IRC: F48:100:245:2022

12.07.2022

The Manager,
National Stock Exchange of India Ltd,
Exchange Plaza, 5th Floor,
Plot No. C/1, 'G' Block,
Bandra - Kurla Complex,
Bandra (East), Mumbai - 400 051

Scrip Code: KARURVYSYA

The Manager,
Bombay Stock Exchange limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001

Scrip Code: 590003

Dear Sir,

Sub: Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Integrated Annual Report along with Notice of the 103rd Annual General Meeting of the Bank

*****

In continuation to our earlier intimation dated July 05, 2022, we have enclosed a copy of the Integrated Annual Report 2021-22 and Notice of the 103rd Annual General Meeting of the Bank to be held on Wednesday, 03rd August 2022 at 11:00 a.m. through Video Conferencing (VC) or Other Audio Visual Means (OAVM), in compliance with the extant guidelines issued by Ministry of Corporate Affairs (MCA) & Securities Exchange Board of India (SEBI).

A copy of the Notice & Integrated Annual Report sent to the Shareholders is also uploaded on the website of the Bank at https://www.kvb.co.in/investor-corner/annual-general-meeting/

Kindly take the above information for your records in terms of SEBI (LODR) Regulations, 2015.

Srinivasarao M
Company Secretary &
Deputy General Manager

Encl: as above

THE KARUR VYSYA BANK LIMITED
Investor Relations Cell, Registered & Central Office,
No.20, Erode Road, Vadivel Nagar, L.N.S.,
Karur - 639 002.
✆: 04324-269431,35,40-43, Fax: 04324-225700
Email: kvbshares@kvbmail.com
Website: www.kvb.co.in
CIN: L65110TN1916PLC001295



NOTICE OF THE
103rd ANNUAL GENERAL MEETING

THE KARUR VYSYA BANK LIMITED

Registered & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur 639002
[CIN No: L65110TN1916PLC001295] [e-Mail:kvb_sig@kvbmail.com]
[Website: www.kvb.co.in] [Tel No: 04324-269440-43] [Fax No: 04324-225700]

IMPORTANT DATES

Event	Particulars
Book closure period (both days inclusive)	From: Thursday, July 21, 2022
	To: Wednesday, August 03, 2022
Commencement of e-voting	Friday, July 29, 2022 (10.00 A.M. IST)
End of e-voting	Tuesday, August 02, 2022 (5.00 P.M. IST)
Date and time of AGM	Wednesday, August 03, 2022 @ 11:00 A.M. IST through VC/OAVM

Notice

Notice is hereby given that the One Hundred and Third (103rd) Annual General Meeting **(AGM)** of the Members of The Karur Vysya Bank Limited **('the Bank')** will be held on **Wednesday, August 03, 2022** at **11:00 A.M. IST** through **Video Conferencing/ Other Audio Visual Means ('VC/OAVM')** in accordance with the relevant circulars issued by Ministry of Corporate Affairs and SEBI to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Bank for the Financial Year ended March 31, 2022 and Reports of the Board of Directors and Auditors thereon.

   To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 129, 134 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder, Section 29 and other applicable provisions, if any, of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the rules, circulars and guidelines issued by the Reserve Bank of India ('RBI') in this regard, from time to time, the audited financial statements of the Bank for the financial year ended March 31, 2022 including the Balance Sheet as on that date, Statement of Profit and Loss and Cash Flow for the financial year ended March 31, 2022 and the report of the Auditors and the Board of Directors thereon, as circulated to the Members and laid before the Meeting, be and are hereby received, considered and adopted.

2. To declare dividend of ₹1.60/- per equity share of the Bank for the FY 2021-22.

   To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 123 and other applicable provisions, if any, of the Companies Act, 2013 and Section 15 and other applicable provisions, if any, of the Banking Regulation Act, 1949 and other applicable circulars, guidelines issued by the Reserve Bank of India, in this regard (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) a dividend at the rate of ₹ 1.60 (One rupee Sixty paisa) per equity share having face value of ₹ 2 (two) each fully paid-up (i.e. 80%), as recommended by the Board of Directors, be and is hereby declared for the financial year ended March 31, 2022 and the same be paid out of the profits of the Bank for the financial year ended March 31, 2022."

3. To appoint a director in the place of Shri R Ramkumar (DIN: 00275622), who retires by rotation and being eligible, offers himself for re-appointment.

   To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the rules, circulars and guidelines issued by the Reserve Bank of India, from time to time and the provisions of the Articles of Association of the Bank, Shri R Ramkumar (DIN: 00275622), Non- Executive Non-Independent director who retires by rotation at this meeting and being eligible for re-appointment, be and is hereby re-appointed as Non- Executive Non-Independent Director of the Bank, liable to retire by rotation."

4. To re-appoint M/s R G N Price & Co., Chartered Accountants, Chennai (Firm Registration No. 002785S) together with M/s Sundaram & Srinivasan, Chartered Accountants, Chennai (Firm Registration No. 004207S) as Joint Statutory Central Auditors of the Bank and fix their remuneration.

   To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT, pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and the provisions of Section 30 of the Banking Regulation Act, 1949 and guidelines issued by Reserve Bank of India for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) including any amendment, modification, variation or re-enactment thereof for the time being in force, M/s R G N Price & Co., Chartered Accountants, Chennai (Firm Registration No. 002785S) together with M/s Sundaram & Srinivasan, Chartered Accountants, Chennai (Firm Registration No. 004207S) be and are hereby reappointed as Joint Statutory Central Auditors of the Bank to hold office for FY 2022-23, subject to the approval of Reserve Bank of India from the conclusion of this Annual General

Meeting to conclusion of the 104th Annual general meeting of the bank on such terms and conditions, including an overall annual remuneration/fees of ₹ 1,10,00,000 (Rupees One Crore Ten Lakh only) plus out of pocket expenses not exceeding 10% of the fees and applicable taxes with the power to the Board including Audit Committee thereof to alter and vary the terms and conditions of appointment, the remuneration, etc., including by reason of necessity on account of conditions as may be stipulated by Reserve Bank of India and /or any other statutory authority, in such manner and to such extent as may be mutually agreed with the Joint Statutory Central Auditors".

SPECIAL BUSINESS

5. To appoint Branch Auditors of the Bank and fix their remuneration.

   To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to Sections 139, 143(8) and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules as amended from time to time, if any, and the applicable provisions of the Banking Regulation Act, 1949 and the rules, circulars and guidelines issued by the Reserve Bank of India, Board of Directors of the Bank, ("Board") in consultation with Joint Statutory Central Auditors, be and is hereby authorised to appoint the Branch Auditors for the FY 2022-23, who are qualified to act as Auditors including Joint Statutory Central Auditors and to fix their remuneration and out of pocket expenses, based on the recommendations of the Audit Committee of the Board".

6. To appoint Dr Meena Hemchandra (DIN: 05337181) as Non-Executive Independent Director.

   To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to Sections 149, 152, 160, Schedule IV and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Section 10A and other applicable provisions of the Banking Regulation Act, 1949, and Regulation 16(1)(b) and 25(2A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force), and the rules, circulars and guidelines issued by the Reserve Bank of India from time to time, and the provisions of the Articles of Association of the Bank, Dr Meena Hemchandra (DIN: 05337181), be and is hereby appointed as 'Non- Executive Independent Director' of the Bank for a period of three (3) years with effect from May 26, 2022, not liable to retire by rotation."

7. To take on record the recommendation of Board on Dr Meena Hemchandra's (DIN: 05337181) candidature as a Non-Executive Independent (Part-time) Chairperson of the Bank to Reserve Bank of India and to approve her remuneration.

   To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 and the rules made thereunder, and subject to the approval of Reserve Bank of India in terms of Section 10B(1A)(i) and other applicable provisions of the Banking Regulation Act, 1949 and Regulation 17(6) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force), and the rules, circulars and guidelines issued by the Reserve Bank of India from time to time, and the provisions of the Articles of Association of the Bank, consent of the Members of the Bank be and is hereby accorded to take on record the recommendation of Board with respect to candidature of Dr Meena Hemchandra (DIN: 05337181) as Non-Executive Independent (Part-time) Chairperson of the Bank, to Reserve Bank of India for their approval for a period of three (3) years with effect from the date specified by the Reserve Bank of India and to approve the following terms and conditions of remuneration & other perquisites."

Sl No.	Particulars	Proposed
01	Remuneration/ Honorarium	Consolidated Pay of ₹ 18 Lakhs Per annum (₹1.50 lakh per month)
Perquisites		
02	Use of Bank's Car	Free use of Banks car for officials purpose
03	Telephone	Residential phone with Mobile
04	Travelling and halting allowances	As applicable to Bank's other directors as per RBI Circular No.BC.54/08.95.004/98 dated June 10, 1998.
05	Insurance Cover	Insurance cover for journey by Air/Road/Rail for official purposes as applicable to other Directors of the Bank from time to time.
06	Sitting fees for attending Board/ Committee meetings	As applicable to other Non-Executive Directors of the Bank.

8. To approve the variable pay remuneration of Managing Director and Chief Executive Officer of the Bank Shri B Ramesh Babu (DIN: 006900325) for the FY 2020-21.

   To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the approval accorded by Reserve Bank of India under Section 35B of the Banking Regulation Act, 1949, the provisions of Section 196 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and extant guidelines of Reserve Bank of India and compensation Policy of the Bank and other applicable regulations, if any, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, the approval of the members of the Bank be and is hereby accorded for the variable pay of ₹ 67 lakhs (Rupees Sixty Seven Lakhs only) in the ratio of ₹ 33 lakhs of cash and ₹ 34 lakhs of non-cash component to Shri B Ramesh Babu, Managing Director & CEO of the Bank for the FY 2020-21.

9. Payment of compensation to the Non-Executive Directors (except the Non-Executive (Part-time) Chairperson).

   To consider, and if thought fit, to pass the following resolution, as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to Sections 197 and 198 and other applicable provisions, if any, of the Companies Act, 2013, as amended, read with the relevant Rules made thereunder (the "Act"), Regulation 17(6)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), and the applicable provisions, if any, of the Banking Regulation Act, 1949, as amended, and the Notifications and Guidelines issued by the RBI in this regard from time to time, any other applicable laws (including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereto for the time being in force) and the provisions of the Articles of Association of the Bank, consent of the Members of the Bank be and is hereby accorded to the payment of profit related compensation to all Non-Executive Directors [excluding the Non-Executive (Part-time) Chairperson] of the Bank, by way of fixed remuneration of 0.1% of the profit available for distribution subject to a maximum of ₹ 10,00,000/- (Rupees ten lakhs only) to each director per annum with effect from the Financial Year 2022-2023, for a period of three (3) years, in addition to the Sitting Fees payable to them for attending the meetings of the Board or Committee(s) thereof, as may be determined by the Board, from time to time;

10. To appoint Shri Murali Ramaswami (DIN: 08659944) as Non-Executive Independent Director.

    To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

    "RESOLVED THAT pursuant to Sections 149, 152, 160, Schedule IV and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Section 10A and other applicable provisions of the Banking Regulation Act, 1949, and Regulation 16(1)(b) and 25(2A) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or

amendment(s) thereto or re-enactment(s) thereof for the time being in force), and the rules, circulars and guidelines issued by the Reserve Bank of India from time to time, and the provisions of the Articles of Association of the Bank, Shri Murali Ramaswami (DIN: 08659944), be and is hereby appointed as 'Non- Executive Independent Director' of the Bank for a period of three years with effect from June, 14, 2022, not liable to retire by rotation."

By order of the Board
For the **Karur Vysya Bank Limited**

Srinivasa Rao M
Company Secretary
(Membership No. ACS 19189)

Place: Karur
Date: July 04, 2022

NOTES:

1. Ministry of Corporate Affairs ('MCA') vide its General Circular 02/2022 dated May 05, 2022 read with General Circulars No. 20/2020 dated May 05, 2020, No. 02/2021 dated January 13, 2021, No. 19/2021 dated December 08, 2021 and No. 21/2021 dated December 14, 2021 ("MCA Circulars"), has permitted companies to hold Annual General Meeting ("AGM") through Video Conferencing or Other Audio Visual Means ("VC/OAVM"), during the calendar year 2022. In terms of MCA circulars, SEBI vide its circular SEBI/HO/CFD/CMD1/CIR/P/2022/62 dated May 13, 2022 ("SEBI Circular"), has extended the relaxation in respect of sending physical copies of annual report to shareholders and permitted the holding of the Annual General Meeting (AGM) through VC/OAVM.

2. In compliance with MCA Circulars, SEBI Circular, the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") and circulars issued thereon, the 103rd AGM of The Karur Vysya Bank Limited is being held through video conferencing or other audio visual means ("VC/OAVM").

3. Members can join the AGM in the VC / OAVM mode 30 minutes before the time scheduled for the AGM and will be available for 1,000 Members on first come first served basis. The Members can join the AGM in the VC/OAVM mode by following the procedure mentioned in the Notice. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee; Nomination and Remuneration Committee; and Stakeholders Relationship Committee, Auditors etc., who are allowed to attend the AGM without restriction on account of first come first served basis.

4. The Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 (''the Act''), in respect of the Special Business under Item nos. 5 to 10 set above and the relevant details, pursuant to Regulations 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking appointment/ re-appointment at this AGM are also part of this Notice.

5. **Dates of book closure**

   The Register of Members and Share Transfer Books of the Bank will remain closed from **Thursday July 21, 2022 to Wednesday, August 03, 2022** (both days inclusive).

6. **Proxies**

   A Member/beneficial owner entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself/herself and such a proxy need not be a member of the Bank. Since this AGM is being held through VC/OAVM pursuant to the MCA Circulars and SEBI Circular, physical attendance of Members has been dispensed with. **Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**

7. Corporate/Institutional Members intending to authorise their representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting are required to send a scanned copy of the Board Resolution authorising its representative to the Scrutiniser by email through its registered email address to byascrutiniser@gmail.com with a copy marked to evoting@nsdl.co.in. The email should be received by the Bank not less than 48 hours before the commencement of the meeting. Alternatively, same can also be uploaded by clicking on "Upload board resolution / authority letter" displayed under "e-voting" tab in their respective login.

8. The Bank has appointed National Securities Depository Limited (NSDL), to provide VC/OAVM facility for the AGM.

9. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

10. The certificate from the Secretarial Auditor of the Bank certifying that the Bank's Employees Stock Option Schemes are being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and in accordance with the resolutions passed by the Members of the Bank, will be available for electronic inspection by the members at the AGM.

11. All the relevant documents referred to in this Notice requiring the approval of the Members at the meeting and Statutory Registers shall be available for electronic inspection by the Members up to the date of the meeting i.e., August 03, 2022 without any fee by the members. This Notice and the Annual Report will also be available on the Bank's website https://www.kvb.co.in/investorcorner/annual-general-meeting/.

12. Explanatory statement

An Explanatory Statement pursuant to Regulations 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special business to be transacted at the meeting is annexed hereto.

Brief profile of the Directors proposed to be appointed/re-appointed, as required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, is attached to this Notice.

13. Dividend entitlement

The Board of Directors of the Bank in its meeting held on May 20, 2022 has recommended dividend of ₹ 1.60 per equity share on the face value of ₹ 2/- each (i.e., 80%) for the financial year ended March 31, 2022, subject to the approval of regulatory authorities, if any and shareholders of the Bank in the AGM.

The Bank has notified closure of Register of Members and Share Transfer Books from Thursday July 21, 2022 to Wednesday, August 03, 2022 (both days inclusive) for determining the names of members eligible for dividend on equity shares. The Dividend will be paid/dispatched on or after Thursday, August 04, 2022.

In respect of shares held in dematerialised form, the dividend will be paid to those Members whose name are furnished by the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as beneficial owners as on that date.

14. TDS on dividend

Shareholders are requested to note that as per the revised provisions of the Income Tax Act, 1961 ("the Act"), dividends paid or distributed after April 01, 2020 are taxable in the hands of the shareholders. The Bank shall therefore be required to deduct tax at source at the time of payment of dividend based on the category of shareholders and subject to fulfilment of conditions as provided herein below:

For resident shareholders:

1. Tax shall be deducted on the dividend payable to shareholder in following cases:

a) In accordance with Section 194 of Act, tax shall be deducted at source from the dividend amount at a **rate of 10%** where shareholder have registered their valid Permanent Account Number (PAN) and at a **rate of 20%** for cases where the shareholders do not have PAN / have not registered their valid PAN details in their Demat Account or Folio if shares are held in Physical Form.

b) Section 206AB of the act

Rate of TDS @10% u/s 194 of the Act is subject to provisions of section 206AB of Act (effective from July 1, 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in section 206AB, tax is required to be deducted at the highest of following rates in case of payments to specified persons:

- at twice the rate specified in the relevant provision of the Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

Where sections 206AA and 206AB are applicable simultaneously i.e. the specified person has not submitted the PAN as well as not filed returns; the tax shall be deducted at the higher of the two rates prescribed in these two sections.

The term 'specified person' is defined in sub section (3) of section 206AB of the Act who satisfies the following conditions:

- A person who has not filed the income tax return for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of income under sub-section (1) of section 139 has expired; and
- The aggregate of TDS and TDS in his case is ₹ 50,000/- or more in the said previous year.

2. No tax shall be deducted on the dividend payable to shareholder in following cases:

Category of shareholder	Tax deduction rate	Exemption applicability/ Documents required
Resident Individual & HUF	NIL	• If the aggregate of total dividend distributed/paid to a resident Individual shareholder by the Bank during FY 2022-23 does not exceed ₹ 5,000/- (any mode other than cash) • Where the dividend exceeds ₹5,000/- for the FY 2022-23 and the shareholder provides duly signed Form 15G (applicable to an Individual below the age of 60 years, HUF) or 15H (applicable to an Individual above the age of 60 years) along with the self-attested copy of the PAN card, provided that all the required eligibility conditions are met as per Income Tax norms. • Exemption certificate issued by the Income-tax Department, if any.
Resident Non- Individual	NIL	**i. Insurance companies:** Declaration that the provisions of Section 194 of the Act are not applicable to them along with self-attested copy of registration certificate and PAN card; **ii. Mutual Funds:** Declaration by Mutual Fund shareholder eligible for exemption u/s 10(23D) of the Act along with self-attested copy of registration documents and PAN card; **iii. Alternative Investment Fund (AIF) established in India:** Declaration that the shareholder is eligible for exemption under section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI regulations, along with copy of self-attested registration documents and PAN card . **iv. Other shareholders:** Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card. Shareholders who have provided a valid certificate issued u/s. 197 of the Act for Lower / Nil rate of deduction or an exemption certificate issued by the income tax authorities along with Declaration

For non-resident shareholders:

Tax is required to be withheld in accordance with the provisions of Section 195 and section 196D of the Act at applicable rates in force. As per the relevant provisions of the Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, as per Section 90 of the Act, a non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if they are more beneficial to the shareholder.

For this purpose, i.e. to avail the Double Tax Avoidance Agreement (DTAA) benefits, the non-resident shareholder will have to provide the following:

i. Self-attested copy of PAN card, if any, allotted by the Indian Income Tax Authorities;

ii. Self-attested copy of Tax Residency Certificate ("TRC") obtained from the tax authorities of the country of which the shareholder is resident;

iii. Self-declaration in Form 10F;

iv. In case of Foreign Portfolio Investors (FPI), self-attested copy of the SEBI registration certificate.

Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Bank, of the documents submitted by non-resident shareholders and meeting requirement of the Act read with applicable DTAA. In absence of the same, the Bank will not be obligated to apply the beneficial DTAA rate at the time of tax deduction on dividend.

To summarise, dividend will be paid after deducting the tax at source as under:

- NIL for resident individual shareholders receiving dividend upto ₹ 5,000/- or If Form 15G/Form 15H (as applicable) along with self-attested copy of the PAN card is submitted (If the dividend is above ₹ 5,000/-).
- 10% for other resident shareholders who have registered their valid PAN.
- 20% for resident shareholders who do not have PAN / have not registered their valid PAN.
- 20% plus applicable surcharge and cess for non-resident shareholders in case the relevant documents are not submitted.
- Lower/ Nil TDS on submission of self-attested copy of the valid certificate issued under section 197 of the Act.
- Quantum of TDS will be determined on the basis of documents submitted by the resident / non-resident shareholders.

Procedure for submission of form for availing exemption from TDS / Lower deductions:

Shareholders who are exempted from TDS / Lower deductions, if any, can submit the above mentioned documents through online by accessing the weblink at https://www.kvb.co.in/investor-corner/tds-on-dividend/, not later than July 22, 2022. The said weblink would prompt for valid DP ID /Folio Number along with PAN followed by submission of OTP sent to Registered Mobile Number / E-Mail ID

Further, Shareholders may also submit the above mentioned documents to Banks' RTA through green@skdc-consultants.com from their registered mail id or may forward the forms to Bank's Registered Office Address: The Karur Vysya Bank, Investor Relations Cell, Registered & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S.. Karur – 639002, not later than July 22, 2022.

For further details please visit our website at https://www.kvb.co.in/investor-corner/tds-on-dividend/

In case of joint holding, the shareholder named first in the Register of Members is required to furnish the requisite documents for claiming any applicable beneficial tax rate.

Notes:

1. Incomplete and/or unsigned forms and declaration will not be considered by the Bank. **No communication on the tax determination / deduction shall be entertained after July 22, 2022.**

2. If your PAN detail is not registered, we request you to update the same with your Depository Participant (if the shares are held in dematerialised mode) or the Banks' Registrar and Share Transfer Agents (if the shares are held in physical mode), at the earliest.

3. In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details / documents, you would still have the option of claiming refund of the excess tax paid at the time of filing your income tax return by consulting your tax advisor. No claim shall lie against the Company for such taxes deducted.

4. Shareholders will be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at https://www.incometax.gov.in

5. Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

6. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the Shareholder(s), such Shareholder(s) will be responsible to indemnify the Bank and also, provide the Bank with all information / documents and co-operation in any appellate proceedings.

7. Shareholders are requested to ensure that their Bank Account Details in their respective Demat Accounts / Physical Folios are updated, to enable the Bank to make timely credit of dividend in their bank accounts.

8. The above communication on TDS sets out the provisions of law in a summary manner only and does not support to be a complete analysis or listing of all potential tax consequences. Shareholders should consult with their own tax advisors for the tax provisions applicable based on their particular circumstances.

15. Updation of KYC – Physical shareholders

SEBI vide its recent Circulars SEBI/HO/MIRSD_RTAMB/CIR/2021/655 dated November 03, 2021 and SEBI/HO/MIRSD_RTAMB/P/CIR/2021/687 dated December 14, 2021 has prescribed for Common and Simplified Norms for processing investor's service request (Physical Shareholders) by RTAs and norms for furnishing PAN, KYC details & Nomination.

In terms of above circulars, it shall be mandatory for all holders of physical securities in listed entity to furnish/update PAN, Nomination, Address, Mobile Number, E-Mail Address, Bank Account details and Specimen Signature by submitting prescribed Forms viz., ISR-1, ISR-2, SH-13, etc., as the case may be. Hence, physical security holders are requested to furnish/update the above details by submitting duly filled prescribed Forms to Bank's Registrars & Share Transfer Agent ("RTA").

The folios wherein any one of the cited document / details are not available on or after April 01, 2023 shall be frozen by the RTA. The RTA shall mark the frozen folios to normal status upon receipt of all the aforesaid documents or dematerialisation of all the securities in such folios.

In this regard, Bank has also sent an individual letter to physical shareholders of the Bank requesting them to furnish PAN, KYC details and Nomination to avoid freezing of their folios. Specimen copy of letter and prescribed forms for updating KYC and Nomination is available on the Bank's website at https://www.kvb.co.in/investor-corner/share-holder-faq/

Shareholders who are holding shares in Demat form may contact their Depository Participant (DP) where the Demat account is maintained for furnish/update their PAN, Nomination, Address, Mobile Number, E-Mail Address, Bank Account details and Specimen Signature.

16. Dematerialisation of shares

Bank's Equity shares are available in both Demat and Physical form. The shares which are in Demat can be tradable and transferable through the Depository system - National Securities Depository Limited ('NSDL') and Central Depository Service (India) Limited ('CDSL'). Pursuant to Regulation 40 of the SEBI LODR, with effect from April 01, 2019, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository. In this regard, shareholders holding shares in physical form are requested to dematerialise their shares in order to avail the better liquidity.

Further, SEBI vide its circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022, advised that listed companies shall henceforth issue the securities in dematerialised form only while processing the following service request: i. Issue of duplicate securities certificate; ii. Claim from Unclaimed Suspense Account; iii. Renewal / Exchange of securities certificate; iv. Endorsement; v. Sub-division / Splitting of securities certificate; vi. Consolidation of securities certificates/ folios; vii. Transmission; viii. Transposition. Accordingly, the members/claimant are required to make a request for such services by submitting a duly filled Form ISR – 4, the format of which is available on the Bank's website at https://www.kvb.co.in/investor-corner/share-holder-faq/

17. Address of RTA

Shareholders who are holding shares in physical form may contact RTA for furnish/update the PAN, Nomination, Address, Mobile Number, E-Mail Address, Bank Account details and Specimen Signature in their folio or any queries relating to their shares. The address of the RTA is given below:

S.K.D.C. Consultants Limited,
(a Wholly owned subsidiary of Link Intime India Pvt. Ltd),
(Unit: Karur Vysya Bank)
"Surya", 35, Mayflower Avenue, Behind Senthil Nagar,
Sowripalayam Road, Coimbatore - 641028
Tel: +91 422 - 2539835, 2539836, 4958995
e-Mail: info@skdc-consultants.com
Website: www.skdc-consultants.com
CIN: U74140MH1998PLC366529

18. Unclaimed dividends

Members are requested to note that dividend/s if not encashed for a period of 7 years, from the date of such transfer to the unclaimed dividend account of the Bank, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). Shares pertaining to any shareholder in respect of which dividend/s have not been encashed for the last 7 consecutive years are also liable to be transferred to the IEPF Authority. The Folio No./Demat Account No. wise unpaid dividend as of March 31, 2022 is available on Bank's website at https://www.kvb.co.in/investor-corner/.

In view of the above, Members are requested to encash their dividend/s, within the stipulated timeline. The shareholders whose shares/dividend transferred to IEPF can claim the same from IEPF Authority by submitting an online Form IEPF - 5 available on the website https://www.iepf.gov.in/. For more details, please refer to Corporate Governance Report of Annual Report.

19. In order to receive the dividend without loss of time and prevent fraudulent encashment of dividend warrants, Members are requested to furnish/update their Bank account details as per the Core Banking Solution (CBS), including 9 digit MICR Code, 11 digit IFSC and Bank details with their Depository Participants/RTA. This will enable us to make the dividends directly to their Bank account through National Automated Clearing House (NACH)/Direct Credit mode. Bank will issue dividend warrant/s to the shareholders whose Bank account details are not updated properly and dividend are returned/rejected in NACH/Direct Credit mode.

20. Members described as "Minors" in the address but who have attained majority of age, may get their status updated in Register of Members by producing proof of age.

21. Members holding shares in single name and physical form may avail facility for making nominations in respect of the shares held by them by submitting prescribed Forms to RTA. All rights in respect of the shares shall vest in the nominee in the event of the death of the shareholder. A minor may be a nominee provided that the name of the guardian is mentioned in the Nomination form. The facility of nomination is not available to non-individual members such as bodies corporate, kartas of Hindu Undivided Families, partnership firms, societies, trusts and holders of Power of Attorney. Members who are holding shares in Demat form may contact their Depository Participant (DP) for furnish/update the Nomination.

22. Despatch of AGM Notice and annual report through electronic mode

In compliance with the MCA Circular and SEBI Circular, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Bank/Registrar and Share Transfer Agent/Depository Participants (DP) and as per the data downloaded from the Depository Participant(s) as on July 08, 2022.

Members may note that the Notice and Annual Report 2021-22 will also be available on the Bank's website https://www.kvb.co.in/investorcorner/annual-general-meeting/, Stock Exchange's website i.e. National Stock Exchange of India Limited at https://www.nseindia.com/, and NSDL's website https://www.evoting.nsdl.com.

Members who have not registered their e-mail addresses so far are requested to register their E-Mail address with Depository Participants/RTA so that they can receive the Annual Report and other communications from the Bank electronically.

23. Queries at the AGM

Shareholders who would like to ask questions during the AGM with regard to the financial statements and on agenda items placed at the AGM, need to register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID / folio number and mobile number, to reach the Bank's email address at kvbagmspeakers@kvbmail.com from Wednesday, July 27, 2022 till Saturday, July 30, 2022.

Those members who have registered themselves as a speaker will be allowed to express their views or ask questions during the AGM. The Bank reserves the right to restrict the number of questions and number of speakers, depending upon the availability of time as appropriate for smooth conduct of the AGM.

Shareholders are hereby requested to ensure the availability of good internet connectivity, proper functioning of their devices and familiarize themselves with the virtual format of Annual General Meeting, in order to have a smooth interaction at the Annual General Meeting. Bank has put in place all reasonable precautions at its end to avoid any technical lag/glitches during the meeting and nevertheless the virtual meetings rely on strong internet connectivity. The Bank shall not be held responsible for any connectivity/technical issues at the speaker shareholders end during the Annual General Meeting.

Further, Shareholders can submit their queries relating to the Accounts, Directors' Report and on agenda items placed at the 103rd AGM, from their registered email address, mentioning their name, DP ID and Client ID /folio number and mobile number, to Bank's email address at kvbagmspeakers@kvbmail.com from Wednesday, July 27, 2022 till Saturday, July 30, 2022. The same will be answered during the meeting.

24. Voting through electronic means

a. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended) and MCA Circulars, the Bank is pleased to provide Members the facility to exercise their right to vote by electronic means. The Bank has appointed NSDL for facilitating voting through electronic means, as the authorised agency.

b. The voting rights of the Members shall be in proportion to their shares of the paid up Equity Share Capital of the Bank as on the 'cut-off' date being Wednesday, July 27, 2022 subject to the provisions of the Banking Regulation Act, 1949 as amended and the extant RBI guidelines. Details of the process and manner of Remote e-Voting along with the User Id and Password is furnished separately in the Notice.

c. Members who have already exercised their right to vote by e-Voting may attend Annual General Meeting through VC or OAVM, but shall not vote at the Annual General Meeting. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only.

d. The Board of Directors has appointed Shri R K Bapulal (FCS No. 5893 CP No. 3842), M/s Bapulal Yasar & Associates as the Scrutiniser to scrutinise the e-Voting process in a fair and transparent manner.

e. The Scrutiniser shall after the conclusion of voting at the AGM, will collate the votes downloaded from the e-Voting system and the votes cast at the AGM through e-voting for all resolutions set forth in the Notice convening the AGM. On completion of the Scrutiny, the Scrutiniser will submit his report to the Chairperson, who shall counter sign the same and declare the results of the voting. The Results of the resolutions stated in the Notice shall be declared within two working days from the conclusion of AGM of the Bank and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the resolutions.

f. The results declared along with the report of the Scrutiniser shall be made available on the website of the Bank www.kvb.co.in and on the website of NSDL immediately after the declaration of results by the Chairperson. The results shall also be immediately forwarded to the Stock Exchange where the Bank's shares are listed.

g. The e-Voting facility will be available during the following period:

Commencement of e-Voting :	Friday, July 29, 2022 (10.00 a.m. IST)
End of e-Voting:	Tuesday, August 02, 2022 (5.00 p.m. IST)

During this period, Members of the Bank, holding shares either in physical form or in dematerialised form, as on the cut-off date viz., Wednesday, July 27, 2022 may cast their vote electronically. The e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

25. Since the meeting will be held through VC/OAVM, the route map of the venue of the meeting is not annexed in the Notice.

26. E-voting procedure is as under:

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login method
Individual shareholders holding securities in demat mode with NSDL.	1. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the **"Beneficial Owner"** icon under **"Login"** which is available under **'IDeAS'** section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on **"Access to e-Voting"** under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App **"NSDL Speede"** facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play
Individual shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of **e-Voting service provider i.e. NSDL**. Click on **NSDL** to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided with links for the respective ESP i.e. **NSDL** where the e-Voting is in progress.

Type of shareholders	Login method
Individual shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for individual shareholders holding securities in demat mode for any technical issues related to login through depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

B) Login method for e-Voting and joining virtual meeting for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12********** then your user ID is 12**********
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is A001** and EVEN is 101456 then user ID is 101456A001**

5. Password details for shareholders other than Individual shareholders are given below:
   a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
   b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c. How to retrieve your 'initial password'?

If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email received from NSDL in your mailbox. In the said email, open the attachment i.e. a .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) **Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join general meeting on NSDL e-Voting system.

How to cast your vote electronically and join general meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser by e-mail to byascrutiniser@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Pallavi Mhatre, Senior Manager at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting of the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to green@skdc-consultants.com
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self -attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to kvb_sig@kvbmail.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

Instructions to members for e-Voting on the day of the AGM are as under:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

Instructions to members for attending the AGM through VC/OAVM are as under:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Bank as on the cut-off date of Wednesday, July 27, 2022. Any person, who acquires shares of the Bank and become member of the Bank after dispatch of the notice and holding shares as of the cut-off date i.e. Wednesday, July 27, 2022 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or kvb_sig@kvbmail.com or green@skdc-consultants.com.

A member may participate in the AGM even after exercising his right to vote through remote e-Voting but shall not be allowed to vote again at the AGM.

A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting as well as voting at the AGM through electronic means.

EXPLANATORY STATEMENT AS REQUIRED UNDER REGULATION 36 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

Item No. 4 – Re-appointment of joint statutory central auditors

M/s R G N Price & Co., Chartered Accountants, Chennai (Firm Registration No. 002785S) together with M/s Sundaram & Srinivasan, Chartered Accountants, Chennai (Firm Registration No. 004207S) were appointed as Joint Statutory Central Auditors (JSCA) of the Bank for FY 2021-22 from the conclusion of the 102nd Annual General Meeting (AGM) to conclusion of 103rd Annual General Meeting of the Bank.

Pursuant to the Guidelines on Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 issued by the Reserve Bank of India ('RBI Guidelines'), Banks may appoint the SCAs/SAs for a continuous period of three years. Since the Joint Statutory Central Auditors of the Bank completed their term of one year for FY 2021-22. The Board of directors of the Bank recommends the re-appointment of M/s R G N Price & Co., Chartered Accountants, Chennai (Firm Registration No. 002785S) together with M/s Sundaram & Srinivasan, Chartered Accountants, Chennai (Firm Registration No. 004207S) as Joint Statutory Central Auditors of the Bank from the conclusion of this Annual General Meeting to conclusion of 104th Annual General Meeting of the Bank subject to the approval of Reserve Bank of India.

The terms of appointment and conditions including an overall remuneration of ₹ 1,10,00,000 (Rupees One Crore Ten Lakh only) for FY 2022-23 to be allocated by the Bank between the two Joint Statutory Central Auditors depending upon their respective scope of work as may be mutually agreed between the Bank and Joint Statutory Central Auditors plus out of pocket expenses not exceeding 10% of the fees and applicable taxes.

The increase is justified considering enlargement in the scope of their work emanating from various circulars/ notifications issued by Reserve Bank of India and Securities and Exchange Board of India, with increase in number of certificates to be issued, coupled with increase in volume of work & man hours involved and no increase in audit fees in the last two years. Considering additional efforts taken by JSCA and taking into account the profile, experience and specialization in audit of Banking and Financial Services Sector by the JCSA, Audit Committee and the Board of Directors of the Bank have recommended for considering enhancement in Audit fees, subject to approval of the shareholders of the Bank.

M/s R G N Price & Co., Chartered Accountants, Chennai (Firm Registration No. 002785S) and M/s Sundaram & Srinivasan, Chartered Accountants, Chennai (Firm Registration No. 004207S) have confirmed their eligibility to be appointed as statutory central auditors in terms of Section 141 of the Companies Act, 2013 and applicable rules. Further they also confirmed the eligibility to be appointed as joint central statutory auditors as per the Reserve Bank of India guidelines.

Brief profile of Joint central statutory auditors:

M/s R.G.N Price & CO, chartered accountants was established in 1945 and registered with Institute of Chartered Accountants of India (ICAI). The firm has been providing professional services with its Head Office at Chennai. The branch offices are located at Kochi, Quilon, Calicut, Bangalore, Mumbai and New Delhi. The firm provides range of services which include Audit & Accounting, Financial Advisory/ Consulting and Assurance services. The Firm's Audit and Assurance practice has significant experience in auditing financial services clients including large banks and other financial services entities.

M/s Sundaram & Srinivasan, chartered accountants was established in 1943 and registered with the Institute of Chartered Accountants of India (ICAI). The firm has been providing professional services since the last 8 decades, with its Head Office at Chennai and Branch Offices at Madurai, Mumbai and Bangalore. The firm is engaged in the areas of Audit and Assurance, Risk Advisory Services, taxation including International Taxation and Transfer pricing. The firm's clientele range from private, public and joint sector corporates and has varied experience in the Banking, Financial Services and Insurance (BFSI) sector, having provided audit / non-audit and consultancy services to private, public and foreign banks.

The Joint Statutory Central Auditors of the Bank for the Financial year 2021-22 have audited 22 branches/offices (including Central Office), as a part of annual audit, to cover 50% of the assets. Remuneration paid to them for Annual Audit and Quarterly Financial Review for the year 2021-22 is as under:

Particulars	Amount (₹ in Lakh)
Fee for year-end audit including quarterly limited review and issue of statutory certificates*	75
Reimbursement of out of pocket expenses incurred for review / audit of branches / offices during the year	7.29
Total	**82.29**

Note:

*22 branches including Treasury Branch and Expense Management Cell audited by Statutory Central Auditors.

Your Directors, therefore, recommend the appointment of M/s R G N Price & Co., Chartered Accountants (Firm Registration No: 002785S), together with M/s Sundaram & Srinivasan, Chartered Accountants (Firm Registration No: 004207S) as the Bank's Joint Statutory Central Auditors in terms of RBI guidelines.

None of the Directors, Key Managerial Personnel of the Bank and their relatives are concerned or interested in the passing of this resolution.

EXPLANATORY STATEMENT

(As required under Section 102(1) of the Companies Act, 2013)

In conformity with Section 102(1) of the Companies Act, 2013 ("Act") the following explanatory statement set out the material facts relating to Item Nos. 5 to 10 of the Notice.

Item No. 05

In terms of the provisions of the Companies Act, 2013 ("Act") and the Rules, if any, made thereunder, and the applicable provisions of the Banking Regulation Act, 1949, and the rules, circulars and guidelines issued by the Reserve Bank of India, if any, the Branch Offices of the Bank have to be audited either by Statutory Auditors or other qualified Auditors. Bank intends to entrust the Audit of Branch Offices either to the Statutory Auditors or to other qualified Auditors in consultation with Statutory Auditors on such remuneration and on such terms for the FY 2022-23 and conditions as the Board deems fit based on the recommendations of the Audit Committee of the Board.

Your Directors therefore, recommend passing of the resolution, as set out in Resolution No. 5 of this Notice.

None of the Directors, Key Managerial Personnel of the Bank and their relatives are concerned or interested in the passing of this resolution.

Item No. 06 and 07

Dr Meena Hemchandra (DIN: 05337181) was co-opted as an Additional (Independent) Director of the Bank in the Board Meeting held on May 26, 2022 under the provisions of Section 161 of the Companies Act, 2013 (the Act) and Article 27 of the Articles of Association of the Bank. She holds office up to the date of this Annual General Meeting. Nomination and Remuneration Committee (NRC) of the Board proposed her candidature for the office of Director of the Bank under the provisions of the Companies Act, 2013. Dr Meena Hemchandra is a career central banker with over 35 years of experience in various departments of Reserve Bank of India.

Dr Meena Hemchandra has furnished the consent for appointment and declarations as required under the Act, Rules made thereunder. The NRC at its meeting held on May 26, 2022 made the due diligence of declaration and undertaking and scrutinised the profile submitted by Dr Meena Hemchandra and having found her to be 'fit and proper' in terms of criteria prescribed by the Reserve Bank of India for Directors of banks, recommended her appointment to the Board of Directors. Based on the declaration received from her that she meets the criteria of independence as prescribed under Section 149(7) read with Section 149(6) of the Companies Act, 2013 and Regulation 25(8) read with Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), the Board is of the opinion that she fulfils the conditions for appointment as an Independent Director of the Bank and is independent of the management. Further your Directors, recommend the appointment of Dr Meena Hemchandra as Non- Executive Independent Director of the Bank for a period of three years with effect from 26th May 2022, not liable to retire by rotation.

