant Capital                                       |                  | -                |
| Share Premium                                         | 17,921.08        | 17,916.96        |
| Employee Stock Options Outstanding                    | 7.75             |                  |
| Statutory Reserves                                    | 2,045.37         | 1,499.37         |
| Capital Reserves                                      | 1980.46          | 803.78           |
| Special Reserve (36 (i) (viii))                       | 266.40           | 249.76           |
| Other eligible reserves                               | 996.00           | 979.09           |
| Revaluation Reserves after discounting                | 695.13           | 702.98           |
| Total Tier 1 Capital (Gross)                          | 25,647.57        | 23,887.03        |
| Less: Debit balance in P&L account                    | ( 4,694.90)      | (5139.59)        |
| Less: Deferred Tax Assets and Other Intangible Assets | (1335.27)        | (1617.83)        |
| <b>Total Tier 1 Capital (Net) [A]</b>                 | <b>19,617.40</b> | <b>17,195.79</b> |
| Tier 2 Capital                                        |                  |                  |
| General provisions                                    | 988.33           | 525.16           |
| Investment Fluctuation Reserve                        | 400.02           | 0                |
| <b>Total Tier 2 Capital (Net) [B]</b>                 | <b>1388.35</b>   | <b>525.16</b>    |
| <b>Total Eligible capital [A] + [B]</b>               | <b>21,005.75</b> | <b>17,720.95</b> |

### 3. CAPITAL ADEQUACY

#### Qualitative Disclosures:

In accordance with the guidelines of RBI, the bank has adopted standardized approach for credit risk, basic indicator approach for operational risk and standardized duration approach for market risk for computing capital adequacy. Basel III Capital regulations are applicable to Banks in India from 1st April, 2013 and will be fully phased in by 1<sup>st</sup> October 2021. 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.

The RBI vide circular No .RBI//2020-21/93 DOR.CAP.BC.No.34/21.06.201/2020-21 deferred the implementation of the last tranche of 0.625% of Capital Conservation Buffer (CCB) from April 1, 2021 to October 1, 2021. Accordingly, minimum capital conservation ratios as applicable from March 31, 2018 will also apply from March 31, 2021 till the CCB attains the level of 2.5% on October 1, 2021.

Regulatory Capital Adequacy position (as per Basel II & Basel III norms as made applicable by RBI) is assessed periodically. Besides, the bank also assessed its own internal estimate of risk capital based on its Board approved ICAAP policy and Stress Testing Policy to cover the Pillar 2 risks. Risks are assumed in line with the Bank's risk bearing capacity and capability in order to generate yields, taking risk-return frontier into account. This aims to ensure that risks that could jeopardize the Bank's existence are avoided.

#### Quantitative Disclosures:

##### a) Capital Requirement for Credit Risk – Standardized Approach

(₹ in Million)

| Portfolios                              | Gross Exposure<br>(₹ Mio) | Gross Exposure<br>(₹ Mio) | Capital<br>Requirement<br>(₹ Mio) | Capital<br>Requirement<br>(₹ Mio) |
|-----------------------------------------|---------------------------|---------------------------|-----------------------------------|-----------------------------------|
|                                         | 31.03.2021                | 31.03.2020                | 31.03.2021                        | 31.03.2020                        |
| On Balance Sheet                        |                           |                           |                                   |                                   |
| Cash & Balance with RBI                 | 7,361.37                  | 5,477.92                  | 0.00                              | 0.00                              |
| Inter Bank Deposits                     | 9,779.31                  | 3,915.50                  | 254.83                            | 48.42                             |
| Market repo(CROMS)                      | 0.00                      |                           | 0.00                              |                                   |
| Investments (HTM)                       | 42,499.73                 | 30,747.62                 | 278.29                            | 3.60                              |
| Advances                                | 144,381.22                | 113,663.54                | 5,682.04                          | 4,408.04                          |
| Fixed Assets & Other Assets             | 11,000.60                 | 7,424.94                  | 386.77                            | 508.04                            |
| <b>Total</b>                            | <b>215,022.23</b>         | <b>161,229.52</b>         | <b>6601.93</b>                    | <b>4,968.10</b>                   |
| Off Balance Sheet                       |                           |                           |                                   |                                   |
| Letter of Credit & Guarantees           | 5,856.67                  | 3,268.74                  | 219.83                            | 92.92                             |
| Undrawn Credit Commitments              | 13,386.58                 | 9,534.77                  | 291.08                            | 252.74                            |
| Forward Exchange Contracts              | 1,528.30                  | 7,090.13                  | 3.14                              | 6.17                              |
| <b>Total</b>                            | <b>20,771.56</b>          | <b>19,893.64</b>          | <b>514.06</b>                     | <b>351.83</b>                     |
| <b>Total On &amp; Off Balance Sheet</b> | <b>235,793.79</b>         | <b>181,123.15</b>         | <b>7115.98</b>                    | <b>5,319.92</b>                   |

##### b) Capital Requirement for Market Risk – Standardized Duration Approach

(₹ in Million)

| Type of Market Risk   | Gross Exposure   | Gross Exposure   | Capital<br>Requirement | Capital<br>Requirement |
|-----------------------|------------------|------------------|------------------------|------------------------|
|                       | 31.03.2021       | 31.03.2020       | 31.03.2021             | 31.03.2020             |
| Interest Rate Risk    | 18,717.00        | 22,855.23        | 612.56                 | 675.49                 |
| Foreign Exchange Risk | 110.00           | 110.00           | 9.90                   | 9.90                   |
| Equity Risk           | 97.13            | 29.28            | 21.85                  | 6.59                   |
| <b>Total</b>          | <b>18,924.13</b> | <b>22,994.51</b> | <b>644.32</b>          | <b>691.98</b>          |

**c) Capital Requirement for Operational Risk – Basic Indicator Approach**

(₹ in Million)

|                                 | As on 31.03.2020 |
|---------------------------------|------------------|
| Capital Requirement             | 892.30           |
| Equivalent Risk Weighted Assets | 11153.69         |

**d) Total Capital Requirement**

(₹ in Million)

| Type of Risk             | Capital Requirement | Capital Requirement | Risk Weighted Assets | Risk Weighted Assets |
|--------------------------|---------------------|---------------------|----------------------|----------------------|
|                          | 31.03.2021          | 31.03.2020          | 31.03.2021           | 31.03.2020           |
| Credit Risk              | 7,115.98            | 5,319.91            | 79,066.49            | 59,110.25            |
| Market Risk              | 644.32              | 691.98              | 8,053.95             | 8,649.70             |
| Operational Risk         | 892.30              | 892.30              | 11,153.69            | 11,153.69            |
| <b>Total</b>             | <b>8652.59</b>      | <b>6,904.19</b>     | <b>98,274.12</b>     | <b>78,913.64</b>     |
| Total Net Tier 1 Capital |                     |                     | 19,617.40            | 17,195.79            |
| Tier 1 Capital Ratio     |                     |                     | 19.96%               | 21.79%               |
| Tier 2 Capital Ratio     |                     |                     | 1.41%                | 0.67%                |
| <b>Total CRAR</b>        |                     |                     | <b>21.37%</b>        | <b>22.46%</b>        |

**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 at Head Office level act as the secretariat of CRMC.

Credit approvals are subject to a well-established and time tested system of competencies, which act as a framework within which decision making committees are authorized to enter into lending transactions. Responsibility for the approval of loans is dependent on size, security and type of the loan.

