SMARTER TECHNOLOGY.
GREATER REACH.



KVB Karur Vysya Bank
Smart way to bank

OUR VISION

Delight customers continually by blending tradition with technology, to deliver innovative products and services at affordable rates, through a PAN India network.

OUR MISSION

Adapt technology to introduce innovative products and services as well as increase the value of products on an on-going basis and provide them at reasonable rates.

Expand branch network to reach the top business centres, besides unbanked and under banked areas in the country.

Strengthen the financials through effective deployment of funds and ensuring financial discipline while adhering to the regulator's guidelines.

Update the knowledge and skills of the human capital to provide quality customer support.

OUR FOUNDERS



SHRI M A VENKATARAMA CHETTIAR



SHRI ATHI KRISHNA CHETTIAR

The Vision of Two Legends

KVB, one of the oldest banks in the country, has been a trendsetter in the field of banking and has justly merited the reputation of being one of the best of its kind. The seeds of the Bank were sown on 1st July 1916 by two great visionaries and illustrious sons of Karur, late Shri M. A. Venkatarama Chettiar and late Shri Athi Krishna Chettiar. They were men with sound business acumen, pragmatic vision, clear foresight, unwavering determination and a high spirit of nationalism.

The founders envisaged a commercial bank which will meet the credit needs of the merchants, thereby alleviate the problems of the middle class. They took upon themselves the task of proceeding with the formation of the banking company. It took them nearly three years to mobilise seed capital, a major part of which was collected only on the basis of their personal assurance / guarantees.

On their part, while promoting a company for the purpose of banking, they visualized that it should be an institution based on ethics and integrity. It was more of a mission for trust and community service rather than a commercial venture.

Today KVB continues the glorious tradition initiated by the founders and is committed to serving its clientele and society at large with the same zeal and enthusiasm.



BOARD OF DIRECTORS



Sitting Left to Right: SMT. K.L. VIJAYALAKSHMI, SHRI G. RAJASEKARAN, SHRI B. SWAMINATHAN (CHAIRMAN), SHRI P.R. SESHADRI (MD & CEO), SHRI M.K. VENKATESAN, SHRI N.S. SRINATH

Standing Left to Right: Dr. K.S. RAVICHANDRAN, SHRI M.V. SRINIVASAMOORTHI, Dr. V.G. MOHAN PRASAD, SHRI A.J. SURIYANARAYANA, SHRI A.K. PRABURAJ



J. NATARAJAN
PRESIDENT & COO



G.S. ANANTHA KUMAR
CHIEF GENERAL MANAGER



S. BALAJI
CHIEF GENERAL MANAGER



T. SIVARAMAPRASAD
GENERAL MANAGER & CFO



V. SRINIVASAN
GENERAL MANAGER



M. BALACHANDRAN
GENERAL MANAGER



S. SEKAR
GENERAL MANAGER



C. SARAVANUN
GENERAL MANAGER



SAIRAJ G R
GENERAL MANAGER



T S NARAYAN
GENERAL MANAGER



ASHOK KUMAR G P
GENERAL MANAGER



M D RAMESH MURTHY
GENERAL MANAGER & CRO

COMPANY SECRETARY & ASSISTANT GENERAL MANAGER

SRINIVASA RAO MADDIRALA

DEPUTY GENERAL MANAGER

SUBBAIYAN M
UNNIKRISHNAN K
RAJAGOPALAN R
JARARD THOMAS
MURALI KUMAR M
VENKATESAN R
SIVAKUMAR R
RAMSHANKAR R
RAMESH E
N TIRUMALA RAMANA RAJASHEKER
VARADHARAJAN A
RAMKUMAR B
MURALI L
CHANDRASEKARAN R N
ANBURAJ V
RADHESYAM T
RAMAKRISHNA C
RAMESH PRABHU V
GOKULCHANDAR D S
AKBAR DORAI D
SESHADRINATHAN L
RATHINAM K
R V S RAMANJANEYA KUMAR
RAVICHANDRAN K
GIRIDHARAN S

REGISTERED & CENTRAL OFFICE

CIN: L65110TN1916PLC001295 | Post Box No. 21, Erode Road, L.N.S Post, Karur – 639 002.
Phone: 04324-269440-43 | Fax: 04324-225700 | E-mail: kvbshares@kvbmail.com | Website: www.kvb.co.in

LEGAL ADVISER

K.N. SHRINIVASAN

AUDITORS

M/s ABARNA & ANANTHAN, CHARTERED ACCOUNTANTS, BENGALURU

SECRETARIAL AUDITOR

M/s SOLAIYAPPAN & ASSOCIATES, COMPANY SECRETARIES, SALEM.

CONTENTS

MD & CEO's letter to shareholders 5

Photo Gallery 9

Directors' Report 13

Management Discussion and Analysis 25

Corporate Governance Report 38

Independent Auditors' Report 90

Balance Sheet 94

Profit and Loss Account 95

Schedules 96

Cash Flow Statement 138

BASEL III – Pillar 3 Disclosures 140

Network of Branches 161

Principal Correspondent Banks 172

Branch Photos 173

Go Green!

View our Annual Report online and help us in reducing the usage of paper for printing this report, at-

https://www.kvb.co.in/global/annual_report.html

You can also scan the QR Code on your smartphone to view the Annual Report online.

Managing Director & CEO's Letter to the shareholders

Dear Shareholders,

On behalf of the Board of Directors and the employees of the Bank, it gives me great pleasure to invite you all to the 99th Annual General Meeting of your Bank.

As we enter our 103rd year of operations, on behalf of the Board of Directors, I take this opportunity to thank our shareholders for their continued support. Equally importantly, I would like to express our sincere gratitude to our valued clients for their continued patronage. Their continued belief in the products and services has enabled us to grow profitably. I wish to thank and commend our employees - their dedication to the cause has enabled your Bank to build an enviable reputation for customer service and customer centricity.

Before I present the financial performance of the Bank during the year 2017-18, I would like to make a brief mention of the following:

Global Economic Scenario

World Economic Outlook of IMF indicates a pickup in global economic output. Economic activity in the US as well as in the Euro area continues to remain strong. Trade related disputes arising out of actions taken in the United States may impact growth in merchandise trade. This particular aspect requires close watch as it is currently developing. The Indian economy, having adjusted to significant structural reforms, is expected to gather steam. Oil prices and their consequent impact on India's Current Account Deficit represent headwinds that our economy will undoubtedly weather.

Domestic Economic Scenario

2017-18 was a landmark year. During the year, two key developments – the rollout of Goods and Services Tax (GST) and the enactment of the Insolvency and Bankruptcy Code (IBC) took place. These are significant structural reforms that will aid faster growth of the economy in the future. In order to enhance growth, several steps were taken by the Government. First, recapitalisation of the public sector banks to enable them to support the economy better; second, increased infrastructural spending to enhance infrastructure quality which has a knock on effect on demand and costs; third, increased focus on agriculture so as to ensure rural growth etc. These and other actions have enabled India to leapfrog 30 places in the World Bank's 'Ease of Doing Business' ranking. From a banking perspective, the development of Aadhar, robust credit bureaus and near instant payment / settlement systems has reduced friction in banking transactions. This, in turn, is expected to enable the economy to grow faster as we move forward.

Indian Banking Environment

Despite the above positive developments, the Indian Banking sector continues to face challenges. Asset quality and costs associated with asset quality are one area of challenge. The system as a

whole is burdened with high Non Performing Assets, with the public sector banks being particularly impacted. Credit growth remained muted at 9.75% for the industry during 2017-18, whereas the Gross NPA levels grew to double digits for many banks. While market liquidity remained comfortable, expectation of increased Governmental borrowing during the year, led to hardening of rates in the GOI Securities market, which in turn impacted profitability of banks. The need to ensure appropriate management of Operational Risk was highlighted by an instance in which a bank found itself straddled with large financial burden, owing to the malfeasant action of a few of its employees. This in turn, exposed the industry to enhanced scrutiny by the media as well as by the regulators.

The success of the Insolvency & Bankruptcy Act to resolve stressed assets in a reasonable period is a major positive for the industry. This will help in the restoration of bank balance sheets to health. As the Indian economy grows from strength to strength, fresh opportunities are expected to arise that will enable prudent banks to grow and prosper. The strengthening of the regulatory regime, the resolution processes are key landmarks in a new era of banking in India.

I now present to you the performance of your Bank – KVB – during FY 2017-18 :

Financial Performance

During the year 2017-18, your Bank has crossed the total business milestone of ₹ 1,00,000 crore. Credit growth has been robust at 11% and Gross Advances as on 31.03.2018 stood at ₹ 45,973 crore. CD Ratio as on 31.03.2018 improved to 80.81% from 77.16% as on 31.03.2017. Retail advances recorded a significant growth of more than 20% (₹ 1,280 crore) during the year, while the share of retail in the overall asset book improved by 200 bps to 17% of gross advances. Within retail portfolio, housing loan segment has grown by ₹ 465 crore during the year.

Deposits, especially the retail segment, continued to grow with increased thrust on CASA growth. During the year, a growth of 13% and 10%, respectively, has been recorded in the Current and Savings segments. Your Bank's growth rate in transactional balances significantly outpaces that of the industry. CASA mix of your Bank has reached a level of 29%. 63% of total term deposits were less than ₹ 15 lakhs, and only 8% of term deposits form value of ₹ 5 crore or more, indicating low dependence on wholesale deposits.

The operating profit of your Bank for the year 2017-18 reached a new high of ₹ 1,777 crore, registering a growth of 13%. This was made possible by tight expense controls that ensured your Bank managed its expense base efficiently in spite of the following:

a. Significant branch expansion;

b. Substantial investment in Digital Transformation – a technology initiative that will position your Bank for the future;

c. Significant investments in migrating to the latest version of Core Banking. This again will enable your Bank to take advantage of newer technologies to foster growth.

Net Interest Income improved by 11% (₹ 224 crore) during the year. Even though subdued securities market conditions yielded lesser securities trading income, Non Interest Income of your

Bank has improved by 15% and reached a level of ₹ 900 crore. Operating expenses have risen by 11% during the year, which was mainly on account of overall increase in staff expenditure, and other overheads.

Your Bank has shown an improved NIM by 16 bps to 3.86%. This was achieved by bringing down the cost of funds by 61 bps during the year (and certain one time credits that helped buoy NIM). The fall in yield on funds by 49 bps offset the reduced cost, and the spread went up by 12 bps to 3.22%.

The deteriorating asset quality issues faced by the industry also had an impact on your Bank, as a result of which Gross NPA numbers grew considerably. This, coupled with other regulatory provisions requirements, necessitated higher provisions towards the following:

a. Increased credit provisions for growth in GNPA (including provision for ageing of NPAs);

b. Additional provisions as directed by RBI in respect of select accounts (which were referred to NCLT for resolution); and

c. Continuation of provisions to amortise losses incurred in the sale of assets to ARC.

Thus, credit related provisions escalated by 84% from ₹ 648 crore for FY 2016-17 to ₹ 1,190 crore in FY 2017-18. Whilst very substantial provisions have been created in the Balance Sheet, Provision Coverage Ratio (PCR) remained virtually unchanged. The increased provision requirements impacted your Bank's Net Profit, which was subdued at ₹ 346 crore.

Other Developments

Your Bank was successful in completing the rights issue of shares during the year. 11,73,17,101 shares of face value ₹ 2/- each was issued at a price of ₹ 76/- per share, which has resulted in increase in share capital to ₹ 145.33 crore. CRAR under Basel III thus improved to 14.43% as on 31.03.2018, as a result of increased Share Capital, Share Premium and internal accruals.

During the year, the pace of branch expansion continued by opening 79 branches, taking the overall presence to 790 branches across the country. 1795 ATMs, 533 Cash Recyclers are also deployed by your Bank at various centres.

Digital business thrust continued during the year, and the PoS terminals deployed reaching 22,873 at the end of the year. Your Bank had also piloted the introduction of FASTag e-toll collection initiative and 12,169 FASTags have been issued during the year.

Way Ahead

Your Bank continues to be on the forefront of technology driven growth, and is currently undertaking the following initiatives:

a. Migration to the latest version of Flexcube Core Banking platform - which will enable seamless electronic banking transactions across multiple channels, in a secured environment, through API enabled architecture. This will considerably enhance customer experience whilst customers use your Bank's digital offerings;

b. Digital Transformation – This is a key initiative your Bank is undertaking. This unique initiative (arguably amongst the first in the industry), provides the following advantages:

   i. Enables a highly automated underwriting process that relies on third party data (Credit Bureaus, Banking Data and Tax related data amongst others);

   ii. Enables credit decisions to be taken in minutes as against in days while tightly managing credit risk;

   iii. Reduces paper and increases digitisation with concomitant benefits for account maintenance and portfolio management.

c. Continuing focus on MSME – specially the smaller MSMEs – This is the area of core strength of your Bank. One of the work-streams in Digital Transformation is the automation and digitisation of Working Capital facilities. This initiative is partially operative and enables customers to renew their own facilities and offers our branches a simplified mechanism for account renewal. We expect this system to start accommodating New to Bank (NTB) customers in August.

Your Bank is enhancing its already robust risk management systems and ensuring due care is taken to adhere to the letter and spirit of the rules / regulations with respect to corporate governance. It is our aim to emerge as a respected industry leader that our customers are pleased to deal with and our regulators satisfied with the quality of our systems and processes.

Awards and Accolades

Your Bank has received, for the 9th successive year, the Best Small Bank for Innovative use of Technology award from Institute for Development and Research in Banking Technology (IDBRT).

We were also adjudged the Best Small Bank Runner Up, 2016 by Business World - PwC.

Your Bank was also awarded for the Most Disruptive Payments Technology - FASTag - at Kamikaze Payments & Cards Summit.

NSDL has also declared your Bank as Runner Up for the Number of Demat Accounts opened in Bank category.

Once again, I thank the shareholders and all stake-holders for their support and patronage. I would also like to thank Reserve Bank of India for their guidance and support. The Bank will continue its quest of becoming the 'Smart Way to Bank' and commits itself to the highest standards of service, transparency and corporate governance.

With warm greetings,

P. R. Seshadri,

MD & CEO



98TH ANNUAL GENERAL MEETING



FOUNDERS' DAY CELEBRATION



Lighting of Gayathri Lamp by Shri Nara Chandrababu Naidu, Hon'ble Chief Minister of AP



Inauguration of Digital Village by Shri Nara Chandrababu Naidu, Hon'ble Chief Minister of AP

CSR ACTIVITIES



Donation to Rotary Foundation (India), New Delhi for setting up four dialysis centres at Karur, Tiruchirapalli, Dindigul, Theni



Donation to AIM for Seva (Kadalur Village, Kanchipuram District, Tamilnadu) for constructions of class rooms



Awards and Accolades Received by the Bank during FY 2017-18



Sringeri Jagadguru Shri Vidhushekara Bharati Swamiji Visit to Central Office, Karur

Karur Vysya Bank
Smart way to bank

DIRECTORS' REPORT

To the Members

Your Directors are pleased to present the 99th Annual Report of business and operations of your Bank together with audited statement of accounts for the year ended 31st March 2018.

Key Performance Indicators

Indian Banking Industry contended with multiple challenges tied to regulations, heightened asset quality stress levels, new competitors and operating risks during the year under report. In spite of this, your Bank has been able to achieve reasonable growth in its operations. Performance highlights for FY18 in the key areas of operation are as detailed under:

Particulars	31.03.2018 (₹ in Cr)	31.03.2017 (₹ in Cr)
Deposits	56,890.09	53,699.81
Advances	45,973.14	41,434.98
Investments	15,992.25	14,955.48
Total Income	6,599.59	6,404.57
Total Expenditure	4,822.26	4,833.60
Operating Profit	1,777.33	1,570.97
Net Profit	345.67	605.98

Total Business

The total business of your Bank stood at ₹ 1,02,863.23 Cr as on March 31, 2018, as against ₹ 95,134.79 Cr a year before, registering y-o-y growth of 8.12%.

Deposits

Your Bank's Gross Deposits increased to ₹ 56,890.09 Cr as on March 31, 2018, as against ₹ 53,699.81 Cr as on March 31, 2017, by registering a growth of 5.94%. Demand deposit stood at ₹ 5,576.38 Cr as on March 31, 2018.

Savings Bank deposits grew by 10.36% from ₹ 9,968.28 Cr to ₹ 11,000.57 Cr. CASA deposits recorded a healthy growth of 11.34% reaching ₹ 16,576.95 Cr from ₹ 14,888.63 Cr. Term deposits increased to ₹ 40,313.14 Cr from ₹ 38,811.18 Cr by registering a growth of 3.87%.

Advances

During this FY 2017-18, your Bank's Advances portfolio grew by 10.95% reaching ₹ 45,973.14 Cr as against ₹ 41,434.98 Cr in the previous fiscal. Priority sector advances of the Bank increased to ₹ 18,567.61 Cr from ₹ 17,010.00 Cr and recorded a growth of 9.16%. It constituted 46.31% of Bank's Adjusted Net Bank Credit (ANBC) as against the statutory prescription of 40%.

Classification of Advances Portfolio:

Particulars	FY 2017-18 (₹ in Cr)	FY 2016-17 (₹ in Cr)	Y-o-Y Growth %
Commercial	16,095	14,504	10.97
Corporate	14,397	13,612	5.77
Agriculture	7,861	6,979	12.64
Retail (Personal Banking)	7,620	6,340	20.19
Total Advances	**45,973**	**41,435**	**10.95**

Classification of Retail Portfolio:

(₹ in Cr)

Segment	March 2018	March 2017
Housing Loans	2,795	2,330
Mortgage Loans (LAP)	1,393	965
Vehicle Loans	1,017	921
Jewel Loans	578	596
Personal Loans	296	316
Education Loans	261	266
Others	1,280	946
Total	**7,620**	**6,340**

Agriculture Advances

Average Agriculture advances of your Bank stood at ₹ 8,218.34 Cr, constituting 20.50% of ANBC as at March 31, 2018 against the regulatory stipulation of 18%. Your Bank's average advances to micro enterprises and weaker sections stood at 8.88% and 13.44% respectively. Your Bank continues to achieve the targets stipulated as per the regulatory guidelines under priority sector, agricultural lending and weaker section advances.

Asset Quality

The Banking industry in India continued to face a challenging period with increase in Non-Performing Assets particularly from Corporate Segment due to various macro economic and other factors. Bank experienced higher slippages to Net Non-Performing Assets (Net NPA stood at 4.16% in FY18 as against 2.53% of earlier fiscal) mainly due to slippage in Corporate / Consortium accounts.

The Bank has taken numerous measures to arrest the fresh slippages and is in the process of strengthening its credit underwriting system. The net NPA stood at ₹ 1,862.83 Cr for the FY18 compared to ₹ 1,033.46 Cr for the FY17. The Provision Coverage Ratio (PCR) stood at 56.50% as compared to 57.83% in the previous year.

Karur Vysya Bank
Smart way to bank

DIRECTORS' REPORT

Bank introduced a follow-up mechanism with Senior Executives dedicated for close monitoring of NPA accounts having outstanding of ₹ 50.00 lakh and above. In order to improve penetration in NPA accounts, Division-wise monitoring of daily recovery progress was introduced. In addition, the Bank initiated various steps to strengthen the recovery mechanism process including opening of specialised Asset Recovery Branches and recovered ₹ 559.80 Cr out of which, Cash Recovery was ₹ 179.09 Cr.

For speedy decisions on One Time Settlement (OTS), the Bank delegated requisite powers to Branch Heads for sanction of OTS of NPAs up to ₹ 5.00 lakh.

e-Auctions of immovable & movable properties secured to the Bank were carried out throughout the year. Special thrust was given in taking physical possession of immovable properties by moving application before the concerned authority under SARFAESI Act. Bank participated in Lok adalats actively during the year under report and recovered an amount of ₹ 120 Cr through compromise from 1417 accounts.

NPA Accounts of above ₹ 100 lakh are reviewed by the Senior Management through Conference call / video conference with the Divisional Managers / Branch Heads to guide them in recovery initiatives.

Loan Monitoring is further enhanced and recovery efforts have been intensified. Your Bank is optimistic on reduction in slippages.

During the fiscal 2017-18, your Bank has started 3 Asset Recovery Branches (ARB) at Chennai, Hyderabad and Madurai to ensure specific thrust on recovery and follow-up. ARBs will provide close follow up with their specialized skills and the Branches can now concentrate more on business growth. The ARB's handle NPA accounts above ₹ 15 Lakh adhering to guidelines issued by RBI from time to time. A new initiative is taken to conduct settlements through Adalats in all Branches having large number / value NPA accounts in every quarter. This thrust for recovery is giving encouraging results.

Outbound Calls

In order to cater the need for improving collection mechanism of retail loans, Bank has started Centralised outbound calls facility for SMA follow-up, which is making a reasonable impact on the retail segment. The outbound call facility is being used to call Pre-delinquent customers i.e. 3 days prior intimation is given to the customers about their repayment due date, Delinquent accounts falling under SMA on PAN India basis. The outbound collection call services are introduced to support the branches in reduction of SMA's & NPA's. Going forward, your Bank is planning to use this facility to commercial loan borrowers as well.

Investments

The investment portfolio of the Bank has reached ₹ 15,992.25 Cr as on March 31, 2018 as against ₹ 14,955.48 Cr as on March 31, 2017, y-o-y growth of 6.93%. The average investment as on March 31, 2018 stood at ₹ 16,030.61 Cr. The investment portfolio composition is consistent with the corporate requirement, risk perception and Investment Policy of the Bank.

Income earned on investments during 2017-18 was ₹ 1,122.93 Cr as against ₹ 1,106.04 Cr in 2016-17 registering a marginal increase of ₹ 16.89 Cr (i.e. 1.53%). Low growth is on account of overall fall in yields in the market and due to sale of securities from HTM category during the year. Profit on sale of investments was ₹ 101.08 Cr for the fiscal 2017-18 as against ₹ 204.64 Cr recorded in the previous fiscal. Liquidity position was comfortable throughout the year 2017-18.

Income

Interest income of your Bank has increased by ₹ 77.30 Cr and stood at ₹ 5,699.65 Cr as on 31st March 2018. Net Interest Income of the bank increased to ₹ 2,298.11 Cr from ₹ 2,073.70 Cr, registering a growth of 10.82%.

Non-Interest Income grew by 15.05%, y-o-y from ₹ 782.22 Cr to ₹ 899.93 Cr.

Yield on advances dropped from 11.34% to 10.29% and Yield on investment slightly decreased from 7.22% to 7.00%.

Expenditure

The interest expenditure reduced from ₹ 3,548.65 Cr in FY17 to ₹ 3,401.54 Cr in FY18, registering a decline of 4.14%. Operating expenses increased from ₹ 1,284.95 Cr in FY17 to ₹ 1,420.72 Cr in FY18 working out to an increase of 10.57% (₹ 135.77 Cr).

Cost of Deposits reduced from 6.60% in FY17 to 5.99% in FY18 due to mobilisation of low cost / no-cost deposits during the year under report. Increase of Net Interest Margin (NIM) from 3.70% in FY17 to 3.86% in FY18 and growth in spread on funds from 3.10% in FY17 to 3.22% in FY18.

DIRECTORS' REPORT

Profit

Your Bank earned an operating profit of ₹ 1,777.32 Cr against ₹ 1,570.97 Cr of last fiscal, registering a y-o-y growth of 13.14%.

The net profit of the Bank reduced from₹ 605.98 Cr to ₹ 345.67 Cr due to highest provisioning requirements.

Appropriations

The net profit of ₹ 345.67 Cr which along with a sum of ₹ 2.64 Cr brought forward from the previous year aggregating ₹ 348.31 Cr is appropriated as under:

Appropriation – Transfer to	Amount (₹ in Cr)
– Statutory Reserve	87.00
– Capital Reserve	12.05
– General Reserve	160.00
– Special Reserve	35.00
Balance carried to Balance Sheet*	54.26

* Including Proposed Dividend & dividend distribution tax amount of ₹ 52.46 Cr.

Share Capital

The Authorised Capital of the Bank is ₹ 200.00 Cr comprising of 100 Cr Equity Shares of face value of ₹ 2/- each and the Paid-up Capital of the Bank is ₹ 145.33 Cr comprising of 72,66,39,371 Equity Shares of face value of ₹ 2/- each fully paid-up.

During the fiscal 2017-18, the Bank has successfully raised capital by way of Rights Issue in the ratio of one Rights Share for every six shares held on the record date (i.e., October 13, 2017) along with Employee Reservation Portion (collectively referred as "Rights Issue") of 11,73,17,101 Equity Shares of face value of ₹ 2/- each for cash at a price of ₹ 76/- per Equity Share (including a premium of ₹ 74/- per Equity Share) aggregating to ₹ 891.61 Cr. The Rights Issue was over subscribed by 1.53 times, which shows the belief and confidence on the Bank's business and its future. The Rights Shares allotment was made on 22nd November, 2017. The paid-up share capital stands increased to ₹ 145.33 Cr. consequent to the allotment of Rights issue.

The net-owned funds of the Bank increased from ₹ 4,845.02 Cr to ₹ 6,211.71 Cr registering a growth of 28.21% with an increase of ₹ 1,366.69 Cr.

The market capitalization of your Bank at the end of March, 2018 was ₹ 7,299.09 Cr.

Employee Stock Option Scheme

During the year under report, your Bank has not granted any stock options under Employee Stock Option Scheme (ESOS).

Debt Instruments

The Bank had issued Unsecured Redeemable Non-convertible Subordinated (Lower Tier II) Bonds to the value of ₹ 150.00 Cr in September 2009. During the year under report, Bank did not raise any TIER II capital.

Capital Adequacy

Capital Adequacy ratio stood at 14.43% as per BASEL III norms. The Bank's Capital Adequacy Ratio is well above the statutory limit of 9% (10.875% including Capital Conservation Buffer) prescribed by the Reserve Bank of India.

Credit Rating

ICRA Limited had rated the Unsecured Redeemable Non-convertible Subordinated (Lower Tier II) debt instruments issued in the year 2009 by re-affirming its A+ rating. Investments with such rating are considered to have adequate degree of safety regarding timely servicing of financial obligations.

CRISIL has re-affirmed A1+ rating (pronounced as CRISIL A One Plus) for ₹ 30 bn Certificate of Deposits Programme of your Bank. ICRA Limited has re-affirmed ICRA A1+ (Pronounced as ICRA A One Plus) rating to the Bank's Certificate of Deposits Programme for ₹ 30 bn. Both the ratings indicate a very strong degree of safety regarding timely payment of financial obligations.

Foreign Exchange Transactions

The merchant turnover of the Bank increased at 18.49% reaching ₹ 26,679 Cr in FY18 from ₹ 22,516 Cr in FY17. Export credit grew by 9.93% reaching to ₹ 1,738 Cr in FY 18 as against ₹ 1,581 Cr in FY17.

Income earned by the Bank through forex transactions is ₹ 101.60 Cr in FY18 as against ₹ 95.97 Cr in FY17, posting a growth of 5.87%. Of the total income earned to the tune of ₹ 101.60 Cr, exchange profit accounted for ₹ 43.59 Cr and Commission and others accounted for ₹ 58.01 Cr.

Dividend

Bank had formulated Dividend Distribution Policy as per the Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations'). Dividend Policy of the Bank balances the objectives and retaining capital in order to fund future growth of the Bank. Bank has a consistent track record in dividend distribution. The dividend

Karur Vysya Bank
Smart way to bank

DIRECTORS' REPORT

distribution policy of the Bank is available in your Bank's website http://www.kvb.co.in/pdf/dividend-distribution-policy.pdf.

Consistent with this policy and in recognition of the overall performance, your Directors are pleased to recommend a dividend of ₹ 0.60 per Equity Share of face value of ₹ 2 each i.e., 30% for the FY18. The total dividend payment works out to ₹ 43.59 Cr excluding dividend tax and the pay-out ratio works out to 12.61% excluding dividend tax. The dividend is subject to the approval of the shareholders at the Annual General Meeting. This dividend will be subject to dividend distribution tax and is to be paid by the Bank. In terms of revised Accounting Standards (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, the Bank has not appropriated proposed dividend & tax thereon and the same is included in the balance of profit.

Earnings Per Share / Book Value

The Earnings Per Share (Basic) and the Book Value per equity share of ₹ 2/- each fully paid as on 31 March 2018 were at ₹ 4.98 and ₹ 85.49 respectively.

Subsidiaries and Associates

Your Bank does not have any Subsidiaries or Associates to report during the year under report.

Board Meetings

During the FY 2017-18, twenty one meetings of the Board were held, the details of which are given in the Corporate Governance Report which is forming part of this report.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out annual evaluation of its own performance (Board as a whole), all its Directors, Committees of the Board, its Non-Executive Chairman and MD&CEO.

The manner of evaluation conducted during the year under report is furnished in the Corporate Governance Report.

Disclosure to be made under Sub-Section 8 of Section 177 of the Companies Act, 2013

The Board of the Bank had constituted the Audit Committee under the extant guidelines of Reserve Bank of India (RBI), provisions of the Companies Act, 2013 and Listing Regulations. The details of the composition of the Audit Committee is furnished in the Corporate Governance Report.

System for Internal Financial Control and its Adequacy

Your 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. The Bank has implemented adequate procedures and internal controls which provide reasonable assurance regarding reliability of financial reporting and preparation of financial statements and were operating effectively during the year.

Implementation of Indian Accounting Standards (Ind-AS)

As per RBI notification DBR.BP.BC.No.76/21.07.001/2015-16 dated February 11, 2016, Bank has to disclose its strategy for Ind-AS implementation, including the progress made in this regard.

The Bank has set up a Steering Committee for implementation of Ind-AS. The Steering Committee of the Bank is analyzing the current accounting framework and Ind-AS for changes in significant accounting policies, preparation of disclosures, documentation. Assessment of the software / solution offered by select vendors has been undertaken during the year.

Bank has submitted Proforma Ind-AS Financial Statement to RBI for the half-year ended 30th September 2016 and also for the quarter ended 30th June 2017 as per RBI guidelines.

The Reserve Bank of India through its press release dated 5th April 2018 has deferred the implementation of Ind-AS by one year for Scheduled Commercial Banks. In accordance with the same, the Ind-AS is applicable to banks from 1st April 2019.

Network of Branches

During the FY 2017-18, Bank has opened 79 branches including 2 Digital branches and 1 Extension Counter. The Bank has also opened 6 Corporate Business Units (CBU), 5 Central Loan Processing Cells (CLPC), 3 Asset Recovery Branches (ARB) and a Currency Chest at Hyderabad. The total no. of branches as on 31.03.2018 stood at 790.

Your Bank has 1795 ATMs and 533 BNA Recyclers meant for serving the customers of the Bank as on 31st March 2018, which includes 78 ATMs and 90 BNA Recyclers installed during the year under report.

DIRECTORS' REPORT

Bank has installed 158 Self-service passbook Kiosks and 58 CTS enabled Cheque Deposit Kiosks during the FY 2017-18.

Currency Chest

Currency Chests are established by the Bank in Tamil Nadu, Andhra Pradesh, Telangana, Karnataka at 7 different locations for providing adequate cash supply to branches & ATMs. Currency Chests plays a vital role in providing effective customer service at branches and help the branches to adhere Clean Note Policy of RBI.

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

Technology Initiatives

Your Bank has always been a forerunner in implementing robust IT services which would enhance productivity and efficiency of our products and services besides delighting customers.

Your Bank introduced a number of significant IT-driven initiatives during the FY18 covering various facets of banking system. They are as under:

- **Digital Banking**

  During the year, Bank has initiated digital transformation project and engaged Boston Consulting Group (BCG) to draw the road map and implement the project. We are glad to share that, in the first phase, Bank has rolled out end-to-end paperless Digital Application for Home Loan processing and Digital Customer Portal for renewal of working capital limits up to ₹ 100 lakh. Both the applications are well received by the market and Bank is embarking on digitalising entire lending system of the Bank and creating a Digital Application for Customer on boarding and services.

- **Bharat QR (BQR)**

  We have introduced a mobile application, Bharat QR (BQR), a new initiative by National Payments Corporation of India (NPCI) in the payment system which aims to increase the merchant based digital transaction by displaying their QR at their outlets. The Mobile application is available for facilitating both merchants and customers to make payments.

- **Digital Village**

  Your bank has implemented the Digital village at Kathirampatty (Near Erode, Tamilnadu) and Bandarupalli village (Near Guntur, Andhra Pradesh) to promote financial literacy among the people and to create awareness of bank's digital services. The objective is to open accounts for the residents of the village thereby enabling the villagers to do their day-to-day transactions through their account by using the touch-points like Cash Recycler, Automatic Passbook Kiosk, Micro ATM's, Tablets etc., The day-to-day transactions covered under this will range from withdrawal & deposit of cash, payment of utility bills, subscription to purchase of goods and the users are encouraged to use the internet banking in the Tablets available at the branch. Branch has been equipped with a Television facilitating the villagers to view the agriculture related programme and to make use of the same in their daily life. Restricted Wi-Fi facility at a radius of 1.5 kms has been provided to the villagers at free of cost to make use of our Bank's Digital Applications in their own gadget and operating the same from their home or at any location within the village. In order to provide novel shopping experience in the village, Bank has on-boarded few shopkeepers in the village on Micro-ATM as Banking Correspondence wherein the customers use their Aadhaar cum Biometric details to authorize the transactions during the purchase of household and grocery items. All these lead to the foundation for a less-cash society.

- **ISO: 27001**

  Your Bank has been certified with ISO/IEC 27001:2013 conformance on 20th February 2018 by the certifying body M/s. TÜV SÜD South Asia Pvt. Ltd, Chennai. ISO 27001:2013 is a global certification which provide the standards for establishment, implementation, monitoring & review, maintenance & improvement and an overall management & control framework for managing an organization's information security risks.

  It is indeed a privilege for the Bank to receive the ISO 27001:2013 Information Security Management System (ISMS) certification for few offices, which is a highly recognized trust mark for the highest levels of internal controls towards information security management, business continuity and disaster recovery. Information Security is an integral part of the overall Risk Management Framework at KVB. Through this certification, we have taken a step forward towards its vision and strategy to establish the highest standards of Corporate Governance, benchmarked with global best practices, ensuring that the organization is managed and monitored in a responsible manner.

DIRECTORS' REPORT

- **Near Line Data Centre**

  Your bank has established a Near DC (NDC), so as to have a synchronous replication between DC & NDC and to ensure zero data loss. In case of any disaster at DC, the latest data can be retrieved from Near DC. The asynchronous replication between DC & DRS will still happen at the current time lag of 15-30 min to ensure cost effectiveness.

  The NDC will be synchronously replicated from DC through storage based replication, which means that the data written at Data Centre Storage will be committed only after data being written on the Near Data Centre Storage. Your Bank is now able to achieve zero data loss on the critical applications being hosted in the Near Data Centre.

- **National Electronic Toll Collection (NETC) – Acquiring**

  Electronic Toll Collection is a secure and interoperable solution for NHAI toll collection. NETC system will reduce wait time at toll counters, reduce fuel consumption and cash handling considerably. NETC system will use RFID tag which is pasted on the windshield of vehicle. The RFID Tag on the vehicle is read by the long range RFID reader hoisted on the NETC lanes which will allow vehicle without manual intervention.

  We have taken one toll plaza at Rothak city towards acquiring of NETC tags and we are able to process the NETC tags affixed to the vehicles.

- **e-Surveillance at offsite ATMs**

  During the FY 2017-18, your Bank has implemented remote monitoring of offsite ATM premises through e-Surveillance for 422 locations. The solution is capable of monitoring the ATM locations, Energy management, Incident control and alerting mechanism to alert the response team to take action on the incident monitored in the ATM premises. Centralized team is placed to monitor the ATM locations on 24×7 basis. Remote monitoring of ATM premises through e-Surveillance is one of the best initiative through "Internet of Things" to have better operational control with cost reduction. As on date, 515 ATMs and its locations are monitored under e-Surveillance.

- **Implementation of Green Pin at ATMs**

  Your Bank has implemented "Green Pin" which helps the customers to generate their ATM pin on their own and it is a trend set towards the Green Initiative.

Financial Inclusion

With the basic objective of bringing the large unserved population under the banking mainstream, the Bank is striving towards a more inclusive growth by making financial products and services available to financially excluded and marginalized sections of the society in particular. As per the Government of India and the Reserve Bank of India directions, the Bank has been actively pursuing the agenda of Financial Inclusion (FI). The Bank has 61 Financial Inclusion (FI) Branches and also engaged 117 Business Correspondent Agents (BCAs) under Business Correspondents (BC) model. In addition, 38 Ultra Small Branches (USBs) are also operational in the Bank.

The business correspondents are paying the old age pension and the NAREGA payments to the eligible persons at their door steps using the hand held devices.

Pradhan Mantri Jan Dhan Yojana (PMJDY):

PMJDY is the initiative from Government of India for comprehensive financial inclusion of the households hitherto excluded from the purview of banking and empowering them with benefits and facilities provided by the banking industry. Accounts opened under PMJDY are issued with RuPay Debit card, accidental Insurance coverage to the extent of ₹ 1 lakh, life insurance cover of ₹ 30,000/-. The Bank was allotted 409 Urban Wards for implementation of PMJDY.

Performance highlights under PMJDY:

- Opened 1,89,296 accounts under PMJDY and mobilized a CASA deposit of ₹ 17.65 Crore.
- Hand-held devices are provided to Bank Mitras for facilitating payments, which are enabled for accepting RuPay Cards / Smartcard. The Bank has issued 1,86,828 RuPay Debit Cards to all eligible account holders.
- Bank Mitras have done 11.52 lakh transactions, amounting to ₹ 123.53 Crore during the year.
- Bank Mitra have done 8,01,127 DBT transactions during the year.

Financial Literacy campaign:

Financial Literacy has been identified as pre-requisite for effective financial inclusion. Which is an integral part of Pradhan Mantri Jan-Dhan Yojana. In order to let the beneficiaries make best use of the financial services, your bank during the financial year FY2017-18 has conducted 244 financial literacy campaigns in Rural, Semi Urban / Urban areas.

Karur Vysya Bank
Smart way to bank

DIRECTORS' REPORT

Aadhaar Enrolments Updating Centres:

As per the Directions of Ministry of Financial Service, Karur Vysya Bank is the first Private Sector Bank to start Aadhaar enrolment centre in India. The First Aadhaar enrolment / Updation centre was started in Nelson Manickam Road Branch in Chennai, which was inaugurated by Mr. D M Gajare, Asst. Director General, UIDAI, Regional Office, Bengaluru. Subsequently more centres were started to facilitate customers to enroll for getting Aadhaar and to seed their Aadhaar number in their Bank account.

Performance under Sovereign Gold Bond Scheme, 2015

Your Bank could mobilize total subscription denominated in units of gold of 62,813 grams amounting to ₹ 17.92 Cr in three tranches.

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.

Risk Management

Given the risks and challenges that the Bank faces, having a robust Risk Management system is of paramount importance for ensuring the financial stability and sustained growth of the Bank. A well designed Integrated Risk Management system has been put in place by the Bank to identify measure and manage the Risks faced by the Bank in the course of conducting its business. The Board sets the Risk Appetite of the Bank and the overall Risk Management strategies to be adopted by the Bank. The Risk Management and Asset Liability Management Committee (ALCO) of the Board assists in formulating various Risk Management Policies, oversee the implementation of the Risk Management strategies and monitor the risk levels across the Bank. The Bank has created a strong Risk Management structure at the Executive levels by forming Risk Committees with special focus – Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC), Market Risk Management Committee (MRMC) and Asset & Liability Management Committee (ALCO).

The Bank has a Risk Management Department (RMD) headed by the Chief Risk Officer (CRO) with requisite independence to effectively discharge the Risk Management Function. While RMD acts as a nodal centre for co-ordinating the Risk Controls and mitigation measures in the Bank, other Departments / Offices / Branches manage the risks in their respective business areas.

The Bank has Board-approved Risk Management Policy covering various operational areas that provides the foundation for formulating and approving business development initiatives and the day-to-day functioning of the Bank in accordance with the Risk Appetite set by the Board. These policies are updated from time to time and reviewed at least annually. It is also ensured that the policies are not only in line with the current regulatory guidelines but also provide sufficient opportunity for the Bank to maximize its growth and profits while maintaining the risks at acceptable levels.

Vigil Mechanism / Whistle Blower Policy

The Bank has in place the "Whistle Blower Policy" since 2011. The said Policy is in compliance with RBI Guidelines, provisions of the Companies Act, 2013 and the Listing Regulations. The Audit Committee of the Board quarterly reviews the Vigil Mechanisms in the Bank.

The Policy also incorporates suggestions of the Protected Disclosure Scheme for Private Sector Banks, instituted by the Reserve Bank of India. In compliance with RBI guidelines on "Staff Empowerment", the Board of Directors has reviewed the Whistle Blower Policy of the Bank during the FY 18.

Related Party Transactions

All transactions entered with 'Related Parties' during the year under review were on "arm's length basis" and are in the 'ordinary course of business'. There are no material related party transactions during the year under report. Therefore the provisions of Section 188 of the Companies Act, 2013 do not attract. Accordingly AOC-2 is not applicable to the Bank.

Compensation Policy

The Bank has in place a Compensation Policy for its Whole Time Directors, Chairman and President & COO, in terms of the Section 178 of the Companies Act, 2013, the rules made thereunder and Listing Regulations.

Particulars of Loans, Guarantees and Investments

The provisions relating to Section 134(3)(g) of the Companies Act, 2013 on particulars of loans, guarantees and investments are not applicable to Banking Company and as such no disclosures are being made in this regard.

Auditors

Statutory Auditors

M/s Abarna & Ananthan, Chartered Accountants, Bengaluru have been the Statutory Auditors of the Bank since the conclusion of

DIRECTORS' REPORT

95th Annual General Meeting of the Bank and have to retire at the conclusion of the ensuing Annual General Meeting. As per the regulations of Reserve Bank of India, the same auditors cannot be re-appointed for a period beyond four years. Hence, they are not eligible for re-appointment. The Bank places on record their earnest appreciation of the professional services rendered by M/s Abarna & Ananthan, Chartered Accountants, Bangalore, as Statutory Auditors of the Bank.

In terms of Section 139 of the Companies Act, 2013 read with Sec 30 (1A) of the Banking Regulation Act, 1949, it is proposed to appoint M/s Walker Chandiok & Co. LLP, Mumbai (Firm Registration No. 001076N/N500013) as Statutory Auditors of the Bank from the conclusion of the this Annual General Meeting till the conclusion of next Annual General Meeting of the Bank. Fees payable to the Statutory Audit is proposed at ₹ 68,00,000, plus out of pocket expenses and applicable GST for the FY 2018-19, subject to approval of the RBI and shareholders of the Bank. M/s Walker Chandiok & Co. LLP, have confirmed their eligibility to be appointed as Statutory Auditors in terms of Section 141 of the Companies Act, 2013 and applicable rules. Accordingly, the Bank sought the approval of Reserve Bank of India and RBI accorded their approval vide their letter DBS.ARS.No.1406/08.12.005/2017-18 dated 22nd June 2018 for appointment of M/s Walker Chandiok & Co. LLP, Chartered Accountants, Mumbai as the Statutory Auditors for the year 2018-19.

Members are requested to consider the appointment of M/s Walker Chandiok & Co. LLP as Statutory Auditors of the Bank.

Pursuant to the Regulation 33(1)(d) of the Listing Regulations, the Statutory Auditors have confirmed that they have subjected themselves 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

M/s Abarna & Ananthan, Chartered Accountants, Statutory Auditors of the Bank, have audited the accounts of the Bank for the year 2017-18 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 FY18.

During the FY 18, no frauds were reported by Auditors under sub-section (12) of Section 143 of the Companies Act, 2013.

Secretarial Audit

Pursuant to the provisions of Sec 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank, with the approval of its Board appointed M/s. Solaiyappan & Associates, Company Secretaries, Salem to conduct the Secretarial Audit of the Bank for the FY 18. The Bank produced all necessary records to the Secretarial Auditors for smooth conducting of their Audit. The Secretarial Audit Report is annexed herewith as **Annexure 1**.

There are no qualifications, reservations or adverse remarks made by the Secretarial Auditors in their report for the FY18.

Statutory Disclosures

The Disclosures to be made under sub-section (3)(m) of Sec 134 of the Companies Act, 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014 by your Bank are explained as under:

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

Conservation of Energy

Considering the nature of its activities as an entity in the Financial Services sector, the Bank has voluntarily taken steps towards conservation of energy and technology absorption thus ensuring compliance of the provisions of Section 134 of the Companies Act, 2013. However the Bank has adopted the following in the areas of conservation of energy, technology absorption:

Your Bank has undertaken various energy efficiency improvement initiatives for energy conservation across all its premises. Your Bank owns 850 KW Wind Turbine Generator at Govindanagaram, Theni District, Tamil Nadu. Installed in the year 2011, the Bank is utilizing the power generated by Wind Turbine Generator for its Registered & Central Office at Karur and also its Divisional Office, Chennai premises. 17,08,987 units were generated during the fiscal under report by wind mill.

Your Bank Installed LED lights in all the new branches opened during the FY 2017-18. VRF (Variant Refrigerant Flow) AC Units have been installed in new Divisional Office Building at Coimbatore and Back Offices in Chennai to save electricity by energy conservation technology.

DIRECTORS' REPORT

Technology Absorption

Technology is now becoming the great facilitator in the Bank towards achieving the business goals. Your Bank has adopted modern ways of banking practices with the help of technology along with the traditional ways of Banking, which has still remained quite fundamental. Your Bank uses the sophisticated technologies to offer better services in a secure, reliable and affordable manner and sustain competitive advantage over other banks.

Your Bank has been awarded ISO 27001 certification for the various IT offices in establishing a framework of policies and procedures that includes all legal, physical and technical controls involved in the organization's information risk management process.

In order to provide quick and efficient customer service, your Bank has initiated the Digital Transformation Process through which the SME lending solution process is digitized as on date with threshold of ₹1 Cr and the required data is verified online from the respective entities. Your Bank is consistently maintaining the state of the art infrastructure with optimum utilization of the resources.

Foreign Exchange Earnings and Outgo

Foreign exchange earnings and outgo form part of the normal banking operations. The Bank supports and encourages the country's export efforts through its export financing operations. The details of foreign exchange earnings and outgo are mentioned elsewhere in the report.

Material events that have happened after the Balance Sheet date

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, 2018 and the date of the Directors' Report i.e., June 25, 2018.

There are no significant and material orders that were passed by the Regulators or Courts or Tribunals against the Bank impacting the going concern status and Bank's operations in future.

Extracts of Annual Return

Pursuant to sub-section 3(a) Sec 134 and sub-section 3 of Sec 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extract of the Annual Return as at March 31, 2018 in Form MGT-9 forms part of this report as **Annexure 2.**

Particulars of Employees

The ratio of remuneration of each Director to the median employee's remuneration and other details and the statement containing particulars of employees in terms of sub-section 12 of Sec 197 of the Companies Act, 2013 read with Rules 5(1) and (2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 forms part of this report as **Annexure 3**.

Further in terms of the said rules, no employee of the Bank holds by himself or along with his / her spouse and dependent children not less than two percent of the equity shares of the Bank.

Corporate Social Responsibility (CSR)

The Bank has constituted the Corporate Social Responsibility (CSR) Committee of the Board, in accordance with the provisions of Section 135 of the Companies Act, 2013, read with Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended.

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 - 4** to this report.

Your bank recognizes its responsibility towards the society and environment in which it operates and accordingly had been working towards CSR and Sustainable Development. The resources deployed and spent had increased significantly over the previous Financial Year. Bank is committed to identify and support outreach programmes aimed at developing and advancing the community. A steady and cautionary approach was adopted in the initial years so that sufficient platform / expertise is built to take forward the Bank's CSR commitment. The entire expenditure could not be spent in one particular year as the proposals that were received were not viable for implementation, certain projects at evaluation stage could not ensure that the benefits reach a substantial number of people and hence were not considered and certain projects for which commitment given by the Bank could not be spend due to lack of ability of implementation partners in identifying scalable, sustainable projects.

Committee expressed its desire to enhance CSR spending to meet the Bank's CSR commitment under the provisions of the Act. Further it will continue to strengthen its processes to evaluate all projects which will benefit the society in a large way as per the requirements and is passionately committed towards CSR objectives.

DIRECTORS' REPORT

Business Responsibility Report (BRR)

In compliance with Regulation 34(2)(f) of the Listing Regulations the Business Responsibility Report describing the initiatives taken by the Bank from an environmental, social and governance perspective, in the format as specified by SEBI. The same has been hosted on the website of the Bank at the link http://www.kvb.co.in/global/business_responsibility_report.html.

The Business Responsibility Report (BRR) of the Bank for the year 2017-18 forms part of this Report as **Annexure 5**.

Criteria for determining qualifications, positive attributes for Appointment/Re-appointment of Directors

Pursuant to Section 178(3) of the Companies Act, 2013, the Nomination and Remuneration Committee (NRC) formulated the criteria for determining qualifications, positive attributes and independence of a Director to adhere the various provisions and guidelines as detailed below:

- Fit and Proper criteria as per Dr Ganguly Committee Norms which stipulates age, educational qualification, experience, track record, integrity etc., and various circular instructions and guidelines issued by Reserve Bank of India from time to time.
- Norms laid down by the Banking Regulation Act, 1949 as amended from time to time which stipulates substantial interest, sectorial representation as per Section 10A(2)(a), restrictions as per Section 16 and 20 of the Banking Regulation Act, 1949 etc.,
- Disqualification / Conflict of Interest of Directors and other norms as per the provisions of the Companies Act, 2013 and rules made thereunder from time to time.
- Criteria of Independence of a Director as per the provisions of Companies Act, 2013 and rules made thereunder and other applicable provisions as amended from time to time.
- Applicable regulations of Listing Regulations as amended from time to time.
- Articles of Association of the Bank.
- Any other factors as the NRC may deem fit and in the best interest of the Bank and its stakeholders.

The terms and conditions of appointment of Independent Director is disclosed on the website of the Bank at the link http://www.kvb.co.in/pdf/ID_Terms_and_Conditions.pdf.

Appointment and Retirement of Key Managerial Personnel

Shri J Natarajan, was appointed as President & Chief Operating Officer of the Bank and Key Managerial Personnel with effect from 01st April 2018, consequent to retirement of Shri K Venkateswara Rao, President & Chief Operating Officer, who demitted office at the close of the office hours on 31st March 2018 consequent to completion of his tenure of office.

Shri J Natarajan is a Post Graduate in Economics and a Certified Associate of Indian Institute of Bankers (CAIIB). He has rich experience in all the facets of Banking Operations over 34 years.

Board of Directors

In terms of Sec 152 of the Companies Act, 2013, Non-Executive Non-Independent Directors Shri M K Venkatesan (DIN:00032235) and Shri M V Srinivasamoorthi (DIN: 00694618), retire by rotation and being eligible offer themselves for re-election at the ensuing Annual General Meeting (AGM).

Shri M K Venkatesan (DIN:00032235), aged 61 years, is a graduate in Economics. He is one of the Promoters of the Bank. He is engaged in 'Mundy Business' dealing with agricultural commodities including seed processing and representing majority sector "MSME". He was co-opted as an Additional Director of the Bank on 09.12.2014 and was elected as a Director at the 96th AGM held on 22.07.2015. Further he was re-appointed at the 97th AGM of the Bank. He had held two terms earlier as a Director of the Bank from 22.02.1992 to 18.02.2000 and 26.11.2003 to 26.07.2009. He is liable to retire by rotation.

Shri M V Srinivasamoorthy (DIN: 00694618), aged 54 years, is a graduate in Chemistry. He belongs to the promoter family of the Bank. He is engaged in textile business and exporting readymade garments, home textiles for the past 20 years. He is representing majority sector "MSME". He was co-opted as an Additional Director of the Bank on 27.08.2015 and was elected as a Director at the 97th AGM held on 21.07.2016. He is liable to retire by rotation.

Managing Director and Chief Executive Officer

Consequent to completion of tenure of office, Shri K Venkataraman (DIN: 02443410), Managing Director & Chief Executive Officer demitted office at the close of office hours on 31st August 2017. Board has co-opted Shri P R Seshadri (DIN: 07820690) as an additional director of the Bank and appointed him as Managing Director & Chief Executive Officer of the Bank for a period of three years from the date of taking charge i.e 04th September 2017 on the terms and conditions approved by Reserve Bank of India. He would be representing Majority Sector - "Banking" in the Board of the Bank.

DIRECTORS' REPORT

Reserve Bank of India vide its letter DBR.Appt. No.1499/08.41.001/2017-18 dated 14th August 2017 has accorded their approval under the provisions of the Section 35 B of the Banking Regulation Act, 1949, for the appointment of Shri P R Seshadri as the Managing Director & Chief Executive Officer of the Bank. In terms of the provisions of the Section 161 of the Companies Act, 2013 and Article 24 of the Articles of Association of the Bank, Shri P R Seshadri has been appointed as an Additional Director of the Bank and hold office upto the date of ensuing Annual General Meeting. Your Directors recommended for approval of the appointment of Shri P R Seshadri as a Director and Managing Director & Chief Executive Officer of the Bank. The terms and conditions approved by the Reserve Bank of India are furnished in the Notice of the Annual General Meeting.

Shri P R Seshadri aged 54 years, is a Bachelor of Engineering (B.E.-Electrical) with distinction from Delhi College of Engineering and a Post Graduate Diploma in Management from Indian Institute of Management, Bangalore (IIM, Bangalore). He is a senior Banker with Commercial and Retail Banking experience of over 25 years spanning multiple geographies. He made significant contributions to Citibank's business in India. He has proven track record of building and leading large teams to execute and deliver complex business objectives. He has significant business success in leadership roles enabled by wide range of experiences, intimate business knowledge, ability to create inclusive and motivated teams and an innate bias for measured action. He has working experience in highly regulated banking environments across multiple geographies and interfaced with regulators from the USA (as an offshore branch of Citibank N.A. or a fully - owned subsidiary of it) UK, Singapore, Hong Kong, India etc.,

The relevant details including profile of the Directors who are seeking election/re-election at this Annual General Meeting are furnished separately in the Notice of the AGM.

Cessations

Shri K Venkataraman (DIN: 02443410), Managing Director and Chief Executive Officer of the Bank demitted office at the close of office hours on 31st August 2017 consequent to completion of his tenure. Board places on record for the excellent and valuable services rendered and contribution made by Shri K Venkataraman for the growth of the Bank during his tenure of six years.