Consequent to completion of tenure, Shri N S Srinath, Non-Executive Independent (Part-time) Chairman, demitted office at the close of office hours on May 26, 2022. The Board of Directors of the Bank, on recommendation of the Nomination and Remuneration Committee, had recommended the candidature of Dr Meena Hemchandra as Non-Executive Independent (Part-time) Chairperson of the Bank to Reserve Bank of India along with the terms of appointment and remuneration as set out in the resolution. Accordingly. Board requests shareholders to take on record the recommendation to the RBI and approve the terms of remuneration.

Brief profile:

Dr Meena Hemchandra, aged 64, holds Bachelor of Arts (Economics), Master of Arts (Economics), Ph.D in Economics, (Thesis- 'An Early Warning Framework for Financial Stress'). Her executive education includes EDP on Advanced Risk Management from Wharton (USA), CFA (Chartered Financial Analyst) (India), CAIIB. Diploma in C++ Programming from CMC, and 1-year PG programme (online) in Data Science and Business Analytics (University of Texas-Austin/Great Lakes Institute-Delhi).

Dr Meena Hemchandra is a career central banker with over 35 years of experience in various departments of Reserve Bank of India. She was Executive Director of Reserve Bank of India in-charge of Supervision of Banks, Non-Banking Finance Companies and Cooperative Banks from June 2015 till her superannuation in November 2017. Her earlier experience includes treasury management, having headed the Department of External Investment and Operations (a department that manages the country's forex reserves) between 2005 and 2011. She also has expertise in foreign exchange regulations having worked in the Foreign

Exchange Department at various points in her career. She has in-depth understanding of corporate governance and corporate balance sheets having worked in departments relating to large corporate finance, supervision over banks and from her long board tenures. Her Board experience of over nine years includes Reserve Bank of India nominee directorship on the Boards of Union Bank of India, Canara Bank and ECGC. She also held directorial positions with Suryoday Small Finance Bank Limited and CFM ARC Private Limited post retirement. Presently she is an independent director on the Board of Clearing Corporation of India Limited.

She has strong skills in IT governance having established the 'Standing Committee on Cyber Security in Banks' in RBI and being its first Chairperson. She oversaw the framing of RBI guidelines on cyber security in June 2016. She had also been the Principal of the Reserve Bank's College of Agricultural Banking organising training courses in Agriculture and Rural Credit, Co-operative Banking, Financial Inclusion, Financial Literacy etc. She advises on banking sector regulation, financial matters and cyber-security/IT governance in Banks.

The Board of Directors of the Bank are of the opinion that Dr Meena Hemchandra is a person of integrity and has vast experience and expertise in the Banking Sector for her to be appointed as a Non-Executive Independent (Part-time) Chairperson of the Bank.

Your Directors, therefore, recommend passing of the resolutions, as set out in Resolution No. 6 & 7 of this Notice.

None of the Directors or Key Managerial Personnel of the Bank and their relatives other than Dr Meena Hemchandra and her relatives are concerned or interested in the passing of this resolution.

Item No. 08

RBI vide its e-mail dated July 20, 2020 has accorded their approval for the appointment of Shri B Ramesh Babu, as Managing Director and Chief Executive Officer of the Bank on the terms and conditions recommended by the Bank for a period of three years from the date of his taking charge.

Adverting to the approval of RBI, Board has co-opted Shri B Ramesh Babu as additional director and appointed him as Managing Director & CEO of the Bank as per the terms and conditions approved by the Reserve Bank of India in their meeting held on July 20, 2020 subject to the approval of shareholders of the Bank. Shri B Ramesh babu had taken charge as Managing Director & CEO on July 29, 2020. Shareholders of the Bank approved the appointment along with the terms and conditions of remuneration consisting both fixed pay and variable pay with a mix of cash and non-cash component in the ratio of 18% and 82% respectively in the 101st Annual general meeting of the Bank held on September 23, 2020.

For the FY 2020-21, NRC in its meeting held on July 23, 2021 has carried out the extensive assessment of performance of the Managing Director & CEO Shri B Ramesh Babu on the basis of the qualitative and quantitative parameters fixed by Nomination and Remuneration Committee (NRC), and recommended 90% of his fixed pay adjusted to the 08 months period of his service in FY 20-21 as variable pay compensation with a mix of cash and non-cash component in the ratio of 18% and 82% to the Board for approval to seek the consent of Reserve Bank of India.

Board in its meeting held on August 04, 2021 approved variable pay compensation with a mix of cash and non-cash component as recommended by Nomination and Remuneration Committee to Managing Director & CEO Shri B Ramesh Babu for FY 20-21 subject to the approval of Reserve Bank of India, pursuant to section 35B of the Banking Regulations Act, 1949.

Reserve Bank of India vide its letter DOR.GOV.No.S3653/08.41.001/2021-22 dated February 09, 2022 has approved the grant of variable pay with a mix of cash and non-cash component of ₹ 33 lakhs and ₹ 34 lakhs in the ratio of 49.25% and 50.75% respectively amounting to ₹ 67 Lakhs for FY 2020-21 to Shri B Ramesh Babu, MD & CEO of the Bank. Further 50% of the cash component to be paid upfront while the remaining 50% is to be deferred over the next three years in equal tranches. The non-cash component to be deferred over next three years in tranches of 33.33% each as per the terms and conditions of remuneration payable to Managing Director & CEO Shri B Ramesh Babu. Accordingly NRC in its meeting held on 07.03.2022 has granted 73,913 employee stock options at market price with deferral vesting of over a period of three years. In terms of RBI Guidelines the Fair Value arrived at as on the date of grant under Black Scholes Model is recognized as an expense in the Books of Accounts.

Your Directors, therefore, recommend passing of the resolution, as set out in Resolution No. 08 of this Notice.

None of the Directors or Key Managerial Personnel of the Bank and their relatives other than Shri B Ramesh Babu, Managing Director & CEO and his relatives are concerned or interested in the passing of this resolution.

Item No. 09

Payment of compensation to the Non-Executive Directors (except the Non-Executive (Part-time) Chairman/chairperson)

Corporate governance requirements are increasing day by day and regulators emphasis with respect to transparency and accountability has laid higher responsibility on the Board of Directors. Non-Executive Directors/ Independent Directors play a vital role in bringing objectivity to Corporate Governance initiatives adopted by the Board. Duties and Responsibilities of the Directors have been prescribed in the Companies Act, SEBI LODR, RBI guidelines.

In order to attract and retain professional directors, it is essential that they are appropriately compensated. Since non-executive directors, including independent directors devote their significant time and have experience to give critical advice to the Bank should be appropriately compensated by way of profit related commission in addition to sitting fees for their contributions at the governance level.

Reserve Bank of India issued guidelines, on the need of banks to attract qualified competent individuals and retain professional expertise in their Boards, keeping in view of individual director's (NEDs) responsibilities, contribution of their time, vide their Circular No. DBR.No.BC.97/29.67. 001/2014-15 dated June 1, 2015, on payment of Compensation to Non-Executive Directors (other than the Part-time Chairman) in the form of profit related commission which shall not exceed ₹ 10 Lakh per annum for each director subject to the bank making profits. Further as per recent RBI Governance Circular RBI/2021-22/24 DOR. GOV. REC.8 /29.67.001 /2021-22 dated April 26, 2021, has revised the fixed remuneration for an NED, other than the Chair of the board, not exceeding ₹ 20 lakh per annum.

In terms of proviso to Section 197(1) of the Companies Act, 2013, except with the approval of the company in general meeting, the remuneration payable to directors who are neither managing directors nor whole-time directors shall not exceed, one per cent of the net profits of the company, if there is a managing or whole-time director or manager. Regulation 17(6) of SEBI LODR states that Board of Directors shall recommend profit related commission to Non-Executive Directors including Independent Directors with the approval of Shareholders.

In tune with the Reserve bank of India regulations, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of Section 178 of the Companies Act, 2013 as amended from time to time. The Bank has formulated a Compensation Policy to provide frame work for compensation payable to Board of Directors, Key Managerial Personnel, Material Risk Takers, Control function staff and all other employees of the Bank.

Adverting to the above, Nomination and Remuneration Committee in their meeting held on May 19, 2022 recommended the payment of profit related commission to all Non-Executive Directors including Independent directors (Other than Non-Executive (Part-time) Chairperson) of an amount of 0.1% of the profit available for distribution subject to a maximum of ₹ 10 Lakhs for each director per annum with effect from FY 2022-23, for a period of three (3) years, in addition to sitting fees being paid/payable to them for attending the meetings of the Board/committees thereof. The fee payable shall be in proportion to the tenure of the Directors on the Board during the year.

The Board at its meeting held on May 20, 2022 approved the recommendations of Nomination and Remuneration Committee subject to the approval of shareholders of the Bank.

Your Directors, therefore, recommend passing of the resolution, as set out in Resolution No. 09 of this Notice.

None of the Directors or Key Managerial Personnel of the Bank and their relatives, other than Non-Executive Directors (except Non-Executive (Part-time) Chairman) of the Bank and their relatives, are concerned or interested in the passing of this resolution.

Item No. 10

Shri Murali Ramaswami (DIN: 08659944) was co-opted as an Additional (Independent) Director of the Bank in the Board Meeting held on June 14, 2022 under the provisions of Section 161 of the Companies Act, 2013 (the Act) and Article 27 of the Articles of Association of the Bank. He holds office up to the date of this Annual General Meeting. Nomination and Remuneration Committee (NRC) of the Board proposed his candidature for the office of Director of the Bank under the provisions of the Companies Act, 2013. Shri Murali Ramaswami is a seasoned banker having wide experience for more than 30 years.

Shri Murali Ramaswami has furnished the consent for his appointment and declarations as required under the Act, Rules made thereunder. The NRC at its meeting held on 13th June, 2022 made the due diligence of declaration and undertaking and scrutinised the profile submitted by Shri Murali Ramaswami and having found him to be 'fit and proper' in terms of criteria prescribed by the Reserve Bank of India for Directors of banks, recommended his appointment to the Board of Directors. Based on the declaration received from him that he meets the criteria of independence as prescribed under Section 149(7) read with Section 149(6) of the Companies Act, 2013 and Regulation 25(8) read with Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), the Board is of the opinion that he fulfils the conditions for appointment as an Independent Director of the Bank and is independent of the management. Further your Directors, recommend the appointment of Shri Murali Ramaswami as Non- Executive Independent Director of the Bank for a period of three years with effect from 14th June 2022, not liable to retire by rotation.

Brief Profile:

Shri Murali Ramaswami, aged 62, is a seasoned banker having wide experience for more than 30 years. He started his career in 1984 and he was involved in various facets of Banking sector essentially in Credit, Treasury, International Operations, Cash Management, Integration Management, Digital Banking and Information Technology Initiatives. He started his career in banking domain with Vijaya Bank. During the span of 30 years in Vijaya Bank, he rose to the position of Executive Director. In his career at Vijaya Bank, he held important positions in Credit, Operations and also as CFO of the bank. He has also worked as an Executive Director in Bank of Baroda during the year 2019-2020. He served as a nominee director in M/s India Infra Debt Ltd and M/s BOB Capital Markets Ltd during his tenure in Bank of Baroda. Shri Murali Ramaswami is well versed in all areas of Banking Sector. He is an Independent director in M/s Deccan Finance Limited and advisor to M/s Chartered Finance Management Private Limited.

Shri Murali Ramaswami is a B.Com graduate from Madras University, AICWA from the Institute of Cost & Works Accountants of India, DBF from the Institute of Chartered Financial Analysts of India, CAIIB from the Indian Institute of Bankers, MBA from University of Madras - Specialised in Corporate Finance, Foreign Trade & Market research.

Your Directors, therefore, recommend passing of the resolution, as set out in Resolution No. 10 of this Notice

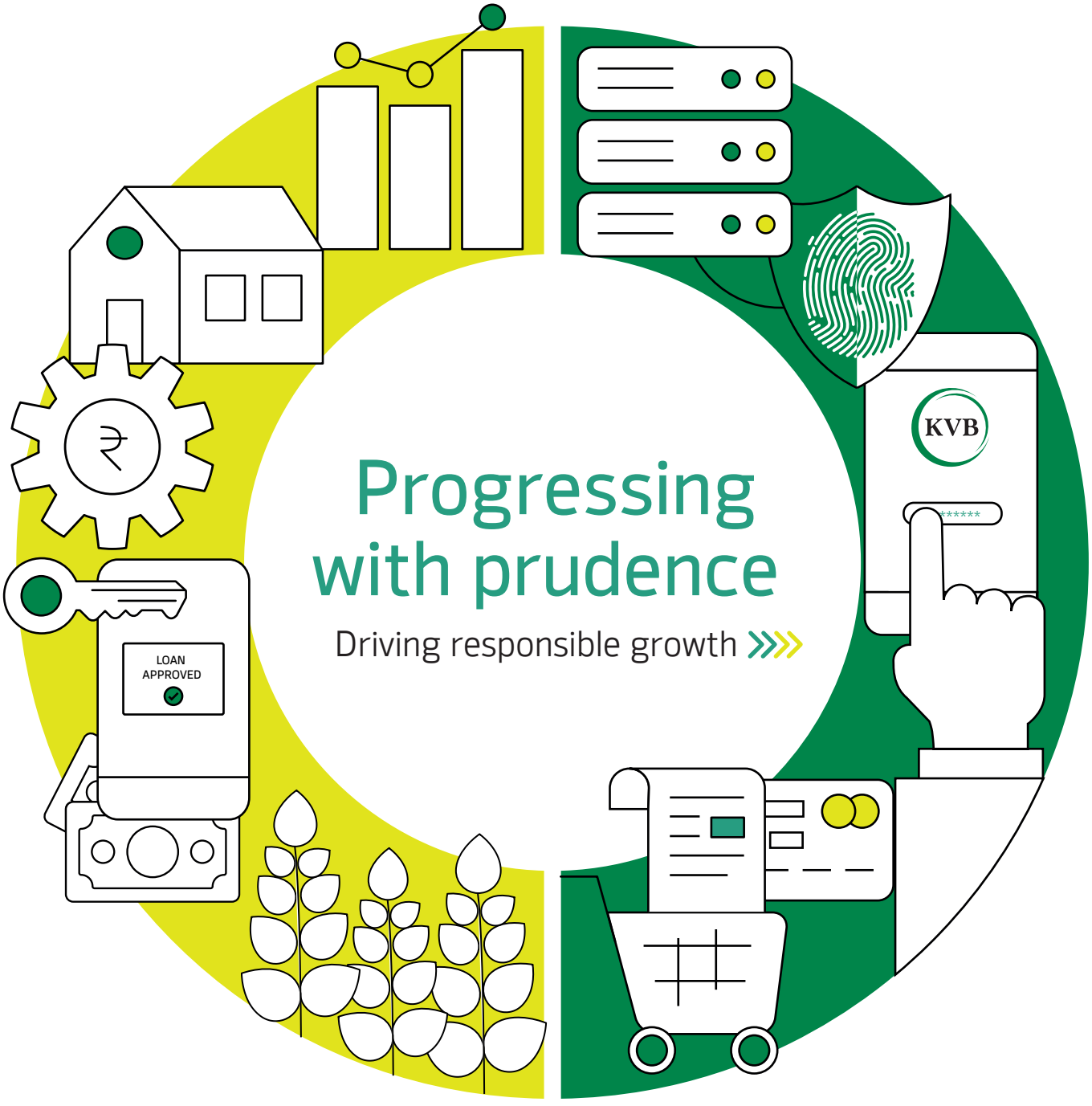
None of the Directors or Key Managerial Personnel of the Bank and their relatives other than Shri Murali Ramaswami and his relatives are concerned or interested in the passing of this resolution.

Additional information pursuant to regulation 36 (3) of the SEBI (Listing Obligations and disclosure Requirements) regulations, 2015 and secretarial standard 2 (SS-2) with respect to the Director, seeking appointment/ re-appointment:

Particulars	Item No. 03	Item No. 06 and 07	Item No. 10
Name & DIN	Shri R Ramkumar (DIN: 00275622)	Dr Meena Hemchandra (DIN: 05337181)	Shri Murali Ramaswami (DIN: 08659944)
Brief profile	Shri R Ramkumar, aged 39 years, is a graduate in Bachelor of Arts in Corporate Secretaryship and Masters in Business Administration in Human Resources. He hails from the promoter's family. He has rich experience in the business of textiles and export of home textiles. He has widely travelled overseas for his export business and also has a business interest in certain finance firms.	Refer explanatory statement	Refer explanatory statement
Date of appointment on the Board	He was co-opted as an Additional Director of the Bank on June 25, 2018 and was elected as a Non-Executive Non-Independent Director at the 99th Annual General Meeting held on August 09, 2018.	Co-opted as Additional Director (under Non-Executive Independent Director category) on May 26, 2022	Co-opted as Additional Director (under Non-Executive Independent Director category) on June 14, 2022

Particulars	Item No. 03	Item No. 06 and 07	Item No. 10
Nature of his/her experience in specific functional areas	Business Management, Finance and Human Resources ("Minority Sector")	A career central banker with over 35 years of experience in various departments of Reserve Bank of India.	A seasoned banker having wide experience for more than 30 years in various functions of Banking.
Relationship with other Directors, manager and other key managerial personnel of the company	He is not related to any of the Directors, Manager, Key Managerial Personnel of the Bank.	She is not related to any of the Directors, Manager, Key Managerial Personnel of the Bank.	He is not related to any of the Directors, Manager, Key Managerial Personnel of the Bank.
Shareholding	22,34,969	2,500	2,600
No of Board meetings attended during the year	14/14	Not Applicable	Not Applicable
Terms and conditions of appointment or re-appointment including remuneration	Non-Executive Non-Independent Director, liable to retire by rotation, eligible for sitting fees & profit related commission (subject to approval of item no. 9)	Non-Executive Independent Director for a period of three years with effect from May 26, 2022, not liable to retire by rotation, eligible for sitting fees. As a Non-Executive Independent (part-time) Chairperson of the Bank, She is eligible for remuneration subject to approval of Reserve Bank of India.	Non-Executive Independent Director for a period of three years with effect from June 14, 2022, not liable to retire by rotation, eligible for sitting fees & profit related commission (subject to approval of item no. 9)
Last drawn remuneration	₹ 15.35 Lakh as sitting fees	Not Applicable	Not Applicable
Names of the entities (other than The Karur Vysya Bank Limited) in which the person also holds the directorship and the membership of Committees of the Board along with listed entities from which the person has resigned in the past three years	Directorships: Nil Memberships of Committees: Not Applicable Listed entities directorships in past three years: Nil	Directorships: Independent Director in Clearing Corporation of India Limited Memberships of Committees: Audit Committee. Resigned from Suryoday Small Finance Bank Limited with effect from May 25, 2022.	Directorships: Independent Director in M/s Deccan Finance Limited (un-listed public company) Memberships of Committees: Nil Has not resigned from any Listed entity directorships in past three years.
Skills and capabilities required for the role in terms of Section 10A(2) of Banking Regulation Act, 1949.	Not Applicable as Non-Executive Non-Independent Director. However, He represents Minority Sector - Business Management, Finance and Human Resources.	Majority Sector - Economics, Banking, Agricultural and Rural Economy, Finance & Business Management, Treasury Operations and Payment & Settlement Systems, Information Technology & Cyber Security, Risk Management & supervision and Business analytics.	Majority Sector - Banking, Credit, Finance, Accountancy, Marketing, Payment & Settlement Systems, Information Technology and Treasury Operations.
The manner in which the proposed Independent Director meets such requirements.	He has rich experience in the business of textiles and export of home textiles. He has Completed Bachelor of Arts in Corporate Secretaryship (B.C.S.,) from Loyola College, Chennai and master's in business administration (M.B.A.,) in Human Resources. He has widely travelled overseas for his export business and also has a business interest in certain finance firms.	Retired Executive Director in charge of Banking and non-banking supervision in Reserve Bank of India having over 35 years of service. She has relevant knowledge or experience in respect of one or more matters namely Economics, Banking, Finance, Forex Opertations & Clearing Systems, Information Technology, Agriculture, Risk and regulatory supervision Analytics, etc	Retired Executive Director of Bank of Baroda. Joined Vijaya Bank in 1989 and elevated as Executive Director in Feb 2018. Has over 30 years of experience in Banking sector- diverse and distinct experience of heading corporate credit, treasury and global markets, international operations, cash management, integration management, Information technology, digital banking experience in 5th largest Bank – Bank of Baroda.

Karur Vysya Bank
Smart way to bank



Progressing with prudence

Driving responsible growth

The Karur Vysya Bank Limited

Integrated Annual Report

2021-22

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 ensure financial discipline while adhering to the regulator's guidelines. Update the knowledge and skills of the human capital to provide quality customer support.





Shri M. A. Venkatarama Chettiar



Shri Athi Krishna Chettiar

Tribute to visionary founders

Karur Vysya Bank (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 July 01, 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 visualised 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.

Contents

Corporate Overview 3-50

Overview

Report profile	4
Capital-wise highlights	6
KVB at a glance	8
Our presence	10

Year in review

Key performance indicators	12
Managing Director and CEO's message	14

Our approach to value creation

Business model	16
Operating environment	18
Stakeholder engagement	20

Progressing with prudence

Prudent growth	24
Performance	26
Digital	28
People	30

Responsible business

Environment	32
Corporate social responsibility	34
Customer engagement	38
Marketing and branding	40

Governing a successful organisation

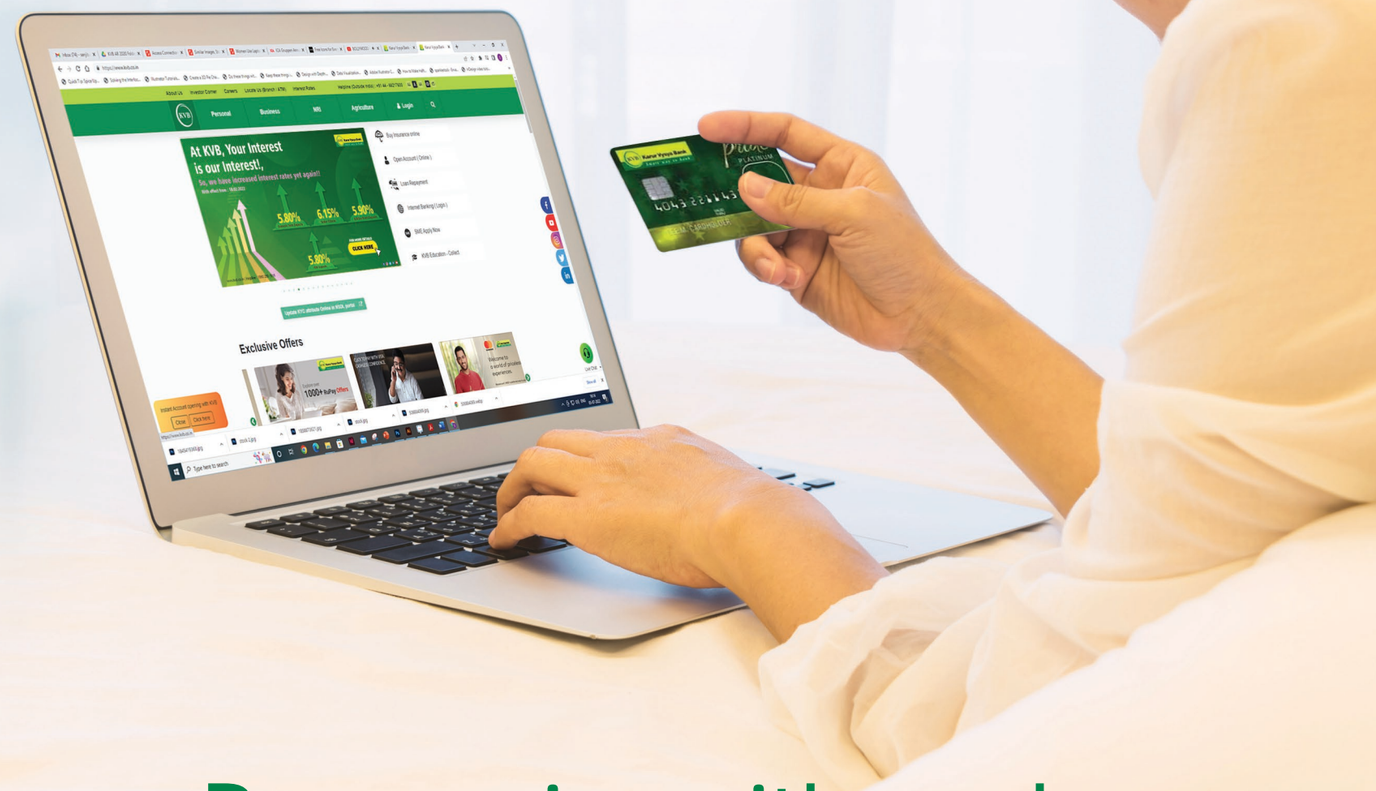
Governance	42
Board of Directors	44
Senior Management	46
Awards	48
Annual General Meeting 2021	49
Corporate Information	50

Statutory Reports 51-174

Directors' Report	51
Management Discussion and Analysis	108
Corporate Governance Report	134

Financial Statements 175-280

Independent Auditors' Report	175
Balance Sheet	184
Profit and Loss Account	185
Schedules	186
Cash Flow Statement	243
Basel Pillar III Disclosures	245
Network of Branches	270
Principal Correspondent Banks	280



FY 2021-22 performance highlights

₹1,26,226 Crore
Total business

3.69%
Net Interest Margin (NIM) ▲ 29 bps

8.86%
Return on Equity (ROE) ▲ 370 bps

₹57,550 Crore
Advances ▲ 9%

₹673 Crore
Net Profit ▲ 87%

2.28%
Net Non-Performing Asset (NNPA) ▼ 113 bps

₹68,676 Crore
Total Deposits ▲ 9%

0.86%
Return on Assets (ROA) ▲ 37 bps

19.46%
CRAR
Regulatory minimum: 11.50%

Progressing with prudence

At Karur Vysya Bank (KVB), we aspire to create sustainable value for our stakeholders by balancing growth and profitability. With a well-diversified asset and liability franchise and healthy capitalisation, we are on a solid foundation to drive growth by judiciously leveraging our nationwide physical footprint, robust digital ecosystem and dynamic workforce.

On the one hand, our comprehensive suite of products and solutions are catering to the specific and evolving financial needs of our customers, especially the underbanked segment. On the other, we are expanding our book across business verticals without compromising on asset quality. This reflects our prudent decision-making, which emphasises on growing bigger while maintaining a stronger balance sheet.

We are well positioned to capitalise on the opportunities in an era of rapid change by blending the trust enjoyed by a century-old institution and superior digital capabilities. KVB is making significant progress towards driving its next leg of growth with responsibility, prudence and customer-centricity at the core.

REPORT PROFILE

About this report

This is Karur Vysya Bank's (KVB's) first Integrated Annual Report, prepared with the objective of providing our stakeholders a concise, complete and transparent assessment of our ability to create long-standing values. It provides an in-depth overview of the Bank's holistic approach to multi-dimensional value creation, covering both tangible and intangible, financial and non-financial aspects of the business.

Basis of preparation

The report seeks to provide a balanced and transparent assessment of how we create value, considering both qualitative and quantitative matters that are material to our operations and strategic objectives, which may influence our stakeholders' decision-making.

Frameworks, guidelines and standards

This report aligns with the principles and guidelines of the:

1. International <IR> framework of the International Integrated Reporting Council (IIRC) (now known as Value Reporting Foundation)
2. The Companies Act, 2013 (and the rules made thereunder)
3. Indian Accounting Standards
4. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
5. Secretarial Standards issued by the Institute of Company Secretaries of India
6. The Banking Regulation Act, 1949 and other relevant RBI regulations

Reporting period

It is an annual publication and provides material information relating to our strategy and business model, operating context, material risks, performance, prospects and governance, covering the financial year April 01, 2021 to March 31, 2022.

Forward-looking statements

Certain statements in this document constitute 'forward-looking statements', which involve known and unknown risks and opportunities, other uncertainties, and important factors that could turn out to be materially different following the publication of actual results.

These forward-looking statements speak only as of the date of this document. The Bank undertakes no obligation to update publicly, or release any revisions, to these forward-looking statements, to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events.

Feedback

We welcome feedback on our suite of reports to ensure that we continue to disclose information that is pertinent and conducive to stakeholder decision-making. Please refer queries or suggestions through email to kvb_sig@kvbmail.com.

Stakeholders

- Investors and shareholders
- Government and regulatory authorities
- Employees
- Local communities and NGOs
- Customers



CAPITAL-WISE HIGHLIGHTS

Optimising resources to deliver value

All organisations depend on various forms of capital for their value creation. We comprehend that doing business in a sustainable and responsible manner is important to ensure our future viability.



Financial Capital

WHAT IS IT

Our strong capital base, as well as diversified sources of funding, enable us to support our clients in their credit needs.

MANAGEMENT APPROACH

Create value for shareholders through sustainable growth.

Read more ⟩ page **12**

Owned Funds
₹7,596 Crore

Deposits
₹68,676 Crore



Manufactured Capital

WHAT IS IT

Bank's tangible and intangible infrastructure used for value creation through business activities.

MANAGEMENT APPROACH

Well maintained functional assets and facilities.

Read more ⟩ page **10**

Branches/Offices
822

ATMs + cash recyclers
2,223

PoS terminals
8,745



Human Capital

WHAT IS IT

Collective skills and experience of our workforce add value to our business outcomes.

MANAGEMENT APPROACH

Availability of a committed and qualified workforce offers an inclusive and balanced work environment.

Read more ⟩ page **30**

Employees
7,300+

Expenditure on people skill development
₹1.25 Crore



Intellectual Capital

WHAT IS IT

Intangible, knowledge-based assets.

MANAGEMENT APPROACH

Consider innovation as a strategic element of the Bank.

Read more ⟩ page **28**

Share of Digital Transactions
94%

No. of Accounts opened Digitally
2.59 Lakh



Social and Relationship Capital

WHAT IS IT

Ability to share, relate and collaborate with stakeholders, promoting community development and well-being.

MANAGEMENT APPROACH

Promote trust with stakeholders, improving the quality of life of people in areas of presence.

Read more ⟩ page **34**

CSR expenditure
₹6.70 Crore
(including amount transferred to on-going projects)

Beneficiaries of community initiatives
35,000+



Natural Capital

WHAT IS IT

Natural resources impacted by the Bank's activities.

MANAGEMENT APPROACH

Ensure sustainable use of natural resources and contribute to combating climate change.

Read more ⟩ page **32**

Spent on energy conservation
₹0.35 Crore

Windmill
14,41,465
units generated

KVB AT A GLANCE

Rising to the needs of many

We have been providing excellence in banking services for 100+ years and ever since then, we have spread our wings with 822 branches/offices across the country. We offer various banking and financial services for personal and business customers through our key business segments.

We intend to deliver banking solutions carefully curated to meet the needs of our customers by leveraging our customer-centric approach. We provide new-age financial services that meet their specific needs and improve their banking experience.



Our key business segments



Commercial Banking Group (CBG)

KEY PRODUCTS

- Customised loans (Pharma Plus, Transport Plus, Textile Plus, Steel Plus, among others)
- Commercial loans
- MSME loans
- Mortgages
- Gold loans
- Corporate credit card
- Business debit card
- Transaction banking services

TICKET SIZE
₹39.30 Lakh

BOOK SIZE
₹18,698 Crore



Corporate and Institutional Group (CIG)

KEY PRODUCTS

- Working Capital finance
- Term Loans
- Specialised Corporate Finance products
- Liquidity management solutions

TICKET SIZE
₹38.81 Crore

BOOK SIZE
₹12,543 Crore



Personal Banking Group (PBG)

KEY PRODUCTS

- Housing loans
- Personal loans
- Mortgage loans
- Four-wheeler loans
- Two-wheeler loans
- Current account
- Saving account
- Fixed deposits
- FASTag
- Debit card
- Demat services
- Bancassurance

TICKET SIZE
₹6.88 Lakh

BOOK SIZE
₹13,265 Crore



Agricultural Banking Group (ABG)

KEY PRODUCTS

- Crop loans
- Dairy loans
- Fishery loans
- Poultry loans
- Horticulture loans
- Warehouse receipt loans
- Joint Liability Group loans
- Gold Loans

TICKET SIZE
₹1.75 Lakh

BOOK SIZE
₹13,044 Crore

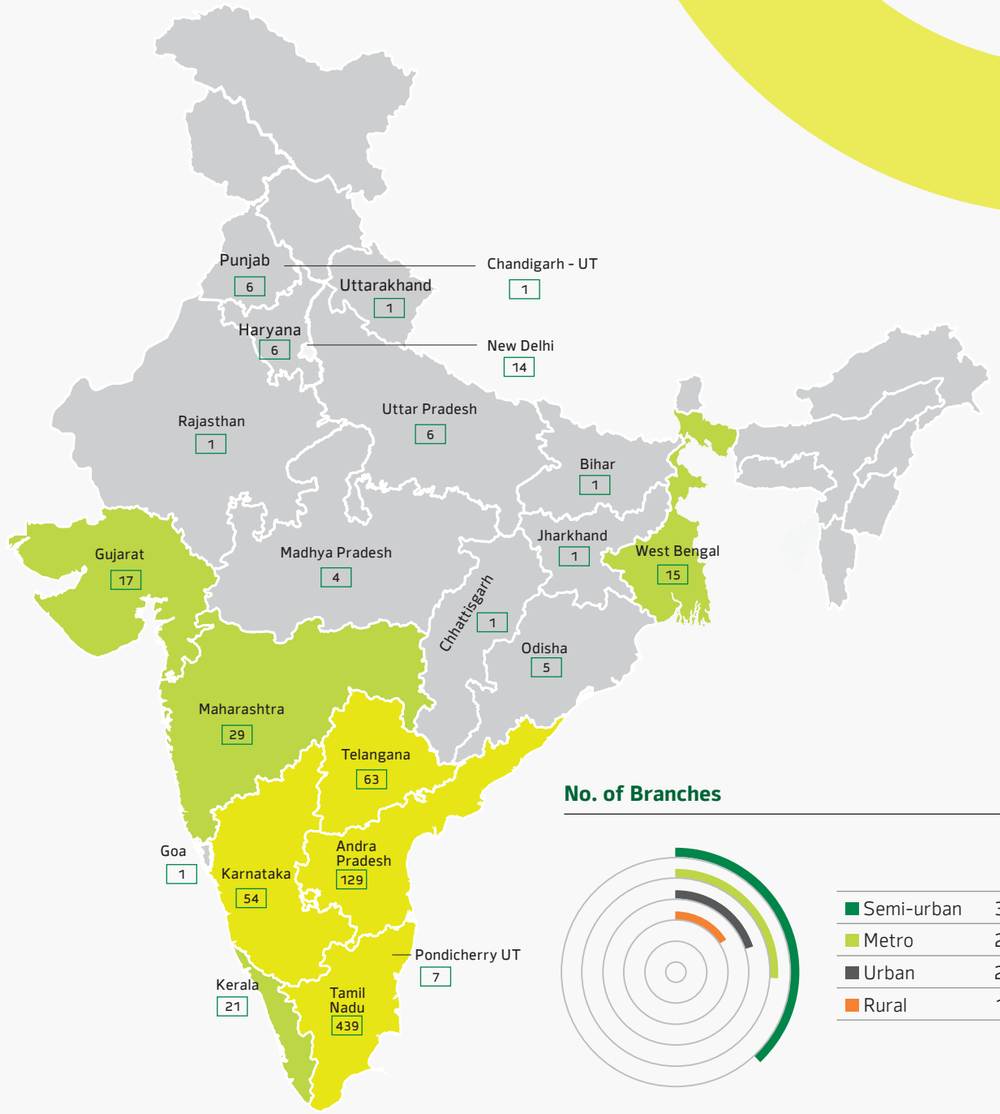
Our presence

We engage with our customers via a strong distribution network spread across 19 states and 3 Union Territories. Our strong foothold in the southern region of India lends us a distinct edge. We offer our customers the convenience of engaging with us across touchpoints that include branches, PoS terminals, ATMs, cash deposit machines, Business Correspondents and more.



KEY FACTS

- Legacy of 100+ years
- 822 Branches/Offices
- 78 Lakh+ Customer base



Note: Map not to scale

No. of Branches

Semi-urban	38%
Metro	26%
Urban	20%
Rural	16%

KEY PERFORMANCE INDICATORS

Measuring our progress

Inclusive growth across all segments

Improved asset quality

Continued focus on digital offerings

Balance Sheet metrics

Total advances (₹ in Crore)

₹57,550 Crore

FY 2021-22	57,550
FY 2020-21	52,820
FY 2019-20	48,516
FY 2018-19	50,616
FY 2017-18	45,973

Total deposits (₹ in Crore)

₹68,676 Crore

FY 2021-22	68,676
FY 2020-21	63,278
FY 2019-20	59,075
FY 2018-19	59,868
FY 2017-18	56,890

CASA (₹ in Crore)

₹23,904 Crore

FY 2021-22	23,904
FY 2020-21	21,654
FY 2019-20	18,507
FY 2018-19	17,915
FY 2017-18	16,577

Book Value

₹94.95

FY 2021-22	94.95
FY 2020-21	86.57
FY 2019-20	82.57
FY 2018-19	79.63
FY 2017-18	85.49

Advance mix: FY 2021-22 (%)



CIG	22	PBG	23
ABG	23	CBG	32

Deposit mix: FY 2021-22 (%)



Demand	10	Time	65
Savings	25		

Profit and Loss metrics

Net interest income (₹ in Crore)

₹2,715 Crore

FY 2021-22	2,715
FY 2020-21	2,360
FY 2019-20	2,348
FY 2018-19	2,363
FY 2017-18	2,298

Non-interest income (₹ in Crore)

₹769 Crore

FY 2021-22	769
FY 2020-21	919
FY 2019-20	1,114
FY 2018-19	945
FY 2017-18	837

Total income (₹ in Crore)

₹6,356 Crore

FY 2021-22	6,356
FY 2020-21	6,389
FY 2019-20	7,104
FY 2018-19	6,761
FY 2017-18	6,536

Operating profit (₹ in Crore)

₹1,630 Crore

FY 2021-22	1,630
FY 2020-21	1,291
FY 2019-20	1,721
FY 2018-19	1,693
FY 2017-18	1,714

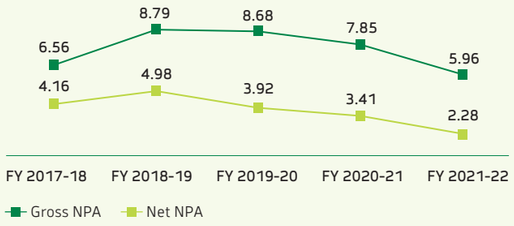
Net profit (₹ in Crore)

₹673 Crore

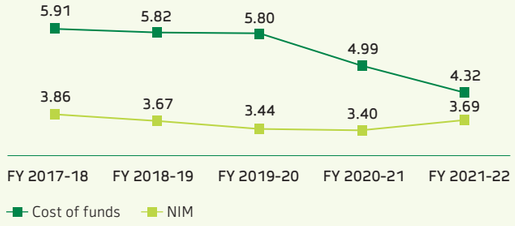
FY 2021-22	673
FY 2020-21	359
FY 2019-20	235
FY 2018-19	211
FY 2017-18	346

Ratios

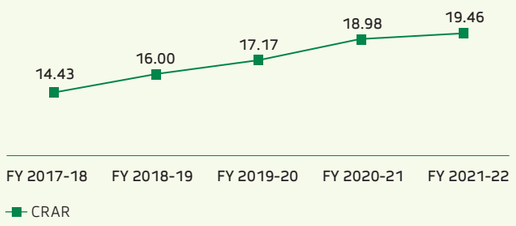
NPA (%)



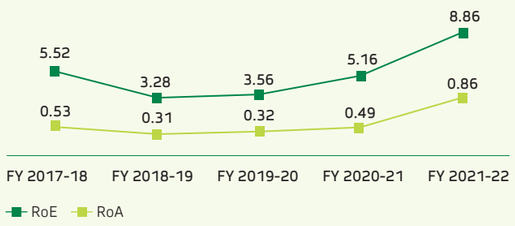
Margin profile (%)



CRAR (%)



Return ratios (%)



MANAGING DIRECTOR AND CEO'S MESSAGE

Accelerating sustainable growth – with prudence



Dear Shareholders,

The past two years have brought about transformational changes, stretching the limits of our imagination to adapt to a new world. We are not out of the woods yet, but there is a growing sense of optimism. I'm happy to share with you that KVB has not only made significant progress but has taken confident strides to drive responsible growth. Backed by an unmatched legacy of more than a century and a commitment to fuel the nation's inclusive development agenda, we are blending trust with technology to elevate customer experience and widen our impact. Prudence is at the heart of our growth strategy, with people, processes, practices, partnerships and planning as strategic levers.