Rating migration studies are conducted at quarterly intervals. The findings of the rating migration study brings light many behavioral patterns. Credit Risk Management Department conducts industry-wise evaluation to analyze the latest trends and developments in the industry, their impact on bank's customers, the desirability of taking further exposure, assessment of the quality of bank's exposure to that industry etc.

Credit rating system is in force using various CRA formats to measure the risk involved in each borrower account. All borrowers with an aggregate credit limit of above ₹ 25 lakh are subjected to borrower rating. Gold loans, Loans against Deposit Receipts, Housing Loans, Loans against NSC & Insurance policies, Retail loans and Staff loans are subjected to portfolio rating.

Operations in all credit exposures of ₹ 50 lakh and above are monitored on a monthly basis by the Executive level committee – Large Advance committee to detect delinquency signals at an early date and nurse the account. To monitor the credit portfolio through various controlling returns, monthly operating statements (MOS) from branches to SME verticals of exposure of ₹ 50 lakh up to ₹ 2 crore and an exposure of above ₹ 2 crore by Credit Monitoring department.

Both regulatory capital and economic capital requirements are assessed at the time of credit appraisal of corporate exposures. RAROC analysis is based on bank's Board approved Risk Adjusted Return On Capital (RAROC) policy.

## Quantitative Disclosures

### a) Gross Credit Risk Exposure – Banking Book (₹ in Million)

|                | Loans 31.03.2021  | Loans 31.03.2020  | Investments<br>31.03.2021 | Investments<br>31.03.2020 |
|----------------|-------------------|-------------------|---------------------------|---------------------------|
| Fund Based     | 144,381.22        | 113,663.54        | 42,499.73                 | 30,747.62                 |
| Non Fund Based | 5,856.67          | 3,268.74          | -                         | -                         |
| <b>Total</b>   | <b>150,237.90</b> | <b>116,932.28</b> | <b>42,499.73</b>          | <b>30,747.62</b>          |

### b) Industry type distribution – Banking Book (₹ in Million)

| Industry Name                                                          | Total Credit<br>Exposure (Funded) | Non funded | Investment<br>Exposure |
|------------------------------------------------------------------------|-----------------------------------|------------|------------------------|
|                                                                        | (A)                               | (B)        | (C)                    |
| A. Mining and Quarrying                                                | 237.20                            | 3.76       | 0.00                   |
| A.1 Coal                                                               | 0.00                              | 0.00       | 0.00                   |
| A.2 Others                                                             | 237.20                            | 3.76       | 0.00                   |
| B. Food Processing                                                     | 5556.29                           | 516.83     | 0.00                   |
| B.1 Sugar                                                              | 0.00                              | 0.00       | 0.00                   |
| B.2 Edible Oils and Vanaspati                                          | 476.19                            | 398.02     | 0.00                   |
| B.3 Tea                                                                | 58.67                             | 0.00       | 0.00                   |
| B.4 Coffee                                                             | 3.14                              | 0.00       | 0.00                   |
| B.5 Others                                                             | 5018.29                           | 118.81     | 0.00                   |
| C. Beverages (excluding Tea & Coffee) and Tobacco                      | 244.61                            | 0.22       | 0.00                   |
| C.1 Tobacco and tobacco products                                       | 0.00                              | 0.00       | 0.00                   |
| C.2 Others                                                             | 244.61                            | 0.22       | 0.00                   |
| D. Textiles                                                            | 7346.73                           | 814.24     | 250.44                 |
| D.1 Cotton                                                             | 5589.33                           | 501.10     | 0.00                   |
| D.2 Jute                                                               | 0.00                              | 0.00       | 0.00                   |
| D.3 Man-made                                                           | 17.35                             | 0.00       | 0.00                   |
| D.4 Others                                                             | 1740.05                           | 313.14     | 250.44                 |
| Out of D (i.e., Total Textiles) to Spinning Mills                      | 7321.60                           | 0.00       | 0.00                   |
| E. Leather and Leather products                                        | 87.20                             | 6.24       | 1.69                   |
| F. Wood and Wood Products                                              | 284.13                            | 13.67      | 0.00                   |
| G. Paper and Paper Products                                            | 394.33                            | 0.00       | 0.00                   |
| H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels | 1470.75                           | 0.00       | 475.87                 |