Shri G Rajasekaran (DIN: 00035582), Non-Executive Non-Independent Director of the Bank, demitted office after office hours on 19th June 2018 consequent to completion his tenure of 8 years in terms of Section 10A(2A)(1) of the Banking Regulation Act, 1949. Board places on record for the excellent and valuable services rendered and contribution made by him during his tenure as Director of the Bank.

Apart from the above, there were no changes in the directors holding office.

Declaration by Independent Directors

The Bank has received necessary declaration from each Independent Director under Sec 149(6) of the Companies Act, 2013 and the Listing Regulations that they met the criteria of independence laid down in the Companies Act, 2013 and Listing Regulations.

Familiarization Programmes of Independent Directors

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

Confirmation as to Compliance of applicable laws

It is hereby confirmed that the Bank has proper systems in place to ensure compliance of all laws applicable to the Bank.

Corporate Governance

A separate section on Corporate Governance standards followed by your Bank and the relevant disclosures as stipulated under Listing Regulations and Companies Act, 2013 and the rules made thereunder is enclosed as an annexure to this report.

A certificate from Shri CS S Solaiyappan, Practicing Company Secretary, confirming compliance to the conditions of Corporate Governance as stipulated under Listing Regulations is annexed to this report.

Directors' Responsibility Statement

Pursuant to Sec 134(5) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

DIRECTORS' REPORT

b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit and loss of the Bank for that period;

c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;

d) The Directors had prepared the annual accounts on a going concern basis;

e) The Directors had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and

f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Awards and Accolades

Your Bank received the following Awards and Accolades during FY 2017-18:

1. Best Small Bank for 2016 – Runner up Award from Business World in association with PricewaterhouseCoopers.
2. Award from Kamikaze Payments & Cards Summit 2017 for most disruptive payments technology of the year for FASTag.
3. Best Payments Technology Initiative of the Year for application meant for turmeric mundy dealers issued by Kamikaze Payments & Cards Summit 2017.
4. Best Bank Award for Innovative use of Technology among Small Banks from the Institute for Development & Research in Banking Technology, Hyderabad (IDRBT). Your Bank receiving the award from IDRBT for the ninth year consecutively.
5. Top Performer Award for number of Demat Accounts opened under Bank Category from National Securities Depository Limited (NSDL) – Second Place.
6. Winner-up award given by National Payment Corporation of India at their national Excellence Awards 2017 towards the best performance in Cheque Truncation System (CTS) under small-sized Banks.

Acknowledgements

The Board of Directors places on record its sincere thanks to the Government of India, Reserve Bank of India, Securities and Exchange Board of India (SEBI), various State Governments and regulatory authorities in India for their valuable guidance, support and co-operation. The Board also acknowledges with gratitude the co-operation and support received from Stock Exchanges, rating agencies and other banking / financial institutions.

The Board takes this opportunity to place on record its deep sense of gratitude to its loyal shareholders for extending their support during the year and look forward to their continued association in the years ahead.

The Board thanks the valued customers for their goodwill, patronage and continued support and looks forward to their continued patronage in scaling greater heights.

During the fiscal, the Bank has received various recognitions and accolades for its excellence in the Banking domain. The Board is thankful to all such organisations and agencies for formally recognising the Bank's efforts.

The Board appreciates the sincere and dedicated services displayed by its entire staff and highly values their commitment in improving the Bank's performance.

For and on behalf of the Board of Directors,

Place: Karur
Date: June 25, 2018

B Swaminathan
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Overview

Global economic activity is gaining strength with most regions of the world growing at a robust pace. Global trade is expanding, due to gradually improving global demand and especially, the revival of investment activity in advanced and emerging market economies. Crude prices have firmed up on strong demand and geo-political concerns, necessitating the drawdown of inventories even as production cuts by the Organisation of the Petroleum Exporting Countries (OPEC) restrain supply. Metal prices have risen, fuelled by demand-supply imbalances and resurgent demand as economic prospects improve. Inflation remains subdued and below target levels across most regions despite improving demand and firming up of crude oil prices.

Generally buoyant global financial markets have been interrupted by bouts of volatility triggered by specific events including but not limited to: monetary policy renormalisation in the US and Europe; protectionist rhetoric and actions arising from the United States and the expected retaliatory response from major trading nations including India. These developments have an amplified effect on India and the Emerging Market Economies (EMEs). As these entities become more tightly coupled with the Global Economic System, they become more dependent upon it for capital that is essential for their development. Equally, these changes impinge upon trade, especially of EMEs, by restricting access and by impacting their terms of trade.

While economic trends have been generally positive - strong global growth and global merchandise trade growing faster than the economy - markets remain volatile. The resultant volatility in Foreign Exchange (FX), Bond and Capital markets pose a challenge to EMEs. These, when coupled with uncertainty arising from protectionist action on trade, cloud the global trade outlook. In an era of resurgent oil prices, EMEs reliant on imported oil - like India - face the addition issue of coping with rapidly increasing deficits on the current account. These concerns, in turn, feed into volatility in FX and interest rates.

Monetary policy stance has remained accommodative in many countries, with the Fed's policy normalisation progressing along expected lines. The US Fed raised its policy rate by 25 bps each in December 2017 and March 2018. In contrast, the ECB has maintained its ultra-accommodative policy stance and kept its rates at a record low. The strong euro is weighing on inflation and keeping it below target. The Bank of Japan has continued with its ultra-accommodative stance as inflation has remained well below target. Monetary policy stances remained diverse in EMEs, with many central banks in key EMEs reducing policy rates.

The International Monetary Fund (IMF), in its World Economic Outlook, projects global growth to strengthen from 3.8% in 2017 to 3.9% in 2018 and 2019, driven by a projected pickup in growth in emerging market and developing economies and resilient growth in advanced economies. Risks remain from build-up in financial vulnerabilities and inward-looking protectionist policies, which could impinge on trade flows and consequently on productivity and efficiency.

Indian Economic Scenario

The Indian economic performance has been mixed this year. Economic activity in the first half was impacted as manufacturers and the trade adjusted to an important reform-GST, However, the economy bounced back during the second half. It is useful to enumerate the various reforms undertaken during the year:

a. Introduction of Goods and Services Tax;

b. Introduction of e-Way Bill;

c. Recapitalisation of State Owned Banks;

d. Enhancing affordable housing by providing 'infrastructure' status;

e. Renewed emphasis on highway construction and the growth in Lane Kilometers laid on a daily basis under the Bharatmala Pariyojana Project;

f. Several Measures to improve ease of doing business which in turn have helped in raising our ranking in the Ease of Doing Index; and

g. Further refinement in the Aadhaar Stack and associated digital infrastructure that enable digital economic activity.

In addition, other sectoral initiatives undertaken include measures to revive the construction sector and promotion of exports in textile and apparel industry.

An outcome of demonetization has been an increased reliance of the general public on digital payment systems. As digital transactions increased during the year, they have provided new opportunities for banks and other financial service intermediaries. Further improvements in the digital payment architecture - India's Immediate Payment Service (IMPS) being the only system at

MANAGEMENT DISCUSSION AND ANALYSIS

level 5 in the Faster Payments Innovation Index (FPII) - has provided positive feedback further enhancing the rate of transformation.

This has led to the evolution of a new generation of *internet only* banks, specialist payment providers and a clutch of 'Fintech' companies that exploit new capabilities in the digital world. In addition to payments becoming increasingly digital, banking related processes are undergoing a similar revolution. India, with the advent of Aadhaar, high quality credit bureaus and digital enablement of other entities like ROC, MCA, etc., has transformed itself into an "information rich" country. This enables financial service intermediaries to engage customers' on an entirely virtual basis, consequently enhancing customer service quality and availability, while not impinging on quality of decision-making.

From a payment mechanism perspective, Debit Cards have replaced Credit Cards as the preferred payment mode in India. Debit cards accounted for 87.6% of the total card spends.

India's economy grew at its fastest in seven quarters in the January - March period, bolstered by strong performance in construction, manufacturing and public services, pointing to generalised revival. Gross Domestic Product (GDP) rose a better-than-expected 7.7 per cent in the fourth quarter, retaining India's ranking as the world's fastest-growing major economy, outpacing China by nearly a percentage point. The economy grew at the highest rate since September quarter of FY17 - the period immediately prior to demonetization in November 2016 - indicating that the economy has now taken advantage of the various reforms to post structurally higher growth rates.

India's Current Account Deficit (CAD), rose to USD 13.0 billion or 1.9 per cent of GDP in Q4 of 2017-18, up from USD 2.6 billion or 0.4 per cent of GDP in Q4 of 2016 -17, but moderated marginally from USD 13.7 billion or 2.1 per cent of GDP in the Q3 of 2017-18. In the capital account, foreign portfolio investment recorded net inflow of USD 2.3 billion in the quarter compared with an inflow of USD 10.8 billion in Q4 last year - on account of moderation in net purchases in both the debt and equity markets. While inflows through NRI deposits amounted to USD 4.6 billion in Q4 of 2017-18 as compared with USD 2.7 billion a year ago. Capital account surplus amounted to USD 25 billion during the quarter compared to USD 10.4 billion in the same period last year. The overall balance of payments ended in a surplus of USD 13.2 billion during the quarter, compared to USD 7.3 billion the same period a year ago. For FY'18, the overall balance of payments surplus amounted to USD 41 billion compared to a surplus of USD 21.5 billion in FY'17. Indian rupee depreciated by 0.48% in the financial year 2017-18 as compared with 2.1% appreciation in previous financial year.

The fiscal deficit target had been revised for 2018-19 to 3.3% of the Gross Domestic Product (GDP) against the earlier target of 3%, after breaching the deficit target for 2017-18 of 3.5% of GDP. India's Wholesale Price Index (WPI) and Core Consumer Price Index (CPI) Inflation rises to 3.18 per cent and 4.6 per cent respectively in April 2018. Considering the developments like stabilization in GST implementation, credit growth, revival in investment activity and recapitalization of PSU banks, the growth prospects for Indian Economy including Banking Sector is positive for the FY 2018-19.

As per the World Economic Situation and Prospects 2018 report of the United Nations, the Indian economy is projected to grow at 7.2 per cent in 2018-19 and 7.4 per cent in 2019-20. The report indicates that the outlook for India remains largely positive, underpinned by robust private consumption and public investment as well as on-going structural reforms.

Developments in the Banking Sector

The banking sector, being the barometer of the economy, works in tandem with the broader economy. The Indian banking system continued to battle asset quality issues which turn enhanced capital requirements. Credit, Market and Liquidity Risk studies suggest that Indian banks are generally resilient and have withstood the global downturn well. Credit offtake improved during the year with the outstanding bank credit being ₹ 86.51 lakh crore as on March 31, 2018 - which constitutes a 10.3% growth as against the 8.2% growth of previous year. The credit offtake during the year was primarily driven by retail and services sector, which recorded double digit growth. Aggregate Bank deposits grew 6.7 per cent as of March 31, 2018.

On the Monetary policy front, the RBI reduced the repo rate only once by 25 basis points to 6.00% during FY18. The 10 year benchmark G-Sec yield rose by 72 basis points to 7.40% during FY18. RBI in its last bi-monthly policy for FY 2017-18 continued its neutral policy stance with the objective of achieving the medium term target for Consumer Price Index (CPI) inflation of 4% within a band of +/- 2%, while supporting growth. Call money rates closed higher than the Repo rate at 6.15%.

MANAGEMENT DISCUSSION AND ANALYSIS

The enactment of the Insolvency and Bankruptcy Code (IBC), 2016 and promulgation of the Banking Regulation (Amendment) Act, 2017 has significantly altered the financial landscape. The resolution of the long pending cases, under this law, will bolster bank balance sheet going forward. The Government's decision to infuse capital amounting ₹ 2.11 lakh crores to Public Sector Banks over the two years is a positive move.

Banking sector faces some significant challenges, these arise from asset quality challenges and convergence with Basel III and International Accounting Standards, concurrently. Going forward, addressing asset quality concerns and strengthening banks' balance sheets to reinvigorate credit growth remain key priorities, within the overall objective of promoting a competitive and efficient banking sector.

Improving accounting standards and nurturing competitive efficiency alongside niche competencies in the banking space are other elements of this drive. Strengthening and harmonising regulations across financial intermediaries and adherence to global standards are other focus areas. Concomitantly, promoting digitisation, managing technology-enabled financial innovations and dealing with cyber-security risks will entail strategic policy responses.

Reserve Bank of India introduced a revised framework for early identification and reporting of stressed assets vide their circular dated 12th February 2018. In a bid to hasten the resolution of bad loans, RBI has tightened rules to make banks identify and tackle non-payment of loan rapidly. RBI has also withdrawn the existing mechanism which included Corporate Debt Restructuring Scheme (CDR), Strategic Debt Restructuring Scheme (SDR) and Scheme for Sustainable Structuring of Stressed Assets (S4A).

India is one of the fastest growing economies in the world with a potential to be one of the largest global economies over the next decade. As India's growth increases; rapid urbanisation, enhanced spending on infrastructure are likely to increase the credit intensity within the economy. Also, the advancements in technology and digitization have brought the mobile, tab based and internet banking services to the fore. The banking sector is laying greater emphasis on providing improved service experience to their clients and also upgrading their technology infrastructure, in order to give banks a competitive edge. The improved prospects of global economic growth will be positive for the banking sector.

Opportunities and Threats

The changing environment in the Banking Sector which is faced with challenges also provides immense opportunities. Banking has moved from the Branch to the internet / mobiles, these enabling the customers interact with banks without boundaries of space and time constraint. As customers adapt to new technologies, they also demand new services which, in turn, increases business potential for the bank.

Your Bank, as a traditional institution with deep and abiding roots in the communities served, has made significant progress. We had transitioned from a "Commercial" bank to one that embrace all customer types - Retail, Commercial and Corporate. We continue to evolve our systems, products and processes to serve these diverse segments better.

Credit demand and growth opportunities are expected to be substantial given the environment. Your Bank is well positioned to take advantage of these opportunities and consequently grow rapidly. To realise this potential, your Bank has taken the following steps to create a dedicated

a. Retail Asset (Loan) Sales Force; and

b. Third Party Product Sales Force (to make available insurance and other third party products).

Fintechs continue to lead innovation in the banking industry. Not only are they offering innovative new products, they have also sharpened the focus on customer experience. Consequently, banks face a number of choices; replicate what fintechs are doing and respond with equally innovative solutions, become more symbiotic and less competitive, or pursue a mix of these strategies that fit their unique capabilities and market positions.

Your Bank has started developing digital customer solutions and also building the necessary digital skill set within the bank to cater the needs of SME and Home loan customers in its digital transformation in line with the thrust given to digital banking by the Government of India.

In this environment, it becomes incumbent on banks to have an effective cyber security policy as part of their overall risk management framework. Cyber-attacks entail an operational and reputational risk for banks, as they undermine customer confidence. The Reserve Bank of India has been issuing guidelines from time to time to enhance cyber-security awareness and to collaborate with the industry in upgrading cyber-security resilience on an ongoing basis.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Segment Overview

Your Bank's business may be broadly broken into the following activities:

a. Retail / Wholesale Deposit;

b. Lending - Retail / Commercial / Agriculture / Corporate;

c. Transactional Services - Transaction Banking and Payment Services;

d. Investment - largely focussed on managing Statutorily Required Investments; and

e. Others which include sales and service of associated products, provisioning of specified services - e.g., Aadhaar related services etc.,

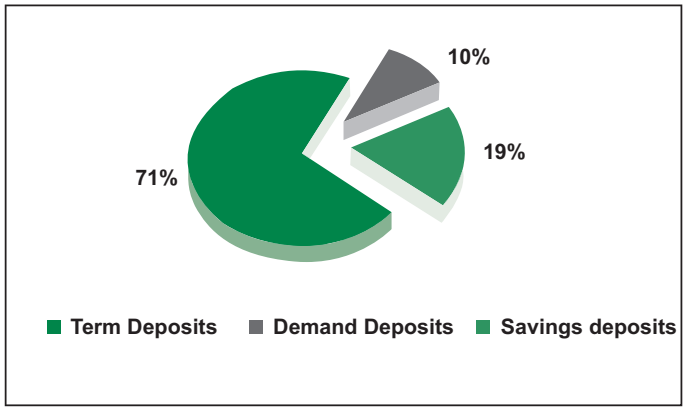
For the financial year ended 31st March 2018, Bank's Total Business stood at ₹ 1,02,863.23 Cr, recording an increase of ₹ 7,728.44 Cr from ₹ 95,134.79 Cr, as on 31st March 2017, a y-o-y growth rate of 8.12%.

The Deposits increased to ₹ 56,890.09 Cr from ₹ 53,699.81 Cr, recording an incremental growth of ₹ 3,190.28 Cr over the previous fiscal.

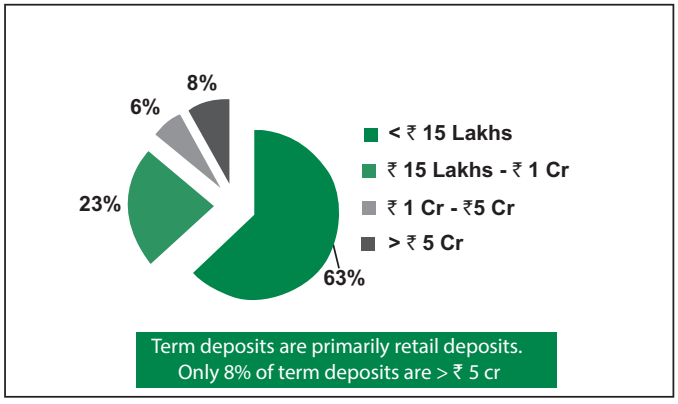
CASA portion in the aggregate deposit stood at 29.13% as on 31.03.2018 as against 27.73% at the end of the previous fiscal. Savings Bank deposits grew to ₹ 11,000.57 Cr as on 31.03.2018 from ₹ 9,968.28 Cr as on 31.03.2017, a growth of approximately 10%.

Demand Deposits grown by 13.33% over previous fiscal and stood at ₹ 5,576.38 Cr as on 31.03.2018.

Break Up of Deposits (FY18):



Retail Deposits viz., Term Deposits of less than ₹ 1.00 Cr constitute 86.00% and Term Deposits less than ₹ 5.00 Cr constitute 92.00% of the Term Deposits as at 31st March 2018. Your Bank continues to focus more on the retail deposits rather than the bulk deposits.



DIGITAL TRANSFORMATION JOURNEY

Indians are witnessing a transformational change in the digital environment / ecosystem. Aadhaar, an initiative of the Central Government, has been adopted to drive digital transformation in many states. This and other innovations at the State and Central level have created an environment in which banks can provide financial solutions entirely digitally. Not only can products and services be made available this medium, new technologies such as Machine Learning and Analytics are identifying and creating opportunities that did not exist in the past. These opportunities are uniquely suited for the new medium of delivery i.e., through the internet / phone.

Your bank has a history of pro-actively engaging with new technologies ahead of most of competitors e.g., Lean branch, self-service kiosks and technology based products. Your Bank understands the opportunities and challenges that digitization brings. In order to ensure that your Bank continues to remain at the cutting edge of technology, the following initiatives have been taken:

a. Study tours to South East Asia to benchmark our capabilities vis-a-vis industry leaders; and

b. Retaining Boston Consulting Group (BCG) - a leading consulting firm to provide advice and support as Your Bank transitions to a digital institution.

MANAGEMENT DISCUSSION AND ANALYSIS

Your Bank, with the assistance of BCG has launched a digital transformation project that is expected to redefine the way in which customers' are dealt with and the products / services offered.

Your bank has started an exclusive digital centre of excellence, focussed on developing digital customer solutions and also building digital skill set within the bank. We have embarked on an ambitious journey over the last 6 months and have achieved the following milestones;

- Paperless, fully digital Working Capital Renewals for MSME customers;
- Digital Home loan solution - sanction in 15 Minutes - end to end paperless / seamless process;
- Digital Loan Against Property solution - sanction in 15 minutes;
- Instant Unsecured Personal Lending - sanction in 10 minutes; and
- Digital Retail Banking application - 3 step online account opening.

Customer response has been very encouraging. With the new tools, loans can be approved quickly with limited manual intervention enabling your Bank to expand its business significantly. Your Bank is in the process of establishing the foundation of a strong digital architecture. Your Bank is supported in this endeavour by about 10 other companies specialising in Digital Technologies. This new initiative takes advantage of new technologies such as: first, the AGILE method of execution; second, iterative design and development sprints to deliver Minimum Viable Products (MVP); third, the use of decision science to improve decision quality and reduce human bias etc., At the same time appropriate risk management processes are being followed including security reviews and audits to ensure risk mitigation and business continuity.

Over the next year, we are confident that your bank will continue to deliver more value to the customers through innovative and efficient digital solutions.

Corporate and Institutional Group (CIG)

Your Bank's Corporate and Institutional Group (CIG) provides comprehensive client focused services comprising of Working Capital finance, Term Loans, Specialised Corporate Finance products, Trade and Transaction Banking Services and liquidity management solutions. The Bank's customers under this segment are mostly mid corporates. Your Bank prioritised credit quality and all sanctions are made following an appropriate credit appraisal of the clients risk profile as well as pro-active monitoring of credit risk.

In order to improve the quality and CIG portfolio substantially, Bank has formed Corporate Business Unit (CBU) at major centers viz., Delhi, Mumbai, Chennai, Hyderabad, Coimbatore & Bengaluru. The CBU's are handled by experienced and trained officers capable of addressing the entire range of requirements of corporate clients. Your Bank is also proposing to open more CBU's in future at other centers based on business potential.

As on 31st March, 2018, your Bank's CIG advances were at ₹ 14,397 Cr, which accounted for 31% of the Advances portfolio of the Bank. Due to your Bank's selective approach in taking further exposure in the corporate segment and due to prepayments owing to reduction in bank borrowing by Corporates, Corporate advances portfolio grew at a moderate growth rate of 5.77% during FY 2018.

Commercial Banking Group (CBG)

Your Bank is one of the Pioneers in extending credit facilities to MSME customers with credit needs upto ₹ 25 Crores. Your Bank offers products aligned with the business environment, market conditions and industry specific requirements. Your Bank's Customer-Centric approach has fostered mutually a beneficial relationships with in this community of businesses. Consequently, several second / third generation entrepreneurs of these business families continue to maintain banking relationship with your Bank.

Customized products which are tailor-made to suit the requirements of each of these segments like Pharma Plus, Transport Plus, Textile Plus, Steel Plus, Rice Plus, Commodity Plus, Timber Plus, Food & Agro Plus, Rent Fin, Construction Plus, Varthaga Mitra, Professional Loan, Easy Trade Fin, Mortgage Loan Commercial, MSME Pack, Fleximobile Commercial, POS Plus etc., have received good response from the respective trade segments. Your Bank, constantly reviews and modifies these products to meet emerging business needs. In addition, wherever required, new products are introduced to meet the gaps if any, in the existing product set.

Furthermore, eligible MSMEs are supported through various Government sponsored programmes like TUFS / CLCSS / MUDRA, Start-up India, Stand up India etc.,

MANAGEMENT DISCUSSION AND ANALYSIS

Digitization initiatives taken by the Bank for automated customer interface and submission of information / statements are expected to result in Smart Banking convenience to the customers while maintaining the traditional warmth of Relationship Banking for which KVB is recognized over the last 100 plus years.

The Bank's CBG advances were at ₹ 16,095 Crore constituting 35% of the total advances as on 31st March 2018.

Agriculture Banking Group (ABG)

Your Bank is proud of the support that it has historically lent to India's agricultural sector and your Bank continues to cater to the varied requirements of the Farming Community through its tailor made products under Agriculture and Allied sector. The Bank has extended assistance to individuals / groups / entities engaged in farming and allied activities. Your Bank has also assisted other agricultural / horticultural units together with food processing units and entities supporting the agricultural sector. Your Bank has provided direct agricultural loans, Jewel loans and Warehouse Receipt loans to farmers, etc.

The Bank has in place dedicated Agriculture Officers in Divisions and Branches. With respect to direct lending to agriculture, the Bank has rolled out various products and modified its existing product features so as to better target small and marginal farmers. Your Bank has also assisted other allied sectors of agriculture by engaging Business Facilitators at select centers.

To improve the socio economic condition of Rural Community, Your Bank has introduced a separate product for Joint Liability Groups. The Bank has got tailored products such as KVB Green Trac, KVB Green Harvester, KVB Kisan Tatkal to cater to the need of Farming community.

During the Financial Year, Your Bank has exceeded the Regulatory Prescription on Priority Sector, Agricultural Sector, Small and Marginal Farmer Category, Micro Enterprises and Weaker Section category.

The Total Priority Sector Advances (Net PSLC) as on March 2018, stood at ₹ 18,567.61 Cr constituting 46.31% of Adjusted Net Bank Credit as against the mandated target of 40%. The Bank's Agricultural advances were at ₹ 8,218.34 Cr, constituting 20.50% of Adjusted Net Bank Credit as against the mandated target of 18%. The Bank has continuously achieved the statutory Agri target of 18% for the 8th year in a row by lending to agriculturists and other allied sectors.

Total Priority Sector and Agriculture Advances as on March 31, 2018 is tabulated below:

Particulars	Amount (₹ in Cr)	% to ANBC
Average Total Priority Sector (Net PSLC)	18,567.61	46.31%
Average Agriculture & Allied activities (Net PSLC)	8,218.34	20.50%

Transaction Banking Group (TBG)

Your Bank's Transaction Banking Group is offering Cash Management Services (Collection and Payment) to more than 200 Corporate Clients including large and mid-corporate. Various Collection Products being availed by them are;

1. Doorstep Banking (Cash Pickup & Cash Delivery);
2. Cheques Collection (Local & Outstation);
3. Collections through Electronic modes (Internal Fund Transfers, NEFT & RTGS);
4. Collections through Virtual Accounts.

Similarly Corporate Clients are availing Payment Products which are Bulk Upload Payments, Cheque Writing and Dividend Warrants etc.

Your Bank is on continuous effort to bring in many more corporates under CMS portfolio to augment nil cost deposits to the Bank.

Under Supply Chain Finance, your Bank is providing solutions through Vendor Finance and Dealer Finance to Corporate Clients. Your bank has entered into tieups with automobile majors like Tata Motors Limited (Passenger Vehicles), Daimler India Commercial Vehicles Private Limited (Spares), TVS Motor Company Limited (Two wheeler – Tier II dealers), Ashok Leyland Limited (LCV), Escorts Limited (Agri Machinery), Mahindra & Mahindra Limited (Truck and Bus Division) for offering channel finance facility to their dealers. Your Bank is also under discussion with other auto majors in commercial vehicle and agricultural machinery segments to offer supply chain finance solution in the current year.

A Trade Receivables Discounting System (TReDS) has been introduced as an institutional mechanism for facilitating the financing of trade receivables of MSMEs. Your Bank has joined Trade Receivable Discounting System (TReDS) platform for financing MSME vendors. This new approach of financing trade receivables is now gaining momentum.

MANAGEMENT DISCUSSION AND ANALYSIS

Your bank has started participating in the bidding process between financiers through electronic mode for the invoices raised by MSME vendors on rated large companies in A.TReDS platform. Your bank will also participate in the other two TReDS platforms RXIL and M1 Exchange in the current year.

Personal Banking Group (PBG)

Bank aims to broad base and diversify the Advance Portfolio by giving impetus to Retail lending. Home loans, Mortgage loans, Car loans and Personal loans are the major contributors to the retail lending portfolio.

Retail Advances

During this Financial Year 2017-18, your Bank has introduced three new Retail loan Products.

- KVB Easy Insta Loans targeting the employees of reputed Corporates, Government Institutions, PSU's and Educational Institutions etc;
- KVB Smart Home loan targeting the high bureau score Individuals;
- KVB Special Personal loans targeting the Salaried and Self-employed Individuals; and
- KVB Pre-approved personal loan for existing Home loan & Mortgage loan customers with minimum documentation.

The Pricing and Product features are reviewed and revised from time to time based on the market trends, demand and customer needs.

As at 31st March 2018, the total retail advances portfolio of the bank stood at ₹ 7,620 Cr, constituting 16.57% of total advances. Of this, the Home Loans segment was 6.05%, Vehicle Loans 2.20%, Mortgage Loans 3.01% and Personal Loans 0.64% The rest of the products contributed 4.67%

CASA

A total of 7,83,820 new CASA accounts were opened during FY18. Your bank reached a current account level of ₹ 5,576.38 Cr and Saving accounts level of ₹ 11,000.57 Cr as on 31.03.2018 taking the CASA base of the bank to ₹ 16,599 Cr. Incremental growth in savings was 10.35% while in current accounts the growth was 13.31%. The CASA to Gross Deposit ratio as on 31st March 2018 stood at 29.13% as against 27.73% as on 31st March 2017.

Digital push

Your Bank is recognised as a pioneer in Digital Payments and an active and respected participant in the various payment systems operating in the country. Further, Your Bank has expended considerable resources to make available these products and services while ensuring customer awareness through appropriate advertisements / communications.

POS

Your Bank deployed 7,128 new Point of Sales (POS) machines during the year, taking the total number of machines deployed to 22,873. Total number of transactions through the machines during the year was 2,70,47,378 with a volume of ₹ 3,940.68 Cr.

FASTag

Your Bank has been certified by NPCI to issue FASTag (a contactless card, operates on RFID technology and is linked to a prepaid account) along with few other banks in the industry and subsequently launched FASTag for the public on 8th March 2017 with the prime objective to adopt "Cashless Payment" at toll plazas. During FY 17-18, your bank issued 12,169 tags and the number of transactions through FASTag at Toll plazas is 9,24,133.

Debit Cards

Your bank issued 12.77 lakh debit cards during FY 17-18. During the period 817.89 lakh transactions amounting to ₹ 28,075.07 Cr were put through the debit cards of the bank. In a further push towards cashless banking 2,45,073 new customers signed up for Net banking facility. This was a growth of 23.58% over the previous year. In respect of Mobile banking, 2,95,012 new users registered for the facility, which was a growth of 162.86% over the previous fiscal. In terms of average transaction volume, the growth was by 137%. The average volume transacted was ₹ 6,729 lakh.

Demat Services

The Bank has registered with National Securities Depository Limited as a Depository Participant (DP) and offering demat services to the participants in the security market. The Bank also has tied up with M/s IDBI Capital Markets & Securities Ltd., and M/s Religare Securities Ltd., for providing trading accounts facility.

Bancassurance & Credit Cards

As you are aware, your Bank has partnered with Birla Sun Life Insurance Co. Ltd for sale of their life insurance products, Bajaj Alliance General Insurance Co., for sale of their general

MANAGEMENT DISCUSSION AND ANALYSIS

insurance products and with SBI Cards & Payments Company for a co-branded Credit Card.

BSLI Digi Shield Plan and Guaranteed Milestone Plan are traditional non-participating plans (life) and Family floater health guard and Extra care plus were two new products launched during the year exclusively for KVB customers. Your bank reached a new benchmark level of ₹ 100 Cr fresh premium under life insurance and non-life insurance. Your Bank issued 10,074 new Credit Cards (co-branded with SBI) during the year.

Outlook for the fiscal 2018-19

Economic activity is expected to gather pace in 2018-19, the prospects for Indian economy need to be assessed in the light of emerging global and domestic developments. Whilst broad indicators signal continuing strength in the global economy, the issues highlighted in the "Economic Overview" will drive actual outcomes. Mercantilist policies and the global re-calibration Central Bank Balance sheets are immediate threats to global growth. In this backdrop, global economic growth is expected to improve thus providing an opportunity both domestically and externally.

Whilst growth will provide an impetus to increase merchandise and other exports, increased oil prices and the concomitant increase in Current Account Deficits are expected to have a weakening impact on the Indian Rupee. This may lead to inflationary pressures in the local market, with knock-on effects on interest rates. Increased interest rates in the market place will impact investment decisions as well as corporate profits. Indian financial markets have changed over the years, with a large proportion of asset growth being concentrated in the Non-Bank sector. This sector may find itself vulnerable to interest rate movements and availability of credit from the banking system. Deposit growth continues to be supressed as depositors take advantage of alternate avenues. The upshot of this scenario is increased lending and borrowing costs and the need of Banks to manage risks arising from pricing asymmetry between the two. Your Bank is cognizant of this scenario and is taking steps to minimise impact.

Whilst these challenges lie ahead, there are signs of revival of investment activity in the economy and the recent pick up in the growth of fixed investment can be expected to maintain momentum in the coming year.

GST related teething troubles have receded; credit offtake has improved in the recent months and is becoming increasingly broad-based, which portends well for the manufacturing sector and new investment activity; large resource mobilisation from the primary market could strengthen investment activity further; the process of recapitalisation of public sector banks and resolution of distressed assets under the Insolvency and Bankruptcy Code (IBC) may improve the business and investment environment; global trade growth has accelerated, which should encourage exports and reduce the drag from net exports; the thrust on rural and infrastructure sectors in the Union Budget could rejuvenate rural demand and also crowd in private investment.

The International Monetary Fund (IMF) reaffirmed that India will be the fastest growing major economy in 2018, with a growth rate of 7.4 per cent that rises to 7.8 per cent in 2019 with medium-term prospects remaining positive. On 6th June 2018, the Reserve Bank of India increased the repo rate by 25 basis points, increasing the repo rate from 6.00% to 6.25%. The decision was taken in the second bi-monthly policy statement for the year 2018-19. The reverse repo rate has also seen an increase, increasing from 5.75% to 6.00%. The Marginal Standing Facility (MSF) Rate and the Bank Rate now stand at 6.50%. This is the first time the repo rate has increased in more than four years.

Risks and concerns

A robust risk management system will ensure long term financial security and success of the Bank. In order to ensure that the bank has a world class Risk Management Function, a Chief Risk Officer was hired in April 2018. He has been tasked with creating a contemporary Risk Management Department that has broad oversight of the various risks that the bank takes.

Whilst the above activity is being undertaken, Your Bank is leveraging its existing Risk Management architecture to ensure that risks assumed by it are within the defined risk appetite and is closely monitored. The overall responsibility of setting the Bank's risk appetite and effective risk management rests with the Board and apex level management of the Bank. The risk is managed through following Committees viz: Risk Management and Asset Liability Management Committee of the Board (RM&ALM), Credit Risk Management Committee (CRMC), Asset and Liability Management Committee (ALCO), Operational Risk Management Committee (ORMC) and Market Risk Management Committee (MRMC). These Committees work within the overall guidelines and policies approved by the Board.

MANAGEMENT DISCUSSION AND ANALYSIS

The Bank has Policies for identification, measurement and management of major risks - liquidity risk, market risk, credit risk and operational risk. These policies are reviewed and updated from time to time, keeping in view the dynamic business environment. Risk Management Department acts as a nodal centre for co-ordination with other Departments / operating units engaged in managing risk in their respective business areas.

A comprehensive Asset Liability Management (ALM) System is in place for effective management of Liquidity Risk and Interests Rate Risk, which are identified, measured and monitored by the ALCO through the prescribed statements viz: Statement of Structural Liquidity, Liquidity Coverage Ratio Statement, Statement of Interest Rate Risk Sensitivity (Traditional and Duration Gap methods) and Stress Testing on Liquidity and Earnings etc., ALCO discusses these statements in detail and takes corrective action where necessary. As per the Bank's ALM Policy, Contingency Funding Plan is reviewed on quarterly basis. Benchmark Prime Lending Rate (BPLR) / Base Rate (BR) / Marginal Cost of Lending Rate (MCLR) (Lending Rate) and Card Rates for Deposits are discussed and decided by ALCO on monthly basis as per RBI guidelines.

Credit Risk: The Bank has a standardized credit sanctioning procedure wherein the credit proposals are subjected to a rigorous process of appraisal. The Credit Risk Rating of proposals is mandatory for pre-sanction in the Bank. For retail loans e.g. Home Loans, the Bank uses risk scoring models. Your Bank will start using a statistically validated model for Loan Against Property and Working Capital Loans (small ticket) in the near future. For other advances, the Bank has a number of Board approved Credit Risk Rating Models for rating Manufacturers, Traders, Corporates etc. The Bank has in place various Credit Risk mitigation measures such as internal prudential limits on single borrower and group borrower exposure, industry specific and sector specific exposure, exposure to sensitive sectors, take-over norms, benchmark financial ratios, hurdle rate etc. A structured delegation of powers enables the Bank officials to make quick credit decisions with adequate controls being exercised over the decisions.

Market Risk: The market risk emanating from the Investment and Trading activities and funds management are controlled and mitigated through adherence to various Board approved policies and risk limits. The Front Office and Back Office functions are well segregated. An independent Mid-office function reporting to Risk Management Department closely monitors the risk positions and transactions against policy prescribed limits. The Bank uses Risk Measurement metrics and stress testing tools to assess the resilience of investment portfolio and the aggregate market risk in this regard.

The Liquidity Risk and Interest Rate risk are monitored by the ALCO through the prescribed statements viz Statement of Structural Liquidity, Liquidity Coverage Ratio, Statement of Interest Rate Risk Sensitivity (Traditional approach and Duration Gap methods). ALCO meets at least once in a month and reviews the Liquidity position and Interest Rate risk of the Bank. A Contingency Funding Plan is prepared for each quarter and is placed before ALCO for discussion and guidance. ALCO also reviews and sets the Interest Rates on Deposits and Advances and facilitates achieving the desired product-mix and tenor-mix of the Assets and Liabilities of the Bank. Adherence to various risk limits pertaining to Liquidity Risk, Interest Rate Risk and Foreign Exchange Risk are also monitored by ALCO.

Operational Risk: Operational Risk is managed by having a well-established internal control system, which includes segregation of duties, standardized operating procedures, clear lines of authority and reporting etc. Operational risk events are typically associated with weak links in internal control systems or laxity in complying with the existing internal control systems and procedures. The Bank has put in place a structured Internal Audit mechanism. The Bank also has a Board approved Business Continuity and Disaster Recovery (BCP&DR) policy to manage disruptions to its operations.

The Bank has implemented the Basel III capital framework and is calculating the Capital to Risk Weighted Assets Ratio (CRAR) as per the guidelines laid down by the Reserve Bank of India. The Bank has adopted the Standardized Approach (SA) for Credit Risk, Basic Indicator Approach (BIA) for Operational Risk and the Standardized Duration Approach (SDA) for Market Risk for computing CRAR. Bank is planning to move to advanced approaches under Basel in a phased manner.

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. Of late, cyber-attacks are being carried out by skilled individuals / teams specifically targeting individual organizations and persons with increased sophistication. Financial gain continues to be a

primary driver of the most sophisticated criminal offenses and presents evolving challenges as criminal networks reinvest the revenue they generate into developing more sophisticated capabilities. Thus every organisation must stay vigilant to defend cyber-attack as it can happen at any time, from anywhere. Aware of this risk, your Bank has constantly been upgrading its Security Infrastructure and implementing the Cyber Security Resilience framework, defined by the RBI.

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

Internal Control systems and their adequacy

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

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

The IAD reports to the MD & CEO for day-to-day activities and to the Audit Committee for Audit Planning and Reporting. Your Bank had conducted the RBIA Audit of all the targeted branches & Divisional Offices for the year.

Your Bank subjects its operations to Concurrent Audit by various experienced audit firms to complement its Internal Audit function besides periodical audit under RBIA, wherein branches have been categorized into appropriate groups as per risk perception and are subject to varying degrees of audit. Concurrent Audit of selected branches are done by external audit firms taking into account risk perception and business turnover. During the year 2017-18, 369 branches covering 87% of the total business of the Bank were subjected to Concurrent Audit. Concurrent Audit also covers core activities such as Treasury operations, International Division, Regional Processing Centers, ATM cell, Demat cell, other operations and branches.

Apart from the RBIA and concurrent audits, your Bank also conducted revenue audit of all the branches for the year 2017-18 to check for any leakage of legitimate income.

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

Your Bank has also conducted SNAP audit in 718 branches to ensure that the compliance aspects in respect of internal control are followed at the branch level.

Your Bank has a system of re-appraisal of jewels pledged under Jewel Loan portfolio once in a year covering all branches which have the Jewel Loan portfolio. During 2017-18, in 718 branches, re-appraisals were carried out. As an added measure during RBIA inspection, Inspecting officials also carry out verification of purity of jewels on selected outstanding jewel bags as of inspection date.

Currency chests of the Bank are subjected to inspection at periodical intervals as per extant guidelines of RBI. Inspection of all the seven (7) currency chests of the Bank were covered during the year under report.

Information Security Audit is conducted once in a year covering all branches and back offices viz., Central Office, Divisional Offices, Regional Processing Centres etc. During the year under report, the Bank conducted IS Audit across 747 branches/offices.

MANAGEMENT DISCUSSION AND ANALYSIS

Your Bank has introduced the concept of Compliance Audit during 2017 at the branches to ensure compliance of RBIA remarks thereby ensuring quality compliance.

Your Bank has now been brought under revised Supervisory approach of RBI called SPARC-Supervisory Program for Assessment of Risk and Capital.

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

Credit Audit Department (CRAUD)

Credit Audit for advances with a fund based limits of ₹ 5 Cr and above or total exposure of ₹ 10 Cr and above, has been introduced from the fiscal 2017 onwards with the objective of improving the quality of credit portfolio with resultant favourable impact on the profitability and reduce stressed assets. It will also indicate possible remedial measures in respect of loan assets showing signs of weakness (such as the need for infusion of capital, need for strengthening the collateral etc.) as a pro-active measure for safeguarding Bank's interest. Your Bank has conducted Credit audit for 253 accounts for the fiscal 2017-18.

Credit Audit Department (CRAUD) will provide feedback to the Top Management of our Bank, based on the information gathered from reports of the various Credit Audits conducted, on the state of compliance with:

- Instructions / directives from the Government and Reserve Bank of India and;
- Bank's extant Credit Policy / procedures

Credit Audit aims at providing feedback and sending out early warning signals to the operating functionaries about the quality of advances that have been subjected to Credit Audit. Credit Audit may also indicate possible remedial measures in respect of loan assets showing signs of weakness (such as the need for infusion of capital, need for strengthening the collateral etc.) so that the concerned operating units and their Controlling Authorities can take proactive steps for safeguarding Bank's interests.

Credit Monitoring Group (CMG)

Your Bank has in place well-structured Credit Monitoring Group for continuous tracking of performance of loan assets. The core area and focus of CMG is to monitor the end use of credit facilities granted, besides ensuring the adherence to terms and conditions of sanctions. CMG is also ensuring for Regulatory Requirements. The Early Warning Signals are identified in the loan assets quickly to initiate prompt corrective remedial follow up action to prevent slippages, minimize credit risk and improve Asset Quality.

Compliance Function

Bank has in place a comprehensive Compliance Policy, which was reviewed during FY18. The Bank has ensured that all Statutory / Regulatory and all other mandatory information's required to be sent to RBI and other regulators are submitted in time.

In terms of the RBI directions, the Compliance Department should have an Executive or senior staff member of the cadre not less than DGM cadre or equivalent designation as Chief Compliance Officer (CCO). In compliance with the above guidelines, the Compliance Department of the Bank is headed by Deputy General Manager & designated him as a Chief Compliance Officer.

The Department is functioning as a nodal point for regulators like RBI, SEBI, IBA and statutory authorities - PMLA, Income Tax, Sales Tax, Economic Offences Wing, Customs etc., for all compliance related matters. Nodal Compliance Officers (NCOs) are identified and appointed at Branches, Divisional Offices, Back Offices and Departments at Central Office for better compliance on an on-going basis.

The Bank is focusing on employee education through circulars, frequent contact session, etc., for creating compliance awareness and to sensitize them of the need for a strong compliance culture. Bank is continuously striving to put in place a robust compliance framework in the Bank to meet the challenges of the ever-changing dynamics in the compliance space.

Financial Performance with respect to Operational Performance

During the fiscal 2017-18, the Interest income rose to ₹ 5,699.65 Cr, as against ₹ 5,622.35 Cr, of previous fiscal, reflecting growth of 1.37%. Interest expenditure stood at ₹ 3,401.54 Cr as against the previous year figure of ₹ 3,548.65 Cr, showing a decrease of 4.14%. The Net Interest Income increased to ₹ 2,298.11 Cr from ₹ 2,073.70 Cr, y-o-y growth of 10.82%.

Non-Interest Income (NII) increased by ₹ 117.71 Cr (15.04%) from ₹ 782.22 Cr in FY17 to ₹ 899.93 Cr in FY18.

Your Bank posted an Operating Profit of ₹ 1,777.32 Cr compared to ₹ 1,570.97 Cr in the previous fiscal, recording an increase of 13.14%.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Revenue of your Bank recorded a y-o-y growth of 11.98% and stood at ₹ 3,198 Cr as against previous year figure of ₹ 2,856 Cr.

The operating expenses increased from ₹ 1,284.95 Cr to ₹ 1,420.72 Cr, recording a growth of 10.57%. In the operating expenses, establishment expenditure registered an increase of 5.09% from ₹ 607.96 Cr in FY 17 to ₹ 639.08 Cr in FY 18 and other operating expenses increased to ₹ 781.64 Cr (15.46%) from ₹ 676.99 Cr.

For the year ended the Net Interest Margin of the Bank rose by 16 basis points from 3.70% to 3.86%, compared to the previous fiscal.

The Bank's Net Profit for the year ended 2017-18 registered a decrease of 42.96% from ₹ 605.98 Cr in FY 17 to ₹ 345.67 Cr.

The Return on Assets was 0.53% at the end of the fiscal under report as against 1.00% in the previous fiscal.

The Earning per Share (EPS) and Book value of shares as on 31.03.2018 stood at ₹ 4.98 and ₹ 85.49 respectively as against ₹ 9.95 and ₹ 79.51 as on 31.03.2017.

The Bank's Return on Equity was 5.52% as against 12.03% for the previous fiscal FY 17.

Net owned funds of your Bank were ₹ 6,211.71 Cr as on 31st March 2018, showing an absolute increase of ₹ 1,366.69 Cr over the previous fiscal on account of Rights issue and plough back of profits during the year.

Human Resource Management

The main objective of the Human Resources (HR) policy of the Bank is to optimize utilisation of its human resources. Keeping this in mind, manpower requirements of the Bank are systematically assessed based on broad parameters. The main emphasis of HR remains on talent acquisition, skill development, retention and employee engagement. The Bank believes that mobility of staff from one place to another provides the employee wide exposure, opportunities to serve cross-section of customers of different geographic locations and to deal with varied situations.

The Bank believes in the philosophy that motivating employees is a basic HR function as it acts as a catalyst in enhancing that employees' performance levels. The Bank has adopted stimulating programmes to enable the employees to improve their motivational levels and in this direction, the Bank has in place several monetary rewards and non-monetary motivational programmes.

Human Capital plays a significant role in development of any Organization and even more so in a Bank. At Human Resources Department (HRD) it is our constant endeavor to enhance the Knowledge, Skills and Attitude of our employees to enable them to perform to their potential and to face the emerging challenges. The focus of training this year has been to conduct more job role based programmes and accordingly new programmes have been developed and conducted.

Out of the total employee strength of 7,956, your bank has trained 6,318 employees (unique) during the FY17-18, thereby achieving a training penetration of 79.60%. This means 8 out of every 10 employees have attended at least one training during the year. Total training man days for both Internal and External programmes for FY17-18 were 29,900 days. The average training man days per employee for FY17-18 was 3.75 days.

During FY17-18, the Bank conducted 1,062 programmes consisting 127 internal programmes at Staff Training College, 799 internal programmes at Branches and 136 external programmes. The Bank has nominated 979 employees for 136 external programmes at various organisations viz. NIBM-Pune; IIBF; Southern India Banks Staff Training College; Centre for Advanced Financial Research & Learning; College of Agricultural Banking; Foreign Exchange Dealers Association of India etc., Your Bank has an e-learning platform for assessments and tests on various topics.

Sl. No.	Training Program	No. of Programs	No. of Participants
1	Internal Programs at STC	127	3,365
2	Internal Programs conducted at branches / offices	799	7,294
3	External Training Programs	136	979
Total		1,062	11,638

Your bank conducted many new programmes during the year viz. Sales management workshop for Branch Managers, Selling and marketing skills workshop for Relationship officers, Role based programmes for Branch Operations Managers, Customer service Officers, Forex Officers, Customized Cyber Security Awareness programme etc. Senior Executives were nominated for specialized external programmes viz Trade based Money Laundering, Forex Dealing and Bourse Game, Emerging Trends in Cyber-Attacks, Response Management & Digital Forensics, Leadership Enhancement for senior management etc.

MANAGEMENT DISCUSSION AND ANALYSIS

Training content is reviewed at least once in a year. System based online feedback is taken for all Internal and External programmes. For Internal programmes, individual session wise feedback is taken and the same is used for bringing improvements in the programme. Trainee evaluation by trainers is also done session-wise. All Internal programmes have pre and post training tests and the participants are evaluated. Major portion of the training delivery is done using "in camera" Role plays, case studies, simulations, group activities, Quiz etc. External faculties are invited for conducting specialized training sessions. Online "Knowledge Updation Tests" are conducted for Officers on products, policies and processes.

Business per employee of the Bank has been steadily increasing over the years and as on 31st March 2018 it stood at ₹ 12.92 Cr, up from ₹ 12.85 Cr as at 31st March 2017. Profit per employee decreased from ₹ 8.19 lakh as at 31st March 2017 to ₹ 4.35 lakh as at 31st March 2018.

To constantly evaluate the performance as well and reward the Supervisory Staff, Career Development System (CDS) has been introduced in the Bank since 2014. This is to help in assessing and rate the performance of an employee in more transparent way. All the Supervisory Staff are rated on a scale of 1 to 5 (1 being the least and 5 being the highest).

The Bank has a mechanism as provided under the Whistle Blower Policy whereby employees can raise their concerns. A report on the concerns received and the manner in which they are dealt with is periodically reported to the Audit Committee.

The Bank has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013. An internal compliance committee has been set up to redress the complaints received regarding sexual harassment. All employees working in the Bank are covered under this policy. During the year under report, bank has received one complaint and the internal compliance committee reviewed the said allegations / complaint and found that the same as false. The departmental action is in advanced stage / progress in this regard.

Safe Harbour

Certain statements in the "Management Discussion and Analysis" describing the Bank's objectives, estimates and expectations may be 'forward-looking statements' within the meaning of applicable Securities Laws and Regulations. Actual results could differ substantially from those expressed or implied. These statements are subject to risks and uncertainties include the effect of economic and political conditions in India and outside India, volatility in interest rates and in the securities market, new regulations and government policies that may impact the businesses of The Karur Vysya Bank Limited as well as its ability to implement the strategy. The Karur Vysya Bank Limited does not undertake to update these statements. Figures for the previous year have been regrouped and rounded off to the nearest value wherever necessary to conform to current year's presentation. Important factors that could make a difference include economic conditions in the domestic and overseas markets, changes in Laws / Regulations and other incidental factors. This document also does not constitute an offer or recommendation to buy or sell any financial products offered by The Karur Vysya Bank Limited.

CORPORATE GOVERNANCE REPORT

Philosophy of Corporate Governance

Corporate Governance broadly refers to the set of systems, principles and processes by which a Bank is governed while fulfilling the objectives of the Bank and protecting the interest of all the stakeholders in the long run. It is based on principles such as: conducting the business with integrity and fairness; being transparent in all transactions; making all the necessary disclosures; complying with all the applicable laws; accountability and responsibility towards the stakeholders; and commitment to conduct business in an ethical manner.

Corporate Governance philosophy of your Bank establishes that the Board's independence is essential to bring objectivity and transparency in the Banks' Management and in the dealings of the Bank.

With emphasis on transparency, integrity and accountability, the Board of Directors of the Bank has implemented best practices in Corporate Governance by framing the "Corporate Governance Policy". The Policy was framed taking into account the relevant statutory provisions under the Banking Regulation Act, 1949, the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations') directives, circulars and other guidelines issued by the regulators from time to time.

Board Composition

The Composition of Board of Directors of the Bank is governed by the relevant provisions of the Banking Regulation Act, 1949, the Companies Act, 2013 and the rules made thereunder, Listing Regulations and the Articles of Association of the Bank. The Board has optimum combination of professionalism, qualification, knowledge, integrity, track record and relevant experience as required in the Banking Business. The Board of the Bank reviews its strength & combination from time to time to ensure that it remains aligned with the statutory requirements. The Board of the Bank is led by the Non-Executive (Part-time) Chairman, who is an Independent Director.

The Board Composition as on March 31, 2018 as under:

Particulars	No. of Directors
Non-Executive Independent (Part-time) Chairman	01
Managing Director & Chief Executive Officer	01
Non-Executive Non-Independent Directors	05
Non-Executive Independent Directors	03
Non-Executive Independent Woman Director	01
Total	**11**

Profile of Board of Directors

The profile of the Directors of the Bank as on March 31, 2018 is as under:

Shri B. Swaminathan (DIN: 00245189), Non-Executive Independent (Part-time) Chairman

Shri B. Swaminathan, holds a Master degree in Science and is a graduate in Law. He is a Certified Associate of the Indian Institute of Bankers, Mumbai. He has vast experience in Banking. He started his career as an officer in Indian Overseas Bank in 1968 was promoted successively up to the rank of General Manager. He was also a Director on the Board of the erstwhile Bharat Overseas Bank nominated by IOB. In IOB he was associated with the implementation of IT systems. He was appointed as an Executive Director of Canara Bank by the Government of India and was with Canara Bank from January 2005 till January 2006. He was MD & CEO of the erstwhile Lord Krishna Bank Ltd from February 2006 till August 2007. He has rich and extensive Banking experience of more than 4 decades in the areas such as Risk Management, Finance, Human Resources, Investor Relations and Information Technology etc., He headed the implementation committee which oversaw and monitored the migration of domain software to IBM-IFlex software thereby bringing the Canara Bank under core banking solution. He was on the Board since 31.01.2013 and he was appointed as Non-Executive Independent (Part-time) Chairman of the Bank w.e.f 20.01.2016. He is representing Majority Sector "Risk Management" on the Board. He holds 5,906 equity shares in the Bank as on 31st March 2018.

Shri P R Seshadri (DIN: 07820690), Managing Director and Chief Executive Officer

Shri P R Seshadri, is a senior banker with Commercial and Retail Banking experience of over 25 years spanning multiple geographies. He is an alumnus of the Indian Institute of Management, Bangalore (Post Graduate Diploma in Management) and Delhi College of Engineering (Bachelor of Engineering). He has significant experience in working in highly regulated businesses / environments in Asia / UK.