A challenging external environment

The global economic recovery remains fragile with high inflation, continued supply chain constraints and lingering geopolitical tensions weighing heavily. The IMF expects world GDP growth to moderate to 3.6% in 2022, after rebounding sharply by 6.1% in 2021. With the economic sanctions imposed on Russia, one of the world's largest producers of oil and gas, for invading Ukraine, energy prices are likely to remain elevated. The central banks of major economies have already tightened their policy rates in response, but risks of a stagflation are steadily gathering steam.

India was hit hard by the second wave of the pandemic in the first quarter of FY22, necessitating localised lockdowns and overstretching healthcare infrastructure. The rural economy, which virtually led the recovery post the first wave, was hit the hardest, along with the small and medium enterprises considered to be the economic growth engines. The Central government and the RBI left no stones unturned to prop up the economy, but rising inflation on the back of higher energy and commodity prices, and continued supply chain challenges limited the manoeuvring room. The Indian economy appears to be somewhat decoupled from the global macro challenges, though inflation concerns remain high.

In the Indian banking industry, credit growth accelerated to 9.6% in FY22 from 5.6% in FY21, supported by a benign interest rate environment and improving sentiment. Retail lending continued to drive credit growth while wholesale lending picked up partly due to the shift from money markets to loans as the RBI started withdrawing excess liquidity. In addition, surging commodity prices like oil resulted in higher working capital requirements. Although upward pressure on inflation prompted the RBI to undertake two successive policy rate hikes, the still relatively low lending rates are likely to keep the credit uptake buoyant. Further, the RBI in its latest Financial Stability Report pointed out that Indian scheduled commercial banks and NBFCs have adequate capital buffers to withstand any shocks stemming from the pandemic and the ongoing geopolitical tensions in Europe.

Solid all-round performance

Against this backdrop, we delivered solid business growth, increased profitability and improved asset quality. This reflects our prudent and proactive approach towards growing our books responsibly and driving growth across business verticals. Our decision to invest early in digitalisation positioned us well to deliver uninterrupted services to our customers, navigate the turbulent times with relative ease and bolster our future readiness.

Our total business crossed an important milestone of ₹1,25,000 Crore. We reported our best-ever net profit at ₹673 Crore, up 87% y-o-y. We also managed to expand our margins with NIM increasing 29 bps to 3.69%, despite a competitive pricing environment. Our asset quality improved, with NNPA falling to 2.28% from 3.41% on account of lower slippages, higher recoveries along with aggressive collection strategy. The provision coverage ratio improved to 80.27% from 72.7%. We remain well capitalised with total CRAR of 19.46%, as against the regulatory minimum of 15%, and Tier 1 at 17.49%.

Granular portfolio focus

Further, we have strengthened the branch and sales channel to drive better customer engagement and acquisition, enabling us to expand our CASA deposit base as well as to further lower our cost of funds. Our retail advances grew at 8%, despite the slow start to the year, led by strong demand in home loans and vehicle loans. Our Agri portfolio is growing at a double-digit rate, owing to our strategy of direct lending, participation in various government schemes, and new products around warehousing and commodities.

We launched a separate 'Agri Infra Fund' to deepen our presence in procurement and processing of agricultural commodities. In the Commercial segment, we are transforming through the adoption of digital lending, revamped our sales structure to focus on new business, and are decentralising credit processing. In the corporate segment, we remained focused on the mid-corporate segment with a cautious approach towards underwriting.

Partnerships with new-age players/platforms

We have entered into strategic partnerships with several FinTech companies across the retail, MSME and agriculture segments to expand our reach and impact. NEO is expanding our distribution footprint in Tier-2 and Tier-3 cities through non-branch channels while helping widen customer base in home loans and supply chain financing. We are one of the early and active participants in all the three RBI licensed 'TReDS platforms' for financing MSME vendors. We also launched account aggregator services and have integrated with our digital loan origination system.

Building a dynamic force

We view our people as the most vital asset, which requires continuous nurturing. Our focus is on building a dynamic workforce that has the requisite skills and expertise to deliver on our business goals in an environment of rapid change. In the process, we are imbibing a high-performance culture that attracts the best talent and empowers them to achieve the desired career progression with KVB. Our Internal Flex Training Programme provide a practical training platform to improve productivity and increase motivation. We have set up a Digital Centre of Excellence (DCOE) to transform learning and equip our people with the skills necessary to handle more complex tasks and take on the higher responsibilities.

Board Team

We have a well-diversified Board and the Directors hail from varied background of academics, proficiency, knowledge domain and field expertise. We have further strengthened the Board's diversity and its collective wisdom by co-opting two new eminent bankers viz., Dr Meena Hemchandra and Shri Murali Ramaswami as Additional Directors on the Board.

I have to inform that Shri N S Srinath has completed his three years tenure as Chairman of the Bank and demitted office at the close of office hours on May 26, 2022, after ably guiding the Bank for more than a decade with his long years of cherished banking wisdom. Also, one of our long standing colleague, Dr. V G Mohan Prasad has completed his tenure as Director of the Bank and demitted office at the close of office hours on June 14, 2022. He has actively contributed to the collective decision making of the Board, especially in the area of Agriculture finance.

I join with my fellow Directors to place on record our profound gratitude and deep sense of appreciation for the valuable contribution made by Shri N S Srinath and Dr V G Mohan Prasad.

Investing in communities

At KVB, we are committed to contributing to the socioeconomic development of the community. With focused interventions across the identified areas of sanitation, healthcare, education and environment, we take a holistic approach to sustainable development. Further, we provide skill development training, especially to women from economically weaker sections, to create livelihood opportunities and improve their standard of life. Given the growing water stress in many parts of the country, we are engaging with local communities to restore water bodies and improve access to clean drinking water. In addition, we plan to work with government bodies and NGOs to increase green cover especially in cities.

Way forward

We are well positioned to drive growth across our business segments. Our focus is on granular growth with emphasis on the Retail and MSME segments. The continued momentum in asset growth, along with our target to reduce the cost-to-income ratio to about 50% and increase CASA, is expected to keep our NIM steady. We also target to further reduce our GNPA to less than 5% levels and NNPA below 2% levels, through robust collection efficiency, higher recoveries and a prudent approach towards lending. We endeavour to grow our RoA above 1%. Our strong balance sheet, robust systems and processes, digital capabilities and vibrant partnerships will enable us to deliver sustained growth over the long term.

In conclusion

Together with my colleagues, and encouraged by the support of all our stakeholders, we are progressing ahead, aligned with India's transformational journey. I would like to thank and appreciate the immense support provided by the Central and State Governments, Regulators, our Board members, employees, shareholders and other stakeholders. As we take our growth story forward, we remain committed to embracing the best practices to create sustainable value for all.

Regards,

B. Ramesh Babu
Managing Director & CEO

BUSINESS MODEL

Leveraging our fundamental strengths to create sustainable value

To thrive in a competitive environment, we operate an integrated business model that is focussed on creating value at every point and for every stakeholder.

Inputs

Financial capital
- Equity: **₹160 Crore**
- Reserves: **₹7,436 Crore**
- Capital expenditure: **₹63.81 Crore**

Read more page 12

Manufactured capital
- Branches/Offices: **822**
- ATMs + Cash recyclers: **2,223**
- Sales force: **1047**
- DLite App Users: **17.90 Lakh**

Read more page 10

Intellectual capital
- Brand building activities
- ISO **27001 certifications**
- digital lending system (LOS)
- Continuously investing in futuristic technologies for improving customer experience

Read more page 28

Human capital
- No. of employees on payroll: **7,300+**
- Women employees: **2,000+**
- Total manhours of training: **28780**
- Continuous investment in training and development and health and safety initiatives

Read more page 30

Social and relationship capital
- No. of customers: **78 Lakh+**
- CSR expenditure: **₹6.70 Crore**
- Active community development programmes

Read more page 34

Natural capital
- Environment expenditure: **₹0.35 Crore**
- Energy conservation programmes
- Introducing green products

Read more page 32

Value creation process

Internal environment

Vision

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

Segment offerings
- Agriculture
- Commercial
- Corporate
- Retail

Product offerings
- Deposits (Savings, Current, Recurring, Fixed)
- Loans (Personal, Home, Vehicle, Educational, Mortgage, commercial and corporate)
- Cards (Debit, Credit, Prepaid, Arogya Card)
- Insurance
- Investments
- Digital Products
- Locker
- Social Security Schemes
- Government Schemes

Pillars of growth
- Dedicated focus on MSME segment
- Wide range of offerings
- Customer first approach
- Rapid digitisation
- Increasing our presence in underpenetrated regions

Growth strategy

SMAR-T

SMEs | eMerging Corporates | Agriculture | Retail through | Technology

People

HR training and talent development

Processes

Phygital

Practices

Governance, Best practices, Compliance, Internal Control, Regulatory norms

Planning

Optimisation of resources

Partnerships

Co-lending, Co-sourcing, Fintechs and Business Correspondents

Effective risk management framework
- Asset liability management
- Risk rating
- Credit risk
- Market risk
- Operational risk
- Industry research
- Integrated risk
- Policies

External environment
- Economic
- Socio-cultural
- Demographic
- Government actions
- Natural
- Global

Activities to sustain value

- Strong and sustainable business model
- Maintaining robust corporate governance structure
- Regular investor communication

- Personalised and efficient customer service
- Well defined customer grievance redressal mechanism

- Quicker turnaround time
- Improvement in collection efficiency
- Disbursement through digital channels
- Consistently granulising our assets & liability franchise.

- Deep rooted culture of ownership on Bank's growth
- Performance oriented culture
- Strong focus on diversity
- Continuous productivity enhancement

- Structured roadmap for implementing multiple facets of ESG
- Engaged actively with regulators, pursuing full compliance and driving a societal contribution
- Continued investment in ensuring strong positive customer experience

- Strong focus on energy efficiency
- Operational excellence for resource conservation

Outcomes

Financial capital
- Total loans and advances: **₹57,550 Crore** (y-o-y growth of 9%)
- Net Interest Income: **₹2,715 Crore** (y-o-y growth of 15%)
- Profit after Tax: **₹673 Crore** (y-o-y growth of **87%**)
- EPS: **₹8.42** (y-o-y growth of 87%)
- CASA: **35%**
- Return on Assets: **0.86%** (y-o-y growth of 75%)

Manufactured capital
- **81** – new ATMs/ BNRMs added
- **17** – new branches/ offices added
- Strong presence across metro, urban, semi-urban and rural regions of India

Intellectual capital
- **17 Lakh+** Number of transactions through alternate channels
- **2.95 Lakh**: Digital accounts opened

Human capital
- New joinees during the year: **187**
- Profit per employee: **₹9.2 Lakh**
- Employee retention: **94%**
- Business per employee: **₹17.28 Crore**

Social and relationship capital
- Impacted **35,000+** lives through CSR activities
- Shareholder base: **2 Lakh +**
- Bond Holders: **3,800 +**

Natural capital
- Reducing the dependance on fossil-fuel power consumption to cut down carbon foot prints
- Renewable energy: **14,41,465 units** generated

OPERATING ENVIRONMENT

Trends that hold great promise

We have identified several industry trends that are transforming the banking sector landscape. At KVB, we ensure that we respond to market changes in an agile manner and calibrate our strategies accordingly to remain relevant to our customers and build long-term value for our stakeholders.

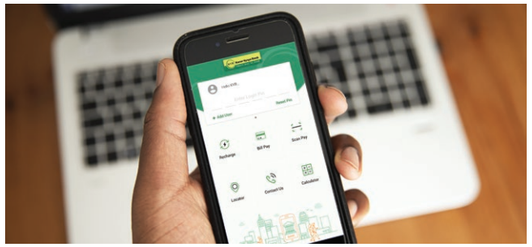


Accelerating focus on digital transformation

The industry is seeing a continued and aggressive emphasis on digitisation and the adoption of new and emerging technologies to improve operational efficiencies, accelerate time-to-market, and provide superior customer experiences. As mobile and online banking become more popular among customers, banks are reducing their spending on branches in order to invest in self-service digital channels. Digital wearable devices with the power of smartphones are making it easier for banks to provide targeted services to customers. Digital transactions in India—primarily led by UPI—climbed close to 90% and is projected to account for nearly 71.7% of overall payment volume by the end of 2025.

OUR RESPONSE

- Adoption of self-service banking modes for banking needs
- Increase in digital transactions for payment
- Seamless KYC process through new concepts like V-KYC
- End-to-end digital processing of retail and commercial loans



Increasing consumerism

During the pandemic, financial institutions learned how crucial it is to anticipate client requirements and expectations. It's crucial for market survival, customer retention, and to adopt a customer-centric and customer-first culture. Banks must change their emphasis from transaction-focused services to customer-value-driven advising services. Therefore, businesses must prioritise the development of the right software solution to act as an intelligent intermediate layer and collect and retrieve the essential customer intelligence. They can use this information to better serve clients by personalising and tailoring their offerings, giving pertinent guidance, and moving away from tactical partnerships that are transaction-focused.

OUR RESPONSE

- Tailor made products and services to suit all segments of customers
- Periodic launch of products to cover more banking requirements of customers – Retail Credit Card, updated Mobile App, online & offline Direct & Indirect Tax collection

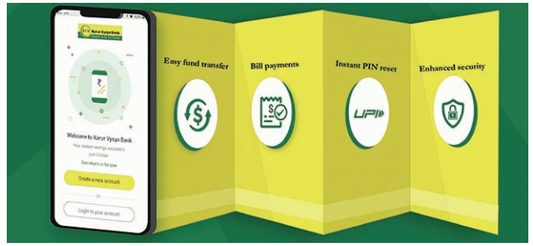


Co-lending – fintech collaboration

Co-lending partnerships are a win-win solution for both banks and NBFCs. Banks benefit from NBFCs' last-mile reach, access to new product lines, speed of execution, and strength of collections while NBFCs are given the opportunity to compete on the pricing front. Co-lending joins two lenders together to distribute loans with the goal of improving credit flow to productive sectors.

OUR RESPONSE

- We have commenced co-lending activities with Non-Banking Finance Companies in the Commercial Vehicle and Construction Equipment segments
- Co-lending business model is progressing well and sizeable scale up will happen going forward taking into account new tie ups with NBFCs



Climate change

Climate change and the transition to a low-carbon society are arguably the most pressing challenges confronting our generation. Our industry is focusing on adapting products to help improve the built environment's resilience to the physical effects of climate change. Global climate-change efforts, such as the United Nations Climate Change Conference (COP26) in 2021, have pushed companies to take the necessary steps to reduce emissions and adopt sustainable business models in 2022 and beyond.

OUR RESPONSE

- Encouraging consumers to adopt digital platforms for transactions
- Promoting paperless transactions
- Well structured roadmap for implementing ESG related aspects



Data privacy and security

Data underpins and enriches all aspects of a service or product in retail banking, whether optimising channel interactions, personalising risk assessment (across credit, market, and operational), or helping customers make better financial decisions. Cyber-attacks are becoming more dangerous, and cybercriminals are targeting anyone they can get their hands on. According to a recent study by PwC India and the Data Security Council of India (DSCI), the BFSI sector accounts for 26% of the total expenditure in the Indian cybersecurity market with $518 million and is expected to hit $810 million by the end of 2022. Banks and financial services companies must move beyond simple password authentication and implement biometrics, mobile identity verification, and multi-factor authentication to improve security.

OUR RESPONSE

- Established fully functional Security Operations Centre (SOC) to monitor and defend the cyber combat in 24 x 7 x 365 days to protect the Bank Information
- Invested in Artificial Intelligent based monitor and defence solution against Dark web cyber combat to protect the Bank Information.

26%
BFSI sector contribution in Indian cybersecurity market

STAKEHOLDER ENGAGEMENT

Holistic approach, collaborative way

Engagement and collaboration along the value chain is essential. By partnering with our stakeholders, understanding their challenges and managing risks, we can find solutions for our shared success.

We recognise our accountability to stakeholders and acknowledge that our success depends on understanding the interests and requirements of stakeholders. Our endeavour is to find common and acceptable solutions in collaboration with them. We consider our key stakeholders to be those who can create considerable business impact and be significantly impacted by it.



	Stakeholder concerns	Frequency of engagement	Mode of engagement and communication
	• Compliance to laws and regulatory requirements • Return on investment/dividend • Timely interest and debt repayment • Socially/environmentally responsible investment • Bank's strategies • Corporate governance • Proactive/timely communication • Integrity and ethical behaviour	Quarterly, Annual, Need-based	• Quarterly investor calls/ presentations • Website updation • Annual General Meeting • Annual Report • Business Responsibility & Sustainability Report • Regulatory updates through NSE portal
	• Respect and dignity • Non-discrimination and fair treatment • Talent management, learning and skill development • Career planning and growth • Work-life balance • Work environment • Health and safety • Grievance redressal • Proactive communication • Ethical behaviour/statutory compliance	Continuous, Monthly, Half-yearly, Need-based	• Appraisal • Monthly newsletters • Periodic trainings • HR online surveys • Emails • Town hall/open-house meetings • Health, Safety and Environment (HSE) measures • Policy communication • Portal/intranet • Team outings • Effective feedback mechanism
	• Service quality • Differentiation and product relevance • Digitally enabled and positive experience • Safety and privacy • Ethical business practices • Environmental impact	Continuous, Need-based	• Direct feedback from customer • Loyalty programme • Real-time social media engagement • Feedback through surveys • Periodical customer meets • Mystery shopping
	• Compliance and taxes • Timely responses to queries • Ethical business practices • Disaster and relief management	Need-based	• Continued engagement and representation • Quarterly and Annual compliance reports • Representation through trade bodies • Attending district level and state level banker's committees
	• Positive social and economic contribution • Long-term support • Climate change and other environmental issues	Continuous, Need-based	• Community engagement and local community meetings • Newspapers and CSR initiatives • Minimisation of environmental footprint • Strong focus on ESG related activities

Progressing with prudence



KVB uses a judicious mix of physical and digital channels to provide a comprehensive suite of solutions tailored to the specific financial needs of its customers. With a well-diversified asset and liability franchise, the Bank is delivering consistent performance, driven by all-round growth across channels, products and business segments without any significant stress on asset quality.



POISED FOR SUSTAINED PROFITABLE GROWTH

We are able to leverage the opportunities presented by India's changing business environment, thanks to our strong capitalisation, well-diversified asset portfolio, developing retail-led deposit franchise, and growing digital ecosystem.

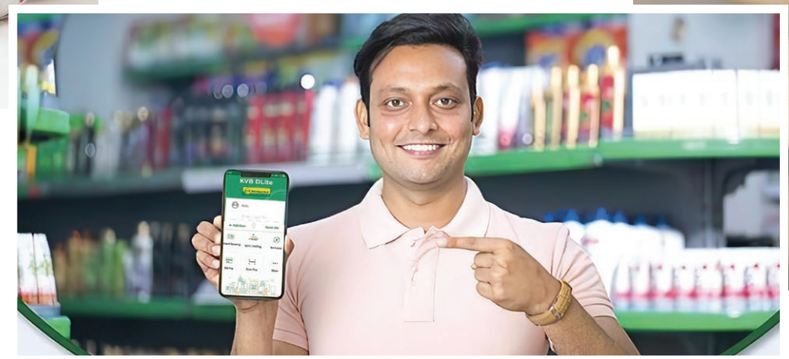
Read more page **24**



DELIVERING ALL-ROUND PERFORMANCE

We delivered solid business growth, increased profitability and improved asset quality. This reflects our efforts towards growing our books responsibly and driving growth across business verticals.

Read more page **26**



STRENGTHENING DIGITAL ECOSYSTEM

We have been at the forefront of technology adoption and intervention, producing solutions that improve customer experience and convenience.

Read more page **28**

Scan this QR Code to download our DLite App

Google Play Store

Apple Store



BUILDING A DYNAMIC WORKFORCE

We nurture employee skills and competences to drive shared organisational objectives. With their skills, attitude and sensitivity, employees enable the Bank to develop, grow and contribute to the creation of transparent and valuable relationship with its stakeholders.

Read more page **30**

PRUDENT GROWTH

POISED FOR SUSTAINED PROFITABLE GROWTH

At KVB, we aspire to grow bigger while getting stronger, as we focus on expanding our books across verticals without any additional stress . Our robust capitalisation, well-diversified asset portfolio, growing retail-led deposit franchise, and expanding digital ecosystem enable us to capitalise on the opportunities in India's evolving landscape while mitigating the risks. Being an early adopter of technology in processes and services, we are broadening our customer base across the nation, with a special emphasis on the underbanked population.



ASSET PORTFOLIO

Agriculture
₹13,044 Crore
13% y-o-y

Retail (Personal banking)
₹13,265 Crore
8% y-o-y

Commercial
₹18,698 Crore
12% y-o-y

Corporate
₹12,543 Crore
2% y-o-y

RETAIL PORTFOLIO

Housing loans
₹5,823 Crore
9% y-o-y

Jewel loans (Personal segment)
₹1,891 Crore
7% y-o-y

Mortgage loans
₹1,832 Crore
8% y-o-y

Vehicle loans
₹1,085 Crore
4% y-o-y

Other loans
₹2,063 Crore
27% y-o-y

PREDOMINANTLY RETAIL LIABILITY FRANCHISE

- Top 20 depositors account for 5% of total deposits
- 92% of term deposits are below ₹5 Crore
- Cost of deposits down 66 bps to 4.30%
- Cost of funds lower by 67 bps to 4.32%

ADOPTING A DISCIPLINED APPROACH TO REDUCE STRESSED ASSET

- Disciplined approach to reduce NPA through prudent underwriting, enhancing collection efficiency and astute provisioning

₹3,431 Crore
Gross NPA
17%

₹1,261 Crore
Net NPA
27%

Deposits breakup (%)



	Contribution (%)
Below ₹15 Lakh	59
₹15 Lakh to ₹1 Crore	21
₹1 Crore to ₹5 Crore	12
Above ₹5 Crore	8

BUILDING A STRONG DIGITAL ECOSYSTEM

- Driving growth through partnerships
  - Collaboration with NBFCs for co-lending activities in commercial vehicles and construction equipment and other segments
  - Bancassurance partners for upselling and cross-selling of third-party products to grow wallet share
  - Fintechs for digital co-lending
- Constant upgrading of technology to keep pace with evolving customer needs

PERFORMANCE

DELIVERING ALL-ROUND PERFORMANCE

ACCELERATED, RESPONSIBLE AND GRANULAR GROWTH

Deposits
₹68,676 Crore
9% y-o-y

+

Advances
₹57,550 Crore
9% y-o-y

Total business
₹1,26,226 Crore
9% y-o-y

The pandemic-induced challenges notwithstanding, we delivered growth across all business verticals while improving profitability and asset quality. In the process, we crossed a couple of important milestones, with our total business surpassing ₹1,25,000 Crore and net profit hitting all-time high. This noteworthy performance is attributed to our ability to expand our margins, despite intensifying competition and a benign interest rate environment, as we focused on reducing costs, driving collection efficiency and ensuring credit quality.

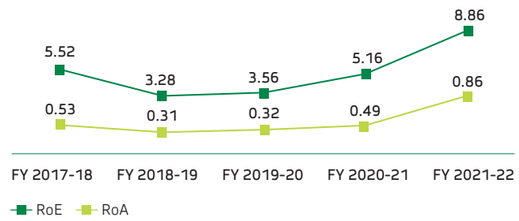
26%
Growth y-o-y in Operating Profit

87%
Growth in y-o-y in Net Profit

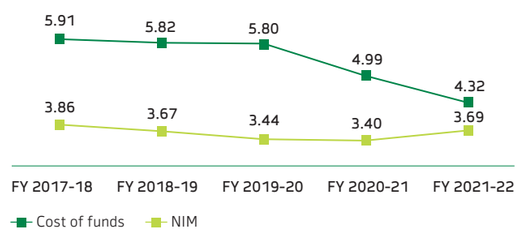
3.69%
Net Interest Margin
Up 29 bps



Return ratios (%)



Margin profile (%)



CONTINUED FOCUS ON DIGITAL OFFERINGS

- Focusing on existing processes in the physical, digital and phygital mode and continuously reengineering them to improve efficiency
- Adding new products and services in the areas of delivery channels and digital lending system
- Partnering with various institutions to improve footprint in the digital world of lending and other banking services

DIGITAL

STRENGTHENING DIGITAL ECOSYSTEM

At KVB, we had long realised the distinct advantage of digital in scaling and delivering greater customer satisfaction while becoming more efficient. Digital today is key to personalising customer journeys and augmenting experience across touchpoints. We are strengthening our digital capabilities and partnering with disruptive technology providers to expand the ecosystem. This is leading to greater efficiency, faster turnaround time and improved credit quality through intelligent underwriting, thereby enhancing customer stickiness.



INTRODUCING DIGITAL FREIGHT FINANCING

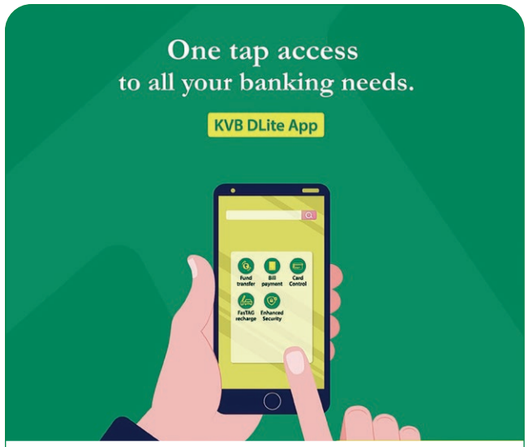
In FY 2021-22, we became the first Indian bank to tie up with a leading digital freight platform, which has brought disruptive technologies in the field of logistics, to introduce digital freight financing for logistics contractors. Through their niche platform module, we are able to onboard logistics companies and shippers to this unique freight financing solution. The platform enables us to authenticate transaction by providing complete visibility, right from the time the material is picked up from the shipper up to the delivery, while releasing working capital for transporters, which otherwise has a long cycle time.

Here's how we are strengthening our digital ecosystem



KVB NEXT – COMPLETELY DIGITALISED LENDING SOLUTIONS

- Digital application
- Data driven credit assessment
- Automated customer screening
- Digital documentation
- No human touch disbursement



DLITE – OMNICHANNEL FRONT-END INTERFACE FOR BEST-IN-CLASS USER EXPERIENCE

The secured API gateway integrates with multiple fintech products.

FY 2021-22 improvements

- Customised OTP for all modules
- Push notifications on DLite
- Online Re-KYC
- Feedback and grievances

3.4 million
DLite app downloads

INTELLIGENT UNDERWRITING

Through our digital transformation, our underwriting of credit facilities has completely changed from judgemental model to Business Rule Engine (BRE) model. With this, limits are assessed to meet the actual requirements of borrowers.

TIE-UP WITH BANCASSURANCE AND CO-LENDING PARTNERS THROUGH OPEN API

We have opened our APIs so that third parties can access our systems after complying with all security measures as mandated by the information security team. Tie-ups with insurance and loan companies utilising this technology are live. We are also exploring more such tie ups.

AGGREGATOR SERVICES DIGITALLY INTEGRATED

We have launched account aggregator services and have integrated this with our digital loan origination system. We are now part of the Sahamati umbrella for aggregator services.

DIGITAL PUSH THROUGH AWARENESS CAMPAIGNS

We actively campaign through digital media to create a strong digital push towards cashless payments.

94%
Share of digital transactions

2.95 Lakh
Number of accounts opened digitally

51%
Growth in digital transactions y-o-y

9.84 Lakh+
Registered Net banking users

80,000
Average daily digital transactions

17.90 Lakh
Mobile banking users

PEOPLE



Diversity ratio

28%

of Female Employees to Total Employees

BUILDING A DYNAMIC WORKFORCE

As customer needs evolve, we are constantly reinventing ourselves to cater to ever-changing preferences and expectations. In this continuous transformation, creating and nurturing a future-ready workforce is one of our primary focus areas. It begins with hiring the right talent, and then enabling them to build competencies that stay contemporary through regular training and this is the key to securing a sustained growth path.



RECRUITING THE RIGHT TALENT AND MAKING THE RIGHT DEPLOYMENT

- Formation of Talent Acquisition team to get the right mix of skills
- AI enabled and proctored online assessment platform to support the hiring needs and make faster decisions
- BEI (Behavioural Event Interviewing) certified interview panel to ensure right hire and consistency in the selection process
- Empanelled dedicated vendors to support the hiring needs in different models – hire, train and deploy
- Job Boards to ensure faster sourcing
- Internal job posting to provide internal growth opportunities
- Employee Referral Programme

RESKILLING, UPSKILLING AND REDEPLOYING OUR WORKFORCE TO TAKE UP NEW CHALLENGES

- Internal Flex Training Programs to provide a practical training platform to improve productivity and increase motivation
- Creating an internal talent pool by encouraging employees to develop secondary skill sets
- Talent management through appropriate retention measures



CREATING SCALABLE LEARNING INFRASTRUCTURE AND PROMOTING A CULTURE OF CONTINUOUS LEARNING

- Digital Centre of Excellence (DCE) for online training program to transform learning and empower employees with competencies and skills through adoption of 'Distributed Continuous Learning Methodology'
- E-Learning in collaboration with Wombat Security Services & EC Council for cybersecurity awareness
- Periodical Knowledge Updation Tests to evaluate the current developments in the industry and also within the Bank.

TRAINING PROGRAMMES FY 2021-22

Category	No. of Programmes	No. of Participants
Internal Programmes	106	2,797
Structured Programmes	118	6,432
External Programmes	139	795
Internal Flex Programmes	301	9,613
Total	**664**	**19,637**

28,780

Mandays of training

ENVIRONMENT

Preparing for a low-carbon future

At KVB, we had long realised the distinct advantage of digital in scaling and delivering greater customer satisfaction while becoming more efficient. Digital today is key to personalising customer journeys and augmenting experience across touchpoints. We are strengthening our digital capabilities and partnering with disruptive technology providers to expand the ecosystem. This is leading to greater efficiency, faster turnaround time and improved credit quality through intelligent underwriting, thereby enhancing customer stickiness.

We continue to pursue our strategy of energy conservation, extending scope of green lending products and continue to make inroads in digitisation of processes. On the product side, we are practising strategy to enhance our offerings in line with larger sustainable goals, such as green lending, financial inclusion, community development and thrust on digitisation of products.

While being a financial services entity, we have minimal exposure to issues related to water and waste management. However, on energy management, we are working towards adopting energy conservation mechanisms while at the same time encouraging use of renewable energy in its internal operations. We have spent ₹0.35 Crore for energy conservation measures and our consumption of renewable energy increased from 12,81,981 units in FY 2020-21 to 14,41,465 units in FY 2021-22.

14.40 Lakh+ units
Renewable energy generated in FY 2021-22

As part of our operations enhancement, we constantly aim to reduce adverse impact on the environment by identifying ways to optimise resource consumption in operations and encourage the customers in the use of electronic media over print communication. We have implemented:

- Digital Current account (Paperless current account opening process with e-sign)
- Video KYC for remote customer on-boarding. This came in handy for paperless and contactless enrolment of customers during COVID-19 pandemic
- Digitisation of the inter-office communication and notes management using E-Memo application, thereby replacing the need for paper, and movement of paper-based documents

Further, as a lender to manufacturing industries which comprise over a quarter of lending portfolio, we are currently looking into ways to include climate change as one of the key criteria in lending decision making process and are in the process of formulating strategy around the same. We are looking to enhance product offering to encourage lending towards green economic activities.



REDUCING CARBON FOOTPRINT

We have undertaken following initiatives towards clean energy and reducing carbon footprint:

1. We own 850 KW Wind Turbine Generator at Govindanagaram village, Theni District in Tamil Nadu. 14,41,465 units of power were generated during the fiscal and the same were utilised for Registered & Central Office at Karur and also at Divisional Office, Chennai premises.
2. Energy Efficiency – we undertook various energy efficiency improvement initiatives for energy conservations across all premises by installing LED lights in phased manner. VRF (Variant Refrigerant Flow) AC units have been installed at back offices in Chennai, Mumbai and other Metro and Urban centres to save electricity by energy conservation technology. During the year, we spent ₹35 Lakh towards procuring energy efficient equipment.
3. We have installed solar panels at Bangalore DO (Bank owned building).
4. We have provided solar panel operated streetlights in our owned residential quarters at Ram Nagar, Karur.

CORPORATE SOCIAL RESPONSIBILITY

Towards community empowerment

We share strong and symbiotic relationships with the communities where we work and operate. We honour and value their trust and it strengthens our resolve to keep making positive change and bringing greater equity of access to the marginalised.

The philosophy of the CSR Policy of the Bank is to contribute to the social and economic development of the community. We seek to look at CSR not just as a compliance agenda but as a strategic approach towards betterment of society and environment. With defined core focus areas for implementation of its projects, the bank actively supports initiatives in the areas of sanitation, healthcare, education and environment. The objective is to take a holistic approach in these areas so that the beneficiaries and society at large can look forward to a better standard of life and livelihood.

Enhancing the skill sets of 400+ households rural women that will directly improve their employability / provide opportunities for self-employment





SUPPORT PROVIDED TO INSTALL OXYGEN GENERATORS

To address the emergency need during the peak of the second wave of the pandemic, for providing oxygen support to the critical patients, KVB supported under its CSR programme, installation of two Modular Oxygen System of 200 lpm costing ₹ 80.64 Lakh each to Government Hospital Aravakurchi, Karur district and Government Hospital Edappadi, Salem district.

35,000+
Impacted lives through CSR activities



CONSTRUCTION OF EMERGENCY COVID CARE UNIT

KVB donated towards construction of an emergency COVID care unit at the Government Hospital, Udumalpet, Tamilnadu to accommodate and treat the community members of vulnerable areas affected by COVID-19.



UPGRADING GOVINDAMPALAYAM HEALTH CENTRE

Donated ₹3.3 Lakh worth of medical equipment and furniture and upgraded the Govindampalayam Primary Health Centre to cater the health needs of rural community.

MEDICAL EQUIPMENT TO COVID CARE CENTRE, KARUR – JUNE 2021

KVB provided 20 Oxygen concentrators, 100 finger pulse oximeter and 20 multi-parameter monitors to Government Medical College Hospital, Karur during the peak of the second wave of the pandemic.





DONATION OF BATTERY-OPERATED VEHICLES

Towards creating a clean and sustainable urban environment KVB donated battery-operated vehicles costing ₹2.83 Lakh for collection, segregation and disposal of household garbage of Vellakovil and at Kangeyam Municipalities.



TOWARDS CREATING HUNGER FREE KARUR

SANGAMAM Charitable Trust, Karur is working to support FSSAI's initiative on "Save Food and Share Food" and running their Trust with a focus to create "Hunger Free Karur". They are offering food to roadside dwellers, differentially challenged and intellectually challenged on daily basis. KVB provided an electric vehicle to SANGAMAM Charitable Trust to facilitate them to distribute food over a wider radius.



ENSURING A HEALTHY LIFE TO CANCER AFFECTED PERSONS

Sri Thangam Charitable Trust is a registered trust run by Thangam Cancer Centre and it is a premier centre for cancer treatment in the state. In order to support patients requiring free/ subsidised medical care who are from the economically weaker section of the society and cannot afford treatment for cancer, KVB is supporting the Trust at subsidised cost on the surgeon's fee and hospitalisation stay under CSR activity.



PARTICIPATORY COMMUNITY SAFE DRINKING WATER PROGRAMME INAUGURATION

KVB is supporting to provide safe drinking water to the rural community members of Theni district. The project is executed through project implementing agency VIDIYAL along with the respective community members, elected representatives and government bodies.



CLASSROOM RENOVATION AND FURNITURE FOR GOVERNMENT SCHOOLS

KVB has always been at the forefront of supporting rural school students' education. Velliyanai Govt. Girls Higher Secondary School, Karur, received one classroom renovated by repairing and relaying the floor and painting the walls, as well as desks and benches.

Government Higher Secondary School, Tho.Jedarpalayam was running with more than 900 students and teachers & Govt. Girls Higher Secondary School, Vaangal, Karur with 380 students and these schools are supported with desks and benches to improve the infrastructure facilities to provide quality education to the rural students.



MEDICAL EQUIPMENT TO ADHIPARASAKTHI CHARITABLE MEDICAL EDUCATIONAL AND CULTURAL TRUST

The Adhiparasakthi Charitable Medical Educational and Cultural Trust is providing medical services to the general public at free of service. KVB under its CSR provided medical equipment to the trust to provide free and quality medical aid to the rural poor.

RECONSTRUCTIVE SURGERY TO BURN SURVIVORS

Burn Survivor Mission Saviour is supporting to burn survivors for free reconstructive surgery to lead a normal life and KVB is supporting through CSR for free surgeries.





SAFE DRINKING WATER TO THE RURAL SCHOOL STUDENTS

KVB under its CSR extended support to provide safe drinking water to the Rural Government school Students of Sengulam & ChinnaSengal, Karur.

RESTORATION OF WETLAND ECOSYSTEM VADAPERUMPAKKAM, CHENNAI

KVB is supporting Environmentalist Foundation of India towards restoration of wetland ecosystem to ensure ground water harvest and conservation in the urban limits.





SKILL DEVELOPMENT TRAINING TO RURAL WOMEN

Rural women members of Ayyampalaym, Batlagundu of Dindigul district are provided with skill development training on tailoring, aari and thread craft embroidery under KVB CSR support by Sakthi Trust.

JAYAM Trust provided training to the rural women members on door mat weaving under the KVB CSR support towards ensuring skill development and livelihood for the rural women.

CUSTOMER ENGAGEMENT

Fostering relationships of trust

Our relationship with customers forms the basis of our success. We are dedicated to provide affordable, accessible and customised financial products and services to the country's underserved customers.



We believe that offering prompt and efficient service is essential not only to attract new customers, but also to retain existing ones. The following are the attributes of customer service

- Promote good and fair banking practices in all dealings with the customers
- Promote a fair and equitable relationship between the bank and the customer
- Train the frontline staff attending to the customers
- Staff members attend to customers promptly and courteously
- Hassle free and convenient banking is provided to physically challenged persons and senior citizens
- The products and services offered are in accordance with relevant laws and regulations
- Customers are fully informed of avenues to escalate their complaints/ grievances within the organisation and their rights to alternative remedy, if they are not fully satisfied with the response of the bank to their complaints.
- Customer's expectation/requirement can be better appreciated through personal interaction with customers by the staff



Culture of superior customer service

- We put together high importance for delivery of superior customer service across all the touch points
- Evaluate the services rendered through the feedback of customers and public and there takes necessary corrective measures to ensure superior customer service culture among the staff. We also train the staff in order to deliver the customer service in the desired manner and to provide effective service
- The customer service rendered by the staff members are evaluated during the appraisal process
- The customer service is improved by the way of obtaining feedback and suggestions from customers
- We conduct meeting with customers to ascertain the needs of customers and the standards of delivery against the expectations
- The gaps if any identified are addressed by taking appropriate steps and thereby ensuring effective customer service
- Periodical customer meets at Branches, Divisional Offices and also at Central Office.

COMPLAINTS RECEIVED AND RESOLVED DURING FY 2021-22

We treat customer complaints with utmost importance and believe we need to be agile, transparent and solution-oriented to resolve them efficiently and satisfactorily. Periodical customer meets at Branches, Divisional Offices and also at Central Office.