| Industry Name                                                                       | Total Credit Exposure (Funded) | Non funded | Investment Exposure |
|-------------------------------------------------------------------------------------|--------------------------------|------------|---------------------|
| I. Chemicals and Chemical Products (Dyes, Paints, etc.)                             | 1892.12                        | 593.79     | 1.24                |
| I.1 Fertilizers                                                                     | 14.69                          | 0.00       | 0.00                |
| I.2 Drugs and Pharmaceuticals                                                       | 1464.35                        | 592.29     | 0.00                |
| I.3 Petro-chemicals (excluding under Infrastructure)                                | 0.00                           | 0.00       | 0.00                |
| I.4 Others                                                                          | 413.08                         | 1.49       | 1.24                |
| J. Rubber, Plastic and their Products                                               | 466.73                         | 92.19      | 246.17              |
| K. Glass & Glassware                                                                | 7.83                           | 7.60       | 0.00                |
| L. Cement and Cement Products                                                       | 105.37                         | 1.28       | 0.55                |
| M. Basic Metal and Metal Products                                                   | 741.33                         | 0.37       | 0.00                |
| M.1 Iron and Steel                                                                  | 449.65                         | 0.11       | 0.00                |
| M.2 Other Metal and Metal Products                                                  | 291.68                         | 0.26       | 0.00                |
| N. All Engineering                                                                  | 1242.09                        | 115.58     | 0.86                |
| N.1 Electronics                                                                     | 3.64                           | 6.88       | 0.00                |
| N.2 Others                                                                          | 1238.45                        | 108.70     | 0.86                |
| O. Vehicles, Vehicle Parts and Transport Equipments                                 | 1014.94                        | 5.23       | 0.00                |
| P. Gems and Jewellery                                                               | 201.51                         | 0.10       | 0.00                |
| Q. Construction                                                                     | 2386.83                        | 2536.63    | 0.00                |
| R. Infrastructure                                                                   | 4077.13                        | 1507.79    | 218.39              |
| R.a Transport (a.1 to a.6)                                                          | 993.50                         | 830.32     | 0.00                |
| R.a.1 Roads and Bridges                                                             | 993.50                         | 830.32     | 0.00                |
| R.a.2 Ports                                                                         | 0.00                           | 0.00       | 0.00                |
| R.a.3 Inland Waterways                                                              | 0.00                           | 0.00       | 0.00                |
| R.a.4 Airport                                                                       | 0.00                           | 0.00       | 0.00                |
| R.a.5 Railway Track, tunnels, viaducts, bridges                                     | 0.00                           | 0.00       | 0.00                |
| R.a.6 Urban Public Transport (except rolling stock in case of urban road transport) | 0.00                           | 0.00       | 0.00                |
| R.b. Energy (b.1 to b.6)                                                            | 1072.98                        | 70.00      | 0.00                |
| R.b.1 Electricity Generation                                                        | 1069.95                        | 70.00      | 0.00                |
| R.b.1.1 Central Govt PSUs                                                           | 0.00                           | 0.00       | 0.00                |
| R.b.1.2 State Govt PSUs (incl. SEBs)                                                | 188.16                         | 0.00       | 0.00                |
| R.b.1.3 Private Sector                                                              | 881.79                         | 70.00      | 0.00                |
| R.b.2 Electricity Transmission                                                      | 0.00                           | 0.00       | 0.00                |
| R.b.2.1 Central Govt PSUs                                                           | 0.00                           | 0.00       | 0.00                |
| R.b.2.2 State Govt PSUs (incl. SEBs)                                                | 0.00                           | 0.00       | 0.00                |
| R.b.2.3 Private Sector                                                              | 0.00                           | 0.00       | 0.00                |
| R.b.3 Electricity Distribution                                                      | 0.00                           | 0.00       | 0.00                |
| R.b.3.1 Central Govt PSUs                                                           | 0.00                           | 0.00       | 0.00                |
| R.b.3.2 State Govt PSUs (incl. SEBs)                                                | 0.00                           | 0.00       | 0.00                |
| R.b.3.3 Private Sector                                                              | 0.00                           | 0.00       | 0.00                |
| R.b.4 Oil pipelines                                                                 | 0.00                           | 0.00       | 0.00                |
| R.b.5 Oil/Gas/Liquefied Natural Gas (LNG) storage facility                          | 0.00                           | 0.00       | 0.00                |
| R.b.6 Gas pipelines                                                                 | 3.03                           | 0.00       | 0.00                |
| R.c. Water and Sanitation (c.1 to c.7)                                              | 2010.65                        | 607.47     | 0.00                |
| R.c.1 Solid Waste Management                                                        | 0.00                           | 0.00       | 0.00                |

| Industry Name                                                                                                       | Total Credit Exposure (Funded) | Non funded | Investment Exposure |
|---------------------------------------------------------------------------------------------------------------------|--------------------------------|------------|---------------------|
| R.c.2 Water supply pipelines                                                                                        | 0.00                           | 0.00       | 0.00                |
| R.c.3 Water treatment plants                                                                                        | 21.86                          | 0.00       | 0.00                |
| R.c.4 Sewage collection, treatment and disposal system                                                              | 0.00                           | 0.00       | 0.00                |
| R.c.5 Irrigation (dams, channels, embankments etc)                                                                  | 1988.79                        | 607.47     | 0.00                |
| R.c.6 Storm Water Drainage System                                                                                   | 0.00                           | 0.00       | 0.00                |
| R.c.7 Slurry Pipelines                                                                                              | 0.00                           | 0.00       | 0.00                |
| R.d. Communication (d.1 to d.3)                                                                                     | 0.00                           | 0.00       | 0.00                |
| R.d.1 Telecommunication (Fixed network)                                                                             | 0.00                           | 0.00       | 0.00                |
| R.d.2 Telecommunication towers                                                                                      | 0.00                           | 0.00       | 0.00                |
| R.d.3 Telecommunication and Telecom Services                                                                        | 0.00                           | 0.00       | 0.00                |
| R.e. Social and Commercial Infrastructure (e.1 to e.9)                                                              | 0.00                           | 0.00       | 0.00                |
| R.e.1 Education Institutions (capital stock)                                                                        | 0.00                           | 0.00       | 0.00                |
| R.e.2 Hospitals (capital stock)                                                                                     | 0.00                           | 0.00       | 0.00                |
| R.e.3 Three-star or higher category classified hotels located outside cities with population of more than 1 million | 0.00                           | 0.00       | 0.00                |
| R.e.4 Common infrastructure for industrial parks, SEZ, tourism facilities and agriculture markets                   | 0.00                           | 0.00       | 0.00                |
| R.e.5 Fertilizer (Capital investment)                                                                               | 0.00                           | 0.00       | 0.00                |
| R.e.6 Post harvest storage infrastructure for agriculture and horticultural produce including cold storage          | 0.00                           | 0.00       | 0.00                |
| R.e.7 Terminal markets                                                                                              | 0.00                           | 0.00       | 0.00                |
| R.e.8 Soil-testing laboratories                                                                                     | 0.00                           | 0.00       | 0.00                |
| R.e.9 Cold Chain                                                                                                    | 0.00                           | 0.00       | 0.00                |
| R.f. Others, if any, please specify                                                                                 | 0.00                           | 0.00       | 218.39              |
| OTHERS - Treasury Exposure                                                                                          | 0.00                           | 0.00       | 218.39              |
| S. Other Industries, pl. specify                                                                                    | 600.53                         | 14.51      | 0.00                |
| OTHERS                                                                                                              | 600.53                         | 14.51      | 0.00                |
| All Industries (A to S)                                                                                             | 28357.64                       | 6230.02    | 1195.21             |