He started his banking career with Citibank N.A., India in early 1992. He was involved with Citibank India in various capacities till 2005. He made significant contributions to Citibank's business in India. From 2003 - 2005, he was the Managing Director of Citi Financial Consumer Finance India Limited, a pioneer in the consumer finance space. Prior to this, he was Marketing Director, Citibank India responsible for lending products and the development of structured products - e.g. securitisation. He also held the position of Managing

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

Director, Citi Financial Retail Services India Limited – another Citi-owned NBFC.

In his capacity as Head of Banking Collections, Citibank N.A., he pioneered many of the collection practices common place in the industry today. He was the principal architect of Citi's Collection Code of Conduct – a documentation of best practices that has been widely emulated.

In addition, whilst in India he held senior positions in retail and commercial (SME) businesses.

He moved to Singapore in 2005 as the Managing Director & Regional Head of Lending Businesses, Asia Pacific. In this capacity he was responsible for Citibank's Lending Businesses in 13 countries/territories across Asia Pacific. Subsequently, he was appointed as the Managing Director & Head of Sales & Distribution, Citibank in Asia Pacific. In this capacity he was responsible for sales / distribution of all of Citi's products through branches/other non-branch channels. He was a key driver for the rapid changes to Citi's sales and distribution model over this period.

He was Chief Executive Officer of BFC Bank Limited – a 'Global Payment Bank' established in London to provide convenient and fast global payments capabilities while fully conforming to regulatory requirements - at reasonable costs - to payment service providers and medium sized corporates in UK and elsewhere. He holds 2,600 equity shares in the Bank as on 31st March 2018.

Shri G. Rajasekaran (DIN: 00035582), Non-Executive Non-Independent Director

Shri G. Rajasekaran, is a graduate in Arts. He has rich experience in textile business. He is one of the Promoters of the Bank. He has interest in certain finance firms. He had served as a Director of the bank for two terms of 8 years each, viz., from 14.02.1990 till 13.02.1998 and 14.06.2000 to 08.06.2008. He is a Non-Executive Non-Independent Director of the Bank. He is representing Minority Sector "Business & Finance" on the Board. He holds 19,01,710 equity shares in the Bank as on 31st March 2018.

Shri A J Suriyanarayana (DIN: 02251823), Non-Executive Non-Independent Director

Shri A J Suriyanarayana, is a graduate in Economics and a post graduate in Business Administration. He is one of the Promoters of the Bank. He was on the Board of the Bank from 04.12.1997 till 29.08.2000. He is a dealer in Petroleum Products and has business interests in certain finance firms. He is a Non-Executive Non-Independent Director of the Bank. He is representing Minority Sector "Business & Finance" on the Board. He holds 44,95,546 equity shares in the Bank as on 31st March 2018.

Shri N S Srinath (DIN: 01493217), Non-Executive Independent Director

Shri N. S. Srinath, is a graduate in Science and Law and a Certified Associate of the Indian Institute of Bankers. He holds certificate in Industrial Finance. He started his career in Banking by joining Canara Bank in the year 1970 and worked in the Bank in the various geographical regions. He was elevated to various cadres between 1970 to April 2006 and worked in the Bank as a General Manager in charge of Personnel Wing at its Head Office at Bangalore from May 2006. In Canara Bank he has served in the areas of Information Technology Projects, HRD besides banking operations. He was instrumental in implementing ERP solutions in Canara Bank and has deep insight into leveraging technology and optimization of Human Resources Management.

He was appointed as an Executive Director of the Bank of Baroda. He was Chairman on the Boards of Bank of Baroda (Trinidad and Tobago) Limited and Bank of Baroda Ghana Limited, wholly owned subsidiaries of Bank of Baroda till May 31, 2012 and was also on the Board of India Infrastructure Finance Company (UK) Limited from December 01, 2010 till October 31, 2011.

He was also on the Board of Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI), a Section 25 Company registered under the Companies Act, 1956, since its inception till May 31, 2012. He was trustee (Government of India Appointment) in Stressed Assets Stabilization Fund till December 31, 2015. He is a Non-Executive Independent Director of the Bank. He is representing Majority Sector "Banking - HRM" on the Board. He holds 3,149 equity shares in the Bank as on 31st March 2018.

Dr. V. G. Mohan Prasad (DIN: 00002802), Non-Executive Independent Director

Dr. V. G. Mohan Prasad, M.D., D.M., F.C.C.P., M.I.A.S.L. is a Medical Practitioner and also engaged in Agriculture. He has practical experience in the field of Agriculture. He was on the Board of the Bank from 28.07.2003 till 27.07.2011. He is a Non - Executive Independent Director of the Bank. He is representing Majority Sector "Agriculture" on the Board. He holds 1,32,891 equity shares in the Bank as on 31st March 2018.

Shri M K Venkatesan (DIN: 00032235), Non-Executive Non-Independent Director

Shri M K Venkatesan, is an Economics graduate and engaged in Mundy business (dealing in agricultural commodities). He is one of the Promoters of the Bank. He was a Director of the Bank during

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

the periods from 22.02.1992 to 18.02.2000 and 26.11.2003 to 26.07.2009. He is a Non-Executive Non-Independent Director of the Bank. He is representing Majority Sector "Business – MSME" on the Board. He holds 7,02,187 equity shares in the Bank as on 31st March 2018.

Shri A K Praburaj (DIN: 07004825), Non-Executive Non-Independent Director

Shri A K Praburaj, is a Commerce graduate and a dealer in Indian Oil Corporation. He is one of the Promoters of the Bank. He has interest in certain finance firms. He was a Director of the Bank during the period from 04.12.1997 to 07.03.2004. He is a Non-Executive Non-Independent Director of the Bank. He is representing Minority Sector "Trade & Commerce" on the Board. He holds 81,698 equity shares in the Bank as on 31st March 2018.

Smt CA K L Vijayalakshmi (DIN: 07116809), Non-Executive Independent Director

Smt CA K L Vijayalakshmi, is a graduate in Business Management from University of Mysore and Fellow Member of the Institute of Chartered Accountants of India. She is Partner in M/s Khicha and Prabu Kesavan, Chartered Accountants, Coimbatore since 1995. She has more than 25 years of experience in various audits like Branch Statutory Audits, Concurrent Audits, Income Leakage Audits etc., and Branch audit of Insurance companies. She is a Non-Executive Independent Director of the Bank. She is representing Minority Sector "Commerce & Special Knowledge -Accountancy" on the Board. She holds 2,916 equity shares in the Bank as on 31st March 2018.

Shri M V Srinivasamoorthi (DIN: 00694618), Non-Executive Non-Independent Director

Shri M V Srinivasamoorthi, is a graduate in Chemistry. He is an exporter in readymade garments and home textiles for the past 18 years. He hails from the promoter's family. He is a Non-Executive Non-Independent Director of the Bank. He is representing Majority Sector "Business – MSME" on the Board. He holds 1,94,880 equity shares in the Bank as on 31st March 2018.

Dr K S Ravichandran (DIN: 00002713), Non-Executive Independent Director

Dr K. S. Ravichandran, holds a Masters in Commerce, a Bachelor in Law, a Fellow Member of the Institute of Company Secretaries of India, a Diploma in Electronics and Radio Communication Engineering and a Diploma in Technology. He was awarded a doctorate from the Department of Management, Alagappa University on Prosecution of Directors under Company Law and Criminal Law in India & UK. He had served the Indian Air Force for over 9 years specializing in Russian Radar Systems. He is the Founder and Managing Partner of M/s KSR & Co Company Secretaries LLP.

He specializes in Corporate Laws, Insolvency and Bankruptcy Code, 2016, Intellectual Property Rights and Arbitrations and appears regularly before various Tribunals, Appellate Tribunals, Regulators and Adjudicating Authorities. Many cases argued by him have been reported in leading law journals.

He is a member of International Association for Protection of Intellectual Property Rights; INSOL International, a global organization of corporate insolvency professionals and Chartered Institute of Arbitrators, UK. He is the Co-Chairman of the Karnataka Council of ASSOCHAM. He has authored more than 500 Articles and 7 books, the latest being on "Contraventions under Corporate Laws". He has addressed in more than 300 seminars and conferences. He is a Non - Executive Independent Director of the Bank, representing Majority Sector "Law" on the Board. He holds 2,953 equity shares in the Bank as on 31st March 2018.

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.

Relationship between Directors inter-se

None of the Directors of the Bank are related to each other.

Board Meetings

During the fiscal 2017-18, your Bank had 21 Board Meetings as detailed below:

09.04.2017	29.05.2017	27.07.2017	31.08.2017	30.10.2017	15.12.2017	01.03.2018
18.05.2017	08.06.2017	28.07.2017	25.09.2017	31.10.2017	22.12.2017	20.03.2018
19.05.2017	21.07.2017	30.08.2017	26.09.2017	14.11.2017	31.01.2018	21.03.2018

CORPORATE GOVERNANCE REPORT

The details of attendance of each Director at the Board meetings held during the period from 01.04.2017 to 31.03.2018 are given below:

Name of the Director Sarvashri	No. of Board Meetings attended during the tenure
B Swaminathan, (Part-time) Chairman	20
P R Seshadri, MD & CEO $	11
G Rajasekaran	21
A J Suriyanarayana	21
N S Srinath #	17
Dr V G Mohan Prasad #	16
M K Venkatesan	21
A K Praburaj	21
Smt CA K L Vijayalakshmi	21
M V Srinivasamoorthi #	20
Dr K S Ravichandran #	16
K Venkataraman, MD & CEO *	10

$ Shri P R Seshadri, has attended all the Board Meeting after assuming charge as MD & CEO of the Bank w.e.f. 4th September 2017.

* Shri K Venkataraman has attended all the Board Meeting till the completion of his tenure as MD & CEO of the Bank i.e., till close of office hours on 31st August 2017.

Leave of Absence was granted by the Chairman of the Board to the concerned members who had expressed their inability to attend the respective meetings.

Board Procedure

The Board has complete access to all the relevant information within the Bank. The schedule of Board and Committee along with date, time and place of the meeting are circulated to all Directors in advance and the agenda papers are sent to the Board of Directors in compliance with the provisions of the Companies Act, 2013, Secretarial Standards and the Listing Regulations.

The Directors are provided with agenda papers along with complete, relevant, adequate, material information, explanatory notes etc., to facilitate open and substantive deliberations. In the course of its deliberations, the Board is free to endorse insertion of any other matter in the agenda for discussion. The respective Department Heads of the Bank are special invitees to the Board Meeting. This enables the Board to get feedback from the operational heads directly.

The Board also passes resolutions by circulation on need basis. Necessary papers are circulated to enable the directors for informed decision making and to seek clarification as may be required.

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.

Directors' Attendance at the last AGM

All the Directors of the Bank have attended the last Annual General Meeting of the Bank held on 21st July 2017.

None of the Directors of the Bank is a Member / Chairperson of a Committee or a Director in any public limited company and hence the requirement under Regulation 26 of Listing Regulations as to membership of ten Committees and chairmanship of five Committees is not applicable.

Familiarisation Programmes

The main objective of the Familiarisation Programme is to ensure that the Non-Executive Directors are familiarised with their roles, rights and responsibilities in the Bank as well as with the nature of industry and business model of the Bank by providing all materials at the time of their appointment as Directors and through presentations on economy & industry overview, key

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

regulatory developments, strategy and performance which are made to the Directors from time to time. This enables the Directors to make informed decisions in the interest of the Bank and its stakeholders.

In compliance with the requirements of Listing Regulations, your Bank has appropriate programmes for newly inducted Directors and on-going familiarisation programmes with respect to the strategy, industry overview, performance, operations of the Bank, the organisation structure and their roles, rights and responsibilities as a Director.

During the year, the Directors including Independent Directors attended the training programmes organised by various Regulators / Bodies / Institutions. The details of such familiarisation programmes are displayed on the website of the Bank at the link http://www.kvb.co.in/pdf/Familiarisation.pdf.

Board Committees

The Board has constituted various committees that have oversight over specific areas in line with their terms of reference. Board Committees deliberate issues of importance as per their terms of reference and make recommendations to the Board as and when required. This process ensures that the highest standards in Corporate Governance are met. Committees of the Board were constituted to align with the provisions of the Companies Act, 2013, Listing Regulations and the Banking Regulation Act, 1949 and to meet the business requirements during the year under review.

The Bank has Thirteen (13) Board Level Committees as on March 31, 2018 namely Audit Committee, Advances Committee, Nomination and Remuneration Committee (NRC), Staff & Development Committee, Risk Management & Asset Liability Management Committee, NPA Management Committee, Customer Service and Stakeholders Relationship Committee, Fraud Monitoring Committee, Information Technology Strategy and Digital Transaction Monitoring Committee, Review Committee for Wilful Defaulters, Corporate Social Responsibility Committee, Capital Raising Committee and Business Development Committee.

1. Audit Committee of the Board (ACB)

Audit Committee is constituted in accordance with the provisions of the Companies Act, 2013, Listing Regulations, the extant guidelines of RBI and its circulars from time to time. ACB is chaired by an Independent Director. All the members are financially literate and have accounting and financial management expertise.

ACB functions as an independent body and uphold the doctrine of good governance practices in the Bank. ACB conducts periodic reviews of various aspects of the business so as to provide assurance to the Board that the bank is operating in a manner consistent with the highest standards of corporate governance.

The terms of reference of ACB are in alignment with the Listing Regulations which include, inter-alia, the following:

a. Oversight of the Bank's financial reporting process and the disclosure of the financial information to ensure that the financial statement is correct, sufficient and credible;

b. Recommendation for appointment, remuneration and terms of appointment of auditors of the Bank;

c. Reviewing the annual financial statements with the senior management and on auditors report thereon before submission to the Board for approval with specific reference to:

   (i) Matters required to be included in the Directors' Responsibility Statement which is 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) Disclosure of related party transactions.

   (iv) Compliance with the Listing and other legal requirements relating to financial statements.

   (v) Significant adjustments made in the financial statements arising out of audit findings.

   (vi) Understanding the circumstances, operational processes, policies or any other reasons that could have contributed to, qualifications in the draft audit report, if any.

d. Reviewing the quarterly financial statements with the senior management before submission to the Board for approval;

e. Reviewing the statement of application of funds raised through an issue (public, rights, preferential issue etc.); the statement of funds utilized other than for those stated in the offer documents, report submitted by monitoring agency monitoring the utilization proceeds with the management and making appropriate recommendations to the Board to take steps in this regard;

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

f. Review of Long Form Audit Report as prepared by statutory auditors;

g. Review of periodic inspection report submitted by RBI;

h. Monitoring the adequacy of the internal control environment, adequacy of checks and balances including Management Information Systems (MIS) and the adequacy of internal audit function, its policies, its structure, coverage and frequency of internal audits;

i. Discussions and review with the internal audit team and Concurrent Auditors, their reports / findings with an objective of reporting any significant / material findings to the Board;

j. Reviewing the findings of internal investigations by the internal auditors into matters of 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 Whistle Blower Policy and Vigil Mechanism;

l. Evaluation of internal financial control and risk management systems;

m. Reviewing the compliance function periodically;

n. Approval of appointment of CFO (i.e. the person who is heading the finance function, after assessing the qualifications, experience and background etc.);

o. Review the following information:

(i) Management Discussion and Analysis of financial conditions and results of operations.

(ii) Statement of significant related party transactions submitted by the management etc.,

p. Performing any other functions, duty as stipulated by the Companies Act, Reserve Bank of India, SEBI Regulations and any other regulatory authority or under any applicable laws as prescribed from time to time;

During the year, Audit Committee met 12 times and not more than one hundred and twenty days lapsed between two consecutive meetings of the ACB. The dates of the meetings are as under:

18.05.2017	28.07.2017	30.10.2017	31.01.2018
29.05.2017	20.09.2017	14.11.2017	28.02.2018
11.07.2017	25.09.2017	06.01.2018	20.03.2018

The Composition of the Committee and details of participation of the members at the meetings during the year are as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
B Swaminathan, Chairman Chairman of the Committee *	12	12
Dr V G Mohan Prasad # (Member since 01.08.2017)	8	5
M K Venkatesan	12	12
A K Praburaj	12	12
Smt CA K L Vijayalakshmi	12	12
Dr K S Ravichandran #	12	10
N S Srinath &	4	4

* Chairman of the Committee since 01.08.2017.

& Chairman of the Committee till 31.07.2017

Leave of Absence was granted by the Chairman of the Committee to the concerned members who had expressed their inability to attend the respective meetings.

The Chairman of the ACB attended the 98th Annual General Meeting of the Bank.

2. Nomination and Remuneration Committee (NRC)

Pursuant to the provisions of the Companies Act, 2013, Listing Regulations and the extant guidelines of Reserve Bank of India, the Board has constituted "Nomination & Remuneration Committee" (NRC).

The terms of reference of the Committee include:

1. Undertaking due diligence of candidates before their appointments / re-appointment as Directors.
2. Recommend to the Board the policy/criteria for evaluation of performance of Directors - Independent Directors, Chairman and the Board as a whole.
3. Recommend to the Board on the remuneration of Whole Time Director/s, Chief Executive Officers etc.
4. To devise a policy on Board Diversity.
5. To administer the Employees Stock Option Scheme of the Bank as per the regulatory guidelines.
6. Performing any other functions, duties as stipulated by Reserve Bank of India, the Companies Act, Securities Exchange Board of India, Stock Exchanges and any other regulatory authorities or under any applicable laws, as prescribed from time to time.

The Chairman of the Nomination and Remuneration committee attended the 98th Annual General Meeting of the Bank.

CORPORATE GOVERNANCE REPORT

The Committee met 5 times during the financial year 2017-18 the dates of the meetings are as under:

29.05.2017	08.06.2017	22.12.2017	01.03.2018	20.03.2018

The Composition of the Committee and details of participation of the members at the meetings during the year were as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
N S Srinath, Chairman of the Committee	5	5
B Swaminathan, Chairman	5	5
A J Suriyanarayana	5	5
Dr V G Mohan Prasad #	5	4
Dr K S Ravichandran	5	5

Leave of Absence was granted by the Chairman of the Committee to the concerned members who had expressed their inability to attend the respective meetings.

Policy on Board Diversity

Bank has devised a 'Board Diversity Policy' in compliance with Listing Regulations, which articulated the Board's desire to be truly diverse - in perspective, experience, background, knowledge, skill, industry experience, gender, age etc. This diversity is, in view of the board, critical to ensure appropriate deliberation on complex issues as they arise which in turn lead to decisions appropriate for the issue discussed.

Nomination and Remuneration Committee (NRC) shall assess the appropriate mix of diversity, skills, experience and expertise required on the Board. NRC shall make recommendations to the Board in relation to appointment and maintain an appropriate mix of diversity, skills, experience on the Board and periodically review and report to the Board in relation to diversity on the Board.

Evaluation of Performance of the Board, Committees of the Board, and of Individual Directors

Board Evaluation framework has been formulated setting out the methodology and criteria for performance evaluation of the Board as a whole, Committees of the Board, Individual Directors including Independent Directors, Non-Independent Directors and the Managing Director & CEO, and the Chairman. The criteria and framework had been approved by the Nomination & Remuneration Committee (NRC) of the Board which is line with the provisions of the Companies Act, 2013, Listing Regulations and SEBI Guidance Note on the Board evaluation.

Process of Annual Performance Evaluation is being carried out on the basis of the Criteria and methodology laid down by the NRC covering various aspects of the Performance of the Board and its Committees, including composition and quality, roles and responsibilities, processes and functioning, adherence to Code of Conduct and Ethics and best practices in Corporate Governance etc.,

Annual Performance evaluation of the Board as a whole, Independent Directors, Committees of the Board, MD & CEO and Chairman of the Board for FY 2017-18 was conducted in April 2018.

Performance of Independent Directors and of the Chairman was evaluated by the entire Board, excluding the Director being evaluated.

Performance of the entire Board was evaluated by the Board as a whole, based on inputs from Individual Directors on the basis of criteria such as Board composition and structure, effectiveness of Board processes, information and functioning, and other attributes such as discharging of roles and functions, professional conduct, governance, etc.

Performance of the Committees of the Board was evaluated after seeking inputs from the Directors, and evaluation was done on the basis of criteria such as composition of the Committee, roles and responsibilities, effectiveness of Committee meetings, etc.

Performance of the Chairman was carried out by the Board, as the Chairman being an Independent Director and that of the Non-Independent Directors was reviewed by the Independent Directors in a separate meeting of Independent Directors who had also reviewed the performance of the Board as a whole. The Chairman of the Board provided feedback to the Directors on individual basis, and significant highlights and action points with respect to the evaluation exercise were discussed among the Board members.

Independent Directors meeting was held on 27th March 2018 and the following agenda were carried out:

- Reviewed the performance of Non-Independent Directors and the Board as a whole.
- Assessment of quality, quantity and timelines of flow of information between the Bank Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Compensation Policy

The Bank has formulated a Compensation Policy, as per the guidelines of RBI as also the Companies Act, 2013 and Listing Regulations in this regard, from time to time. The remuneration payable to Whole Time Director (WTD) i.e. MD & CEO, Non-

CORPORATE GOVERNANCE REPORT

Executive Chairman, President and Chief Operating Officer, Members of the staff engaged in financial and risk control functions covered under the Compensation Policy of the Bank. The Bank is under Industry level Bi-partite settlements of IBA.

Remuneration to Non-Executive Directors

All the Non-Executive Directors including the Independent Directors and the Part-time Chairman receive remuneration by way of sitting fees for each meeting of the Board and its committees. No stock options are granted to any of the Non-Executive Directors. Pursuant to the provisions of Companies Act, 2013, the Non-Executive Directors were paid sitting fees for attending the Board and Board Committee meetings at ₹ 35,000/- and ₹ 20,000/- per meeting respectively.

No material pecuniary relationship exists between the Non-Executive Directors vis-à-vis the Bank, other than payment of Sitting Fees for attending the Board / Committee Meetings.

Remuneration paid to the Non-Executive Directors for attending Board and Committee Meetings for the fiscal 2017-18 are given below:

Name of the Director Sarvashri	Amount (₹ in lakh)
B Swaminathan, Chairman	14.00
G Rajasekaran	14.75
A J Suriyanarayana	15.55
N S Srinath	11.35
Dr V G Mohan Prasad	8.60
M K Venkatesan	16.95
A K Praburaj	16.55
Smt CA K L Vijayalakshmi	11.55
M V Srinivasamoorthi	10.80
Dr K S Ravichandran	9.40

Remuneration to Non-Executive (Part-Time) Chairman and Managing Director & Chief Executive Officer:

Shri B Swaminathan, Non-Executive (Part-Time) Chairman was paid remuneration of ₹ 9,00,000/- during the period under report. He was also paid ₹ 14,00,000/- towards sitting fees for attending the Board and Committee meetings.

Shri K Venkataraman, Ex-MD & CEO, was paid ₹ 33,41,963/- (Gross), being the fixed pay and perquisites for the year 2017-18 till 31st August 2017.

The remuneration paid to Shri B Swaminathan, Non-Executive (Part-Time) Chairman and Shri K Venkataraman, Ex-MD & CEO are in accordance with the terms of appointment approved by RBI and also the shareholders of the Bank.

Shri P R Seshadri, MD & CEO, was paid ₹ 73,51,507/- (Gross), being the fixed pay and perquisites for the year 2017-18 w.e.f. 04th September 2017.

The remuneration paid to Shri P R Seshadri is in accordance with the terms of appointment approved by RBI and an agenda item is included for the approval of shareholders in the Notice set-out in the ensuing Annual General Meeting.

3. Customer Service & Stakeholders Relationship Committee (CS & SRC)

The Reserve Bank of India has suggested Banks to constitute a Customer Service Committee of the Board in compliance with the recommendations of the Committee on Procedures and Performance Audit on Public Service (CPPAPS) and to include experts and representatives of customers as invitees to enable the Bank to formulate policies and assess the compliance thereof internally in order to strength the corporate governance structure and bring about on-going improvements in the quality of customer service provided by the banks, thereby improving the level of customer satisfaction for all categories of clientele consistently. The Committee is entrusted with the responsibility of monitoring the quality of services rendered to the customers and also ensuring the implementation of directives received from RBI in this regard.

The Companies Act, 2013 and the Listing Regulations requires that a Stakeholders Relationship Committee be constituted to consider and resolve the grievances of stakeholders. The Board of the Bank had constituted a Customer Service & Stakeholders Relationship Committee in line with the Corporate Governance requirements under listing requirements.

The terms of reference of the Committee, inter-alia, include the following:

i) Formulating comprehensive Deposit Policy, incorporating the issues such as the treatment of death of a depositor (for operations of his account), the product approval process, annual survey of depositor satisfaction and the triennial audit of such services.

ii) The Committee shall also examine any other issues which have a bearing on the quality of customer service rendered by the Bank.

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

iii) Review the awards given by the Banking Ombudsman in respect of complaint filed by any customer with the Ombudsman and also to review awards remaining unimplemented for more than three months with the reason(s) thereof.

iv) Further, with a view of enhancing the effectiveness of the Customer Service Committee:

a) place all the awards given by the Banking Ombudsman before the Customer Service Committee to enable them to address issues of system deficiencies existing in bank, if any, brought out by the awards; and

b) place all the awards remaining unimplemented for more than three months with the reasons thereof before the Customer Service Committee and enable to report the Board such delays in implementation without valid reasons and for initiating necessary remedial action.

The Committee also reviews and monitors the mechanism to redressal the complaints received from security holders such as shareholders, bond holders and any other stake holders with specific reference to non-receipt of dividend, non-receipt of interest on bonds, annual report, transfer of shares issue of duplicate share certificate, splitting or consolidation, dematerialisation, rematerialisation, transmission of securities etc.

The Bank receives Investor complaints through Stock Exchanges, SEBI Complaints Redress System (SCORES), Bank's Registrars & Transfer Agents, direct correspondence from investors' and from the investors personal visits to the Bank. The details of each complaints (category wise) received and redressed are furnished to the Customer Service & Stakeholders Relationship Committee of the Board on half-yearly basis.

During the FY 2017-18, there were 10 complaints received from Investors through "SCORES" and 123 complaints were received from the shareholders and investors other than through "SCORES". All the complaints were redressed after giving sufficient reply to the shareholders.

No complaints are pending as on 31st March 2018. Investors' grievances are attended to within the time lines prescribed by SEBI and as per the Banks' policy.

The Committee met 2 times during the financial year 2017-18 the dates of the meetings are as under:

26.09.2017	21.03.2018

The Composition of the Committee and details of participation of the members at the meetings during the year were as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
B Swaminathan, Chairman Chairman of the Committee	2	2
P R Seshadri, MD & CEO (Member since 04.09.2017)	2	2
G Rajasekaran	2	2
V G Mohan Prasad #	2	1
M V Srinivasamoorthi	2	2

#Leave of Absence was granted by the Chairman of the Committee to the concerned members who had expressed their inability to attend the respective meetings.

Shri K Venkataraman, MD & CEO was a member till 31st August 2017 and no meeting was conducted from 1st April 2018 till the completion of his tenure.

The Chairman of the CS & SRC attended the 98th Annual General Meeting of the Bank.

Shri Srinivasa Rao Maddirala, Company Secretary and Assistant General Manager, is the Compliance Officer in terms of Regulation 6 of the Listing Regulations.

4. Advances Committee

Advances Committee constituted to consider various business matters of material significance like, the sanctioning of high credit proposals, the reviewing, renewing or modifying of various types of funded and non-funded credit facilities to customers within the powers delegated to the Committee by the Board from time to time. This Committee also reviews the sanctions made by the Central Office Credit Committee of Executives (COCC).

The Committee met 16 times during the financial year 2017-18 the dates of the meetings are as under:

21.04.2017	22.06.2017	19.09.2017	05.01.2018
09.05.2017	10.07.2017	20.10.2017	01.02.2018
19.05.2017	28.07.2017	14.11.2017	02.03.2018
07.06.2017	18.08.2017	04.12.2017	22.03.2018

The Composition of the Committee and details of participation of the members at the meetings during the year were as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
P R Seshadri, MD & CEO, Chairman of the Committee (since 04.09.2017)	8	8
G Rajasekaran	16	16
A J Suriyanarayana	16	16

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
N S Srinath #	16	12
M K Venkatesan	16	16
A K Praburaj	16	16
K Venkataraman, MD & CEO Chairman of the Committee (till 31.08.2017)	8	8

#Leave of Absence was granted by the Chairman of the Committee to the concerned members who had expressed their inability to attend the respective meetings.

5. Staff and Development Committee

The Committee formed to address and deal with the Human Resources (HR) aspects of the Bank such as performance measurement management, HR policy including recruitment, address the concerns expressed by various quarters like Employees' Union, Officers' Association, etc.

The terms of reference of the Committee, inter-alia, include the following:

i) To guide the Bank on various HR Policies, in Manpower Planning and Recruitment aligning with the business strategy of the Bank;

ii) To review the staff strength regularly and recruit employees through lateral recruitment to carry out specialized functions like corporate credit, forex, treasury and risk management, etc;

iii) Periodic review of existing HR Policies of the Bank; and

iv) Any other matters identified from time to time or advised by the Board.

The Committee met 8 times during the financial year 2017-18 the dates of the meetings are as under:

09.05.2017	11.07.2017	30.08.2017	18.01.2018
29.06.2017	27.07.2017	20.10.2017	31.03.2018

The Composition of the Committee and details of participation of the members at the meetings during the year were as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
P R Seshadri, MD & CEO Chairman of the Committee (since 04.09.2017)	3	3
B Swaminathan, Chairman	8	8
G Rajasekaran	8	8
A J Suriyanarayana	8	8
M K Venkatesan	8	8
A K Praburaj	8	8
M V Srinivasamoorthi #	8	5
K Venkataraman, MD & CEO Chairman of the Committee (till 31.08.2017)	5	5

#Leave of Absence was granted by the Chairman of the Committee to the concerned members who had expressed their inability to attend the respective meetings.

6. Risk Management and Asset Liability Management Committee

This Committee shall put in place explicit procedures for managing enterprise wide risk that the Bank is exposed to based on the regulatory guidelines. The Committee is responsible for ensuring effective implementation of the risk management strategies and decides the policies and strategies for risk management in the Bank. In compliance with RBI circular guidelines, the Risk Management Department of the Bank is headed by the Chief Risk Officer and the Committee is headed by the MD & CEO of the Bank.

The terms of reference of the Committee, inter-alia, include the following:

i) Foresee future changes and threats and prioritize action steps;

ii) Review and approve the development and implementation of risk assessment methodologies and tools, including assessments, reporting etc;

iii) Monitor and oversee the implementation of the Risk Management Framework in the Bank;

iv) Discuss and recommend suitable controls / mitigations for managing different risks;

v) Review of the risk profile of the Bank, evaluation of the overall risks faced by the Bank, develop policies and strategies for integrated risk management that address credit, market and operational risk exposures amongst others; and

vi) Providing macro level frame work for risk management on ALM matters, formulation of critical business policies, efficient allocation of capital and designing of products with appropriate strategies. Supervision of all RBI directives on Asset Liability Management.

CORPORATE GOVERNANCE REPORT

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

08.06.2017	26.09.2017	22.12.2017	20.03.2018

The Composition of the Committee and details of participation of the members at the meetings during the year were as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
P R Seshadri, MD & CEO Chairman of the Committee (since 04.09.2017)	3	3
B Swaminathan, Chairman	4	4
G Rajasekaran	4	4
Dr V G Mohan Prasad #	4	3
M V Srinivasamoorthi	4	4
K Venkataraman, MD & CEO * Chairman of the Committee (till 31.08.2017)	1	Nil

*Shri K Venkataraman, MD & CEO was a member till 31st August 2017 and meeting conducted on 08th June 2017 was held without his presence.

#Leave of Absence was granted by the Chairman of the Committee to the concerned members who had expressed their inability to attend the respective meetings.

7. NPA Management Committee

In order to bring down the level of NPAs, the Bank takes appropriate and timely legal actions against the borrowers to realise the assets and recovery dues from them. As per the directions of the Reserve Bank of India, the Bank has constituted the NPA Management Committee to monitor stressed assets, monitor and review the recovery progress, study quick mortality assets and review NPA accounts. The committee is vested with powers for approving settlement proposals in respect of NPAs and to initiate legal actions against the borrowal accounts as per the Recovery Policy of the Bank.

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

22.06.2017	25.09.2017	21.12.2017	22.03.2018

The Composition of the Committee and details of participation of the members at the meetings during the year were as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
P R Seshadri, MD & CEO Chairman of the Committee (since 04.09.2017)	3	3
A J Suriyanarayana	4	4
N S Srinath #	4	3
M K Venkatesan	4	4
Smt CA K L Vijayalakshmi	4	4
K Venkataraman, MD & CEO Chairman of the Committee (till 31.08.2017)	1	1

Leave of Absence was granted by the Chairman of the Committee to the concerned members who had expressed their inability to attend the respective meetings.

8. Fraud Monitoring Committee

In accordance with the directives of Reserve Bank of India, Board of Directors constituted a special committee for monitoring and following up cases of frauds involving an amount of ₹ 1 Cr and above exclusively, while Audit Committee of the Board (ACB) may continue to monitor all the cases of frauds in general.

As per the circular guidelines, two members of the ACB were inducted in the Fraud Monitoring Committee along with two Non-Executive Directors. The Committee is headed by the MD & CEO of the Bank.

The major functions of the Committee are to monitor and review all frauds of ₹ 1 Cr and above so as to:

1. Identify the systemic lacunae, if any, which facilitated perpetration of the fraud and put in place measures to plug the same;
2. Identify the reasons for delay, if any, in detection and reporting to top management of the Bank and RBI;
3. Monitor progress of Central Bureau of Investigation / Police investigation and recovery position;
4. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff related action, if required, taken quickly without loss of time;
5. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as, strengthening of internal controls; and
6. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

The Committee is also entrusted with responsibility of monitoring the cyber and electronic Banking frauds as per extant guidelines.

CORPORATE GOVERNANCE REPORT

The Committee met 2 times during the financial year 2017-18 the dates of the meetings are as under:

19.05.2017	22.12.2017

The Composition of the Committee and details of participation of the members at the meetings during the year were as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
P R Seshadri, MD & CEO Chairman of the Committee (since 04.09.2017)	1	1
N S Srinath	2	2
Smt CA K L Vijayalakshmi	2	2
M V Srinivasamoorthi	2	2
Dr K S Ravichandran #	2	1
K Venkataraman, MD & CEO Chairman of the Committee (till 31.08.2017)	1	1

#Leave of Absence was granted by the Chairman of the Committee to the concerned members who had expressed their inability to attend the respective meetings.

9. Information Technology Strategy and Digital Transaction Monitoring Committee

The Bank has in place Information Technology Strategy Committee so as to ensure that the Bank is appropriately placed in a rapidly changing technological environment. Given the centrality of technology to banking, this committee is charged with ensuring that the bank adopts the right technology at the right time to ensure continued competitiveness, safety and security.

The purpose of the Committee includes, encouraging of digital transaction in line with national objectives and formulation of IT strategies. The Committee provides directions in terms of strategy, action plans and monitors the progress. In compliance with IBA recommendation, the Information Technology and Strategy Committee has been renamed “Information Technology Strategy and Digital Transaction Monitoring Committee”.

The terms of reference to Information Technology Strategy and Digital Transaction Monitoring Committee, inter-alia, include the following:

- Suggest improvements and monitor the implementation of modern technology in the Bank;
- Approving IT strategy and policy documents;
- Ensuring that the management has put an effective strategic planning process in place;
- Ratifying that the IT strategy is indeed aligned with business strategy;
- Ensuring that the IT organizational structure complements the business model and its direction;
- Ensuring that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction;
- Ensuring proper balance of IT investments for sustaining Bank’s growth;
- Understanding exposure to IT related risks; the proposed controls thereof and evaluating effectiveness of management’s monitoring of IT risks;
- Assessing Senior Management’s performance in implementing IT strategies;
- Issuing high-level policy guidance (e.g.: related to risk, funding or sourcing tasks);
- Confirming whether IT or Business Architecture has been designed, to derive the maximum business value;
- Overseeing the aggregate funding of IT at a Bank-level and ascertaining if the management has resources to ensure the proper management of IT risks;
- Reviewing IT performance measurement and contribution of IT to businesses (i.e. delivering the promised value);
- Reviewing and monitoring the Bank’s Digital Banking strategy, providing direction on areas of focus; and
- Any other terms of reference as may be included from time to time by the Board or in compliance with RBI Guidelines, IBA etc., from time to time.

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

29.06.2017	20.10.2017	01.02.2018

The Composition of the Committee and details of participation of the members at the meetings during the year were as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
B Swaminathan, Chairman Chairman of the Committee	3	3
P R Seshadri, MD & CEO (Member since 04.09.2017)	2	2
G Rajasekaran	3	3

KVB Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
A J Suriyanarayana	3	3
M K Venkatesan	3	3
A K Praburaj	3	3
M V Srinivasamoorthi	3	3
K Venkataraman, MD & CEO (Member till 31.08.2017)	1	1

10. Review Committee for Wilful Defaulters'

Review Committee for Wilful Defaulters' constituted for reviewing the order passed by the Committee of Executive for Identification of Wilful Defaulters' and provide the final decision with regard to the identified wilful defaulters.

The terms of reference of the Committee are:

a) Review and confirmation of the order of the Committee for Classification of borrowers as "Wilful Defaulters";

b) Reviewing the status of "Wilful Defaulters" at least on an annual interval or at such other intervals as may be required by RBI;

c) Deciding on removal of the names from the list of "Non-Cooperative Borrowers" or "Wilful Defaulters" as reported to Central Repository of Information of Large Credits (CRILC); and

d) Reviewing, noting and deciding on any matter pertaining to "Wilful Defaulters".

The Committee is headed by Shri P R Seshadri, MD & CEO of the Bank and other members are Shri B Swaminathan, Chairman and Smt CA K L Vijayalakshmi.

No meetings of the Committee were held during the financial year 2017-18, as there were no wilful defaulters, identified by the Executive Committee.

11. Corporate Social Responsibility Committee

Corporate Social Responsibility (CSR) Committee constituted, in accordance to the terms of Section 135 of the Companies Act, 2013 and the rules made there under. Bank has a CSR policy which aims at promoting education, sanitation, safe drinking water facilitation, rural healthcare, promotion of sports, promotion of arts and culture etc., Bank has contributed immensely to infrastructural development in schools and given financial assistance to meritorious & needy students from economically weaker section. Bank will continue to strengthen its processes to evaluate projects which will benefit the society at large in line with regulatory requirements.

The terms of reference of the CSR Committee are:

a) To formulate, review and recommend to the Board, a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act, 2013;

b) To recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

c) To review the amounts spent under Corporate Social Responsibility of the Bank from time to time.

The details of the CSR activities undertaken by the Bank during the year under review have been provided in the annexure to the Directors' Report.

The Committee met 2 times during the financial year 2017-18. The dates of the meetings are as under:

11.07.2017	28.02.2018

The Composition of the Committee and details of participation of the members at the meetings during the year were as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
P R Seshadri, MD & CEO Chairman of the Committee (since 04.09.2017)	1	1
A K Praburaj	2	2
Dr V G Mohan Prasad #	2	1
Smt CA K L Vijayalakshmi	2	2
Dr K S Ravichandran	2	2
K Venkataraman, MD & CEO Chairman of the Committee (till 31.08.2017)	1	1

#Leave of Absence was granted by the Chairman of the Committee to the concerned members who had expressed their inability to attend the respective meetings.

CSR Committee of the Board has recommended the Corporate Social Responsibility Policy (CSR Policy) to the Board and the same was approved. Board will review the Policy on annual basis by updating the same in line with the regulatory guidelines.

12. Capital Raising Committee

During the year under report, the Board constituted Capital Raising Committee for considering "Rights Issue 2017" and related matters such as finalizing the Issue Opening and Closing dates, allotment of shares etc., and other related works pertaining to Rights Issue.

CORPORATE GOVERNANCE REPORT

The Committee met 5 times during the financial year 2017-18. The dates of the meetings are as under:

04.08.2017	10.08.2017	03.10.2017	10.10.2017	22.11.2017

The Composition of the Committee and details of participation of the members at the meetings during the year were as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
P R Seshadri, MD & CEO Chairman of the Committee (since 04.09.2017)	3	3
G Rajasekaran #	5	4
A J Suriyanarayana	5	5
M K Venkatesan	5	5
A K Praburaj	5	5
M V Srinivasamoorthi #	5	3
K Venkataraman, MD & CEO Chairman of the Committee (till 31.08.2017)	2	2

#Leave of Absence was granted by the Chairman of the Committee to the concerned members who had expressed their inability to attend the respective meetings.

Consequent to the allotment of shares under Rights Issue 2017, the Committee is non-functional now.

13. Business Development Committee

Business Development Committee of the Bank is constituted for the purpose of ensuring strategies and tie up agreements with third parties for business development of the Bank under Retail/ Commercial segments and Parabanking activities etc.

The Committee is constituted on March 21, 2018 headed by Shri P R Seshadri, MD & CEO of the Bank and other members are Shri N S Srinath, Shri M V Srinivasamoorthi, Shri A K Praburaj and Smt CA K L Vijayalakshmi.

No meetings of the Committee were held during the financial year 2017-18.

Independent Directors Meeting

During the year under review, the Independent Directors of the Bank met on 27th March 2018 without the presence of the Non-Independent Directors and Senior Management of the Bank pursuant to the Companies Act 2013 and the Listing Regulations.

The Independent Directors of the Bank, inter alia, reviewed the performance of the Non-Independent Directors and the Board as a whole after taking into account the view, of the Executive Directors and evaluated the quality, quantity and timeliness of stream of information between the Management and the Board.

General Body Meetings

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

Financial Year	Details of Location	Day, Date and Time
2016-17	The Karur Vysya Bank Limited, Regd. & Central Office, Erode Road, Karur 639 002.	Friday, 21st July 2017, 10.00 a.m.
2015-16	The Karur Vysya Bank Limited, Regd. & Central Office, Erode Road, Karur 639 002.	Thursday, 21st July 2016, 10.00 a.m.
2014-15	The Karur Vysya Bank Limited, Regd. & Central Office, Erode Road, Karur 639 002.	Wednesday, 22nd July 2015, 10.00 a.m.

(b)	Whether any special resolutions passed in the previous three Annual General Meetings (AGM)	Yes, at the 98th AGM held on 21.07.2017, three special resolutions were passed viz., 1. Reappointment of Shri N S Srinath (DIN: 01493217) as an Independent Director of the Bank. 2. Reappointment of Dr. V G Mohan Prasad (DIN: 00002802) as an Independent Director of the Bank. 3. Reservation to the Employees of the Bank along with the Rights Issue. No special resolutions were passed at the Annual General Meetings held on 22.07.2015 and 21.07.2016.
(c)	Whether any special resolution passed last year through postal ballot-details of voting pattern	Yes. Postal Ballot was conducted with respect to approval of the Karur Vysya Bank Employees' Stock Option Scheme, 2018 ("KVB-ESOS-2018") vide Postal Ballot Notice dated 20th March 2018.

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

Details of voting Pattern:

Manner of voting	No. of votes cast		Total number of shares	% of total number of votes cast	
	In Favour	Against		In Favour	Against
E-Voting	24,56,02,248	7,86,64,480	32,42,66,728	75.74	24.26
Postal Ballot	8,09,03,882	14,62,778	8,23,66,660	98.22	1.78
Total	32,65,06,130	8,01,27,258	40,66,33,388	80.29	19.71

(d)	Person who conducted the postal ballot exercise.	Shri CS S Solaiyappan, Practicing Company Secretary, Salem
(e)	Whether any special resolution is proposed to be conducted through postal ballot?	No.
(f)	Procedure for the postal ballot	No Special Resolution requiring Postal Ballot is being proposed on or before the ensuing Annual General Meeting of the Bank.

Means of Communication

After the approval of Quarterly / Half 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 www.kvb.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 Line and Tamil Daily "Dinamalar" on the next day of results declaration.

The Bank conduct meetings with Institutional Investors and Analysts every quarter, after the results are declared. The Investors Presentations are uploaded in the Bank's website www.kvb.co.in.

Financial Calendar for publication of financial results: 1st April 2017 to 31st March 2018

Quarter ending	Date of approval	Quarter ending	Date of approval
30.06.2017	28.07.2017	31.12.2017	31.01.2018
30.09.2017	14.11.2017	31.03.2018	25.05.2018

GENERAL SHAREHOLDER INFORMATION

99th Annual General Meeting	Date	9th August 2018
	Day	Thursday
	Time	10.00 A.M.
	Venue	Regd. & Central Office, Erode Road, Karur 639 002.
Financial Year	01st April 2017 to 31st March 2018	
Date of the Book Closure	From 13th July 2018 to 16th July 2018	
Dividend Payment Date	From 10th August 2018 to 16th August 2018	
Listing on Stock Exchanges	Listed on National Stock Exchange of India Limited, Mumbai Equity Shares of the Bank are traded as a 'permitted' category security in BSE.	
Stock Code	NSE: KARURVYSYA BSE: 590003	
ISIN	INE036D01028	
Share Registrars & Transfer Agents	SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006. Tel: +91 422 - 2539835, 2539836, 4958995 e-Mail: info@skdc-consultants.com CIN: U74140TZ1998PLC008301	
Trustee for the Subordinated (Lower Tier II) Bonds	Axis Trustee Services Limited, Axis House Bombay Dyeing Mills Compound, Pandurang Bundhar Marg, Worli, Mumbai - 400025. Tel: +91 22-62260054, 62260050 e-Mail: debenturetrustee@axistrustee.com	
Bank's address for correspondence	The Karur Vysya Bank Limited Investor Relations Cell, Regd. & Central Office, Erode Road, Karur - 639 002. Phone: 04324-269431, 37, 40 - 43 Fax: 04324-225700 e-Mail: kvbshares@kvbmail.com Website: www.kvb.co.in	
Corporate Identity Number (CIN)	L65110TN1916PLC001295	

Listing fees payable to the National Stock Exchange for the financial year 2017-18 where the shares are listed, has already been paid.

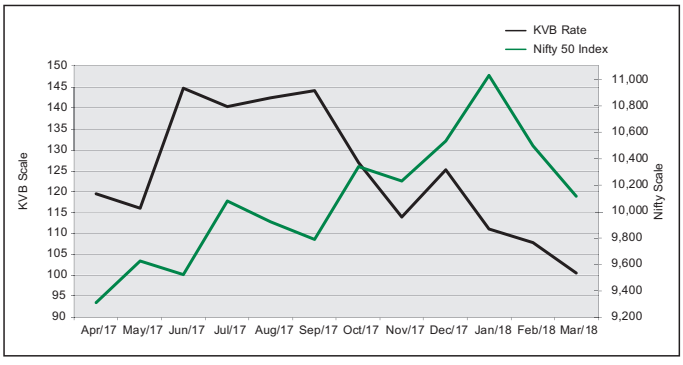
Stock Market Price Data of Bank's Shares

The monthly high and low prices of the Bank's shares traded on the National Stock Exchange of India Limited, Mumbai.

Month	High (₹)	Low (₹)	Month	High (₹)	Low (₹)
Apr-17	122.95	112.35	Oct-17	149.20	123.20
May-17	123.00	112.10	Nov-17	132.80	111.80
Jun-17	153.00	116.05	Dec-17	126.70	111.15
Jul-17	147.90	133.00	Jan-18	129.45	106.00
Aug-17	148.50	128.15	Feb-18	115.70	106.50
Sep-17	161.40	136.00	Mar-18	109.90	96.00

The Bank's equity share price has moved in accordance with the movement of NIFTY. It touched a high of ₹ 161.40 in September 2017 and low of ₹ 96.00 in March 2018.

The Equity performance in comparison to NSE Nifty during 01.04.2017 to 31.03.2018:



Share Transfer System

The shares of the Bank being traded in dematerialised form are transferable through the Depository system. The share transfers in physical form are processed by the Share Transfer Agent M/s SKDC Consultants Ltd., Coimbatore and approved by the Chairman / Board of Directors at least once in a fortnight. There are no share transfer requests pending for transfer as on 31.03.2018.

As on 31st March 2018, 69,97,27,005 shares i.e., 96.30% have been dematerialized. Out of which 87.21% with NSDL and 9.09% with CDSL and except 2,69,12,366 shares (3.70%), which are being held in physical form.

However, members with share certificates in physical form can transfer their shareholding by sending the share certificates along with the self-attested copies of PAN of both the transferor and transferee and duly executed and stamped transfer deed signed by the transferor (or on his / her behalf) and the transferee to the Bank's Share Transfer Agents.

The Shareholders of the Bank who have not dematerialized their shares so far may approach any of the Depository Participants of National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) for dematerializing their shareholding.

The Bank has complied with SEBI requirements with regard to Secretarial 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 & listed capital of the Bank and in respect of other matters covered under the directions of SEBI by the statutory auditors of the Bank. Quarterly compliance reports have been submitted to NSE in this regard.

Shareholding Pattern as on March 31, 2018

Sr. No	Particulars	No. of Shares	% of Shares
A.	**Promoters**		
1.	Promoters & Promoters Group	1,51,33,943	2.08
B.	**Other Institutions**		
2.	Financial Institutions & Banks	10,34,172	0.14
3.	Mutual Funds	11,04,20,530	15.20
4.	Insurance Companies	3,28,46,953	4.52
5.	Foreign Financial Institutions/Banks	2,55,032	0.04
6.	Foreign Portfolio Investors - Corporate	14,19,48,801	19.54
7.	Alternate Investment Funds	54,93,764	0.76
C.	**Other Non-Institutions / Individuals / Others**		
8.	Bodies Corporate	3,76,67,849	5.18
9.	Non-Resident Indians	1,07,60,773	1.48
10.	Clearing Members	26,30,285	0.36
11.	Hindu Undivided Families	95,30,579	1.31
12.	Bodies Corporate LLP – DR	15,166	0.01
13.	Trusts	3,90,263	0.05
14.	Directors & Relatives	7,36,014	0.10
15.	Resident Individuals	35,74,96,252	49.20
16.	IEPF	2,78,995	0.04
	Total	**72,66,39,371**	**100**

KVB Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

List of Shareholder holding more than 1% shares in the Bank as on March 31, 2018:

Sr. No	Particulars	No. of Shares	% of Shares
1	Franklin India Mutual Fund (Under various Mutual Fund Schemes)	3,48,70,284	4.80
2	Jhunjhunwala Rakesh Radheshyam	2,44,12,288	3.36
3	Olympus India Holdings Limited	2,12,07,062	2.92
4	HDFC Trustee Company Limited (Under various Schemes)	2,02,34,250	2.78
5	Saif Advisors Mauritius Limited	1,68,32,481	2.32
6	HDFC Standard Life Insurance Company Limited (Under various Schemes)	1,60,68,481	2.21
7	Reliance Capital Trustee Company	1,60,51,573	2.21
8	ICICI Prudential Mutual Fund (Under various Schemes)	1,13,02,758	1.56
9	Sundaram Mutual Fund (Under various Mutual Fund Schemes)	1,12,78,084	1.55
10	Abu Dhabi Investment Authority - Behave	1,00,00,000	1.38
	Total	18,22,57,261	25.09

Distribution of shareholding as on March 31, 2018

No. of Shares	No. of Shares				No. of Shareholders			
(Category)	Physical	Demat	Total	%	Physical	Demat	Total	%
Upto 250	3,40,973	63,94,186	67,35,159	0.93	3,523	71,178	74,701	51.28
251 – 500	4,20,413	62,13,503	66,33,916	0.91	1,131	16,422	17,553	12.05
501 – 1000	8,79,124	1,03,04,371	1,11,83,495	1.54	1,213	13,930	15,143	10.40
1001 – 2000	16,81,801	1,71,28,275	1,88,10,076	2.59	1,173	12,032	13,205	9.07
2001 – 3000	15,10,183	2,08,66,704	2,23,76,887	3.08	611	8,183	8,794	6.04
3001 – 4000	13,53,525	93,94,673	1,07,48,198	1.48	393	2,686	3,079	2.11
4001 – 5000	10,79,783	88,19,223	98,99,006	1.36	240	1,937	2,177	1.49
5001 – 10000	32,94,245	3,40,31,637	3,73,25,882	5.14	483	4,918	5,401	3.71
10001 & above	1,63,52,319	58,65,74,433	60,29,26,752	82.97	432	5,178	5,610	3.85
Total	2,69,12,366	69,97,27,005	72,66,39,371	100.00	9,199	1,36,464	1,45,663	100.00
% to Total	3.70	96.30	100.00		6.32	93.68	100.00	

Disclosures

During the financial year ended March 31, 2018

a) Related Party Transactions:

During the year, transactions entered with Related Parties were in the ordinary course of business and on arm's length basis and do not attract the provisions of Sec 188 of the Companies Act, 2013. The Bank has not entered into any materially significant related party transactions which could lead to a potential conflict with the interests of the Bank.

Transactions with related parties were placed before the Audit Committee for review as per the Regulations from time to time. There was no material transactions entered with related parties. Details of related party transaction under AS - 18 entered into during the FY 2017-18 are given in notes to the financial statements.

The Board put in place a policy on materiality of related party transactions and also on dealing with Related Party Transactions pursuant to the provisions of Companies Act, 2013 and Listing Regulations and the same has been displayed on the website of the Bank http://www.kvb.co.in/pdf/Materiality_Policy.pdf.