SN	Particulars	FY 2021-22
A. Complaints received by the bank from its customers		
1	Number of complaints pending at beginning of the year	40
2	Number of complaints received during the year	4,656
3	Number of complaints disposed during the year	4,568
4	Number of complaints pending at the end of the year	128#

The pending complaints at the end of the year has been closed subsequently within the regulatory timelines

MARKETING AND BRANDING

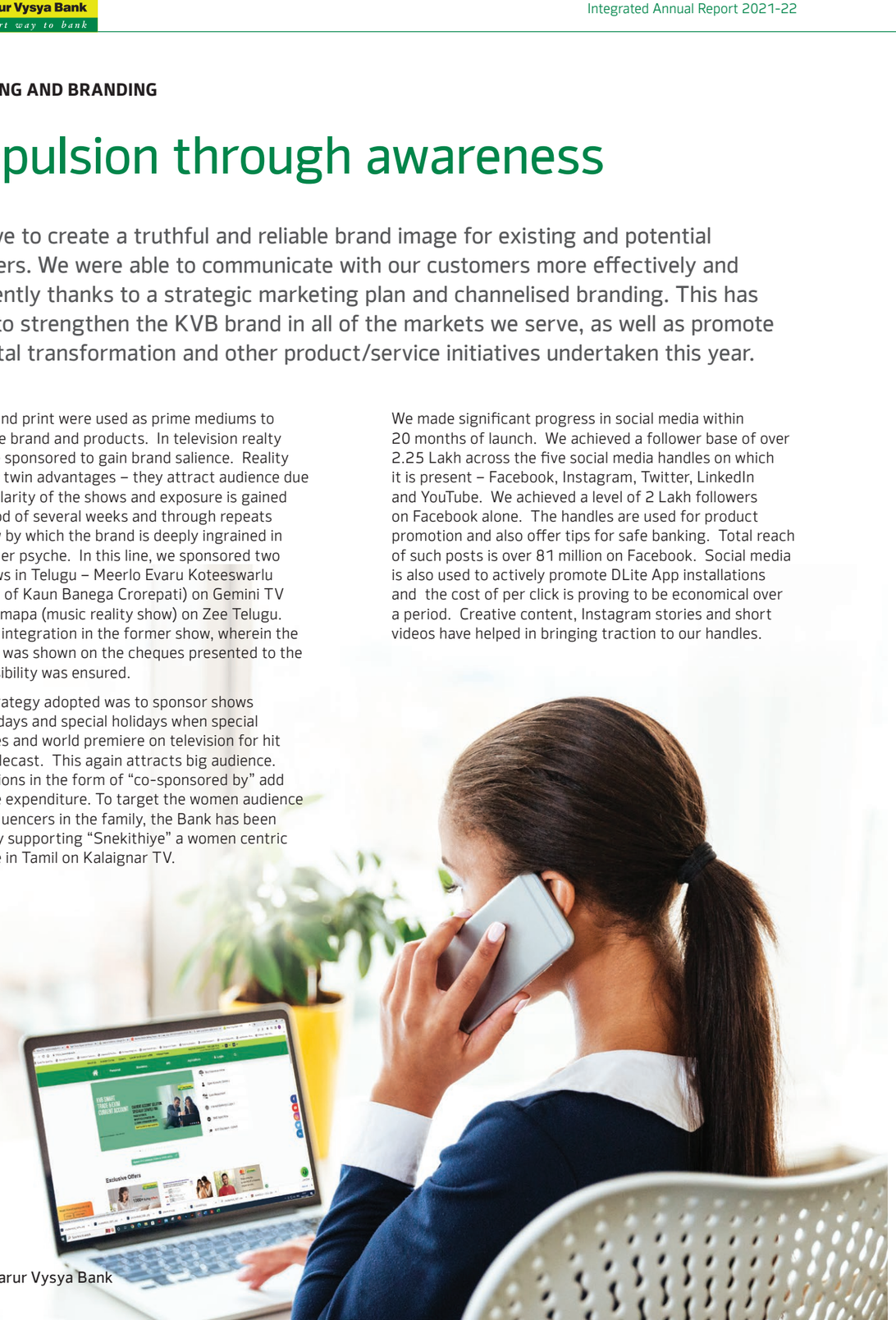
Propulsion through awareness

We strive to create a truthful and reliable brand image for existing and potential customers. We were able to communicate with our customers more effectively and consistently thanks to a strategic marketing plan and channelised branding. This has helped to strengthen the KVB brand in all of the markets we serve, as well as promote the digital transformation and other product/service initiatives undertaken this year.

Television and print were used as prime mediums to promote the brand and products. In television realty shows were sponsored to gain brand salience. Reality shows have twin advantages – they attract audience due to the popularity of the shows and exposure is gained over a period of several weeks and through repeats of the show by which the brand is deeply ingrained in the consumer psyche. In this line, we sponsored two reality shows in Telugu – Meerlo Evaru Koteeswarlu (adaptation of Kaun Banega Crorepati) on Gemini TV and Saregamapa (music reality show) on Zee Telugu. With brand integration in the former show, wherein the bank's logo was shown on the cheques presented to the winners, visibility was ensured.

Another strategy adopted was to sponsor shows on festival days and special holidays when special programmes and world premiere on television for hit films are telecast. This again attracts big audience. Value additions in the form of "co-sponsored by" add value to the expenditure. To target the women audience who are influencers in the family, the Bank has been consistently supporting "Snekithiye" a women centric programme in Tamil on Kalaignar TV.

We made significant progress in social media within 20 months of launch. We achieved a follower base of over 2.25 Lakh across the five social media handles on which it is present – Facebook, Instagram, Twitter, LinkedIn and YouTube. We achieved a level of 2 Lakh followers on Facebook alone. The handles are used for product promotion and also offer tips for safe banking. Total reach of such posts is over 81 million on Facebook. Social media is also used to actively promote DLite App installations and the cost of per click is proving to be economical over a period. Creative content, Instagram stories and short videos have helped in bringing traction to our handles.



2.25 Lakh+
Follower base across five social media handles



















GOVERNANCE

Guiding with prudence and foresight

At KVB, we have always upholded the highest standards of corporate governance and have remained committed to achieve sustainable and profitable growth. Our efficient risk management framework ensures that we are able to navigate the market vagaries smoothly while our strong governance practices guarantee effective internal control over processes and reliable reporting of our performance.

We believe that sound corporate governance is the bedrock of a sustainable and commercially successful business. Our culture of corporate governance goes long back, and it is essentially about meeting our strategic goals responsibly and transparently, while being accountable to our stakeholders. The principles and beliefs that ensure good governance are entrenched at a fundamental level within the organisation and are distinctly visible across the businesses. We engage openly and transparently with all stakeholders and conduct our business fairly.

Governance structure

BOARD OF DIRECTORS

Responsible for preserving and enhancing the Corporate Governance standards and actively involved in formulating/ reviewing Policies, providing strategic guidance to the Management and reviewing the functioning of the Management.

BOARD COMMITTES

In-depth scrutiny and focused attention on subject matters thereby enabling better management of Board's time. The Committees derive their authority from the powers deleted by the Board and act in accordance with the terms of reference of Charter.

LEADERSHIP TEAM

Ensures effective implementation of Strategic and Policy related decisions approved by the Board/ Committees and keeps abreast of the updates.

Board's role

The Board of Directors of your Bank have a precise understanding about the business dynamics and the environment under which the Bank operates. The Board is also aware of the inherent challenges and opportunities in its business operations.

Our corporate governance framework ensures providing the strategic guidance to the Bank, effective monitoring of management and the Board's accountability to the Bank and its shareholders. The business strategies of the Management are presented to the Board on an annual basis and the progress in reaching the strategic goals is periodically reviewed by the Board. The Board always acts in good faith, with due diligence and care, and in the best interests of the shareholders.

1
Executive Director (MD&CEO)

6
Independent Directors

4
Non-Independent Directors

A truly diverse Board consolidates and leverages the multiple viewpoints, perspectives, knowledge, skill, industry experience etc., of its Directors, in order to consistently improve its competitive edge. Also, a diverse Board will be crucial in achieving its strategic and commercial objectives including - business results, strengthening the efficacy of corporate governance and enhancement in quality & responsibility of decision making.

At KVB, we recognise and embrace the importance of a diverse Board for the success of the organisation. Our Board is well-diversified and consists of expert skillsets as relevant to banking business. Our Directors possess "New & Historical" skill sets as per the Diversity Policy of the Bank and in line with RBI regulation. Our Board has Eleven Directors as on the date of this report and the Independent Directors constitute more than fifty percentage of Board's total strength and also constitute majority in Board Committees. The Board has a Managing Director & Chief Executive Director, four Non-Independent Directors and six Independent Directors, out of which two are women Directors.

Accountability and transparency

The Board is strongly committed to provide reliable and comprehensive financial & non-financial reporting, accompanied by a robust feedback mechanism. To ensure the best interests of our stakeholders, we align with the best practices relating to disclosures and are subject to internal and/or external assurance and governance procedures.

Board committees

The Committees constituted by the Board play a critical role in imparting in-depth scrutiny of the agenda items, focused attention on specific areas and arrive at informed decisions within the delegated authority.

We have constituted various Board level Committees at our Bank, in order to have dedicated attention on various areas:

- Management Committee of the Board
- Audit Committee
- Nomination and Remuneration Committee
- Customer Service and Stakeholders Relationship Committee
- Risk Management and Asset Liability Management Committee
- NPA Management Committee
- Special Committee for Fraud Monitoring
- IT Strategy and Digital Transaction Monitoring Committee
- Review Committee for Wilful Defaulters and Non-Cooperative Borrowers
- Corporate Social Responsibility (CSR) Committee

Policies, codes and standards

We have constituted an Internal Complaints Committee in terms of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. The purpose of the Committee is to provide protection against sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and for matters connected there with or incidental thereto. The Committee has not received any complaint during FY 2021-22.

We have put in place a 'Whistle-Blower Policy' in compliance of the provisions of Companies Act, 2013, Regulation 4(2)(d) the SEBI (LODR), 2015 and SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended. 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 to prevent/protect the Bank at the initial stage itself. This mechanism also provides adequate safeguards against victimisation of employees who avail 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 https://www.kvb.co.in/docs/whistle-blower-policy.pdf.

Bank has put in place Code of Conduct & Ethics for Directors and Senior Management of the Bank, in order to provide guidance in recognizing & dealing with ethical issues, mechanisms to report unethical conduct and to help foster a culture of honesty and accountability. The Code also promotes ethical values and is the manifestation of the Bank's commitment to successful operation of the business in the best interest of the shareholders, creditors, employees and other business associates.

GOVERNANCE

Board of Directors



Shri B Ramesh Babu
Managing Director and
Chief Executive Officer



Dr K S Ravichandran
Non-Executive
Independent Director



Shri R Ramkumar
Non-Executive
Non-Independent Director



Shri K G Mohan
Non-Executive
Independent Director



Shri M K Venkatesan
Non-Executive
Non-Independent Director



Shri A K Praburaj
Non-Executive
Non-Independent Director



Dr R Harshavardhan
Non-Executive
Independent Director



Dr Meena Hemchandra
Additional Director under
Independent category



Shri Murali Ramaswami
Additional Director under
Independent category



CA K L Vijayalakshmi
Non-Executive
Independent Director



Shri M V Srinivasamoorthi
Non-Executive
Non-Independent Director

Chairman/Chairperson

- Management Committee
- Audit Committee
- Nomination and Remuneration Committee
- Risk Management and Asset Liability Management Committee
- NPA Management Committee
- Corporate Social Responsibility Committee
- Special Committee for Fraud Monitoring
- Review Committee for Wilful Defaulters and Non-Cooperative Borrowers
- Customer Service and Stakeholders Relationship Committee
- IT Strategy and Digital Transaction Monitoring Committee

as on date of this Report

GOVERNANCE

Senior Management



B Ramesh Babu
Managing Director and
Chief Executive Officer



Natarajan J
President &
Chief Operating Officer



Shekhar Ramarajan
General Manager &
Chief Risk Officer



Mahendran K
General Manager
Precious Metals Division



Chandrasekaran R N
General Manager
Corporate & Institutional Group



Srinivasan V
General Manager & Head -
Credit Monitoring, Legal & Recovery



Sekar S
General Manager &
Chief Information Officer



Saravanun C
General Manager -
Information Technology Dept



Anburaj V
General Manager
Commercial Banking Group



Immanuel Gnanaraj Daniel
General Manager
Human Resources



Ramshankar R
General Manager &
Chief Financial Officer



Thathai Narayan Seetharaman
General Manager Treasury



Dolphy Jose
General Manager &
Head - Consumer Banking



Sudhakar K V S M
General Manager &
Chief Compliance Officer



Murali L
General Manager &
Head - Internal Audit

AWARDS

Honours that motivate us



Best Use of AI/ML & Data Analytics by **IBA Banking Technology Awards, 2021**



Best Cloud Adoption by **IBA Banking Technology Awards, 2021**



Best IT Risk and cyber–Security Risk Initiatives by **IBA Banking Technology Awards, 2021**



Excellence in supporting Education and Skill - Special Recognition by **ASSOCHAM CSR & Sustainability Awards, 2021**



Best Technology Enabler of the Year - **ASSOCHAM 8th MSMEs Summit of Excellence**



Best MSME Bank of the Year **ASSOCHAM 8th MSMEs Summit of Excellence**



Exemplary Community Economic Development Work with sustainable impact by **Rotary CSR Award, 2021**



Government of India - Award for Excellence **MEITY DIGIDHAN Award**



Best Innovative Bank and Best MSME Friendly Bank - **CIMSME Banking Excellence Awards, 2021**

Annual General Meeting 2021



Speaker Shareholders









Corporate Information

REGISTERED & CENTRAL OFFICE

CIN: L65110TN1916PLC001295
No. 20, Erode Road, Vadivel Nagar,
L.N.S. Karur – 639 002.
Phone: 04324-269440-43
Fax: 04324-225700
E-mail: kvb_sig@kvbmail.com
Website: www.kvb.co.in

JOINT CENTRAL STATUTORY AUDITORS

M/s R G N Price & Co., Chartered Accountants, Chennai

M/s Sundaram & Srinivasan, Chartered Accountants, Chennai

SECRETARIAL AUDITOR

M/s Bapulal Yasar & Associates, Company Secretaries, Madurai

COMPANY SECRETARY & DEPUTY GENERAL MANAGER

Srinivasarao Maddirala

SHARE TRANSFER AGENTS

Equity (INE036D01028):

S.K.D.C. Consultants Limited
(a Wholly owned subsidiary of Link Intime India Pvt. Ltd), "Surya", 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641 028

Debt Instrument (INE036D08015):

KFin Technologies Limited
Selenium Tower B, Plot No's: 31&32,
Financial District, Gachibowli,
Nanakaramguda, Serilingampally,
Hyderabad – 500 032.

DEBENTURE TRUSTEES FOR THE BANK'S BASEL III, UNSECURED, NON-CONVERTIBLE, REDEEMABLE, TIER-II BONDS

Axis Trustee Services Limited
The Ruby, 2nd Floor,
SW, 29 Senapati Bapat Marg,
Dadar West, Mumbai – 400 028

DEPUTY GENERAL MANAGERS

R Venkatesan
A Varadharajan
B Ramkumar
C Ramakrishna
V Ramesh Prabhu
D S Gokulchandar
D Akbar Dorai
R V S Ramanjaneya Kumar
K Ravichandran
S Giridharan
Abhishek Bedbak
A Nitin Rangaswami
Jatla Sivaramakrishna
S Ravi
K Prasad
L Lakshmanan
S Vinoth Kumar
Malpani Bhavesh Hariprasad
R Ganesan
G V Ramasamy
P V Vijayakumar
K P Muthu Kumar
D Sridhar
P Lakshmana Murthy
S Saravanan
G Mohan Kumar
Monica Sharma
N Chakkaravarthy
V Murali
S Shanmugavel
B Venkata Kirankumar
Vippala Ramachandrareddy
S Ramu
B Manivasagam

Directors' Report

To the Members,

The Board of Directors of your Bank take great pleasure in presenting the 103rd Annual Report on the business and operations of the Bank together with the audited accounts for the financial year ended March 31, 2022.

KEY PERFORMANCE INDICATORS

The Banking Industry has withered off the pandemic shock and delivered a revived performance on the back of economic recovery. Financial Year 2021- 22 has been a landmark year for your Bank with uptick in most of the vital business parameters and highlights of which are furnished below:

Particulars	March 31, 2022 (₹ in Crore)	March 31, 2021 (₹ in Crore)@
Deposits	68,676.16	63,278.43
Advances	57,549.52	52,820.13
Investments	17,755.08	16,465.46
Total Income	6,356.73	6,389.26
Total Expenditure	4,726.52	5,097.74
Operating Profit	1,630.21	1,291.51
Net NPA	1,260.79	1,719.39
Net Profit	**673.27**	**359.39**

@ Figures for the previous period have been re-grouped and re-classified in adherence to RBI Master Direction on Financial Statements - Presentation and Disclosure dated 30.08.2021, where necessary, to make them comparable with current period figures.

TOTAL BUSINESS

Your Bank's total business crossed the milestone figure of ₹1,25,000 Crore and reached ₹1,26,225.68 Crore as on March 31, 2022, an increase of ₹10,127.12 Crore over the previous financial year position of ₹1,16,098.56 Crore.

DEPOSITS

The Gross Deposits grew by 8.53% and stood at ₹68,676.16 Crore as on March 31, 2022, an increase of ₹5,397.73 Crore over the previous financial year position of ₹63,278.43 Crore.

The Term Deposits grew by 7.56% and stood at ₹44,772.51 Crore as on March 31, 2022, an increase of ₹3,147.90 Crore over the previous financial year position of ₹41,624.61 Crore.

Your Bank's CASA balances grew by 10.39% and stood at ₹23,903.65 Crore as on March 31, 2022, an increase of ₹2,249.82 Crore over the previous financial year position of ₹21,653.83 Crore. The CASA balance as on March 31, 2022 is constituted by Savings Bank deposits of ₹16,982.71 Crore and Other Demand Deposits of ₹6,920.94 Crore. The CASA ratio of the Bank as on March 31, 2022 stood at 35%.

ADVANCES

During the year, your Bank's credit portfolio grew by 8.95% and stood at ₹57,549.52 Crore as on March 31, 2022, an increase of ₹4,729.39 Crore over the previous financial year position of ₹52,820.13 Crore.

Growth in Advances is majorly contributed by Agriculture, Commercial and Retail Advances during the period under review. As your Bank decided to cautiously grow its Corporate book, the growth was muted at 1.61% (after deducting technical write offs). The details of the Advances portfolios for financial year 2021-22 and financial year 2020-21 along with their comparative growth is furnished in the table below:

CLASSIFICATION OF ADVANCES PORTFOLIO

Particulars	March 31, 2022 (₹ in Crore)	March 31, 2021 (₹ in Crore)	y-o-y Growth %
Agriculture	13,043.68	11,530.98	13.12
Retail (Personal Banking)	13,264.83	12,256.90	8.22
Commercial	18,697.86	16,687.37	12.05
Corporate	12,543.15	12,344.87	1.61
Total Advances	**57,549.52**	**52,820.13**	**8.95**

As on March 31, 2022, the Priority Sector Lending of your Bank stood at ₹25,216.01 Crore and constituted 47.04% of its Adjusted Net Bank Credit (ANBC) as against the statutory mandate of 40%.

AGRICULTURE ADVANCES

Your Bank's average Agriculture Advances, in terms of RBI guidelines, stood at ₹10,476.49 Crore as on March 31, 2022, which constituted 20.25% of ANBC, as against the regulatory stipulation of 18%. Average Advances to Micro Enterprises and Weaker Sections stood at 7.59% and 11.69% respectively. Your Bank has continuously achieved and surpassed the statutory Agriculture target by its focused lending strategies to the Agriculture and its allied sectors.

ASSET QUALITY

Your Bank has been focusing on containing the slippages through better credit monitoring as well as intensified efforts to recover the impaired assets. Bank's vigorous follow up through its dedicated Call Center, feet-on-street capabilities at branches, dedicated Asset Recovery Branches and time-tested recovery process have resulted in a much improved Asset Quality.

The improvement in Asset Quality is also largely attributable to the robust risk management practices of the Bank, tightening of credit evaluation and focus on granulised and diversified loan book spread across different customer segments and products.

Directors' Report

NPA Management Committee and Executive Committees are monitoring and reviewing the recovery process for initiating timely and speedy action for Recovery.

The Gross NPAs of your Bank reduced by 1.89% and stood at ₹3,431.04 Crore, a reduction of ₹711.83 Crore over the previous year position of ₹4,142.87 Crore. Correspondingly, Net NPA of your Bank also reduced by 1.13% and stood at ₹1260.79 Crore as on March 31, 2022, a reduction of ₹458.60 Crore over the previous financial year position of ₹1,719.39 Crore. In terms of percentage, your Bank's Gross Non-Performing Assets (Gross NPA) and Net Non-Performing Assets (Net NPA) stood at 5.96% and 2.28% as against 7.85% and 3.41% of the previous year respectively. Further, Your Bank's SMA30+ levels has been well contained and confined to 0.82% as against 1.63% of previous year.

Your Bank has carried out focused recovery drive on a continuous basis which resulted in improved recovery performance during the past three years. The Provision Coverage Ratio stood at 80.27% and your Bank is continuously strengthening the ratio for the past five years.Your Bank will take all possible steps to curtail slippages and expedite recovery in existing SMA / NPAs.

INVESTMENTS

Your Bank's investment portfolio increased by 7.83% and stood at ₹ 17,755.08 Crore as on March 31, 2022, an increase of ₹1,289.62 Crore over the previous financial year position of ₹16,465.46 Crore. The average investment for the financial year 2021-22 stood at ₹17,079.04 Crore. The investment portfolio's composition is consistent with the Investment Policy of the Bank which emphasises on liquidity and regulatory management besides providing gains.

Interest income earned on investments during the financial year 2021-22 was ₹924.78 Crore, a marginal decrease from the previous year earnings of ₹941.79 Crore. Profit booked through sale of investments was at ₹ 56.96 Cr for the financial year 2021-22. With a view to prevent large volatility, Modified Duration of overall portfolio including Held to Maturity (HTM) was maintained at a lower level of 3.07 years. Liquidity position was maintained at comfortable levels throughout the year under review.

FOREIGN EXCHANGE TRANSACTIONS

Bank's merchant turnover stood at ₹21,623 Crore as compared to the previous financial year's level of ₹20,021 Crore. Export credit registered a growth of 13.23% during the year, from ₹1,194.82 Crore of the previous financial year to ₹1,352.85 Crore. The Income earned through foreign exchange transactions was ₹66.02 Crore for the financial year 2021-22 as against ₹57.80 Crore for the financial year 2020-21. Exchange Profit of ₹36.98 Crore and Commission & others of ₹29.04 Crore forms part of the Total Income.

INCOME

Your Bank's Interest Income increased by 2.14% and reached ₹5,587.67 Crore for the financial year 2021-22, a marginal increase of ₹117.24 Crore over the previous year earnings of ₹5,470.43 Crore. Net Interest Income of your Bank increased by 15.08% and reached to ₹2,715.37 Crore, an increase of ₹355.86 Crore over the previous year Net Interest Income of ₹2,359.51 Crore. The growth in Net Interest Income is in tandem with the topline growth in loan books of the Bank. Further, your Bank earned Non-Interest Income of ₹769.06 Crore for the financial year 2021-22. The Yield on Advances and Investment stood at 8.47% and 5.41% respectively.

EXPENDITURE

Your Bank's Interest expenditure reduced by 7.67% and reached ₹2,872.30 Crore for the financial year 2021-22, a saving of ₹238.61 Crore over the previous year Interest Expenditure of ₹3,110.91 Crore. The Operating expenses also decreased from ₹1,986.83 Crore of the previous financial year to ₹1,854.22 Crore. Your Bank regularly monitored both its operating and establishment expenses during the year and tight controls are exercised on the expenditures.

Your Bank's Cost of Deposits eased to 4.30% as against 4.96% of the previous financial year. The Net Interest Margin (NIM) improved by 29 bps and stood at 3.69% over the previous year position of 3.40%, consequent to improvement in Spread between yield on funds and cost of funds to 3.02%.

PROFIT

Your Bank's Operating Profit increased by ₹338.70 Crore and reached ₹1,630.21 Crore for the financial year 2021-22, registering a significant growth rate of 26.23% over the previous year Operating Profit of ₹1,291.51 Crore. Your Bank's Net Profit sharply increased by ₹313.88 Crore and stood at ₹673.27 Crore for the Financial Year 2021-22, a remarkable growth rate of 87.34% over the previous year profit of ₹359.39 Crore.

APPROPRIATIONS

The Net Profit of ₹673.27 Crore along with ₹1.06 Crore brought forward from the previous financial year, aggregating to ₹674.33 Crore, was appropriated as follows:

Appropriation – Transfer to	Amount (₹ in Crore)
Statutory Reserve	168.40
Capital Reserve	15.52
Investment Fluctuation Reserve	-
Special Reserve	40.00
General Reserve	320.00
Balance carried to Balance Sheet (including Proposed Dividend of ₹128 Crore	**130.41**

DIVIDEND

Your Bank has formulated the Dividend Distribution Policy as per the requirements of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI LODR") and guidelines issued by Reserve Bank India. The objective of the Policy is to ensure an equitable balance between rewarding the shareholders through dividend and retaining sufficient funds for future growth of the Bank. The Dividend Distribution Policy is available on the Bank's website at https://www.kvb.co.in/docs/dividend-distribution-policy.pdf

Accordingly, considering the capital position of the Bank and the quantum of dividend pay-out permitted, Board of Directors of the Bank are pleased to recommend a Dividend of ₹1.60 per equity share of face value of ₹2/- each i.e., 80%, for the financial year 2021-22, payable to those shareholders whose names appear in the Register of Members as on Book Closure/ Record Date. The Dividend pay-out is in accordance with Bank's Dividend Distribution Policy and is subject to the approval of the shareholders at the ensuing 103rd Annual General Meeting and also any regulatory/statutory authorities, if required.

In accordance with Accounting Standards 4 - Contingencies and Events occurring after the Balance Sheet date - notified by the MCA on March 30, 2016, the proposed dividend amounting to ₹128.00 Crore has not been shown as an appropriation from the Profit and Loss account as of March 31, 2022 and correspondingly not reported under Other Liabilities and Provisions as at March 31, 2022 (is reported under balance of profit).

PANDEMIC AND GEO POLITICAL IMPACT ON BUSINESS

The disruptions from repeated waves of COVID-19 have come in the way of sustained recovery and the quarterly trends in GDP essentially followed the ebbs and flows of the pandemic with no country, institution, society or individual being immune from COVID-19's impact. Consequently, a single strategy may not suffice. Supported by the Government's extensive vaccination drive, your Bank proactively managed the portfolio and strengthened its capital buffers.

Further, the Central Government and RBI collectively implemented a host of relief measures including extension of tenor, restructuring of advances, extension of emergency credit lines backed by the guarantee of NCGTC Ltd, ease of assessment and renewal, FITL assistance to service the working capital interest etc. Your Bank extended all the applicable relief measures to the customers to help them come out of the operational, financial, business continuity and cash flow related issues:

- Extended Guaranteed Emergency Credit Line (GECL) of ₹ 2,452 Crore
- Exposures totaling to ₹1,274 Crore were permitted for restructuring as a part of relief measure
- All the relief measures shall be phased out by March 2023.

Russia's invasion of Ukraine caused Europe's largest refugee crisis since World War II. The war in Europe is lingering and we are facing newer challenges each passing day which is accentuating the existing supply chain disruptions. As a result, food, energy and commodity prices remain elevated. KVB has 'NIL' exposure to Russia or Ukraine, as on May 2022.

As per Economists, Prices of commodities, services, manufacturing have been soaring in the last 12 months. Inflation began in 2021 and the Ukraine war only accelerated it.

As the economy continues to recover from COVID-19, due to the ongoing Russia-Ukraine conflict, financial markets have exhibited increased volatility. Business strategies are developed duly taking in to account the possible impact of inflation, rising interest rates, its sequential effect on both the social and economic activities of the customers. Business targets are derived and assigned, factoring the competition. KVB's strategic focus is to offer need-specific financial solutions/ products/services by providing customer experience through delivery of quick and efficient services.

Your Bank is monitoring the developments closely without losing sight on looking into the requirements for interim course corrections on our business strategies. Your Bank is well placed in terms of capital adequacy, business growth and continuity, availability of resources including human resources, technology infrastructure, well designed policies, systems and controls, to take the business forward duly insulating our Bank from all the foreseeable risks.

SHARE CAPITAL

The Authorised share capital of the Bank stood at ₹200.00 Crore divided into 100 Crore equity shares with a face value of ₹2/- each as on March 31, 2022. During the financial year under review, there has been no change in the Authorised share capital of the Bank.

During the financial year under review, the Bank has allotted 989 Equity Shares of face value ₹2 each pertaining to Rights and Bonus Issues held in the abeyance category. Further, Bank has allotted 6,89,964 Equity Shares of face value ₹2 each to the employees who exercised their options under KVB ESOS 2011 Scheme and KVB ESOS 2018 Scheme.

Post allotment of the aforesaid equity shares, the Issued Share Capital increased from ₹159,99,75,284 to ₹160,13,55,212 comprising 80,06,77,606 equity shares with a face value ₹2/- each and the Paid-up Share Capital increased from ₹159,86,41,438 to ₹160,00,23,344 comprising 80,00,11,672 equity shares with a face value ₹2/- each. Other than the aforementioned, there is no change in capital structure of the Bank during the year under review.

The Bank's Net owned funds grew to ₹7,596.20 Crore as on March 31, 2022 from ₹6,959.74 Crore of the previous financial

Directors' Report

year. The Market Capitalisation of the Bank stood at ₹3,704.05 Crore as on March 31, 2022.

EARNINGS PER SHARE/BOOK VALUE

Bank's Earnings Per Share (Basic) stood at ₹8.42 and the Book Value of shares as on March 31, 2022 was ₹94.95 per fully paid equity share of face value ₹2/- each.

DEBT INSTRUMENTS & CREDIT RATING

The Bank had issued Basel III Compliant Unsecured, Redeemable Non-Convertible Tier II Bonds to the value of ₹487 Crore with a coupon rate of 11.95% p.a. and a tenor of 123 months (maturing on June 12, 2029) in March 2019 through Private Placement, having a call option at 5th Coupon Payment date i.e., March 12, 2024 or on any Coupon Payment date thereafter. The third coupon interest has been duly paid to the Debenture holders on March 12, 2022.

Status of credit rating:

Particulars	Rating Agency	Rating	Rating Action	Date of Revision
Basel III Tier II Bonds – Issue of ₹ 1,200 Crore where ₹ 487 Crore was utilised	ICRA	[ICRA] A(Positive)#^	Reaffirmed	December 28, 2021
	India Ratings & Research	IND A+/Stable ^	Affirmed	February 07, 2022
Certificate of Deposits Programme – ₹3,000 Crore	ICRA	[ICRA] A1 +	Reaffirmed	July 02, 2021
		[ICRA] A1 +	Reaffirmed	September 30, 2021
		[ICRA] A1 +	Reaffirmed	December 28, 2021
		[ICRA] A1 + *	Reaffirmed	March 25, 2022
	CRISIL	CRISIL A1 +	Reaffirmed	May 12, 2021
		CRISIL A1 +	Reaffirmed	July 16, 2021
		CRISIL A1 +	Reaffirmed	September 22, 2021
		CRISIL A1 +	Reaffirmed	December 07, 2021
		CRISIL A1 + *	Reaffirmed	February 24, 2022

The outlook is revised to Positive from Stable

^ Instruments with this rating are considered to have an adequate degree of safety with respect to the timely servicing of financial obligations. Such instruments carry a low credit risk.

* Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

CAPITAL ADEQUACY

The Bank's Capital Adequacy Ratio firmed further and stood at 19.46% as on March 31, 2022, as per BASEL III norms. This is well above the statutory limit of 11.50% (9% plus Capital Conservation Buffer of 2.50% is required to be maintained as of March 31, 2022) as prescribed by the Reserve Bank of India Guidelines.

SUBSIDIARIES AND ASSOCIATES

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

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to provisions of the Regulation 34(2) (e) of SEBI (LODR) Regulations, 2015, the Management Discussion and Analysis Report for the year is provided in a separate section of the Annual Report.

NETWORK OF BRANCHES

We have seen rapid changes in the banking sector, especially the rise of digitalisation of customer interface due to the quick adaptability of customers to digital transactions, more so after the pandemic outbreak. Your Bank believes that more and more customers shall prefer the digital mode of operations, rather than visiting bank branches, and hence is focusing on enhancing its digital capabilities accordingly.

Your Bank has added 11 Branches, Five back offices and a Currency Chest during the financial year 2021-22. The branch network including Corporate Business Units, Business Banking Units, Asset Recovery Branches, NEO and Precious Metal Division totals to 822 as on March 31, 2022, excluding three Extension Counters and five Satellite Offices.

During the year under review, your Bank has installed 81 new ATMs and 21 Bunch Note Recycler Machines (BNRM) to provide uninterrupted Banking services to customers. As

of March 31, 2022, there are 1,639 ATMs, 584 Bunch Note Recycler Machines (BNRM), 178 Self-Service Passbook Kiosks.

Classification of branches and alternate channel



Metro	230	Urban	160
Semi Urban	304	Rural	128



ATM	1,639	BNRM	584
Self-Service Passbook Kiosks	178		

No. of Transactions through alternate channels- FY 2021-22 (%)



ATM	51.60	E-Commerce	4.23
POS	13.08	Internet Banking	7.20
Mobile Banking	14.91	Cash Recycler	8.98

CURRENCY CHEST

Bank has opened a new Currency Chest at Trichy during the Year under review. As on March 31, 2022, your Bank has eight Currency Chests across different locations in Tamil Nadu, Andhra Pradesh, Telangana and Karnataka to supply adequate cash to Branches & ATMs and the Clean Note Policy of RBI is being adhered to. Currency Chests also support the branches to maintain cash within the retention limit for smooth operations.

The Bank also conducted soiled note exchange melas and distribution of coins through its branches in coordination with Currency Chests.

FINANCIAL INCLUSION

Financial Inclusion ensures availability of basic banking services and products to all, thereby reaching the unreached, un-banked and under-banked areas. Bank has been the pioneer in taking initiative in the area of Financial Inclusion. Bank is providing various Business Correspondents (BCs) services & implementing comprehensive Financial Inclusion Programme through effective utilisation of BCs in Sub Service Area (SSA). SSA is a cluster of few villages and is linked to one base branch of the Bank.

Your Bank has reached the underprivileged segment of the society and extended its focused financial services through 142 Bank Mitras in rural villages, 3 Bank Mitras in urban locations with 39 Ultra Small Branches. The Bank Mitra use Micro ATM for providing the banking services.

Your Bank continues to provide basic financial products including Basic Savings Bank Deposit Account (BSBDA), Insurance products and Pension accounts and thereby support the Government in implementation of various social welfare schemes.

Pradhan Mantri Jan Dhan Yojana (PMJDY):

Your Bank has opened 1003 PMJDY accounts during the year under review. The balances outstanding in the PMJDY accounts as on March 31, 2022 was ₹18.82 Crore. The Bank has issued 1003, Rupay Debit Cards under PMJDY accounts during the year. Micro ATM devices are provided to Bank Mitras for facilitating payments, which are enabled for accepting Rupay Card transactions/Aadhaar enabled Payment system (AePs)/ Third Party deposit, Balance enquiry, Mini statement. Bank Mitras have done 7.76 Lakh transactions, amounting to ₹88.11 Crore during the year under report which includes of DBT/Old Age Pension/MGNREGS transactions.

Micro credit (SHGS Bank linkage):

Your Bank is providing credit facilities to Self-Help Groups (SHG) and Joint Liability Groups (JLG) to meet the credit needs of the poor. As on March 31, 2022, the Bank has 152 JLG loans with outstandings of ₹1.46 Crore.

Financial literacy:

Financial Literacy programes are intended to provide basic banking knowledge to people across various corners of the Society. Your Bank has been in the forefront in creating awareness to the rural mass on the financial services and products through the Financial Literacy Campaigns. During

Directors' Report

the 2021-22, your Bank has conducted 55 financial literacy campaigns in Rural, Semi Urban/Urban areas.

TECHNOLOGY INITIATIVES

Your Bank's digital strategy combines the best of traditional and digital banking worlds. Your bank is continuously focusing on creating innovative products & solutions while upholding previous standards and supports overall growth of business.

During this period, your bank has incorporated new functionalities in Internet Banking, Mobile Banking and Digital Lending System. These features strengthen the customer engagement levels and enhances sophistication to users to carry out their banking needs. Your Bank introduced many technological initiatives, apart from refining the existing offerings, which includes the following:

- E-sign Based Savings & Individual Current Account Opening (paperless process).
- Issuance of EMV Debit Cards (VISA) with Contactless feature for usage in POS terminals.
- Channels claims (ODR) enabled in Dlite - Mobile Banking & Internet Banking.
- Self-service Debit card controls (Hotlist, Card On/Off, Enable & Disable of transaction options like E-commerce, POS, ATM, International and Contactless) enabled in Internet banking.

DIGITAL TRANSFORMATION PROJECT

Web based online business loans:

Your bank has digitised its entire range of products in the Loan Portfolio viz. Retail Loans, Commercial Advances and Corporate Borrowings. Your Bank is making the best use of its technological infrastructure to manage operations from on-boarding of borrowers till disbursement of loans, resulting in better portfolio performance. Your Bank is the first to implement a complete end-to-end digitised loan sanction process flow and has been consistently redefining the Rule Engine with underwriting models on an ongoing basis. We are poised to grow our market share by leveraging our digital capabilities and have also digitised Credit, Risk and Monitoring activities for better internal control.

During the year, your Bank has implemented the digital journeys for commercial & agricultural products. Also, your Bank is regularly upgrading the existing digital lending system to adhere the compliance norms and adding functionalities for business growth.

Retail loans on mobile/Tablet:

During the year, the Retail Loan segment of your bank was strengthened further by including more loan products on the tablet-based application, as a part of its Digital Transformation. The Retail Lending Digital application is now equipped with Housing Loans, Personal Loans, Vehicle Loans, Education Loans, Loan against Sovereign Gold Bonds, OD against property, GECL and FITL Loans, thus empowering the branches/business units to source quality applications from the market.

This digital system will also enable your bank to fetch the bank statement via Account Aggregator Eco System for all Retail loans with ease. Also, your Bank has added the Pre-Approved Personal loan journey via Dlite Mobile Banking App. Customers spanning across all geographies are now offered various loan products with quicker turnaround time and best-in-class user experience on the digital platform.

Co-Lending initiations:

Your Bank has commenced co-lending activities with Non-Banking Finance Companies in the Commercial Vehicle and Construction Equipment segments. In the Retail segment, your Bank has on-boarded and sanctioned consumer durable loans to 18.54 Lakh of customers during this fiscal year. Going forward, your Bank will continue to focus new business opportunities under this model for widening its horizons.

INFORMATION SECURITY

The Board and Senior Management of your Bank have instituted a robust Information Security Management System (ISMS) to protect the Bank's Information Assets in accordance with the determined risk profile of the assets. Information Security function designs, develops, implements, maintains and monitors the Information Security Management System (ISMS). The Chief Information Security Officer (CISO) is responsible for providing leadership and oversight in the effective implementation and operation of ISMS in accordance with approved Policies and Procedures.

The ISMS is designed not just to focus on Confidentiality, Integrity and Availability of Information; but also, on the other principles such as Authenticity, Non-Repudiation and Accountability in order to ensure the following:

- Safety and privacy of sensitive customer and Bank information.
- Protect against any anticipated threats or hazards to the security or integrity of such information.
- Protect against unauthorised access to or use of such information that could result in harm or inconvenience to any customer.

The ISMS identifies reasonably foreseeable internal and external threats that could result in unauthorised disclosure, misuse, alteration or destruction of customer information or customer information systems. It assesses the likelihood and potential damage of these threats, taking into consideration

the sensitivity of customer information and assesses the sufficiency of policies, procedures, organisational structures, customer information systems, and other arrangements in place to control the risks.

Your Bank is maintaining the standard process of ISO/IEC 27001 by M/s TUV SUD since 2018, which is the international standard that is recognised globally for managing risks to the Information Security.