**c) Residual Contractual Maturity breakdown of Assets as on 31.03.2021** (₹ 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     | 1019.81                 | 4295.11                                               | 380.45           | 12924.93        | 0.01                          |
| 2-7 days     | 130.60                  | 0.00                                                  | 2746.67          | 1696.82         | 22.45                         |
| 8-14 days    | 236.20                  | 0.00                                                  | 2837.54          | 367.20          | 0.17                          |
| 15-30 days   | 189.60                  | 2558.85                                               | 6669.94          | 639.92          | 0.45                          |
| 31days-<2M   | 234.10                  | 2193.30                                               | 10712.53         | 215.31          | 100.29                        |
| 2M<3M        | 267.10                  | 731.10                                                | 9714.48          | 1667.96         | 59.46                         |
| 3M-<6M       | 667.00                  | 0.00                                                  | 26486.81         | 1881.32         | 296.40                        |
| 6M-<1Y       | 1653.90                 | 0.00                                                  | 25022.59         | 2582.47         | 435.95                        |
| 1-<3Y        | 2738.30                 | 0.70                                                  | 34762.70         | 23121.44        | 1752.11                       |
| 3-<5 Y       | 145.30                  | 0.00                                                  | 11256.71         | 1048.54         | 1030.24                       |
| > 5 Yr       | 79.46                   | 0.25                                                  | 13790.80         | 15114.01        | 6894.20                       |
| <b>Total</b> | <b>7361.37</b>          | <b>9779.31</b>                                        | <b>144381.22</b> | <b>61259.91</b> | <b>10591.74</b>               |

**c) Disclosures regarding Non-Performing Assets**

(₹ in Million)

|                                                                   | As on 31.03.2021 | As on 31.03.2020 |
|-------------------------------------------------------------------|------------------|------------------|
| <b>Amount of NPAs (Gross)</b>                                     |                  |                  |
| Substandard                                                       | 1,915.11         | 1,804.31         |
| Doubtful 1                                                        | 751.63           | 923.36           |
| Doubtful 2                                                        | 785.59           | 930.75           |
| Doubtful 3                                                        | 428.41           | 380.43           |
| Loss                                                              | 54.19            | 55.49            |
| Total Gross NPAs                                                  | 3,934.94         | 4094.34          |
| Net NPAs                                                          | 1,688.08         | 2169.22          |
| <b>NPA Ratios</b>                                                 |                  |                  |
| Gross NPAs to Gross Advances                                      | 2.68%            | 3.54%            |
| Net NPAs to Net Advances                                          | 1.17%            | 1.91%            |
| <b>Movement of provisions for NPAs</b>                            |                  |                  |
| Opening balance (01.04.2020)                                      | 1,883.57         | 2864.15          |
| Provisions made during the period                                 | 1,206.04         | 926.19           |
| Write-off                                                         | 0.00             | 0                |
| Write back of excess provisions                                   | 884.48           | 1906.77          |
| Closing balance                                                   | 2,205.14         | 1883.57          |
| Write-offs that have been booked directly to the income statement | 286.66           | 538.05           |
| Recoveries that have been booked directly to the income statement | 924.32           | 687.57           |

| Major Industry breakup of NPA |            |                    |            |                    |
|-------------------------------|------------|--------------------|------------|--------------------|
| Industry                      | 31.03.2021 |                    | 31.03.2020 |                    |
|                               | Gross NPA  | Specific Provision | Gross NPA  | Specific Provision |
| NPA in top 5 Industries       | 615.96     | 368.68             | 859.73     | 356.57             |

| Geography | 31.03.2021 |                    | 31.03.2020 |                    |
|-----------|------------|--------------------|------------|--------------------|
|           | Gross NPA  | Specific Provision | Gross NPA  | Specific Provision |
| Domestic  | 3,934.94   | 2,205.14           | 4094.34    | 1883.57            |
| Overseas  |            |                    | 0          | 0                  |

| ₹ in million                                                  | 31.03.2021                             | 31.03.2020                             |
|---------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Amount of Non-Performing Investments                          | 18.21                                  | 18.21                                  |
| Amount of provisions held for non-performing investments      | 17.70                                  | 18.07                                  |
| <b>Movement of provisions for depreciation on Investments</b> | <b>For the period ended 31.03.2021</b> | <b>For the period ended 31.03.2020</b> |
| Opening balance (01-04-2020)                                  | 1009.68                                | 842.02                                 |
| Provisions made during the period                             | 602.98                                 | 271.42                                 |
| Write-off & Write back of excess provisions/diminution        | 371.75                                 | 103.76                                 |
| Closing balance                                               | 1240.91                                | 1009.68                                |

## 5. CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO STANDARDIZED APPROACH

### Qualitative Disclosures

In accordance with RBI guidelines, the bank has adopted standardized approach for computation of capital for credit risk.

Bank Loan Ratings of CRISIL, CARE, ICRA, ACUTE (SMERA), BRICKWORK, INFOMERICS and India Ratings are considered for arriving at the capital requirement.

Bank extends external rating of other issues of the borrower to unrated claims only when the issue specific rating maps to Risk Weight higher than that of the unrated exposure.

### Quantitative Disclosures

#### Risk weight wise classification of exposures

(₹ in Million)

|                                         | Gross Credit Exposure | Gross Credit Exposure | Capital Deductions | Capital Deductions | Exposure after Capital Deductions | Exposure after Capital Deductions |
|-----------------------------------------|-----------------------|-----------------------|--------------------|--------------------|-----------------------------------|-----------------------------------|
|                                         | (A)                   | (A)                   | (B)                | (B)                | (C) = (A) - (B)                   | (C) = (A) - (B)                   |
|                                         | 31.03.2021            | 31.03.2020            | 31.03.2021         | 31.03.2020         | 31.03.2021                        | 31.03.2020                        |
| Advances, Letter of Credit & Guarantees |                       |                       |                    |                    |                                   |                                   |
| Below 100% risk weight                  | 90,099.87             | 68,064.65             | 0.00               | 0.00               | 90,099.87                         | 68,064.65                         |
| 100% risk weight                        | 54,003.62             | 43,275.72             | 0.00               | 0.00               | 54,003.62                         | 43,275.72                         |
| More than 100% risk weight              | 6,134.40              | 5,591.91              | 0.00               | 0.00               | 6,134.40                          | 5,591.91                          |
| <b>Total</b>                            | <b>150,237.90</b>     | <b>116,932.28</b>     | <b>0.00</b>        | <b>0.00</b>        | <b>150,237.90</b>                 | <b>116,932.28</b>                 |
| Investments                             |                       |                       |                    |                    |                                   |                                   |
| Below 100% risk weight                  | 42,499.73             | 30,747.62             | 0.00               | 0.00               | 42,499.73                         | 30,747.62                         |
| 100% risk weight                        |                       | 0.00                  | 0.00               | 0.00               | -                                 | 0.00                              |
| More than 100% risk weight              | -                     | 0.00                  | 0.00               | 0.00               | -                                 | 0.00                              |
| <b>Total</b>                            | <b>42,499.73</b>      | <b>30,747.62</b>      | <b>0.00</b>        | <b>0.00</b>        | <b>42,499.73</b>                  | <b>30,747.62</b>                  |