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

b) Strictures and Penalties:

There are no instances of non-compliance by the Bank, penalties and strictures imposed by Stock Exchanges and SEBI or any statutory authority, on any authority, on any matter related to capital markets, during the last three years.

c) Code of Conduct:

All the Directors and Senior Managerial Personnel have affirmed the compliance of the Code of Conduct laid down by the Bank. 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 by the persons covered under the Code is given at the end of this report.

d) MD & CEO/CFO Certification:

The MD & CEO and the Chief Financial Officer have issued certificate pursuant to the provisions of Regulation 17 of the Listing Regulation certifying that the financial statements do not, to the best of their knowledge and ability, contain any materially untrue statement and these statements represent true and fair view of the Bank's affairs. They have also further certified that, to the best of their knowledge and ability, no transactions entered into during the year were fraudulent, illegal or violative of the code of conduct of the Bank. They are responsible for establishment and maintenance of the Internal Financial Control for financial reporting and they have reported to the auditors and the Audit Committee any significant changes in internal control over financial reporting, significant changes in the accounting policies and instance of significant frauds, if any of which they were aware. The said certificate is annexed and forms part of this report.

e) Whistle Blower Policy:

The Bank put in place a 'Whistle Blower Policy' in compliance of the provisions of Regulation 4(2)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013. This policy also incorporates suggestions of the Protected Disclosure Scheme for Private Sector Banks instituted by the Reserve Bank of India. Under the Whistle Blower Policy, the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The objective of the policy is to identify any untoward events with the help of the employees and to take timely corrective measures so as to prevent/protect the Bank at the initial stage itself. This mechanism also provides adequate safeguards against victimization of employees who avail of this mechanism and also provides for direct access to the Chairman of the Audit Committee of the Board, in exceptional cases. None of the whistle blowers have been denied access to the Audit Committee of the Board. The details of the Whistle Blower Policy is available on the website of the Bank www.kvb.co.in.

f) Commodity Price Risks and Foreign Exchange Risks and hedging activities:

Your Bank has, Board approved Market Risk policy which defines risk control framework for undertaking any Commodity price risk and Foreign exchange risk. Vide Market Risk policy, Board of the Bank has defined overall Net Overnight Open Position (NOOP) Limit, Stop Loss Limit, Aggregate Gap limit (AGL), Value at Risk (VaR) limit to control the Foreign exchange risk within its risk control framework. Your Bank has not undertaken any purchase or sale of Gold or Silver during the period. The Bank maintains adequate margin while lending against commodities and has put in place a system of monitoring the commodity price.

Your Bank uses Derivatives including Forwards & Swaps for hedging its currency risk in its balance sheet, customer offerings and proprietary trading in compliance with overall risk limit and control framework. The management of these products and businesses is governed by Board approved Market Risk Policy, Investment Policy, Derivatives Policy, Hedging Policy and ALM policy of the Bank.

g) Mandatory Requirements:

The Bank has complied with all mandatory requirements under the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and amendments thereon from time to time.

h) 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 of the Listing Regulations:

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

1) 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 meeting. The same are also available on the websites of the Stock Exchanges on which the Bank's shares are listed.

The quarterly results are also published in English and Tamil newspaper having a wide circulation and the same will be uploaded on Bank's website www.kvb.co.in

2) Separate posts of Chairman and MD & CEO:

The Bank has separate positions of the Chairman and MD & CEO. Shri B Swaminathan, (DIN: 00245189) is the Non-Executive Independent (Part-time) Chairman of the Bank and Shri P R Seshadri (DIN: 07820690) is the Managing Director & Chief Executive Officer of the Bank. The Bank is maintaining a Chairman's office at the Central Office.

3) Unmodified audit opinion /reporting:

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

i) 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 is available in our website www.kvb.co.in.

Compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015

The Bank has adopted a Code of Conduct for Prevention of Insider Trading in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Companies Act, 2013 with a view to regulate trading in securities of the Bank by the Promoters, Directors, KMPs and designated employees of the Bank. This code is applicable to all Promoters, Directors, KMPs, designated employees of the Bank and their Connected Persons. They are required to abide by the Code of Conduct for Prevention of Insider Trading of the Bank, SEBI (Prohibition of Insider Trading) Regulations, 2015 and provisions under Section 195 of the Companies Act, 2013 as amended from time to time. Chief Financial Officer (CFO) has been designated as the Chief Investor Relations Officer and Company Secretary has been designated as the Compliance Officer for this purpose.

The Code requires pre-clearance for dealing in the Bank's securities beyond threshold limits. Further, it prohibits the purchase or sale of Bank's securities by the Promoters, Directors, KMPs, Auditors and the designated employees while in possession of unpublished price sensitive information in relation to the Bank and categorically prohibits the purchase or sale of Bank's securities by the Promoters, Directors, KMPs, Auditors and the designated employees during the period when the Trading Window is closed and all statutory disclosures as per the regulations are complied with.

Further, the trading window for dealing in shares of the Bank has been closed for the Directors and the Designated Employees of the Bank and the details of Trading Window closure were as under:

Trading Window Closure Period	Purpose of closure of Trading Window
08th May 2017 to 21st May 2017	Declaration of Quarterly Financial Results for the quarter ended March 2017 and Annual Financial Results for the FY 2016-17.
22nd May 2017 to 31st May 2017	Proposal to consider raising of Equity Capital of the Bank
20th July 2017 to 30th July 2017	Declaration of Quarterly Financial Results for the quarter ended June 2017.
07th November 2017 to 16th November 2017	Declaration of Quarterly Financial Results for the quarter ended September 2017.
22nd January 2018 to 02nd February 2018	Declaration of Quarterly Financial Results for the quarter ended December 2017.
16th May 2018 to 27th May 2018	Declaration of Quarterly Financial Results for the quarter ended March 2018 and Annual Financial Results for the FY 2017-18.

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

Dividend:

The Board of Directors of the Bank in its meeting held on May 25, 2018 has recommended dividend of ₹ 0.60 per equity share on the face value ₹ 2/- each (i.e., 30%) for the financial year ended 31st March 2018, subject to the approval of the statutory authorities and the shareholders at the ensuing Annual General Meeting (AGM) of the Bank. The dividend shall be paid during the period from 10th August 2018 to 16th August 2018.

Dividend Payments through electronic mode:

The Listing Regulations have directed that all listed companies shall mandatorily make all payments to shareholders including dividend, by using any of the electronic mode of payment facility approved by Reserve Bank of India viz., NACH, direct credit, RTGS, NEFT, etc.

In order to receive the dividend without loss of time, all the eligible shareholders holding shares in dematerialised form, are requested to update their bank account details as per the Core Banking System (CBS), including 9 digit MICR Code and 11 digit IFSC, e-Mail ID and Mobile No(s) with their respective Depository Participants. This will enable the making of payments of future dividends directly to your bank account through National Automated Clearing House (NACH) mode.

Shareholders holding shares in physical form are requested to update the bank account details as per the Core Banking System (CBS), including 9 digit MICR Code and 11 digit IFSC, e-Mail ID and Mobile No(s) with the Registrar and Share Transfer Agents by mentioning the folio number and attaching a photocopy of the Cheque leaf of their present bank account and a self-attested copy of the PAN card and Bank Pass Book/Voter ID/Aadhaar Card to confirm the present address of the shareholder.

In case dividend paid by electronic mode is returned or rejected by the corresponding bank due to any reason then the Bank will issue a dividend warrant and print the bank account details available on its records on the said dividend warrant to avoid fraudulent encashment of the warrants.

Unpaid Dividend

As per the provisions of Sec 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 they became due for payment. Once such amounts are transferred to IEPF, no claim of the shareholder shall lie against the Bank.

The unpaid dividends for the FY 2009-10 have already been transferred to Investor Education and Protection Fund (IEPF). Unpaid dividends for the financial year 2010-11 shall be transferred to IEPF after the due date i.e. August 26, 2018.

The following table gives the unclaimed amount from the year 2010-11 with the position as on 31st March 2018 and the last date for claiming the dividend before transfer to the said Fund. The figures given are as at 31st March 2018.

Financial Year	Unclaimed Amount (₹)	Date of Declaration	Last date for claiming the amount
2010-11	53,62,574.00	27.07.2011	26.08.2018
2011-12	85,68,088.00	30.07.2012	29.08.2019
2012-13	1,01,46,626.00	19.07.2013	18.08.2020
2013-14	94,13,742.00	23.07.2014	22.08.2021
2014-15	1,06,47,208.00	23.07.2015	22.08.2022
2015-16 Interim Dividend	82,56,460.00	28.03.2016	27.04.2023
2015-16 Final Dividend	34,59,680.00	22.07.2016	21.07.2023
2016-17	1,13,53,162.60	24.07.2017	23.07.2024

Shareholders who have not encashed their dividend warrants relating to the dividends as specified above are advised to send their request letter to Registrar and Share Transfer Agents viz., SKDC Consultants Limited, or Nodal officer of the Bank Mr. Srinivasarao Maddirala. The details of unpaid/unclaimed dividends are available on the website of the Bank www.kvb.co.in

CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 6(2)(d) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Bank has created a separate e-Mail ID for redressal of Investor Complaints and Grievances. The said e-Mail ID is kvb_sig@kvbmail.com

Intimation to the Shareholders for claiming of dividends:

The Bank is sending individual reminder letters to the relevant shareholders at regular intervals for encashing of unclaimed dividend on equity shares declared by the Bank from time to time.

Transfer of shares to Investor Education and Protection Fund (IEPF) Suspense Account:

In terms of the applicable provisions of Section 124 (6) of the Companies Act, 2013 and read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), as amended from time to time, all shares in respect of which dividend are not claimed/ paid for the last 7 consecutive years in respect of any shareholder shall be transferred to the IEPF Suspense A/c as may be identified by the 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, the Bank has sent individual communication to the concerned shareholders whose shares are liable to be transferred to IEPF suspense account for taking appropriate action and submitting requisite documents to claim the unclaimed dividend amount. Subsequently, a public notice was issued in Business Standard for English all India Circulation and Dinamalar for vernacular language Trichy Edition covering Karur.

The Ministry of Corporate Affairs (MCA), vide notification dated 5th September 2016 came out with Rules the Investor Education and Protection Fund Authority (IEPFA) (Accounting, Audit, Transfer and Refund) (AATR) Rules, 2016 and constituting the Investor Education and Protection Fund Authority with effect from 7th September 2016 and Notification dated 28th February 2017 issued in this regard (collectively referred as "IEPF Rules").

Further Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Second Amendment Rules, 2017, notified on 13th October 2017 fixed 31st October 2017, the due date for transfer of shares to IEPF suspense A/a i.e., November 30, 2017 as the last date for transfer of such shares for which dividend was not claimed from 2009-10 onwards for seven consecutive years to IEPF Authority.

In compliance with the said provisions, your Bank has transferred, 2,79,045 shares to the Investor Education and Protection Fund Authority, Ministry of Corporate Affairs Account (IEPF) on 30th November, 2017 bearing demat account no IN30070810656671 which is opened with National Securities Depository Limited (NSDL) with Depository Participant at Punjab National Bank.

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.kvb.co.in.

Guidelines to claim for the shares transferred to Investor Education and Protection Fund (IEPF) Suspense Account:

In terms of Section 124(6) of the Companies Act, 2013 read with Rule 7 of the IEPF Rules, the shareholders can claim the shares from IEPF Account by making an online application in e-Form IEPF – 5 which can be downloaded from the link www.iepf.gov.in

After downloading the e-Form IEPF – 5 from the website of IEPF for filing the claim for refund of shares, read the instructions provided on the website/instructions kit along with the e-Form carefully before filling the form.

After filling the form, submit the duly filled form by following the instructions given in the upload link on the website. On successful uploading the acknowledgment will be generated indicating the SRN. This SRN is to be used for future tracking of the form.

Printout of the duly filled e-Form IEPF – 5 along with the acknowledgment generated after uploading the form have to be submitted together with an Indemnity Bond in original, Copy of acknowledgment and self-attested copy of e-Form along with the other documents as mentioned in the e-Form IEPF – 5 to Nodal Officer (IEPF) of the Bank in an envelope marked "Claim for refund from IEPF Authority". In the process general information about the Bank which has to be provided are as under:

a) Corporate Identification Number (CIN) of Bank:- L65110TN1916PLC001295.

b) Name of the Bank:- The Karur Vysya Bank Ltd

c) Address of Registered Office of the Bank:- The Karur Vysya Bank Limited, Investor Relations Cell, Regd. & Central Office, Erode Road, Karur - 639 002, e-Mail ID of the Bank:- kvbshares@kvbmail.com

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

Disclosure of details of Unclaimed Shares Suspense Account under Regulation 39 (4) of Listing Regulations:

Sl. No.	Particulars	Number of shareholders	No. of shares
01	Aggregate Number of shareholders and the outstanding shares as on 01st April 2017	834	4,36,345
02	No. of shareholders who approached the Bank for transfer of shares during the fiscal 2017-18	18	15,605
03	No. of shareholders to whom shares were transferred during the fiscal 2017-18	18	15,605
04	Aggregate Number of shareholders and the outstanding shares as on 31.03.2018	816	4,20,740

The voting rights on the above mentioned 4,20,740 shares shall remain frozen till the rightful owner of such shares claims the shares.

Declaration as required under Regulation 26(3) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015

The Members of the Board of Directors and Senior Management Personnel of the Bank have affirmed compliance with the Code of Conduct of the Bank for the year ended March 31, 2018.

Place: Karur
Date: June 25, 2018

P R Seshadri
Managing Director & Chief Executive Officer

Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

CEO / CFO CERTIFICATION

We, P R Seshadri, Managing Director & CEO and T Sivarama Prasad, Chief Financial Officer of The Karur Vysya Bank Limited (the 'Bank') hereby certify that:

a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2018 and that to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or in violation of the Bank's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and 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 of the Board, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the Audit Committee;

   i. significant changes in internal control over financial reporting during the year;

   ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Bank's internal control system over financial reporting.

Yours faithfully,

P R Seshadri
Managing Director & CEO

T Sivarama Prasad
Chief Financial Officer

Place: Karur
Date: May 25, 2018

KVB Karur Vysya Bank
Smart way to bank

CORPORATE GOVERNANCE REPORT

Certificate of Compliance of conditions of Corporate Governance

To

The Members of M/s. The Karur Vysya Bank Limited

I have examined the compliance of conditions of corporate governance by The Karur Vysya Bank Limited ('the Bank') for the year ended March 31, 2018, as prescribed in Regulations 17 to 27, 46(2)(b) to (i) and paras C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") for the period from April 1, 2017 to March 31, 2018.

I state that the compliance of conditions of Corporate Governance is the responsibility of the management and my examination was limited to procedures and implementation thereof adopted by the Bank for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned LODR.

I further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For Solaiyappan & Associates
Company Secretaries
(ICSI Unique Code: S2017TN484200)

CS Solaiyappan S
Sole Proprietor
FCS No. 9293; CP No. 3573

Place: Karur
Date: 25th June, 2018

ANNEXURE – 1

FORM NO. MR – 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2018.

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

To

The Members,
The Karur Vysya Bank Limited,
CIN: L65110TN1916PLC001295
Erode Road, Karur – 639 002.

I have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good corporate practices by The Karur Vysya Bank Limited (hereinafter called the 'Bank') for the audit period covering the financial year ended 31st March, 2018. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate actions and practices / statutory compliances and expressing my opinion thereon.

Based on my verification of the Books, Papers, Minutes Books, Forms and Returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Bank has, during the audit period covering the financial year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the Books, Papers, Minutes Book, Forms and Returns filed and other records maintained by the Bank for the financial year ended on 31st March, 2018, in accordance to the provisions of:

1. The Companies Act, 2013 and the amendments thereon (the 'Act') and the Rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder, including the FDI Policy;
5. 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, 2009;
   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 (Issue and Listing of Debt Securities) Regulations, 2008; and
   g) The Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015.
6. Following other applicable laws:
   a) The Banking Regulation Act, 1949;
   b) Reserve Bank of India Act, 1934;
   c) The Banking Companies (Period of Preservation of Records) Rules, 1985;
   d) Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
   e) Recovery of Debts due to Bank & Financial Institution Act, 1993; and
   f) The Insolvency and Bankruptcy Code, 2016.

I have also examined compliances with the applicable Laws and Regulations of the following:

(i) The Companies Act, 2013 including Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) relating to the Board and General Meetings.

(ii) The Equity and Debt Listing Agreement and also SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Bank with National Stock Exchange of India Limited, Mumbai.

(iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

(iv) The Bank has constituted Corporate Social Responsibility Committee of the Board in accordance to the provisions of Section 135 of the Act, read with Companies (Corporate

Social Responsibility Policy) Rules, 2014 as amended. The Bank has made the necessary reporting of CSR in its Report of the Board of Directors as required under the Act and the Rules made thereunder.

I further report that,

(i) The Board of Directors of the Bank 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 applicable provisions of the Banking Regulation Act, 1949, the Companies Act, 2013, the Listing Agreement and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition of the Board Committees are in tune with the applicable provisions.

(ii) Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before and at the meeting for meaningful deliberations and participation at the meeting. Decisions of the Board / Committee meetings are on consensus and results are recorded in minutes with observations / directions if any made in respect of any agenda item.

(iii) There are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. Directors of the Bank have furnished necessary declarations & executed Deed of Covenants as required under extant guidelines of Reserve Bank of India.

I further report that during the audit period, the Bank has:

(i) Issued Rights Issue in the ratio of one Rights Share for every six shares held on the record date (i.e. 13th October, 2017) along with Employee Reservation Portion of 11,73,17,101 Equity Shares of face value of ₹ 2/- each for cash at price of ₹ 76/- per Equity Share (including a premium of ₹ 74/- per Equity Share) aggregating to ₹ 891.61 crores, by complying the required provisions of the Act and the relevant Rules thereon.

(ii) Conducted Postal Ballot voting by issuing Notice Dt. 22nd December, 2017 to the Members of the Bank seeking the approval for the Variation in the terms of "Karur Vysya Bank Employees' Stock Option Scheme, 2011 (KVB – ESOS – 2011)" as also to align with SEBI (Share Based Employee Benefits) Regulations, 2014 (SEBI (SBEB) Regulations, 2014) by means of a Special Resolution.

(iii) Issued Notice Dt. 20th March, 2018 for conducting Postal Ballot Voting, in order to obtain the approval for the implementation of "Karur Vysya Bank Employees' Stock Option Scheme, 2018 (KVB – ESOS – 2018)" as per SEBI (Share Based Employee Benefits) Regulations, 2014 (SEBI (SBEB) Regulations, 2014) by means of a Special Resolution.

Note: This Report is to be read with my Letter of even date which is annexed as Annexure 'A' and forms an integral part of this Report.

ANNEXURE 'A'

My report of even date is to be read along with the following:

1. Maintenance of Secretarial Records and Statutory Registers is the responsibility of the management of the Bank. My responsibility is to express an opinion on these Secretarial Records based on my audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Wherever required, I 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 is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

For Solaiyappan & Associates
Company Secretaries
(ICSI Unique Code: S2017TN484200)

CS Solaiyappan S
Sole Proprietor
FCS No. 9293; CP No. 3573

Date: 25th June, 2018
Place: Karur

ANNEXURE - 2

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED ON 31.03.2018

(Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014)

I. REGISTRATION & OTHER DETAILS:

i	CIN	L65110TN1916PLC001295
ii	Registration Date	22.06.1916
iii	Name of the Company	The Karur Vysya Bank Ltd
iv	Category / Sub-category of the Company	Public Limited Company
v	Address of the Registered office & contact details	Post Box No 21, Erode Road, Karur - 639 002 Tel:+91 4324-269431, 40 - 43
vi	Whether listed company	YES
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/S. SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006 Phone No: 0422- 2539835/836, 4958995 Contact Person: Mr.K Jaya Kumar or Mr. K S Ramachandran

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SL NO	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Banking Services	64191	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: The Bank has no Holding, Subsidiary & Associate Company.

SL NO	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Not Applicbale				

IV. SHAREHOLDING PATTERN: (EQUITY SHARE CAPITAL BREAKUP AS % TO TOTAL EQUITY)

(i) CATEGORY-WISE SHAREHOLDING

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2017)				No. of Shares held at the end of the year (31.03.2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	1,26,41,395	0	1,26,41,395	2.07	1,51,33,943	0	1,51,33,943	2.08	0.01
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A) (1)	1,26,41,395	0	1,26,41,395	2.07	1,51,33,943	0	1,51,33,943	2.08	0.01
(2) Foreign									
a) NRI Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A) (2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	1,26,41,395	0	1,26,41,395	2.07	1,51,33,943	0	1,51,33,943	2.08	0.01
B. Public Shareholding									
1. Institutions									
a) Mutual Funds/UTI	10,10,74,547	8,900	10,10,83,447	16.59	11,04,18,130	2,400	11,04,20,530	15.20	(1.39)
b) Banks / FI	5,68,410	0	5,68,410	0.09	10,34,172	0	10,34,172	0.14	0.05
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	34,99,131	0	34,99,131	0.57	0	0	0	0	(0.57)
f) Insurance Companies	2,69,93,338	0	2,69,93,338	4.43	3,28,46,953	0	3,28,46,953	4.52	0.09
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Foreign Financial Institutions	64,30,727	6,350	64,37,077	1.06	2,53,732	600	2,54,332	0.04	(1.02)
Foreign Portfolio Investors	11,43,68,835	0	11,43,68,835	18.77	14,19,48,801	0	14,19,48,801	19.53	0.77
Alternate Investment Funds	15,25,856	0	15,25,856	0.25	54,93,764	0	54,93,764	0.76	0.51
Foreign Banks	0	0	0	0	700	0	700	0	0
Sub-total (B)(1)	25,44,60,844	15,250	25,44,76,094	41.76	29,19,96,252	3,000	29,19,99,252	40.18	(1.58)

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2017)				No. of Shares held at the end of the year (31.03.2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corporates									
i) Indian	3,34,20,973	1,11,210	3,35,32,183	5.50	3,75,93,114	74,735	3,76,67,849	5.18	(0.32)
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	13,20,90,886	1,73,69,850	14,94,60,736	24.53	17,04,23,730	1,63,32,191	18,67,55,921	25.70	1.17
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	13,01,52,380	94,69,370	13,96,21,750	22.91	16,02,46,716	1,04,93,615	17,07,40,331	23.50	0.58
c) Others (specify)	0	0	0	0	0	0	0	0	0
Directors & their Relatives	7,42,770	0	7,42,770	0.12	7,36,014	0	7,36,014	0.10	(0.02)
Trusts	6,41,910	0	6,41,910	0.11	3,90,263	0	3,90,263	0.05	(0.05)
Foreign Nationals	300	0	300	0	0	0	0	0	0
Non Resident Indians	82,59,077	38,345	82,97,422	1.36	1,07,51,948	8,825	1,07,60,773	1.48	0.12
Clearing Members	18,47,965	0	18,47,965	0.30	26,30,285	0	26,30,285	0.36	0.06
Hindu Undivided Families	80,44,745	0	80,44,745	1.32	95,30,579	0	95,30,579	1.31	(0.01)
Bodies Corporate LLP - DR	15,000	0	15,000	0	15,166	0	15,166	0	0
Investors Education and Protection Fund Authority	0	0	0	0	2,78,995	0	2,78,995	0.04	0.04
Sub-total (B)(2)	31,52,16,006	2,69,88,775	34,22,04,781	56.16	39,25,96,810	2,69,09,366	41,95,06,176	57.73	1.57
Total Public Shareholding (B) = (B)(1)+(B)(2)	56,96,76,850	2,70,04,025	59,66,80,875	97.93	68,45,93,062	2,69,12,366	71,15,05,428	97.92	(0.01)
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	58,23,18,245	2,70,04,025	60,93,22,270	100.00	69,97,27,005	2,69,12,366	72,66,39,371	100.00	

(ii) SHAREHOLDING OF PROMOTERS AND PROMOTERS GROUP

SL NO	Shareholder's Name	Shareholding at the beginning of the year (01.04.2017)			Shareholding at the end of the year (31.03.2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	A J SURIYANARAYANA	28,02,620	0.46	5.00	24,96,630	0.34	50.21	(0.12)
2	SURIYANARAYANA A J (HUF)	2,990	0	0	19,98,916	0.28	0	0.28
3	A S SUDHA	69,985	0.01	0	4,96,043	0.07	0	0.06
4	JAYANTHKRISHNA A S	0	0	0	2,95,275	0.04	0	0.04
5	VARUNPRASAD A S	0	0	0	2,95,275	0.04	0	0.04
6	A J VIJAYA	22,56,690	0.37	0	5,50,923	0.08	0	(0.29)
7	NIRMALA	4,11,340	0.07	0	4,85,833	0.07	16.47	0
8	ANURADHA C B	2,90,180	0.05	0	3,40,543	0.05	0	0
9	G RAJASEKARAN	12,85,120	0.21	4.67	15,17,853	0.21	56.66	0
10	G RAJASEKARAN (HUF)	3,25,000	0.05	0	3,83,857	0.05	0	0
11	R NAGESWARI	8,45,810	0.14	7.09	10,07,984	0.14	5.95	0
12	R RAMKUMAR	2,06,945	0.03	28.99	3,78,820	0.05	15.84	0.02
13	R RAMKUMAR (HUF)	3,50,000	0.06	0	4,13,385	0.06	0	0
14	R ARCHANA	5,05,335	0.08	0	5,96,849	0.08	0	0
15	SRIMATHI E	77,000	0.01	100.00	90,945	0.01	84.67	0
16	G MANI	9,38,180	0.15	0	11,00,830	0.15	0	0
17	G MANI (HUF)	3,25,000	0.05	0	3,81,350	0.05	0	0
18	SHYAMALA A	6,590	0	0	8,788	0	0	0
19	MUNUGOOR K VENKATESAN	2,94,520	0.05	0	3,47,858	0.05	34.50	0
20	M K VENKATESAN (HUF)	3,00,000	0.05	0	3,54,329	0.05	0	0
21	M V USHA	2,77,135	0.05	21.47	3,27,325	0.05	36.66	0
22	ISWARRYA V	27,515	0	0	32,498	0	0	0
23	PRAJEETH M V	2,51,985	0.04	0	2,97,620	0.04	26.88	0
24	M K SRINIVASAN	3,76,565	0.06	59.14	4,44,760	0.06	50.07	0
25	NIRMALA B	12,680	0	0	11,826	0	0	0
26	SUGUNA LEELA K	560	0	0	660	0	0	0
27	M G VIVEKANANDAN	3,550	0	0	4,193	0	0	0
28	M V LAKSSHMI NARASIMHAN	17,550	0	0	20,727	0	0	0
29	KAMALA RAJASEKARAN	9,530	0	0	11,256	0	0	0
30	M V SRINIVASAMOORTHI	1,65,000	0.03	98.49	1,94,880	0.03	99.81	0
31	A K PRABURAJ	69,170	0.01	0	81,698	0.01	84.06	0
32	A P PREETHA	45,675	0.01	0	56,128	0.01	36.84	0
33	A P NETRA PRIYADHARSHINI	0	0	0	200	0	0	0
34	A P MITRA PRIYAMVATHA	0	0	0	200	0	0	0
35	A V KANDASWAMY	48,335	0.01	0	57,088	0.01	0	0
36	A K KASTHURI	42,840	0.01	0	50,598	0.01	0	0
	Total	1,26,41,395	2.07		1,51,33,943	2.08		

(iii) CHANGE IN PROMOTERS AND PROMOTERS GROUP SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE)

SL NO	Name of Promoter / Promoter Group	Shareholding at the beginning of the year (01.04.2017)		Date #	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (31.03.2018)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	A J SURIYANARAYANA	28,02,620	0.46	09.06.2017	(15,000)	Off-Market		
				23.06.2017	15,000	Off-Market		
				07.07.2017	(7,29,325)	Off-Market		
				24.11.2017	15,000	Transfer		
				24.11.2017	3,78,335	Rights Issue *		
				08.12.2017	7,708	Transfer		
				15.12.2017	22,292	Transfer	24,96,630	0.34
2	SURIYANARAYANA A J (HUF)	2,990	0	07.07.2017	16,54,565	Off-Market		
				24.11.2017	3,41,361	Rights Issue *	19,98,916	0.28
3	A S SUDHA	69,985	0.01	07.07.2017	3,50,000	Off-Market		
				24.11.2017	76,058	Rights Issue *	4,96,043	0.07
4	JAYANTHKRISHNA A S	0	0	07.07.2017	2,50,000	Off-Market		
				24.11.2017	45,275	Rights Issue *	2,95,275	0.04
5	VARUNPRASAD A S	0	0	14.07.2017	2,50,000	Off-Market		
				24.11.2017	45,275	Rights Issue *	2,95,275	0.04
6	A J VIJAYA	22,56,690	0.37	07.07.2017	(15,40,240)	Off-Market		
				14.07.2017	(2,50,000)	Off-Market		
				24.11.2017	84,473	Rights Issue *	5,50,923	0.08
7	NIRMALA	4,11,340	0.07	24.11.2017	74,493	Rights Issue *	4,85,833	0.07
8	ANURADHA C B	2,90,180	0.05	24.11.2017	50,363	Rights Issue *	3,40,543	0.05
9	G RAJASEKARAN	12,85,120	0.21	24.11.2017	2,32,733	Rights Issue *	15,17,853	0.21
10	G RAJASEKARAN (HUF)	3,25,000	0.05	24.11.2017	58,857	Rights Issue *	3,83,857	0.05
11	R NAGESWARI	8,45,810	0.14	24.11.2017	1,53,174	Rights Issue *		
				07.12.2017	4,000	Off-Market		
				23.03.2018	5,000	Off-Market	10,07,984	0.14
12	R RAMKUMAR	2,06,945	0.03	24.11.2017	1,71,875	Rights Issue *	3,78,820	0.05
13	R RAMKUMAR (HUF)	3,50,000	0.06	24.11.2017	63,385	Rights Issue *	4,13,385	0.06
14	R ARCHANA	5,05,335	0.08	24.11.2017	91,514	Rights Issue *	5,96,849	0.08
15	SRIMATHI E	77,000	0.01	24.11.2017	13,945	Rights Issue *	90,945	0.01
16	G MANI	9,38,180	0.15	24.11.2017	1,62,650	Rights Issue *	11,00,830	0.15
17	G MANI (HUF)	3,25,000	0.05	24.11.2017	56,350	Rights Issue *	3,81,350	0.05
18	SHYAMALA A	6,590	0	24.11.2017	1,098	Rights Issue *		
				02.03.2018	100	Transfer		
				16.03.2018	1,000	Transfer	8,788	0
19	MUNUGOOR K VENKATESAN	2,94,520	0.05	24.11.2017	53,338	Rights Issue *	3,47,858	0.05
20	M K VENKATESAN (HUF)	3,00,000	0.05	24.11.2017	54,329	Rights Issue *	3,54,329	0.05
21	M V USHA	2,77,135	0.05	24.11.2017	50,190	Rights Issue *	3,27,325	0.05
22	ISWARRYA V	27,515	0	24.11.2017	4,983	Rights Issue *	32,498	0

SL NO	Name of Promoter / Promoter Group	Shareholding at the beginning of the year (01.04.2017)		Date #	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (31.03.2018)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
23	PRAJEETH M V	2,51,985	0.04	24.11.2017	45,635	Rights Issue *	2,97,620	0.04
24	M K SRINIVASAN	3,76,565	0.06	24.11.2017	68,195	Rights Issue *	4,44,760	0.06
25	NIRMALA B	12,680	0	09.06.2017	(1,000)	Transfer		
				24.11.2017	146	Rights Issue *	11,826	0
26	SUGUNA LEELA K	560	0	24.11.2017	100	Rights Issue *	660	0
27	M G VIVEKANANDAN	3,550	0	24.11.2017	643	Rights Issue *	4,193	0
28	M V LAKSSHMI NARASIMHAN	17,550	0	24.11.2017	3,177	Rights Issue *	20,727	0
29	KAMALA RAJASEKARAN	9,530	0	24.11.2017	1,726	Rights Issue *	11,256	0
30	M V SRINIVASAMOORTHI	1,65,000	0.03	24.11.2017	29,880	Rights Issue *	1,94,880	0.03
31	A K PRABURAJ	69,170	0.01	24.11.2017	12,528	Rights Issue *	81,698	0.01
32	A P PREETHA	45,675	0.01	12.05.2017	1,000	Transfer		
				24.11.2017	8,453	Rights Issue *		
				08.12.2017	1,000	Transfer	56,128	0.01
33	A P NETRA PRIYADHARSHINI	0	0	15.12.2017	40	Transfer		
				22.12.2017	160	Transfer	200	0
34	A P MITRA PRIYAMVATHA	0	0	15.12.2017	40	Transfer		
				22.12.2017	160	Transfer	200	0
35	A V KANDASWAMY	48,335	0.01	24.11.2017	8,753	Rights Issue *	57,088	0.01
36	A K KASTHURI	42,840	0.01	24.11.2017	7,758	Rights Issue *	50,598	0.01
	Total	1,26,41,395	2.07				1,51,33,943	2.08

Date of transfer has been considered as the date on which the beneficiary position was provided by Depositories to the Bank.
* The Rights Issue Shares were credited to respective Demat Accounts on 24.11.2017.

(iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRs AND ADRs)

SL NO	Name of the Shareholder	Shareholding at the beginning of the year (01.04.2017)		Change in Shareholding			Cumulative Shareholding during the year (31.03.2018)	
		No. of shares	% of total shares of the Company	Date #	Increase/ Decrease in Shareholding (No. of Shares)	Reason	No. of shares	% of total shares of the Company
1	FRANKLIN INDIA MUTUAL FUND (Under various Mutual Fund Schemes)	2,96,85,245	4.87		51,85,039	Transfer	3,48,70,284	4.80
	Increase and Decrease on various dates during FY 2017-18 in various schemes							
2	OLYMPUS INDIA HOLDINGS LIMITED	2,89,50,935	4.75	01.09.2017	(6,00,000)	Transfer	2,12,07,062	2.92
				08.09.2017	(20,26,453)	Transfer		
				15.09.2017	(56,47,000)	Transfer		
				22.09.2017	(25,00,000)	Transfer		
				01.12.2017	30,29,580	Transfer		
3	ICICI PRUDENTIAL MUTUAL FUND (Under various Schemes)	2,16,65,248	3.56		(1,03,62,490)	Transfer	1,13,02,758	1.56
	Increase and Decrease on various dates during FY 2017-18 in various schemes							
4	RELIANCE CAPITAL TRUSTEE COMPANY (Under various Schemes)	1,97,86,000	3.25		(37,34,427)	Transfer	1,60,51,573	2.21
	Increase and Decrease on various dates during FY 2017-18 in various schemes							
5	SAIF ADVISORS MAURITIUS LIMITED A/C SAIF INDIA IV	1,42,51,545	2.34	01.12.2017	25,80,936	Transfer	1,68,32,481	2.32
6	SUNDARAM MUTUAL FUND A/C (Under various Mutual Fund Schemes)	1,40,72,719	2.31		(27,94,635)	Transfer	1,12,78,084	1.55
	Increase and Decrease on various dates during FY 2017-18 in various schemes							
7	HDFC TRUSTEE COMPANY LIMITED (Under various Schemes)	1,29,94,500	2.13	27.10.2017	20,00,000	Transfer	2,02,34,250	2.78
				01.12.2017	21,65,750	Transfer		
				22.12.2017	2,54,000	Transfer		
				05.01.2018	5,00,000	Transfer		
				12.01.2018	8,20,000	Transfer		
				19.01.2018	15,00,000	Transfer		
8	JHUNJHUNWALA RAKESH RADHESHYAM	1,09,64,485	1.80		1,34,47,803	Transfer	2,44,12,288	3.36
	Increase and Decrease on various dates during FY 2017-18							
9	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED (Under various Schemes)	1,08,85,383	1.79		51,83,098	Transfer	1,60,68,481	2.21
	Increase and Decrease on various dates during FY 2017-18 in various schemes							
10	RAKESH JHUNJHUNWALA (RARE ENTERPRISES)	1,07,20,000	1.76		(44,20,000)	Transfer	63,00,000	0.87
	Increase and Decrease on various dates during FY 2017-18							
11	ABU DHABI INVESTMENT AUTHORITY - BEHAVE	0	0	13.10.2017	53,28,304	Transfer		
				20.10.2017	6,34,496	Transfer		
				01.12.2017	9,64,947	Transfer		
				09.02.2018	17,00,400	Transfer		
				31.03.2018	13,71,853	Transfer	1,00,00,000	1.38

Date of transfer has been considered as the date on which the beneficiary position was provided by Depositories to the Bank.

(v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

SL NO	Name of the Director and KMP Sarvashri	Shareholding at the beginning of the year (01.04.2017)		Change in Shareholding			Cumulative Shareholding during the year (31.03.2018)	
		No. of shares	% of total shares of the Company	Date #	Increase/Decrease inShareholding (No. of Shares)	Reason	No. of shares	% of total shares of the Company
1	B SWAMINATHAN, CHAIRMAN	5,000	0	24.11.2017	906	Rights Issue *	5,906	0
2	P R SESHADRI, MD & CEO	0	0	24.11.2017	2,600	Rights Issue *	2,600	0
3	G RAJASEKARAN	16,10,120	0.26	24.11.2017	2,91,590	Rights Issue *	19,01,710	0.26
4	A J SURIYANARAYANA	28,05,610	0.46	09.06.2017	(15,000)	Off-Market		
				23.06.2017	15,000	Off-Market		
				07.07.2017	(7,29,325)	Off-Market		
				24.11.2017	15,000	Transfer		
				24.11.2017	7,19,696	Rights Issue *		
				08.12.2017	7,708	Transfer		
				15.12.2017	22,292	Transfer		
				07.07.2017	16,54,565	Off-Market	44,95,546	0.62
5	N S SRINATH	2,665	0	24.11.2017	484	Rights Issue *	3,149	0
6	DR V G MOHAN PRASAD	1,48,515	0.02	16.06.2017	(36,000)	Transfer		
				24.11.2017	20,376	Rights Issue *	1,32,891	0.02
7	M K VENKATESAN	5,94,520	0.10	24.11.2017	1,07,667	Rights Issue *	7,02,187	0.10
8	A K PRABURAJ	69,170	0.01	24.11.2017	12,528	Rights Issue *	81,698	0.01
9	K L VIJAYALAKSHMI	2,500	0	24.11.2017	416	Rights Issue *	2,916	0
10	M V SRINIVASAMOORTHI	1,65,000	0.03	24.11.2017	29,880	Rights Issue *	1,94,880	0.03
11	DR K S RAVICHANDRAN	2,500	0	24.11.2017	453	Rights Issue *	2,953	0
12	K VENKATARAMAN, MD&CEO $	32,500	0.01	Demitted Office on 31.08.2017			NA	NA
KEY MANAGERIAL PERSONNEL								
13	K VENKATESWARA RAO, (President & COO) ^	1,99,760	0.03	24.11.2017	38,777	Rights Issue *	2,38,537	0.03
14	T SIVARAMAPRASAD, (General Manager & CFO)	13,130	0	24.11.2017	4,979	Rights Issue *	18,109	0
15	M SRINIVASARAO, (Company Secretary)	0	0	24.11.2017	2,600	Rights Issue *	2,600	0

Date of transfer has been considered as the date on which the beneficiary position was provided by Depositories to the Bank.

$ Demitted Office at the close of office hours on 31.08.2017, consequent to completion of his tenure.

* The Rights Issue Shares were credited to respective Demat Accounts on 24.11.2017.

^ Demitted Office at the close of office hours on 31.03.2018, consequent to completion of his tenure.

V. INDEBTEDNESS

INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING / ACCRUED BUT NOT DUE FOR PAYMENT.

Particulars	Secured Loans excluding deposits * (in ₹)	Unsecured Loans ** (in ₹)	Deposits *** (in ₹)	Total Indebtedness (in ₹)
INDEBTEDNESS AT THE BEGINNING OF THE FINANCIAL YEAR				
i) Principal Amount	129,28,88,000.00	312,12,50,000.00	-	441,41,38,000.00
ii) Interest due but not paid	0	0	-	0
iii) Interest accrued but not due	81,05,479.00	28,36,438.00	-	1,09,41,917.00
Total (i+ii+iii)	130,09,93,479.00	312,40,86,438.00	-	442,50,79,917.00
CHANGE IN INDEBTEDNESS DURING THE FINANCIAL YEAR				
- Addition	101,35,00,000.00	1,030,50,65,500.00	-	1,131,85,65,500.00
- Reduction	63,76,02,000.00	1,029,69,40,500.00	-	1,093,45,42,500.00
Net Change	37,58,98,000.00	81,25,000.00	-	38,40,23,000.00
INDEBTEDNESS AT THE END OF THE FINANCIAL YEAR				
i) Principal Amount	166,87,86,000.00	312,93,75,000.00	-	479,81,61,000.00
ii) Interest due but not paid	0	0	-	-
iii) Interest accrued but not due	47,03,836.00	28,36,438.00	-	75,40,274.00
Total (i+ii+iii)	167,34,89,836.00	313,22,11,438.00	-	480,57,01,274.00

* Includes refinance facilities availed from NHB, NABARD, EXIM excludes Repo/MSF, CBLO, Call money borrowings

** Includes LOC borrowings and our Lower Tier II Bonds

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND / OR MANAGER:

SL NO	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (in ₹)
		SHRI K VENKATARAMAN, MD&CEO $	SHRI P R SESHADRI, MD&CEO #	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	27,50,000.00	62,10,000.00	89,60,000.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	2,61,963.00	5,20,507.00	7,82,470.00
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission	NA	NA	NA
	- as % of profit			
	- others, specify			
5	Others, please specify Bank's Contribution to Provident Fund	3,30,000.00	6,21,000.00	9,51,000.00
	Total (A)	33,41,963.00	73,51,507.00	1,06,93,470.00
	Ceiling as per the Act: See Note			

NOTE: In terms of Provisions of the Companies Act, 2013 the remuneration payable to MD&CEO shall not exceed 5% of Net Profit of the Bank. The remuneration paid to MD&CEO is within the said limit. Remuneration is approved by RBI.

$ Demitted Office at the close of office hours on 31.08.2017, consequent to completion of his tenure.

Taken charge as MD & CEO of the Bank with effect from 04th September 2017.

B. REMUNERATION TO OTHER DIRECTORS **(Amount in ₹)**

Sl. No	Particulars of Remuneration	Name of the Directors (Sarvashri)					Total	
1	**Independent Directors**	**B Swaminathan (Part-time Chairman) &**	**N S Srinath**	**V G Mohan Prasad**	**Smt K L Vijayalakshmi**	**K S Ravichandran**		
	(a) Fee for attending board /committee meetings *	7,00,000/ 7,00,000	5,95,000/ 5,40,000	5,60,000/ 3,00,000	7,35,000/ 4,20,000	5,60,000/ 3,80,000	31,50,000	23,40,000
	(b) Commission	NOT APPLICABLE						
	(c) Others, please specify Honorarium/Salary	9,00,000	-	-	-	-	9,00,000	-
	Total (1)	23,00,000	11,35,000	8,60,000	11,55,000	9,40,000	40,50,000	23,40,000
2	**Other Non Executive Directors**	**G Rajasekaran**	**A J Suriyanarayana**	**M K Venkatesan**	**A K Praburaj**	**M V Srinivasamoorthi**	**Total**	
	(a) Fee for attending board /committee meetings *	7,35,000/ 7,40,000	7,35,000/ 8,20,000	7,35,000/ 9,60,000	7,35,000/ 9,20,000	7,00,000/ 3,80,000	36,40,000	38,20,000
	(b) Commission	NOT APPLICABLE						
	(c) Others, please specify.	NOT APPLICABLE						
	Total (2)	14,75,000	15,55,000	16,95,000	16,55,000	10,80,000	36,40,000	38,20,000
	Total (B)=(1+2) Total Managerial Remuneration	37,75,000	26,90,000	25,55,000	28,10,000	20,20,000	76,90,000	61,60,000
	Overall Ceiling as per the Act	- See Note						

Note: In terms of Provisions of the The Companies Act, 2013 the remuneration payable to Directors other than Executive Director shall not exceed 1% of Net profit. The Directors were paid only sitting fees for attending Board/Committee meetings. The remuneration paid is well within the said limit.

& The Honorarium Paid to Part-time Chairman of the Bank was approved by RBI and by the shareholders in the Annual General Meeting held on 21.07.2016.

* Fee for attending Board ₹ 35000 & Fee for attending Committee ₹ 20000

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD **(Amount in ₹)**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		President & COO	CFO	Company Secretary	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	27,74,106.00	22,36,348.00	15,41,010.00	65,51,464.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	3,29,347.00	2,80,442.00	2,37,583.00	8,47,372.00
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	NA	NA	NA	NA
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NA	NA	NA	NA
4	Commission	NA	NA	NA	NA
	- as % of profit				
	- others, specify				
5	Others, please specify (Bank's Contribution to Pension Fund)	0.00	0.00	76,965.00	76,965.00
	Total Amount	31,03,453.00	25,16,790.00	18,55,558.00	74,75,801.00

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

Annexure – 3

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

I. The ratio of the remuneration of each director to the median remuneration of the employees of the financial year:-

Name of Executive Director / Chairman	Ratio of Remuneration to median remuneration of all employees
Shri P R Seshadri, Managing Director & CEO Shri K Venkataraman, Managing Director & CEO $	15.66x
Shri B Swaminathan, Non-Executive (Part-time) Chairman	3.37x

$ Demitted Office at the close of office hours on 31.08.2017, consequent to completion of his tenure.

II. The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year:-

Name of Executive Director / Chairman / Key Managerial Personnel	Percentage increase in the remuneration in the FY 2017-18
Executive Director / Chairman	
Shri P R Seshadri, Managing Director & CEO Shri K Venkataraman, Managing Director & CEO $	33.39%
Shri B Swaminathan, Non-Executive (Part-time) Chairman	2.22%
Key Managerial Personnel	
Shri T Sivarama Prasad, General Manager & CFO	12.75%
Shri Srinivasa Rao Maddirala, Company Secretary	17.19%

$ Demitted Office at the close of office hours on 31.08.2017, consequent to completion of his tenure.

III. The percentage increase in the median remuneration of employees in the financial year:-

Median remuneration of the employees in the financial year was decreased by 0.51% as compared to the previous financial year 2016-17.

IV. The number of permanent employees on the rolls of the Bank:-

The Bank has 7,956 permanent employees as on 31st March 2018.

V. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:-

Average remuneration increase for Non-Managerial Personnel of the Bank was 4.22% and the average percentage increase in the remuneration paid to the Managerial Personnel is around 20.47% in the FY 2017-18. The said marginal increase in the remuneration paid to Managerial Personnel is in line with the market trends and industry benchmark of the Banking.

VI. Affirmation that the remuneration is as per the remuneration policy of the Bank:-

We affirm that the remuneration paid to employees is as per the Compensation Policy of the Bank, which is in line with the RBI guidelines.

Notes:

- 'x' denotes the median remuneration of the employees in the financial year.
- Remuneration in case of MD & CEO is regulated by Reserve Bank of India Guidelines and as approved by the Reserve Bank of India.

Details of top ten employees of the Bank in terms of remuneration drawn pursuant to Sec 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Amendement Rules, 2016 for the year ended 31st March 2018:

Sr. No.	Name Sarvashri	Designation	Qualification	Age	Remuneration Received Amount ₹	Experience No. of years	a) Date of Commencement of Employment b) Nature of Employment, whether contractual or otherwise;	Last Employment
1	Seshadri P R .	MD & CEO	B.E.(Electrical), PGDM (Management) (IIM Bengaluru)	54	73,51,506.55	25	a) 04/09/2017 b) Whole Time	BFC Bank Limited
2	Natarajan J .	Chief General Manager	M.A.(Economics), C.A.I.I.B.	57	35,27,270.36	34	a) 27/04/1983 b) Regular	-
3	Venkataraman K .	MD & CEO (upto 31/08/2017)	M.Sc.(Agriculture), C.A.I.I.B.	64	33,41,960.37	38	a) 06/06/2011 b) Whole Time	SBI Global Factors Ltd
4	Anantha Kumar G S .	Chief General Manager	M.Com.	57	31,69,240.07	34	a) 15/02/1984 b) Regular	-
5	Venkateswara Rao K.	President & COO	B.Sc(Botany), M.A.(Political Science)	62	31,03,452.88	39	a) 08/08/1980 b) Contract	Vijaya Bank
6	Balaji S .	General Manager	L.L.B., M.A.(Sociology), C.A.I.I.B.	57	28,99,207.59	34	a) 31/08/1994 b) Regular	Syndicate Bank
7	Sekar S .	General Manager	B.Sc(Maths)	54	28,96,305.87	33	a) 23/12/1992 b) Regular	Tan India Ltd
8	Sairaj G R .	General Manager	B.Com	52	28,86,606.71	24	a) 19/03/2012 b) Regular	Axis Bank
9	Balachandran M .	General Manager	B.A.(Economics), M.B.M., PG DIP.IN Fin. Management, C.A.I.I.B.	59	28,45,937.06	32	a) 24/04/1996 b) Regular	Andhra Bank
10	Rajagopalan R .	Deputy General Manager	B.Sc(Physics), L.L.B., M.A.	54	28,22,408.31	32	a) 27/12/2013 b) Regular	Tamilnad Mercantile Bank Ltd

Annexure – 4

The Annual Report on Corporate Social Responsibility (CSR) Activities

A brief outline of the Bank's CSR policy, including overview of projects or programs proposed to be undertaken

Karur Vysya Bank Limited's CSR Policy

The Bank's CSR mission is to contribute to the social and economic development of the community. Through a series of interventions the Bank seeks to mainstream economically, physically & socially challenged groups and to draw them into the cycle of growth, development & empowerment. At the core of this is its commitment to reach out to marginalized communities through its Sustainable Livelihood Initiatives.

The Bank's strategy is to integrate its activities in community development, social responsibility & environmental responsibility and encourage each business unit or function to include these considerations into its operations.

The policy shall apply to all CSR initiatives and activities to be undertaken by the Bank at various locations, within India, for the benefit of targeted segments of the society.

Key areas under CSR:

(i) eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;

(ii) promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently abled and livelihood enhancement projects;

(iii) promoting gender equality, empowering women, setting up homes & hostels for women & orphans; setting up old age homes, day care centres & such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

(iv) ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

(v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion & development of traditional and handicrafts:

(vi) measures for the benefit of armed forces veterans, war widows and their dependents;

(vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;

(viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women;

(ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

(x) rural development projects; and

(xi) Slum area development.

Out of the activities that have been spelt out hereinabove, the Bank shall specifically focus on the following:

a) Promotion of sanitation through construction of toilets in educational institutions with particular focus on institutions for girls, providing sanitary napkin dispensers and incinerators in educational institutions; contribution to the Swachh Bharat Kosh of the Central Government;

b) Promoting preventive healthcare, providing clean drinking water by way of setting up RO plants, especially in rural centres;

c) Support to education through construction of classrooms, providing classroom equipment like benches, computers, laboratory equipment, sports facilities & equipment;

d) Promotion of sports by sponsoring sporting events at various levels; providing financial support to budding sports persons;

e) Promotion of art and culture by sponsoring events featuring dance and music;

f) Protection of environment and its sustainability by developing green parks, gardens etc., at various important public locations like educational institutions, public libraries, bus / railway stations;

Overview of Activities

In line with the CSR policy and in accordance of Schedule VII of the Companies Act, 2013, your Bank contributed to various activities during the year, the details of which are briefly as under:

a) Promoting Preventive Health Care (including Swachh Bharat), Sanitation, Education & empowering Women;

b) Social Business Projects, Art & Culture;

c) Ensuring Environment Sustainability, Promoting sports and Rural development.

Web-link to the CSR Policy

The CSR Policy as recommended by the CSR Committee and as approved by the Board is available on the Bank's website viz., URL:http://www.kvb.co.in/customer_support/banking_codes_policies.html

Details of CSR Committee

Your Bank recognizes its responsibility towards the society and environment in which it operates and accordingly had been working towards CSR and Sustainable Development. Your Bank has constituted Corporate Social Responsibility Committee as per the provisions of Companies Act, 2013 to monitor the CSR activities. Details of the composition of the Committee is given in the Corporate Governance Report.

Details of CSR spent during the financial year:

a) Total amount to be spent for the financial year : ₹ 15.10 Cr. The Bank has spent ₹ 3.70 Cr during the financial year.

b) Amount unspent if any: ₹ 11.40 Cr.

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

S NO (1)	CSR PROJECT OR ACTIVITY IDENTIFIED (2)	SECTOR IN WHICH THE PROJECT IS COVERED (3)	PROJECTS OR PROGRAMS (1) LOCAL AREA OR OTHER (2) SPECIFY THE STATE AND DISTRICT WHERE PROJECTS OR PROGRAMS WAS UNDERTAKEN (4)	AMOUNT OUTLAY (BUDGET) PROJECT OR PROGRAM WISE (5)	AMOUNT SPENT ON THE PROJECTS OR PROGRAMS SUBHEADS: (1) DIRECT EXPENDITURE ON PROJECTS OR PROGRAMS (2) OVERHEADS (6)	CUMULATIVE EXPENDITURE UPTO THE REPORTING PERIOD (7)	AMOUNT SPENT: DIRECT OR THROUGH IMPLEMENTING AGENCY (8)
1	Donations made to various Agencies/ Organisations pursuing the Activity specified in Column (3)	Promoting Preventive Health Care (including Swachh Bharat), Sanitation, Education & empowering Women	Tamil Nadu, Karnataka & Andhra Pradesh	-	323.43	323.43	Donations given to various Implementing Agencies
2	Donations made to various Agencies / Organisations pursuing the Activity specified in Column (3)	Social Business Projects & Art and Culture	Tamil Nadu	-	12.04	12.04	Donations given to various Implementing Agencies
3	Donations made to various Agencies / Organisations pursuing the Activity specified in Column (3)	Ensuring Environment Sustainability, Promoting sports, Rural development	Tamil Nadu	-	34.26	34.26	Donations given to various Implementing Agencies
			TOTAL		369.73		

The CSR Committee confirms that the implementation and monitoring of CSR policy, is in compliance with CSR objectives of the Bank. The resources deployed and spending has increased over the previous Financial Year. Banks' CSR budget is guided by the vision of creating on ground impact for the society. Bank has been building its CSR capabilities on a sustained basis. Bank has aimed at long term projects and is in process of evaluating the feasibility of such options, simultaneously exploring new opportunities with a view to create a sustainable and measurable impact on society. Hence, the entire expenditure pertaining to FY 2017-18 could not be spent in this particular year. This subtle approach enabled the institution to learn and then scale up commitment with the society for new projects. Committee expressed its desire to enhance CSR spending to meet the Bank's CSR commitment under the provisions of the Act in the areas of promoting preventive healthcare, green environment projects, providing safe drinking water, sanitary pads vending machines at girls schools in rural areas and waste management process etc,. Further Bank will continue to strengthen its processes to evaluate all projects which will benefit the society in a large way as per the requirements and is passionately committed towards CSR objectives.