Your Bank has invested in modern technology solutions for timely application of security patches in the IT systems, host-based intrusion prevention, network behaviour analysis, privileged access control and introduced & implemented next generation firewalls and Web Application Firewall to manage and control identified risks in a manner corresponding with the sensitivity of the information and the complexity and scope of the Bank's activities.

Your Bank has established fully functional Security Operations Centre (SOC) to monitor and defend the cyber combat in 24 x 7 x 365 days to protect the Bank Information and also invested in Artificial Intelligent based monitor and defence solution against Dark web cyber combat to protect the Bank Information.

Apart from technology tools and solution to safeguard the Bank's Information, Bank contribute equally to up skill the awareness of employees about new threats in the cyber security landscape.

CALL CENTRE

The Call Centre of your Bank is a one stop Contact point of the bank which addresses queries / requests from customers, all over the world and works seamlessly round the clock.

Inbound contact centre:

Predominantly Inbound contact center receives calls / e-mails from customers and there is a dedicated team to honour the customers' requirements. We also verify the rightness of transactions of our customers through outbound calls based on the triggers from our automated fraud transaction monitoring system. Further, inbound contact centre of your Bank facilitates the customers through Video–KYC for converting Low KYC accounts opened through Dlite in to Full KYC account, verification calls for the changes in registered Mobile number requested through Dlite & Internet Banking, feed-back calls for Door-step banking services.

Outbound contact centre:

Outbound Contact Centre calls the customers on behalf of the Bank for Sales/Service and collection purposes. The outbound call activity begins with onboarding potential customers and cross selling/up selling the services of the Bank to existing customers as well. Your Bank greets the new CASA customers of the Bank and also the new borrowers including Corporate/Retail Credit Card customers by way of welcome callings which would help them to understand their rights & obligations promptly.

Tele-collection activities are designed with a view to improve the collection efficiency and consists of two segments viz., Predue calling and Postdue Calling. Predue calling is initiated to remind the customers of their due date and the EMI amount which is due to be paid. This calling helps customer to ensure that the EMI's are serviced on time. Post Due Date calling is initiated to customers who have missed to pay their dues on the agreed payment date. The intensity of outbound calls for collection are segregated based on Severity of delinquency, No of Days Past Due, Track on repayment and customer's Relationship with bank.

CHANGE IN NATURE OF BUSINESS

There is no change in the nature of business of the Bank during the financial year.

SYSTEM FOR INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

Your Bank has computerised solutions at par to New-gen Private Sector Banks in order to serve its customers in respect of all banking requirements. Adequate infrastructure has been established in processing the day to day transactions. "Flexcube" is the CBS platform used in the Bank which is commonly used in several well-known banks in the Country. The CBS platform has well defined set-up to ensure internal financial controls viz., maker-checker requirements with adequate credentials. Automation of interest & charges application and accounting transactions ensures necessary internal financial control. IT audit in respect of CBS is also being conducted as per the stipulated periodicity which ensures adherence to the regulatory and mandatory guidelines. Exclusive unswerving reporting software is used by Bank with appropriate systems and protocols which have periodical review. The same ensures reporting of Bank's business without any ambiguity. The Bank has standardised operating procedures in monitoring the account operations to have effective internal controls. Separate monitoring team has been identified to prevent and detect frauds and errors in the Bank. Compliance of regulatory /mandatory requirements are being taken care by an individual team which has its exclusive procedure in adhering to regulated and framed policies besides reporting of financial information in a disciplined manner. These systems enable the Bank to have established internal control over financial information reporting.

The Bank has Board approved policies in respect of various banking activities like lending, investment, borrowing etc. with well-defined hierarchy of officials vested with sanctioning powers. Inspection Department and Risk Management Department review various aspects of internal control,

Directors' Report

adherence to procedure and review credit assessment protocols periodically.

Internal Financial controls of the branches are verified by the statutory branch auditors during their branch audit and covered in the report. Statutory Central Auditors of the Bank audit the internal controls over financial reporting of the Bank and submit a report to the Board of directors. Thus, the Bank ensures that the Internal Financial Controls placed are operating effectively.

RISK MANAGEMENT

Risks are inherent in any business and banking is no different. The Bank has adopted a multi-layered risk management framework to identify, assess, monitor and manage risks through the effective use of processes and information technology.

Objective of the risk management of the Bank is to balance the trade-off between risk and return, and ensure that the Bank operates within the Board approved risk appetite statement. An independent risk management function ensures that the risk is managed through risk management architecture as well as through policies and processes approved by the Board of Directors encompassing independent identification, measurement and management of risks across the various businesses of the Bank. The risk management function in the Bank strives to proactively anticipate vulnerabilities at the transaction as well as at the portfolio level, through quantitative or qualitative examination of the risks. The Bank continues to focus on refining and improving its risk measurement systems including automation of processes, not only to ensure compliance with regulatory requirements, but also to ensure better risk-adjusted return and optimal capital utilisation. The Board reviews the risk profile of the Bank at periodic intervals and ensures that risk levels are within the defined risk appetite.

The independent risk management structure within the Bank is responsible for managing the credit risk, market risk, liquidity risk, operational risk, other Pillar II risks like reputational risk and strategic risk.

The Board is responsible for designing the overall risk management framework by approving various policies relating to the Risk functions and has delegated powers to Board Level Risk Management and Asset Liability Management Committee (RM & ALM) for monitoring the implementation of Risk Governance Framework, compliance to various policies & processes. The RM & ALM ensures the same by closely monitoring & guiding the functions through Executive Level Credit Risk Management Committee, Market Risk Management Committee, Operational Risk Management Committee and Fraud Risk Management Committee, Asset Liability Management Committee, which regularly assess the functional efficiency of the Bank's risk management processes. Minutes of these Committee meetings are placed to the RM & ALM Committee of the Board for its perusal and further guidance.

Risk Management department maintain different policies covering *inter alia* credit, credit risk rating, market, liquidity, treasury, operational risk, risk culture, strategic risk management and integrated risk management functions.

Bank's risk management objectives broadly cover proper identification, assessment, measurement, monitoring, controlling, mitigation and reporting of the risks across various business segments of the Bank. The risk management strategy adopted by your Bank is based on a clear understanding of the risks and level of risk appetite, which is dependent on the willingness of the Bank to take risks in the normal and stressed course of business.

Your Bank is viewing risk management as a core competency and tries to ensure sound management of risks through timely identification, assessment and management. The goal of risk management is to ensure that the Bank takes only calculated risks, which it can understand, monitor, mitigate and control, thereby minimising unexpected outcomes. All material risks of the Bank emerging in the course of its business are identified, assessed and monitored.

Your Bank is well capitalised and CRAR stands at 19.46% as on March 31, 2022. Capital provides the buffer required to manage and meet the unexpected risks / losses that materialise in spite of prudent and timely risk management actions. In our opinion presently there are no material risks which threaten the existence of the Bank.

VIGIL MECHANISM/WHISTLE-BLOWER POLICY

In compliance with RBI Guidelines, provisions of the Companies Act, 2013, the Listing Regulations and SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended; your Bank has in place the "Whistle-Blower Policy" since 2011. The Policy also incorporates the Protected Disclosure Scheme (PDS) for Private Sector Banks, instituted by the Reserve Bank of India. The Audit Committee of the Board reviews the complaints received through Vigilance Mechanisms on quarterly basis. The Bank's Whistle-Blower Policy is in synchronisation with all statutory and regulatory guidelines on Vigilance Mechanism. The details of the Whistle-Blower Policy is available on the website of the Bank. https://www.kvb.co.in/docs/whistle-blower-policy.pdf

DISCLOSURES PERTAINING TO THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The details related to Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are furnished in

the Corporate Governance Report that forms part of this Annual Report.

RELATED PARTY TRANSACTIONS

All transactions entered into by your Bank with related parties are repetitive in nature and are in ordinary course of business on an arm's length basis. Omnibus approval is obtained from the Audit Committee for transactions which are repetitive in nature and the same are reviewed on periodic basis. The Bank's policy on Related Party Transactions can be viewed at: https://www.kvb.co.in/docs/related-party-transactions-policy.pdf.

During the year, your Bank has not entered into any materially significant transactions with the related parties, which could lead to potential conflict of interest, other than transactions entered into in the ordinary course of its business. Therefore, the provisions of Section 188 of the Companies Act, 2013 are not attracted and hence filing of AOC-2 is not applicable to the Bank.

AUDIT COMMITTEE RELATED DISCLOSURE UNDER SUB-SECTION 8 OF SECTION 177 OF THE COMPANIES ACT, 2013

The Bank has constituted a Board level Audit Committee in line with the requirements of the Companies Act, 2013, SEBI LODR and Reserve Bank of India guidelines, as amended from time to time. Board has accepted all the recommendations of the Audit committee. The details of the composition of the Audit Committee are disclosed in the Corporate Governance Report that forms part of this Annual Report.

DISCLOSURE RELATED TO DETAILS OF DEPOSITS ACCEPTED UNDER RULE 8(5) (V) OF COMPANIES (ACCOUNTS) RULES, 2014

Being a Banking company, the disclosures required as per Rule 8(5) (V) of Companies (Accounts) Rules, 2014, read with Section 73 and 74 of the Companies Act, 2013 are not applicable to your Bank.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Disclosure requirements under Section 134(3)(g) of the Companies Act, 2013 are exempted to Banking companies, since the loans made, guarantees given, securities provided or acquisition of securities are in the ordinary course of business as specified in Section 186 (11) of the Companies Act, 2013.

AUDITORS

Statutory auditors

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 re-appoint, **M/s R G N Price & Co.,** Chartered Accountants (Registration No. FRN 002785S) and **M/s Sundaram & Srinivasan,** Chartered Accountants (Registration No. FRN 004207S) as Joint Statutory Central Auditors of the Bank, who are retiring at the conclusion of the ensuing 103rd Annual General Meeting (AGM) and are eligible for re-appointment, subject to the approval of shareholders of the Bank. The Bank has received consent from the Auditors on their re-appointment and confirmation to the effect that they are not disqualified to be re-appointed as the Auditors of the Bank in terms of the provisions of the Companies Act, 2013 and the rules made thereunder.

Accordingly, the Board of Directors have recommended to the shareholders, the re-appointment of **M/s R G N Price & Co.,** Chartered Accountants (Registration No. FRN 002785S) and **M/s Sundaram & Srinivasan,** Chartered Accountants (Registration No. FRN 004207S) as Joint Statutory Central Auditors of the Bank, to hold office from the conclusion of the ensuing 103rd AGM till the conclusion of the next AGM. Fee payable to Statutory Audit is proposed at ₹1,10,00,000/- (Rupees One Crore Ten Lakh only) plus applicable taxes and out of pocket expenses with a cap of 10% of fees for the financial year 2022-23, subject to the approval of RBI and Shareholders of the Bank.

Members are requested to consider the re-appointment of **M/s R G N Price & Co.,** Chartered Accountants (Registration No. FRN 002785S) and **M/s Sundaram & Srinivasan,** Chartered Accountants (Registration No. FRN 004207S) as Joint Statutory Central Auditors of the Bank.

Pursuant to the Regulation 33(1)(d) of the SEBI LODR, the Statutory Auditors have confirmed that they are subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and that they hold a valid certificate issued by the Peer Review Board of ICAI.

Independent Auditors' Report

The Joint Statutory Central Auditors of the Bank viz., M/s R G N Price & Co., Chartered Accountants (Registration No. FRN 002785S) together with M/s Sundaram & Srinivasan, Chartered Accountants (Registration No. FRN 004207S), have audited the accounts of the Bank for the FY 2021-

Directors' Report

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

There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report for the FY 2021-22.

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

Secretarial audit and secretarial compliance report

In line with Sec 204 of the Companies Act, 2013 and Regulation 24A (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Bank has appointed M/s Bapulal Yasar & Associates, Company Secretaries, Madurai to undertake the Secretarial Audit of the Bank for the FY 2021-22. The Bank produced all necessary records to the Secretarial Auditors for smooth conduct of their Audit. The Secretarial Audit Report for the FY 2021-22 is annexed to this report as **Annexure – 1.**

There are no qualifications, reservations or adverse remarks made by the Secretarial Auditors in their report for the FY 2021-22.

Pursuant to regulation 24A (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI circular No. CIR/CFD/CMD1/27/2019 dated February 09, 2019, the Bank has obtained Secretarial Compliance Report, from the Secretarial Auditors of the Bank on compliance of all applicable SEBI Regulations and circulars/guidelines issued thereunder and the copy of the same was submitted to Stock Exchange within the prescribed timelines.

IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS (IND AS)

Reserve Bank of India's (RBI) guidelines for implementation of Ind AS by Banks in India are awaited. In the interim, Bank has submitted half yearly proforma Ind AS statements as per prescribed RBI guidelines. Further details are given in Schedule 18 – Notes to Account of the Balance Sheet.

COMPLIANCE WITH SECRETARIAL STANDARDS

Your Bank is in compliance with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India during the FY 2021-22.

STATUTORY DISCLOSURES

Disclosures relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014 are detailed as under:

CONSERVATION OF ENERGY

Your Bank has undertaken various energy efficiency improvement initiatives for energy conservation at its branches/offices by installing LED lights in a phased manner. VRF (Variant Refrigerant Flow) AC Units have been installed at Trichy Divisional Office building to save electricity by energy conservation technology. During the FY 2021-22, Bank had spent ₹0.35 Crore towards procuring energy conservation equipment.

Your Bank owns a 850 KW Wind Turbine Generator at Govindanagaram, Theni District in Tamil Nadu and the said unit generated 14,41,465 units during the year under review. The Bank is utilising the power generated by Wind Turbine Generator for its Registered & Central Office at Karur and also premises of Divisional Office at Chennai.

TECHNOLOGY ABSORPTION

Your Bank has included additional level of security in accessing the core banking solution. Bio-Metric authentication acts as the second/additional level of authentication in addition to the password which is in place. This action envisages better control in accessing the core banking solution.

Bank owned payment gateway:

Bank is now equipped to offer the Payment Gateway services on its own for the merchant customers. The need of having bank owned payment gateway has further emphasised for the new business area of the bank in dealing with various Government Business. A robust near real-time fraud risk monitoring has been put in place to monitor the transactions routed through the payment gateway.

Online Mutual Fund:

Bank is offering the Mutual Funds business in an online mode now to cater the needs of the customers especially the younger generation to avail the services on the go. The solution will help the customers in managing the mutual fund portfolio end-to-end online. In addition, Bank is leveraging various schemes offered by the Asset Management Companies. The solution provides automated advisory services to plan the future of the customers based on their age and need.

Enhancing the financial inclusion:

Bank has tied-up with additional vendors to enhance the coverage of the Financial Inclusion through technology solutions. Instant onboarding of the customers through AADHAAR enabled payment system and the ability to initiate the financial transactions is the unique feature of this solution. In addition, few of the Banking services will also be offered to the customers to cater the financial needs of the customers.

Government related business:

Bank has been permitted to handle Government related business and steps had been taken for acquiring the Government related business. Now, Bank is entitled to collect the Direct and In-Direct Taxes on behalf of CBDT / CBIC through appropriate software/business application and the system integration is under process. Your Bank has ventured into a new arena which was earlier handled by the public sector banks only.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Bank continuously supports and encourages the country's export efforts through its export financing operations. The details on foreign exchange earnings and outgo are furnished in the Foreign Exchange Transactions section that forms part of this report.

MATERIAL EVENTS THAT HAVE HAPPENED AFTER THE BALANCE SHEET DATE

There are no material events/changes and commitments, which affect the financial position of the Bank between the end of the financial year of the Bank and the date of the Directors' Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS

During the FY 2021-22, no significant and material orders were passed by the Regulators or Courts or Tribunals against the Bank which impacts its going concern status and Bank's operations in future.

MAINTENANCE OF COST RECORDS

Being Banking Company, your Bank is not required to maintain cost records as per sub-section (1) of Section 148 of the Companies Act, 2013.

EXTRACTS OF ANNUAL RETURN

The Annual Return for the financial year ended March 31, 2022, as required under Section 92 (3) and Section 134(3)(a) of the Companies Act, 2013 is available on the Bank's website at https://www.kvb.co.in/investor-corner/annual-general-meeting/.

DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

Being a Banking company as a part of its recovery mechanism during the year under review, Bank has filed two cases in NCLT under IBC, 2016 amounting to book value of ₹402.93 Crore, which are ordered for Liquidation. Further, there are no applications filed against bank under IBC, 2016.

DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

Being Banking Company, the aforesaid provision is not applicable to your Bank.

PARTICULARS OF EMPLOYEES

The information as required under Section 197(12) of the Companies Act, 2013 read with Rules 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 are annexed to this report as **Annexure – 2.**

EMPLOYEE STOCK OPTION SCHEME

Your Bank has formulated and adopted Employee Stock Option Schemes to provide a platform to employees for participating in the ownership of the Bank and in its long-term growth. Bank uses stock options as a compensation tool to attract and retain critical talent and encourage employees to align individual performances with that of Banks' objectives. Currently the Bank has the following Schemes in compliance with the provisions of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEBSE Regulation") erstwhile SEBI (Share Based Employee Benefits) Regulations, 2014.

- Karur Vysya Bank Employees Stock Option Scheme 2011 ("KVB-ESOS-2011")
- Karur Vysya Bank Employees Stock Option Scheme 2018 ("KVB-ESOS-2018")

During the year, the Employee Stock Option Schemes of the Bank are aligned with the prevailing provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations") keeping the basic structure, terms and conditions of the scheme as originally approved by the shareholders of the Bank.

Directors' Report

During the period under review, your Bank has granted 1,35,710 options under KVB-ESOS-2018 to Key Managerial Personnel (Managing Director & CEO and President & COO) of the Bank towards their variable pay as a part of non-cash component. The said variable pay is in accordance with Bank's Compensation policy read with Reserve Bank of India circular DOR.Appt.BC.No.23/29.67.001/2019-20 dated November 04, 2019. Further Bank has allotted 6,89,964 Equity Shares of face value ₹2 each to the employees who have exercised their options from the grants made in the year FY 2019-20 under KVB ESOS 2011 Scheme and KVB ESOS 2018 Scheme.

Your Bank's Secretarial Auditors, M/s Bapulal & Yasar Associates, Company Secretaries, have certified that the Bank's above-mentioned Schemes have been implemented in accordance with the Resolutions passed by Shareholders for 2011 & 2018 Schemes and the SEBI SBEB & SE Regulations. Disclosures as required under the SEBI SBEB & SE Regulations are available on Bank's website at https://www.kvb.co.in/investor-corner/other-disclosures/esos-disclosures/.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

As per Sections 124 and 125 of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), the unpaid dividend remaining unclaimed for consecutive period of 7 years and its corresponding shares are liable to be transferred to the Investor Education and Protection Fund ('IEPF'). The said requirement does not apply to shares in respect of which there is a specific Order of Court, Tribunal or Statutory Authority, restraining transfer of the shares. Further details are provided in the Corporate Governance Report that forms part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Bank continues to work on the lines that the Founding Fathers envisaged for delivering back to society across its areas of operation. What was defined as "Charity Account" in the Articles of Association of the Bank written in 1916 at the time of establishment of the Bank has emerged as the modern day Corporate Social Responsibility.

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

During the current year, your bank has CSR obligation of ₹ 7.59 Crore. Further in line with the CSR policy of the Bank, spends have been spread across the core focus areas viz., health, sanitation, clean drinking water, education, skill development and environment protection. Your Bank has also taken up projects in areas of animal welfare, women empowerment and COVID related support, as defined in Schedule VII of the Companies Act.

The brief outline of the CSR policy of the Bank, overview of the projects taken up by the Bank and other mandatory disclosures are annexed to this Report as Annexure – 3.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING (BRSR)

ESG has been the forefront of your Bank's business activities. We strongly believe the significance of environmental, social and governance aspects on The Bank's performance and have been proactively taking initiatives in this regard.

Due credit must be given to the Indian capital markets regulator, The Securities & Exchange Board of India (SEBI) for taking the lead in putting together the Business Responsibility & Sustainability Reporting (BRSR) framework. We believe it is the right step towards making ESG disclosures consistent and measureable across entities to facilitate better benchmarking.

Regulation 34(2)(f) of the SEBI LODR read with SEBI circular SEBI/HO/CFD/CMD-2/P/CIR/2021/562 states that with effect from the FY 2022-23, filing of BRSR shall be mandatory for the top 1000 listed companies (by market capitalisation) and shall replace the existing BRR. Filing of BRSR is voluntary for the FY 2021-22. In view of our measures to adapt to the regulatory requirements and build transparency among our stakeholders, we have published our first business responsibility and sustainability report for FY 2021-22.

The Business Responsibility & Sustainability Reporting (BRSR) of the Bank for the FY 2021-22 is annexed to this Report as **Annexure - 4**.

BOARD MEETINGS

The composition of the Board of Directors is in compliance with all the relevant applicable statutory regulations. The Board meets at regular intervals to discuss and decide on Bank's business policy and strategy, apart from other items of business. During the year under review, Fourteen Board Meetings were conducted and the relevant periodicity for holding the meetings was complied. The schedule of the meetings of the Board is circulated in advance to the Members of the Board, for their consideration and approval. Details of the composition of Board, Meetings held and attendance of

the Directors at such Meetings are provided in the Corporate Governance Report which forms part of Annual Report.

BOARD EVALUATION

Pursuant to Section 134(3) (p) the Companies Act, 2013, Regulation 17(10) of SEBI (LODR) Regulations,2015 and other applicable regulations, 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 FY 2021-22 is furnished in the Corporate Governance Report that forms part of this Annual Report.

BOARD OF DIRECTORS

The Board comprises of Eleven Directors as on the date of this report, with rich experience and specialised knowledge in various areas of relevance to the Bank including Accountancy, Agriculture and Rural Economy, Trade & Commerce, Banking, Co-Operation, Economics, Finance, Law, MSME, Information Technology, Payment & Settlement Systems, Commerce, Human Resources, Risk Management, Business Management, Strategic Planning, Credit Recovery, Marketing, Credit, Cyber Security, Treasury Operations, Audit, Taxation, Governance, Supervision and Business Analytics.

Appointment

Dr Meena Hemchandra (DIN: 05337181), was co-opted as an Additional Director of the Bank under "Non-Executive Independent Director" category by the Board in its meeting held on May 26, 2022, pursuant to the recommendation of the Nomination and Remuneration Committee, subject to the approval of the Shareholders of the Bank.

Dr Meena Hemchandra is a career central banker with over 35 years of experience in various departments of the Reserve Bank of India. She was Executive Director of Reserve Bank of India in-charge of Supervision of Banks, Non-Banking Finance Companies and Cooperative Banks from June 2015 till her superannuation in November 2017. Dr Meena Hemchandra is representing Majority Sector – "Economics, Banking, Agricultural and Rural Economy, Finance, Business Management, Treasury Operations, Payments & Settlements System, Information Technology, Cyber Security, Risk Management, Supervision and Business analytics" on the Board.

Approval of the shareholders is being requested for the appointment of Dr Meena Hemchandra as Non-Executive Independent Director of the Bank.

Further, Board has recommended the candidature of Dr Meena Hemchandra for the position of Non-executive Independent (part-time) Chairperson of the Bank to Reserve Bank of India for their approval. A resolution relating to noting of Board's recommendation and approval for remuneration has been placed before this Annual General Meeting.

Shri Murali Ramaswami (DIN: 08659944), was co-opted as an Additional Director of the Bank under "Non-Executive Independent Director" category by the Board in its meeting held on June 14, 2022, pursuant to the recommendation of the Nomination and Remuneration Committee, subject to the approval of the Shareholders of the Bank.

Shri Murali Ramaswami is a seasoned banker having wide experience for more than 30 years. He started his career with Vijaya Bank and rose to the position of Executive Director. He has also worked as an Executive Director in Bank of Baroda during the year 2019-2020. Shri Murali Ramaswami is representing Majority Sector - "Banking, Credit, Finance, Accountancy, Marketing, Payments & Settlements System, Information Technology and Treasury Operations" on the Board.

Approval of the shareholders is being requested for the appointment Shri Murali Ramaswami as Non-Executive Independent Director of the Bank.

Opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year:

Board has appointed Dr Meena Hemchandra (DIN: 05337181) and Shri Murali Ramaswami (DIN: 08659944), as Additional Directors of the Bank under "Non-Executive Independent Director" category based on the extensive due diligence carried out by the NRC on the declarations submitted by them in terms of fit & proper criteria and other applicable statutory guidelines issued by Reserve Bank of India from time to time.

Board noted that Dr Meena Hemchandra is a career central banker with over 35 years of intense experience in various departments of Reserve Bank of India and retired as Executive Director in RBI. Further Shri Murali Ramaswami is a seasoned banker having more than three decades of experience in banking domain with diverse & distinct experience of heading various facets of Banking and retired as Executive Director in Bank of Baroda.

Adverting to the above, in the opinion of the Board the Independent Directors appointed during the year possess requisite qualifications, proficiency, expertise, track record, integrity, independence, vast and rich experience in the field of Banking.

Directors' Report

Retirement by rotation

Shri R Ramkumar (DIN: 00275622), Non-Executive Non-Independent Director, retires by rotation at the ensuing 103rd Annual General Meeting (AGM) and being eligible, offers himself for re-appointment in terms of Sec 152 of the Companies Act, 2013. He hails from the promoter's family and was on the Board since June 25, 2018 and would be representing "Minority Sector- Business Management, Finance, Human Resources"

Approval of the shareholders is being requested for re-appointment of Shri R. Ramkumar as Non-Executive Non-Independent Director of the Bank liable to retire by rotation.

The brief profile and details in terms of Regulation 36 (3) of SEBI LODR and the Secretarial Standard on General Meetings, in respect of the Director's seeking appointment/ re-appointment has been annexed to the Notice of the ensuing AGM and also in the Corporate Governance Report that forms part of this Annual Report.

Retirement on completion of tenure

Shri N S Srinath (DIN: 01493217), Non-Executive (Independent) Part-time Chairman of the Bank, demitted office consequent to completion of his three years tenure at the close of office hours on May 26, 2022. Board places on record its sincere appreciation for the valuable services rendered by him during his tenure as Director of the Bank as also as the Chairman of the Bank.

Dr V G Mohan Prasad (DIN: 00002802), Non-Executive Independent Director of the Bank, demitted office at the close of office hours on June 14, 2022 consequent to completion of his eight years tenure in terms of Section 10A(2A)(1) of the Banking Regulation Act, 1949. Board places on record its sincere appreciation for the 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.

KEY MANAGERIAL PERSONNEL

The following are the changes in Key Managerial Personnel ("KMP") of the Bank during the financial year 2021-22:

Shri M D Ramesh Murthy, Chief Financial Officer of Bank demitted the office at the close of the office hours on February 09, 2022 consequent to his resignation.

Shri R Ramshankar has been designated as Chief Financial Officer & Key Managerial Personnel of the Bank effective from February 10, 2022.

Apart from the aforesaid, there were no changes in the KMPs.

APPOINTMENT & REMUNERATION OF DIRECTORS

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

Pursuant to provisions of Section 178(3) of the Companies Act, 2013 and relevant guidelines of RBI, 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 the Companies Act, 2013 and rules made thereunder and other applicable provisions as amended from time to time.
- Applicable 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 are available on the website of the Bank at https://www.kvb.co.in/docs/terms-and-conditions-of-appointment-of-independent-directors.pdf.

Your Bank's Nomination and Remuneration Committee (NRC) oversees matters of succession planning of its Directors, Senior Management and also Key Managerial Personnel & the Board of the Bank ensures that proper plans are put in place for orderly succession of appointment to the Board and to Senior Management of the Bank including KMPs.

Policy on remuneration of directors

The remuneration of Directors is governed by the Compensation Policy of the Bank in terms of RBI circular no. DOR.Appt. BC.No.23/29.67.001/2019 20 dated November 04, 2019, which covers the aspects of remuneration payable to Board of Director, Whole Time Directors/ Chief Executive Officers/ Material Risk Takers, KMPs, Control Function Staff and all other employees. This Policy is in tune with the guidelines issued by the Reserve Bank of India, provisions of the Companies Act, 2013 and the SEBI LODR amended from time to time. Your Bank has adopted a board approved compensation policy on the basis of the aforesaid regulatory guidelines and the Policy is available on the Bank's website at https://www.kvb.co.in/docs/investor-compensation-policy.pdf.

DECLARATION BY INDEPENDENT DIRECTORS

Your Bank has received necessary declarations from all the Independent Directors under Section 149(7) read with 149(6) of the Companies Act and Regulation 25(8) read with Regulation 16(1)(b) of the SEBI LODR, that they meet the criteria of independence laid down thereunder. As required under Schedule IV of the Companies Act, 2013, Board has reviewed the declarations submitted by the Independent Directors and opined that, they fulfil all the conditions specified in the Companies Act, 2013 and SEBI LODR, and are independent of the management.

Your Bank has received necessary declarations from all the Independent Directors under Section 149(7) read with 149(6) of the Companies Act and Regulation 25(8) read with Regulation 16(1)(b) of the SEBI LODR, that they meet the criteria of independence laid down thereunder. As required under Schedule IV of the Companies Act, 2013, Board has reviewed the declarations submitted by the Independent Directors and opined that, they fulfil all the conditions specified in the Companies Act, 2013 and SEBI LODR, and are independent of the management.

FAMILIARISATION PROGRAMMES OF INDEPENDENT DIRECTORS

All Directors including Independent Directors are made familiar with their rights, roles and responsibilities in the Bank at the time of appointment and also on a recurrent basis. Details of familiarisation programmes attended by all Directors including Independent Directors are provided at https://www.kvb.co.in/investor-corner/, pursuant to regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Other details on the same are also covered in Corporate Governance Report forming part of Annual Report.

CORPORATE GOVERNANCE

The details on Corporate Governance standards followed by your Bank and the relevant disclosures as stipulated under SEBI LODR and the Companies Act, 2013 and the rules made thereunder are deliberated in Corporate Governance Report that forms part of this Annual Report.

A certificate from M/s Bapulal & Yasar Associates, Company Secretaries, confirming compliance to the conditions of Corporate Governance as stipulated under SEBI LODR 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;

b) The Directors had selected such accounting policies and applied them consistently and made judgements 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 devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively; and

f) 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.

Directors' Report

AWARDS AND ACCOLADES

Your Bank received the following awards during FY 2021-22, majority of the same for implementation of innovative technologies.

1. Best Use of AI/ML & Data Analytics - Joint Winner (Small Banks) - IBA Banking technology Awards, 2021
2. Best IT Risk and cyber Security Risk Initiatives - Joint Runner-up (Small Banks) - IBA Banking technology Awards, 2021
3. Best Cloud Adoption - Winner (Small Banks) - IBA Banking technology Awards, 2021
4. Digi Dhan Award of Excellence for second highest digital transactions for FY 2019-20 - Ministry of Electronics & Information Techology
5. BFSI Silver Award for Digital Solutions including Lending, Mobile Banking & Video KYC - Skoch Group
6. Best Technology Enabler of the Year - ASSOCHAM 8th MSMEs Summit of Excellence
7. Best MSME Bank of the Year - Runner Up (Private Sector Bank's category) - ASSOCHAM 8th MSMEs Summit of Excellence
8. Best MSME Friendly Bank (Private Sector), 2021 – Runner up - Chamber of Indian Micro Small & Medium Enterprises
9. Best Innovative Bank (Private Sector) – Runner up - Chamber of Indian Micro Small & Medium Enterprises
10. Excellence in supporting Education and Skill - Special Recognition - ASSOCHSM CSR & Sustainability Awards, 2021
11. Exemplary Community Economic Development Work with sustainable impact - Rotary CSR Award, 2021
12. Second Best Bank Branch in Kerala under Old Private Sector Bank Category - Thrissur branch - State Forum of Bankers' Clubs, Kerala

ACKNOWLEDGEMENTS

The Board of Directors place on record their gratitude to the Government of India, Reserve Bank of India, Securities Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA), National Stock Exchange and Bombay Stock Exchange, Rating Agencies, Statutory Auditors, Secretarial Auditors, various State Governments & Union Territories and other regulatory authorities in India for their valuable guidance and strong support.

The Board express their sincere thanks to the Bank's valued shareholders, esteemed customers, and all other stakeholders and well-wishers for their continued faith, confidence and patronage on us and look forward for their continuous support.

The Board also appreciates entire staff for their sincere and dedicated services rendered for overall performance of the Bank during the year and look forward to their continued co-operation in the realisation of the corporate goals of the Bank in the years ahead.

For and on behalf of the Board of Directors

Dr Meena Hemchandra
Non-Executive Independent (Additional) Director

B Ramesh Babu
Managing Director & CEO

Place: Karur
Date: July 04, 2022

Annexure - 1

FORM NO. MR-3

Secretarial Audit Report

For the financial year ended march 31, 2022

(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
No: 20, Erode Road, Vadivel Nagar,
L.N.S, Karur – 639 002.

We 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 March 31, 2022. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on March 31, 2022, 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on March 31, 2022, according to the provisions of:

1. The Companies Act, 2013 and the amendments thereon (the Act) and the Rules made thereunder;
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 FDI Policy;
5. The following Regulations, Guidelines and the amendments thereon prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
   a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
   b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
   c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not Applicable to the Bank during the review period)
   e) Securities And Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021;
   f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
   g) 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;
   h) The Securities and Exchange Board of India (Bankers to the Issue) Regulations, 1994.
   i) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

Annexure - 1

j) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

6. Following other applicable laws:

a) The Banking Regulation Act, 1949 and Rules, Notifications and Circulars issued by Reserve Bank of India from time to time;

b) The Reserve Bank of India Act, 1934;

c) The Banking Companies (Period of Preservation of Records) Rules, 1985;

d) The Banking Ombudsman Scheme, 2006;

e) Foreign Contribution Regulation Act, 2010 and the rules and regulations made thereunder;

f) Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;

g) Recovery of Debts due to Bank & Financial Institution Act, 1993;

h) The Insolvency and Bankruptcy Code, 2016;

i) The Bankers' Books Evidence Act, 1891;

j) Credit Information Companies (Regulation) Act, 2005;

k) Prevention of Money Laundering Act, 2002;

l) The Deposit Insurance and Credit Guarantee Corporation Act, 1961;

m) Industrial Disputes (Banking and Insurance Companies) Act, 1949;

n) Information Technology Act, 2000;

o) Negotiable Instruments Act, 1881; and

p) Insurance Regulatory and Development Authority of India Act, 1999;

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) relating to the Board and General Meetings (SS-1 and SS-2); and

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

We further report that,

(i) The Board of Directors of the Bank is duly constituted with proper balance of MD & CEO/Executive Director, Non-Executive Directors and Independent Directors including a Woman Director. The Composition of Board of Directors is in tune with the applicable provisions of the Banking Regulation Act, 1949, the Companies Act, 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. There was no change in the composition of the Board of Directors except appointment of directors in place of those who retired by rotation in the Annual General Meeting held on August 11, 2021 in compliance with the applicable provisions of the said Acts and Regulations.

(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.

We further report that 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.

We further report that during the Audit Period:

(i) The Bank has allotted 989 Equity Shares on April 29, 2021 out of shares held in abeyance pursuant to provisions of the Act and the relevant Rules thereon and SEBI Regulations.

(ii) The Bank has allotted 36,728 Equity Shares pursuant to KVB ESOS Schemes at its Board meeting held on December 08, 2021.

(iii) The Bank has allotted 65,716 Equity Shares pursuant to KVB ESOS Schemes at its Board meeting held on January 10, 2022

(iv) The Bank has allotted 4,81,358 Equity Shares pursuant to KVB ESOS Schemes at its Board meeting held on January 31, 2022.

(v) The Bank has allotted 1,06,162 Equity Shares pursuant to KVB ESOS Schemes at its Board meeting held on March 10, 2022

(vi) In terms of the RBI approval vide letter dated February 09, 2022, Nomination and Remuneration Committee of the Bank in its Meeting held on March 07, 2022, has granted 73,913 options under KVB ESOS 2018 Scheme to Shri. B Ramesh Babu, Managing Director & CEO of the Bank, as a part of his non cash component-variable pay for the performance period ended March 31, 2021.

(vii) The Bank has received renewal of authorisation from RBI for Import of gold/silver for the financial year 2022-23.

(viii) The Bank has promptly paid the debenture interest with respect to the 11.95% - 48,700 Unsecured, Non-Convertible, Redeemable Tier II Bonds of Face value ₹1 Lakh each on March 12, 2022.

(ix) During the year under review, RBI, vide Order dated July 06, 2021, imposed a monetary penalty of ₹1 Crore on the Bank for non-compliance with certain provisions of directions issued by RBI on 'Lending to Non-Banking Financial Companies (NBFCs)', and 'Bank Finance to Non-Banking Financial Companies (NBFCs)'. The penalty amount has been paid by the Bank on July 12, 2021.

For **Bapulal Yasar & Associates**
Company Secretaries

R.K.BAPULAL,
FCS: 5893; CP: 3842
Senior Partner
UDIN: F005893D000560040

Place: Madurai
Date: July 04, 2022

Note: This Report is to be read with our ANNEXURE-A of even date forms an integral part of this Report.

Annexure - A

Our 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. Our responsibility is to express an opinion on these Secretarial Records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Account of the Bank.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our 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 **Bapulal Yasar & Associates**
Company Secretaries

R.K.BAPULAL,
FCS: 5893; CP: 3842
Senior Partner
UDIN: F005893D000560040

Place: Madurai
Date: July 04, 2022

Annexure - 2

Disclosure pursuant to sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5 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 2021-22:-

Name of Executive Director/ Chairman	Ratio of Remuneration to median remuneration of all employees
Shri B Ramesh Babu, MD & CEO	16.75x
Shri N S Srinath, Non-Executive Independent (Part-time) Chairman	1.25x

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 FY 2021-22
Executive Director/Chairman	
Shri B Ramesh Babu, MD & CEO[1]	13.97%
Shri N S Srinath, Non-Executive Independent (Part-time) Chairman	Nil
Key Managerial Personnel	
Shri J Natarajan, President & COO[2]	20.73%
GM & CFO	49.89%
(Mr. Mocherla Durga Ramesh Murthy for the period April 01, 2021 to February 09, 2022) &	
(Mr. Ramshankar R for the period February 10, 2022 to March 31, 2022)	
Shri Srinivasa Rao Maddirala, Company Secretary	3.58%

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

Median remuneration of the employees in the financial year was increased by 8.64% as compared to the previous FY 2020-21.

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

The Bank has 6,761 permanent employees as on March 31, 2022.

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 4.65% in the FY 2021-22.

The average percentage increase in the remuneration paid to the Managerial Personnel is (19.93%).

Increase in Remuneration is due to payment of variable pay to Managing Director & CEO and President & COO based on Bank's performance as a whole, individual performance level and also market benchmarks. Further there are no exceptional circumstances for increase in the Managerial Remuneration.

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

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

VII. Details pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:-

Two employees employed throughout the year were in receipt of remuneration ₹1.02 Cr per annum or more, and there are no employees employed for the part of FY 2021-22 who are in receipt of remuneration of ₹8.50 Lakh per month or more.

The information containing particulars of top ten employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 shall be made available to shareholders on a specific request to Company Secretary at kvb_sig@kvbmail.com.

In terms of Section 136 of the Companies Act, 2013 a copy of the financial statements, auditor's report and every other document required by law to be annexed or attached to the financial statements, which are to be laid before Annual General Meeting (AGM) are available

for electronic inspection by the members up to date of the AGM.

None of the employees hold (himself or along with his spouse and dependent children) more than two percent of the Equity Shares of the Bank.