## 6. CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDIZED APPROACHES

### Qualitative Disclosures

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

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

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

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

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

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

## Quantitative Disclosures

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

(₹ in Million)

|                   | 31.03.2021 | 31.03.2021 |
|-------------------|------------|------------|
| Corporate         | 1,086.21   | 1,428.64   |
| Regulatory Retail | 36,500.96  | 23,713.79  |
| Personal Loans    | 21,795.88  | 19,135.50  |
| Total             | 59,383.04  | 44,277.93  |

### b) Exposures Covered by Guarantee

(₹ in Million)

| Covered by Guarantee | 31.03.2021 | 31.03.2020 |
|----------------------|------------|------------|
| Corporate            | 398.43     | 329.59     |
| Regulatory Retail    | 3,934.59   | 4,332.95   |
| Total                | 4,333.02   | 4,662.54   |

## 7. SECURITIZATION

No exposure of the bank has been securitized.

## 8. MARKET RISK IN THE TRADING BOOK

### Qualitative Exposures

Bank has put in place Board approved Market Risk Management Policy, Investment Policy and Foreign Exchange Policy for effective management of market risk of the bank.

Bank's Integrated Treasury manages the trading book. Proprietary trading is done in government securities, equity shares and foreign exchange. Adherence to limits is reported on a monthly basis to the Executive level Asset Liability Committee (ALCO) and Risk Management Committee (RMC) of the Board.

Modified Duration and Value at Risk (weighted historic simulation approach) are the tools used to track market risk in the trading book for interest rate related instruments. For equity exposures bank uses Value at Risk and Portfolio Beta.

Stress tests are conducted on a daily basis on securities in the trading book.

Portfolios covered by standardized approach are government securities, other trustee securities, Non SLR instruments, 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 |
|-----------------------|----------------|----------------|---------------------|---------------------|
|                       | 31.03.2021     | 31.03.2020     | 31.03.2021          | 31.03.2020          |
| Interest Rate Risk    | 18,717.00      | 22,855.23      | 612.56              | 675.49              |
| Foreign Exchange Risk | 110.00         | 110.00         | 9.90                | 9.90                |
| Equity Risk           | 97.13          | 29.28          | 21.85               | 6.59                |
| Total                 | 18,924.13      | 22,994.51      | 644.32              | 691.98              |

## 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.

**Cyber Risk:** Cyber Risk can be defined as the risk connected to online business activity such as Internet Banking, Mobile Banking, Electronic Systems and storage of sensitive Information over computer networks. Common categories of Cyber Risk include inter-alia, Hacker Attacks, Data Breach, Virus / Malware transmission and Cyber Extortion. Financial gain continues to be a primary driver of the most sophisticated criminal offences and presents evolving challenges as criminal networks reinvest the revenue they generate into developing more advanced capabilities.

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

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

Information Security Management department headed by Chief Information Security Officer (CISO) was formed to address cybersecurity risks. As part of the cybersecurity framework, proactive security measures adopted by the bank are Managed Security Operations Centre, advanced anti-phishing, anti-malware and anti-roguer services, Privileged Identity Management Solution, Web Application Firewall, Intrusion Detection and Prevention System for protecting network-level threats and for preventing unwanted and malicious network transmissions, Network Access Control which will allow only authorised users to connect to banks network, Data Leakage Prevention solution to prevent data leakage, DDoS mitigation service to prevent Denial of services, DMARC & SPF protection to enhance the email security standards, Vulnerability Assessment and Penetration Testing, SSL encryption for data transfers, network firewall etc., Bank is continuing to invest on advanced technologies to enhance the systems. To evaluate banks preparedness against cyber-attacks, bank participates in the cyber-drill conducted by IDRBT. Bank has always taken continuous steps to create cybersecurity awareness among employees and customers through training/Newsletter/SMS/Emails.

## 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 Asset Liability 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

- a) Bulk of the advance portfolio to re-price within 12 months.
- b) 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 7 to 10 years' time bucket in Duration Gap approach. In the case of EaR approach, 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<br>31.03.2021 | Impact as on<br>31.03.2020 |
|------------------------------------------------|----------------------------|----------------------------|
| +200 basis points                              | 900.22                     | 541.72                     |
| -200 basis points                              | -900.22                    | -541.72                    |

### Interest Rate Risk – Economic Value Perspective

(₹ in Million)

| 1 Year Change in Market Rates (Parallel Shift) | Impact as on<br>31.03.2021 | Impact as on<br>31.03.2020 |
|------------------------------------------------|----------------------------|----------------------------|
| +200 basis points                              | 1624.47                    | 338.19                     |
| -200 basis points                              | -1624.47                   | -338.19                    |

## 11. COUNTERPARTY CREDIT RISK

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before final settlement of the transaction's cash flows. An economic loss would occur if the transaction or portfolio of transactions with the counterparty has a positive economic value for the Bank at the time of default. Unlike exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss whereby the market value for many different types of transactions can be positive or negative to either counterparty. The market value is uncertain and can vary over time with the movement in underlying market factors.

Capital is maintained on the exposure to CCR as per regulatory guidelines on Capital adequacy computation. The exposure is calculated using Current Exposure Method.

The MTM on client exposures are monitored periodically. The Bank does not recognize bilateral netting for capital computation.

(₹ in Million)

|                            | Notional<br>Amount<br>31.03.2021 | Credit<br>Equivalent<br>31.03.2021 | Notional<br>Amount<br>31.03.2020 | Credit<br>Equivalent<br>31.03.2020 |
|----------------------------|----------------------------------|------------------------------------|----------------------------------|------------------------------------|
| Forward Exchange Contracts | 12546.47                         | 298.52                             | 10649.34                         | 373.72                             |

### Leverage Ratio frame work

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.