P R SESHADRI
MANAGING DIRECTOR & CEO

B SWAMINATHAN
CHAIRMAN

Annexure – 5

The Karur Vysya Bank Limited

Business Responsibility Report 2017-18

Section A: General Information about the Bank		
1	Corporate Identity Number (CIN) of the company	L65110TN1916PLC001295
2	Name of the Company	The Karur Vysya Bank Limited
3	Registered address	Registered & Central Office, Erode Road, Karur – 639 002.
4	Website	www.kvb.co.in
5	e-Mail ID	kvbshares@kvbmail.com
6	Financial Year reported	2017-18
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	National Industrial Classification 2008 Code: 64191 – Banking & Financial Services governed by the Banking Regulations Act, 1949.
8	Three key products / services of the Company (as in balance sheet)	• Deposits • Loans • Foreign Exchange, Investment & Treasury
9	(i) Number of international locations	Nil
	(ii) Number of National locations	790 branches as on 31.03.2018
10	Markets served by the Company-Local / State / National / International.	National : Pan India

Section B: Financial Details of the Bank		
1	Paid-up capital (₹ in Cr)	145.33
2	Total turnover (₹ in Cr)	6599.56
3	Total profit after Taxes (₹ in Cr)	345.67
4	CSR spend as percentage of profit after tax (%)	1.07 %
5	List of CSR activities	The Bank undertakes various CSR activities in accordance with the "Corporate Social Responsibility Policy" viz., Promoting Preventive Health Care (including Swachh Bharat), Sanitation, Education & empowering Women, Social Business Projects, Art & Culture, Ensuring Environment Sustainability, Promoting sports and Rural Development. Disclosure of information on CSR activities is made in the Annual Report 2017-18 as per the provisions of the Companies Act, 2013.

Section C: Other details		
1	Company subsidiaries / joint-ventures	NIL
2	Subsidiaries participating in Company's Business Responsibility (BR) initiatives	NA
3	Other entities (e.g. suppliers, distributors etc.) participating in Company's BR initiatives	NIL

Section D (1): Business Responsibility Information		
1.a.	Details of Director responsible for implementation of BR policies	
	Director Identification Number (DIN)	DIN: 07820690
	Name	Shri P R Seshadri
	Designation	Managing Director & Chief Executive Officer
1.b.	Details of BR Head	
	Director Identification Number (DIN)- (if applicable)	NA
	Name	Shri M Murali Kumar
	Designation	Chief Compliance Officer & Deputy General Manager
	BR Head (Telephone number)	+914324-269103
	BR Head (e-Mail ID)	muralikumarm@kvbmail.com

Section D (2): BR Information – Principle-wise (as per NVGs) BR Policy / Policies (Yes / No)										
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy / policies for ….#	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?	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 exchange, 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? If yes, has it been signed by MD / Owner / CEO / Appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		Policies of the Bank are recommended by respective Committee of the Board and approved by the Board.								
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?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		http://www.kvb.co.in/customer_support/banking_codes_policies.html The remaining 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.								

Section D (2): BR Information – Principle-wise (as per NVGs) BR Policy / Policies (Yes / No)										
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		Policies that are related to external stake holders are hosted in the Banks' website and other Policies related to internal stake holders are available in the Bank's intranet.								
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
		The policies are annually reviewed by the Board. Compliance Department monitors adherence to implementation of policy mandated by RBI.								

Section D (2): BR Information - Principle-wise (as per NVGs) BR Policy / Policies (Yes / No) – Not Applicable										
	The Bank has	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Not understood the principles	-	-	-	-	-	-	-	-	-
2	Not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	Does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	Planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	Planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Other reasons	-	-	-	-	-	-	$	-	-

$ While there is no specific policy outlined for this principle, the Bank through trade bodies and associates put forth suggestions with respect to Economy in general and Banking sector in particular.

# Principle-wise policies	
P1	Compliance Policy, Whistle Blower Policy, Anti Money Laundering Policy, Vigilance Policy, HRD Policy, Procurement Policy, Policy on Outsourcing of Financials, Code of Bank's Commitment to Customers, Customer Rights Policy, Grievance Redressal Policy, Code of Bank's Commitment to Micro and Small Enterprise, Code of Conduct and Ethics, Code of Conduct and Conflict of Interest Norms in respect of Board of Directors, Code of Conduct for Direct Selling Agents, Policy on Related Party Transactions, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI), Policy on criteria for determining Materiality of events.
P2	Code of Bank's Commitment to Micro and Small Enterprise, Credit Policy (SME Priority Sector exposures), Policy for lending to Micro Small & Medium Enterprises (MSMEs), e-Waste Management Policy.
P3	Remuneration Policy, Staff Housing Loan Policy, Staff Rules and Guidelines (covering leave policy, insurance benefits, superannuation scheme etc.), Policy on Prevention of Sexual Harassment, Policy on Safety for Women at Workplace, Policy on Human Rights, HRD Policy and Vigilance Policy.

# Principle-wise policies	
P4	Code of Bank's Commitment to Micro and Small Enterprise, Corporate Social Responsibility Policy, Credit Policy (SME Priority Sector exposures), Policy for lending to Micro Small & Medium Enterprises (MSMEs),
P5	Policy on Human Rights, Code of Conduct and Ethics, HRD Policy, IT Policy, Vigilance Policy.
P6	Financial Inclusion practices, MSME Policy, Corporate Social Responsibility Policy, Business Continuity Plan and Disaster Recovery Policy (BCPDR).
P7	NIL
P8	Code of Bank's Commitment to Customers, Policy on outsourcing of financial services, Information Systems Security Policies, Corporate Social Responsibility Policy.
P9	Code of Bank's Commitment to Customer, Citizen's Charter – A Charter for Customer Service, Customer Rights Policy

Section D (3): BR Governance		
3.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 3 months, 3-6 months, Annually, More than 1 year	Annually
3.b.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Bank annually publishes its BR Report as part of its Annual Report. The hyperlink for viewing the report is http://www.kvb.co.in/global/annual_report.html

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?

   The Bank has put in place a Code of Conduct and Ethics which is applicable to all its employees. The Code articulates the ethical principles and acceptable behaviour that the Bank's employees are expected to demonstrate to uphold the Bank's values. The Code covers aspects related but not limited to ethics, accountability, conflict of interest, bribery and corruption. The Bank has put in place a Vigilance policy relating to ethics / bribery / corruption which is applicable to all its employees. The Bank has adopted a "zero tolerance" approach to bribery and corruption and employees who commit such acts are dealt with firmly by imposing deterrent punishments as per the provisions of bi-partite settlement (workmen) and Discipline and Appeal Regulation (Officers). The Bank's HRD policy-vision document highlights building of a strong team with integrity and aligning human resources with business goals.

   The Bank has also adopted Code of Conduct and Conflict of Interest Norms in respect of Board of Directors to guide the Board members in ensuring highest ethical standards in managing the affairs of the Bank.

   The Bank has adopted 'Model Code of Conduct for Direct Selling Agents' and is applicable to all persons involved in marketing and distribution of any loan or other financial product of the Bank. Similarly the Bank in its procurement policy has stipulated code of business conduct and ethics to act with utmost integrity from employees and suppliers as well. The Bank is having executive level Committees viz., Product Development Committee, Standing Committee on Customer Service, Staff Accountability Committee and Outsourcing Committee to ensure these principles. Further various Board level committees such as Audit Committee, Customer Service Committee, CSR Committee, etc., To review periodically and take necessary actions to protect behavioural and ethical standards in operations.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

   KVB established various channels for its stakeholders to communicate their expectations / concerns. The details of the stakeholder complaints during the FY2017-18 are as below:

	Pending as on 31.03.2017	2017-18		% of cases resolved satisfactorily	Pending as on 31.03.2018
		Received	Redressed		
Customer Complaints	13	490	498	99.00	5
Investor Complaints	0	133	133	100.00	0
Consumer cases	33	3	9	25.00	27

Investor's grievances are redressed either directly by Investor Relation Cell of the Bank or through Bank's Registrar and Transfer Agents, M/s SKDC Consultants Ltd, Coimbatore. Complaints received on SCORES (a centralized web based complaint redress 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. The Bank always strives to have a cordial relationship with its stakeholders and attempts to have an amicable settlement of the dispute.

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.

   Considering the nature of the business of the bank and the products / initiatives, the banking products are not directly related to environmental concerns, risks and opportunities. However, KVB provides sustainable banking products, to cater the needs of different classes of customers, which incorporates social or environmental concerns, risks and opportunities;

   a) Digital Banking Products - KVB mPAY, KVB e-Book, Green Pin, Green Receipt, KVB FASTag, LOS and etc.,

   b) Financial Inclusion Products - KVB Grama Jyothi, KVB Kalpatharu, KVB JanDhan Yojna and etc.,

   c) Loan Products - SOLAR Pump Agri Term Loan, PMJDY Over Drafts, Joint Liability Group (JLG) and other Central and State Governments sponsored schemes and flagship programs.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

   (a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?

   Considering the nature of the business of the bank and its products / initiatives, usage of energy, water and raw material are not a significant issue to the banking sector in general. The major resources consumed at the Bank are grid electricity and paper. KVB undertakes various initiatives for energy conservations at its premises. Some of such initiatives are discussed below:

   - Alternative and Renewable Energy - (i) KVB owns 850 KW Wind Turbine Generator at Govindapuram village, Theni District in Tamil Nadu. Installed in the year 2011, Bank is utilising the wind power generated for its Registered & Central Office at Karur and also at its Divisional Office, Chennai premises. 17,08,987 units were generated during the fiscal under report by the wind mill. (ii) ATMs with solar powered / Lithium UPS installation in areas of fluctuating power supply.
   - Energy Efficiency - Star rated and energy efficient Air Conditioners, Diesel Gensets and replacement with LED lights in the office.
   - Resource Efficiency - Washrooms installed with proximity sensors to save water.
   - Waste Management - Strong emphasis on recycling of paper and e-Waste of the bank are disposed-off through authorized vendors.

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   Considering the nature of the business of the bank and the products / initiatives resource consumption during usage by consumers is not a significant material issue for the banking sector in general.

   However, KVB is always forge ahead in swift adoption of technology, digitize operation and offering technology based products, reducing the incidence of paper usage and travel among its customers. Among many initiatives in line with such perception, few are mentioned below:

   - 'Green PIN' gives hassle-free setting up of ATM PIN by the customers themselves at their convenience.

- Go Green initiative to save paper utilised for ATM and BNRM transactions and digitized the customer receipts.
- KVB FASTag - National Electronic Toll Collection (NETC) is a secure and interoperable solution for NHAI toll collection. NETC system will reduce wait time at toll counters, reduce fuel consumption and cash handling considerably.
- Concept of Digital village implemented by the Bank at two places namely Kathirampatty village (Near Erode, Tamilnadu) and Bandarupalli village (Near Guntur, Andhra Pradesh). The objective is to open accounts for the residents of the village thereby enabling the villagers to do their day-to-day transactions through their account by using the touch-points like Cash Recycler, Automatic Passbook Kiosk, Micro ATM's, Tablets etc. The day-to-day transactions covered under this will range from withdrawal & deposit of Cash, payment of utility bills, subscription to purchase of goods and the users are encouraged to use the internet banking in the Tablets available at the branch.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

   (a) If yes, what percentage of your inputs was sourced sustainably?

   Considering the nature of the business of the bank and the products, the Bank does not have any raw material requirements. The primary resources consumed for its day-to-day operations are paper, grid electricity, water from municipal sources and diesel for DG sets in location with erratic availability of electricity. The Bank strives to achieve greater transparency, compliance and adoption of environmental and labour best practices.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

   (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   The nature of 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%).

   Considering that the Bank is not a manufacturing unit, the waste generated at its offices is managed as per the waste disposal process. The Bank has procedures in place to dispose of e-waste through authorised e-waste vendors.

Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.

   Total No. of employees as on 31.03.2018 - 7956.

2. Please indicate the Total number of employees hired on temporary / contractual / casual basis.

   Contract employees hired between 01.04.2017 and 31.03.2018 - 77 (including REs).

3. Please indicate the Number of permanent women employees.

   No. of permanent women employees as on 31.03.2018 - 2214 (other than on contract).

4. Please indicate the Number of permanent employees with disabilities.

   No. of permanent employees with disabilities - 17.

5. Do you have an employee association that is recognized by management?

   Yes, KVB Officers Association (KVBOA) and KVB Employees Union (KVBEU) are recognized employee associations. The Bank respects the right of 'Freedom of Association'. The Bank ensures that all employee grievances are received and addressed promptly.

6. What percentage of your permanent employees is members of this recognized employee association?

   No. of KVBOA members – 68.86%

   No. of KVBEU members – 93.40%

7. Please indicate the 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 filed during the FY18	No of complaints pending as on end of the FY18
01	Child labour / forced labour / involuntary labour	Nil	Nil
02	Sexual harassment	1	1*
03	Discriminatory employment	Nil	Nil

*Bank's Internal Complaints Committee has found the complaint as false and Departmental action is in advanced stage / progress.

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
   (a) Permanent Employees - 85.36%
   (b) Permanent Women Employees - 83.77%
   (c) Casual / Temporary / Contractual Employees - Nil
   (d) Employees with Disabilities - 58.8%. (Most of them belong to physically handicapped category, Polio affected and they were given training along with other employees).

   Employee health and safety is of prime importance and the Bank conducts robust and periodic training like advanced and basic fire safety training, first aid, Cardio Pulmonary Resuscitation (CPR) training, evacuation related training for floor marshals and employees across offices & branches. Periodic fire evacuation drills were conducted at the office locations as well as branches to sensitise employees about fire safety norms and regulations. The Bank has tie-ups with vendors to educate and demonstrate use of fire-fighting equipment to branch staff.

   The Bank continues to focus on skilling all its employees with the requisite knowledge and skill. The Bank has training centres where various function-related training programmes, designed to meet the changing skill requirements of its employees are conducted. These training programmes include orientation sessions for new employees, programmes conducted by various skill-enhancing, role specific functional academies, leadership mentoring programmes and other management development programmes for mid-level and senior executives. In addition to classroom training, e-learning programmes are also available for employees.

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 – The Bank engages with myriad stake holders through formal and informal channels of communication.

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 marginalised stakeholders?

   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 is also extending service to the Senior Citizens by distributing the eligible Pension through the Banking Correspondents in their locality. In order to create awareness among rural and semi-urban populations about the need for banking and to inculcate savings habits, the Bank has conducted 244 Financial Literacy campaigns through branches.

   The Bank is taking steps to enable easier access to the Bank's branches and ATMs for the physically challenged through provision of ramps and is also providing facility for the visually challenged to transact through talking 'Braille' keypad enabled ATMs.

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?

   The Bank's philosophy / policies ensure non-discrimination among employees in all its dealings with employees and grievance redressal mechanisms are put in place. The Bank is committed to uphold the dignity of every individual engaged or associated with them. The Bank also seeks

to ensure that there is no discrimination in selection of suppliers and vendors and has put in place a grievance redressal mechanism for the same.

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 past financial years with respect to Human Rights.

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 initiatives towards addressing environmental issues.

   The CSR policy of the Bank includes Environment Sustainability as one of its focus areas. The Bank has undertaken several CSR initiatives with positive direct environmental impact or towards creating awareness among stakeholders, in areas of skill development & sustainable livelihoods, education, primary healthcare & sanitation, Promotion of national heritage, Art & Culture, Promoting sports, Rural Development Projects and financial literacy programs.

2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Yes / No. If yes, please give hyperlink for webpage etc.

   The Bank constantly aims to reduce the impact on the environment by identifying ways to optimise resource consumption in its operations by promoting (A) Multi channel digital delivery of banking products through - Net Banking, Mobile Banking, conversion of statements into e-Statements, numerous other initiatives via paperless transactions (B) IT Initiatives - Automated server and desktop shutdown to reduce consumption of energy, Video conferencing, Video chatting to reduce emissions as a result of air travel, Responsible e-Waste disposal methods.

3. Does the company identify and assess potential environmental risks? Yes / No

   The Bank is aware of the potential environmental risks and participates in initiatives as mentioned above 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? Also, if Yes, whether any environmental compliance report is filed?

   The above 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. Yes / No. If yes, please give hyperlink for web page etc.

   As outlined above in point no. 2, the Bank participates in several initiatives in the area of environment sustainability. Also, please refer response to the question no. 2(a) under Principle 2.

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.

   Not Applicable.

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:

   (a) Indian Banks Association (IBA)

   (b) Fixed Income Money Market and Derivatives Association (FIMMDA)

   (c) Foreign Exchange Dealers Association of India (FEDAI)

   (d) Federation of Indian Chambers of Commerce and Industry (FICCI)

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, through trade bodies and associations, puts forth a number of suggestions with respect to the economy in general and the banking sector in particular.

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.

   The Bank has put in place 'Corporate Social Responsibility Policy' to guide its efforts on CSR initiatives that contribute to inclusive growth and equitable development. The Bank's primary CSR philosophy rests on purpose driven approach to create a meaningful and measurable positive impact on the lives of economically, physically and socially challenged communities of the country by supporting initiatives aimed at creating conditions suitable for sustainable livelihood in these communities. The Bank has undertaken several CSR initiatives with positive direct environmental impact or towards creating awareness among stakeholders, in areas of health care and sanitation, setting up of homes for women, orphans and senior citizens, coastal clean-up campaign, protection of culture, buildings of national heritage, etc.,

   In order to improve the livelihood of small / marginal / tenant farmers, sharecroppers and also entrepreneurs engaged in various non-farm activities, the Bank has rolled out a special credit scheme called "Joint Liability Group". Under the scheme, required credit at concessional rate, training and marketing arrangements are provided to the people jointly with local NGOs acting as Business Facilitators.

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

   The Bank undertakes CSR programmes / projects directly and with the assistance of implementation through any other trust or agencies if required.

3. Have you done any impact assessment of your initiative?

   Periodic reviews are undertaken on various projects. The Bank's initiatives in the area of rural development, particularly with regard to progress made in providing access to banking and financial services to underprivileged customers are reviewed regularly.

4. What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.

   The Bank has spent ₹ 3.70 Cr in fiscal 2017-18 on corporate social responsibility related activities. The expenditure has been undertaken primarily on skill development & sustainable livelihoods, education, primary healthcare & sanitation, Promotion of national heritage, Art & Culture, Promoting sports, Rural Development Projects and financial literacy programs.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

   The Community development initiatives are driven by its five-pronged approach towards CSR-promote, Invest, Engage, Collaborate and Monitor. The Bank's CSR Policy guides the Bank in ensuring that its initiatives are mapped to the focus areas and are relevant, effective and replicable.

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.

   The customer Complaints / consumer cases pending as on 31.03.2018 is 5.93%.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / Not Applicable / Remarks (additional information).

   As the Bank operates in highly customer-focused sector, product-related transparency and communications are of highest priority to it. In line with the guidelines of the Reserve Bank of India and service standards set by the Banking Codes and Standards Board of India (BCSBI), the Bank

provides transparent information on its products through its website (www.kvb.co.in) and at its branches. This includes details on product features, service charges and fees applicable. Interest rates are published and updated on the website as and when change in deposit interest for various deposit schemes. The Bank provides sufficient data to customers to understand their eligibility, applicable interest rates and service charges for consumer loan products. SMS alerts are sent to customers when any charges or fees are triggered or levied to their account. Similarly, customers are made aware of free monthly ATM transactions available through SMS alerts.

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?

   In the ordinary course of banking business, some customers and borrowers have disputes with the Bank which could result in their filing a civil suit or a consumer complaint alleging deficiency of services. The Bank always strives to have a cordial relationship with its customers / borrowers and attempts to have an amicable settlement of the dispute.

4. Did your company carry out any consumer survey / consumer satisfaction trends?

The Bank on a continuous basis measures the satisfaction levels of customers transacting across various sectors. As part of this exercise, the customer's feedback and satisfaction levels with the transaction experience are measured. This feedback is then analysed and the insights from the same are implemented to improve products and processes and enhance the service quality of the Bank. A standing committee on customer service, chaired by Managing Director & CEO / President & COO besides 3 Senior Executives of the Bank evaluate feedback on quality customer service on a quarterly intervals and place a review note to the customer service committee of the Board.

INDEPENDENT AUDITOR'S REPORT

To the Members of The Karur Vysya Bank Limited

Report on the Standalone Financial Statements

1. We have audited the standalone accompanying financial statements of The Karur Vysya Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31st March 2018, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these Financial Statements are the returns of 5 branches and 1 office audited by us, 848 branches / offices audited by Statutory Branch Auditors.

Management's Responsibility for the Standalone Financial Statements

2. The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

5. We conducted our audit of the Bank including its branches in accordance with Standards on Auditing ('the Standards') specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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

   a. In case of the Balance Sheet, of the state of affairs of the Bank as at 31st March, 2018,

   b. In case of the Profit and Loss Account of the profit for the year ended on that date; and

   c. In case of the Cash Flow Statement, of cash flows for the year ended on that date.

Karur Vysya Bank
Smart way to bank

INDEPENDENT AUDITOR'S REPORT

Report on Other Legal and Regulatory Requirements

9. 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 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

10. As required by sub Section (3) of Section 30 of the Banking Regulation Act, 1949, we report that:

    (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

    (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank.

    (c) the returns received from the offices and branches of the Bank have been found adequate for the purpose of our audit.

11. Further, as required by Section 143(3) of the Act, we further report that:

    i. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    ii. in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us.

    iii. the reports on the accounts of the branch offices audited by branch auditors of the Bank under Section 143(8) of the Companies Act, 2013 have been sent to us and have been properly dealt with by us in preparing this report.

    iv. the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us.

    v. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by RBI;

    vi. on the basis of written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

    vii. with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and

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

        a. the Bank has disclosed the impact of pending litigations on its financial position in its financial statements:

        b. the Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

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

For **Abarna & Ananthan**
Chartered Accountants
Firm Registration No. 000003S

LALITHA RAMESWARAN
Partner
Membership No. 207867

Place: Karur
Date: 25th May 2018

Karur Vysya Bank
Smart way to bank

INDEPENDENT AUDITOR'S REPORT

Annexure A to the Independent Auditor's Report of even date on the Financial Statements of The Karur Vysya Bank Limited

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

1. We have audited the internal financial controls over financial reporting of The Karur Vysya Bank Limited ('the Bank') as at 31st March 2018 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') and the standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A bank's internal financial control over financial reporting includes those policies and procedures that:

   a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank;

   b. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and

   c. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility

Karur Vysya Bank
Smart way to bank

INDEPENDENT AUDITOR'S REPORT

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

Opinion

8. In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Abarna & Ananthan**
Chartered Accountants
Firm Registration No. 000003S

LALITHA RAMESWARAN
Partner
Membership No. 207867

Place: Karur
Date: 25th May 2018

Karur Vysya Bank
Smart way to bank

BALANCE SHEET AS ON 31ST MARCH 2018

(000's omitted)

	SCHEDULE	AS ON 31.03.2018 ₹	AS ON 31.03.2017 ₹
CAPITAL & LIABILITIES			
Capital	1	**145 32 79**	121 86 45
Reserves & Surplus	2	**6118 85 90**	4913 83 24
Deposits	3	**56890 09 06**	53699 81 12
Borrowings	4	**2381 67 45**	1695 65 00
Other Liabilities and Provisions	5	**1393 16 85**	1376 46 25
TOTAL		**66929 12 05**	61807 62 06
ASSETS			
Cash and Balances with Reserve Bank of India	6	**2960 07 47**	2790 47 42
Balances with Banks and Money at call and short notice	7	**1336 83 24**	1554 61 76
Investments	8	**15803 20 77**	14857 48 48
Advances	9	**44800 14 52**	40907 72 23
Fixed Assets	10	**528 19 15**	418 60 81
Other Assets	11	**1500 66 90**	1278 71 36
TOTAL		**66929 12 05**	61807 62 06
Contingent Liabilities	12	**14837 60 53**	12636 55 59
Bills for collection		**2316 05 01**	2242 46 26
Significant Accounting Policies	17		
Notes on Accounts	18		

The schedules referred to above form an integral part of Balance Sheet.

B. SWAMINATHAN
CHAIRMAN

P. R. SESHADRI
MD&CEO

G. RAJASEKARAN
DIRECTOR

M. K. VENKATESAN
DIRECTOR

A. K. PRABURAJ
DIRECTOR

K.L. VIJAYALAKSHMI
DIRECTOR

J. NATARAJAN
PRESIDENT & COO

T. SIVARAMA PRASAD
GENERAL MANAGER & CFO

Place : Karur
Date : 25th May 2018

Karur Vysya Bank
Smart way to bank

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2018

(000's omitted)

		SCHEDULE	Year Ended 31.03.2018 ₹	Year Ended 31.03.2017 ₹
I	**INCOME**			
	Interest earned	13	**5699 65 33**	5622 35 19
	Other Income	14	**899 93 37**	782 21 52
	TOTAL		**6599 58 70**	6404 56 71
II	**EXPENDITURE**			
	Interest expended	15	**3401 53 90**	3548 64 87
	Operating expenses	16	**1420 72 24**	1284 95 08
	Provisions and Contingencies		**1431 65 34**	964 98 49
	TOTAL		**6253 91 48**	5798 58 44
III	**PROFIT**			
	Net Profit from ordinary activities		**345 67 22**	605 98 26
	Exceptional item		**Nil**	Nil
	Net Profit for the year		**345 67 22**	605 98 26
	Profit brought forward		**193 31 17**	2 19 91
	TOTAL		**538 98 39**	608 18 17
IV	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		**87 00 00**	152 00 00
	Transfer to Capital Reserve		**12 05 30**	73 87 00
	Transfer to Revenue & Other Reserves		**160 00 00**	164 00 00
	Transfer to Investment Reserve		**Nil**	Nil
	Transfer to Special Reserve U/s 36(1)(viii) of IT Act, 1961		**35 00 00**	25 00 00
	Dividend Paid (including tax) for the Financial Year 2016-17		**190 67 51**	Nil
			484 72 81	414 87 00
	BALANCE OF PROFIT		**54 25 58**	193 31 17
	TOTAL		**538 98 39**	608 18 17
	Basic Earnings Per Share (*)	(in ₹.)	4.98	9.29
	Diluted Earnings Per Share (*)	(in ₹.)	4.98	9.29

(*) EPS for the previous year has been re-stated after considering the rights issue undertaken during the year.

The schedules referred to above form an integral part of Statement of Profit and Loss.

A. J. SURIYANARAYANA
DIRECTOR

N. S. SRINATH
DIRECTOR

Dr. V. G. MOHAN PRASAD
DIRECTOR

M. V. SRINIVASAMOORTHI
DIRECTOR

Dr. K. S. RAVICHANDRAN
DIRECTOR

SRINIVASA RAO .M
COMPANY SECRETARY

As per our report of even date
For **Abarna & Ananthan**
Chartered Accountants
Firm Registration No. 000003S

LALITHA RAMESWARAN
Partner
Membership No. 207867

SCHEDULES

(000's omitted)

	AS ON 31.03.2018 ₹	AS ON 31.03.2017 ₹
SCHEDULE 1 - CAPITAL		
Authorised Capital		
100,00,00,000 Equity Shares of ₹. 2/- each (100,00,00,000 Equity Shares of ₹. 2/- each)	**200 00 00**	200 00 00
Issued Capital:		
72,72,61,493 Equity Shares of ₹. 2/- each (60,97,26,285 Equity Shares of ₹. 2/-each)	**145 45 23**	121 94 53
Subscribed & Paid up Capital:		
60,93,22,270 Equity Shares of ₹. 2/- each (60,93,22,270 Equity shares of ₹. 2/- each)	**121 86 45**	121 86 45
Add: Rights issue of 11,73,17,101 Equity shares of ₹. 2/- each	**23 46 34**	Nil
TOTAL	**145 32 79**	121 86 45
SCHEDULE 2 - RESERVES AND SURPLUS		
I Statutory Reserve		
Opening Balance	**1568 53 31**	1416 53 31
Add: Addition during the year	**87 00 00**	152 00 00
TOTAL	**1655 53 31**	1568 53 31
II Capital Reserve		
Opening Balance	**168 76 24**	94 89 24
Add: Addition during the year	**12 05 30**	73 87 00
TOTAL	**180 81 54**	168 76 24
III Share Premium		
Opening Balance	**1214 92 16**	1214 92 16
Add: Addition during the year	**868 14 65**	Nil
Less: Rights issue expenses	**3 18 37**	Nil
TOTAL	**2079 88 44**	1214 92 16
IV Revenue and Other Reserves		
a) General Reserve		
Opening Balance	**1454 96 36**	1434 20 04
Add : Write back of unamortised Fraud provision	**Nil**	41 83 00
Add: Addition during the year	**160 00 00**	164 00 00
Less: Provision for Loss on sale to ARC	**Nil**	185 06 68
Add : Write back of unamortised loss on sale to ARC	**185 06 67**	Nil
TOTAL	**1800 03 03**	1454 96 36
b) Investment Reserve		
Opening Balance	**53 34 00**	53 34 00
Add : Addition during the year	**Nil**	Nil
Less: Deduction during the year	**Nil**	Nil
TOTAL	**53 34 00**	53 34 00

SCHEDULES

(000's omitted)

		AS ON 31.03.2018 ₹	AS ON 31.03.2017 ₹
c)	Special Reserve U/s 36(1) (viii) of Income Tax Act, 1961		
	Opening Balance	**260 00 00**	235 00 00
	Add: Addition during the year	**35 00 00**	25 00 00
	TOTAL	**295 00 00**	260 00 00
V	Balance of Profit	**54 25 58**	193 31 17
	TOTAL I, II, III, IV & V	**6118 85 90**	4913 83 24
SCHEDULE 3 - DEPOSITS			
A I.	Demand Deposits		
i)	From Banks	**12 94 91**	5 50 92
ii)	From Others	**5563 42 99**	4914 84 00
	TOTAL	**5576 37 90**	4920 34 92
II.	Savings Bank Deposits	**11000 57 36**	9968 27 79
III.	Term Deposits		
i)	From Banks	**56 86 92**	4 94 25
ii)	From Others	**40256 26 88**	38806 24 16
	TOTAL	**40313 13 80**	38811 18 41
	TOTAL I, II & III	**56890 09 06**	53699 81 12
B	Deposits from Branches		
i)	In India	**56890 09 06**	53699 81 12
ii)	Outside India	**Nil**	Nil
	TOTAL	**56890 09 06**	53699 81 12
SCHEDULE 4 - BORROWINGS			
I	Borrowings in India		
i)	Reserve Bank of India	**830 00 00**	Nil
ii)	Other Banks	**Nil**	Nil
iii)	Other Institutions and Agencies	**1238 73 70**	1357 16 39
iv)	Other borrowings - Subordinated debt bonds	**150 00 00**	150 00 00
	TOTAL	**2218 73 70**	1507 16 39
II	Borrowings outside India	**162 93 75**	188 48 61
	TOTAL I & II	**2381 67 45**	1695 65 00
Secured Borrowings included in I and II above		**1901 85 84**	1227 87 51
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I	Bills Payable	**317 05 25**	353 89 32
II	Inter Office Adjustments (Net)	**Nil**	Nil
III	Interest Accrued	**178 41 29**	171 38 44
IV	Deferred Tax	**16 83 81**	65 57 57
V	Other liabilities (including provisions)	**880 86 50**	785 60 92
	TOTAL	**1393 16 85**	**1376 46 25**

SCHEDULES

(000's omitted)

		AS ON 31.03.2018 ₹	AS ON 31.03.2017 ₹
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I	Cash in Hand (Including Foreign Currency Notes)	**725 93 67**	564 86 50
II	Balances with Reserve Bank of India in Current Account	**2234 13 80**	2225 60 92
	TOTAL	**2960 07 47**	2790 47 42
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE			
I	In India		
	i) Balances with Banks		
	a) In Current Accounts	**81 79 96**	40 15 71
	b) In Other Deposit Accounts	**427 22 45**	100 72 45
	ii) Money at Call and Short Notice with Banks		
	a) In RBI Reverse Repo	**325 00 00**	410 00 00
	b) With Banks	**Nil**	Nil
	c) With Other Institutions	**Nil**	Nil
	TOTAL	**834 02 41**	550 88 16
II	Outside India		
	a) In Current Accounts	**21 07 20**	Nil
	b) In Other Deposit Accounts	**481 73 63**	1003 73 60
	TOTAL	**502 80 83**	1003 73 60
	TOTAL I & II	**1336 83 24**	1554 61 76
SCHEDULE 8 - INVESTMENTS			
I	Investments in India	**15992 25 34**	14955 47 90
	Less : Provision for Investment Depreciation & NPI	**189 04 57**	97 99 42
	TOTAL	**15803 20 77**	14857 48 48
	Break-up		
	i) Government Securities	**14012 79 99**	12895 54 00
	ii) Other Approved Securities	**Nil**	Nil
	iii) Shares	**105 11 76**	93 87 36
	iv) Debentures and Bonds	**1245 88 04**	798 52 35
	v) Subsidiaries & Joint Ventures	**Nil**	Nil
	vi) Others	**439 40 98**	1069 54 77
	TOTAL	**15803 20 77**	14857 48 48
II	Investments outside India	**Nil**	Nil
	TOTAL I & II	**15803 20 77**	14857 48 48

SCHEDULES

(000's omitted)

			AS ON 31.03.2018 ₹	AS ON 31.03.2017 ₹
SCHEDULE 9 - ADVANCES				
A	i)	Bills purchased and discounted	**1316 89 00**	1589 36 58
	ii)	Cash Credits, Overdrafts and Loans repayable on demand	**34662 91 49**	30799 77 75
	iii)	Term Loans	**8820 34 03**	8518 57 90
		TOTAL	**44800 14 52**	40907 72 23
B	i)	Secured by tangible assets (incl. Book Debts)	**44343 14 01**	39941 25 01
	ii)	Covered by Bank / Government guarantees	**387 76 99**	643 88 57
	iii)	Unsecured	**69 23 52**	322 58 65
		TOTAL	**44800 14 52**	40907 72 23
C	I	Advances in India		
		i) Priority Sector	**18276 75 03**	18362 57 83
		ii) Public Sector	**609 76 47**	1156 91 96
		iii) Banks	**Nil**	Nil
		iv) Others	**25913 63 02**	21388 22 44
		TOTAL	**44800 14 52**	40907 72 23
	II	Advances outside India	**Nil**	Nil
		TOTAL CI & CII	**44800 14 52**	40907 72 23
SCHEDULE 10 - FIXED ASSETS				
I		Premises		
		At cost as on 31st March of the preceding year	**198 32 61**	197 37 24
		Add : Addition during the year	**35 87 90**	95 37
			234 20 51	198 32 61
		Less: Deduction during the year	**61**	Nil
			234 19 90	198 32 61
		Less : Depreciation to date	**51 48 56**	46 30 03
		TOTAL	**182 71 34**	152 02 58
II		Building under construction	**32 98 29**	7 66 71
III		Capital Work-in-Progress	**20 50 57**	Nil
IV		Other Fixed Assets (including Furniture & Fixtures)		
		At cost as on 31st March of the preceding year	**842 57 06**	763 34 33
		Add : Addition during the year	**113 66 88**	80 06 08
			956 23 94	843 40 41
		Less: Deduction during the year	**96 31**	83 35
			955 27 63	842 57 06
		Less : Depreciation to date	**663 28 68**	583 65 54
		TOTAL	**291 98 95**	258 91 52
		TOTAL I, II, III & IV	**528 19 15**	418 60 81

SCHEDULES

(000's omitted)

		AS ON 31.03.2018 ₹	AS ON 31.03.2017 ₹
SCHEDULE 11 - OTHER ASSETS			
I	Inter Office Adjustments (Net)	**81 83 22**	51 84 71
II	Interest Accrued	**323 66 58**	295 06 37
III	Tax paid in advance / Tax deducted at source (Net)	**Nil**	9 28 84
IV	Stationery and Stamps	**6 98 96**	7 25 48
V	Deferred Tax	**Nil**	Nil
VI	Non Banking Assets acquired in satisfaction of claims	**Nil**	Nil
VII	Others	**1088 18 14**	915 25 96
	TOTAL	**1500 66 90**	1278 71 36
SCHEDULE 12 - CONTINGENT LIABILITIES			
I	Claims against the Bank not acknowledged as debts	**2 30 32**	1 56 43
II	Liability on account of outstanding		
	a) Forward Exchange Contracts	**5926 48 46**	5788 63 75
	b) Derivatives	**Nil**	Nil
III	Guarantees given on behalf of constituents in India	**3765 21 47**	3309 68 77
IV	Acceptances, Endorsements and other Obligations	**2742 01 76**	2797 45 38
V	Other items for which the Bank is contingently liable	**2401 58 52**	739 21 26
	TOTAL	**14837 60 53**	12636 55 59

SCHEDULES

(000's omitted)

		Year Ended 31.03.2018 ₹	Year Ended 31.03.2017 ₹
SCHEDULE 13 - INTEREST EARNED			
I	Interest / discount on advances/bills	**4420 80 90**	4401 68 76
II	Income on Investments	**1122 92 82**	1106 03 63
III	Interest on balances with Reserve Bank of India & other inter-bank funds	**77 21 13**	87 77 05
IV	Others	**78 70 48**	26 85 75
	TOTAL	**5699 65 33**	5622 35 19
SCHEDULE 14 - OTHER INCOME			
I	Commission, Exchange and Brokerage	**617 13 22**	480 24 26
II	Profit/Loss on sale of investments - Net	**101 07 62**	204 63 60
III	Profit on sale of land, buildings and other assets	**51 93**	51 67
IV	Profit on exchange transactions - Net	**43 64 27**	38 54 33
V	Miscellaneous Income	**137 56 33**	58 27 66
	TOTAL	**899 93 37**	782 21 52
SCHEDULE 15 - INTEREST EXPENDED			
I	Interest on Deposits	**3309 69 33**	3445 02 13
II	Interest on Reserve Bank of India / Inter-bank borrowings	**17 34 88**	19 70 43
III	Others	**74 49 69**	83 92 31
	TOTAL	**3401 53 90**	3548 64 87
SCHEDULE 16 - OPERATING EXPENSES			
I	Payments to and Provisions for employees	**639 07 85**	607 96 46
II	Rent, Taxes and Lighting	**169 28 13**	132 75 91
III	Printing and Stationery	**16 27 65**	15 67 77
IV	Advertisement and Publicity	**17 41 02**	27 15 66
V	Depreciation on Bank's Property	**85 24 60**	85 88 99
VI	Directors' fees, allowances and expenses	**1 63 58**	1 68 90
VII	Auditors' fees and expenses (including branch auditors fees and expenses)	**2 29 26**	2 47 00
VIII	Law Charges	**1 51 57**	1 48 52
IX	Postages, Telegrams, Telephones, etc.	**25 09 36**	25 10 93
X	Repairs and Maintenance	**60 32 10**	44 10 93
XI	Insurance	**57 14 01**	55 16 98
XII	Other Expenditure	**345 43 11**	285 47 03
	TOTAL	**1420 72 24**	1284 95 08

SCHEDULES

SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES

A. BACKGROUND

The Karur Vysya Bank Limited, incorporated in Karur, India is a publicly held banking company governed by the Banking Regulation Act, 1949 and is engaged in providing a wide range of banking and financial services including commercial banking and treasury operations.

B. BASIS OF PREPARATION

The financial statements are prepared following the going concern concept, on historical cost basis and conform to the Generally Accepted Accounting Principles (GAAP) in India which encompasses applicable statutory provisions, regulatory norms prescribed by the Reserve Bank of India (RBI) from time to time, notified Accounting Standards (AS) issued under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 to the extent applicable and current practices prevailing in the banking industry in India.

Use of Estimates:

The preparation of the financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities including contingent liabilities as of the date of the financial statement and the reported income and expenses during the reported period. The Management believes that the estimates and assumptions used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. The differences, if any between estimates and actual will be dealt appropriately in future periods.

C. PRINCIPAL ACCOUNTING POLICIES

1. Revenue Recognition

Income and Expenditure are generally accounted on accrual basis, except otherwise stated.

Interest income, other than on non-performing assets, is recognized on accrual basis. In respect of non-performing Advances/Investments and Funded Interest Term Loans (FITL) accounts, the interest income is recognized upon realisation, as per prudential norms prescribed by the RBI.

(i) Commission on Bank Guarantees, (ii) Commission on Letter of Credit, (iii) annual fee on cards, (iv) bancassurance commission, (v) locker rent are accounted on receipt basis. Dividend income and Interest on Income Tax Refund is recognised when the right to receive payment is established.

2. Investments

Investments are categorized into three categories – (i) Held to Maturity, (ii) Held for Trading and (iii) Available for Sale, with sub-classification under each category viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures & Bonds, (v) Subsidiary and Joint Ventures and (vi) Others – Units of Mutual Funds, Certificate of Deposits etc., in accordance with the guidelines issued by Reserve Bank of India.

The category under which the investments would be classified is decided at the time of acquisition.

Shifting of securities among the categories is accounted at the least of the acquisition cost / book value / market price prevailing on the date of shifting and depreciation, if any, on such shifting is fully provided for.

Investments classified under HTM category are carried at acquisition cost, except in cases where the acquisition cost is higher than the face value, the premium is amortized over the remaining period to maturity.

Investments classified under HFT and AFS categories are marked to market at regular intervals and net depreciation within each sub-classification is recognized and provided for, while net appreciation is ignored.

The Bank follows the weighted average cost method for determining cost and accounting of profit on sale of investments.

Brokerage, commission and STT etc., pertaining to investment, paid at the time of acquisition are charged to the profit and loss account.

Security Receipts are valued as per Net Asset Value (NAV) provided by the issuing Asset Reconstruction Company from time to time.

3. Advances

Advances are classified as Performing and Non-performing Assets and provisions are made as per the prudential norms prescribed by RBI. Advances stated in the Balance Sheet are net of provisions, claims received from credit guarantee institutions etc. Amounts recovered against debts

SCHEDULES

written off is recognised as income and provisions no longer considered necessary based on the current status of the borrower, is reversed in the profit and loss account.

4. Fixed Assets

Premises and other fixed assets are accounted for at historical cost as reduced by depreciation written off. The cost includes cost of purchase, taxes thereon (net of input tax credit claimed) and all expenditure such as site preparation, installation cost and professional fees. Subsequent expenditure incurred on the assets already in use are capitalised only when it increases the future benefits from such assets or their functioning capacity.

5. Depreciation

Depreciation on Fixed Assets is provided on Straight Line Method (SLM) in respect of all fixed assets other than buildings. Computers, including software are depreciated under SLM at the rate of 33.33% as per Reserve Bank of India guidelines.

Depreciation on assets purchased and sold during the year is provided on pro rata basis.

Useful life of the assets has been estimated in line with Schedule II of the Companies Act, 2013, as determined by the management, as under –

Class of Asset	Useful life (years)	Method
a. BUILDING	58	WDV
b. PLANT & MACHINERY		SLM
ATM, Cash Deposit Machine, Cash Dispenser, Bunch Note Recyclers, Cash / Currency Sorting Machine, Air-conditioner / Air Coolers, Generator, General electrical works, and other Plant & Machinery etc.	10	
Safe Deposit Lockers, Safe/Strong Room Door/Cage, Wind Mill	15	
c. FURNITURE & FIXTURES		
Furniture & Fixtures at bank premises	10	
Furniture & Fixtures at staff quarters / guest house	5	
Electric & Electronic items, Cellular /Mobile phones etc.	3	
d. MOTOR VEHICLES	8	
e. COMPUTERS (including software)	3	

6. Foreign Exchange Transactions

Monetary Assets and Liabilities in Foreign Currencies, Outstanding Forward Contracts and Spot and Forward Positions are translated at the Exchange Rates prevailing at the year end as notified by FEDAI and the resultant Profit/ Loss is recognised in the Profit and Loss Account.

Income and expenditure items are translated at the exchange rates ruling on the respective dates of the transaction.

Guarantees, Letters of Credit, Acceptances, Endorsements and other obligations in foreign currencies are translated at Closing Spot Rates notified by FEDAI at the Balance Sheet date.

7. Derivatives

Interest rate swaps pertaining to trading position and which are outstanding as on Balance Sheet date are marked to market and net appreciation is ignored and net depreciation is recognized in the Profit & Loss Account. Foreign Currency Options and Swaps are accounted in accordance with the guidelines issued by FEDAI.

8. Employee Benefits

Contributions to the Provident Fund and 'Defined Contributory Pension Scheme' are charged to the Profit and Loss account. Contributions to the recognised Gratuity Fund, Pension Fund and other defined employee benefits are made on accrual basis as per actuarial valuation as at the Balance Sheet date and net actuarial gains/ losses are recognised as per the Accounting Standard 15. Short term benefits are accounted for as and when the liability becomes due.

Options as and when granted under Employee Stock Option Scheme (ESOS) are valued and accounted for using Intrinsic Value Method.

9. Segment Reporting

The Bank recognises the Business Segment as the Primary Reporting Segment and Geographical Segment as the Secondary Reporting Segment, in accordance with the RBI guidelines and in compliance with the Accounting Standard 17.

Business Segment is classified into (a) Treasury (b) Corporate and Wholesale Banking (c) Retail Banking and (d) Other Banking Operations.

SCHEDULES

10. Earnings Per Share

Earnings per share are calculated by dividing the net profit or loss for the year attributable to the equity share-holders by the weighted average number of equity shares outstanding during the year.

Diluted Earnings per equity share are computed by using the weighted average number of equity shares and dilutive potential equity share outstanding as at the year end.

11. Income-tax

Tax expenses comprise current and deferred taxes. Provision for current Income Tax is made after due consideration of the judicial pronouncements and legal opinion.

Deferred income tax recognizes timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets are recognized in the books of account to the extent of their future reversibility. Deferred Tax Liabilities are recognized fully in the year of accrual.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

12. Impairment of Assets

The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Profit and Loss Account to the extent the carrying amount of assets exceeds their estimated recoverable amount.

13. Provisions and Contingent Liabilities

A provision is recognised when there is an obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation as at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

In case where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements.

Contingent Assets are not recognized since this may result in the recognition of income that may never be realized.

14. Net Profit

The net profit disclosed in the Profit and Loss Account is after providing for:

- Provision for Taxes, Standard Assets and Non Performing Assets;
- Provision for Depreciation on investments;
- Provision for employee benefits; and
- Other usual and necessary provisions.

SCHEDULES

SCHEDULE : 18 NOTES ON ACCOUNTS

1. INTER BRANCH TRANSACTIONS:

Inter Branch / Office accounts reconciliation has been completed upto 31.03.2018 and all the inter branch entries have been reconciled upto 31.03.2018.

2. BALANCING OF BOOKS:

The books of accounts have been balanced and tallied in all branches of the Bank as on 31.03.2018.

3. DISCLOSURES AS PER RESERVE BANK OF INDIA REQUIREMENTS:

3.1 Capital:

SN	Particulars	2017-18	2016-17
		Basel III	
1	Common Equity Tier 1 capital ratio (%)	13.92	11.85
2	Tier 1 capital ratio (%)	13.92	11.85
3	Tier 2 capital ratio (%)	0.51	0.69
4	Total Capital ratio (CRAR) (%)	14.43	12.54
5	Amount of equity capital raised (₹. in crore)	23.46	Nil
6	Amount of additional Tier 1 capital raised of which	**Nil**	
	- PNCPS		
	- PDI		
7	Amount of Tier 2 capital raised of which	**Nil**	
	- Debt capital instruments		
	- Preference share capital instruments		
	- Perpetual cumulative preference shares (PCPS)		
	- Redeemable non-cumulative preference shares (RNCPS)		
	- Redeemable cumulative preference shares (RCPS)		

3.1.1 Disclosure on rights issue:

During the quarter ended 31st December 2017, Bank has offered 11,87,81,048 Equity shares of ₹. 2/- each at a price of ₹. 76/- including the premium of ₹. 74/- per share [comprising of 10,16,21,048 Equity shares on rights basis in the ratio of 1:6 (i.e. one Equity share for every six fully paid-up Equity shares held as on the record date viz. 13th October 2017) aggregating to ₹. 772.32 crore and reservation of up to 1,71,60,000 Equity shares for the eligible employees of the Bank aggregating up to ₹. 130.42 crore]. Bank has allotted 11,73,17,101 shares (including 1,59,14,160 shares to employees under employee reservation portion), after keeping in abeyance entitlements to the extent of 2,18,107 shares, aggregating to ₹. 891.61 crore under the Rights Issue of Equity shares, on 22nd November 2017.

Pursuant to the Rights issue, Earnings Per Share (EPS) in respect of previous year / periods has been restated as per Accounting Standard (AS) 20 on “Earnings Per Share”, prescribed under Section 133 of the Companies Act, 2013.

The Rights issue has resulted in an increase of ₹. 23.46 crore in Share Capital and ₹. 864.96 crore (net of share issue expenses amounting to ₹. 3.18 crore) in Share Premium account.

SCHEDULES

3.2 Investments:

(₹.in crore)

Particulars	2017-18	2016-17
(1) Value of Investments		
(i) Gross Value of Investments		
a) In India	15,992.25	14,955.48
b) Outside India	Nil	Nil
(ii) Provisions for Depreciation		
a) In India	135.73	72.36
b) Outside India	Nil	Nil
(iii) Provisions for NPI		
a) In India	53.32	25.63
b) Outside India	Nil	Nil
(iv) Net Value of Investments		
a) In India	15,803.20	14,857.49
b) Outside India	Nil	Nil
(2) Movement of provisions held towards depreciation on investments		
i. Opening balance	72.36	42.82
ii. Add: Provisions made during the year	63.37	37.20
iii. Less: Write-off / write-back of excess provisions during the year	Nil	7.65
iv. Closing balance	135.73	72.36
(3) Movement of provisions held towards Non Performing Investments		
i. Opening balance	25.63	16.90
ii. Add : Provisions made during the year	27.69	9.40
iii Less: Write-off / write-back of excess provisions during the year	Nil	0.67
iv. Closing balance	53.32	25.63

Note on Spreading of MTM Losses:-

As per RBI Circular DBR.No.BP.BC.102/21.04.048/2017-18 dated 02.04.2018 Banks are permitted to spread the provisioning on MTM losses on Investments held in AFS and HFT for the quarters ended December 31, 2017 and March 31, 2018. The provisioning for each of these quarters may be spread equally over up to four quarters, commencing with the quarter in which the loss is incurred. Accordingly, the Bank has spread the provisioning on MTM losses for the quarters ended December 31, 2017 and March 31, 2018 as follows:

(a) For the quarter ended December 2017, out of total depreciation of ₹. 18.80 crore on SLR Investments under AFS portfolio, a provision of 50% (i.e. ₹. 9.40 crore) has been made as on 31-03-2018 and balance 50% would be provided during the next 2 quarters i.e. June 2018 (i.e. ₹. 4.70 crore) & September 2018 (i.e. ₹. 4.70 crore) each 25% respectively.

(b) For the quarter ended March 2018, out of an incremental depreciation of ₹.17.40 crore on SLR Investments under AFS portfolio, a provision of 25% (i.e. ₹. 4.35 crore) has been made as on 31-03-2018 and balance 75% would be provided during the next 3 quarters i.e. June 2018 (i.e. ₹. 4.35 crore), September 2018 (i.e. ₹. 4.35 crore) and December 2018 (i.e. ₹. 4.35 crore) each 25% respectively.

SCHEDULES

3.2.1 Repo Transactions: (in face value terms)

(₹.in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31.03.2018
1. Securities sold under RBI repo				
Government Securities	98.01	852.19	18.11	852.19
2. Securities purchased under RBI reverse repo				
Government Securities	16.94	771.05	74.15	304.77
3. Securities sold under Market repo				
a. Government Securities	5.00	1,818.00	250.60	334.00
b. Corporate Debt Securities	Nil			
4. Securities purchased under reverse market repo				
a. Government Securities	Nil			
b. Corporate Debt Securities	Nil			

3.2.2 Non-SLR Investment Portfolio:

i) Issuer Composition of Non SLR investments:

(₹. in crore)

S. No.	Issuer	Amount	Extent of Private Placement	Extent of Below Investment Grade Securities	Extent of unrated Securities	Extent of unlisted Securities
1	2	3	4	5	6	7
i	PSUs	458.52	280.68	Nil	24.33	70.64
ii	FIs	819.75	526.31	Nil	0.22	0.22
iii	Banks	36.55	20.00	Nil	Nil	Nil
iv	Private Corporates	148.43	42.87	Nil	42.65	47.65
v	Subsidiaries / Joint Ventures	Nil	Nil	Nil	Nil	Nil
vi	Others	502.46	492.48	Nil	Nil	492.48
	Sub Total	**1,965.71**	**1,362.34**	**Nil**	**67.20**	**610.99**
	Less: Provision held towards depreciation on investments	**121.98**	Nil	Nil	Nil	Nil
	Less: Provision held towards non performing investments	**53.32**	Nil	Nil	Nil	Nil
Total		**1,790.41**	**1,362.34**	**Nil**	**67.20**	**610.99**

Note: Amounts reported under columns 4, 5, 6 and 7 above are not mutually exclusive.

ii) Non performing Non-SLR investments:

(₹.in crore)

Particulars	2017-18	2016-17
Opening balance	62.63	38.15
Additions during the year since 1st April	21.49	25.15
Reductions during the above period	Nil	0.67
Closing balance	84.12	62.63
Total provisions held	**53.32**	**25.63**

SCHEDULES

3.2.3 Sale and transfers to / from HTM Category

Sale of securities from HTM category did not exceed 5% of the book value of investments held in HTM category at the beginning of the year.

3.2.4 The percentage of SLR investment under HTM (Held to Maturity) category as on 31.03.2018 was 19.49% of Demand and Time Liability of the bank (previous year 18.49%) which is within permissible limit as per RBI guidelines.

3.2.5 In accordance with RBI guidelines, during the first quarter of the current financial year securities amounting to ₹. 723.60 crore (Face Value ₹. 700 crore) were transferred from HTM to AFS category and the resultant appreciation of ₹. 26.58 crore has been ignored.

3.2.6 RBI vide its circular RBI/2017-18/70 DBR.No.Ret.BC.90/12.02.001/2017-18 dated October 4, 2017 advised banks that in order to align the ceiling on the SLR holdings under HTM category with the mandatory SLR, it was advised to reduce the ceiling from 20.50% to 19.50% in a phased manner i.e. 20.00% by December 31, 2017 and 19.50% by March 31, 2018 and allowed shifting / sale of excess securities from HTM. Accordingly, the bank has shifted securities worth ₹. 360.86 crore (Face Value ₹. 360.37 crore) during the third quarter and ₹. 119.26 crore (Face Value ₹. 120.00 crore) during the fourth quarter from HTM to AFS category and the resultant appreciation of ₹. 20.52 crore and ₹. 2.72 crore respectively were ignored.