Notes:

- 'x' denotes the median remuneration of the employees in the Financial Year.
- Remuneration of MD & CEO & Non-Executive Independent (Part-time) Chairman are as per the terms & conditions approved by the Reserve Bank of India and shareholders of the Bank.
- Mr. Mocherla Durga Ramesh Murthy General Manager was CFO of the bank from April 01, 2021 to February 09, 2022. Subsequently Mr. Ramshankar R, Deputy General Manager became CFO with effect from February 10, 2022. Remuneration of GM & CFO for FY 2021-22 is ₹61,74,946.53 (₹56,84,027.86 paid to Mr.Mocherla Durga Ramesh Murthy for the period April 01, 2021 to February 09, 2022 and ₹4,90,818.67 paid to Mr. Ramshankar R for the period February 10, 2022 to March 31, 2022). Remuneration of GM & CFO for FY 2020-21 is ₹41,19,606.04 (₹13,85,860.10 paid to Mr. Sivarama Prasad T for the period April 01, 2020 to October 31, 2020 and ₹27,33,745.94 paid to Mr. Mocherla Durga Ramesh Murthy for the period November 01, 2020 to March 31, 2021.
- [1,2]There has been no increase in the Base Remuneration to MD & CEO and President & COO. The Variable pay for FY 2021-22 have been included in the calculation.
- Remuneration of MD & CEO for FY 2021-22 is ₹1,60,70,616.96 (for the period April 01, 2021 to March 31, 2022) and for FY 2020-21 is ₹95,03,642.27 (for the period July 29, 2020 to March 31, 2021).
- Remuneration received includes salary paid, taxable reimbursements, Bank Contribution towards pension, PF, and NPS and other taxable perquisites for the FY 2021-22.

Annexure - 3

Annual Report on Corporate Social Responsibility (CSR) Activities

1. Brief outline on CSR Policy of the company

"To contribute to the social and economic development of the community and to establish itself as a responsible corporate citizen. KVB recognises that CSR of the Bank is not just compliance, but it is a strategic and wholesome approach towards the Planter, People and Profit. The Bank understands that well-meaning and well implemented CSR will bring about some relief to larger issues that are of social and environmental in nature", is the Mission Statement of the Bank on Corporate Social Responsibility. The bank is well involved in programmes of larger ramifications whereby its projects on skill development, environmental sustainability and healthcare contribute substantially for the betterment of society and the community.

2. Composition of CSR Committee

Sl. No.	Name of the Director	Designation/ Nature of Directorship	No. of meetings Of CSR Committee Held during the year	No. of meetings of CSR Committee attended during the year
1.	Shri B Ramesh Babu, Chairman of the Committee	Managing Director & Chief Executive Officer	2	2
2.	Shri M V Srinivasamoorthi	Non-Executive Non-Independent Director	2	2
3.	Dr. K S Ravichandran	Non-Executive Independent Director	2	2
4.	Shri R Ramkumar	Non-Executive Non-Independent Director	2	2

3. Provide the weblink where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the company

https://www.kvb.co.in/corporate-social-responsibility/

CSR Policy is at https://www.kvb.co.in/docs/csr_policy.pdf

4. Provide the details of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach report)

Walk N Jog Project that was completed during the year 2020-21 has been taken up for Impact Assessment this year. This project was taken up by the Bank under CSR initiative where an abandoned bridge across the River Amaravati in Karur was converted into a Walker's Path. Greenery in the form of a Miyawaki forest was also provided in the facility. Impact assessment report on Walk N Jog Project of the Bank is available in https://www.kvb.co.in/corporate-social-responsibility/

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any -

Sl. No.	Financial Year	Amount available for set-off From preceding financial years (in ₹)	Amount required to be set-off For the financial year, if any (in ₹)
1	FY 2020-21	86,115.02	86115.02
	TOTAL	**86,115.02**	**86,115.02**

6. Average net profit of the company as per section 135(5): **₹379.92 Crore**

7. (a) Two percent of average net profit of the company as per section 135(5) : **₹7,59,85,136**

(b) Surplus arising out of the CSR Projects or programmes or activities of the previous financial year – **NIL**

(c) Amount required to be set off for the financial year, if any: **₹86,115.02**

(d) Total CSR obligation for the financial year (7a+7b-7c) : ₹ **7,58,99,021**

8. (a) CSR Amount Spent or unspent for the financial year

Total amount Spent for the financial year (in ₹)	Total amount transferred to unspent CSR account as per section 135(6)		Amount transferred to any fund specified under schedule VII as per second proviso to section 135 (5)		
Amount in ₹	Amount in ₹	Date of transfer	Name of Fund	Amount in ₹	Date of transfer
3,67,80,656	3,02,37,215	March 31, 2022	Not yet decided*	87,32,218	Nil

*Amount unspent during the year ₹ 87,32,218 (₹ 88,18,333 - ₹ 86,115 surplus arising out of amount transferred to Schedule VII fund) will be transferred to identified fund on or before September 30, 2022. Further previous year unspent in on-going projects ₹ 7,37,295 will be transferred to identified fund.

(b) Details of CSR amount spent against on-going projects for the financial year

(1)	(2)	(3)	(4)	(5)		(6)		(8)	(9)	(10)	(11)	
Sl. No	Name of the project	Item from the list of activities in Schedule VII to the act	Local area (yes/ No)	Location of the project		Project duration (in Months)	Amount allocated for the project (in ₹)	Amount Spent in the current financial year (in ₹)	Amount transferred to unspent CSR account as per sec 135(6) (in ₹)	Mode of Implementation- Direct (Yes/ No)	Mode of Implementation -Through Implementing Agency	
				State	District						Name	CSR Registration number
1	Goshala Construction at Swami Sadashivananda Trust, Nerur	Animal Welfare	Yes	Tamil Nadu	Karur	12	3,50,000	0	3,50,000	Yes	-	-
2	Goshala construction at Badrachalam Sree Seetharama Devastanam	Animal Welfare	No	Telangana	Bhadradari Kothagudem	12	16,52,000	0	16,52,000	Yes	-	-
3	Desilting Check Dams and Construction of Spring Stops at Sitilingi	Environment Sustainability	Yes	Tamil Nadu	Salem	12	9,08,600	0	9,08,600	No	Tribal Health Initiative	CSR00010237
4	Restoration of wetland ecosystems	Environment Sustainability	Yes	Tamil Nadu	Chennai	12	86,72,632	0	86,72,632	No	Environmentalist Foundation of India	CSR00002310
5	Carrying out surgeries for patients with Spine and Limb deformites (financially backward Class)	Preventive Health Care	Yes	Tamil Nadu	Coimbatore	24	50,00,000	12,90,000	37,10,000	No	Ganga Spine Injury Foundation	CSR00007981
6	Carrying out surgeries and followup treatments given to Cancer Patients (Financially Back ward Class	Preventive Health Care	Yes	Tamil Nadu	Namakkal	18	25,00,000	18,55,000	6,45,000	No	Sri Thangam Charitable Trust	CSR00014830
7	Free medical camp at Panchamadevi, Karur	Preventive Health Care	Yes	Tamil Nadu	Karur	12	4,44,000	2,59,000	1,85,000	Yes	-	-
8	Reconstructive surgery project for burn survivors	Preventive Health Care	Yes	Telangana	Hyderabad	12	5,00,000	0	5,00,000	No	Burn to Shine	CSR00019435
9	Treatment of differently and intellectually challenged persons	Preventive Health Care	Yes	Tamil Nadu	Coimbatore	12	18,20,160	0	18,20,160	No	Swarga Foundation	CSR00014296
10	Establishing mini science centres in Government Schools	Promoting Education	No	Andhra Pradesh	Ananthapur & Guntur	12	17,31,672	0	17,31,672	No	Samarthanam Trust for the disabled	CSR00000063
11	Enabling dignified life through education at govt schools in rural areas	Promoting Education	Yes	Tamil Nadu	Karur	12	28,15,116	0	28,15,116	No	AIDE ET Action India	CSR00001291

Annexure - 3

(1)	(2)	(3)	(4)	(5)		(6)		(8)	(9)	(10)	(11)	
Sl. No	Name of the project	Item from the list of activities in Schedule VII to the act	Local area (yes/ No)	Location of the project		Project duration (in Months)	Amount allocated for the project (in ₹)	Amount Spent in the current financial year (in ₹)	Amount transferred to unspent CSR account as per sec 135(6) (in ₹)	Mode of Implementation- Direct (Yes/ No)	Mode of Implementation -Through Implementing Agency	
				State	District						Name	CSR Registration number
12	Promoting education to children with hearing disabilities	Promoting Education	No	Telangana	Hyderabad	12	14,00,000	0	14,00,000	No	Ashray Akruti	CSR00001517
13	Setting up of smart class rooms and labs in ZP schools	Promoting Education	No	Andhra Pradesh	Vizag	12	8,46,580	0	8,46,580	Yes	-	-
14	Benches & Desks to Government Girls Higher Secondary School, Vaangal, Karur	Promoting Education	Yes	Tamil Nadu	Karur	12	3,68,750	0	3,68,750	Yes	-	-
15	Ensuring Portable Drinking water to rural community	Water Security	Yes	Tamil Nadu	Theni	12	18,24,340	0	18,24,340	No	Vidiyal	CSR00023095
16	Setting up 500 LPH RO plant to provide safe drinking water to government school Sengulam, Karur	Water Security	Yes	Tamil Nadu	Karur	12	2,13,000	0	2,13,000	Yes	-	-
17	Setting up 250 LPH RO plant to provide safe drinking water to government school Chinnasengal	Water Security	Yes	Tamil Nadu	Karur	12	1,66,000	0	1,66,000	Yes	-	-
18	Support towards skill development training to rural women	Skill Development	Yes	Tamil Nadu	Karur	12	1,70,000	48,000	1,22,000	No	Friends Social Educational and Charitable Trust	CSR00009932
19	Support for Skill development & entrepreneurial training for rural women on tailoring, aari and thread craft embroidery	Skill Development	Yes	Tamil Nadu	Dindigul	12	11,75,000	92,200	10,82,800	No	Sri Sakthi Social Economical & Educational Welfare Trust	CSR00019590
20	Support for Skill development training for rural women members on door mat making & bio-vegetable garden production & marketing	Skill Development	Yes	Tamil Nadu	Erode	12	12,10,050	1,67,300	10,42,750	No	Jayam Trust	CSR00022290
21	Support towards skill development to Slum women	Skill Development	Yes	Tamil Nadu	Chennai	12	1,80,815	0	1,80,815	No	Women's League Foundation	CSR00007998
	Total						**3,39,48,715**	**37,11,500**	**3,02,37,215**			

(C) Details of CSR amount spent against other than on-going projects for the financial year

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No	Name of the project	Item from the list of activities in Schedule VII to the act	Local area (yes/ No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation- Direct (Yes/No)	Mode of Implementation -Through Implementing Agency	
				State	District			Name	CSR Registration number
1	Supporting with 20 Oxygen concentrator, 20 multi parameter monitor & 100 finger pulse oximeter (Govt Medical College hospital Karur)	COVID Health Care	Yes	Tamil Nadu	Karur	36,39,200	Yes	-	-
2	Supporting with Oxygen Generators to Coimbatore Medical College	COVID Health Care	Yes	Tamil Nadu	Coimbatore	14,00,000	Yes	-	-
3	Tamilnadu state disaster management authority	COVID Health Care	Yes	Tamil Nadu	All TN	1,00,00,000	Yes	-	-
4	65 Cots to COVID care centre opened at Coimbatore arts college	COVID Health Care	Yes	Tamil Nadu	Coimbatore	3,00,280	Yes	-	-
5	Putting COVID CARE Hospital (SAKSHAM)	COVID Health Care	No	Telangana	Hyderabad	20,00,000	Yes	-	-
6	Towards Construction of Emergency CARE Unit at Govt Hospital Madathukulam, Udumalpet.	COVID Health Care	Yes	Tamil Nadu	Tirupur	10,00,000	Yes	-	-
7	Maintenance for Walk 'n' Jog (12 months April 2021 to Mar 2022)	Environment Sustainability	Yes	Tamil Nadu	Karur	23,75,338	Yes	-	-
8	Battery operated vehicle to Kangeyam municipality for garbage collection	Environment Sustainability	Yes	Tamil Nadu	Tirupur	1,41,750	Yes	-	-
9	Battery operated vehicle to Vellakoil municipality for garbage collection	Environment Sustainability	Yes	Tamil Nadu	Karur	1,41,750	Yes	-	-
10	Battery vehicle to Sangamam Charitable Trust	Eradicating Hunger	Yes	Tamil Nadu	Karur	2,44,957	Yes	-	-
11	Supply of medical Equipment to Govindampalayam PHC	Preventive Health Care	Yes	Tamil Nadu	Karur	3,02,870	Yes	-	-
12	Insurance premium for Ambulance donated by our VIRRD Trust Hospital bank	Preventive Health Care	No	Andhra Pradesh	West Godavari	51,701	Yes	-	-
13	RMS – Windows based 32CH Digital EEG Machine and RMS Helios 702 Spirometer to Melmaruvathur Adhiparasakthi Institute of Medical Science & Research	Preventive Health Care	Yes	Tamil Nadu	Kancheepuram	5,00,000	Yes	-	-
14	Construction School blocks additional work	promoting Education	Yes	Tamil Nadu	Karur	6,21,910	Yes	-	-
15	CEOA Matriculation Higher Secondary School towards the fees for 20 financially backward students	promoting Education	Yes	Tamil Nadu	Madurai	2,00,000	Yes	-	-

Annexure - 3

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No	Name of the project	Item from the list of activities in Schedule VII to the act	Local area (yes/ No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation- Direct (Yes/No)	Mode of Implementation -Through Implementing Agency	
				State	District			Name	CSR Registration number
16	one class room floor renovation, painting and desks & benches Government Girls Higher Secondary School, Velliyanai	promoting Education	Yes	Tamil Nadu	Karur	1,60,800	Yes	-	-
17	Benches & Desks Government Higher Secondary School, Jedarpalayam, Rasipuram	promoting Education	Yes	Tamil Nadu	Namakkal	4,99,800	Yes	-	-
18	Funding to District Collector Karur for Namakku Namme Thittam	promoting Education	Yes	Tamil Nadu	Karur	10,00,000	Yes	-	-
19	Support of Modular Oxygen System 1 unit of 200 lmp to Govt Hospital Aravakurchi	Covid Health Care	Yes	Tamil Nadu	Karur	42,44,400	Yes	-	-
20	Support of Modular Oxygen System 1 unit of 200 lmp to General hospital Edappadi	Covid Health Care	Yes	Tamil Nadu	Salem	42,44,400	Yes	-	-
Total						**3,30,69,156**			

Amount in ₹

(d)	Amount spent in administrative overheads*	1,23,400
(e)	Amount spent on impact assessment, if applicable*	30,000
(f)	Total amount spent for the financial year (8b+8c+8d+8e)	3,69,34,056
(g)	Excess amount for set off, if any	4,468

*Amount to be paid

Amount in ₹

Sl. No.	Particular	
(i)	Two percent of average net profit of the company as per section 135(5)	7,59,85,136
(ii)	Total spent for the financial year	7,59,89,604
(iii)	Excess amount spent for the financial year (ii)-(i)	4,468
(iv)	Surplus arising out of the CSR projects or programmes or activities of previous financial years , if any	0.00
(v)	Amount available for set off in succeeding financial years (iii)-(iv)	0.00

9. (a) Details of Unspent CSR amount for the preceding three Financial Years

Sl. No.	Preceding Financial Year.	Amount transferred to unspent CSR account under section 135 (6) (in ₹)	Amount spent in the reporting financial year (in ₹)	Amount transferred to any fund specified under schedule VII as per section 135 (6), if any			Amount Remaining to be spent in succeeding financial years (in ₹)
				Name of fund	Amount (in ₹)	Date of Transfer	
1	2020-2021	6,36,61,729	5,69,83,144	PM CARE	3,14,76,972	September 23, 2021	66,78,585

(b) Details of CSR amount Spent in the financial year for on-going projects of the preceding financial year(s)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project Duration (in Months)	Total amount allocated for the Project (in ₹)	Amount spent on the project in the reporting financial year. (in Rs)	Cumulative amount spent at the end of reporting financial year (in ₹)	Status of the project- Completed/ Ongoing
1	Preventive Health Care	Medical equipment for eye care to Sankar eye hospital run by Kanchi Kamakoti Trust, Coimbatore	2020-2021	3	50,50,000	50,50,000	50,50,000	Completed
2	Preventive Health Care	Electric buggies for moving patients to Sri Venkateswara Insitute of Medical Science Tirupati	2020-2021	3	12,44,250	12,44,250	12,44,250	Completed
3	Preventive Health Care	Ambulance to Sri Venkateswara Institute of Research & Rehabilitation for the disabled, Dwaraka Tirumala (Insurance)	2020-2021	6	20,27,781	2,630	20,10,411	Completed
4	Preventive Health Care	Ambulance(10 nos) to Tamil Nadu Health System Projects	2020-2021	6	1,77,03,899	1,76,87,467	1,76,87,457	Completed
5	Preventive Health Care	Construction of operation theatre to GH Velayudhampalayam	2020-2021	24	59,41,300	0	0	On-going
6	Preventive Health Care	Free medical camp at Panchamadevi, Karur	2020-2021	12	4,44,000	1,85,000	4,07,000	Completed
7	Animal Welfare	Maintenance of Goshala at the swami Sadashivananda Trust, Karur	2020-2021	12	1,80,000	60,000	1,80,000	Completed
8	Environmental Sustainability	Laying Paver Blocks on Erode Road	2020-2021	9	19,43,308	12,76,825	12,76,825	Completed
Total					**3,45,34,538**	**2,55,06,172**	**2,78,55,943**	

*Previous year on-going projects have been completed with lower fund requirement than budgeted amount. Hence funds amounting to ₹7,37,295 would be transferred to fund specified under schedule VII.

Annexure - 3

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: NIL

(asset wise details)

(a) Date of creation or acquisition of the capital asset(s) - **Not applicable**

(b) Amount of CSR spent for creation or acquisition of capital asset: **Not applicable**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc.: **Not applicable**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): **Not applicable**

11. Specify the reason(s), if the company failed to spend two per cent of the average net profit as per section 135(5):

An amount of ₹87.32 Lakh out of the total CSR obligation (₹7.59 Crore) for FY 2021-22, constituting 11.50% of the total obligation remained unutilised as on 31.03.2022. This was on account of two major projects sanctioned under preventive health care and a minor project under woman empowerment totalling to the tune of ₹45.85 Lakh were not utilised by the respective implementing agencies/beneficiaries. Further sustainable projects to the extent of ₹42.33 Lakh could not be identified.

B Ramesh Babu
Managing Director & CEO
Chairman of the CSR Committee

Annexure - 4

Business Responsibility & Sustainability Reporting

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

Sl. No	Required Information	
1	Corporate Identity Number (CIN) of the Listed Entity	L65110TN1916PLC001295
2	Name of the Listed Entity	THE KARUR VYSYA BANK LIMITED
3	Year of incorporation	1916
4	Registered office address	No.20, Erode Road, Vadivel Nagar, L.N.S., Karur - 639002, Tamilnadu
5	Corporate address	No.20, Erode Road, Vadivel Nagar, L.N.S., Karur - 639002, Tamilnadu
6	E-mail	kvb_sig@kvbmail.com
7	Telephone	04324-269441
8	Website	www.kvb.co.in
9	Financial year for which reporting is being done	2021-22
10	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange
11	Paid-up Capital	₹160,00,23,344
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Chief Compliance Officer. Telephone No: +914324-269233 Email ID: gm.compliance@kvbmail.com
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

Sl. No	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Financial and Insurance Service	Banking activities by Central, Commercial and Savings banks	100

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

Sl. No	Product / Service	NIC Code	% of total Turnover contributed
1	Banking Services	64191	100

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	Not Applicable	822	822
International	Not Applicable	Nil	Nil

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	22 states (19 states & 3 Union Territories)
International (No. of Countries)	Nil

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Not Applicable

Annexure - 4

c. A brief on types of customers

We are serving to all the customer types which are permitted by RBI. The details of such customers include Resident Indians, Non Residents, Sole proprietors, partnership Firms, Companies, Trusts, Clubs, Societies etc.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

Sl. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Employees						
1	Permanent (D)	4,187	3,266	78.00	921	22.00
2	Other than Permanent (E)	545	536	98.35	9	1.65
3	Total employees (D+E)	4,732	3,802	80.35	930	19.65
Workers						
4	Permanent (F)	2574	1,487	57.77	1087	42.23
5	Other than Permanent (G)	-	-	-	-	-
6	Total workers (F+G)	2,574	1,487	57.77	1087	42.23

b. Differently abled Employees and workers:

Sl. No	Particulars	Total (A)	Male		Female	
			No.(B)	% (B/A)	No.(C)	% (C/A)
Differently Abled Employees						
1	Permanent (D)	6	5	83.33	1	16.67
2	Other than Permanent (E)	-	-	-	-	-
3	Total differently abled employees (D+E)	6	5	83.33	1	16.67
Differently Abled Workers						
4	Permanent (F)	8	6	75.00	2	25.00
5	Other than Permanent (G)	-	-	-	-	-
6	Total differently abled workers (F+G)	8	6	75.00	2	25.00

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	11	1	9.09
Key Management Personnel	4	Nil	0

20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years):

	FY 2021- 22 (Turnover rate in current FY)			FY 2020 - 21 (Turnover rate in previous FY)			FY 2019 - 20 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	9.35	12.84	10.13	1.06	11.82	3.48	7.02	8.59	7.38
Permanent Workers	3.68	4.52	4.03	3.30	3.00	3.18	2.62	5.15	3.65

V. Holding, subsidiary and associate companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

Sl. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A; participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Nil	Not Applicable	Not Applicable	Not Applicable

VI. CSR details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in ₹): ₹63,56,72,72,233.73

(iii) Net worth (in ₹): ₹74,17,80,92,105

VII. Transparency and disclosures compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2021 - 22		FY 2020 - 21	
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Number of complaints filed during the year	Number of complaints pending resolution at close of the year
Communities	No	Nil	Nil	Nil	Nil
Investors (other than shareholders)[$]	Investor's grievances are redressed either directly by investors Relations cell of the bank or through Bank's registrar and Transfer Agents, M/s SKDC Consultants Ltd, Coimbatore. Complaints received on SCORES (a Centralised web based complaint redress system of SEBI) are attended within timelines.	-	-	-	-
Shareholders[$]		31	0	43	0
Employees and workers	Human rights grievances/complaints are redressed by Internal Grievance Redressal Committee	33	0	38	0
Customers*	Yes (https://www.kvb.co.in/docs/grievance-redressal-policy.pdf)	3245	94	1739	37
Value Chain Partners	No	Nil	Nil	Nil	Nil
Other (please specify)*	No	1411	34	276	3

*Refer to Disclosure on Complaints in Annual Report

[$] Details of Investors (including Bond Holders)/Shareholder are covered

Annexure - 4

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Sl. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
The bank is currently under process of carrying out comprehensive analysis of materiality mapping exercise across its stakeholders and will soon disclose its results publicly.					

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions			P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes											
1	a.	Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)#	Y	Y	Y	Y	Y	Y	Y	Y	Y
	b.	Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	c.	Web Link of the Policies, if available	https://www.kvb.co.in/regulatory-disclosures/fair-practices-banking-codes-overview/banking-codes-policies/								
2		Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3		Do the enlisted policies extend to your value chain partners? (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
4		Name of the national and international codes/ certifications/labels/ standards (e.g. Forest Stewardship Council, Fair trade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Not Applicable. However, All policies have been developed after detailed consultations and research on the best practices adopted by banks and in line with the requirements of RBI guidelines, listing agreement with stock exchange, the Companies Act, 2013 and rules made thereunder or as per the requirements of the Bank.								
5		Specific commitments, goals and targets set by the entity with defined timelines, if any.	No, specific commitments, goals and targets are set by the entity. However, the bank is committed to enhance the Sustainability practices in a formal ed manner by adopting the guidelines defined under NGRBC. Further, the bank is guided by the Reserve Bank of India (RBI) prescribed guidelines on Financial Inclusion, 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.								
6		Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	NA	NA	NA	NA	NA	NA	NA	NA	NA
Governance, leadership and oversight											

7	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	Statement of MD & CEO KVB has always kept environment and social commitment at the core of its business philosophy. KVB is undertaking various initiatives to integrate ESG into the Bank's policies and practices. As a first step towards transparency and keeping the bank ahead of the curve in terms of compliance with regulatory bodies, KVB has adopted Business Responsibility and Sustainability Report (BRSR) framework for ESG disclosures in FY 2022 itself, one year ahead than the mandated reporting year from FY 2023. KVB has also engaged with an ESG consultant to further strengthen its policy framework by including ESG principles and broaden the scope of its application in its various business activities and decision-making processes. While customer and community has always been central pillars for KVB, The Bank is also institutionalising processes to monitor and report various environment related metrics, such as its own emissions and energy usage. At KVB, we believe ESG is a journey on which KVB has embarked upon and KVB will continue to play an important role in achieving macro-economic objectives on sustainability.
8	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Chief Compliance Officer
9	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Bank has designated a director responsible for decision making on sustainability related issues. Further as a part of ESG implementation the CSR Committee of the Bank would be treated as specified Committee of the Board.

10 Details of Review of NGRBCs by the company:

Subject of Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Board of Directors									Annually								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Board of Directors									Annually								

11	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency	P1	P2	P3	P4	P5	P6	P7	P8	P9
		KVB has on-boarded independent ESG consultant - CareEdge Advisory. The firm has identified key areas of development to further strengthen our policy framework. The Bank is currently working on implementing these suggestions.								

12 If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	The entity does not consider the Principles material to its business (Yes/No)	Not Applicable								
	The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	Not Applicable								
	The entity does not have the financial or/human and technical resources available for the task (Yes/No)	Not Applicable								
	It is planned to be done in the next financial year (Yes/No)	Not Applicable								
	Any other reason (please specify)	Not Applicable								

Annexure - 4

 # Principle-wise policies

P1 Compliance Policy, Whistle-Blower Policy / Protected disclosure scheme (PDS), Anti Money Laundering Policy, Code of Conduct & Ethics for Directors and Senior Management of the Bank, 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, Fraud Risk Management Policy, Staff Accountability Policy, Corporate Governance Policy Vigilance Policy, HRD Policy , Policy on Outsourcing of Financials, Code of Bank's Commitment to Customers , Code of Bank's Commitment to Micro and Small Enterprise, Customer Rights Policy, Grievance Redressal Policy, Customer Relation Policy /Customer Protection Policy/ Customer Liability Policy.

P2 IT Policy - e-Waste Management, IT Policy – Procurement, New Product Policy, Policy on Outsourcing of Financials.

P3 Vigilance Policy, HRD Policy, Code of Bank's Commitment to Customers, Customer Rights Policy, Compensation/ Remuneration policy, Grievance Redressal Policy, Policy of General Management of Branches, Policy/Scheme on Insurance benefits, Leave policy, Policy on Prevention of Sexual Harassment, Policy on Safety for Women at Workplace.

P4 Financial Inclusion Policy , Code of Bank's Commitment to Micro and Small Enterprise, Customer Rights Policy ,Credit Policy, Corporate Social Responsibility Policy , Policy on deposit , Retail Credit Policy , Digital Credit Policy , Communication Policy, Customer Relation Policy/Customer Protection Policy/Customer Liability Policy

P5 Vigilance Policy , HRD Policy , Compensation / Remuneration policy , Grievance Redressal Policy , Policy on Prevention of Sexual Harassment , Policy on Safety for Women at Workplace , Policy on Human Rights

P6 IT Policy - e-Waste Management, Financial Inclusion Policy, Business Continuity Plan and Disaster Recovery Policy (BCPDR), Policy on Outsourcing of Financials, Corporate Social Responsibility Policy.

P7 Compliance Policy , Anti Money Laundering Policy, Code of Conduct for Direct Selling Agents , Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) , Citizen's Charter – A Charter for Customer Service , Code of Bank's Commitment to Customers , Code of Bank's Commitment to Micro and Small Enterprise

P8 IT Policy - Procurement , Policy on Outsourcing of Financials , Code of Bank's Commitment to Micro and Small Enterprise , Corporate Social Responsibility Policy , Communication Policy.

P9 New Product Policy , Business Continuity Plan and Disaster Recovery Policy (BCPDR)Information Systems Security Policies, Citizen's Charter – A Charter for Customer Service , Code of Bank's Commitment to Customers , Customer Rights Policy, IT Policy , Grievance Redressal Policy , Communication Policy , Customer Relation Policy /Customer Protection Policy/ Customer Liability Policy.

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorised as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

Principle 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness program held	Topics / principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	8	During the year, various training programmes and seminars were conducted covering broad areas, such as corporate governance, emerging compliances & guidelines and recent developments on digital payments and cyber security.	100.00

Segment	Total number of training and awareness program held	Topics / principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Key Managerial Personnel	18	Multiple training programmes and seminars were conducted covering key areas, including emerging compliances, human resources, ratings frameworks, internal audits and recent developments on digital payments.	80.00
Employees other than BoD and KMPs	334	Keeping in mind larger employee base with varied skill sets across different levels, the Bank provided opportunities for every section of employees to enhance their soft skills and technical skill levels. Trainings were comprehensive and covered wide array of subject matters, such as personality development and negotiation skills on soft skill aspects while On technical or subject matter areas we covered topics around understanding of credit assessment, compliances and guidelines, technical know-how on CRM software to product level trainings.	87.07
Workers	153		90.48

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/ No)
Penalty/ Fine	1	Reserve Bank of India (RBI)	₹1 Crore	Please refer to the Strictures and Penalties section as part of the Corporate Governance section of the Annual Report.	No
Settlement	Nil	NA	NA	NA	NA
Compounding fee	Nil	NA	NA	NA	NA

Non- Monetary

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/ No)
Imprisonment	Nil	NA	NA	NA
Punishment	Nil	NA	NA	NA

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
NA	NA

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

   The Bank has instituted various policy mechanisms which cover KVB's intolerance towards corruption and bribery. Through code of conduct for Board and Senior Management, the principals of ethical businesses are re-iterated. Further to support the vigilance around this, Bank has a separate Whistle-blower policy which empowers employees to raise issues and concerns. The policy also ensures non-retaliation towards employee raising the complaint. Details of code of conduct and Whistle-blower policy can be found in below links: https://www.kvb.co.in/docs/whistle-blower-policy.pdf https://www.kvb.co.in/investor-corner/policies/

Annexure - 4

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. Details of complaints with regard to conflict of interest:

	FY 2021-22 (Current Financial Year)		FY 2020-21 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	-	Nil	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	-	Nil	-

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

   Nil

Leadership indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	% age of value chain partners covered (by value of business done with such partners) under the awareness programmes
Nil	Nil	Nil

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same:

   Yes. Bank has a policy on Code of Conduct & Ethics for Directors and Senior Management. The policy is hosted in the website of the bank https://www.kvb.co.in/docs/code-of-conduct-and-ethics-for-directors-and-senior-management.pdf. In terms of the said policy an annual disclosure is obtained from the Directors and Senior Management on the compliance of the policy.

Principle 2 Businesses should provide goods and services in a manner that is sustainable and safe

Essential indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R & D	Given the nature of the business, the relevance is restricted to expenditure incurred on digitisation of the operations. Over the years KVB has been significantly boosting its investments in digitisation of its processes as well as its products and services offerings. As on March 31, 2022, 94% of the transactions are channelled digitally with a y-o-y growth of 51%. The average daily transactions are 80,000 with 3.4 million app downloads. Digitisation brings in efficiencies in the operations as well as results in enhanced reach to the customers.		
Capex			
2.a.	Does the entity have procedures in place for sustainable sourcing? (Yes/No)	Given that the Banking sector's primary product offering is financial services, 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 locations with erratic availability of electricity. Through a central ed procurement process, led by the Central Procurement Unit, the Bank strives to achieve greater transparency, compliance & adoption of environmental and best practices.	
2.b.	If yes, what percentages of inputs were sourced sustainably?		

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for
   a. Plastics (including packaging) - Not Applicable
   b. E-waste - All the E-waste are disposed as per the E-Waste management policy of the bank at the end of life period.
   c. Hazardous waste - Not Applicable
   d. Other waste – Nil
4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

   Not Applicable

Leadership indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)?

   If yes, provide details in the following format?

NIC Code	Name of Product/Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
-	Nil	Nil	Nil	Nil	Nil

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product / Service	Description of the risk / concern	Action Taken
Nil	Nil	Nil

Annexure - 4

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Not Applicable	Not Applicable	Not Applicable

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	Not Applicable					
E-waste						
Hazardous waste						
Other waste						

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Not Applicable	

Principle 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential indicators

1. a. Details of measures for the well-being of employees:

Category	Total (A)	% of employees covered by									
		Health Insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No (B)	% B/A	No (C)	% C/A	No (D)	% D/A	No (E)	% E/A	No (F)	% F/A
Permanent employees											
Male	3,266	3,266	100	3,266	100	NA	NA	3,266	100	NA	NA
Female	921	921	100	921	100	921	100	NA	NA	NA	NA
Total	**4,187**	**4,187**	**100**	**4,187**	**100**	**921**	**21.9**	**3,266**	**78**	**NA**	**NA**
Other than Permanent employees											
Male	536	536	100	536	100	NA	NA	NA	NA	NA	NA
Female	9	9	100	9	100	NA	NA	NA	NA	NA	NA
Total	**545**	**545**	**100**	**545**	**100**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

b. Details of measures for the well-being of workers:

Category	Total (A)	% of employees covered by									
		Health Insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No (B)	% B/A	No (C)	% C/A	No (D)	% D/A	No (E)	% E/A	No (F)	% F/A
Permanent employees											
Male	1487	1487	100	4770	70.40	NA	NA	1487	100	NA	NA
Female	1087	1087	100	2006	29.60	1087	100	NA	NA	NA	NA
Total	**2574**	**2574**	**100**	**6776**	**-**	**1087**	**-**	**1487**	**100**	**NA**	**NA**

Category	Total (A)	% of employees covered by									
		Health Insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No (B)	% B/A	No (C)	% C/A	No (D)	% D/A	No (E)	% E/A	No (F)	% F/A
Other than Permanent employees											
Male	NA	NA	NA	483	96.70	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	16	3.21	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**499**	**100**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2021-22			FY 2020-21		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	Y	100	100	Y
Gratuity	100	100	Y	100	100	Y
ESI	N.A	N.A	N.A	N.A	N.A	N.A
Others - Please specify	N.A	N.A	N.A	N.A	N.A	N.A

3. Accessibility of workplaces - Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

   The bank follows RBI guidelines with regard to provision of ramps in the branches.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

   NO

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	100%	100%
Female	100%	100%	100%	100%
Total	**100%**	**100%**	**100%**	**100%**

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	"KVB SAMADHAN" is a staff Grievance Redressal Mechanism introduced for redressing the grievances of employees relating to work conditions, Pay and benefits, leave allotment, workload , managerial decision, staff benefits, sexual discrimination at work place etc., and the same can be filed by aggrieved employee in KVB SAMADHAN portal. Immediately after submission of grievance by the employee, a complaint number will be generated by the system and acknowledged by HRD. The Staff Grievance Redressal Officer at Central Office will ensure to resolve the matter within 10 days.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

Annexure - 4

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2021-22			FY 2020-21		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	4,187	3,455	82.50%	4,410	3,607	81.79%
Male	3,266	2,704	82.79%	3,415	2,815	82.43%
Female	921	751	81.54%	995	792	79.60%
Total Permanent Workers	2,574	2,573	99.96%	2,841	2,680	94.33%
Male	1,487	1,486	99.93%	1,668	1,541	92.39%
Female	1,087	1,087	100%	1,173	1,139	97.10%

8. Details of training given to employees and workers:

Category	FY 2021-22					FY 2020-21				
	Total (A)	On Health and safety measures		On Skill up gradation		Total (D)	On Health and safety measures		On Skill up gradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. F	% (F/D)
Employees										
Male	3,262	6	0.18	1,823.0	55.89	3,405	0	0	833	24.46
Female	921	0	0.00	519.0	56.35	995	0	0	183	18.39
Total	**4,183**	**6**	**0.14**	**2,342.0**	**55.99**	**4,400**	**0**	**0**	**1,016**	**23.09**
Workers										
Male	2,012	0	0	851	42.30	2,155	0	0	81	3.76
Female	1,096	0	0	856	78.10	1,173	0	0	127	10.83
Total	**3,108**	**0**	**0**	**1,707**	**54.92**	**3,328**	**0**	**0**	**208**	**6.25**

9. Details of performance and career development reviews of employees and worker:

Category Employees	FY 2021-22			FY 2020-21		
	Total (A)	No.(B)	% (B/A)	Total (C)	No.(D)	% (D/C)
Male	5,289	4,605	87.07%	5,577	4,884	87.57%
Female	2,017	1,812	89.84%	2,168	1,794	82.75%
Total	**7,306**	**6,417**	**87.83%**	**7,745**	**6,678**	**86.22%**
Workers						
Male	Nil	Nil	Nil	Nil	Nil	Nil
Female						
Total						

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Given the nature of business activities, there is no major occupational health and safety related issues. Nonetheless, The Bank conducts robust and periodic training and awareness sessions like basic fire safety training. The bank has conducted fire safety drill, evacuation drills through experts from Fire Department, Government of Tamil Nadu at its central office. Further, in light of COVID-19 led pandemic, The Bank acknowledges risks of infections that could take

place in the office premises. To manage those health related risks, The Bank has effectively implemented the SOP issued by the respective State / Central Govt.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Not Applicable

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

Not Applicable

d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes. All the employees are covered under Group Medical and Personal Accident Insurance.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2021-22	FY 2020-21
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	Nil
	Workers		
Total recordable work-related injuries	Employees	Nil	Nil
	Workers		
No. of fatalities	Employees	Nil	Nil
	Workers		
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers		

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

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, evacuation related training for floor marshals and employees across offices. Periodic fire evacuation drills were conducted at the office locations 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 employees.

13. Number of Complaints on the following made by employees and workers:

	FY 2021-22			FY 2020-21		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	Nil	Nil	Nil	Nil
Health & Safety	Nil	Nil	Nil	Nil	Nil	Nil

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	Not Applicable
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

During the COVID - 19 pandemic, the bank has taken several measures for the health and safety of the employees. The bank has provided reimbursement of cost of COVID-19 vaccine (2 shots) to all its employees and their dependents. A one-time COVID test charge has been reimbursed at the maximum of ₹4500/- and one time Compensation of ₹10, 000/- to COVID affected employees. Bank has also extended lump sum monetary solace of ₹10.00 Lakh.to the family members of the deceased due to COVID. The bank has also ensured the effective implementation of Standard Operative Procedures issued by respective State / Central Governments from time to time to ensure Safety, Hygiene and implementing necessary social distancing of employees / customers in all its Branches and Offices

Annexure - 4

Leadership indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)

   Yes, the bank has a master policy with M/s Bajaj Alliance General Insurance company for group personal accident insurance. 5 times of annual gross salary is covered in the event of accidental death of an employee while in service. Under the family benefit scheme, a lump sum of ₹1, 50,000/- is paid to the family of the deceased employee.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

   Not Applicable

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21
Employees	Not Applicable		Not Applicable	
Workers				

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

   No

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Not Applicable
Working Conditions	Not Applicable

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners

   Not Applicable

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential indicators

1. Describe the processes for identifying key stakeholder groups of the entity

   Every individual or institution who is directly or indirectly impacted through KVB's activities is considered as our stakeholders. Keeping this broad philosophy, KVB has identified below list of key stakeholders. KVB always pursues its efforts in regular engagement across these stakeholders to build and maintain mutual trust and value creation.

   - Employees
   - Customers
   - Investors/Shareholders
   - Regulatory Bodies
   - Communities

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginal ed Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	- On the floor and virtual connect - Regular manager interaction - Various talent engagement initiatives by HR, such as trainings, team activities, wellness initiatives	On-going basis	The Bank follows open door policy on engagement with its employees. Most of these engagement cover areas, such as - Training and development - Addressing any work related concerns - Managing work life balance
Customers	Yes, if they qualify under age and income criteria	Multiple channels through physical and digital means	On-going basis	The Bank maintains constant relationship with its customers throughout entire life cycle of its loan products. Bank also uses various channels to keep its customers updated on its new services and products rolled out by the Bank.
Investors/ Shareholders	No	Email, newspaper advertisement, website, investor meetings & conferences, intimation to stock exchanges, annual/quarterly financials	Quarterly/ Annually & Need basis	To keep investors/shareholders updated about KVB's business activities
Regulatory bodies	No	Email, one-on-one meetings, video-conference	Need Basis	To ensure the Bank is in compliance with all regulations imposed by regulatory bodies. Engage with them on policy consultation and participate in larger economic objectives by participating in various Government initiatives and programs, such as PMAY and SGB
Communities	The Bank considers women, communities leaving in rural areas, farmer community and low income group individuals as vulnerable & marginalised stakeholder	Meetings, engagement through NGOs	On-going basis	Reach out to socially and economically disadvantaged people and assist them meet their basic needs, such as education, sanit ation, hygiene and livelihood.