**Table 1- Summary comparison of accounting assets Vs. leverage ratio exposure method**

|   | Item                                                                                                                                                                               | (₹ in Million) |
|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| 1 | Total consolidated assets as per published financial statements                                                                                                                    | 233373.54      |
| 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)                     | 8573.46                  |
| 7                                                          | Other adjustments                                                                                                                        |                          |
| 8                                                          | Leverage ratio exposure                                                                                                                  | 241947.00                |
| <b>Table 2 – Leverage ratio common disclosure template</b> |                                                                                                                                          |                          |
|                                                            | Item                                                                                                                                     | Leverage ratio framework |
| On-balance sheet exposures                                 |                                                                                                                                          |                          |
| 1                                                          | On-balance sheet items (excluding derivatives and SFTs, but including collateral)                                                        | 233373.54                |
| 2                                                          | (Asset amounts deducted in determining Basel III Tier 1 capital)                                                                         |                          |
| 3                                                          | <b>Total on-balance sheet exposures</b> (excluding derivatives and SFTs) (sum of lines 1 and 2)                                          | 233373.54                |
| Derivative exposures                                       |                                                                                                                                          |                          |
| 4                                                          | Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)                               | 47.59                    |
| 5                                                          | Add-on amounts for PFE associated with all derivatives transactions                                                                      | 250.93                   |
| 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                                                         | <b>Total derivative exposures (sum of lines 4 to 10)</b>                                                                                 | 298.52                   |
| 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                                                         | <b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>                                                          |                          |
| Other off-balance sheet exposures                          |                                                                                                                                          |                          |
| 17                                                         | Off-balance sheet exposure at gross notional amount                                                                                      | 8274.94                  |
| 18                                                         | (Adjustments for conversion to credit equivalent amounts)                                                                                |                          |
| 19                                                         | <b>Off-balance sheet items (sum of lines 17 and 18)</b>                                                                                  | 8274.94                  |
| Capital and total exposures                                |                                                                                                                                          |                          |
| 20                                                         | Tier 1 capital                                                                                                                           | 19617.40                 |
| 21                                                         | Total exposures (sum of lines 3, 11, 16 and 19)                                                                                          | 241947.00                |
| Leverage ratio                                             |                                                                                                                                          |                          |
| 22                                                         | Basel III leverage ratio                                                                                                                 | 8.11%                    |

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<br>to Pre-Basel III<br>Treatment | Ref No             |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------------------------------|--------------------|
|    | <b>Common Equity Tier 1 Capital: Instruments and reserves</b>                                                                                                                                                                                                       |          |                                                  |                    |
| 1  | Directly issued qualifying common share capital plus related stock surplus (share premium)                                                                                                                                                                          | 19664.21 |                                                  | a1+a2              |
| 2  | Retained earnings                                                                                                                                                                                                                                                   | 593.33   |                                                  | b1+b2+b3+b4+b6+b7a |
| 3  | Accumulated other comprehensive income (and other reserves)                                                                                                                                                                                                         | 695.13   |                                                  | c1                 |
| 4  | Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)                                                                                                                                                               |          |                                                  |                    |
| 5  | Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)                                                                                                                                                                |          |                                                  |                    |
| 6  | Common Equity Tier 1 capital before regulatory adjustments                                                                                                                                                                                                          | 20952.66 |                                                  |                    |
|    | <b>Common Equity Tier 1 Capital: regulatory adjustments</b>                                                                                                                                                                                                         |          |                                                  |                    |
| 7  | Prudential valuation adjustments                                                                                                                                                                                                                                    |          |                                                  |                    |
| 8  | Goodwill (net of related tax liability)                                                                                                                                                                                                                             |          |                                                  |                    |
| 9  | Intangibles                                                                                                                                                                                                                                                         | 368.10   |                                                  | e1-e2              |
| 10 | Deferred tax assets                                                                                                                                                                                                                                                 | 967.16   |                                                  | 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) | 0.00     |                                                  |                    |
| 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 <sup>4</sup> (amount above 10% threshold)                                                                                                                                                                                                 |          |                                                  |                    |
| 21 | Deferred tax assets arising from temporary differences <sup>5</sup> (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 <sup>7</sup> (26a+26b+26c+26d)                                                                                                                                                                                             |          |                                                  |                    |

|                                                         |                                                                                                                                                                                                                                                                                          |          | Amounts Subject<br>to Pre-Basel III<br>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                                                                                                                                                                                                                                     | 1335.27  |                                                  |        |
| 29                                                      | Common Equity Tier 1 capital (CET1)                                                                                                                                                                                                                                                      | 19617.40 |                                                  |        |
| <b>Additional Tier 1 capital: Instruments</b>           |                                                                                                                                                                                                                                                                                          |          |                                                  |        |
| 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        |                                                  |        |
| <b>Additional Tier 1 capital:Regulatory Adjustments</b> |                                                                                                                                                                                                                                                                                          |          |                                                  |        |
| 37                                                      | Investments in own Additional Tier 1 instruments                                                                                                                                                                                                                                         | 0        |                                                  |        |
| 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                                                                                                                                                           |          |                                                  |        |

|                                                     |                                                                                                                                                                                                                                                                                              |          | Amounts Subject to Pre-Basel III Treatment | Ref No   |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------------------------|----------|
|                                                     | Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment                                                                                                                                                                                 |          |                                            |          |
| 42                                                  | Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions                                                                                                                                                                                           |          |                                            |          |
| 43                                                  | Total regulatory adjustments to Additional Tier 1 capital                                                                                                                                                                                                                                    |          |                                            |          |
| 44                                                  | Additional Tier 1 capital (AT1)                                                                                                                                                                                                                                                              |          |                                            |          |
| 44a                                                 | Additional Tier 1 capital reckoned for capital adequacy                                                                                                                                                                                                                                      |          |                                            |          |
| 45                                                  | Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)                                                                                                                                                                                                                                                  | 19617.40 |                                            |          |
| <b>Tier 2 capital: Instruments &amp; Provisions</b> |                                                                                                                                                                                                                                                                                              |          |                                            |          |
| 46                                                  | Directly issued qualifying Tier 2 instruments plus related stock surplus                                                                                                                                                                                                                     |          |                                            |          |
| 47                                                  | Directly issued capital instruments subject to phase out from Tier 2                                                                                                                                                                                                                         | 0.00     |                                            | 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                                                                                                                                                                                                                                                                                   | 1381.02  |                                            | c1+c3+c4 |
| 51                                                  | Tier 2 capital before regulatory adjustments                                                                                                                                                                                                                                                 | 1381.02  |                                            |          |
| <b>Tier 2 capital:Regulatory Adjustments</b>        |                                                                                                                                                                                                                                                                                              |          |                                            |          |
| 52                                                  | Investments in own Tier 2 instruments                                                                                                                                                                                                                                                        |          |                                            |          |
| 53                                                  | Reciprocal cross-holdings in Tier 2 instruments                                                                                                                                                                                                                                              | 0.00     |                                            |          |
| 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                                                                                                                                                                                                                                               | 0.00     |                                            |          |
| 58                                                  | Tier 2 capital (T2)                                                                                                                                                                                                                                                                          | 1381.02  |                                            |          |
| 58a                                                 | Tier 2 capital reckoned for capital adequacy                                                                                                                                                                                                                                                 | 1381.02  |                                            |          |
| 58b                                                 | Excess Additional Tier 1 capital reckoned as Tier 2 capital                                                                                                                                                                                                                                  | 0        |                                            |          |