3.3 Derivatives

3.3.1. Forward Rate Agreement / Interest Rate Swap:

(₹. in crore)

	Particulars	2017-18	2016-17
1.	The notional principal of swap agreements	Nil	Nil
2.	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements		
3.	Collateral required by the bank upon entering into swaps		
4.	Concentration of credit risk arising from the swaps		
5.	The fair value of the swap book		

3.3.2 Exchange Traded Interest Rate Derivatives:

(₹. in crore)

	Particulars	2017-18	2016-17
1.	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument wise)	Nil	Nil
2.	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March (instrument wise)		
3.	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise)		
4.	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise)		

3.3.3 Disclosures on risk exposure in derivatives:

Qualitative Disclosure:

Structure, Organisation, Scope, Nature of risk management in derivatives:

The organization structure consists of Treasury Department which is segregated into three functional areas i.e., front office, mid office and back office.

Rupee derivative deals are executed for hedging or for trading. The risk in the derivatives portfolio is monitored by assessing the mark to market (MTM) position of the portfolio on a daily basis and the impact on account of probable market movements. The overall portfolio is operated within the risk limit fixed by the Bank.

Forex derivative deals are offered to clients on back-to-back basis. The outstanding deals are marked to market on monthly basis. The MTM values are informed to the clients every month and margin topped up where required.

SCHEDULES

The Board reviews the risk profile of the outstanding portfolio at regular intervals.

Accounting:

Accounting Policies as per RBI guidelines have been adopted. The hedge swaps are accounted for like a hedge of the asset or liability. The income / expense on hedge swaps are accounted on accrual basis except where swap transactions whose underlying is subjected to mark to market. Such hedge swaps are marked to market on a monthly basis and the gain / losses are recorded as an adjustment to the designated asset / liability. The non-hedge swaps are marked to market every month and the MTM losses in the basket are accounted in the books while MTM profits are ignored.

Collateral Security:

As per market practice, no collateral security is insisted on for the contracts with counter parties like Banks / PDs etc. For deals with Corporate Clients, appropriate collateral security / margin etc. are stipulated whenever considered necessary.

Credit Risk Mitigation:

Most of the deals are contracted with Banks / major PDs/ highly rated clients and no default risk is anticipated on the deals with them.

Dealing in derivatives is centralized in the treasury of the Bank. Derivative transactions are entered into by the treasury front office. Treasury middle office conducts an independent check of the transactions entered into by the front office and ensures compliance with various internal and regulatory guidelines. Back Office undertakes activities such as confirmation, settlement, accounting, risk monitoring and reporting.

The market making and the proprietary trading activities in derivatives are governed by the derivatives policy of the Bank, which lays down the position limits, stop loss limits as well as other risk limits. As far as forex derivatives are concerned, they are undertaken on back-to-back basis only.

Risk monitoring on derivatives portfolio is done on a daily basis. The Bank measures and monitors risk using PVBP (Price Value of a Basis Point) approach. Risk reporting on derivatives forms an integral part of the management information system and the marked to market position and the PVBP of the derivatives portfolio is reported on a daily basis to the top management.

Risk monitoring on forex derivatives is done on a monthly basis. It is reported to the top management and related clients on monthly basis.

Quantitative Disclosures: (₹. in crore)

Particulars		2017-18		2016-17	
		Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
1.	Derivatives (Notional Principal Amount)				
	a) For hedging	Nil		Nil	
	b) For trading				
2.	Marked to Market Positions				
	a) Asset (+)	Nil		Nil	
	b) Liability (-)				
3.	Credit Exposure	Nil		Nil	
4.	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	Nil		Nil	
	b) on trading derivatives				
5.	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging	Nil		Nil	
	b) on trading				

Note: There are no derivative transactions undertaken during the year, other than Forex Forward Contracts. Bank does not have any open position in the Derivative instruments in trading book as on 31.03.2018.

SCHEDULES

3.4 Asset Quality

3.4.1 Non-Performing Asset:

(₹. in crore)

Particulars	2017-18	2016-17
1. Net NPAs to Net Advances (%)	4.16%	2.53%
2. Movement of NPAs (Gross)		
a. Opening balance	1,483.81	511.18
b. Additions (incl. Fresh NPA) during the year	2,091.75	1,330.83
c. Reductions during the year	559.80	358.20
d. Closing balance	3,015.76	1,483.81
3. Movement of Net NPAs		
a. Opening balance	1,033.46	216.17
b. Additions during the year	1,102.77	940.83
c. Reductions during the year	273.40	123.54
d. Closing balance	1,862.83	1,033.46
4. Movement of provisions for NPAs (excluding provision on Standard Assets)		
a. Opening balance	428.74	285.00
b. Provisions made during the year	1,024.63	484.17
c. Write off / Write back of excess provisions	362.47	340.43
d. Closing balance	1,090.90	428.74

3.4.1.1 Disclosure related to divergence in provision in respect of NPAs identified by RBI inspection

(₹. in crore)

SN	Particulars	Amount
1	Gross NPAs as on March 31, 2017 as reported by the bank	1,483.81
2	Gross NPAs as on March 31, 2017 as assessed by RBI	2,134.71
3	Divergence in Gross NPAs (2-1)	650.90
4	Net NPAs as on March 31, 2017 as reported by the bank	1,033.46
5	Net NPAs as on March 31, 2017 as assessed by RBI	1,235.46
6	Divergence in Net NPAs (5-4)	202.00
7	Provisions for NPAs as on March 31, 2017 as reported by the bank	428.74
8	Provisions for NPAs as on March 31, 2017 as assessed by RBI	630.74
9	Divergence in provisioning (8-7)	202.00
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2017	605.98
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2017 after taking into account the divergence in provisioning	473.89

Note: The current impact of the aforementioned divergences in provisioning as noted by RBI have been duly reflected in the results for the year ended 31st March 2018.

3.4.2 Disclosures related to Restructured Advances

(₹. in crore)

FOR THE YEAR ENDED 31.03.2018																					
S No	Type of Restructuring		Under CDR Mechanism[1]					Under SME Debt Restructuring Mechanism					Others[1]					Total				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details																					
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of borrowers	7	0	0	0	7	3	3	4	0	10	23	1	13	43	80	33	4	17	43	97
		Amount outstanding	248.90	0.00	0.00	0.00	248.90	12.74	0.46	0.45	0.00	13.65	580.16	0.15	56.03	0.80	637.14	841.80	0.61	56.48	0.79	899.68
		Provision thereon	34.75	0.00	0.00	0.00	34.75	0.62	0.07	0.07	0.00	0.76	69.76	0.01	20.37	0.12	90.26	105.13	0.08	20.44	0.12	125.77
2	Fresh Restructuring during the year[2]	No. of borrowers	0	0	0	0	0	0	0	0	0	0	3	0	0	0	3	3	0	0	0	3
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13.15	38.58	11.62	0.00	63.35	13.15	38.58	11.62	0.00	63.35
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.66	5.79	4.65	0.00	11.10	0.66	5.79	4.65	0.00	11.10
3	Upgradations to restructured standard category during the FY	No. of borrowers	0	0	0	0	0	1	0	-1	0	0	1	0	0	-1	0	2	0	-1	-1	0
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.04	0.00	-0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.00	-0.04	0.00	0.00
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.02	0.00	-0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.00
4	*Restructured standard advances which cease to attract higher provisioning and / or additional 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	-1	0	0	0	-1	-2	0	0	0	-2	-3	0	0	0	-3
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	-3.97	0.00	0.00	0.00	-3.97	-6.24	0.00	0.00	0.00	-6.24	-10.21	0.00	0.00	0.00	-10.21
		Provision thereon	0.00	0.00	0.00	0.00	0.00	-0.20	0.00	0.00	0.00	-0.20	-0.31	0.00	0.00	0.00	-0.31	-0.51	0.00	0.00	0.00	-0.51
5	Downgradations of restructured accounts during the FY	No. of borrowers	-3	1	0	0	-2	0	-2	1	1	0	-5	2	4	1	2	-8	1	5	2	0
		Amount outstanding	-122.17	27.68	0.00	0.00	-94.49	0.00	-0.23	0.15	0.08	0.00	-360.00	332.70	121.77	0.02	94.49	-482.17	360.15	121.92	0.10	0.00
		Provision thereon	-6.11	6.92	0.00	0.00	0.81	0.00	-0.06	0.06	0.08	0.08	-40.75	82.01	43.71	0.02	84.99	-46.86	88.87	43.77	0.10	85.88
6	Write-offs of restructured accounts during the FY[3]	No. of borrowers	-1	0	0	0	-1	0	-1	0	0	-1	-4	0	-2	-11	-17	-5	-1	-2	-11	-19
		Amount outstanding	-56.64	-0.83	0.00	0.00	-57.47	-2.44	-0.23	-0.18	-0.04	-2.89	-41.10	-10.19	-70.07	-0.24	-121.60	-100.18	-11.25	-70.25	-0.28	-181.96
		Provision thereon	-25.14	-0.21	0.00	0.00	-25.35	-0.10	-0.01	-0.06	-0.04	-0.21	-20.06	-2.55	-32.32	-0.04	-54.97	-45.30	-2.77	-32.38	-0.08	-80.53
7	Restructured Accounts as on March 31 of the FY (closing figures)	No. of borrowers	3	1	0	0	4	3	0	4	1	8	16	3	15	32	66	22	4	19	33	78
		Amount outstanding	70.09	26.85	0.00	0.00	96.94	6.37	0.00	0.38	0.04	6.79	185.97	361.24	119.35	0.58	667.14	262.43	388.09	119.73	0.62	770.87
		Provision thereon[4]	3.50	6.71	0.00	0.00	10.21	0.32	0.00	0.06	0.04	0.42	9.30	85.26	36.41	0.10	131.07	13.12	91.97	36.47	0.14	141.70

*Excluding the figures of standard Restructured Advances which do not attrat higher Provisioning or risk weight (if applicable)

Foot Note 1 - Two Accounts exited from CDR Mechanism to Others.

Foot Note 2 - The figures under S. No.2 include fresh accounts restructured under Tamil Nadu Drought Relief Package (A/c - 3, Amt. ₹. 0.05 crore) & additions to existing restructured accounts (₹. 63.30 crore).

Foot Note 3 - The figures under S. No.6 include ₹. 178.96 crore of reduction from existing restructured accounts by way of Partial closure / Recovery / Write-off.

Foot Note 4 - The provision under S. No.7 includes total provision held on restructured accounts.

Accounts restructured under Flexible Structuring, SDR, Change of ownership outside SDR etc., are disclosed separately.

FOR THE YEAR ENDED 31.03.2017 (₹. in crore)

S No	Type of Restructuring / Asset Classification / Details		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 of the FY (opening figures*)	No. of borrowers	9	0	0	2	11	20	2	1	1	24	88	9	5	32	134	117	11	6	35	169
		Amount outstanding	358.77	0.00	0.00	1.15	359.92	22.33	0.48	0.01	0.00	22.82	973.87	0.56	4.14	0.65	979.22	1354.97	1.04	4.15	1.80	1361.96
		Provision thereon	59.08	0.00	0.00	1.15	60.23	3.28	0.07	0.01	0.00	3.36	79.97	0.08	4.14	0.65	84.84	142.33	0.15	4.15	1.80	148.43
2	Fresh Restructuring during the year[1]	No. of borrowers	0	0	0	0	0	0	0	0	0	0	2	0	0	0	2	2	0	0	0	2
		Amount outstanding	9.36	0.00	0.00	0.00	9.36	0.01	0.00	0.00	0.00	0.01	99.58	0.00	1.45	0.00	101.03	108.95	0.00	1.45	0.00	110.40
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.26	0.00	0.00	0.00	16.26	16.26	0.00	0.00	0.00	16.26
3	Upgradations to restructured standard category during the FY	No. of borrowers	0	0	0	0	0	0	0	0	0	0	1	0	0	-1	0	1	0	0	-1	0
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00	-0.02	0.00	0.02	0.00	0.00	-0.02	0.00
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	*Restructured standard advances which cease to attract higher provisioning and / or additional 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	-1	0	0	0	-1	-5	0	0	0	-5	-22	0	0	0	-22	-28	0	0	0	-28
		Amount outstanding	-37.71	0.00	0.00	0.00	-37.71	-2.41	0.00	0.00	0.00	-2.41	-38.22	0.00	0.00	0.00	-38.22	-78.34	0.00	0.00	0.00	-78.34
		Provision thereon	-4.58	0.00	0.00	0.00	-4.58	-0.03	0.00	0.00	0.00	-0.03	-2.29	0.00	0.00	0.00	-2.29	-6.90	0.00	0.00	0.00	-6.90
5	Downgradations of restructured accounts during the FY	No. of borrowers	0	0	0	0	0	-3	1	3	0	1	-22	-4	9	17	0	-25	-3	12	17	1
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	-0.43	0.10	0.57	0.00	0.24	-80.57	-0.15	80.39	0.34	0.01	-81.00	-0.05	80.96	0.34	0.25
		Provision thereon	0.00	0.00	0.00	0.00	0.00	-0.02	0.05	0.07	0.00	0.10	-13.37	0.03	19.15	0.02	5.83	-13.39	0.08	19.22	0.02	5.93
6	Write-offs of restructured accounts during the FY[2]	No. of borrowers	-1	0	0	-2	-3	-9	0	0	-1	-10	-24	-4	-1	-5	-34	-34	-4	-1	-8	-47
		Amount outstanding	-81.52	0.00	0.00	-1.15	-82.67	-6.76	-0.12	-0.13	0.00	-7.01	-374.52	-0.26	-29.95	-0.17	-404.90	-462.80	-0.38	-30.08	-1.32	-494.58
		Provision thereon	-19.75	0.00	0.00	-1.15	-20.90	-2.61	-0.05	-0.01	0.00	-2.67	-10.81	-0.10	-2.92	-0.55	-14.38	-33.17	-0.15	-2.93	-1.70	-37.95
7	Restructured Accounts as on March 31 of the FY (closing figures*[3])	No. of borrowers	7	0	0	0	7	3	3	4	0	10	23	1	13	43	80	33	4	17	43	97
		Amount outstanding	248.90	0.00	0.00	0.00	248.90	12.74	0.46	0.45	0.00	13.65	580.16	0.15	56.03	0.80	637.14	841.80	0.61	56.48	0.79	899.68
		Provision thereon	34.75	0.00	0.00	0.00	34.75	0.62	0.07	0.07	0.00	0.76	69.76	0.01	20.37	0.12	90.26	105.13	0.08	20.44	0.12	125.77

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

Foot Note 1 - The figures under Sr. No.2 include fresh accounts restructured under Tamil Nadu Flood Relief Package (A/c - 2, Amt. ₹. 1.75 crore) & additions to existing restructured accounts (₹. 108.65 crore.).

Foot Note 2 - The figures under Sr. No.6 include ₹. 63.85 crore of reduction from existing restructured accounts by way of Partial closure / Recovery / Write-off.

Foot Note 3 - The provision under Sr. No.7 includes total provision held on restructured accounts.

Accounts restructured under Flexible Structuring, SDR, Change of ownership outside SDR etc., are disclosed separately.

SCHEDULES

3.4.3.1 Strategic Debt Restructuring (SDR) and Others

During the year, Bank has been allotted the following equity shares / OCDs under Strategic Debt Restructuring (SDR), Scheme for Sustainable Structuring of Stressed Assets (S4A) and Corporate Debt Restructuring (CDR):

(a) 1,02,43,423 number of equity shares with face value of ₹. 10/- each at the rate of ₹. 10/- per share amounting to a book value of ₹. 10.24 crore on account of SDR mechanism in respect of one borrowal account with an aggregate exposure of ₹. 58.44 crore under consortium arrangement.

(b) 17,93,453 number of equity shares with face value of ₹. 10/- each at the rate of ₹. 146.03 per share amounting to a book value of ₹. 26.19 crore and 31,626 number of OCD's with face value of ₹. 1,000/- each at the rate of ₹. 1,000/- per unit amounting to a book value of ₹. 3.16 crore on account of S4A mechanism in respect of one borrowal account with an aggregate exposure of ₹. 78.89 crore under consortium arrangement.

(c) In one borrowal account, 1,33,000 number of NCD's with face value of ₹. 100/- each at the rate of ₹. 100/- per unit amounting to a book value of ₹. 1.33 crore on account of "Right of Recompense" for exiting CDR.

3.4.3.2. Disclosures on Flexible Structuring of Existing Loans

(₹. in crore)

Period	No. of borrowers taken up for flexible structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
Previous Financial Year (2016-17)	Nil	Nil	Nil	Nil	Nil
Current Financial Year (2017-18)	Nil	Nil	Nil	Nil	Nil

3.4.3.3. Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period) as on 31.03.2018.

(₹. in crore)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
Nil (3)	Nil (104.64)	Nil (Nil)	Nil (35.79)	Nil (Nil)	Nil (68.85)	Nil (Nil)

Figures in brackets indicate the position as of 31.03.2017

SCHEDULES

3.4.3.4. Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period) as on 31.03.2018

(₹. in crore)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity / invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity / invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
Nil (1)	Nil (32.42)	Nil (Nil)	Nil (32.42)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

Figures in brackets indicate the position as of 31.03.2017

3.4.3.5. Disclosures on Change in Ownership of Projects under Implementation (accounts which are currently under the stand-still period) as on 31.03.2018

(₹. in crore)

No. of project loan accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		
	Classified as standard	Classified as standard restructured	Classified as NPA
Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

Figures in brackets indicate the position as of 31.03.2017

3.4.3.6. Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A), as on 31.03.2018

(₹. in crore)

No of accounts where S4A has been applied		Aggregate amount outstanding	Amount Outstanding		Provision Held
			In Part A	In Part B	
Classified as Standard	1 (1)	78.89 (54.10)	42.59 (Nil)	29.36**(Nil)	39.88 (1.97)
Classified as NPA	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

** Excluding the equity portion of ₹. 6.94 crore (held as per CDR package) prior to the implementation of S4A scheme.
Figures in brackets indicate the position as of 31.03.2017, wherein conversion was yet to take place.

SCHEDULES

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

(₹. in crore)

	Particulars	2017-18	2016-17
1.	No. of accounts	Nil	Nil
2.	Aggregate value (net of provisions) of accounts sold to SC/RC		
3.	Aggregate consideration		
4.	Additional consideration realized in respect of accounts transferred in earlier years		
5.	Aggregate gain / (loss) over net book value.		

Note: In terms of RBI guidelines vide circular DBR.No.BP.BC.102/21.04.048/2015-16 dated 13.06.2016, the Bank had debited General Reserves an amount of ₹. 185.07 crore as on 31.03.2017, being unamortised loss on sale of NPAs to ARCs during 2015-16, which was to be proportionately debited to Profit and Loss account during the current financial year i.e. ₹. 63.18 crore each in the quarter ended June 2017 and September 2017 and the remaining ₹. 58.71 crore during the quarter ending December 2017. However, the entire amount of ₹.185.07 crore has been debited to Profit and Loss account and credited to General Reserves during the half year ended 30th September 2017.

3.4.4.1 Investments in Security Receipts

Details of Book Value of Investments in Security Receipts

(₹. in crore)

Particulars	2017-18	2016-17
i. Backed by NPAs sold by the bank as underlying	492.48	504.33
ii. Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	Nil	Nil
Total	**492.48**	**504.33**

3.4.4.2 Ageing of Investments held as Security Receipts (FY 2017-18)

(₹. in crore)

	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i)	Book value of SRs backed by NPAs sold by the bank as underlying	392.49	99.99	Nil
	Provision held against (i)	23.61	62.27	Nil
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	Nil		
	Provision held against (ii)			
Gross Book value		392.49	99.99	Nil
Total provision held against above		23.61	62.27	Nil
Net Book Value		368.88	37.72	Nil

Ageing of Investments held as Security Receipts (FY 2016-17)

(₹. in crore)

	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i)	Book value of SRs backed by NPAs sold by the bank as underlying	504.33	Nil	
	Provision held against (i)	55.45		
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	Nil		
	Provision held against (ii)			
Gross Book value		504.33	Nil	
Total provision held against above		55.45		
Net Book Value		448.88		

SCHEDULES

3.4.5 Details of Non Performing Financial Assets Purchased / Sold - (sold to / purchased from other banks)

A. Details of non-performing financial assets purchased: (₹. in crore)

Particulars	2017-18	2016-17
1. (a) No. of accounts purchased during the year (b) Aggregate outstanding	NIL	
2. (a) Of these, number of accounts restructured during the year (b) Aggregate outstanding		

B. Details of non-performing financial assets sold: (₹. in crore)

Particulars	2017-18	2016-17
1. No. of accounts sold	NIL	
2. Aggregate outstanding		
3. Aggregate consideration received		

3.4.6 Provisions on Standard Asset: (₹. in crore)

Particulars	2017-18	2016-17
Provisions towards Standard Assets	182.74	185.48

3.5 Business Ratios:

Particulars	2017-18	2016-17
1. Interest Income as a percentage to Working Funds	8.79%	9.28%
2. Non-interest income as a percentage to Working Funds	1.39%	1.29%
3. Operating Profit as a percentage to Working Funds	2.74%	2.59%
4. Return on Assets	0.53%	1.00%
5. Business (Deposits plus advances) per employee (₹. in crore)	12.92	12.85
6. Profit per employee (₹. in Lakh)	4.35	8.19

3.6 Asset Liability Management:

Maturity pattern of certain items of assets and liabilities:

As on 31.03.2018 (₹. in crore)

Particulars #	Deposits	Gross Advances	Gross Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day	81.49	2,753.19	2,975.02	348.02	635.11	508.78
2 to 7 days	452.80	245.20	318.78	1,553.84	35.67	1.36
8 to 14 days	481.97	430.02	172.56	Nil	24.06	1.26
15 to 30 days	855.25	920.09	422.05	Nil	126.63	4.29
31 days to 2 months	1,524.43	1,259.04	692.02	Nil	136.69	175.56
More than 2 months and up to 3 months	2,009.52	1,907.83	715.92	97.76	232.18	2.48
Over 3 months to 6 months	2,581.80	3,433.68	1,093.25	65.18	815.87	96.60
Over 6 months to 1 year	6,228.71	5,480.20	2,251.37	Nil	11.94	151.11
Over 1 year to 3 years	9,655.58	19,250.49	3,613.02	231.53	13.38	238.77
Over 3 years to 5 years	6,892.23	4,420.26	989.13	85.35	10.20	85.16
Over 5 years	26,126.31	5,873.16	2,749.12	Nil	3.24	0.00
Total	**56,890.09**	**45,973.14**	**15,992.25**	**2,381.67**	**2,044.97**	**1,265.37**

SCHEDULES

As on 31.03.2017 (₹. in crore)

Particulars #	Deposits	Gross Advances	Gross Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day	120.18	2,884.47	1,773.10	271.97	593.21	416.80
2 to 7 days	626.61	193.33	546.93	1,014.69	40.93	33.14
8 to 14 days	573.69	227.17	345.60	32.42	67.59	32.51
15 to 28 days	1,274.09	1,082.86	434.85	64.85	129.11	65.31
29 days to 3 months	3,730.32	2,890.40	1,384.38	Nil	889.40	21.49
Over 3 months to 6 months	3,319.73	3,322.66	1,867.35	32.42	449.89	48.92
Over 6 months to 1 year	6,586.42	5,048.85	2,339.80	Nil	79.71	74.30
Over 1 year to 3 years	10,853.29	17,373.06	2,863.79	243.86	4.11	258.83
Over 3 years to 5 years	8,580.96	4,272.49	1,597.92	35.43	15.29	64.11
Over 5 years	18,034.52	4,139.69	1,801.77	Nil	6.21	2.00
Total	**53,699.81**	**41,434.98**	**14,955.49**	**1,695.64**	**2,275.45**	**1,017.41**

The above data has been compiled on the basis of the guidelines of RBI and certain assumptions made by management and have been relied upon by auditors.

3.7 Exposures

3.7.1 Exposure to Real Estate Sector:

(₹. in crore)

Category	2017-18	2016-17
a) Direct exposure (i) Residential Mortgages – Lendings fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (individual housing loans eligible for priority sector advances may be shown separately)	3,119.34	2,712.43
(ii) Commercial Real Estate – Lendings secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	2,844.15	2,469.04
(iii) Investments in Mortagage Backed Securities (MBS) and other securitized exposures. a) Residential 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).	55.51	109.43
Total Exposure to Real Estate Sector	**6,019.00**	**5,290.90**

3.7.2 Exposure to Capital Market:

(₹. in crore)

Particulars	2017-18	2016-17
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;	168.31	110.30
2. Advances against shares / bonds / debentures or 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;	1.18	1.09

SCHEDULES

Particulars	2017-18	2016-17
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;	Nil	
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;		
5. Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers;	122.14	145.77
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;	25.25	60.17
7. Bridge loans to companies against expected equity flows / issues;	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;		
9. Financing to stock brokers for margin trading;		
10. All exposures to Venture Capital Funds (both registered and unregistered)		
Total Exposure to Capital Market	**316.88**	**317.33**

3.7.3 Risk Category wise Country Exposure:

(₹. in crore)

Risk Category	31.03.2018		31.03.2017	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	767.93	Nil	1,147.45	Nil
Low	225.84		387.65	
Moderate	44.09		24.54	
High	0.26		5.23	
Very High	Nil		Nil	
Restricted	Nil		12.82	
Off-credit	Nil		Nil	
Total	**1,038.12**	**Nil**	**1,577.69**	**Nil**

The net funded exposure of the bank in respect of foreign exchange transactions with each country is within 1% of the total assets of the Bank and hence no provision is required in terms of RBI guidelines.

3.7.4. Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the bank:

The Bank has not exceeded the prudential credit exposure limits in respect of Single Borrower Limit and Group Borrower Limit other than food credit.

3.7.5. Unsecured Advances:

The total of advances for which intangible securities such as charge over the rights, licenses, authorisations, etc. have been taken as securities is NIL.

SCHEDULES

3.8 Disclosure of penalties imposed by RBI:

During the year RBI has levied penalty of ₹. 8,50,350/- emanating out of deficiencies found while processing the notes remitted by currency chests. The penalties levied are pertaining to Specified Bank Notes (SBN) remittances of Currency Chests and Karolbagh, Delhi branch to RBI (as Bank does not have a currency chest at Delhi, Karolbagh branch acted as pooling branch and remitted the SBNs received from customers of Delhi branches to RBI).

4. Disclosure requirement as per Accounting Standards (AS):

In compliance with the guidelines issued by the RBI regarding disclosure requirements of the various Accounting Standards, the following information is disclosed:

4.1 Net Profit or loss for the period, Prior Period Items and Changes in Accounting Policies (AS-5):

There are no material prior period income and expenditure included in the Profit & Loss account, which requires a disclosure as per AS-5.

For the preparation of these financial results, the bank has followed the same accounting policies and generally accepted practices adopted for the preparation of audited financial statements for the year ended March 31, 2017.

4.2 Revenue Recognition (AS-9):

Income / Expenditure items recognized on cash basis are either not material or does not require disclosure under AS-9.

4.3. Employee Benefits (AS -15) :

The Bank is following AS-15 (Revised 2005) 'Employee Benefits' as under:

a. In respect of Contributory Plan, viz., Provident Fund, the Bank pays fixed contribution at pre-determined rates to a separate trust, which invests in permitted securities. The obligation of the Bank is limited to such fixed contribution.

b. In respect of Defined Benefit Plans, viz., Gratuity and Pension, provision has been made based on actuarial valuation as per applicable guidelines.

c. In respect of Leave encashment, provision has been made based on actuarial valuation.

d. Ministry of Labour and Employment, Government of India, on 29th March, 2018 enhanced the ceiling on gratuity payable to an employee under Payment of Gratuity Act, 1972 from ₹. 10 lakh to ₹. 20 lakh. Bank has provided for the entire amount of additional liability during the year and has not availed the dispensation of spreading the provision over a period of four quarters as permitted by RBI.

The disclosure requirements as per the Accounting Standards are given below:

Principal Actuarial Assumptions

Particulars	Gratuity	Pension	Privilege Leave
Discount Rate	7.71%	7.71%	7.71%
Salary escalation rate	5.50%	5.50%	5.50%
Attrition rate	1.62%	2.57%	1.01%
Expected rate of return on Plan Assets	8.26%	8.85%	--

Expenses recognized in Profit and Loss Account (₹. in crore)

Particulars	Gratuity	Pension	Privilege Leave
Current Service Cost	7.44	12.78	0.74
Past Service Cost	22.24	--	--
Interest cost on benefit obligation	9.23	30.92	8.09
Expected return on plan assets	(11.52)	(35.77)	--
Net Actuarial gain / (loss) recognised in the year	8.21	25.75	3.40
Expenses recognised in the Profit and Loss Account	35.60	33.68	12.23

SCHEDULES

Changes in the present value of the defined benefit obligation (₹. in crore)

Particulars	Gratuity	Pension	Privilege Leave
Present value of obligation as at 01.04.2017	123.09	423.67	107.84
Current Service Cost	7.44	12.78	0.74
Past Service Cost	22.24	--	--
Interest Cost	9.23	30.92	8.09
Net actuarial gain / (loss) on obligation	7.34	17.46	3.40
Benefits Paid	(8.49)	(30.54)	(4.18)
Present value of the defined benefit obligation as at 31.03.2018	160.85	454.29	115.89

Change in the fair value of plan assets (₹. in crore)

Particulars	Gratuity	Pension	Privilege Leave
Fair value of plan assets as at 01.04.2017	126.62	437.55	--
Expected Return on plan assets	11.52	35.77	--
Contribution by employer	32.25	27.97	4.18
Benefits Paid	(8.49)	(30.54)	(4.18)
Actuarial gain / (loss)	(0.87)	(8.29)	--
Fair value of plan assets as at 31.03.2018	161.03	462.46	--

4.4 Segment Reporting: (AS-17)

Part A: Business segments (₹. in crore)

SN	Particulars	2017-18 (Audited)	2016-17 (Audited)
a	**Segment Revenue**		
	1. Treasury Operations	1,345.22	1,437.54
	2. Corporate / Wholesale Banking Operations	1,709.86	1,755.76
	3. Retail Banking Operations	3,526.60	3,199.98
	4. Other Banking Operations	17.90	11.28
	Total	**6,599.58**	**6,404.56**
b	**Segment Results**		
	1. Treasury Operations	382.84	388.18
	2. Corporate / Wholesale Banking Operations	555.14	543.41
	3. Retail Banking Operations	1,045.55	864.31
	4. Other Banking Operations	16.18	10.20
	Total	**1,999.71**	**1,806.10**
c	Unallocated Income / Expenses	222.39	235.13
d	Operating Profit	**1,777.32**	**1,570.97**
e	Income Taxes	157.98	277.49
f	Other Provisions	1,273.67	687.50
g	Exceptional Item	Nil	Nil

SCHEDULES

SN	Particulars	2017-18 (Audited)	2016-17 (Audited)
h	Net Profit	**345.67**	**605.98**
i	Other Information	Nil	Nil
j	**Segment Assets**		
	1. Treasury Operations	16,555.43	14,958.21
	2. Corporate / Wholesale Banking Operations	14,029.84	13,511.62
	3. Retail Banking Operations	30,770.30	27,396.10
	4. Other Banking Operations	Nil	Nil
	5. Unallocated Assets	5,573.55	5,941.69
	Total Segment Assets	**66,929.12**	**61,807.62**
k	**Segment Liabilities**		
	1. Treasury Operations	15,596.07	14,487.11
	2. Corporate / Wholesale Banking Operations	12,551.73	12,194.54
	3. Retail Banking Operations	27,528.78	24,723.78
	4. Other Banking Operations	Nil	Nil
	5. Unallocated Liabilities	4,988.34	5,366.49
	Total (a)	**60,664.92**	**56,771.92**
l	**Capital Employed (Segment Assets-Segment Liabilities)**		
	1. Treasury Operations	959.36	471.10
	2. Corporate / Wholesale Banking Operations	1,478.11	1,317.08
	3. Retail Banking Operations	3,241.52	2,672.32
	4. Other Banking Operations	Nil	Nil
	5. Unallocated Liabilities	585.21	575.20
	Total (b)	**6,264.20**	**5,035.70**
	Total Segment Liabilities (a+b)	**66,929.12**	**61,807.62**

Part B: Geographic segments

Geographical Segment consists only of the Domestic Segment since the Bank does not have any foreign branch.

4.5 Related Party Transactions (AS-18):

Disclosure about transactions with Key Management Personnel

Key Management Personnel	Designation	Item	Amount (₹)
Shri B. Swaminathan	Chairman	Honorarium	9,00,000
Shri P.R. Seshadri	MD & CEO - from 04/09/2017	Remuneration	73,51,507
Shri K. Venkataraman	MD & CEO – from 01/04/2017 to 31/08/2017	Remuneration	33,41,963

Karur Vysya Bank
Smart way to bank

SCHEDULES

(₹. in crore)

Items / Related Party	Parent (as per ownership or control)		Subsidiaries		Associates / Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Total	
March 31st	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Borrowings	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Deposit	Nil	Nil	Nil	Nil	Nil	Nil	2.51 (max during the year 4.32)	1.83 (max during the year 1.83)	Nil	Nil	2.51	1.83
Placement of deposits	Nil											
Advances												
Investments												
Non-funded commitments												
Leasing / HP arrangements availed												
Leasing / HP arrangements provided												
Purchase of fixed assets												
Sale of fixed assets												
Interest paid	Nil	Nil	Nil	Nil	Nil	Nil	0.17	0.15	Nil	Nil	0.17	0.15
Interest received	Nil											
Rendering of services												
Receiving of services												
Management contracts												

4.6 Earnings per Share (AS-20):

SN	Particulars	2017-18	2016-17
Basic & Diluted EPS			
i	Basic EPS after Extraordinary items (₹.) (*)	4.98	9.29
ii	Basic EPS before Extraordinary items (₹.) (*)	4.98	9.29
iii	Diluted EPS after Extraordinary items (₹.) (*)	4.98	9.29
iv	Diluted EPS before Extraordinary items (₹.) (*)	4.98	9.29

SCHEDULES

Computation of Basic EPS (after Extraordinary items)

SN	Particulars	2017-18	2016-17
i	Net Profit (₹. in crore)	345.67	605.98
ii	Weighted number of shares	69,37,59,002	65,19,74,829
iii	Basic EPS (i/ii) (₹.) (*)	4.98	9.29
iv	Nominal Value per share (₹.)	2.00	2.00

Computation of Diluted EPS (after Extraordinary items)

SN	Particulars	2017-18	2016-17
i	Net Profit (₹. in crore)	345.67	605.98
ii	Weighted number of shares (including Potential Equity Shares)	69,37,59,002	65,19,74,829
iii	Diluted EPS (i/ii) (₹.) (*)	4.98	9.29
iv	Nominal Value per share (₹.)	2.00	2.00

Computation of Basic EPS (before Extraordinary items)

SN	Particulars	2017-18	2016-17
i	Net Profit (₹. in crore)	345.67	605.98
ii	Weighted number of shares	69,37,59,002	65,19,74,829
iii	Basic EPS (i/ii) (₹.) (*)	4.98	9.29
iv	Nominal Value per share (₹.)	2.00	2.00

Computation of Diluted EPS (before Extraordinary items)

SN	Particulars	2017-18	2016-17
i	Net Profit (₹. in crore)	345.67	605.98
ii	Weighted number of shares (including Potential Equity Shares)	69,37,59,002	65,19,74,829
iii	Diluted EPS (i/ii) (₹.) (*)	4.98	9.29
iv	Nominal Value per share (₹.)	2.00	2.00

(*) EPS for the previous period / year has been re-stated after considering the rights issue undertaken during the year. Diluted EPS has been calculated without considering the 6,22,122 shares held in abeyance.

4.7 Accounting for Taxes on Income (AS-22):

The Bank has recognized Deferred Tax Asset / Liability (DTA/DTL) and has accounted for the Net Deferred Tax as on 31.03.2018.

Major components of Deferred Tax Assets and Deferred Tax Liabilities are as under:

Deferred Tax Liabilities (₹. in crore)

Particulars	As on 31.03.2018	As on 31.03.2017
1. Depreciation on Fixed Asset	19.04	22.68
2. Interest received but not due	Nil	Nil
3. Special Reserve u/s 36(1)(viii) of the Income Tax Act,1961	102.09	89.98
4. Others	Nil	64.05
TOTAL	**121.13**	**176.71**

SCHEDULES

Deferred Tax Assets (₹. in crore)

Particulars	As on 31.03.2018	As on 31.03.2017
1. Provision for leave encashment	44.26	41.58
2. Provision for Bad and doubtful debts	36.24	36.24
3. Others	23.80	33.31
TOTAL	**104.30**	**111.13**

Note :The provision for Income Tax has been worked based on the Income Computation and Disclosures Standards (ICDS).

4.8. Impairment of Assets (AS - 28):

In the opinion of the Management, there is no impairment of its Fixed Asset to any material extent as at 31.03.2018 requiring recognition in terms of Accounting Standard 28.

4.9. The Bank has deposited an amount of ₹. 255.57 crore (previous year ₹. 250.32 crore) towards disputed tax liability. In the opinion of the Management, no provision is considered necessary based on favourable decisions by various courts.

5. ADDITIONAL DISCLOSURES

5.1 Provisions and Contingencies: (₹. in crore)

Break-up of 'Provision and Contingencies' shown under the head Expenditure in Profit & Loss Account	2017-18	2016-17
Provision for Standard Assets	(2.74)	(11.18)
Provision for Bad & Doubtful Debts	1,024.63	408.90
Provision for Loss on sale of assets to ARC	185.07	252.76
Provision for Depreciation on Investments including NPI	91.05	38.87
Provision for Accounts referred to NCLT (standard)	12.34	Nil
Provision for Interest sacrifice on Restructured Advances	(11.21)	(12.06)
Provision for Frauds and Other provision	(9.19)	9.16
Provision for SDR	(1.99)	12.18
Provision for Food credit @	(15.67)	(12.68)
Provision for Unhedged Foreign Currency Exposure	1.40	1.54
Provision for Income Tax	206.71	394.88
Provision for Deferred Tax	(48.74)	(117.39)
Total	**1,431.66**	**964.98**

@The Bank had made a provision of ₹. 35.52 crore being 15% of the outstanding food credit availed by the State Government of Punjab as at 31.03.2016. During the year ended March 31, 2018 an excess provision of ₹. 15.67 crore was written back. (Also refer to Note 10)

5.2. Movement of Floating Provision / Counter Cyclical Buffer (₹. in crore)

Particulars	2017-18	2016-17
Floating Provision at the beginning of the year	9.69	9.69
Floating Provision made during the year	Nil	Nil
Amount transferred to counter cyclical buffer as per RBI guidelines	Nil	Nil
Floating Provision at the end of the year	9.69	9.69

SCHEDULES

5.3 Addition to Reserves

General Reserve

In terms of RBI guidelines vide circular DBR.No.BP.BC.102/21.04.048/2015-16 dated 13.06.2016, the Bank had debited General Reserves an amount of ₹. 185.07 crore as on 31.03.2017, being unamortised loss on sale of NPAs to ARCs during 2015-16, which was to be proportionately debited to Profit and Loss account during the current financial year i.e. ₹. 63.18 crore each in the quarter ended June 2017 and September 2017 and the remaining ₹. 58.71 crore during the quarter ending December 2017. However, the entire amount of ₹. 185.07 crore has been debited to Profit and Loss account and credited to General Reserves during the half year ended 30th September 2017.

5.4. Disclosure of Complaints

(a) Customer Complaints (including ATM transaction complaints)

Particulars	2017-18	2016-17
No. of complaints pending at the beginning of the year	52	55
No. of complaints received during the year #	84,105	18,335
No. of complaints redressed #	84,118	18,338
No. of complaints pending at the end of the year	39	52

Includes ATM failed transactions complaints received and redressed of 83,376 during FY 2017-18 (Previous Year 17,742 complaints). The increase is due to migration of NFS message format for ATM / BNRM transactions routed through our switch. There were also frequent network fluctuations due to increase in the number of ATM / BNRM transactions during the financial year 2017-18 which was set right after December 2017.

(b) Awards passed by Banking Ombudsman

Particulars	2017-18	2016-17
1. No. of unimplemented awards at the beginning of the year	Nil	
2. No. of awards passed by Banking Ombudsman during the year		
3. No. of awards implemented during the year		
4. No. of unimplemented awards at the end of the year		

Note:The above data has been compiled on the basis of the guidelines of RBI and certain assumptions made by management and have been relied upon by auditors.

5.5 Disclosure of Letter of Comfort (LOCs) :

The amount of Letter of comfort issued during the year 2017-18 was ₹. 3,875.39 crore (Previous year ₹. 3,664.13 crore) and outstanding as on 31.03.2018 was ₹. 1,180.45 crore (Previous year ₹. 1,284.61 crore)

5.6 Provision Coverage Ratio (PCR)

The Provision Coverage Ratio as on 31.03.2018 is 56.50%.

5.7 Bancassurance Business:

The bank has received an amount of ₹. 15.60 crore (Life Insurance ₹. 10.93 crore and Non-Life Insurance ₹. 4.67 crore) towards fee /remuneration in respect of the bancassurance business undertaken during 01.04.2017 to 31.03.2018. [Previous year ₹. 9.36 crore (Life Insurance ₹. 6.66 crore and Non-Life Insurance ₹. 2.70 crore)].

SCHEDULES

5.8.1 Concentration of Deposits:

(₹. in crore)

Particulars	As on 31.03.2018	As on 31.03.2017
Total Deposits of Twenty Largest Depositors	3,553.25	3,540.20
Percentage of Deposits of Twenty Largest Depositors to Total Deposits of the Bank	6.25%	6.59%

5.8.2 Concentration of Advances

(₹. in crore)

Particulars	As on 31.03.2018	As on 31.03.2017
Total Advances to Twenty Largest Borrowers	4,711.85	5,041.57
Percentage of Advances to Twenty Largest Borrowers to Total Advances of the Bank	8.54%	10.01%

5.8.3 Concentration of Exposures

(₹. in crore)

Particulars	As on 31.03.2018	As on 31.03.2017
Total Exposures to Twenty Largest Borrowers / Customers	4,783.16	5,136.01
Percentage of Exposures to Twenty Largest Borrowers / Customers to Total Exposure of the bank on Borrowers / Customers	8.37%	9.80%

5.8.4 Concentration of NPAs

(₹. in crore)

Particulars	As on 31.03.2018	As on 31.03.2017
Total Exposure to top four NPA Accounts	980.23	567.52

5.9 Sector-wise Advances

(₹. in crore)

SN	Sector	As on 31.03.2018			As on 31.03.2017		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPA s	Percentage of Gross NPAs to Total Advances in that sector
A	**Priority Sector**						
1	Agriculture and allied Activities	7,825.34	228.13	2.92%	7,551.68	194.60	2.58%
2	Advances to industries sector eligible as priority sector lending	4,128.35	149.11	3.61%	3,983.92	97.71	2.45%
3	Services	5,526.11	215.05	3.89%	5,559.10	133.36	2.40%
4	Personal Loans	1,101.51	25.29	2.30%	1,216.00	44.83	3.69%
	Subtotal (A)	**18,581.31**	**617.58**	**3.32%**	**18,310.70**	**470.50**	**2.57%**
B.	**Non Priority Sector**						
1	Agriculture and allied Activities	772.42	13.16	1.70%	627.18	2.69	0.43%
2	Industry	13,780.54	2,027.80	14.71%	12,746.05	604.75	4.74%
3	Services	6,471.46	329.82	5.10%	7,557.06	351.23	4.65%
4	Personal Loans	6,367.41	27.40	0.43%	2,193.99	54.64	2.49%
	Subtotal (B)	**27,391.83**	**2,398.18**	**8.76%**	**23,124.28**	**1,013.31**	**4.38%**
	Total (A+B)	**45,973.14**	**3,015.76**	**6.56%**	**41,434.98**	**1,483.81**	**3.58%**

The above data has been furnished by the management and have been relied upon by the auditors.

SCHEDULES

5.10 (i) Movement of NPAs

(₹. in crore)

Particulars	2017-18	2016-17
Gross NPAs* as on the beginning of the year	**1,483.81**	**511.18**
Additions (Incl. Fresh NPA) during the year	2,091.75	1,330.83
Sub-total (A)	**3,575.56**	**1,842.01**
Less : - (i) Up gradations	18.24	28.52
(ii) Recoveries (excluding recoveries made from upgraded accounts)	179.09	65.91
(iii) Technical / Prudential write-offs / Sale to ARC	347.84	260.42
(iv) Write off other than those (iii) above	14.63	3.35
Sub-total (B)	**559.80**	**358.20**
Gross NPAs as at the end of the year	**3,015.76**	**1,483.81**

*Gross NPAs arrived at as per item 2 of Annex to RBI Circular DBOD.BP.BC.No.46/21.04.048/2009-10 dated September 24, 2009.

(ii) Movements in Technical write off

(₹. in crore)

Particulars	2017-18	2016-17
Opening balance of Technical / Prudential write-off accounts as at beginning of the year	966.96	721.50
Add: Technical / Prudential write-offs during the year	347.84	260.42
Sub-total (A)	**1,314.80**	**981.92**
Less: Recoveries / Sale made from previously Technical / Prudential written–off accounts during the year (B)	47.79	14.96
Closing balance (A-B)	**1,267.01**	**966.96**

5.11 Overseas Asset, NPAs and Revenue:

(₹. in crore)

Particulars	2017-18	2016-17
Total Assets	481.73	1,003.74
Total NPAs	Nil	Nil
Total Revenue	0.51	0.30

5.12 Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

NIL

5.13 Unamortised Pension and Gratuity Liabilities

NIL

5.14 Disclosures on Remuneration

Qualitative Disclosure

(a) Information relating to the composition and mandate of the Nomination & Remuneration (NRC) Committee:

The Nomination & Remuneration Committee (NRC) of the Board consists of five Directors. The Composition complies with RBI guidelines, provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ('SEBI LODR').

The mandate of Nomination and Remuneration Committee includes:

1. Recommendation of appointment / reappointment of Directors, MD&CEO / WTD of the Bank.
2. Recommending to the Board a policy relating to the remuneration for the MD&CEO / WTD, Part-time (Non-Executive) Chairman of the Bank and President & COO.

SCHEDULES

3. Devising a policy on diversity of Board Of Directors.
4. Framing of guidelines for the ESOS and considering granting of ESOS, administering and supervising the ESOS with particular reference to quantum of options to be granted, grant price, vesting price, exercise period etc., to the eligible employees.
5. No external consultants' advice had been sought by the Bank in the remuneration process.
6. Compensation Policy of the Bank, is approved by the Board, pursuant to the guidelines issued by RBI. The Policy is applicable to the MD&CEO / WTD, Non-Executive Directors, Part-time (Non-Executive) Chairman and President & COO. All other employees' upto Scale III cadre are covered under Industry level Bi-partite settlements of IBA.
7. To perform any other functions or duties as stipulated by the Companies Act, RBI, SEBI, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

(b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

NRC is entrusted with the responsibility of recommending to the Board an appropriate compensation payable to the Part-time (Non-Executive) Chairman, MD&CEO / WTD and the President & COO in the light of the guidance from the regulator from time to time.

The Compensation payable to MD&CEO / WTD of the Bank is divided into fixed and variable components. The fixed remuneration represents a significant proportion of total remuneration taking into account all relevant factors including the prevalent industry practices. Variable pay shall relate to the performance of the Bank and there is proper balance between fixed pay and variable pay. Variable pay must be paid on the basis of achievement of certain basic targets such as reaching business figures including net profits and other qualitative factors taking into account the extraordinary items, appropriate risk management and efficient consumption of capital and comparison of results with industry performance.

As the Bank is a party to the Bipartite settlement of IBA, the compensation of staff engaged in control functions like Risk and Compliance are covered under these Bipartite settlement which cover all employees upto the scale VII cadre. Recently, Bank has given its mandate to cover all employees till the Scale III cadre.

(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks:

NRC may use a wide variety of measures of credit, market and liquidity risks in implementation of risk adjustment. The risk adjustment methods should preferably have both quantitative and judgmental elements. Bank has system of measuring and reviewing these risks.

The risk parameters used for setting of performance objectives and for measuring performance which includes besides financial performance, adherence to internal processes and compliance. Compensation is effectively aligned in both fixed and variable pay. There is a proper balance between fixed and variable pay. Bank shall not offer any guaranteed bonus based on its performance in tune with the sound risk management principles. The Bank shall not grant any severance pay to the MD&CEO/ WTD and Bank shall not provide any facility or fund or permit MD&CEO/ WTD to insure or hedge his/her compensation structure to offset the risk alignment effects embedded in the compensation package.

(d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:

Bank would ensure that the compensation is adjusted to all types of risk, symmetrical with risk outcomes as well as sensitive to the time horizon of risk.

The variable pay could be in cash, stock linked instruments or a mix of both. Variable pay shall relate to the performance of the Bank.

SCHEDULES

Variable pay is considered only for MD&CEO / WTD of the Bank. Variable pay shall not exceed 40% of the fixed pay in any year.

For the Part-time (Non-Executive) Chairman of the Bank, only fixed pay / salary is payable apart from the sitting fees payable for attending the Board or Board Committee Meetings.

In the event of negative growth of the bank and or the relevant line of business in any year, the deferred compensation shall be subjected to malus and clawback arrangements in tune with the RBI guidelines.

(**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**:

For MD&CEO / WTD: If the variable pay is significant, then the bank would defer the payment over a period of three years.

(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:

The Bank has paid only fixed remuneration to MD&CEO / WTD for the year 2017-18 as per RBI approval.

NRC may recommend a reasonable number of Stock Options under the ESOS to MD&CEO / WTD while granting ESOS as per SEBI Regulation. ESOS shall not form part of the total compensation of MD&CEO / WTD as per the Compensation Policy.

The Bank shall not grant any severance pay (other than the terminal benefits and gratuity as per the provisions) to the MD&CEO / WTD.

Bank shall not provide any facility or funds or permit MD&CEO / WTD to insure or hedge his/her compensation structure to offset the risk alignment effects embedded in the compensation package.

Quantitative Disclosures:

Particulars	2017-18	2016-17
a) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	5 Meetings and remuneration of ₹. 4.80 lakh	3 Meetings and Remuneration of ₹. 2.80 lakh
b) Number of employees having received a variable remuneration award during the financial year	Nil	Nil
c) Number and total amount of sign-on awards made during the financial year		
d) Details of guaranteed bonus, if any, paid as joining / sign on bonus		
e) Details of severance pay, in addition to accrued benefits, if any		
f) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms		
g) Total amount of deferred remuneration paid out in the financial year		
h) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred		
i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments		
j) Total amount of reductions during the financial year due to ex post explicit adjustments		
k) Total amount of reductions during the financial year due to ex post implicit adjustments		

SCHEDULES

5.15 Disclosures relating to Securitisation

The bank has not sponsored any SPVs for Securitization transactions.

5.16 Credit Default Swaps

Bank has not initiated any trade in Credit Default Swaps.

5.17 Intra Group Exposures

NIL

5.18 Transfers to Depositor Education and Awareness Fund (DEAF) :

(₹. in crore)

Particulars	2017-18	2016-17
Opening balance of amounts transferred to DEAF	83.60	64.73
Add : Amounts transferred to DEAF during the year	16.22	20.17
Less : Amounts reimbursed by DEAF towards claims	1.26	1.30
Closing balance of amounts transferred to DEAF	98.56	83.60

5.19 Provision for Unhedged Foreign Currency Exposure :

The Bank has made a provision of ₹.1.40 crore (Previous Year ₹.1.54 crore) towards unhedged forex exposure for its clients for the year ended 31.03.2018.

5.20 During the financial year 2017-18, the Bank has not granted any stock options.

6. Liquidity Coverage Ratio (LCR) (FY 2017-18)

(₹. in crore)

Particulars		Quarter ended March 31,2018		Quarter ended Dec 31,2017		Quarter ended Sept 30,2017		Quarter ended June 30,2017		Quarter ended March 31,2017	
		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)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets											
1	Total High Quality Liquid Assets (HQLA)		10197.33		9716.03		9015.69		8605.45		9272.57
Cash Outflows											
2	Retail deposits and deposits from small business customers, of which:	36838.77	3521.27	37217.32	3559.74	36637.11	3503.17	36384.53	3474.58	36750.40	3498.64
(i)	Stable deposits	3252.17	162.61	3239.81	161.99	3210.79	160.54	3277.57	163.88	3528.04	176.40
(ii)	Less stable deposits	33586.60	3358.66	33977.51	3397.75	33426.32	3342.63	33106.96	3310.70	33222.36	3322.24
3	Unsecured wholesale funding, of which:	6211.62	788.22	5916.41	746.38	5491.34	706.56	5533.13	747.44	5671.36	789.25
(i)	Operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii)	Non-operational deposits (all counterparties)	6211.62	788.22	5916.41	746.38	5491.34	706.56	5533.13	747.44	5671.36	789.25
(iii)	Unsecured debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Secured wholesale funding		0.00		0.00		0.00		0.00		0.00
5	Additional requirements, of which	7636.50	614.72	7706.40	638.82	7917.77	714.88	7584.13	784.00	7106.93	590.06
(i)	Outflows related to derivative exposures and other collateral requirements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	Particulars	Quarter ended March 31,2018		Quarter ended Dec 31,2017		Quarter ended Sept 30,2017		Quarter ended June 30,2017		Quarter ended March 31,2017	
		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)	Total Unweighted Value (average)	Total Weighted Value (average)
(ii)	Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii)	Credit and liquidity facilities	7636.50	614.72	7706.40	638.82	7917.77	714.88	7584.13	784.00	7106.93	590.06
6	Other contractual funding obligations	359.34	359.34	58.36	58.36	7.69	7.69	2.74	2.74	11.17	11.17
7	Other contingent funding obligations	296.65	8.90	432.11	12.96	400.48	12.01	364.52	10.94	379.24	11.37
8	**Total Cash Outflows**		**5292.45**		**5016.26**		**4944.31**		**5019.70**		**4900.49**
Cash Inflows											
9	Secured lending (e.g. reverse repos)	56.08	0.00	26.51	0.00	37.69	0.00	207.35	0.00	839.87	0.00
10	Inflows from fully performing exposures	726.81	488.75	659.85	392.94	757.39	472.48	622.80	373.27	1407.48	1165.28
11	Other cash inflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12	**Total Cash Inflows**	**782.89**	**488.75**	**686.36**	**392.94**	**795.08**	**472.48**	**830.15**	**373.27**	**2247.35**	**1165.28**
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	**TOTAL HQLA**		**10197.33**		**9716.03**		**9015.69**		**8605.45**		**9272.57**
14	**Total Net Cash Outflows**		**4803.70**		**4623.32**		**4471.83**		**4646.43**		**3735.21**
15	**Liquidity Coverage Ratio (%)**		**212.28%**		**210.15%**		**201.61%**		**185.21%**		**248.25%**

With effect from the FY 2017-18, the values were arrived based on simple averages of daily observations over the previous quarter (i.e the average is calculated over a period of 90 days).