Leadership indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

   The Bank maintains regular consultation and feedback mechanism across its stakeholders. The Bank also ensures feedback from stakeholders is factored in strategic decision making process. E.g. The Bank every year conducts customer survey to gauge their satisfaction about The Bank's services. The feedback is a critical input in developing new product and services as well as enhancement of existing services.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

   The Bank has always played responsible role in engaging with stakeholders and consulting them to enhance its product and services. As a next step, currently The Bank is running a holistic exercise in partnership with an ESG consultant, on identifying key focus areas across environment, social and governance themes. The Bank is currently engaging with all stakeholders to get their feedback which will be incorporated in identifying key ESG areas. This study will help The Bank to prioritise areas to work on in terms of enhancing its existing policies and practices.

Annexure - 4

3. Provide details of instances of engagement with, and actions taken to; address the concerns of vulnerable/ marginal ed stakeholder groups.

The Bank supports Government's endeavour towards affordable access of financial services to under banked areas. Under the financial inclusion Scheme the bank renders services to the disadvantaged, rural/ semi-urban section of the society. During FY 22, the bank has conducted 55 Financial Literacy Campaigns through branches. For the underprivileged segment of the society, the bank has extended focused financial services through 145 Bank Mitras in rural villages. Apart from this, The Bank is involved in many CSR activities to outreach to vulnerable section of community.

PRINCIPLE 5 Businesses should respect and promote human rights

Essential indicators

1. Employees and workers who have been provided training on human rights issues and policy (ies) of the entity, in the following format:

Category	FY 2021-22			FY 2020-21		
	Total (A)	No. of employees /workers covered (B)	% (B / A)	Total (C)	No. of employees /workers covered (D)	% (D / C)
Employees						
Permanent	4,175	14	0.34	4,395	2	0.05
Other than permanent	8	0	0.00	5	0	0.00
Total Employees	**4,183**	**14**	**0.33**	**4,400**	**2**	**0.05**
Workers						
Permanent	2,574	0	0	2,841	0	0
Other than permanent	534	0	0	487	0	0
Total Workers	**3,108**	**0**	**0**	**3,328**	**0**	**0**

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2021-22					FY 2020-21				
	Total (A)	Equal to Minimum Wage		More than minimum Wage		Total (D)	Equal to Minimum Wage		More than minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees & Workers										
Permanent and other than permanent (Male and Female)	90% of the total employees are governed under the Banking Industry level IBA Pay scales and remaining employees covered under Board approved CTC norms as such the existing pay scales prevailing in the Bank as whole are much more than any prescribed minimum wages prescribed by few states (Andhra & Tamilnadu) under scheduled employment.									

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)*	1	₹1,60,70,616	-	-
Key Managerial Personnel$	4	₹61,74,946.53	-	-
Employees other than BoD and KMP	4,219	₹10,83,435.00	1,061	₹10,66,681.00
Workers	1,493	₹7,12,326.90	1,124	₹7,36,182.10

*only MD & CEO is paid remuneration as approved by RBI/Shareholder, Chairman is paid Honorarium, Directors other than MD & CEO including Chairman are paid sitting fees.

$the following are the Key Managerial Personnel of the Bank: Managing Director & CEO, President & COO, Chief Financial Officer and Company Secretary.

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

   Human rights grievances/complaints are redressed by Internal Grievance Redressal Committee

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

   Yes, the bank has Grievance redressal mechanism – SAMADHAN

6. Number of Complaints on the following made by employees and workers:

	FY 2021-22			FY 2020-21		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Nil	Nil	Nil	Nil	Nil	Nil
Discrimination at workplace	Nil	Nil	Nil	Nil	Nil	Nil
Child Labour	Nil	Nil	Nil	Nil	Nil	Nil
Forced Labour/ Involuntary Labour	Nil	Nil	Nil	Nil	Nil	Nil
Wages	Nil	Nil	Nil	Nil	Nil	Nil
Other Human rights related issues	Nil	Nil	Nil	Nil	Nil	Nil

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

   The bank has internal complaints committee to address the issues related to the discrimination and harassment cases.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

   No, however the bank ensures fair treatment, transparency, honest dealing with its customers/ Contractors.

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	Nil
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

    Not Applicable

Leadership indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

   Internal Grievance Redressal Committee and Internal Complaints Committee are under vogue

2. Details of the scope and coverage of any Human rights due-diligence conducted.

   "KVB SAMADHAN" is a staff Grievance Redressal Mechanism introduced for redressing the grievances of employees relating to work conditions, Pay and benefits, leave allotment, workload , managerial decision, staff benefits, sexual discrimination at work place etc., and the same can be filed by aggrieved employee in KVB SAMADHAN portal. Immediately after submission of grievance by the employee, a complaint number will be generated by the system and acknowledged by HRD. The Staff Grievance Redressal Officer at Central Office will ensure to resolve the matter within 10 days.

Annexure - 4

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

   Yes

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	Nil
Discrimination at workplace	Nil
Child Labour	Nil
Forced Labour/Involuntary Labour	Nil
Wages	Nil
Others – please specify	Nil

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

   Nil

Principle 6: Businesses should respect and make efforts to protect and restore the environment

Essential indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2021-22	FY 2020-21
Total electricity consumption (A)	While we have not measured our total energy consumption so far, we have initiated discussions internally on tracking energy consumption, at some of our large offices.	
Total fuel consumption (B)		
Energy consumption through other sources (C)		
Total energy consumption (A+B+C)		
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)		
Energy intensity (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any

   Not Applicable

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2021-22	FY 2020-21
Water withdrawal by source (in kilolitres)		
(i) Surface water	Not Applicable	
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)		
Total volume of water consumption (in kilolitres)		
Water intensity per rupee of turnover (Water consumed / turnover)		
Water intensity (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation

   No

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2021-22	FY 2020-21
Nox			
Sox			
Particulate matter (PM)			
Persistent organic pollutants (POP)		Not Applicable	
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others – please specify			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2021-22	FY 2020-21
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	While we have not measured the greenhouse gas emissions and its intensity so far, we have initiated discussions internally on tracking the emissions.		
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)			
Total Scope 1 and Scope 2 emissions per rupee of turnover			
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

   No, there are no direct projects related to Green House Gas Emission. However, the bank has undertaken several CSR initiatives with positive direct environmental impact in protection of environment and its sustainability such as restoration of wetland ecosystems, Desilting Check Dams and Construction of Spring Stop, donation of battery operated vehicle for garbage collection to name few.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2021-22	FY 2020-21
Total Waste generated (in metric tonnes)		
Plastic waste (A)		
E-waste (B)		
Bio-medical waste (C)		
Construction and demolition waste (D)		
Battery waste (E)		
Radioactive waste (F)	Not Applicable	
Other Hazardous waste. Please specify, if any. (G)		
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)		
Total (A+B + C + D + E + F + G + H)		
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		

Annexure - 4

Parameter	FY 2021-22	FY 2020-21
Category of waste		
(i) Recycled	Not Applicable	
(ii) Re-used		
(iii) Other recovery operations		
Total		
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	Not Applicable	
(ii) Landfilling		
(iii) Other disposal operations		
Total		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

   E-waste materials generated due to up gradation/replacement of existing components like computers, modems, printers, UPS and etc., are disposed as per the e-waste management policy.

   All obsolete IT hardware items are sold to the vendors who are certified for E-waste management under Govt. of India. Further, we also procure under buy-back model where the same OEM will take back the same who are reputed in the market.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Sl. No	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any
1	Not Applicable		

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Renovation of iconic old Amaravati bridge into pedestrian walking track & park	-	June 20, 2022	Yes	Yes	https://www.kvb.co.in/docs/walk-n-jog-impact-assessment-report.pdf

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Sl. No	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
1	Not Applicable			
2				

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2021-22	FY 2020-21
From renewable sources		
Total electricity consumption (A)	Electricity consumption from windmill: 11,07,236 units (kWhr)	Electricity consumption from windmill:9,32,095 units (kWhr)
Total fuel consumption (B)	While we have not measured our total energy consumption so far, we have initiated discussions internally on tracking energy consumption, at some of our large offices.	
Energy consumption through other sources (C)		
Total energy consumed from renewable sources (A+B+C)		
From Non-renewable sources		
Total electricity consumption (D)	While we have not measured our total energy consumption so far, we have initiated discussions internally on tracking energy consumption, at some of our large offices.	
Total fuel consumption (E)		
Energy consumption through other sources (F)		
Total energy consumed from non-renewable sources (D+E+F)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

2. Provide the following details related to water discharged

Parameter	FY 2021-22	FY 2020-21
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface Water	Not Applicable	
- No treatment		
- With treatment – please specify level of treatment		
(ii) To Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) To Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
Total Water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Annexure - 4

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area – Not Applicable

(ii) Nature of operations - Not Applicable

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2021-22	FY 2020-21
Water withdrawal by source (in kilolitres)		
(i) Surface water	Not Applicable	
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres)		
Total volume of water consumption (in kilolitres)		
Water intensity per rupee of turnover (Water consumed / turnover)		
Water intensity (optional) – the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water	Not Applicable	
- No treatment		
- With treatment – please specify level of treatment		
(ii) Into Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) Into Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties	Not Applicable	
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2021-22	FY 2020-21
Total Scope 3 emissions (Break-up of the GHG into CO_2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO_2 equivalent	While we have not measured the emissions and its intensity so far, we have initiated discussions internally on tracking the emissions.	
Total Scope 3 emissions per rupee of turnover			
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

   Not Applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sl. NO	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Not Applicable		
2			

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

   Yes, the bank has a policy on business continuity and disaster management plan. The DR/BCP is duly approved by the Board. Critical systems / applications are identified and quarterly DR testing / Drills are performed. The challenges/ observations during the drill activity are noted and used for fine tuning our systems and procedures.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

   Not Applicable

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

   Not Applicable

Annexure - 4

Principle 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations. (As below)

   b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

Sl. No	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State / National)
1	Indian Banks Association (IBA)	National
2	Fixed Income Money Market and Derivatives Association (FIMMDA)	National
3	Foreign Exchange Dealers Association of India (FEDAI)	National
4	The Associated Chambers of Commerce & Industries (ASSOCHAM)	National
5	Confederation of Indian Industry (CII)	National
6	Federation of Indian Chambers of Commerce and Industry (FICCI)	National

2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
Nil		

Leadership indicators

1. Details of public policy positions advocated by the entity:

Sl. No	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
1	Nil				
2					

Principle 8 Businesses should promote inclusive growth and equitable development

Essential indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable					

2. Provide information on project(s) for which on-going Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Sl. No	Name of Project for which R&R is on-going	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
1	Not Applicable					

3. Describe the mechanisms to receive and redress grievances of the community.

Nil

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Parameter	FY 2021-22	FY 2020-21
Directly sourced from MSMEs/ small producers	Not Applicable	
Sourced directly from within the district and neighbouring districts		

Leadership indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
No such instances	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Sl. No	State	Aspirational District	Amount spent (In INR)
1	CSR Projects not undertaken in aspirational districts		
2			

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginal ed /vulnerable groups? (Yes/No)

No

(b) From which marginal ed /vulnerable groups do you procure?

Not Applicable

(c) What percentage of total procurement (by value) does it constitute?

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Sl. No	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
1	Not Applicable			
2				

Annexure - 4

5. Details of corrective actions taken or underway based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
Not Applicable		

6. Details of beneficiaries of CSR Projects:

Sl. No	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginal ed groups
1	Maintenance for Walk 'n' Jog at Karur	NA	NA
2	Medical Equipment's to Govindampalayam PHC Karur	22,750	Most of them were from such groups only
3	20 Oxygen concentrator, 20 multipara meter monitor & 100 finger pulse oximeter to Govt. Medical College hospital Karur	Huge number of COVID infected Patients	Most of them were from such groups only
4	Oxygen Generators to COVID CARE CENTRE – Govt. medical college Coimbatore	Huge number of COVID infected Patients	Most of them were from such groups only
5	Tamilnadu state disaster management authority -Financial Support to fignr COVID 19	NA	NA
6	65 Cots to COVID care centre opened at Coimbatore arts college	Huge number of COVID infected Patients	Most of them were from such groups only
7	Insurance premium for Ambulance donated by our bank to VIRRD Trust Hospital	NA	NA
8	Donated of Modular Oxygen System 1 units of 200 lmp to Govt. Hospital Aravakurchi (Inclusive of one year AMC)	Huge number of COVID infected Patients	Most of them were from such groups only
9	Donated of Modular Oxygen System 1 unit of 200 lmp to General hospital Edappadi (Inclusive of one year AMC)	Huge number of COVID infected Patients	Most of them were from such groups only
10	Setting up COVID CARE Hospital at Hyderabad (SAKSHAM)	Huge number of COVID infected Patients	Most of them were from such groups only
11	Rotary Udumalpet Tejas Towards Construction of Emergency CARE Unit at Govt. Hospital Madathukulam, Udumalpet.	Huge number of COVID infected Patients	Most of them were from such groups only
12	District Collector Karur for Namakku Namme Thittam	NA	NA
13	Surgeries for patients with Spine and Limb deformities	23 patients so far (This is an on-going projects)	100% of them are from such groups
14	Treatment of cancer patients	19 patients (This is an on-going projects)	100% of them are from such groups
15	Facilities at School blocks of Karur MHSS	The whole school students	Most of them were from such groups only
16	Battery operated vehicle to Kangeyam municipality for garbage collection	NA	NA
17	Karur Texcity Rotary Foundation for free medical camp at Panchamadevi village	The whole Village	Most of them were from such groups only
18	CEOA Matriculation Higher Secondary School towards the fees for 20 financially backward students	20 students	100% of them are from such groups
19	Battery operated vehicle to Vellakoil municipality for garbage collection	NA	NA
20	Battery vehicle to Sangamam Charitable Trust for free food distribution to road side dwellers	2,700	1

Sl. No	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginal ed groups
21	Construction of one class room floor renovation, painting and desks & benches for Government Girls Higher Secondary School, Velliyanai	575	Most of them were from such groups only
22	Desilting Check Dams and Construction of Spring Stops	500	1
23	Burns To Shine-A free reconstructive surgery project for burn survivors	13 patients so far (This is an on-going projects)	100% of them are from such groups
24	RMS – Windows based 32CH Digital EEG Machine and RMS Helios 702 Spirometer to Melmaruvathur Adhiparasakthi Institute of Medical Science & Research	NA	NA
25	Benches & Desks to Government Higher Secondary School, Tho.Jedarpalayam, Rasipuram	422	Most of them were from such groups only
26	Goshala Construction, Swami Sadashivananda Trust, Nerur	NA	NA
27	Treatment of differently and intellectually challenged persons	310	1
28	Skill development training to differentially Challenged Persons	100	1
29	Skill development & entrepreneurial training for rural women on tailoring, aari and thread craft embroidery	90	0.35
30	Skill development training for rural women members on door mat making & bio-vegetable garden production & marketing	60	0.75
31	Goshala construction at Badrachalam Sree Seetharama Devastanam	NA	NA
32	Restoration of wetland ecosystems	NA	NA
33	Establishing mini science centres in Government Schools (Ananthapur & Guntur)	2,530	0.4
34	Enabling dignified life through education at Govt. schools in rural areas	704 (This is an on-going projects)	Most of them were from such groups only
35	Promoting education to children with hearing disabilities	50	1
36	Maharashtra Government for Mobile Health Camps	NA	Most of them were from such groups only
37	Ensuring Portable Drinking water to rural community	2,000 households (This is an on-going projects)	0.3
38	Engagement of company Secretaries for Quarterly audit of CSR projects and Impact assessment of eligible completed CSR projects (Administrative cost)	NA	NA
39	Skill development to Slum women	300	0.6
40	Setting up of smart class rooms and labs in ZP schools (Seethayapeta, Anakapalli-Vizag AP)	501	Most of them were from such groups only
41	Benches & Desks to Government Girls Higher Secondary School, Vaangal, Karur	386	Most of them were from such groups only
42	Fitted 2-wheeler to differently challenged Person	1	1
43	Setting up 500 LPH RO plant to provide safe drinking water to government school Sengulam, Karur	885	Most of them were from such groups only
44	Setting up 250 LPH RO plant to provide safe drinking water to government school Chinnasengal	346	Most of them were from such groups only
45	Skill development training to rural women	30	0.28

Annexure - 4

Principle 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

   The bank has a Grievance redressal policy, the consumer complaints are addressed as per the policy. The policy is hosted in the website of the bank - https://www.kvb.co.in/docs/grievance-redressal-policy.pdf

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not Applicable
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

	FY 2021-22		Remarks	FY 2020-21		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil	Nil	Nil	Nil	Nil	Nil
Advertising	Nil	Nil	Nil	Nil	Nil	Nil
Cyber-security	Nil	Nil	Nil	Nil	Nil	Nil
Delivery of essential services	Nil	Nil	Nil	Nil	Nil	Nil
Restrictive Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Unfair Trade Practices	2	0	Nil	1	0	Nil
Other	4,654	128	Nil	2,014	40	Nil

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Not Applicable	
Forced recalls		

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy:

   Yes, the bank has a policy of cyber security. The bank is certified ISO/IEC 27001 by M/s TUV SUD, which is the international standard that is recognised globally for managing risks to the Information Security. The bank has a policy on data privacy of beneficiary Aadhaar holder which is hosted in the website of the bank. https://www.kvb.co.in/regulatory-disclosures/fair-practices-banking-codes-overview/banking-codes-policies/

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

   No such instances.

Leadership indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

   https://www.kvb.co.in/

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

   Awareness advisories are circulated to customers through social media platforms, through display in website, security awareness messages through Emails.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

   Disruption / discontinuation of essential services are communicated through display in the bank branches through notice boards for customers.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

   As the Bank operates in a highly customer-focused sector, product-related transparency and communications are of highest priority to us. In line with the guidelines of the Reserve Bank of India, 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 there is a change in interest for various deposit/loan 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.

5. Provide the following information relating to data breaches:

   a. Number of instances of data breaches along-with impact - Nil

   b. Percentage of data breaches involving personally identifiable information of customers - Nil

Management Discussion and Analysis

1. ECONOMY REVIEW

1.1 Global economy

The first half of Calendar Year 2021 depicted a hesitant and asymmetrical global economic recovery, which was impacted by the continuing and pervasive effect of COVID-19, especially with the advent of new variants causing increased fatalities. The year was also marked by supply side disruptions and the onset of a super cycle of commodity price increases. Global trade recovered during second half of the year, despite the supply and logistics bottlenecks and the unprecedented collective policy efforts by governments and central banks helped minimise the lasting economic damage across the world.

With Russia invading Ukraine in February 2022, oil and other commodity prices have surged significantly, thereby worsening the already high inflation dynamics across the globe. The escalation in the geo-political tension has also led to increased financial volatility. According to the International Monetary Fund (IMF) report of April 2022, global growth during the year was 6.1%. Rising supply chain disruptions, shortages for semiconductors and containers, rise in shipping costs and the continued energy crisis complicated by the ongoing geopolitical conflict are creating short-term challenges for business.

Combining the effects of the COVID-19 pandemic, the recent geopolitical tensions has slowed the global economy, which is entering what could be a prolonged period of slow growth and high inflation. The Fed raised its benchmark rate by 75 basis points – the largest increase since 1994 – to a range of 1.5% - 1.75%, signaling larger rate hikes to come that would increase the risk of another recession.

Outlook

The global recovery appears to have lost a significant momentum during Calendar Year 2022 and the outlook appears to be grim. The uncertainty about the direction of Russia-Ukraine crisis, shortage of key intermediaries, lockdowns in China, creeping up of stagflation and the increased likelihood of recession in advanced economies pose large & downside risk for growth. Full economic revival seems to be further away and in this backdrop, IMF has marked down the global growth outlook at 3.6%.

Global growth forecast (%)

Particulars	Actual	Projections	
	2021	2022	2023
World Output	6.1	3.6	3.6
Advanced Economies	5.2	3.3	2.4
Emerging Market and Developing Economies	6.8	3.8	4.4

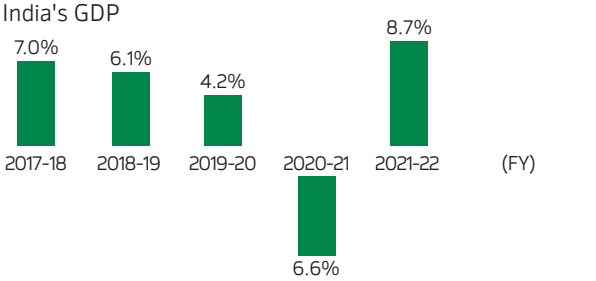
Source: International Monetary Fund (IMF) Report April 2022

1.2 Indian economy

India's economic growth bounced back after the COVID induced shock in 2020, reflecting a strong recovery - led by favourable monetary and fiscal policy, mass vaccinations and significant progress on structural reforms. The strong recovery is commendable considering the fact that first the Delta-driven and then the Omicron-induced waves of the pandemic unsettled the recovery in domestic economic activity. The third wave turned out to be shorter-lived and less debilitating in terms of impact on economic activity than the first two waves due to the efficacy of the nationwide vaccination drive and learning & adaptation from the previous waves. The year witnessed strong growth momentum in exports and improvement in credit uptake driven by agricultural and industrial sectors. In spite of formidable headwinds, India's merchandise exports touched a record of US$ 421.9 billion during FY 2021-22, with a volume expansion of 16.6% over pre-pandemic level. The Reserve Bank of India (RBI) continued to provide adequate monetary support by keeping policy rates unchanged and by keeping liquidity at a large surplus in FY2022.

According to the provisional estimates released by the National Statistical Office (NSO) on May 31, 2022, India's real Gross Domestic Product (GDP) growth in FY 2021-22 was 8.7% which is 1.5% above the pre-pandemic level (FY 2019-20). The recovery has been uneven with the informal sector still reeling under pressure, with a large extent of the labour migration yet to reverse fully. Tense geopolitical situation and the consequent elevated commodity and global food prices are imparting considerable uncertainty to domestic inflation outlook and hence RBI in June 2022 has revised inflation projection upwards by 100 bps to 6.7% for FY23 from 5.7% estimated earlier in April 2022. Recent fiscal measures like ban on domestic wheat exports, reduction in excise duty on oil and lifting the ban on export of edible oil by global suppliers will help in offsetting some inflationary risk. To control the surge in inflation, which is beyond the comfort zone of the Regulator, the stance of RBI is now focused on withdrawal of accommodative policy. In line with the shift in priority to control inflation overgrowth RBI has increased the policy rates.

GDP trends in India



Source: Ministry of Statistics and Programme Implementation (MOSPI) report of May 31, 2022.

Outlook

The recovery in domestic economic activity is gathering strength and rural consumption should benefit from the likely normal south-west monsoon and the expected improvement in agricultural prospects. A rebound in contact-intensive services is likely to bolster urban consumption, going forward. Investment activity is expected to be supported by improving capacity utilisation, the government's capex push, and strengthening of bank credit. Growth of merchandise and services exports is set to sustain the recent buoyancy. Spillovers from prolonged geopolitical tensions, elevated commodity prices, continued supply side bottlenecks and tightening global financial conditions nevertheless weigh on the outlook.

IMD has projected a normal south-west monsoon and this is expected to strengthen the agricultural prospects. With the rural consumption likely to benefit from a normal monsoon, the recovery in domestic economic activity is gaining momentum and the revival will be aided by increase in urban demand arising from rebound in contact-intensive services. Growth of merchandise and services exports is set to sustain the recent buoyancy.

However, the commodity price hikes, supply constraints, tightening global financial conditions and the spillover effects of geopolitical tensions would weigh on the outlook and RBI has projected the GDP to grow by 7.2% during FY 2023.

2. INDIAN BANKING INDUSTRY

Bank credit growth increased steadily in FY 2021-22 as a result of increased retail demand, economic recovery, and co-ordinated efforts by the RBI and the Government. The resolution frameworks announced by the RBI in the wake of COVID-19 enabled a flexible system to help COVID stressed borrowers and provided for rescheduling of payments, conversion of any interest accrued into another credit facility and granting of moratorium for up to two years. The Resolution Framework 2.0 announced by the RBI post second wave primarily targeted individuals, small businesses and MSMEs as the impact was much limited.

The regulatory interventions, ample banking system liquidity, and the government's fiscal spending and higher level of social and consumer activities following the relaxation of the lockdown boosted credit demand conditions in the economy, leading to higher credit offtake in various sectors. The credit offtake momentum has been mostly positive in the second half of the year, and it increased by 9.6% in FY 2021-22 as compared to 5.6% in the previous year.

Additionally, various reforms to the banking system occurred during the year, including the establishment of bad bank to address non-performing asset issues, harmonising corporate structure for banks, and aligning risk parameters for large NBFCs, among others. The government's fiscal spending and the RBI's liquidity continue to boost consumer and business sentiment.

Growth drivers

Over the past few years, the business of banking has witnessed a shift from traditional branch banking to digital banking. This paradigm shift has been possible due to innovations in Information Technology (IT), growth in mobile and internet connectivity, market-based financial intermediation, and the advent of Fintech. Financial service providers are now devising new products and services and are adopting new business models for reaching out to the target customers.

- **Rise of technology**

  The most prevalent trend in the banking industry today is the shift to digital, specifically mobile and online banking. The ever-evolving high-tech world has left humans desiring for high-touch — the involvement of personal attention and service. High-touch refers to situations where trust between the customer and employed individual is necessary. And with the growing impact of millennials — both customers and new-age banking employees — personal touch will be crucial factor in maintaining important relationships in the financial services sector alongside the evolving technologies.

  Technology adoption has boosted financial inclusion and tech-enabled public goods delivery such as Direct Benefit Transfer (DBT). Anywhere-anytime banking has become common and the indigenously developed Unified Payments Interface (UPI) and Aadhaar Enabled Payment Service (AePS) have become the backbone of retail payments system. Apart from these, the RBI has supported innovations in a proactive manner by providing regulatory guidelines for account aggregators and peer-to-peer lending operators and the introduction of a Central Bank Digital Currency (CBDC) is on the cards.

  Given the growing role of technology, the banks are developing capabilities of a technology company, while offering banking services, and are increasingly factoring in risks relating to cyber security, software development, limitations in transaction capacity, privacy of customer data and data security.

Management Discussion and Analysis

- **Financial inclusion**

  India's current financial inclusion index stands at 53.9. Government efforts through the Pradhan Mantri Jan Dhan Yojana (PMJDY) and the RBI's continuous efforts to bring banking to a large mass of people continues to intensify financial inclusion in India. The increasing use of artificial intelligence (AI) and machine learning (ML) to determine the creditworthiness of clients for small ticket loans by analysing data from a wide range of structured and unstructured data has the potential to enhance access to credit for marginalised customers.

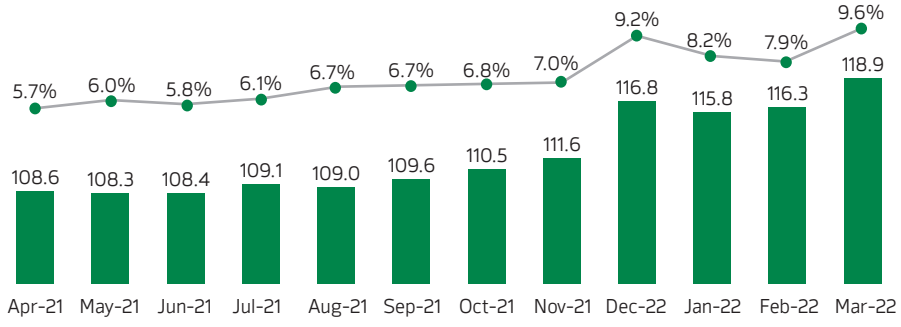
Budget 2022-23 - key announcements

- The Finance Minister announced a major push in digitisation by enabling all the post offices to move into the core banking system for financial inclusion and has also proposed to set-up 75 digital banking units in 75 districts by Scheduled Commercial Banks. This will create a large footprint for digital banking in the rural areas for farmers and senior citizens and bolster ease of banking which could have a positive impact on the banking sector.
- Revealed plans for a Central Bank Digital Currency (CBDC) which will be possibly known as Digital Rupee.
- National Asset Reconstruction Company (NARCL) will take over, 15 Non-Performing Loans (NPLs) worth ₹50,000 Crore (US$ 6.70 billion) from the banks.
- The government will further disinvest its stake in IDBI Bank and privatise two public sector banks.

Policy measures by RBI

- RBI maintained congenial financial conditions and ample liquidity for sustaining the economic recovery during major part of FY 2022.
- Special refinance facilities for All-India Financial institutions (AIFIs).
- Term liquidity facility to support COVID-related healthcare infrastructure and services.
- Special Long-term Repo Operations (SLTRO) for small finance banks (SFBs).
- On-tap liquidity window to mitigate the adverse impact of the pandemic on certain contact intensive sectors.
- Rolled out an Integrated Ombudsman Scheme, 2021 by adopting a 'One Nation One Ombudsman' approach in November 2021 and the Internal Ombudsman mechanism was extended to eligible NBFCs.

Monthly Trend of Growth in Gross Bank Credit Outstanding



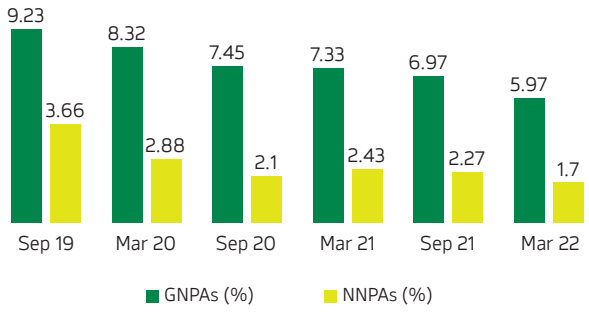
Source: RBI

Slippages & Recovery

Gross Non-Performing Assets (NPAs) of the banking sector dropped below 6% as of March 2022 — the lowest since 2016 — and Net NPAs fell to 1.7% during the same period, indicating that the sector has remained largely unscathed from the ill-effects of the Covid-19 pandemic.

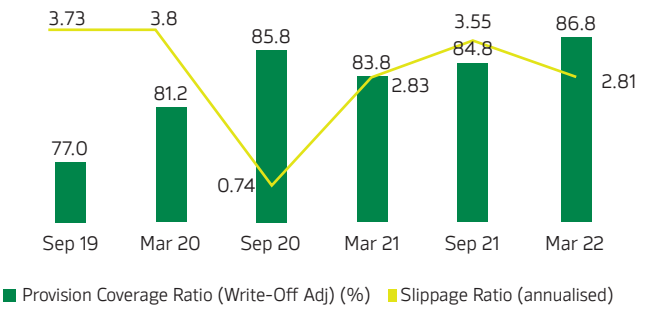
Not only has there been an improvement in the asset quality of the banking system, but banks have also shored up their capital base to deal with any untoward situation that may arise going forward. Banks are also well placed to support the economy with a rise in credit demand.

Asset Quality has been consistenly Improving



Source: RBI Supervisory Returns; Data for Mar-22 is provisional..

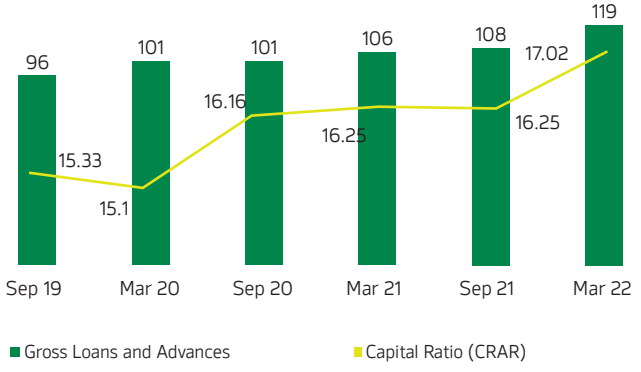
Provision Coverage has improved while slippages show early signs of moderation



Source: RBI Supervisory Returns; Data for Mar-22 is provisional.

The banks have also facilitated timely credit offtake to support the economic recovery and the Government's ECLGS scheme helped in mitigating the risk aversion. Most of the banks have a comfortable capital position which should place them well to support economic recovery.

Capital position has improved along with growth in advances



Source: RBI Supervisory Returns; Data for Mar-22 is provisional.

Outlook

After years of muted credit growth, the outlook for bank credit growth is expected to remain positive owing to low-base effect, economic expansion, increased government and private capital expenditure, extended ECLGS support, and retail credit push. The medium-term prospects appear promising, with reduced corporate stress and a significant buffer for provisions. The banking industry's quick adaptability, combined with the power of technology and timely government action, has laid the groundwork for credit growth improvement in the coming year. The Retail loan segment is expected to outperform the Industry and Service segments. RBI is monitoring the inflationary situation and a sharp increase in interest rates could have an impact on credit growth.

Management Discussion and Analysis

3. CORPORATE OVERVIEW

Karur Vysya Bank Limited (KVB) is one of India's leading private sector banks and was founded in 1916 by two great visionaries, Late Shri M. A. Venkatarama Chettiar and Late Shri Athi Krishna Chettiar, with the primary goal of meeting the financial needs of merchants and the agriculturists. We have evolved as a financial conglomerate with operations spanning across treasury, corporate/wholesale banking, commercial, agriculture and retail banking. Our clientele include small and medium-sized businesses, agriculture, and the retail sector. We offer a diverse range of products in these categories and have a national presence with 822 branches/offices.

SWOT analysis

Strengths	Weaknesses	Opportunities	Threats
a) Tailor made products to suit diverse needs of customers.	a) Relatively lesser presence in the lucrative retail segment	a) Rapid digitalisation of the banking sector	a) Intensifying competition in most product categories
b) Customer-centric approach with a personalised touch.	b) Brand recall as a regional bank	b) Immense growth potential of the retail (housing, vehicle, personal loans, gold loans) and MSME segments	b) Uncertainty in macroeconomic environment
c) Best-in-class digital platforms and offerings		c) Huge, underserved segment in the country	
d) Strong presence in India's southern hinterlands			
e) Robust risk management and governance framework			
f) Consistent strengthening of capital and Adequate liquidity			
g) Well experienced management team			

4. FINANCIAL PERFORMANCE

We crossed milestone business number of ₹1,25,000 Crore this year. The net profit for the year stands at ₹673 Crore, which is the highest ever recorded by the Bank.

₹ Crore

	FY22	FY21	% Change
Net Interest Income (1)	2,715	2,360	15
Other Income (2)	769	919	(16)
Total Income (1+2) #	3,484	3,279	6
Net Income from Advances & Others	2,498	2,059	21
Net Income from Treasury Operations	986	1,220	(19)
Operating Expenses	1,854	1,987	(7)
Operating Profit	1,630	1,292*	26
Provisions	699	757	(8)
Profit Before Tax	931	534	74
Tax (net of DTA/DTL)	258	175	47
Net Profit	**673**	**359**	**87**

Total Income is the sum of Net Interest Income and Other Income.

* after reclassification of depreciation on investments as an item of other income.

Total Income increased by 6% y-o-y to ₹ 3,484 Crore in FY 2021-22 driven by rise in Net interest income (NII). However, the fee and other income declined by 16% y-o-y to ₹769 Crore.

NII accounted for 78% of the Total Income and its increase during the year was primarily due to growth in interest earning assets. During the year, yield on Advances and the cost of funds declined by 46 bps to 8.47% and 67 bps to 4.32% respectively. During the year, we focused on growing our CASA and Retail term deposits, achieving a growth of 10% y-o-y in CASA and 9% y -o-y in total deposits. As a result, our cost of deposits declined by 66 bps to 4.30%. The Net Interest Margin for the year increased by 29 bps to 3.69%.

Fee Income accounted for 18% of our Total Income and increased by 16% y-o-y to ₹634 Crore. The growth was driven primarily by increase in credit related segment. The other income was impacted mainly due to reduction in profits from treasury operations.

Operating expenses declined 7% y-o-y to ₹1,854 Crore during the year and the Operating cost to Income declined to 53.2% from 60.6%. We have initiated various measures to control operations cost as well as to improve employee productivity and continue to closely monitor various items of expenses and are working towards maintaining cost-to-income levels of around 50%.

Healthy growth in Total Income along with lower Operating Expenses led to a growth in the Bank's Operating Profit by 26% y-o-y to ₹ 1,630 Crore. During the year, Provisions decreased by 8% to ₹ 699 Crore and the Net Profit for the year increased by 87% and stood at ₹673 Crore, on account of higher Operating Profit and lower Provisions. This is the highest ever Net Profit reported by the Bank.

Asset Quality

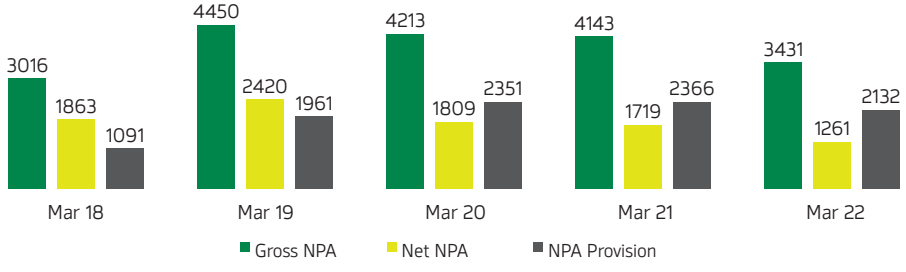
The asset quality metrics has been consistently improving for the past three years. During the year, on account of lower slippages, higher recoveries and aggressive collection strategy followed by the bank, the Gross NPA ratio decreased sharply to 5.96%, at the end of March 2022 from 7.85% as at end of March 2021 and Net NPA ratio decreased to 2.28% from 3.41%.

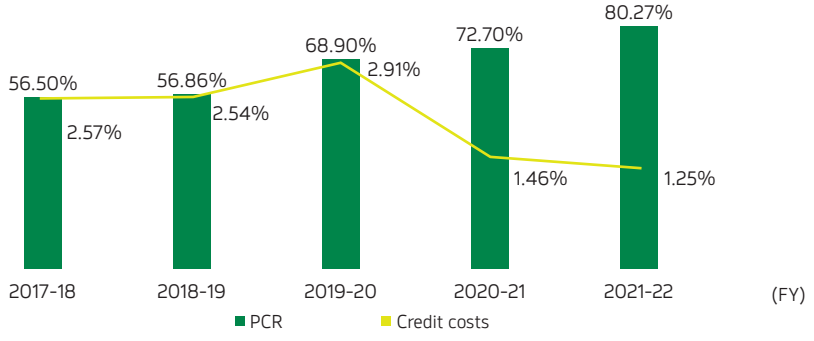
We maintained net negative slippages during the last three quarters of FY 2022 and also curtailed the SMA 30+ at less than 1%. The provision coverage increased consistently and stood at 80.27% including technical write-offs.

We are also encouraging OTS schemes with defaulters wherever possible and recovered ₹199.15 Cr during the year. Our aim is to reduce the GNPA and NNPA below 5% and 2% levels respectively by FY 2023.

	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18
GNPA (%)	5.96	7.85	8.68	8.79	6.56
NNPA (%)	2.28	3.41	3.92	4.98	4.46
PCR (%)	80.27	72.70	68.90	56.86	56.50

₹ in Crore





Management Discussion and Analysis

Balance sheet parameters

Advances grew by 9% (after technical write off) to ₹ 57,550 Crore, largely driven by growth across all segments including Agriculture, Retail, Commercial and Corporate advances. We plan to increase our presence in Retail and MSME segments and harness fintech and NBFC partnerships to improve co-lending business.