|     |                                                                                                                                                                                         |          | Amounts Subject to Pre-Basel III Treatment | Ref No |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------------------------|--------|
| 58c | Total Tier 2 capital admissible for capital adequacy (58a + 58b)                                                                                                                        | 1381.02  |                                            |        |
| 59  | Total capital (TC = T1 + T2) (45 + 58c)                                                                                                                                                 | 20998.42 |                                            |        |
|     | 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)                                                                                                                                            | 98274.12 |                                            |        |
| 60a | of which: total credit risk weighted assets                                                                                                                                             | 79066.49 |                                            |        |
| 60b | of which: total market risk weighted assets                                                                                                                                             | 8053.95  |                                            |        |
| 60c | of which: total operational risk weighted assets                                                                                                                                        | 11153.69 |                                            |        |
|     | <b>Capital ratios</b>                                                                                                                                                                   |          |                                            |        |
| 61  | Common Equity Tier 1 (as a percentage of risk weighted assets)                                                                                                                          | 19.96%   |                                            |        |
| 62  | Tier 1 (as a percentage of risk weighted assets)                                                                                                                                        | 19.96%   |                                            |        |
| 63  | Total capital (as a percentage of risk weighted assets)                                                                                                                                 | 21.37%   |                                            |        |
| 64  | Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets) | 7.38%    |                                            |        |
| 65  | of which: capital conservation buffer requirement                                                                                                                                       | 1.88%    |                                            |        |
| 66  | of which: bank specific countercyclical buffer requirement                                                                                                                              | 0        |                                            |        |
| 67  | of which: G-SIB buffer requirement                                                                                                                                                      | 0        |                                            |        |
| 68  | Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)                                                                                                | 13.99%   |                                            |        |
|     | <b>Capital ratios</b>                                                                                                                                                                   |          |                                            |        |
| 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%    |                                            |        |
|     | <b>Amounts below the thresholds for deduction (before risk weighting)</b>                                                                                                               |          |                                            |        |
| 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)                                                                                                   |          |                                            |        |
|     | <b>Applicable caps on the inclusion of provisions in Tier 2</b>                                                                                                                         |          |                                            |        |
| 76  | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)                                                      | 0.00     |                                            | c3+c4  |
| 77  | Cap on inclusion of provisions in Tier 2 under standardised approach                                                                                                                    | 1228.43  |                                            |        |

|    |                                                                                                                                              |      | Amounts Subject to Pre-Basel III Treatment | Ref No |
|----|----------------------------------------------------------------------------------------------------------------------------------------------|------|--------------------------------------------|--------|
| 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                                                              |      |                                            |        |
|    | <b>Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)</b>                     |      |                                            |        |
| 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                                                                              | 0.00 |                                            |        |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)                                                        | 0    |                                            |        |

## Notes

| Row No. of the template | Particular                                                                                                                                                                                          | (₹ 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                                                                                              | 967.16         |
|                         | Total as indicated in row 10                                                                                                                                                                        | 967.16         |
| 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                                                                                                                                                      | 981.00         |
|                         | Eligible Investment Fluctuation Reserves included in Tier 2 capital                                                                                                                                 | 400.02         |
|                         | Total of row 50                                                                                                                                                                                     | 1381.02        |
| 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)                                                         | 0.00           |

**Composition of Capital: Reconciliation Requirements Step 1**

₹ in million

|     |                                                         | Balance sheet as in<br>financial statements | Balance Sheet under<br>regulatory scope of<br>consolidation |
|-----|---------------------------------------------------------|---------------------------------------------|-------------------------------------------------------------|
|     |                                                         | As on reporting date                        | As on reporting date                                        |
| A   | Capital & Liabilities                                   |                                             |                                                             |
| i   | Paid-up Capital                                         | 1,735.38                                    |                                                             |
|     | of which: Amount eligible for CET1                      | 1,735.38                                    |                                                             |
|     | of which: Amount eligible for AT1                       | -                                           |                                                             |
|     | Employee's Stock Options Outstanding                    | 7.75                                        |                                                             |
|     | Reserves & Surplus                                      | 20,059.14                                   |                                                             |
|     | Minority Interest                                       | -                                           |                                                             |
|     | Total Capital                                           | 21,802.27                                   |                                                             |
| ii  | Deposits                                                | 1,91,400.43                                 |                                                             |
|     | of which: Deposits from banks                           | 6.74                                        |                                                             |
|     | of which: Customer deposits                             | 1,89,868.32                                 |                                                             |
|     | of which: Other deposits (pl. specify)                  | -                                           |                                                             |
| iii | Borrowings                                              | 14,259.19                                   |                                                             |
|     | of which: From RBI                                      | 8,760.00                                    |                                                             |
|     | of which: From banks                                    | -                                           |                                                             |
|     | of which: From other institutions & agencies            | 5,499.19                                    |                                                             |
|     | of which: Others (pl. specify)                          | -                                           |                                                             |
|     | of which: Capital instruments                           | -                                           |                                                             |
| iv  | Other liabilities & provisions                          | 5,911.65                                    |                                                             |
|     | of which: DTLs related to goodwill                      | -                                           |                                                             |
|     | of which: DTLs related to intangible assets             | -                                           |                                                             |
|     | Total Capital & Liabilities                             | 2,33,373.54                                 |                                                             |
| B   | Assets                                                  |                                             |                                                             |
| i   | Cash and balances with Reserve Bank of India            | 7,361.37                                    |                                                             |
|     | Balance with banks and money at call and short notice   | 9,779.31                                    |                                                             |
| ii  | Investments                                             | 61,259.91                                   |                                                             |
|     | of which: Government securities                         | 45,576.41                                   |                                                             |
|     | of which: Other approved securities                     | -                                           |                                                             |
|     | of which: Shares                                        | 60.88                                       |                                                             |
|     | of which: Debentures & Bonds                            | 9,744.41                                    |                                                             |
|     | of which: Subsidiaries / Joint Ventures / Associates    | -                                           |                                                             |
|     | of which: Others (Commercial Papers, Mutual Funds etc.) | 5,878.21                                    |                                                             |
| iii | Loans & Advances                                        | 1,44,381.22                                 |                                                             |
|     | of which: Loans and advances to banks                   | -                                           |                                                             |
|     | of which: Loans and advances to customers               | 1,44,381.22                                 |                                                             |
| iv  | Fixed assets                                            | 2,694.89                                    |                                                             |
| v   | Other Assets                                            | 7,896.85                                    |                                                             |
|     | of which: Goodwill and intangible assets                | 1,335.27                                    |                                                             |
|     | Out of which:                                           |                                             |                                                             |
|     | Goodwill                                                | -                                           |                                                             |
|     | Other intangibles (excluding MSRs)                      | 1,335.27                                    |                                                             |
|     | of which: Deferred tax assets                           | 967.16                                      |                                                             |
| vi  | Goodwill on consolidation                               | -                                           |                                                             |
| vii | Debit balance in Profit & Loss account                  | -                                           |                                                             |
|     | Total Assets                                            | 2,33,373.54                                 |                                                             |