Liquidity Coverage Ratio (LCR) (FY 2016-17)

(₹. in crore)

Particulars		Quarter ended March 31,2017		Quarter ended Dec 31,2016		Quarter ended Sept 30,2016		Quarter ended June 30,2016		Quarter ended March 31,2016	
		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)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets											
1	Total High Quality Liquid Assets (HQLA)		9272.57		10762.26		7652.72		7497.96		7883.24
Cash Outflows											
2	Retail deposits and deposits from small business customers, of which:	36750.40	3498.64	37112.29	3527.00	34225.50	3276.65	32974.42	3151.89	31703.53	3026.37
(i)	Stable deposits	3528.04	176.40	3684.57	184.23	2917.88	145.89	2910.96	145.55	2879.67	143.98
(ii)	Less stable deposits	33222.36	3322.24	33427.72	3342.77	31307.62	3130.76	30063.46	3006.35	28823.86	2882.39
3	Unsecured wholesale funding, of which:	5671.36	789.25	6082.90	913.61	5205.13	793.19	5054.77	667.04	4605.74	617.84
(i)	Operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii)	Non-operational deposits (all counterparties)	5671.36	789.25	6082.90	913.61	5205.13	793.19	5054.77	667.04	4605.74	617.84
(iii)	Unsecured debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Secured wholesale funding		0.00		0.00		0.00		0.00		0.00
5	Additional requirements, of which	7106.93	590.06	7036.44	579.61	6540.50	537.66	6409.34	532.02	5494.70	463.12
(i)	Outflows related to derivative exposures and other collateral requirements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii)	Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	Particulars	Quarter ended March 31,2017		Quarter ended Dec 31,2016		Quarter ended Sept 30,2016		Quarter ended June 30,2016		Quarter ended March 31,2016	
		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)	Total Unweighted Value (average)	Total Weighted Value (average)
(iii)	Credit and liquidity facilities	7106.93	590.06	7036.44	579.61	6540.50	537.66	6409.34	532.02	5494.70	463.12
6	Other contractual funding obligations	11.17	11.17	72.02	72.02	10.83	10.83	247.63	247.63	170.43	170.43
7	Other contingent funding obligations	379.24	11.37	462.11	13.87	382.07	11.46	412.53	12.38	362.35	13.08
8	**Total Cash Outflows**		**4900.49**		**5106.11**		**4629.80**		**4610.96**		**4290.83**
Cash Inflows											
9	Secured lending (e.g. reverse repos)	839.87	0.00	4.33	0.00	91.00	0.00	25.67	0.00	86.00	0.00
10	Inflows from fully performing exposures	1407.48	1165.28	1933.52	1091.11	605.03	369.29	599.44	380.86	1574.81	913.43
11	Other cash inflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12	**Total Cash Inflows**	**2247.35**	**1165.28**	**1937.85**	**1091.11**	**696.03**	**369.29**	**625.10**	**380.86**	**1610.81**	**913.43**
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	**TOTAL HQLA**		**9272.57**		**10762.26**		**7652.72**		**7497.96**		**7883.24**
14	**Total Net Cash Outflows**		**3735.21**		**4015.00**		**4260.51**		**4230.10**		**3377.41**
15	**Liquidity Coverage Ratio (%)**		**248.25%**		**268.05%**		**179.62%**		**177.25%**		**233.41%**

SCHEDULES

6.1 Qualitative disclosure around LCR

The LCR promotes short term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Assets (HQLAs) to survive an acute stress scenario lasting for 30 days.

Objective:

The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario specified by supervisors. At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken.

The LCR requirement is binding on banks from January 1, 2015; with a view to provide a transition time for banks, the requirement has been fixed at minimum 60% for the calendar year 2015 i.e. with effect from January 1, 2015 and rise in equal steps to reach the minimum required level of 100% from January 1, 2019 as per the time line given below:

	January 1, 2015	January 1, 2016	January 1, 2017	January 1, 2018	January 1, 2019
Minimum LCR	60%	70%	80%	90%	100%

Composition of HQLA:

- Cash in hand
- Excess CRR balance as on that particular day
- Excess Government Securities in excess of minimum SLR requirement
- Government Securities within the mandatory SLR requirement to the extent allowed by RBI under MSF (Presently to the extent of 2% of NDTL as allowed for MSF)
- Facility to avail liquidity for liquidity coverage ratio at 9% of NDTL
- AAA rated bonds and AA- & above bonds and adding marketable securities representing claims guaranteed by sovereigns having risk weights higher than 20% but not higher than 50%
- Common equity shares not issued by the bank / financial institution / NBFC or any of its affiliated entities and included in NSE CNX Nifty and / or S & P BSE Sensex indices.

7. Basel III disclosures

In accordance with RBI circular DBOD. No. BP.BC.1/21.06.201/2015-16 dated 01.07.2015, read together with RBI circular DBR. No.BP.BC.80/21.06.201/2014-15 dated 31.03.2015, Banks are required to make Pillar 3 disclosures under Basel III capital regulations. Accordingly, Pillar 3 disclosures under Basel III capital regulations have been made available on the Bank's website at the following link - https://www.kvb.co.in/footer/pillarIII_disclosures.html. These disclosures have not been subjected to audit by the Statutory Central Auditors.

8. Corporate Social Responsibility

The bank has incurred an expenditure of ₹. 3,69,74,106/- towards Corporate Social Responsibility after carrying out the process of identifying various projects and its appropriateness for spending (Previous year ₹. 1.60 crore).

9. UDAY Scheme

In compliance with RBI communication DBR.BP.No.11657/21.04.132/2015-16 dated 17th March 2016, the investments in DISCOM bonds of ₹. 24.33 crore (which were envisaged to be converted into SDL) have been classified as Non Performing Investments and provision of ₹. 9.73 crore has been made therefor.

SCHEDULES

10. Provision for Food Credit

The Bank had made a provision of ₹. 35.52 crore being 15% of the outstanding food credit availed by the State Government of Punjab as at 31.03.2016. During the year ended March 31, 2018 an excess provision of ₹. 15.67 crore was written back as per RBI circular DBR(BP) No. /3992/21.04.048/2016-17 dated October 3, 2016 and balance provision of ₹. 7.17 crore is held as on March 31st, 2018.

11. Status with regard to Ind-AS Implementation

As per RBI notification DBR.BP.BC.No.76/21.07.001/2015-16 dated February 11, 2016, Bank has to disclose the strategy for Ind-AS implementation, including the progress made in this regard.

Implementation Strategy & Progress during the year

The Bank has set up a Steering Committee for implementation of Ind-AS. The Steering Committee of Bank is analyzing the current accounting framework and Ind-AS for changes in significant accounting policies, preparation of disclosures, documentation. Assessment of the software / solution offered by selected vendors has been undertaken during the year.

Bank has submitted Proforma Ind-AS Financial Statement to RBI for the half-year ended September 30th, 2016 and also for the quarter ended June 30th, 2017 as per RBI guidelines.

12. Disclosure on Priority Sector Lending Certificates sold / purchased during the year. (₹. in crore)

Particulars	2017-18	2016-17
PSLC purchased during the year		
(I) PSLC - Agriculture	Nil	
(II) PSLC - SF / MF		
(III) PSLC - Micro Finance		
(IV) PSLC - General		
Total		
PSLC sold during the year		
(I) PSLC - Agriculture	Nil	Nil
(II) PSLC - SF / MF	500.00	
(III) PSLC - Micro Finance	Nil	
(IV) PSLC - General	300.00	
Total	**800.00**	

13. Disclosure on Provisioning relating to frauds

SN.	Particulars	2017-18	2016-17
A	Number of Frauds reported during the year	14	22
B	Amount involved in fraud net of recoveries / write offs as at the end of the year (₹. in crore)	19.43	13.43
C	Provisions made during the year (₹. in crore)	19.43	13.43
D	Quantum of un amortised provision debited from 'Other Reserves' at the end of the year (₹. in crore)	Nil	Nil

Karur Vysya Bank
Smart way to bank

SCHEDULES

14. Ministry of Labour and Employment, Government of India on 29th March, 2018 enhanced the ceiling on gratuity payable to an employee under Payment of Gratuity Act, 1972 from ₹. 10 lakh to ₹. 20 lakh. Bank has provided for the entire amount of additional liability during the year and has not availed the dispensation of spreading the provision over a period of four quarters as permitted by RBI.

15. Disclosure on Investor Education and Protection Fund

As per the Companies Act 2013, dividend unclaimed for more than seven years from the date of declaration is to be transferred to Investor Education and Protection Fund. In compliance with the above provisions, the unclaimed dividend amount due to be transferred to the Investor Education and Protection Fund (IEPF) during the year ended March 31, 2018 has been transferred without any delay.

16. The Board of Directors recommends a dividend of ₹. 0.60 per equity share of ₹. 2/- each for the year 2017-18, subject to the approval of the members at the ensuing Annual General Meeting. In accordance with AS-4, Contingencies and Events Occurring after the Balance Sheet date notified by the MCA on March 30, 2016, the proposed dividend including corporate dividend tax amounting to ₹. 52.46 crore has not been shown as an appropriation from the Profit and Loss appropriation account as of March 31, 2018 and correspondingly not reported under Other Liabilities and Provisions as at March 31, 2018. For computation of capital adequacy ratio as at 31.03.2018, Bank has adjusted the proposed dividend and tax thereon for determining capital funds.

17. Figures of the previous year have been regrouped / rearranged / reclassified wherever necessary.

B. SWAMINATHAN
CHAIRMAN

P. R. SESHADRI
MD&CEO

G. RAJASEKARAN
DIRECTOR

A. J. SURIYANARAYANA
DIRECTOR

N. S. SRINATH
DIRECTOR

Dr. V. G. MOHAN PRASAD
DIRECTOR

M. K. VENKATESAN
DIRECTOR

A. K. PRABURAJ
DIRECTOR

K. L. VIJAYALAKSHMI
DIRECTOR

M. V. SRINIVASAMOORTHI
DIRECTOR

Dr. K.S. RAVICHANDRAN
DIRECTOR

J. NATARAJAN
PRESIDENT & COO

T. SIVARAMA PRASAD
GENERAL MANAGER & CFO

SRINIVASA RAO .M
COMPANY SECRETARY

As per our report of even date
For **Abarna & Ananthan**
Chartered Accountants
Firm Regn No. 000003S

LALITHA RAMESWARAN
Partner
Membership No. 207867

Place : Karur
Date : 25th May 2018

Karur Vysya Bank
Smart way to bank

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

(000's omitted)

	Year Ended 31.03.2018 ₹	Year Ended 31.03.2017 ₹
CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT AS PER PROFIT AND LOSS ACCOUNT	**345 67 22**	605 98 26
ADJUSTMENTS FOR		
DEPRECIATION FOR THE YEAR	**85 24 60**	85 88 99
INTEREST PAID ON TIER II BOND ISSUED	**14 79 00**	14 75 95
PROVISIONS AND CONTINGENCIES	**1403 96 90**	956 58 43
PROVISION FOR LEAVE ENCASHMENT	**12 25 00**	26 74 00
AMORTIZATION OF HTM SECURITIES	**40 23 67**	27 67 32
PROVISION FOR IMPAIRMENT ON INVESTMENTS	**27 68 43**	8 40 06
PROFIT / (LOSS) ON SALE OF INVESTMENTS	**(101 07 61)**	(204 63 61)
PROFIT / (LOSS) ON SALE OF ASSETS	**(51 93)**	(51 67)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**1828 25 28**	1520 87 73
(INCREASE) / DECREASE IN OPERATING ASSETS		
PURCHASE AND SALE OF INVESTMENTS	**(975 93 49)**	(276 72 38)
FUNDS ADVANCED TO CUSTOMERS	**(4905 83 61)**	(2227 98 80)
OTHER OPERATING ASSETS	**(228 67 38)**	257 62 57
INCREASE / (DECREASE) IN OPERATING LIABILITIES		
DEPOSITS FROM CUSTOMERS	**(3190 27 93)**	(3620 91 00)
BORROWINGS FROM BANKS	**686 02 45**	(1198 58 97)
OTHER OPERATING LIABILITIES	**68 63 70**	130 14 23
CASH GENERATED FROM OPERATIONS	**(337 25 12)**	1826 25 38
DIRECT TAXES PAID	**(200 00 00)**	(215 00 00)
NET CASH GENERATED FROM OPERATIONS	**(537 25 12)**	1611 25 38

Karur Vysya Bank
Smart way to bank

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

(000's omitted)

	Year Ended 31.03.2018 ₹	Year Ended 31.03.2017 ₹
CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	**(174 86 36)**	(85 21 32)
SALE OF FIXED ASSETS / OTHER ASSETS	**(19 44 64)**	1 35 02
NET CASH GENERATED FROM INVESTING ACTIVITIES	**(194 31 00)**	(83 86 30)
CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM SHARE CAPITAL	**23 46 34**	0
PROCEEDS FROM SHARE PREMIUM (NET OF SHARE ISSUE EXPENSES)	**864 96 28**	0
INTEREST PAID ON TIER II BOND ISSUED	**(14 79 00)**	(14 75 96)
DIVIDEND PAID (INCLUDING DIVIDEND DISTRIBUTION TAX)	**(190 25 97)**	(59 13 72)
NET CASH FLOW FROM FINANCING ACTIVITIES	**683 37 65**	(73 89 68)
CASH FLOW FROM OPERATING ACTIVITIES	**(537 25 12)**	1611 25 38
CASH FLOW FROM INVESTING ACTIVITIES	**(194 31 00)**	(83 86 30)
CASH FLOW FROM FINANCING ACTIVITIES	**683 37 65**	(73 89 68)
INCREASE IN CASH & CASH EQUIVALENT	**(48 18 47)**	1453 49 40
CASH AND CASH EQUIVALENTS AT THE BEGINNING	**4345 09 18**	2891 59 78
CASH AND CASH EQUIVALENTS AT THE END	**4296 90 71**	4345 09 18

The above Cash Flow Statement is followed based on indirect method.

Place : Karur
Date : 25th May 2018

P. R. SESHADRI
MD&CEO

AUDITORS' CERTIFICATE

We have verified the cash flow statement of the Karur Vysya Bank Limited for the year ended 31.03.2018. The Statement has been prepared by the Bank in accordance with the requirements of listing agreement, clause 32, with the Stock Exchange and is based on and in agreement with corresponding Profit & Loss account and Balance Sheet of the Bank covered by the report of 25th May 2018 to the shareholders of the Bank

For **Abarna & Ananthan**
Chartered Accountants
Firm Regn. No. 000003S

LALITHA RAMESWARAN
Partner
Membership No.207867

Place : Karur
Date : 25th May 2018

Karur Vysya Bank
Smart way to bank

BASEL III – PILLAR 3 DISCLOSURES

PILLAR III DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (31.03.2018)

(BASEL III)

1. SCOPE OF APPLICATION (DF 1)

Karur Vysya Bank Limited is a Scheduled Commercial Bank which was incorporated on June 22, 1916 at Karur. The Bank has no subsidiaries. As on 31.03.2018, the Bank does not have investment in any insurance entity.

2. CAPITAL ADEQUACY AND CAPITAL STRUCTURE (DF 2)

Under Basel III banks are required to maintain a minimum Pillar 1 Capital to Risk-weighted Assets Ratio (CRAR) of 9% on an on-going basis (other than capital conservation buffer, counter cyclical capital buffer etc.). Banks are required to maintain a minimum capital conservation buffer of 1.875% additionally from the year ended 31.03.2018.

Capital funds are classified into Tier-I and Tier-II capital under the capital adequacy framework.

Tier-I Capital:

The Bank's Tier I capital shall consist of Common Equity Tier I and admissible Additional Tier I capital. Common Equity Tier 1 (CET1) capital must be at least 5.5% of risk-weighted assets (RWAs) i.e. for Credit risk + Market risk + Operational risk on an ongoing basis and Additional Tier I capital can be a maximum of 1.5%, thus making total Tier I capital to be at least 7%.

In addition to the minimum Common Equity Tier 1 capital of 5.5% of RWAs, banks are also required to maintain a Capital Conservation buffer (CCB) of 2.5% of RWAs in the form of Common Equity Tier 1 capital progressively from Financial Year 2016.

Tier-I capital includes paid-up equity capital, share premium, statutory reserves, capital reserves, other disclosed free reserves and balance in Profit and Loss account at the end of the previous financial year. Profits in current financial year may be included in Tier I on fulfillment of certain conditions regarding incremental provisions for non-performing assets.

Equity Capital

The Bank has authorized share capital of ₹. 200 crore comprising of 100,00,00,000 equity shares of ₹. 2/- each. As on 31.03.2018 the Bank has Issued, Subscribed and Paid-up capital of ₹. 145.33 crore constituting 72,66,39,371 shares of ₹. 2/- each.

Tier-II Capital:

The Bank's Tier II capital includes general provision for standard assets and subordinated debt instruments (lower Tier II bonds) eligible for inclusion in Tier II capital.

Provisions or loan-loss reserves held against future, presently unidentified losses, which are freely available to meet losses which subsequently materialize, will qualify for inclusion within Tier II capital. Tier II capital will also include debt capital instruments issued by banks and premium, if any and Revaluation Reserves.

Tier II Subordinated Debt (Lower II bonds)

As on 31.03.2018, the Bank had an outstanding subordinated debt (Unsecured Redeemable Non-convertible subordinated lower Tier II Bonds) aggregating ₹. 1500 million, the details of which are stated below:

(₹. in million)

Issue Series	Deemed Date of Allotment	Coupon Rate (% p.a.)	Tenor (in Months)	Amount as on 31.03.2018
I	September 25, 2009	9.86	120	1,500.00

Karur Vysya Bank
Smart way to bank

BASEL III – PILLAR 3 DISCLOSURES

Composition of Capital – Tier I and Tier II:

(₹. in million)

1. Tier I capital	
1.1 Paid-up share capital	1,453
1.2 Reserves	60,131
1.3 Gross Tier I capital (1.1 + 1.2)	**61,584**
1.4 Deductions	138
1.5 Total Tier I capital (1.3 - 1.4)	**61,446**
2. Tier II capital	
2.1 Subordinated Debt (Lower Tier II bonds)	1,500
2.2 General Provisions / IRA and Revaluation Reserves	1,828
2.3 Investment Reserve	533
2.4 Gross Tier II capital (2.1 + 2.2+2.3)	**3,861**
2.5 Deductions	1,600
2.6 Total Tier II capital (2.4 - 2.5)	**2,261**
3. Debt capital instruments eligible for inclusion in Upper Tier II capital	
3.1 Total amount outstanding	-
3.2 Of which amount raised during the current year -	-
3.3 Amount eligible to be reckoned as capital funds	-
4. Subordinated debt eligible for inclusion in Lower Tier II capital	
4.1 Total amount outstanding	1,500
4.2 Of which amount raised during the current year -	-
4.3 Amount eligible to be reckoned as capital funds	-
5. Other deductions from capital	
5.1 Other deductions from capital	-
6. Total eligible capital	
6.1 Total eligible capital (1.5 + 2.6)	**63,707**

2.1 CAPITAL ADEQUACY ASSESSMENT PROCESS

The Bank has a process for assessing its overall capital adequacy in relation to the Bank's risk profile and a strategy for maintaining its capital levels. The process ensures that the Bank has adequate capital to support all the material risks and an appropriate capital cushion. The Bank identifies, assesses and manages comprehensively all risks that it is exposed to through robust risk management framework, control mechanism and an elaborate process for capital calculation and planning.

The Bank has formalized and implemented a comprehensive Internal Capital Adequacy Assessment Process (ICAAP). The Bank's ICAAP covers the process for assessment of the adequacy of capital to support current and future projections / risks.

The Bank has a structured process for the identification and evaluation of all risks that the Bank faces, which may have a material impact on its financial position. The Bank considers the following risks as material risks it is exposed to in the normal course of its business and therefore, factors these while assessing / planning capital :

- Credit Risk
- Market Risk
- Operational Risk
- Liquidity Risk
- Interest Rate Risk in the Banking Book
- Concentration Risk
- Strategic Risk
- Reputational Risk

The Bank has also implemented a Board approved Stress Testing policy. Stress Testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible ("stressed") business conditions. Typically, this relates, among other things, to the impact on the Bank's profitability and capital adequacy. Stress Tests are conducted on the Bank's on and off balance sheet exposures to test the impact of Credit risk, Market risk, Liquidity risk and Interest Rate Risk in the Banking book (IRRBB). The stress test results are put up to the Risk Management Committee (RMC) of the Board for their review and guidance. The Bank

Karur Vysya Bank
Smart way to bank

BASEL III – PILLAR 3 DISCLOSURES

periodically assesses and refines its stress tests in an effort to ensure that the stress scenarios capture material risks as well as reflect possible extreme market moves that could arise as a result of market conditions. The stress tests are used in conjunction with the Bank's business plans for the purpose of capital planning in the ICAAP. In line with the RBI guidelines for implementing the New Capital Adequacy Framework under Basel III, the Bank has successfully migrated to the framework from April 1, 2013.

In accordance with the RBI's requirement, the Bank has continued to adopt Standardized Approach (SA) for Credit Risk and Basic Indicator Approach (BIA) for Operational Risk to compute capital as on 31.03.2018. Besides this, the Bank continues to apply the Standardized Duration Approach (SDA) for computing capital requirement for Market Risk. RBI has prescribed banks to maintain a minimum CRAR of 10.875% with regard to credit risk, market risk and operational risk.

2.2 CAPITAL ADEQUACY AS ON 31.03.2018

The total Capital to Risk Weighted Assets Ratio (CRAR) as per Basel III guidelines works to 14.43 % as on 31.03.2018 (as against minimum regulatory requirement of 10.875%). The Tier I CRAR stands at 13.92 %. The Bank has followed the RBI guidelines in force to arrive at the eligible capital, risk weighted assets and CRAR.

Capital requirements for Credit Risk, Market Risk and Operational Risk: (₹. in million)

1. Capital requirement for Credit Risk	
- Portfolio subject to Standardized Approach	**40,444**
- Securitization exposures	-
2. Capital requirement for Market Risk	
Standardized Duration Approach	**2,684**
• Interest Rate Risk	1,554
• Foreign Exchange Risk (Including gold)	49
• Equity Risk	1,081
3. Capital requirement for Operational Risk	
Basic Indicator Approach	**4,874**
Total capital requirements at 10.875% (1 + 2 + 3)	**48,002**
Total capital	**63,707**
CRAR %	14.43%
Tier-I CRAR %	13.92%
CET 1 %	13.92%

3. RISK EXPOSURE AND ASSESSMENT

The Bank is exposed to various types of risk such as Credit, Market, Operational, Liquidity, Interest Rate, Reputational, Legal and Strategic risk. The Bank has separate and independent Risk Management Department in place which oversees the management of all types of risks in an integrated fashion.

The objective of risk management is to have optimum balance between risk and return. It entails the identification, measurement and management of risks across the various businesses of the Bank. Risk is managed through framework defined in policies approved by the Board of Directors and supported by an independent risk management function which monitors and takes corrective action so that the Bank operates within its risk appetite. The risk management function attempts to anticipate vulnerabilities through quantitative or qualitative examination of the embedded risks in various activities. The Bank continues to focus on refining and improving its risk management systems. In addition to ensuring compliance with regulatory requirements, the Bank has developed robust internal systems for assessing capital requirements keeping in view the business objectives.

The Board of Directors (BOD) approves the strategies and policies for Risk Management, based on recommendations of the Risk Management Committee (RMC) of the Board set up to focus upon risk management issues. The Risk Management Committee of the Board reviews various aspects of risk arising from the businesses undertaken by the Bank. Operating level risk committees comprising of senior management viz. Asset Liability Management Committee (ALCO), the Operational Risk Management Committee (ORMC), Market Risk Management Committee (MRMC) and the Credit Risk Management Committee (CRMC) oversee specific risk areas. These committees in turn provide inputs for review by the Risk Management Committee (RMC) of the Board.

3.1 Risk Management Committee (RMC) of the Board:

The Risk Management Committee of the Board is the primary tier to oversee implementation of Board approved strategies and policies, recommend setting up of tolerance limits wherever required, monitor implementation of strategies and policies, as well as adherence to prescribed tolerance limits etc. The RMC oversees the functioning of Executive level Committees for risk management.

Karur Vysya Bank
Smart way to bank

BASEL III – PILLAR 3 DISCLOSURES

3.2 Executive Level Committees:

At Executive Management level, the organizational responsibilities for implementing and monitoring Board approved strategies and policies and adhering to prescribed tolerance limits etc. are as under:

Sr. No.	Executive Level	Committee Focus Area	Chairman
1	Asset Liability Management Committee (ALCO)	All aspects of Asset Liability Management, Monitoring & Control, Interest rate review etc.	Chief Operating Officer
2	Credit Risk Management Committee (CRMC)	All aspects of Credit Risk Management, Monitoring & Control	MD&CEO
3	Market Risk Management Committee (MRMC)	All aspects of Market Risk Management, Monitoring & Control.	Chief Operating Officer
4	Operational Risk Management Committee (ORMC)	All aspects of Operational Risk Management, Monitoring & Control.	Chief Operating Officer

4. CREDIT RISK (DF 3)

4.1 Credit risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. In a bank's portfolio, losses stem from outright default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions.

The Bank adopts the definition of 'past due' and 'impaired credits' (for accounting purposes) as defined by Reserve Bank of India under Income Recognition, Asset Classification and Provisioning (IRAC) norms.

4.1.1. Credit Risk Management

Credit Risk Management Committee (CRMC) headed by MD&CEO is the top-level functional committee for managing credit risk. The committee is responsible for implementation of Credit policy approved by the Bank's Board. The committee considers and takes decision necessary to manage and control credit risk within the overall quantitative prudential limits approved by the Bank's Board. The Committee is entrusted with the responsibilities to formulate standards for presentation of credit proposals, financial covenants, rating standards and benchmarks.

The Bank adopts an integrated approach to credit risk management, which encompasses:

- Establishment and articulation of corporate priorities
- Institution and inculcation of an appropriate credit culture
- Determination of specific credit risk strategy and profile
- Implementation of appropriate credit risk controls
- Monitoring the effectiveness of credit risk controls

The Bank has implemented the Standardized approach for regulatory capital measurement for credit risk.

4.1.2. Credit Risk Strategy and Risk Profile:

The bank adopts a credit risk strategy and risk appetite, which is in line with its risk taking ability to ensure conservation and growth of shareholder funds, with a proper balance between risk and reward. Financial resources are allocated to optimize the risk reward ratio.

There is a clearly articulated definition of acceptable credit risk, based upon:

- Identification of target markets / segments
- Establishing of characteristics of desirable customers within the target market
- Assessing whether adequate resources are available to support the business
- Ensuring that all economic and regulatory requirements are complied with
- Ensuring that the portfolio is consistent with the Bank's strategy and objectives especially in relation to risk concentration, maturity profile and liquidity management

4.1.3 Credit Risk Controls:

Credit risk controls focus on identification, measuring, monitoring and managing the assumed risks and include:

- A documented credit policy and credit risk management policy
- Approval process with delegated authorities
- Asset quality and risk rating system and its verification
- Effective loan disbursement mechanism to minimize the legal risk

BASEL III – PILLAR 3 DISCLOSURES

- Effective loan administration to ensure past-due management and bad loan detection
- A loan review mechanism
- Portfolio management tools to manage portfolio risks

Management of credit risk is at three levels:

- Strategic or Portfolio level, so as to ensure that no single event can have a significant adverse impact.
- Established credit policy to have a minimum standard for assuming risk
- Reliance on the competence of trained staff to make sound credit decisions

The Bank relies upon formal and conventional credit risk assessment, viz.:

- The ability and willingness of borrowers to repay.
- Dependence primarily on cash flows for repayment with security taken to provide a secondary source of repayment.
- Quality of data and analysis thereof forms the basis of assessment and not external reputation or unsubstantiated beliefs.
- Rational assessment of probability of default and assessment of 'Worst Case Scenario'.
- Transparency and communication of all relevant facts (negative as well as positive) necessary for making an informed credit decision.
- Documentation of all assessment, rationale and decisions.
- Know Your Customers 'KYC' forms the bedrock of initiating and sustaining any relationship.

4.2 Total gross credit risk exposure: (₹. in million)

Category Domestic	Amount
Fund based	506,764
Non fund based	58,737
Total	**565,501**

Note:

1. Fund based credit exposure excludes Cash in hand, Balance with RBI, SLR investments, shares, deposits placed with NABARD, SIDBI & NHB, Fixed and Other assets.
2. Non-fund based exposure includes outstanding Letter of Credit, Acceptances and Bank Guarantee exposures.

   Exposures reported above include limits or outstanding whichever is higher, for other than term loans and NPAs. In case of terms loans and NPAs, the outstanding amount has been considered for this purpose.

4.3 Geographical Distribution of Credit: (₹. in million)

STATE	FUND BASED
ANDHRA PRADESH	66,599
CHHATTISGARH	299
GOA	506
HARYANA	3,638
KARNATAKA	26,483
MADHYA PRADESH	1,887
ORISSA	1,596
PUNJAB	2,264
TAMIL NADU	211,219
UTTAR PRADESH	3,368
WEST BENGAL	13,174
CHANDIGARH	735
DELHI	23,437
GUJARAT	15,615
JHARKHAND	243
KERALA	9,853
MAHARASHTRA	33,471
PONDICHERRY	3,577
RAJASTHAN	734
TELANGANA	41,010
UTTARAKHAND	23
TOTAL	**459,731**

Karur Vysya Bank
Smart way to bank

BASEL III – PILLAR 3 DISCLOSURES

4.4 Industry wise distributions of exposures

(₹. in million)

Industry	Exposures	
	Fund Based	Non-Fund Based
MINING & QUARRYING	1,872	376
FOOD PROCESSING	7,490	2,914
BEVERAGES & TOBACCO	1,799	81
TEXTILES	41,540	1,503
LEATHER AND LEATHER PRODUCTS	605	1
WOOD AND WOOD PRODUCTS	3,037	5,771
PAPER AND PAPER PRODUCTS	2,508	1,856
PETROLEUM	300	33
CHEMICALS AND CHEMICAL PRODUCTS	5,127	994
RUBBER, PLASTIC AND THEIR PRODUCTS	3,615	220
GLASS & GLASSWARE	580	50
CEMENT & CEMENT PRODUCTS	2,916	264
BASIC METAL AND METAL PRODUCTS	13,239	2,557
ALL ENGINEERING	6,236	1,455
VEHICLES, VEHICLE PARTS AND TRANSPORT EQUIP.	3,996	152
GEMS AND JEWELLERY	5,019	4,238
CONSTRUCTION	4,714	4,496
INFRASTRUCTURE	27,872	5,908
OTHER INDUSTRIES	3,795	506
OTHERS	323,471	25,361
TOTAL	**459,731**	**58,737**

Karur Vysya Bank
Smart way to bank

BASEL III – PILLAR 3 DISCLOSURES

4.5 Exposure to Industries in excess of 5% of total exposure

(₹. in million)

Industry	Fund based Facilities	Non-Fund based Facilities
TEXTILES	41,540	1,503
INFRASTRUCTURE	27,872	5,908
Total	**69,412**	**7,411**

4.6 Residual contractual maturity breakdown of assets*

(₹. in million)

	Cash	Balance with RBI	Balance with other banks	Investments	Advances Performing	NPA (Gross) Including NPI	Fixed Assets	Other Assets	Total
Day 1	7,259	447	5,554	29,032	27,532	0	0	3,093	72,918
2-7 Days	0	429	3,250	3,212	2,452	0	0	387	9,730
8-14 Days	0	341	0	1,745	4,300	0	0	387	6,773
15-30 Days	0	787	0	5,246	9,201	0	0	0	15,235
31 Days & upto 2 Months	0	1,317	0	6,963	12,590	0	0	0	20,871
Over 2 Months & upto 3 Months	0	1,365	0	8,204	19,078	0	0	0	28,647
Over 3 Months & upto 6 Months	0	2,149	0	12,256	34,337	0	0	0	48,742
Over 6 Months & upto 1 Year	0	4,042	0	23,646	54,802	0	0	0	82,491
Over 1 Year & upto 3 years	0	5,092	82	36,298	192,505	0	0	0	233,977
Over 3 Years & upto 5 years	0	1,432	0	9,938	32,943	11,260	0	0	55,573
Over 15 Years	0	4940	0	26,260	39,834	19,739	5,282	9,145	105,200
Total	**7,259**	**22,341**	**8,886**	**162,802**	**429,574**	**30,999**	**5,282**	**13,012**	

* As per ALM Guidelines

4.7. Non Performing Advances and Provisions

(₹. in million)

a) Gross NPA	
i. Substandard	11,265
ii. Doubtful 1	11,477
iii. Doubtful 2	6,195
iv. Doubtful 3	99
v. Loss	1,122
Total	30,158

b) Net NPAs	18,628

c) NPA Ratios	
i. Gross NPAs to gross advances (%)	6.56%
ii. Net NPAs to Net Advances (%)	4.16%

d) Movement of NPAs (Gross)	
i. Opening balance 01.04.2017	14,838
ii. Additions during the year	20,918
iii. Reductions during the year	5,598
iv. Closing balance 31.03.2018	30,158

Karur Vysya Bank
Smart way to bank

BASEL III – PILLAR 3 DISCLOSURES

(₹. in million)

e) Movement of provisions for NPAs (excluding provision on Standard Assets)	Specific Provision	General Provision
i. Opening balance as on 01.04.2017	4,288	-
ii. Provision made during the year	10,246	-
iii. Write-off / write-back of excess provisions	3,625	-
iv. Closing balance 31.03.2018	10,909	-

f) Details of Write Offs and Recoveries that have been booked directly to the income statement	
i. Write Offs that have been booked directly to the income statement	-
ii. Recoveries that have been booked directly to the income statement	437

g) Amount of Non-Performing Investments	841

h) Amount of provisions held for non-performing investments	533
(i) Movement of depreciation on investments	
1) Opening balance as on 01.04.2017	724
2) Provision made during the year (+)	633
3) Write-off / write-back of excess provision during the year (including depreciation utilized on the sale of securities) (-)	-
4) Closing balance as on 31.03.2018	**1,357**

4.7.1 Major Industry break up of NPA

(₹. in million)

Industry	Gross NPA	Specific Provision	Write Off during the current period
MINING & QUARRYING	27	6	0
FOOD PROCESSING	3,189	1,180	220
BEVERAGES & TOBACCO (EXCLUDING TEA & COFFEE)	26	7	3
TEXTILES	2,045	963	1,038
LEATHER AND LEATHER PRODUCTS	9	3	7
WOOD AND WOOD PRODUCTS	77	20	0
PAPER AND PAPER PRODUCTS	39	8	0
PETROLEUM	7	1	0
CHEMICALS AND CHEMICAL PRODUCTS	274	65	8
RUBBER, PLASTIC AND THEIR PRODUCTS	810	129	10
CEMENT & CEMENT PRODUCTS	712	282	240
BASIC METAL AND METAL PRODUCTS	6,174	2,481	0
ALL ENGINEERING	254	49	0
VEHICLES, VEHICLE PARTS AND TRANSPORT EQUIP.	3,096	1,400	1
GEMS AND JEWELLERY	12	2	0
CONSTRUCTION	152	48	64
INFRASTRUCTURE	3,303	945	456
OTHER INDUSTRIES	73	21	16
OTHERS	9,879	3,299	1,562
TOTAL	**30,158**	**10,909**	**3,625**

BASEL III – PILLAR 3 DISCLOSURES

4.7.2 Geography wise distribution of NPA and Provision

(₹. in million)

Geography	Gross NPA	Specific Provision
Domestic	30,158	10,909
Overseas	0	0
Total	**30,158**	**10,909**

5. CREDIT RISK: Disclosures for portfolio subject to the Standardized Approach (DF 4)

5 (a). The Bank has used the ratings of the following domestic external credit rating agencies for the purpose of risk weighting their claims on the domestic entities for capital adequacy purpose:

i. CRISIL
ii. CARE
iii. ICRA
iv. India Ratings
v. Brickwork
vi. SMERA
vii. Infomerics

5. (b). A description of the process used to transfer public issuer ratings onto comparable assets in the banking book:

Bank has used short term ratings for assets with maturity upto one year and long-term ratings for assets maturing after one year as accorded by the approved external credit rating agencies. Bank has not cherry picked ratings. Bank has not used one rating of a CRA (Credit Rating Agency) for one exposure and another CRA's rating for another exposure on the same counterparty unless only one rating is available for a given exposure.

Notwithstanding the repayable on demand condition, cash credit exposures have been subjected to long-term rating.

If an obligor has a long term external credit rating that warrants RW (Risk Weight) of 150%, all unrated exposures on the same obligor whether long or short is assigned the same 150% RW unless mitigated by recognized Credit Risk Mitigates.

Bank has used only solicited rating from the recognized CRAs. In case the obligor has multiple ratings from CRAs, the Bank has a policy of choosing (if there are two ratings) lower rating.

Where RW associated with the rating by a CRA for a specific investment instrument is lower than one corresponding to unrated exposure, but the Bank's exposure is not in that instrument but some other debt, the RW for the rated exposure has been applied to Bank's unrated exposure provided the latter ranks pari-passu or senior to the specific rated exposure and the maturity of Bank's claim is not later than the rated exposure.

If either the issuer or a single issue has been rated warranting RW equal or higher than unrated claim, a claim on the same issuer which is unrated but ranks pari-passu or junior to the rated exposure has been assigned the same RW as the rated exposure.

No recognition of CRM technique has been taken into account in respect of a rated exposure if that has already been factored by the CRA while carrying out the rating.

For exposure amounts after risk mitigation subject to the standardized approach, amount of the Bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted as on 31.03.2018 are as follows:

(₹. in million)

Sl No.	Risk Weight	Fund Based	Non Fund Based
1	Below 100%	366,050	14,476
2	100%	121,592	18,624
3	More than 100%	54,663	10,629
	Total (1 + 2 + 3)	**542,305**	**43,729**

6. CREDIT RISK MITIGATION: Disclosures for Standardized Approach (DF 5)

6.1 The Bank has adopted Credit Risk Mitigation (CRM) Techniques and Collateral Management (CM) guidelines issued by RBI under Master circular – Prudential guidelines on Capital Adequacy and Market Discipline – New Capital Adequacy Framework (NCAF).

The Bank has utilized credit risk mitigation in the form of Bank's own deposits, LIC Policies, National Saving Certificate and gold, wherever the collateral is identifiable, marketable & enforceable and complies with RBI requirements. Sovereign exposures and Sovereign guaranteed exposures are risk weighted as per RBI directives.

BASEL III – PILLAR 3 DISCLOSURES

The general principles applicable for use of credit risk mitigation techniques are as under:

i. No transaction in which Credit Risk Mitigation (CRM) techniques are used has been assigned higher capital requirement than as otherwise identical transaction where such techniques are not used.

ii. The Bank has taken care to see that effects of CRM are not double counted. To ensure this no additional supervisory recognition of CRM for regulatory capital purposes is made available on claims for which an issue-specific rating is used that already reflects that CRM.

iii. Principal-only ratings will not be allowed within the CRM framework. The rating should cover principal and interest.

The Bank has, therefore, put in place robust procedures and processes to control these risks, including strategy, consideration of the underlying credit, valuation, policies and procedures systems, control of Roll-off risks, and management of concentration risk arising from the use of CRM techniques and its interaction with the Bank's overall credit risk profile.

6.2 Eligible Financial Collateral:

The following collaterals are used as risk mitigants –

i. Cash margins and fixed deposit receipts of the counterparty with the Bank

ii. Gold bullion and jewellery

iii. Securities issued by Central and State Governments

iv. National Savings Certificates, Kisan Vikas Patras

v. Life insurance policies with a declared surrender value of an insurance company which is regulated by an insurance sector regulator.

vi. Debt securities rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity and where they are either:

a) Attracting 100% or lesser risk weight i.e. rated at least BBB (-), when issued by public sector entities and other entities (including banks and Primary Dealers); or

b) Attracting 100% or lesser risk weight i.e. rated at least PR3/ P3/F3/A3 for short-term debt instruments.

vii) Debt securities not rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity where these are:

a) Issued by a bank

b) Listed on a recognized exchange

c) Classified as senior debt

d) All rated issues of the same seniority by the issuing bank are rated at least BBB(-) or A3 by a chosen Credit Rating Agency; and

viii) Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the bank's operation and mutual funds where:

a) Price for the units is publicly quoted daily i.e., where the daily NAV is available in public domain; and

b) Mutual fund is limited to investing in permitted instruments listed.

6.3 Total exposure covered by guarantees / credit derivatives

Nil

7. SECURITIZATION EXPOSURES (DF 6)

As per RBI guidelines on Securitization exposure, investments by banks in securitized assets, representing loans to various categories of priority sector, except 'others' category, are eligible for classification under respective categories of priority sector lending (PSL) depending on the underlying assets.

As on 31.03.2018 the Bank does not have any securitization exposure as originator.

8. MARKET RISK IN TRADING BOOK (DF 7)

Market risk refers to the uncertainty of future earnings resulting from changes in interest rates, foreign exchange rates, market prices and volatilities. The Bank assumes market risk in its lending and deposit taking businesses and in its investment activities, including position taking and trading. The market risk is managed in accordance with the investment policies, which are approved by the Board. These policies ensure that operations in securities, foreign exchange and derivatives are conducted in accordance with sound and acceptable business practices and are as per the extant regulatory guidelines, laws governing transactions in

Karur Vysya Bank
Smart way to bank

BASEL III – PILLAR 3 DISCLOSURES

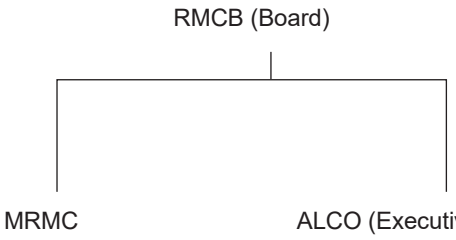
financial securities and the financial environment. Market Risk in Trading Book is assessed as per the Standardized Duration approach. The capital charge for Held for Trading (HFT) and Available for Sale (AFS) portfolios is computed as per Reserve Bank of India prudential guidelines.

Market risk management objectives:

The objectives of market risk management are as follows:

- Management of liquidity
- Management of interest rate risk and exchange rate risk.
- Proper classification and valuation of investment portfolio
- Adequate and proper reporting of investments and derivative products
- Compliance with regulatory requirements

Structure and organization of the market risk management function:



Strategies and processes:

To comply with the regulatory guidelines and to have independent control groups there is clear functional separation of:

- Trading (Front office)
- Monitoring and control (Middle office) and
- Settlements (Back office)

The strategy/guidelines for controlling market risk include:

- Direct involvement of experienced line management
- Stringent controls and limits
- Strict segregation of front, middle and back office duties
- Comprehensive periodical reporting of positions
- Regular independent reviews of all controls and limits
- Rigorous testing and auditing of all pricing, trading and risk management

The scope and nature of risk reporting and measurement systems:

Reporting - The Bank periodically reports on the various investments and their related risk measures to the senior management and the committees of the Board. The Bank also periodically reports to its regulator in compliance with regulatory requirements.

Measurement - The Bank has devised various risk metrics for measuring market risk. These are reported to Asset Liability Management Committee. Some of the risk metrics adopted by the Bank for monitoring its risks are Value-at-Risk, Earnings at Risk, Modified Duration, Stop Loss limits amongst others.

The capital requirements for market risk are detailed below:

(₹. in million)

S No.	Risk Category	Capital Charge
1	Interest Rate Risk	1,554
2	Foreign Exchange Risk (Including gold)	49
3	Equity Risk	1,081
	Capital requirement for Market Risk (1 + 2 + 3)	2,684

9. OPERATIONAL RISK (DF 8)

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 strategic and reputational risk.

The Bank has put in place a Board approved Operational Risk Management Policy which outlines overall framework for management of Operational Risk.

The Bank manages Operational Risk by way of adopting best practices in processes as well as products. Utmost importance is given on communication and understanding of processes at transactional level and compliance to same are monitored through effective internal audits.

The Bank's selection of personnel and systems of rewarding performance are aligned to meet Bank's stated key priorities. There is a commitment to training and upgrading of staff skills. Strong 'ownership' of exposures is encouraged, through rewards as well as strong accountability.

Karur Vysya Bank
Smart way to bank

BASEL III – PILLAR 3 DISCLOSURES

The Bank understands the criticality of business continuity in the event of any undesirable / unforeseen incident and has put in place an exhaustive Business Continuity Plan (BCP) in place which is subject to periodic drills. The Bank has robust Information Technology set up with Disaster Recovery (DR) site for critical functions and backups. Further there is a strict adherence to Information Security Policy across the Bank.

As per the mandate from RBI, the Bank is following the Basic Indicator Approach (BIA) for assessment of Operational Risk Capital.

Capital requirement for operational risk as per Basic Indicator Approach (BIA) as on 31.03.2018 is ₹. 4,874 million.

10. INTEREST RATE RISK IN BANKING BOOK (DF 9)

Interest Rate Risk in the Banking Book (IRRBB):

Interest rate risk is the potential change in Net Interest Income (NII) or Economic Value of Equity (Balance Sheet impact), caused by unexpected changes in market interest rates. Since NII or Net Interest Margin (NIM) of Bank is dependent on the movements of interest rates, any mismatches or gaps in the cash-flows on re-pricing dates exposes Bank's NII or NIM to interest rate risk. Interest Rate Risk in Banking Book results from an unavoidable position or gap arising from Bank's normal day to day business by holding assets and liabilities in different maturities and different re-pricing dates.

Risk management framework and monitoring:

The Board of the Bank, through Asset liability Management Committee , has overall responsibility for management of risks and it sets limits and policies for management of liquidity risk, market risk including foreign exchange, interest rate and equity risk. The Asset Liability Management Committee (ALCO), a strategic decision making body constituted by Board, headed by Chief Operating Officer and comprising of senior executives of the Bank is responsible for deciding the mix and maturity profile of the assets and liabilities, recommendation of risk policies, setting up of prudential limits to manage the risks and ensuring compliance with the limits set by the Board. The ALM policy of the Bank includes the prudential limits on interest rate risk, liquidity risk, foreign exchange risk and equity risk.

Risk Management Department is monitoring the limits laid down in the ALM Policy through various reports.

Risk measurement and reporting framework:

As a part of its regular activities, ALCO manages the impact of the interest rate risk in banking book, through various limits, reports and tools such as interest rate sensitive gaps, Earnings at risk analysis, duration gap analysis, stress testing, etc. detailed as follows:

a) Interest rate sensitivity:

The interest rate gap risk, at any given date, is the risk arising from the mismatches in the assets & liabilities over the different time intervals. These mismatches or gaps are arrived at after matching rate sensitive assets and rate sensitive liabilities in the particular time bucket taking into account all assets and liabilities (including off Balance Sheet exposure). The rate sensitive assets and liabilities are grouped in the buckets as per the residual maturity or re-pricing date, whichever is earlier and is reported on monthly basis. The gap indicates whether net interest income is positively or negatively impacted by a change in interest rates and the magnitude of the gap approximates the change in net interest income for any given interest rate shift. Limits are fixed on individual gaps.

b) Earnings at Risk Analysis (EaR):

The gaps in the report indicates whether the Bank is in a position to benefit from rising interest rates by having a positive gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by a negative gap (RSL >RSA). The Bank monitors the Earnings at Risk on NII for 2% change in interest rates on the open periodic gaps.

c) Stress testing:

The Bank measures the impact on NII/ EaR after taking into account various possible movement in interest rates across tenor and impact on the earnings is calculated for each of these scenarios.

d) Duration gap analysis:

Movement in the interest rates also have a long-term impact on the market value of equity of the Bank, as the economic value of the Bank's assets, liabilities and off-Balance Sheet positions get affected. Duration is a measure of interest rate sensitivity of assets, liabilities and also equity. It may be defined as the percentage

BASEL III – PILLAR 3 DISCLOSURES

change in the market value of an asset or liability (or equity) for a given change in interest rates. Thus Duration Gap Analysis measures by how much the market value of equity of a firm would change for the possible change in the interest rates.

The following tables show the impact on NII and economic value of equity for a given change in the interest rates. The impact is calculated assuming parallel shifts in the yield curve across all time buckets.

i) Impact on NII:

Changes in interest rates (in bps) (₹. in million)

Currency	100 bps	200 bps
INR	244	488

ii) Impact on economic value of equity:

Changes in interest rates (in bps) (₹. in million)

Currency	100 bps	200 bps
INR	977	1,953

* No major exposure in foreign currencies

11. General disclosures for exposures related to counter party credit risk (DF 10)

Counterparty exposure :

Counterparty credit risk in case of derivative contracts arises from the forward contracts. The subsequent credit risk exposures depend on the value of underlying market factors (e.g., interest rates and foreign exchange rates), which can be volatile and uncertain in nature. The Bank does not enter into derivative transactions other than forward transactions.

Credit limits:

The credit limit for counterparty bank is fixed based on their financial performance as per the latest audited financials. Various financial parameters such as Capital, Networth etc., are taken into consideration while assigning the limit. Credit exposure is monitored to ensure it does not exceed the approved credit limit.

Credit exposures on forward contracts :

The Bank enters into the forward contracts in the normal course of business for positioning and arbitrage purposes, as well as for its own risk management needs, including mitigation of interest rate and foreign currency risk. Derivative exposures are calculated according to the current exposures method.

Credit exposure : (₹. in million)

	Notional Amount	Gross positive fair value of the contracts	Potential Future Exposure	Total Credit Exposure
Forward contracts	59,265	59,701	1,194	60,895

12. Composition of Capital (DF 11)

(₹. in million)

	Common Equity Tier1 capital: instruments and reserves	
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	22,252
2	Retained earnings	5,426
3	Accumulated other comprehensive income (and other reserves)	33,906
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 CET 1)	-
6	**Common Equity Tier1 capital before regulatory adjustments**	61,584
	Common Equity Tier1 capital : regulatory adjustments	
7	Prudential valuation adjustments	-
8	Goodwill (net of related tax liability)	-
9	Intangibles (net of related tax liability)	-
10	Deferred tax assets	-

Karur Vysya Bank
Smart way to bank

BASEL III – PILLAR 3 DISCLOSURES

11	Cash-flow hedge reserve	-
12	Shortfall of provisions to expected losses	-
13	Securitization 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	82
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	-
17	Reciprocal cross-holdings in common equity	56
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible Short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-
20	Mortgage servicing rights (amount above 10% threshold)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
22	Amount exceeding the 15% threshold	-
23	of which: significant investments in the common stock of financial entities	-
24	Of which :mortgage servicing rights	-
25	Of which: deferred tax assets arising from temporary differences	-
26	National specific regulatory adjustments(26a+26b+26c+26d)	-
26a	of which: Investments in the equity capital of 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: Unamortized pension funds expenditures	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier1 and Tier2 to cover deductions	-
28	**Total regulatory adjustments to Common Equity Tier1**	138
29	**Common Equity Tier1 capital (CET1)**	61,446
	Additional Tier1 capital: instruments	
30	Directly issued qualifying Additional Tier1 instruments plus related stock surplus (share premium) (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 I	-
34	Additional Tier1 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 Tier1 capital before regulatory adjustments**	-

BASEL III – PILLAR 3 DISCLOSURES

	Additional Tier1 capital: regulatory adjustments	
37	Investments in own Additional Tier 1 instruments	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
41	National specific regulatory adjustments (41a+41b)	-
41a	of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-
41b	Of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-
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+Admissible AT1)(29+44a)**	61,446
	Tier2 capital: instruments and provisions	
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-
47	Directly issued qualifying Tier 2 instruments subject to phase out	-
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	Other Reserves and Provisions	2,361
51	**Tier 2 capital before regulatory adjustments**	2,361
	Tier 2 capital: regulatory adjustments	
52	Investments in own Tier 2 instruments	-
53	Reciprocal cross- holdings in Tier 2 instruments	100
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 of 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 insurance subsidiaries	-
56b	Of which: Short fall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-
57	**Total regulatory adjustments to Tier 2 capital**	**100**
58	**Tier 2 capital (T2)**	2,261
58a	**Tier2 capital reckoned for capital adequacy**	2,261
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	-

Karur Vysya Bank
Smart way to bank

BASEL III – PILLAR 3 DISCLOSURES

58c	**Total Tier2 capital admissible for capital adequacy (58a+58b)**	2,261
59	**Total capital (TC=T1+Admissible T2) (45+58c)**	63,707
60	**Total risk weighted assets (60a+60b+60c)**	441,397
60a	Of which: total credit risk weighted assets	371,898
60b	Of which: total market risk weighted assets	24,684
60c	Of which: total operational risk weighted assets	44,815
	Capital ratios and buffers	
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	13.92%
62	Tier 1 (as a percentage of risk weighted assets)	13.92%
63	Total capital (as a percentage of risk weighted assets)	14.43%
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus counter cyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	7.375%
65	Of which: capital conservation buffer requirement	1.875%
66	Of which: bank specific counter cyclical buffer requirement	-
67	Of which: G-SIB buffer requirement	-
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	6.545%
	National minima (if different from Basel III)	
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	7.375%
70	National Tier1 minimum ratio (if different from Basel III minimum)	7%
71	National total capital minimum ratio (if different from Basel III minimum)	10.875%
	Amounts below the thresholds for deduction (before risk weighting)	
72	Non-significant investments in the capital of other financial entities	-
73	Significant investments in the common stock of financial entities	-
74	Mortgage servicing rights (net of related tax liability)	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-
	Applicable caps on the inclusion of provisions in Tier 2	
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	1,827
77	Cap on inclusion of provisions inTier 2 under standardized approach	-
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 inTier 2 under internal ratings-based approach	-
	Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)	
80	Current cap on CET1 instruments subject to phase out arrangements	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-
82	Current cap on AT1 instruments subject to phase out arrangements	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-
84	Current cap on T2 instruments subject to phase out arrangements	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-

Karur Vysya Bank
Smart way to bank

BASEL III – PILLAR 3 DISCLOSURES

13. Main Features of Regulatory Capital Instruments (DF-13)

1	Issuer	KARUR VYSYA BANK LIMITED
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE036D09013
3	Governing law(s) of the instrument	Indian Law Regulatory Treatment
4	Transitional Basel III rules Subordinated	Tier 2 Bonds
5	Post-transitional Basel III rules	Ineligible
6	Eligible at solo/group/ group & solo	Solo
7	Instrument type	Tier 2 Debt Instruments
8	Amount recognized in regulatory capital (₹. in million), as of most recent reporting date.	1,500
9	Par value of instrument (₹. in million)	1 million
10	Accounting classification	Liability
11	Original date of issuance	25.09.2009
12	Perpetual or dated	Dated
13	Original maturity date	25.09.2019
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
17	Coupons / dividends	coupon
18	Fixed or floating dividend / coupon	Fixed
19	Coupon rate and any related index	9.86% p.a.
20	Existence of a dividend stopper	No
21	Fully discretionary, partially discretionary or Mandatory	Mandatory
22	Existence of step up or other incentive to redeem	No
23	Noncumulative or cumulative	Cumulative
24	Convertible or Non-convertible	Non-Convertible
25	If convertible, conversion trigger(s)	NA
26	If convertible, fully or partially	NA
27	If convertible, conversion rate	NA
28	If convertible, mandatory or optional conversion	NA
29	If convertible, specify instrument type convertible into	NA
30	If convertible, specify issuer of instrument it converts into	NA
31	Write-down feature	No
32	If write-down, write-down trigger(s)	NA
33	If write-down, full or partial	NA
34	If write-down, permanent or temporary	NA
35	If temporary write-down, description of write-up mechanism	NA
36	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and other creditors
37	Non-compliant transitioned features	YES
38	If yes, specify non-compliant features	Tenor less than 10 years; does not have point of Non Viability Trigger

Karur Vysya Bank
Smart way to bank

BASEL III – PILLAR 3 DISCLOSURES

14. Full Terms and Conditions of Regulatory Capital Instruments (DF-14)

Instrument	Terms & Conditions	
Unsecured Redeemable Non- Convertible Subordinated Lower Tier- II Bonds - INE036D09013	Issue size	₹. 1500 million
	Face Value	₹. 1 million per bond
	Date of Allotment	25th September 2009
	Maturity	25th September 2019
	Coupon	9.86%
	Interest payment	Half yearly

15. Disclosures on Remuneration (DF 15)

Qualitative Disclosures:

a) Information relating to the composition and mandate of the Nomination and Remuneration Committee (NRC):

The Nomination & Remuneration Committee (NRC) of the Board consists of five Directors. The Composition complies with RBI guidelines, provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ('SEBI LODR').