**Composition of Capital: Reconciliation Requirements Step 2**

₹ in million

|     |                                                                                 | Balance sheet as in<br>financial statements | Balance Sheet under<br>regulatory scope of<br>consolidation | Ref No |
|-----|---------------------------------------------------------------------------------|---------------------------------------------|-------------------------------------------------------------|--------|
|     |                                                                                 | As on reporting date                        | As on reporting date                                        |        |
| A   | Capital & Liabilities                                                           |                                             |                                                             |        |
| i   | Paid-up Capital                                                                 | 1,735.38                                    |                                                             | a1     |
|     | Employee's Stock Options Outstanding                                            | 7.75                                        |                                                             |        |
|     | Reserves & Surplus                                                              | 20,059.13                                   |                                                             |        |
|     | of which:                                                                       |                                             |                                                             |        |
|     | Share premium                                                                   | 17,921.08                                   |                                                             | a2     |
|     | Statutory Reserves                                                              | 2,045.37                                    |                                                             | b1     |
|     | Capital Reserves                                                                | 1,980.46                                    |                                                             | b2     |
|     | General Reserves                                                                | 995.50                                      |                                                             | b3     |
|     | Special Reserve (Tax): After Tax Portion                                        | 266.40                                      |                                                             | b4     |
|     | Special Reserve (Tax): Tax Element (not<br>considered as part of capital funds) | (0.00)                                      |                                                             | b5     |
|     | Contingency Reserves                                                            | 0.50                                        |                                                             | b6     |
|     | Add: Credit balance in Profit and Loss account                                  | (4,694.90)                                  |                                                             | b7a    |
|     | Current Period profits not reckoned for capital<br>adequacy purpose             | -                                           |                                                             | b7b    |
|     | Revaluation Reserve reckoned as Tier I Capital                                  | 695.13                                      |                                                             | c1     |
|     | Revaluation Reserve not reckoned as Tier I<br>Capital (55% discount)            | 849.60                                      |                                                             | c2     |
|     | Investment Reserve                                                              |                                             |                                                             | c3     |
|     | Minority Interest                                                               | -                                           |                                                             |        |
|     | Total Capital                                                                   | 21,802.27                                   |                                                             |        |
| ii  | Deposits                                                                        | 1,91,400.43                                 |                                                             |        |
|     | of which: Deposits from banks                                                   | 6.74                                        |                                                             |        |
|     | of which: Customer deposits                                                     | 1,89,868.32                                 |                                                             |        |
|     | of which: Other deposits (pl. specify)                                          | -                                           |                                                             |        |
| iii | Borrowings                                                                      | 14,259.19                                   |                                                             |        |
|     | of which: From RBI                                                              | 8,760.00                                    |                                                             |        |
|     | of which: From banks                                                            | -                                           |                                                             |        |
|     | of which: From other institutions & agencies                                    | 5,499.19                                    |                                                             |        |
|     | of which: Others (pl. specify)                                                  | -                                           |                                                             |        |
|     | of which: Capital instruments: Tier II Bonds                                    | -                                           |                                                             |        |
|     | of which Eligible Amount after discounting                                      | -                                           |                                                             | d      |
| iv  | Other liabilities & provisions                                                  | 5,911.65                                    |                                                             |        |
|     | of which: Provision for Standard assets                                         | -                                           |                                                             | c4     |
|     | Total Capital & Liabilities                                                     | 2,33,373.54                                 |                                                             |        |
| B   | Assets                                                                          |                                             |                                                             |        |
| i   | Cash and balances with Reserve Bank of India                                    | 7,361.37                                    |                                                             |        |
|     | Balance with banks and money at call and<br>short notice                        | 9,779.31                                    |                                                             |        |
| ii  | Investments                                                                     | 61,259.91                                   |                                                             |        |

|     |                                                         |             |  |    |
|-----|---------------------------------------------------------|-------------|--|----|
|     | of which: Government securities                         | 45,576.41   |  |    |
|     | of which: Other approved securities                     | -           |  |    |
|     | of which: Shares                                        | 60.88       |  |    |
|     | of which: Debentures & Bonds                            | 9,744.41    |  |    |
|     | of which: Subsidiaries / Joint Ventures / Associates    | -           |  |    |
|     | of which: Others (Commercial Papers, Mutual Funds etc.) | 5,878.21    |  |    |
| iii | Loans & Advances                                        | 1,44,381.22 |  |    |
|     | of which: Loans and advances to banks                   | -           |  |    |
|     | of which: Loans and advances to customers               | 1,44,381.22 |  |    |
| iv  | Fixed assets                                            | 2,694.89    |  |    |
| v   | Other Assets                                            | 7,896.85    |  |    |
|     | of which: Goodwill and intangible assets                | 1,335.27    |  |    |
|     | Out of which:                                           |             |  |    |
|     | Goodwill                                                | -           |  |    |
|     | Other intangibles (excluding MSRs)                      | 1,335.27    |  | e1 |
|     | of which: Deferred tax assets                           | 967.16      |  | e2 |
| vi  | Goodwill on consolidation                               | -           |  |    |
| vii | Debit balance in Profit & Loss account                  | -           |  |    |
|     | Total Assets                                            | 2,33,373.54 |  |    |

## NOTES

[illegible]

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[illegible]