The mandate of Nomination and Remuneration Committee includes:

1. Recommendation of appointment / reappointment of Directors, MD&CEO / WTD of the Bank.
2. Recommending to the Board a policy relating to the remuneration for the MD&CEO / WTD, Part-time (Non-Executive) Chairman of the Bank and President & COO.
3. Devising a policy on diversity of Board Of Directors.
4. Framing of guidelines for the ESOS and considering granting of ESOS, administering and supervising the ESOS with particular reference to quantum of options to be granted, grant price, vesting price, exercise period etc., to the eligible employees.
5. No external consultants' advice had been sought by the Bank in the remuneration process.
6. Compensation Policy of the Bank, approved by the Board, pursuant to the guidelines issued by RBI. The Policy is applicable to the MD&CEO / WTD, Non-Executive Directors, Part-time (Non-Executive) Chairman and President & COO. All other employees' upto Scale III cadre are covered under Industry level Bi-partite settlements of IBA.
7. To perform any other functions or duties as stipulated by the Companies Act, RBI, SEBI, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

NRC is entrusted with the responsibility of recommending to the Board an appropriate compensation payable to the Part-time (Non-Executive) Chairman, MD&CEO / WTD and the President & COO in the light of the guidance from the regulator from time to time.

The Compensation payable to MD&CEO / WTD of the Bank is divided into fixed and variable components. The fixed remuneration represents a significant proportion of total remuneration taking into account all relevant factors including the prevalent industry practices. Variable pay shall relate to the performance of the Bank and there is proper balance between fixed pay and variable pay. Variable pay must be paid on the basis of achievement of certain basic targets such as reaching business figures including net profits and other qualitative factors taking into account the extraordinary items, appropriate risk management and efficient consumption of capital and comparison of results with industry performance.

The Bank being party to IBA, Bipartite settlement process, has currently given its mandate to cover all employees till the Scale III cadre. The Bank shall ensure that the salary package payable to Risk takers and Control function staffs shall be in line with RBI guidelines.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks:

BASEL III – PILLAR 3 DISCLOSURES

NRC may use a wide variety of measures of credit, market and liquidity risks in implementation of risk adjustment. The risk adjustment methods should preferably have both quantitative and judgmental elements. Bank has system of measuring and reviewing these risks.

The risk parameters used for setting of performance objectives and for measuring performance which includes besides financial performance, adherence to internal processes and compliance. Compensation is effectively aligned in both fixed and variable pay. There is a proper balance between fixed and variable pay. Bank shall not offer any guaranteed bonus based on its performance in tune with the sound risk management principles. The Bank shall not grant any severance pay to the MD&CEO / WTD and Bank shall not provide any facility or fund or permit MD&CEO / WTD to insure or hedge his/her compensation structure to offset the risk alignment effects embedded in the compensation package.

d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:

Bank would ensure that the compensation is adjusted to all types of risk, symmetrical with risk outcomes as well as sensitive to the time horizon of risk.

The variable pay could be in cash, stock linked instruments or a mix of both. Variable pay shall relate to the performance of the Bank.

Variable pay is considered only for MD&CEO / WTD of the Bank. Variable pay shall not exceed 40% of the fixed pay in any year.

For the Part-time (Non-Executive) Chairman of the Bank, only fixed pay / salary is payable apart from the sitting fees payable for attending the Board or Board Committee Meetings.

In the event of negative growth of the bank and or the relevant line of business in any year, the deferred compensation shall be subjected to malus and clawback arrangements in tune with the RBI guidelines.

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:

For MD&CEO / WTD: If the variable pay is significant, then the bank would defer the payment over a period of three years.

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:

The Bank has paid only fixed remuneration to MD & CEO / WTD for the year 2017-18 as per RBI approval.

NRC may recommend / grant a reasonable number of Stock Options under the ESOS to MD&CEO / WTD while granting ESOS as per SEBI Regulation. ESOS shall not form part of the total compensation of MD&CEO / WTD as per the Compensation Policy.

The Bank shall not grant any severance pay (other than the terminal benefits and gratuity as per the provisions) to the MD&CEO / WTD.

Bank shall not provide any facility or funds or permit MD&CEO / WTD to insure or hedge his/her compensation structure to offset the risk alignment effects embedded in the compensation package.

BASEL III – PILLAR 3 DISCLOSURES

Quantitative Disclosures on Remuneration (The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer/ Other Risk Takers):

Particulars	2017-18	2016-17
a) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	5 Meeting and remuneration of ₹. 4.80 lakh	3 Meeting and remuneration of ₹. 2.80 lakh
b) Number of employees having received a variable remuneration award during the financial year.	Nil	Nil
c) Number and total amount of sign-on awards made during the financial year.	Nil	Nil
d) Details of guaranteed bonus, if any, paid as joining / sign on bonus	Nil	Nil
e) Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil
f) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Nil	Nil
g) Total amount of deferred remuneration paid out in the financial year.	Nil	Nil
h) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	Nil	Nil
i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	Nil	Nil
j) Total amount of reductions during the financial year due to ex post explicit adjustments.	Nil	Nil
k) Total amount of reductions during the financial year due to ex post implicit adjustments.	Nil	Nil

16. LEVERAGE RATIO DISCLOSURES (DF-17)

(₹. in million)

Sl. No	Item	Leverage ratio framework
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	669,291
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	137
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	669,154
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	138
5	Add-on amounts for PFE associated with all derivatives transactions	264
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	**Total derivative exposures (sum of lines 4 to 10)**	402
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	-

BASEL III – PILLAR 3 DISCLOSURES

Sl. No	Item	Leverage ratio framework
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	183,262
18	(Adjustments for conversion to credit equivalent amounts)	128,736
19	**Off-balance sheet items (sum of lines 17 and 18)**	**54,526**
Capital and total exposures		
20	**Tier 1 capital**	**61,446**
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**724,082**
Leverage ratio		
22	**Basel III leverage ratio**	**8.49**

17. LIQUDITY COVERAGE RATIO

(₹. in million)

Sl. No	Particulars	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)		93,836
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	367,694	35,147
(i)	Stable deposits	32,451	1,623
(ii)	Less stable deposits	335,243	33,524
3	Unsecured wholesale funding, of which:	57,881	7,471
(i)	Operational deposits (all counterparties)	-	-
(ii)	Non-operational deposits (all counterparties)	57,881	7,471
(iii)	Unsecured debt	-	-
4	Secured wholesale funding		-
5	Additional requirements, of which	77,112	6,881
(i)	*Outflows related to derivative exposures and other collateral requirements*	-	-
(ii)	*Outflows related to loss of funding on debt products*	-	-
(iii)	*Credit and liquidity facilities*	77,112	6,881
6	Other contractual funding obligations	1,070	1,070
7	Other contingent funding obligations	3,734	112
8	**Total Cash Outflows**		50,682
Cash Inflows			
9	Secured lending (e.g. reverse repos)	819	-
10	Inflows from fully performing exposures	6,917	4,319
11	Other cash inflows	-	-
12	**Total Cash Inflows**	7,736	4,319
			Total Adjusted Value
13	**TOTAL HQLA**		93,836
14	**Total Net Cash Outflows**		46,363
15	**Liquidity Coverage Ratio (%)**		202.39%

(Quarterly details are given under Item No. 6 of Schedule 18- Notes on Accounts)

Karur Vysya Bank
Smart way to bank

NETWORK OF BRANCHES

REGISTERED AND CENTRAL OFFICE	INTERNATIONAL DIVISION
Erode Road, Karur - 639002	No.37, Whites Road, 2nd Floor
{CIN No.L65110TN1916PLC001295}	Chennai - 600014
Ph. : 04324 - 269000, 226520, 225521-25	Ph. : 044 28412090-92
Fax No. 04324-225700	
Website : www.kvb.co.in	

DIVISIONAL OFFICE

AHMEDABAD	First Floor, Motilal Centre, Near Sales India Show Room, Ashram Road, Ahmedabad - 380009
BANGALORE	No.6, Second Floor, Vasavi Temple Road, Sajjanrao Circle Visveswarapuram, Next to Sri Vasavi temple, Bangalore - 560004
CHENNAI	KVB Towers, 1st Floor, 568 Anna Salai, Teynampet, Chennai-600018
COIMBATORE	No.1498-C, 3rd Floor, KVB Towers,Avinashi Road, Peelamedu, Coimbatore, Tamil Nadu, 641004
DELHI	3rd Floor No. 6 Pusa Road, Opposite to Metro Pillar No. 80, Karolbagh, New Delhi-110005
ERNAKULAM	K.C.Centre, IInd Floor , Opp. North Police Station, Chittoor Road Kacheripady, Ernakulam - 682018
HYDERABAD	5-8-356 to 362 (Second Floor), Chirag Ali Lane, Abids, Hyderabad-500001
KARUR	PB No.91 ,No.633-637, First Floor, Jawahar Bazaar, Karur - 639001
KOLKATA	15 Bondel Road, First Floor, Ballygunge, Kolkata-700019
MADURAI	Gayathri Illam, 16 A.A.Road 1st Floor, Gnanaolivupuram, Madurai-625016
MUMBAI	954 Appa Saheb Marathe Marg, Gayathri Towers, Prabhadevi, Mumbai-400025
SALEM	1st Floor, 269-A Bharathi Street, Swarnapuri, Alagapuram, Salem-636 004
TAMBARAM	SBA Complex 7/73 I Floor , Venkatesa Choudhary Street, West Tambaram, Chennai-600045
TRICHY	D-54 Ground Floor, L.I.C. Building, Bharathiar Salai Cantonment, Trichy - 620001
VIJAYAWADA	Gayathri Nilayam,1st Floor 38-8-46, Labbipet, M.G.Road, Vijayawada - 520010
VISAKHAPATNAM	D.No: 47-10-15, Shop No.1 A.G Avenue, First Floor, Opp: Pollocks School, 2nd Lane, Dwarkanagar, Visakhapatnam - 530016
TIRUPATHI	6-8-1250, I st floor, Priya Towers, NGOs Colony, K.T.Road, Near Anna Rao Circle, Tirupathi - 517501
VILLUPURAM	D.No.15, I st floor, G.V.Farms Building, Mampazhapattu Road, Villupuram - 605602

OTHER OFFICES

DISASTER RECOVERY SITE	V Floor, Unit - 3, Block-I, Cyber Pearl, Hi-Tech City, Madhapur, Hyderabad - 500 081
ATM CELL	338/1 , Uffizi Complex - Basement, Avinashi road, Peelamedu, Coimbatore-641004
DATA CENTRE	6th Floor D North Block, Tidel Park, Taramani, Chennai-600113
DEMAT CELL	No.1, Padmavathiyar Road , 4th Floor, Off Peters Road, Gopalapuram, Chennai - 600086
REGIONAL PROCESSING CENTRE (RPC)	338 Uffizi Complex - 1st Floor, Avinashi Road, Peelamedu, Coimbatore - 641004

Karur Vysya Bank
Smart way to bank

NETWORK OF BRANCHES

CHENNAI CPC	KVB Towers,Second Floor, 568, Anna Salai, Teynampet,Chennai- 600018
HYDERABAD CPC	5-8-356 to 362 (Second Floor), Chirag Ali Lane, Abids, Hyderabad-500001
CHENNAI CFPC	Unit No.156/4 2nd Floor,Jeevan Anand Building ,No.556 Anna Salai, Teynampet, Chennai- 600018
CHENNAI TAX CELL	No.1 Padmavathiyar Road, 2nd Floor, Off Peters Road, Gopalapuram Chennai - 600086
MUMBAI CPC	Plot No 1414, Kamanwala Chambers, SIR P.M Road Fort, Mumbai-400001
NEW DELHI CPC	3rd Floor No. 6 Pusa Road, Opposite to Metro Pillar No. 80, Karolbagh, New Delhi-110005
COIMBATORE CLPC	No.1498-C, KVB Towers, Avinashi Road, Peelamedu, Coimbatore, Tamil Nadu, 641004
BANGALORE CLPC	No 6 Shri Vasavi Temple Road,Visweshwarapuram,Near Sajjan Rao Circle,Bangalore, Karnataka - 560004
CHENNAI RLPC	KVB Towers Second Floor ,568 Anna Salai,Teynampet,Chennai - 600018
HYDERABAD RLPC	5-8-356 to 362 (Second Floor), Chirag Ali Lane, Abids, Hyderabad-500001
AHMEDABAD - CLPC	First Floor Motilal Centre, Near Sales India Show Room, Ashram Road, Ahmedabad - 380009
VISAKHAPATNAM - CLPC	D.No: 47-10-15, A.G Avenue, First Floor, Opp: Pollocks School, 2nd Lane Dwarkanagar, Visakhapatnam - 530016
KARUR - CLPC	No. 633-637, First Floor, Jawahar Bazaar, Karur - 639001
VIJAYAWADA - CLPC	Gayathri Nilayam,1st Floor 38-8-46, Labbipet M.G.Road, Vijayawada - 520010
VIJAYAWADA - RLPC	Gayathri Nilayam, 2nd Floor 38-8-46, Labbipet M.G.Road, Vijayawada - 520010
VISAKHAPATNAM - RLPC	D.No: 47-10-15, Shop No.1 A.G Avenue, First Floor, Opp: Pollocks School, 2nd Lane Dwarkanagar, Visakhapatnam - 530016
DELHI - RLPC	3rd Floor No. 6 Pusa Road, Opposite to Metro Pillar No. 80, Karolbagh, New Delhi -110005
AHMEDABAD - RLPC	First Floor, Motilal Centre, Near Sales India Show Room, Ashram Road, Ahmedabad-380009
BANGALORE - RLPC	No.6, Second Floor, Vasavi Temple Road, Sajjanrao Circle Visveswarapuram, Next to Sri Vasavi temple, Bangalore - 560004
MUMBAI - RLPC	954 Appa Saheb Marathe Marg, Gayathri Towers, Prabhadevi, Mumbai - 400025
TAMBARAM - CLPC	SBA Complex 7/73 I Floor , Venkatesa Choudhary Street, West Tambaram, Chennai - 600045
TAMBARAM - RLPC	SBA Complex 7/73 I Floor , Venkatesa Choudhary Street, West Tambaram, Chennai - 600045
COIMBATORE - RLPC	No.1498-C, 3rd Floor, KVB Towers,Avinashi Road, Peelamedu, Coimbatore, Tamil Nadu, 641004
KARUR - RLPC	No.633/637, First Floor, Jawahar Bazar, Karur - 639001
TRANSACTION BANKING GROUP	No.1 Padmavathiar Road, 2nd Floor, Off Peters Road, Gopalapuram, Chennai - 600086
CHENNAI - CHANNEL RECONCILIATION CELL	No.1, Padmavathiyar Road, 3rd Floor, Off Peters Road, Gopalapuram, Chennai - 600086
MADURAI C.P.C.LOANS	16 A A Road,First Floor,Gnanavolivupuram,Madurai - 625016
TRICHY C.P.C.LOANS	D-54,Ground Floor, LIC Building,Bharathiar Salai,Cantontment Trichy - 620001
VILLUPURAM C.P.C.LOANS	D.No:15, I Floor, G.V.Farms Building, Mampazhapattu Road, Villupuram - 605602

Karur Vysya Bank
Smart way to bank

NETWORK OF BRANCHES

TIRUPATHI C.P.C. LOANS	6-8-1250, 1st Floor, Priya Towers,NGOs Colony, K.T. Road,Near Anna Rao Circle,Tirupathi - 517501
SALEM - C.L.P.C.	269a Bharathi Street, First Floor, Swarnapuri, Alagapuram, Salem - 636003
CORPORATE BUSINESS UNIT - CHENNAI	No.1 Padmavathiar Road, I floor, Off Peters Road, Gopalapuram, Chennai - 600086
CORPORATE BUSINESS UNIT - COIMBATORE	577, 2nd Floor,Oppanakkara Street,Coimbatore - 641001
CORPORATE BUSINESS UNIT - DELHI	M R J Tower, 3rd Floor, Faiz Road,Karolbagh, New Delhi - 110005
CORPORATE BUSINESS UNIT - HYDERABAD	5-8-356 To 362, First Floor, Chirag Ali Lane Abids,Hyderabad, Telangana, 500001
CORPORATE BUSINESS UNIT - MUMBAI	Plot No. 34, Unit No. 1 & 2, Everest Grande, Mahakali Caves Road, Andheri East Mumbai - 400093
CORPORATE BUSINESS UNIT - BANGALORE	No. 6, Vasavi Temple Road,Near Sajjan Rao Circle,Vishweshwarapuram,Bang alore - 560004
ASSET RECOVERY BRANCH - CHENNAI	No.1, Padmavathiyar Road, 2nd Floor, Off. Peters Road,Gopalapuram,Chennai-600086
ASSET RECOVERY BRANCH - HYDERABAD	No.5-8-356 To 362,3 Rd Floor, Chirag Ali Lane,Abids,Hyderabad, Telangana, 500001
ASSET RECOVERY BRANCH - MADURAI	Mattuthavani-Melur Road,Near Mattuthavani Bus Stand,Madurai - 625107

CENTRAL CLEARING OFFICES	CURRENCY CHEST
CHENNAI	CHENNAI
DELHI	KARUR
MUMBAI	MADURAI
	VIJAYAWADA
	BANGALORE
	COIMBATORE
	HYDERABAD

Karur Vysya Bank
Smart way to bank

NETWORK OF BRANCHES

ANDHRA PRADESH

ANANTAPUR
ANANTAPUR
DHARMAVARAM
HINDUPUR
GUNTAKAL
KADIRI
TADIPATRI

CHITTOOR
CHITTOOR
NAGARI
SRIKALAHASTI
PUTTUR
TIRUPATHI - MAIN
RALLABUDUGURU
TIRUPATHI - KHADI COLONY
KUPPAM
MADANAPALLE
MURAKAMBATTU
TIRUPATHI M.R.PALLI

CUDDAPAH
CUDDAPAH
PRODDATUR
RAJAMPET

EAST GODAVARI
RAJAHMUNDRY
KAKINADA
PEDDAPURAM
MANDAPETA
RAVULAPALEM
KADIAM
AMALAPURAM
TUNI
SAMALKOT
RAJAHMUNDRY - TILAK ROAD
BOMMURU
PITHAPURAM
ARYAVATAM
RAZOLE
KAKINADA - BHANUGUDI JUNCTION
G.MAMIDADA
ANNAIPETA

GUNTUR
GUNTUR
TENALI
GUNTUR - LAKSHMIPURAM
NARASARAOPET
BAPATLA
CHINTALAPUDI
CHILAKALURIPET
MANGALAGIRI
BUDDHAM
GUNTUR-GUJJANAGUNDLA
VENKATAPALEM
PIDUGURALLA
VINUKONDA
BANDARUPALLE

KRISHNA
VIJAYAWADA-GOVERNORPET
VIJAYAWADA - NO.1 TOWN
GUDIVADA
VIJAYAWADA -BUNDER ROAD
PORANKI
KANKIPADU
MACHILIPATNAM
VUYYURU
VIJAYAWADA -BHAVANIPURAM
NUZVID
GANNAVARAM
VIJAYAWADA-
SATYANARAYANAPURAM
VIJAYAWADA - BENZ CIRCLE
CHORAGUDI
TIRUVURU

KURNOOL
KURNOOL
NANDYAL
ADONI
VENKATARAMANA COLONY
MAYALURU
KADUMUR
ALLAGADA

NELLORE
NELLORE
KAVALI
NAIDUPET
NELLORE - ISKON CITY

PRAKASAM
CHIRALA
ONGOLE
MARKAPUR
VALLURU
BUDAWADA
KANDUKUR
KONIKI
DARSI

SRIKAKULAM
SRIKAKULAM
RAJAM
PALASA
ICHCHAPURAM
NARASANNAPETA

VISAKHAPATNAM
VIZAG - PEDAWALTAIR
ANAKAPALLE
VIZAG - MAIN
GAJUWAKA
NARSIPATNAM
PENDURTHI
VIZAG - DWARKANAGAR
YELAMANCHILI
VISAKHAPATNAM - GOPALAPATNAM
VISAKHAPATNAM -
SEETHAMMADHARA
VIZAG-MADHURAWADA
VIZAG-M.V.P.COLONY
VIZAG - AKKAYAPALEM

VIZIANAGARAM
VIZIANAGARAM
SALUR
PARVATHIPURAM
GAJAPATHINAGARAM
BOBBILI
G. AGRAHARAM

WEST GODAVARI
PALAKOL
TADEPALLIGUDEM
NIDADAVOLU
JANGAREDDYGUDEM
BHIMAVARAM
ELURU
TANUKU
NARASAPUR
AKIVIDU
CHINAAMIRAM

BIHAR

PATNA
PATNA

Karur Vysya Bank
Smart way to bank

NETWORK OF BRANCHES

CHANDIGARH - UT

CHANDIGARH
CHANDIGARH

CHATTISGARH

RAIPUR
RAIPUR

DELHI

CENTRAL DELHI
CHANDNI CHOWK - DELHI
NEW DELHI-KAROLBAGH

NORTH DELHI
DELHI- KAMLA NAGAR
DELHI KASHMERE GATE

SOUTH EAST DELHI
NEW DELHI- OKHLA

EAST DELHI
DELHI-LAXMI NAGAR

NORTH WEST DELHI
DELHI - LAWRENCE ROAD
NEW DELHI-PITAMPURA
ROHINI BRANCH, NEW DELHI

SOUTH WEST DELHI
DELHI-JANAKPURI

NEW DELHI
NEW DELHI- CONNAUGHT PLACE

SOUTH DELHI
EAST OF KAILASH

WEST DELHI
NEW DELHI- PASCHIM VIHAR
RAMESH NAGAR - NEW DELHI

GOA

NORTH GOA
PANAJI

GUJARAT

AHMEDABAD
AHMEDABAD - MAIN
AHMEDABAD - MANINAGAR
AHMEDABAD - SATELLITE AREA
AHMEDABAD - SANAND
AHMEDABAD - NARODA
AHMEDABAD - SHAHIBAUG

ANAND
ANAND

BHARUCH
BHARUCH

KACHCHH
GHANDIDHAM
BHUJ

MAHESANA
UNJHA
MAHESANA

RAJKOT
RAJKOT - MAIN

SURAT
SURAT
SURAT - UM ROAD

VADODARA
VADODARA

HARYANA

FARIDABAD
FARIDABAD

GURGAON
GURGAON

KARNAL
KARNAL

PANIPAT
PANIPAT

ROHTAK
ROHTAK

SONIPAT
SONIPAT

JHARKHAND

RANCHI
RANCHI

JAMSHEDPUR
JAMSHEDPUR

KARNATAKA

BANGALORE URBAN
BANGALORE - MAIN
MALLESWARAM
HALASURU
J.C. ROAD
RAJAJINAGAR
ISRO LAYOUT
JAYANAGAR
KORAMANGALA
BASAVANAGUDI
BTM LAYOUT
INDIRA NAGAR
HEBBAGODI
HSR LAYOUT
ATTIBELE
CHANDAPUR
BANGALORE - R T NAGAR
BANGALORE - WHITEFIELD
BANGALORE - V V PURAM
BANGALORE - VIDYARANYAPURA
BANGALORE - J P NAGAR
BANGALORE- KENGERI
BANGALORE-BANASHANKARI
BANGALORE - CHANDRA LAYOUT
BANGALORE RAJA RAJESHWARI NAGAR
BANGALORE YESHWANTHPUR
BANGALORE - KALAYAN NAGAR
BANGALORE - SAHAKAR NAGAR

BANGALORE RURAL
DODDABALLAPUR
HOSAKOTTE
CHIKKABANAVARA
NELAMANGALA
DEVANAHALLI

HOSAKOTTE - EXTN COUNTER

BELGAUM
BELGAUM

BELLARY
BELLARY
HOSPET

CHITRADURGA
CHITRADURGA
HIRIYUR

DAKSHINA KANNADA
MANGALORE

DAVANGERE
DAVANGERE

Karur Vysya Bank
Smart way to bank

NETWORK OF BRANCHES

DHARWAD
HUBLI

CHIKBALLAPUR
CHINTAMANI
GAURIBIDANUR

GULBARGA
GULBARGA

HASSAN
HASSAN
ARISEKERE

KOLAR
KOLAR GOLD FIELDS

KOPPAL
GANGAVATHI

MYSORE
MYSORE

RAICHUR
RAICHUR

SHIMOGA
SHIMOGA

TUMKUR
TUMKUR

RAMANAGARA
RAMANAGARAM

KERALA

ALAPPUZHA
CHENGANNUR
ALAPPUZHA

ERNAKULAM
ERNAKULAM
TRIPUNITHURA
EDAPPALLY
ERNAKULAM - PALARIVATTOM
ANGAMALY

IDUKKI
THODUPUZHA

KANNUR
KANNUR
THALASSERY

KOLLAM
KOLLAM

KOTTAYAM
KOTTAYAM

KOZHIKODE
KOZHIKODE

PALAKKAD
PALAKKAD

KASARAGOD
KASARAGOD

PATHANAMTHITTA
TIRUVALLA
PATHANAMTHITTA

THRISSUR
THRISSUR
IRINJALAKUDA

THIRUVANANTHAPURAM
THIRUVANANTHAPURAM
BALARAMAPURAM

MADHYA PRADESH

BHOPAL
BHOPAL

GWALIOR
GWALIOR

INDORE
INDORE

JABALPUR
JABALPUR

MAHARASHTRA

AHMEDNAGAR
AHMEDNAGAR

AMARAVATI
AMARAVATI

AURANGABAD
AURANGABAD

KOLHAPUR
ICHALKARANJI
KOLHAPUR

MUMBAI
MUMBAI - FORT
MUMBAI - PRABHADEVI
MUMBAI - KALBADEVI
MUMBAI - MATUNGA

MUMBAI - SUB URBAN
MUMBAI - BORIVALI
MUMBAI - CHEMBUR
MUMBAI - MULUND
MUMBAI - ANDHERI
MUMBAI - BANDRA
MUMBAI - GHATKOPAR
MUMBAI - KANDIVALI

NANDED
NANDED

NAGPUR
NAGPUR

NASIK
NASIK

PUNE
PUNE
CAMP AREA

SOLAPUR
SOLAPUR

THANE
MUMBAI - VASHI
MUMBAI - ICL SCHOOL
MUMBAI - THANE (W)
MUMBAI - NERUL
BHIWANDI
DOMBIVALI

ORISSA

CUTTACK
CUTTACK

GANJAM
BERHAMPUR
ASKA

KHURDA
BHUBANESHWAR

RAURKELA
RAURKELA

PONDICHERY-UT

PONDICHERRY
PONDICHERRY
PONDICHERRY-LAWSPET
VILLIANUR
PILLAYARKUPPAM
REDDIYARPALAYAM

Karur Vysya Bank
Smart way to bank

NETWORK OF BRANCHES

KARAIKAL
KARAIKAL

YANAM
YANAM

PUNJAB

AMRITSAR
AMRITSAR

FATEHGARH SAHIB
MANDI GOBINDGARH

KAPURTHALA
HARDASPUR (LPU)
PHAGWARA

JALANDHAR
JALANDHAR

LUDHIANA
LUDHIANA

PATIALA
PATIALA

RAJASTHAN

BHILWARA
BHILWARA

JAIPUR
JAIPUR

ALWAR
BHIWADI

TAMILNADU

ARIYALUR
ARIYALUR
JAYANKONDAM
SENDURAI
THELUR

CHENNAI
CHENNAI - MAIN
TRIPLICANE
ROYAPURAM
MYLAPORE
ANNA NAGAR
KODAMBAKKAM
T.NAGAR
WHITES ROAD
PURASAWALKAM
DHANDAPANI ST.
TEYNAMPET
NANGANALLUR
ADYAR
MOGAPPAIR
VALASARAVAKKAM
VELACHERY
ASHOK NAGAR
EGMORE
R.A.PURAM
ARUMBAKKAM
K K NAGAR
SAIDAPET
CHENNAI - SALIGRAMAM
CHENNAI - NUNGAMBAKKAM
CHENNAI - GODOWN STREET
CHENNAI - RAMAPURAM
CHENNAI - KILPAUK
CHENNAI - NELSON MANICKAM ROAD
CHENNAI - BESANT NAGAR
CHENNAI - PERIYAR NAGAR
CHENNAI - MANDAVELI
CHENNAI - KOTTURPURAM
CHENNAI - WEST MAMBALAM
CHENNAI - CHINMAYA NAGAR
CHENNAI - PERAMBUR
CHENNAI - HARRINGTON ROAD

COIMBATORE
COIMBATORE - MAIN
POLLACHI
DR. NANJAPPA ROAD
R.S.PURAM
ANAIMALAI
DHULLY
SARAVANAM PATTI
SAIBABA COLONY
GANAPATHY
SOMANUR
KOVAIPUDUR
VADAVALLI
RAMANATHAPURAM
ANNUR
KUNIAMUTHUR
SULUR
METTUPALAYAM
AVINASHI ROAD
KALAPATTI
COIMBATORE- GOUNDAMPALAYAM
CHINNIYAMPALAYAM
COIMBATORE - SIVANANDA COLONY
VADASITHUR
COIMBATORE - THUDIYALUR
THEETHIPALAYAM
COIMBATORE - SINGANALLUR
COIMBATORE - SARAVANAMPATTI MAIN
KUNNATHUR
PERIYANAICKENPALAYAM
NALLATTIPALAYAM
VILANKURICHI
COIMBATORE -SUNDARAPURAM
KITTAMPALAYAM
COIMBATORE - NEW SIDDHAPUDUR
COIMBATORE - PAPPANAICKENPALAYAM
RASIPALAYAM

CUDDALORE
CHIDAMBARAM
VRIDHACHALAM
CUDDALORE
NEYVELI
CHIDAMBARAM-ANNAMALAI NAGAR
PANRUTI
ERAIYUR
VADALUR
BHUVANAGIRI
KALLUR

DHARMAPURI
KAMBAINALLUR
DHARMAPURI
HARUR
PAPPIREDDIPATTI

DINDIGUL
DINDIGUL
BATLAGUNDU
CHINNALAPATTI
PALANI
NEIKARAPATTI
ODDTANCHATRAM
VEDASANDUR
NILAKOTTAI
VILPATTI
KOOMBUR
DINDIGUL-R.M.COLONY

Karur Vysya Bank
Smart way to bank

NETWORK OF BRANCHES

ERODE
ERODE
GOBICHETTIPALAYAM
SATHYAMANGALAM
KAVINDAPADI
BHAVANI
PERUNDURAI
KOLATHUPALAYAM
METTUKADAI
PERUNDURAI - KEC NAGAR
SAMPATH NAGAR
SIVAGIRI
VEERAPPANCHATIRAM
CHENNIMALAI
ANTHIYUR
PUNJAIPULIYAMPATTI
KARUMANDAPALAYAM
ERODE- CHINNIAMPALAYAM
OTHAKADAI
MULLAMPARAPPU
KANAKAMPALAYAM
T. VELLODE
SAVANDAPUR
NAMBIYUR
KONGARPALAYAM
ORICHERI
KATHIRAMPATTI
PERUNDURAI REGULATED MARKET
E.C.

KANCHEEPURAM
CHENNAI - TAMBARAM
CHENNAI - ALANDUR
KANCHEEPURAM
CHENNAI - CHROMEPET
ULLAVOOR
CHENNAI - St THOMAS MOUNT
CHENNAI - URAPPAKKAM
CHENNAI - SINGAPERUMAL KOIL
CHENNAI - SHOLINGANALLUR
CHENNAI - SRIPERUMPUDUR
CHENNAI - KELAMBAKKAM
CHENNAI - MEDAVAKKAM
CHENNAI - SELAYUR
CHENNAI - PALAVAKKAM
CHENGALPATTU
CHENNAI - MADIPAKKAM
CHENNAI - PALLAVARAM
GUDUVANCHERRY
CHENNAI - SITTALAPAKKAM
MADURANTHAKAM
PERUNGUDI
KUNDRATHUR
ACHARAPAKKAM
EAST - TAMBARAM
THORAIPAKKAM
CHEMMANCHERY
NANMANGALAM
OLD PERUNGALATHUR
VARADHARAJAPARAM
NEW COLONY - CHROMPET
PADAPPAI
CHENNAI - MANGADU
CHENNAI - KOLAPAKKAM

KANYAKUMARI
NAGERCOIL
MARTHANDAM
PANCHALINGAPURAM

KARUR
KARUR - MAIN
KULITHALAI
KARUR -CENTRAL
KARUR - WEST
VEERARAKKIYAM
GANDHIGRAMAM
VENGAMEDU
ARAVAKURICHI
THANTHONIMALAI
PADIRIPATTI

KRISHNAGIRI
KRISHNAGIRI
HOSUR
BARGUR
HOSUR - BATHALAPALLI
SAMALPATTI
AGARAM
MARUDANDAPALLI

MADURAI
MADURAI - MAIN
MADURAI - SOUTH
ALANGANALLUR
GNANAOLIVUPURAM
ELUMALAI
TALLAKULAM
ANNA NAGAR
PALANGANATHAM
MELUR
THIRUNAGAR
THIRUPPALAI
MADURAI - KAMARAJAR SALAI
POTHUMBU
MADURAI - NORTH
THENUR
MADURAI - K.PUDUR
MADURAI - VILLAPURAM
MADURAI-THIRUMANGALAM
MADURAI - BIBIKULAM
MADURAI KOSAKULAM
MADURAI - MATTUTHAVANI
AYYANKOTTAI

NAGAPATTINAM
NAGAPATTINAM
NEERMULAI
MAYILADUTHURAI

NAMAKKAL
NAMAKKAL MAIN
KOMARAPALAYAM
TIRUCHENGODE
PAUNDAMANGALAM
NAMAGIRIPET
PUDUCHATRAM
VALAYAPATTI
KALAPPANAICKENPATTI
BELUKURICHI
NAMAKKAL WEST
MANGALAPURAM
VELLAPILLAIAR KOIL
RASIPURAM
PARAMATHI VELUR
PALLIPALAYAM
MOHANUR
PARAMATHI - KOTTAMANGALAM

NILGIRIS
COONOOR
UDHAGAMANDALAM
KOTAGIRI

PERAMBALUR
PERAMBALUR

PUDUKOTTAI
KOTHAMANGALAM
PUDUKOTTAI

Karur Vysya Bank
Smart way to bank

NETWORK OF BRANCHES

ARANTHANGI
PONNAMARAVATHI
KURIVIKONDANPATTI
ALAVAYAL

RAMANATHAPURAM
RAMANATHAPURAM
PARAMAKUDI
RAMANATHAPURAM-BHARATHI NAGAR
NARIPAYYUR

SALEM
SALEM - MAIN
IDAPPADI
METTUR DAM R.S.
SHEVAPET
ATTUR
KARUPPUR
KARIPATTI
ALAGAPURAM
ILAMPILLAI
JALAKANDAPURAM
GUGAI
AYOTHIAPATTINAM
THAMMAMPATTI
SANKAGIRI (SANKARI)
DEVIYAKURICHI
OMALUR
VAZHAPADI
SALEM - KONDALAMPATTI

THANJAVUR
KUMBAKONAM
THANJAVUR
PATTUKOTTAI
VILAR
MADUKKUR
PERAVURANI
THIRUVIDAIMARUDUR
THIRUPALATHURAI
PULIYANTHOPPU
THANJAVUR - R.R.NAGAR

THENI
AUNDIPATTI
BODINAYAKANUR
CHINNAMANUR
CUMBUM
GUDALUR
KOMBAI
PERIYAKULAM
THENI
KATHIRNARASINGAPURAM
UPPUKOTTAI

THIRUVALLUR
CHENNAI - TIRUVERKADU
CHENNAI - VELAPPANCHAVADI
CHENNAI - AMBATTUR
CHENNAI - RED HILLS
THIRUVALLUR
PUTHAGARAM
CHENNAI - AVADI
PODATHURPET
SEETHANJERI
CHENNAI - PADI
CHENNAI - MADURAVOYIL
TIRUTTANI
NEMILICHERRY
PORUR
MINJUR
CHENNAI - MADHAVARAM
CHENNAI - POONAMALLEE
PONNERI

THIRUVARUR
MANNARGUDI
THIRUVARUR
KOOTHANUR
THAMBIKOTTAI

TIRUPUR
DHARAPURAM
UDUMALPET
TIRUPUR - MAIN
MULANUR
GANAPATHIPALAYAM
KOLUMAM
ERISANAMPATTI
PAPPANKULAM
TIRUPUR - OVERSEAS
TIRUPUR - P.N.ROAD
KANGEYAM
PALLADAM
VELLAKOIL
P.KOMARAPALAYAM
PATTANAM
AVINASHI
MANNARAI
MUDALIPALAYAM
VELAMPALAYAM
MUTHANAMPALAYAM
TIRUPUR - S.R.NAGAR
PONGALUR

TIRUNELVELI
PALAYAMKOTTAI
TIRUNELVELI TOWN
TENKASI
SANKARANKOIL
AMBASAMUDRAM
SURANDAI
KADAYANALLUR
VALLIYUR
TIRUNELVELI JUNCTION
MUDALIYARPATTI
ALANGULAM

TIRUVANNAMALAI
TIRUVANNAMALAI
POLUR
PERUNDURAIPATTU
ARNI
VANDAVASI
TIRUVETHIPURAM (CHEYYAR)
CHENGAM
ADAMANGALAM
KORUKKATHUR
NADUKUPPAM
KONALUR
ALATHUR
CHETPET

TRICHY
TRICHY - MAIN
MUSIRI
THATHIENGARPET
JEEYAPURAM
CANTONMENT
KANNANUR
THILLAINAGAR
SRIRANGAM
K.K.NAGAR
SURIYUR
TIRUVERUMBUR
SRINIVASA NAGAR
MANAPPARAI
KARUMANDAPAM
THURAIYUR
APPANALLUR

Karur Vysya Bank
Smart way to bank

NETWORK OF BRANCHES

LALGUDI
SAMAYAPURAM
SOBANAPURAM
MOOVANUR
MANACHANALLUR
TRICHY -WEST BOULIWARD ROAD
VENKATESAPURAM
MONDIPATTI
THIRUPPATTUR
TRICHY - ARIYAMANGALAM

TUTICORIN
TUTICORIN
KOVILPATTI
SEYDUNGANALLUR
VAZHAVALLAN
IDAICHIVILAI
TIRUCHENDUR

VELLORE
VELLORE
KANIYAMBADI
VANIYAMBADI - NEW TOWN
TIRUPATHUR
ARAKONAM
SALAI
SHOLINGUR
BRAHMAPURAM
GUDIYATHAM
RANIPET
POOTUTHAKKU
ARCOT
VIRUPAKSHIPURAM
PERUMUCHI
NARIYANERI
NATRAMPALLI
JOLARPET
DEVALAPURAM
KATPADI

VILLUPURAM
VILLUPURAM
KADUVANUR
THOTTIYAM
TINDIVANAM
GINJEE
KALLAKURICHI
ULUNDURPETTAI
THIRUMANGALAM
MURARBADU
CHINNASALEM
PRIDIVIMANGALAM
TIRUKKOYILUR
PANANKUPPAM
RANGAPANUR
SANKARAPURAM

VIRUDHUNAGAR
VIRUDHUNAGAR
RAJAPALAYAM
SIVAKASI
ARUPPUKKOTTAI
SRIVILLIPUTHUR
NAKKENERI
S.N.PURAM
KALASALINGAM UNIVERSITY E.C.

SIVAGANGAI
KARAIKUDI
SINGAMPUNERI
SAKKOTTAI
DEVAKOTTAI
KOVILOOR

TELANGANA

ADILABAD
ADILABAD

HYDERABAD
SECUNDERABAD
HYDERABAD MAIN
HYDERABAD S R NAGAR
HYDERABAD NALLAKUNTA
HYDERABAD ABIDS
HYDERABAD KALYANAGAR
HYDERABAD JUBILLEE HILLS
HYDERABAD HIMAYATNAGAR
HYDERABAD MIYAPUR
HYDERABAD AMEERPET
HYDERABAD SANTOSH NAGAR
HYDERABAD BANJARA HILLS

KARIMNAGAR
KARIMNAGAR
JAMMIKUNTA

NIRMAL
BHAINSA

KHAMMAM
KHAMMAM

MAHABUBNAGAR
MAHBUBNAGAR
JADCHERLA

NALGONDA
MIRYALAGUDA
NALGONDA

NIZAMABAD
NIZAMABAD

RANGA REDDY
HYDERABAD DILSUKH NAGAR
HYDERABAD MANIKONDA
HYDERABAD MEHADIPATNAM
HYDERABAD MEERPET
HYDERABAD KONDAPUR
HYDERABAD L.B. NAGAR
HYDERABAD HAYATHNAGAR
BRAHMANAPALLY
HYDERABAD VANASTHALIPURAM
HYDERABAD - TADBUND

WANAPARTHY
WANAPARTHY

WARANGAL URBAN
WARANGAL - MAIN
WARANGAL - HANAMAKONDA
WARANGAL - KHAZIPET

MEDAK
MEDAK

BHANDRADRI KOTHEGUDEM
PALONCHA (PALWANCHA)
KOTHAGUDEM

JAGTIAL
JAGTIAL

KAMAREDDY
KAMAREDDY

MANCHERIAL
MANCHERIAL

MEDCHAL-MALKAJGIRI
HYDERABAD MALKAJ GIRI
HYDERABAD A.S.RAO NAGAR
HYDERABAD KUKATPALLY
HYDERABAD PRAGATHI NAGAR
HYDERABAD BODUPPAL
HYDERABAD NIZAMPET
HYDERABAD CHANDANAGAR

HYDERABAD ALWAL
HYDERABAD HABSIGUDA
MEDCHAL
NAGARAM

SANGAREDDY
SANGAREDDY
ZAHEERABAD

SIDDIPET
SIDDIPET

SURYAPET
KODAD

YADADRI
YADAGIRIGUTTA

NAGAR KURNOOL
NAGAR KURNOOL

UTTARPRADESH

GHAZIABAD
GHAZIABAD

GOWTAMBUDDA
NOIDA

KANPUR
KANPUR

LUCKNOW
LUCKNOW

MEERUT
MEERUT

VARANASI
VARANASI

UTTARAKHAND

DEHRADUN
DEHRADUN

WEST BENGAL

BURDWAN
DURGAPUR

HOWRAH
JAGACHA
BAGNAN
GHOSHPARA

KOLKATA
KOLKATA-MAIN
SHAKESPHERE SARANI
BALLYGANGE
KOLKATA-DAKSHINESHWAR
KOLKATA - N.S.ROAD
JOKA
KOLKATA-BANGUR AVENUE

PASCHIM MEDINIPUR
KHARAGPUR

NORTH 24 PARGANAS
SALT LAKE

SOUTH 24 PARGANAS
BARUIPUR
GARIA

HOOGHLY
UTTARPARA

Karur Vysya Bank
Smart way to bank

PRINCIPAL CORRESPONDENT BANKS

OUR SWIFT CODE KVBLINBBIND
CHIPS UID: 154137

Name of the Bank and address

USD	EURO	JPY	GBP
Wells Fargo Bank NA NY 4080 375 Park Avenue New York NY—10152 **Ac.No. 2000193005826** **SWIFT : PNBPUS3NNYC** **FEDWIRE ROUTING** **NUMBER 026005092** **Chips ABA No. 0509**	**Commerz Bank AG** Theodor-Heuss-Allee 50 60489 Frankfurt AM Main Germany **Ac. No. 400875119000EUR** **SWIFT : COBADEFF**	**Standard Chartered Bank** 30-16, Ogikubo 4-chome, Suginami-ku Tokyo 167-8530, Japan **Ac.No. 0219600 - 1110** **SWIFT:SCBLJPJT**	**Standard Chartered Bank** 1 Alderman bury Square London EC2V 7SB United Kingdom **Ac.No. GBP 01 265520901** **SWIFT : SCBLGB2L** **I-BAN NO** **GB94SCBL60910412655209**
USD	**EURO**	**AUD**	**CHF**
Standard Chartered Bank One Madison Avenue New York, NY 10010-3603 USA **Ac.No.3582069922001** **SWIFT : SCBLUS33** **FEDWIRE ROUTING** **NUMBER 026002561**	**Standard Chartered Bank Gmbh** Postfach 110162 Theodor-Heuss-Allee 112 D-60036,Frankfurt am Main, GERMANY **Ac.No.18021504** **SWIFT : SCBLDEFX** **I-BAN NO** **DE39512305000018021504**	**Australia & Newzealand Banking Corporation** 55 Collins Street Melbourne, Victoria AUSTRALIA **Ac.No. 237776-00001** **SWIFT : ANZBAU3M** **BSB Number: 013024**	**ZUERCHER KANTONAL BANK** Zurich, Switzerland **Ac.No.0700-01283278** **SWIFT :ZKBKCHZZ80A** **I-BAN NO** **CH5200700070001283278**
USD	**SGD**	**CAD**	**SEK**
Citi Bank, N A 111,Wall Street New York City , NY 10018, USA **Ac.No.36844037** **SWIFT : CITIUS33** **FEDWIRE ROUTING** **NUMBER 021000089**	**Standard Chartered Bank** Battery Road Branch, 6, Battery Road, SINGAPORE 049909 **Ac.No. 0106342533** **SWIFT:SCBLSGSG**	**ICICI Bank Canada** Don Valley Business Park, 150 Ferrand Drive, Suit No 700 North York, Ontario CANADA M3C3E5 **Ac.No.101928815** **SWIFT:ICICCATT**	**Skandinaviska Enskilda Banken** S-106, 40 Stockholm SWEDEN **Ac.No.5201-85-335-84** **SWIFT:ESSESESS**
AED	**SGD**		
Commercial Bank of Dubai Po Box 2668, Al Ittihad street Dubai,UAE **A/c.No.1001361656** Swift: **CBDUAEADXXX** **I-BAN NO** **AE590230000001001361656**	**Indian Overseas Bank** 64, Cecil Street, IOB Building, **Singapore 049711** **A/c. No. 4916210132** **SWIFT: IOBASGSG**		

NOSTRO ACCOUNT FOR NRI / FCNR DEPOSIT

GBP	EUR	USD
Wells Fargo Bank London **A/c.No.07515036** **Swift: PNBPGB2L** **Sort Code 16-56-71** **IBAN GB34PNBP16567 107 515036**	Wells Fargo Bank London **A/c.No.07515168** **Swift : PNBPGB2L** **IBAN GB59PNBP16567 107 515168**	Wells Fargo Bank New York **A/c.No.2000191007059** **Swift: PNBPUS3NNYC** **FEDWIRE ROUTING** **NUMBER 026005092** **Chips ABA No. 0509**

BRANCH OPENING PHOTOS



CHINMAYA NAGAR, CHENNAI

750th Branch of the Bank inaugurated by Shri. B.A. Kodandarama Shetty, Chairman and Managing Director, Viveks Pvt Ltd., Chennai





CHETPET, THIRUVANNAMALAI

- Inaugurated by

Shri. B. Selvarajan

Proprietor, M/s. Divya Saree Centre and Divya Group of Educations, Chetpet



ISKCON CITY, NELLORE

- Inaugurated in the presence of

Shri. P. H. D. Ramakrishna, I.P.S

Superintendent of Police,
SPSR Nellore District



ZAHEERABAD, SANGAREDDY

- Inaugurated by

Shri. Mankal Subhash

President, Arya Vysya Sangham, Zaheerabad

SAHAKAR NAGAR, BANGALORE

- Lighting of Gayathri Lamp by

Dr. Madhushree Vijaykumar, MBBS, DGO, MRCOG(UK), FRCOG

Senior Consultant Gynecologist, Motherhood Hospital





DARSI, PRAKASAM DISTRICT

- Inaugurated by

Shri. Sidda Veera Venkata Sudheer

Managing Director, M/s. Jyothi Granite Exports India Private Limited

HARRINGTON ROAD, CHENNAI

- Inaugurated by

Shri. S Jayachandran, B. Sc., B.L.

Chairman, Pachaiyappa's Trust





DEHRADUN – UTTARAKHAND

- Lighting of Gayathri Lamp by

Ms. Punita Bhushan Nagalia

Proprietor, Tussat Function Centre

BALARAMAPURAM – THIRUVANATHAPURAM

- Inaugurated by

Mr. M. S. Faizal Khan

Pro Chancellor, Noorul Islam University & Managing Director, NIMS Medicity





KALYAN NAGAR- BANGALORE

- Lighting of Gayathri Lamp by

Dr. Usha Prashanth, MBBS, DNB, DGO

Obstetrician & Gynecologist,
M/s. Specialist Diagnostics &
Day Care Center, Bangalore

AKKAYAPALEM – VISAKHAPATNAM

- Inaugurated by

Dr. M V V S Murhti, Ph. D.

MLC - AP Legislative Council
& President- GITAM University,
Visakhapatnam





SHAHIBAUG- AHMEDABAD

- Inaugurated by

Shri. Ganpatraj Chowdhary

Chairman & Managing Director –
M/s. Riddhi Siddhi Gluco Biols Ltd.,

Chairman – Rajasthan School
(Rajasthan Seva Samiti)

KATPADI – VELLORE DISTRICT

- Inaugurated by

Shri. G. V. Selvam

Vice President, VIT University





PAPANAICKENPALAYAM, COIMBATORE

- Inaugurated by

Dr. P. Selvarathi

Dean – College Development Council,
Bharathiar University



ANNAIPETA, EAST GODAVARI DISTRICT

Lighting of Gayathri Lamp by

Mrs. Thota Surya Kumari

Proprietrix, M/s. Surya Cini Max,
Ramachandrapuram



MATTUTHAVANI, MADURAI

- Inaugurated by

Shri. N. Jegatheesan M.Com., B.L.,

President, Tamilnadu Chamber of
Commerce & Industry,

Madurai

DIGITAL CENTRES OPENED IN UNBANKED VILLAGE



KATHIRAMPATTI VILLAGE, ERODE DISTRICT



DIGITAL CENTRES OPENED IN UNBANKED VILLAGE



BANDARUPALLI, GUNTUR DISTRICT



A DECADE OF PROGRESS

(₹ in crore)

Year	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Paid up Capital	53.95	54.44	94.49	107.18	107.18	107.18	121.63	121.86	121.86	145.33
Reserves	1296.21	1565.54	2020.05	2601.04	2978.01	3219.16	4124.40	4451.09	4723.16	6066.38
Owned funds	1350.16	1619.98	2114.54	2708.22	3085.19	3326.34	4246.03	4572.95	4845.02	6211.71
CRAR - Basel II (%)	14.92	14.49	14.41	14.33	14.41	12.77	14.63	12.26		
Basel III (%)						12.60	14.62	12.17	12.54	14.43
Deposits	15101	19272	24722	32112	38653	43758	44690	50079	53700	56890
Advances	10563	13675	18052	24205	29706	34226	36691	39476	41435	45973
Total Income	1711	2005	2482	3621	4695	5680	5977	6150	6405	6600
Operating Profit	418	463	600	726	849	838	943	1303	1571	1777
Net Profit	236	336	416	502	550	430	464	568	606	346
Dividend (%)	120	120	120	140	140	130	130	140	130	30
Branches (No.)	312	335	369	451	551	572	629	667	711	790
EPS (Rs.)	43.71	62.23	44.9	46.81	51.35	40.08	39.86	46.59	9.95*	4.98
Return on Assets (%)	1.49	1.76	1.71	1.56	1.35	0.86	0.88	1.03	1.00	0.53
Book Value (₹)	250.25	297.6	193.04	252.68	287.85	308.91	348.42	375.25	79.51*	85.49
No. of Employees	3941	4175	4574	5673	6730	7339	7197	7211	7400	7956

*During the Financial Year 2016-17, one Equity Share face value of ₹ 10/- each was subdivided into five Equity Shares face value of ₹ 2/- each



www.kvb.co.in | Helpline: **1860 200 1916**