	FY 2021-22 ₹ in Crore	FY 2020-21 ₹ in Crore	% Change
Agriculture	13,044	11,531	13
Retail (Personal Banking)	13,265	12,257	8
Commercial	18,698	16,687	12
Corporate (after Tech. W/off)	12,543	12,345	2
Advances	**57,550**	**52,820**	**9**

Sectoral Break-up of Gross Advance

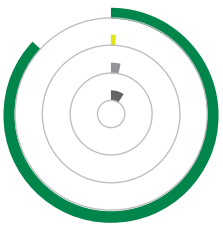
₹57,550 Crore



Manufacturing Sector	25%
Jewel Loan	25%
Personal Segment Loan	14%
Trading	14%
CRE	06%
Agri	02%
Bills	02%
NBFC	04%
Other Exposures	08%

Investment Composition

The Gross investment portfolio grew by 8% y-o-y to ₹ 17,755 Crore. The portfolio primarily comprises of low duration AFS, SLR book and we do not expect any significant MTM losses based on the current yield structure.



SLR	87%
Shares	1%
Security Receipts	3%
Debentures/ CD/MF/CP	9%

Deposit Mix

The Total Deposits of the Bank increased by 9% to ₹68,676 Crore. Savings Bank deposits reported a growth of 12% to ₹16,983 Crore while term deposits grew at 8% to ₹44,772 Crore. As on March 31, 2022, low-cost CASA deposits increased by 10% y-o-y to ₹23,904 Crore, and constituted 35% of total deposits. Overall, the liability franchise is granular and predominantly retail. Over 92% of the term deposit are retail and top 20 deposit holders account for about 5% of the total deposits.

₹ in Crore

	FY 2021-22	FY 2020-21	% Change
Demand Deposit	6,921	6,439	7
Saving Deposit	16,983	15,215	12
CASA	23,904	21,654	10
CASA (%)	35	34	-
Term Deposit	44,772	41,624	8
Total Deposit	**68,676**	**63,278**	**9**



Term Deposits	65%
Demand Deposits	10%
Savings Deposits	25%

- Term deposits are primarily retail deposits
- 92% of term deposits are <₹5 Crore

Low dependence on wholesale deposits



< ₹ 15 Lakh
₹ 15 Lakh - ₹ 1 Crore
₹ 1 Crore - ₹ 5 Crore
> ₹ 5 Crore

Capital Management

We strive for greater capital efficiency and increasing our capital adequacy to enhance shareholder value. The Bank's capital position continues to grow strong with overall Capital Adequacy Ratio (CAR) increasing to 19.46% at the end of the year, well above the benchmark requirement of 11.5% stipulated by Reserve Bank of India (RBI). The Bank's Risk Weighted Assets (RWA) to Asset ratio improved to 52% at the end of FY 2021-22.

Key financial and operating ratios (%)

Basic Earnings Per Share (EPS) was ₹8.42 compared to ₹4.50 a year ago. Return on Equity (RoE) and Return on Assets (RoA) improved during the year and were 8.86% and 0.86% respectively.

	FY 2021-22	FY 2020-21	Change %
Return on asset	0.86	0.49	75
Return on equity	8.86	5.16	71
EPS (₹)	8.42	4.50	87

	FY 2021-22	FY 2020-21
Book value (₹)	94.95	86.57
Cost of deposits	4.30	4.96
Yield on Advances	8.47	8.93
Yield on Funds	7.34	7.67
Cost of Funds	4.32	4.99
Net Interest Margin	3.69	3.40
Cost to Income	53.20	60.60

Details of change in return on Networth as compared to the immediately previous financial year and reasons thereof

The Return on Networth / Return on Equity grew from 5.16% as on March 31, 2021 to 8.86% as on March 31, 2022, owing to growth in our Net Profit.

Reasons for significant changes (i.e. change of 25% or more as compared to the immediate previous financial year) in key financial ratios

Operating Profits of the Bank for the Financial Year 2021-22 has improved by 26% to ₹1,630 Crore from the previous year figure of ₹1,292 Crore and the Net Profits for the Financial Year 2021-22 has improved by 87% to ₹673 Crore from ₹359 Crore, registered during the previous Financial Year 2020-21. Hence, the growth is reflected in the Return on Assets (ROA), Return on Equity (ROE) and Earnings Per Share (EPS).

Outlook

We expect a broad-based growth in the ensuing year both under deposits front and Advances, with equitable contribution from all the verticals. Considering the need for building up deposits to meet our asset growth and to further strengthen our CASA franchise, we have made certain structural changes. We have brought together the Personal Banking Liabilities and Personal Banking Assets groups under a single Business Head for better operations synchronisation between the teams and to expedite growth in Retail Assets, Liabilities, Third Party Products and Government Business.

Our focus will be on the following areas during FY 2022-23:

- focus on lending to mid-corporates, MSMEs and Retail segments.
- harness our fintech & NBFC partnerships to improve co-lending business.
- drive the Branches/Recovery units for continuing the net negative slippages in NPAs during this year also and reduce the GNPA & NNPA levels.
- prioritise on cost optimisation both on operations front and also the employee costs by improving productivity.
- improve the NIM and ROA further.

Management Discussion and Analysis

5. REVIEW OF BUSINESS VERTICALS

Commercial Banking Group (CBG)

We have always been overweight on our CBG segment in view of its vitality both in terms of growing topline business and also for improving the yields. The commercial business constituted 32% of the advances of the Bank and grew by 12% over the previous year and stood at ₹18,698 Crore.

We have 16 Business Banking Unit (BBUs) with dedicated Relationship Managers (RMs) and also formed three new Clusters covering the branches under 9 Divisional Offices for expediting sanctions. At the same time, BBU structure has been revamped with Sales RMs to focus on new business and Service RMs to meet out the requirements of existing borrower requirements.

We have also transformed the lending system from physical to digital lending process with introduction of Loan Origination System (LOS) and introduced hassle-free process for renewal of working capital limits under SBG segment with introduction of fast-track renewal model.

We are continuously refining our corporate card features to meet the emerging business needs of MSMEs and small traders.

FY 2021-22 key highlights

- Introduced Fast Track Renewal for working capital limits under SBG business segment for smooth credit flow to existing customers.
- Restructured the eligible loans of MSME borrowers to alleviate the stress of borrowers, by adhering to RBIs guidelines - Resolution Framework - 2.0 for MSMEs.
- Tie-ups with NBFCs for co-lending and pool buyout portfolio.
- Supported the borrowers who are impacted by economic disruptions by providing Guaranteed Emergency Credit Line (GECL) facilities.
- Formed Cluster Committee at Cluster Level and Executive Credit Committee (ECC) at CO level for quick sanctions.

Outlook

We plan to offer "Drop line Overdraft (OD)" facility to attract NBFC customers. We are decentralising credit processing to Divisional Offices, Commercial Business Clusters and Business Banking Units by providing credit team for processing and delivering the credit proposals with best TAT.

Personal Banking Assets Group (PBAG)

The Retail Advances Business registered growth of 8% during the year under review. Despite the pandemic threats during first quarter of the year, the total Retail Advances grew to ₹ 13,265 Crore and constituted 23% of the Bank's total advances.

There has been a significant demand for retail loans, particularly for Home Loans and we have streamlined our rates in tune with the market.

Based on the experience gained out of the Corporate Credit card business, we have ventured into the Retail Credit Card business this year. Besides being an additional offering in the retail bouquet of products, the Retail Credit Card seeks to improve the customer product holding, retail lending business and generate additional income. Two variants of the Retail Credit Card – 'Honour' & 'Platinum' were launched on 15.08.2021.

FY 2021-22 key highlights

- Home Loan grew by 9% and the growth in Mortgage Loans was 8%. The housing loan portfolio grew to ₹ 5,823 Crore and Mortgage Loan books increased to ₹ 1,832 Crore.
- Vehicle loan and jewel loan portfolio have grown by 4% and 7% respectively during the fiscal.

Outlook

We have chalked out plans to grow our Retail advances during the year. To grow our home loan book, we plan to improve our footprint among the builders by approving more of their projects for funding. We are building pan-India relationships with DSAs for sourcing of secured personal loan portfolio.

We are also planning to introduce surrogate product for Home loan and PL (Secured). In vehicle loans, we are rolling out special schemes for various makes and models of cars. We are partnering with leading NBFCs for co-lending of Gold Loans, Housing Loans and Mortgage Loans and engaging with a leading start-up for offering education loans for abroad studies.

Corporate and Institutional Group (CIG)

CIG accounts for about 22% of Bank's total advances and has grown by about 2% during the year. The business has begun to return to pre-COVID levels during the year, thanks to the additional assistance provided to the borrowers under ECLGS extensions. Borrowers are meeting repayment obligations on time as a result of improved cash flows and asset quality has improved. Borrowers are actively pursuing capex plans that were stalled due to the pandemic and the bank finds funding opportunities for expansion plans.

FY 2021-22 key highlights

- The portfolio grew to ₹ 12,543 Crore.
- Granular average ticket size of ₹ 38.81 Crore.
- Supported the borrowers for their expansion plans/ capacity addition in Textile, NBFC and Renewable energy etc.

Outlook

We continue to follow cautious approach in lending to the corporate segment, focusing primarily on rated corporates with minimum of Investment grade rating. We are identifying value chain to participate in funding the forward/backward integration. We are also exploring regular working capital limits to corporate borrowers under Transaction Banking Group (TBG) platform.

We look to on-board Loans & Advances in the range of ₹ 25 Crore to ₹ 75 Crore to further granulise the portfolio. Also, we will continue weeding out exit marked accounts and maintain efforts on monitoring and recovery of SMA accounts.

Agriculture Banking Group (ABG)

Agriculture credit continues to be the backbone of Indian economy and the primary source of livelihood for majority in rural areas. The key to increasing farmers' income in a sustainable manner would be in adopting farmer-centric approach with focus on agriculture and farmers welfare.

The ABG loan books grew to ₹ 13,044 Crore during the year with a growth of 13% y-o-y and accounted for 23% of Bank's total advances portfolio. The portfolio grew despite the redemptions in Gold Loans after the opening up of economy.

FY 2021-22 key highlights

- Achieved all the targets and sub-targets under Priority sector for all the quarters of the year and Priority advances as a percentage to ANBC as on March 31, 2022 stood at 47.04%
- We have tied up with a leading Fintech company for sourcing Cattle loans to Farmers in the business of rearing of cattle and selling milk and the scheme was digitally implemented initially at Karur Division in September 2021.
- Divisional Office-wise special focus made to expand our Direct Agricultural Lending like Poultry in Salem Division, Warehouse Receipt Loan lending to farmers storing Chillies in Vijayawada Division, Warehouse Receipt Loan lending scheme to Farmers storing Bengal gram & Paddy in Tirupathi Division and nursery cultivation from Visakhapatnam Division.
- As per RBI guidelines, we also implemented KCC-Animal Husbandry and Fisheries schemes which will be focussed in Salem, Tirupathi, Coimbatore Divisions to expand our Direct Agri lending reach to farmers.
- NPAs and SMAs in Agriculture books had reduced compared to previous year.
- Warehouse Receipt loans relaunched with revised checks & balances.
- Focused on extending construction finance for Warehouse/Cold Storage construction, in order to improve the storage facilities.

Outlook

We are one of the first banks to launch a separate product for the "Agri Infra Fund" scheme and will continue to take up viable projects during the 4 years i.e validity period of the scheme. We plan to increase tie ups with starts ups and fintechs for extending agricultural loans and also accord top preference to projects with tie-ups/lease agreements with corporate firms involved in procurement/processing of agricultural commodities.

Further, we will also focus on financing FPOs under various Credit Guarantee Fund Schemes as well increase our network of growers through various growers/ plantation associations for lending opportunities. We have also planned to engage with Fintech/BCs with adequate risk mitigation model to explore into microloans so as to reachout to SF/MF and other marginal sections and explore the opportunities that exist for the bank at the bottom of pyramid of the society.

Management Discussion and Analysis

Treasury

The scope of treasury management function is quite vast and it continues to expand. A treasury manager should be able to understand and appreciate the link between business strategy, and organisation goals. Treasury management includes the management of cash flows, banking, money-market and capital-market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

In a volatile market, the department took the following steps to reduce the risks:

- Modified duration is maintained cautiously in the range of 3.05-3.30 years so as to minimise the MTM risk.
- Meagre SLR provisions due to sanitisation of portfolio.
- Miniscule exposure to MTM risk in SLR portfolio.

FY 2021-22 key highlights

- In the rising yield scenario during the last financial year, a lower duration/minimal holding in AFS portfolio enabled us to manage interest rate volatility effectively.
- Investments in new products were undertaken such as InvITs/AIFs, which gave higher rate of return. Partial booking of profits were made in InvITs/AIFs.
- Additional interest income was generated by placing deposits through USD-INR swaps.

NEO

NEO was conceptualised for on-boarding new customers to Bank through Non-Branch channel sources and thus operates through a standalone open market acquisition channel for the bank instead of operating through Bank's distribution network. NEO is focusing on expanding the distribution network by creating significant footprint in Tier-2 & Tier-3 cities and exploring Alliances & Partnerships under co-lending & co-origination with NBFC's in consumer banking space.

The digital partnerships for loan origination and co-lending enhances our acquisition strategy with low cost and high traction along with high market visibility creating digital footprint at par with peer banks. Also, the strategy to skim the market and operate niche segments increases our geographical presence and penetration in the retail banking space.

NEO has entered into strategic partnerships to strengthen its distribution network as below:

- On-boarded a leading equipment renting company towards assignment of receivables on non-recourse basis.
- Engaged with a NBFC under co-lending model for funding the Medical Equipment Finance Products which will create significant scope to enter Medical Equipment segment with other products catering to the Medical and Hospital segment.
- Expanded BNPL programme for segment such as Travel, D2C, Edtech and Wellness and Healthcare.

FY 2021-22 key highlights

- Total book size grew to ₹ 2,556 Crore with an incremental growth of 84%.
- Robust insurance penetration is a reflection of maintaining the products per borrower and focusing on other income.
- Expanding the partnership base for leasing business with flagship companies in the industry has helped us maintain overall higher portfolio yield.
- Active BNPL customer base of 3.2 million.

Outlook

NEO is under discussion with various partners for digital as well as non-digital based solutions for expanding the sourcing channels for advances growth. NEO plans to expand geographically by opening new locations in MP, UP, Kolkata, Rajasthan and Punjab etc.,

Transaction Banking Group (TBG)

The TBG offers collection and payment products under our Cash Management Services (CMS) to large, mid and small corporates. With a complete electronic platform, we offer products like Virtual Account and bulk payments with customised MIS, which supports the customers in collection and reconciliation. Our CMS products act as an enabler for sourcing current accounts.

The Transaction Banking Group support the customers in unlocking their working capital blocked in the supply chain through various supply chain finance programmes like vendor finance, dealer finance and specific factoring programs. The supply chain finance programmes are hosted in an electronic platform to ensure seamless operations.

We are forging new relationships with FinTech companies to improve the customer base. We are one of the early and

active participants in all the three RBI licensed "TReDS platforms" for financing MSME vendors under Priority Sector Lending.

FY 2021-22 highlights

- Introduced a new variant of vendor funding in the name of "Freight Finance" for funding logistics operators.
- Share of MSME lending as a percentage of portfolio has improved.

Outlook

Going forward, we will enlarge our target segments to encompass wide range of industries such as FMCG, logistics etc.,

Precious Metal Division (PMD)

Precious Metal Division, since its business commencement in February 2020, has moved a long way ahead and have imported several tons of bullion during the year. Our services are covered in several states across India and we have witnessed impressive growth in our bullion business turnover, with special focus on the SME sector.

The division has got a robust system of onboarding clients with proper systems in place to manage this price sensitive and volatile business. The team handling the business are well conversant and experienced personnel with reach to customers spread across India.

Your bank provides products and services in line with the regulatory provisions. With the increase in client base, demography and business turnover, this vertical has witnessed positive revenues in its first year of full-fledged operations. We have seen a Five-fold growth in business compared to last year as a growing business vertical. We are further constantly increasing our customer base and turnover with our objective to be one of the top bullion banks in India.

Outlook

We plan to increase our consignment supplies, market penetration, and customer base by offering products to suit client needs within regulatory framework. We plan to take a greater share of the market and be one amongst the top bullion banks in India.

Personal Banking Liabilities Group (PBLG)

The retail liability business of the bank constitutes to 54% of the total business of the bank. Our growing digital ecosystem now covers a large portion of services offered by our liabilities group. PBLG is forefront in introducing new customers to the Bank and the Bank's foray in handling government business would provide a fillip to the liabilities book.

FY 2021-22 key highlights

- Total Liabilities Book grew by ₹ 5,398 Crore, 9% growth over last year.
- Bank's term deposits are primarily retail in nature and 80% of the Deposits are less than ₹1 Crore. Only about 8% of the Bank's deposits are above ₹ 5 Crore.
- CASA Book grew by ₹ 2,250 Crore, 10% over last year.
- CASA ratio has increased to around 35%.
- Term deposits recorded incremental growth of ₹ 3,148 Crore during FY 2021-22 versus ₹ 1,056 Crore for the previous fiscal.
- New business premium of ₹ 152.24 Crore earned during the year under Life, Non-Life and Health Insurances.
- New to Bank (NTB) incremental growth under CA stood at ₹ 556 Crore (versus ₹ 441 Crore for the last year).

New products and services launched

- **Online payment of Customs Duty through ICEGATE portal:** We have been appointed as an Agency Bank for Government business and collection of Direct Taxes & Indirect Taxes. We have successfully integrated with the ICEGATE portal of Central Board of Indirect Taxes & Customs (CBIC) and have facilitated online payment of Customs Duty to customers. Presently, we are working on integration for GST Collection which is all set to go live at the earliest, offering ease of banking to our bank customers. MOU is signed with State Governments such as Tamil Nadu HR & CE and Maharashtra Government for various services. We are also in the process of integrating TIN Version 2.0 for collecting direct taxes from customers on behalf of CBDT.
- **KVB Smart Trade & Exim Current Account:** KVB Smart Trade & EXIM Current Account is a one-stop solution, specially curated to offer ease of banking to trade and business customers, logistics companies, importers & exporters and clearing & forwarding agents with best-in-class features inbuilt. Online

Management Discussion and Analysis

payment of customs duty through ICEGATE portal of Customs Department, hassle free reconciliation through virtual account facility, entire gamut of Cash Management Services including doorstep banking and finer trade & forex rates and charges are the hallmark of this product.

- **NETC FASTag option in pre-login screen of DLite Mobile app** - This option can be exclusively used by KVB FASTag customers who do not have any other relationship with KVB. Customers can make use of this option for managing their KVB FASTags. This will also increase the downloads of KVB DLite app and also has the potential to attract non-customers to open DLite account with KVB.
- **KVB - Payment Gateway Services -** As a part of the bank's initiative to offer technology services to suit each and every segment, we have been imparting continuous focus on offering digital products / services from time to time in tune with customer expectations and preferences. Our bank has introduced KVB - Payment Gateway Services, for providing essential infrastructure and facilitating payment for goods and services purchased through multiple payment modes such as Credit card, Debit card, Internet Banking.

Digital push

We have been very active on the Digital push to move towards cashless payments and actively advertised the availability of product offerings in the digital space. In a further push to cashless banking, the number of Registered Net banking users has crossed 9.84 Lakh during FY 2021-22 and the Mobile banking user base crossed 1.79 Million. Total number of transactions across internet / mobile banking surged past 3.98 Crore transactions.

UPI

In terms of UPI transactions, our bank has registered a new high of 43.94 Crore transactions during FY 2021-22, which comprises both beneficiary and remitter. Through this we have witnessed a growth rate of 103% in UPI transactions.

POS

We deployed 2,808 new Point of Sales (POS) machines during the year. Transactions worth ₹3,470 Crore of payments were made through the machines issued by your bank.

MOBILE BANKING USER BASE

1.79 million ↑ 25% over last year

Debit Cards

On the cards front, we issued 4,92,151 debit cards during FY 2021-22. During the period, 873.98 Lakh transactions amounting to ₹ 33,551.34 Crore were put through the debit cards of the bank.

Demat Services

We have 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.

The bank has also partnered with M/s SMC Global Securities Ltd., in January 2022 for offering trading account facility.

Government Sponsored & Pension Schemes

We offer various government sponsored schemes (from Pension schemes to Insurance schemes) to cater to the need of wide range of people for social security.

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

The Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) is a one year life insurance scheme, renewable from year to year, offering coverage for death due to any reason and is available to people in the age group of 18 to 50 years (life cover upto age 55) having a savings bank account and who give their consent to join and enable auto-debit. We have enrolled 86,563 customers under Pradhan Mantri Jeevan Bima Yojana.

Pradhan Mantri Suraksha Bima Yojana (PMSBY)

Pradhan Mantri Suraksha Bima Yojana (PMSBY) is aimed at covering the population who are not covered in any insurance plans. This scheme was available at a highly affordable premium of just ₹12/- per year. The Scheme is available to people in the age group 18 to 70 years with a savings bank account and who give their consent to join and enable auto-debit on or before May 31, for the coverage period June 01, to May 31, on an annual renewal basis. We have enrolled 1,44,490 customers under this scheme.

Atal Pension Yojana (APY)

Atal Pension Yojana (APY) is a pension scheme for citizens of India. This scheme is primarily focused on benefitting the unorganised sector workers. Under this scheme, a guaranteed pension of ₹1,000/- to ₹5,000/- will be given to the subscriber at the age of 60 years. The pension amount depends on the contribution made by the subscriber. We have enrolled 1,697 customers under this scheme during the year.

Sovereign Gold Bond Scheme (SGB)

SGB is a government security denominated in grams of gold and is a substitute for holding physical gold. Investors have to pay the issue price in cash and the bonds will be redeemed in cash on maturity. The Bond is issued by Reserve Bank on behalf of Government of India.

We have sourced 61,236 grams of gold amounting to ₹29.5 Crore in 10 tranches during the year.

National Pension System (NPS)

National Pension System (NPS) is a pension cum investment scheme launched by Government of India to provide old age security to Citizens of India. It brings an attractive long-term saving avenue to effectively plan your retirement through safe and regulated market-based return. The Scheme is regulated by Pension Fund Regulatory and Development Authority (PFRDA). National Pension System Trust (NPST) established by PFRDA is the registered owner of all assets under NPS. KVB is providing online NPS a/c opening through K-fintech (CRA). We have covered totally 609 customers including conversions from NSDL to kfintech as on March 31, 2022.

Outlook

With the economy expected to bounce back sharply, we are focusing on accelerated growth of Retail liabilities in general and CASA deposits in particular. We are committed to benchmark our products in line with market offerings and grow our liability books. We will also focus on further improving our CASA book size and are committed to enhance our total TPP income.

6. REVIEW OF OPERATIONS VERTICALS

Data Center – DRS functions

The Data Center transformation is one of the most important processes being undertaken by us, as we are adopting new technology to streamline regular DC functions. Data center transformation is an ongoing process, wherein new technology is being adopted for transforming the regular DC functions, for operating in a conventional and more efficient way. We have implemented several new initiatives leveraging new technologies including virtualisation, Cloud computing, image processing, Artificial intelligence, Open–API, e-kyc, open-source platforms, VPN and storage-based backup solutions. New initiatives are being rolled out after ensuring compliance of all cyber security frame works as mandated by the regulator.

Key initiatives

In order to implement the appropriate project governance and to bring-in more professionalism, the IT organisation structure has been redefined with formation of new verticals as well as enhancing the scope of the existing team viz., IT Management Pillar, Application Pillar and Technology Pillar.

- IT Management Pillar comprises of IT Strategy and IT procurement and is responsible for IT Governance.
- Application Pillar is responsible for maintaining the software life cycle management of the business applications which includes the major areas like version upgrade, additional customisations, application patches and the Level 3 support for the applications.
- Technology Pillar is responsible for Technology Infrastructure Management.

Security related implementations

- Privileged Access Management has been introduced to make sure that people have only the necessary levels of access to do their jobs.
- DAM (Database Activity Monitoring) is introduced to do the real-time analysis of database transactions and to identify, report on fraudulent, illegal or other undesirable behaviour, with minimal impact on user operations and productivity.

Management Discussion and Analysis

- Baseline implementation is being implemented to ensure the minimum security controls for a low-impact, moderate-impact, or high-impact information system.
- Customer facing critical web applications traffic are routed through A10 device for the purpose of protecting the applications and infrastructure against cyber-attacks, including multi-vector DDoS attacks and malware in encrypted traffic.
- Core banking system is the heart of any bank's operations and mounting security threats in today's digital world have resulted in creating the need of tightening the security of core banking. Hence we have introduced finger print enabled biometric system integrated with the existing traditional security system to build a strong security mechanism.

Technology related implementations

We have implemented several new technology initiatives in our Data Centre Operations to ensure the business continuity and provide seamless service to customers.

We are in the process of cloud adoption by hosting the historical data which occupies large volume to cloud in order to reduce the IOPS, CPU, on-premises database licensing and infrastructure costs.

New initiatives viz., AI and Machine Learning, open source platforms are being rolled out after ensuring compliance of all cyber security frame works as mandated by the regulator.

Infrastructure maintenance:

We have strengthened our infrastructure during the fiscal at various levels such as:

Server Level– Old servers have been replaced with high end power series servers for increased scalability to accommodate the larger loads.

L**ink level-** Network links have been upgraded both in Data Centre and Branches.

Device level– Replacement of Security devices is done with the Next Generation Firewall. Latest Load Balancers have been deployed with higher capacity and scalability for increased traffic handling.

Technology level– Introduction of 4G connectivity at Remote locations where wired links are unavailable.

Security Level– Patching all the systems through multiple products like Bigfix for servers and SCCM for Desktops and improving the monitoring of systems.

Backup level– High end backup technologies introduced for quicker processing.

In addition to above, various Database, Operating System and Application are upgraded to latest technology. Further, OEM security patches are applied on regular basis and regular VAPT is conducted on all applications to assess and address the security risks.

Outlook

Going forward, we will implement cloud migration of applications to ease customer journey. To build higher productivity, we are undertaking automation of day-to-day activities. We are also strengthening our back-end to ensure privacy of customer data and enhanced protection against cyberattacks. We are planning SD WAN implementation to enhance our connectivity and optimising our power use as part of our ESG initiatives.

Collections

To have PAN India coverage for recovery through Asset Recovery Branches (ARB), we have opened two new ARBs, to have special team for high concentration on recoveries. We have also engaged recovery agencies and enforcement agencies for Divisional Offices and ARBs in south zone for effective tracking and follow-up.

Early Warning Signals are generated on daily basis in SAS application. These signals are verified and based on signals, the loan account which may ultimately turn out as stressed asset are scrutinised and communicated to concerned Business units and verticals for effective monitoring.

Apart from early warning signals, we also verify RBI's CFR Portal, CRILC portal to check inclusion of any of our customers (banking under MBA/Consortium arrangement) in this list by other banks and regular review of account statements, stock statements, etc. are carried out every month to identify anomalies / abnormal operations in the accounts. Instances of frauds reported in News Media are regularly monitored on daily basis.

FY 2021-22 key highlights

- Taken steps for effective delinquency management like close monitoring of delinquency, root-cause analysis (product wise, location wise and sector wise study of delinquencies), prioritisation on apt recovery strategy and system automations.
- Initiated systemisation process to have effective tracking of recovery process from the date of NPA till the type of closure/up-gradation of NPA accounts.

Outlook

Various new IT initiatives have been rolled out in recovery vertical for better monitoring and follow-up of stressed accounts. We have initiated rolling out of LMS (Litigation Management System), for better monitoring of legal recourses undertaken in the stressed accounts for accelerating recovery. We will further strengthen the transparency and efficiency of the process.

Marketing and branding

Brand Recognition is a prime requirement of any business venture. This can be ensured only by way of constant presence and promotion in the various media. Though our Bank is a popular brand across the country, in order to keep our visibility on par with the other competing brands, a suitable branding strategy has been put in place. We are positioning ourselves as a tech-savvy bank offering the best of digital products and services. Our DLite app and digital retail and corporate loans are the best in class. These products are the highlights of our marketing strategy. Accordingly the DLite app and quick & paperless retail loans are promoted extensively in print and television media. The digital media, being a favourite among the Gen Z, we are using our social media handles to exclusively market the products with regular posts on almost a daily basis. (Read more on **page 40**)

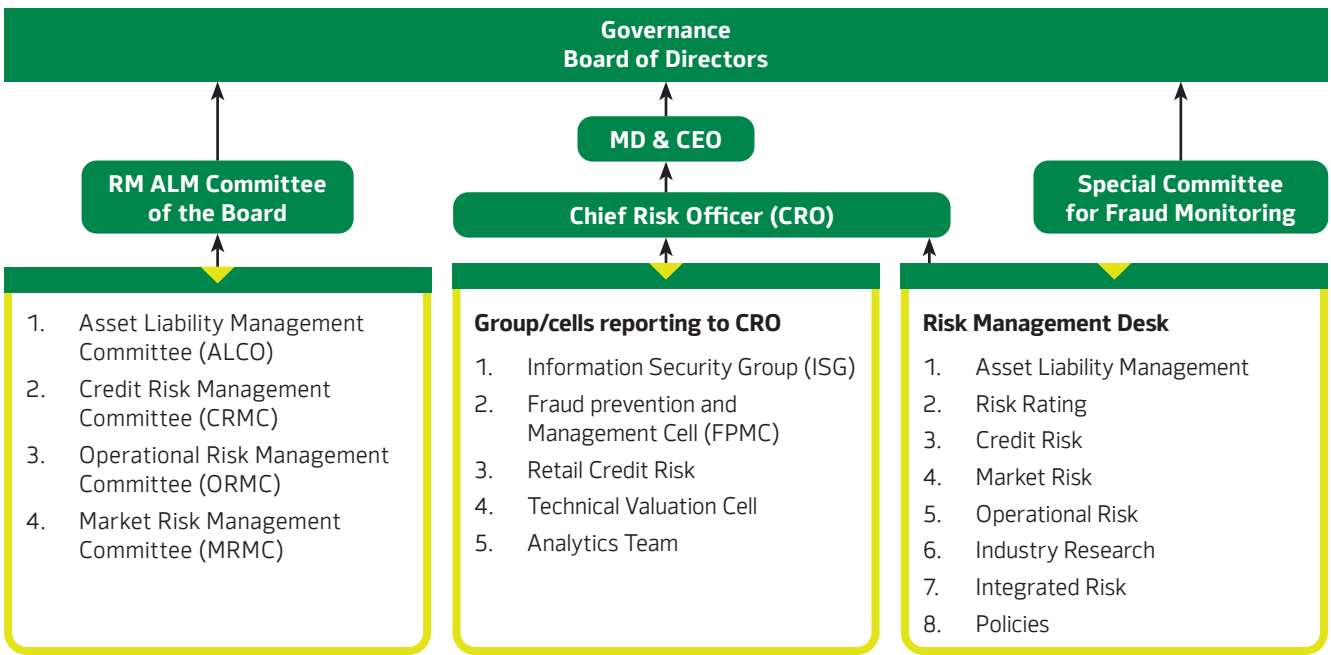
Customer Service

The customer is at the heart of our business strategy and we have implemented the following measures to improve customer service:

- Our customers will be shortly able to remit direct & indirect taxes through Banks' net banking channel and are actively engaging with government departments for completing system integration.
- Introduced new features in DLite App to enable the customers to submit account related requests on the go.
- ATMs and Cash Recyclers were maintained with maximum uptime.

7. RISK MANAGEMENT

A robust risk management system and continuous adoption of latest initiatives ensures long-term financial security and stability. The overall responsibility of setting our Bank's risk appetite and effective risk management rests with the Board and leadership team.



Management Discussion and Analysis

The Board focuses on:

- Approving and reviewing our Risk Management Framework and policies annually.
- Assessing the effectiveness of risk mitigation plan implemented by RMD.
- Providing strategic guidance on various initiatives undertaken / to be undertaken by our Bank towards management and mitigation of various risks.

Risk Management & Asset Liability Management Committee, being the sub – committee of the Board, plays a supportive role to the Board, by carrying out *inter alia* the following functions:

- Review and approve the development and implementation of risk management framework, risk assessment methodologies/processes and tools, including monitoring and reporting etc.
- Foreseeing future changes and threats and prioritise appropriate action.
- Setting and defining the Risk appetite of the Bank.

Well experienced risk management team with decades of relevant industry experience in varied segments of relevance to the bank and knowledge in various areas, handle the risk management functions.

The risk framework lays down the following components for effective risk management:

- An independent risk organisation and governance structure with a clear common framework of risk ownership and accountability.
- Governance standards and controls to identify, measure, monitor and manage risks.
- Policies to support and guide risk taking-activities across our Bank.
- Risk appetite statements.
- Periodic stress testing to assess the impact of adverse business conditions on earnings, capital and liquidity.

Risk culture of our Bank:

- A strong and consistent tone from the Board and Senior Management in respect of risk taking and risk mitigation in the Bank.
- A commitment to ethical principles – as reflected by ethical behaviour of the employees and application of ethics in business decisions.
- A clear enterprise-wide acceptance of the importance of Risk Management, including ownership and accountability of various risk areas.
- Timely flow of risk information in the organisation.
- Encouragement for the reporting of risk events, including near misses, so that appropriate lessons could be drawn from them.
- Not to engage in any activity / business that is not in line with the risk appetite of the Bank.
- Development of adequately resourced Risk Management function and recognising the values of Risk Management skills and knowledge.
- Allowing sufficient diversity of perspectives, values and beliefs to ensure that the status quo could be challenged without inhibition.
- Whistle-blower policy encourages employees, customers and vendors to communicate any information to the Top Management without fear of reprisal.

We have a dedicated Fraud Prevention and Management Cell (FPMC) for managing fraud risks reporting to Chief Risk Officer (CRO) of our Bank. FPMC submits reports to the Board and Senior Management Committees, periodically. Fraud detection, analysis, mitigation and prevention are a continuous process, and our Bank follows a structured approach as mentioned in Fraud Risk Management Policy and SoP.

Early Warning Signal (EWS): A number of Early Warning Signals (EWS) are studied regularly, and the results are shared with concerned business verticals by the Credit Monitoring Vertical. We have installed specialised applications to fetch different EWS in an orderly manner. On-line transactions are also monitored by specialised computer applications and processed until the logical end.

Red Flagged Accounts (RFA): Some of the borrowal accounts that exhibit a number of EWS are studied in detail for a period of six months, and appropriate decisions are taken, either to lift the account from RFA or to declare the account as fraud.

Risk and Control Self-Assessment (RCSA): RCSA is a proactive tool in identifying lacuna, if any, among different processes of our Bank. The processes of our Bank are being studied for gaps (if any), controls available, adequacy of corresponding controls, lead and lag indicators etc. Corrective steps required are being initiated by the concerned stakeholder departments based on the RCSA.

Root Cause Analysis: Root cause analysis is comprehensively carried out to study the transactions to understand the weaknesses in the system and suggest additional controls to prevent recurrence.

Key Risk Indicators– KRIs under key business and support functions are identified and compared with the threshold levels on a quarterly basis. The threshold levels are reviewed/new KRIs are identified periodically besides reviewing breaches if any, facilitating for taking corrective actions.

Whistle-Blower Policy: Bank encourages employees, customers and vendors to communicate any information they may come across about serious malpractices or impropriety/ abuse of powers etc. to the Top Management without fear of reprisal. The policy is popularised through various measures such as internal circulars, e-mail advisories, training sessions etc. to spot aberrations and deal with it at the earliest.

Bank weighs all new products and processes, the embedded options or enhancements of the existing products critically before it is offered to the public to avoid systemic lacuna, if any.

Besides the above, we are subject to several audits, periodic visits by Divisional Heads, Divisional Operating Officers, and Central Office personnel for effective monitoring and continuous surveillance of all operations.

During FY 2021-22, we reported 44 frauds amounting to ₹ 653.50 Crore. Of which, 30 are Credit related frauds amounting to ₹ 652.81 Crore (94.88% of the amount falls under Consortium/Multiple Banking Arrangement) and out of this, ₹ 537.48 Crore pertains to corporate exposures which were classified as NPA before December 2018. There were 14 Operations related frauds amounting to ₹ 0.69 Crore.

We have a Fraud Risk Management Policy to detect, control and monitor frauds and ensure continuous surveillance to prevent frauds, besides managing the risk of loss arising from both internal and external fraudulent events. The macro level guidance and directions on the above aspects is provided by the Board and Committees of the Board viz., Special Committee for Fraud Monitoring and Audit Committee.

RBI has created a Central Repository namely Central Payment Fraud Information Registry (CPFIR), for recording payment frauds. As per the guidelines, all payment related frauds, irrespective of value of the fraud, either reported by the customer to the Bank or detected by the bank shall be reported within 7 days from the date of reporting/detection including attempted frauds.

During the FY 2021-22, our Bank has reported 880 cases of payments frauds involving an amount of ₹ 121.40 Lakh to RBI through Electronic Data Submission Portal (EDSP). Mostly Phishing/Vishing type of payment frauds were reported. In none of the cases, Bank incurred any liability. Customers shared their credentials with fraudsters in all the reported cases.

Bank is engaged continuously in enhancing the Risk Management Standards on par with the best practices in the banking sector. The Risk Management Process in our Bank is subjected to a review by an external consulting agency to evaluate the level of effectiveness and to bring fresh perspectives to the Risk Management approach adopted by our Bank.

Role of technology in managing risk: CLS/LOS (Loan Origination System) Credit processing system has been digitised end-to-end with automated checking process viz., verification of account statements, GST data, Bureau report, income statements duly supported by well-designed score cards and a process flow document. Field visits, verification of veracity of the documents are handled effectively supported by a Fraud Control Unit (FCU). Improvements/enhancements are in place continuously to get complete benefit of the technology. This helps in minimising the manual intervention for its authenticity or genuineness. Further Internal Rating is undertaken in CRISIL IKON models besides internal rating models and portfolio monitoring by appropriate applications.

Management Discussion and Analysis

Risks	Mitigation Steps
Credit Risk Macro factors including pandemic hit in economy, geopolitical tensions in the neighbouring countries, stress in certain industries and micro level factors, underwriting process, recovery measures.	• Bank has a centralised credit risk management division, independent of our business functions, to manage credit risk with well-defined policies, caps on exposures to various industries, single & group borrowers' sensitive sectors. Appropriate credit underwriting standards, risk mitigation processes, post-disbursement monitoring, strong collection and recovery mechanism via call centers and timely remedial actions ensure that credit risk is contained within acceptable levels. • Retail Credit Risk Team is responsible for retail credit portfolio and parameterised lending, basis product specific gating parameters and score cards. The parameters and gating conditions are being reviewed/ enhanced periodically. • A Business analytics team provides comprehensive analytical reports with analysis and inferences to the top management, for taking appropriate policy and business decisions. • Bank has a system of monitoring the exposures periodically to ensure that those are within the Policy ceilings approved by the Board. • Portfolio studies, industry/sector analysis are carried out to capture up-to-date information. • Internal credit risk rating of proposals is mandatory for sanction of credit facilities with hurdle rating grades for new & take over exposures. Bank has deployed CRISIL IKON models and other models for rating our borrowers. • LOS (Loan Origination System) has been designed and structured - to bring in better controls from a system perspective on TATs - building better underwriting capability based on analytical feed and creating a digital workflow for risk mitigation - better due diligence through system designs, sanity and automated bureau checks to minimise onboarding risks - stipulation of gating conditions tested based on historical data of the Bank, eliminating subjectivity in the credit approval process - well-designed score cards, as a part of decision-making tools apart from gating conditions • Periodic product and portfolio reviews facilitate course corrections and product / process flow changes. • Divisional credit risk officers are placed in each divisional office to get a ground zero perspective of credit proposals. • Comprehensive delegation of powers for various authorities with inbuilt matrix both for risk and non – risk deviations; spread policy takes care of the pricing based on components such as Credit risk premium, business strategy premium, tenor premium, BRE scores / Risk rating grades • Credit and risk related policies are drafted and reviewed periodically as per the Bank's requirements and regulations. • Committee level approach to credit approval process promotes qualitative discussions and collective wisdom allowing 360-degree analysis of the credit proposals. • Clusters headed by Senior Executives are formed in select centers with business potentials, for guiding the BBUs in the matters of credit dispensation, administration and monitoring • PQI (Portfolio Quality Index) concept for monitoring the performance of the business units and relationship officers in an effective manner has been tested and shall be implemented with more precision during FY23. • Bank is also monitoring developments in neighboring/other countries, including UN sanctions, sanction by USA/ EU and our Government restrictions.
Market Risk Market Risk arises largely from the Bank's trading activity in interest rate instruments, equity and forex market. We have well-developed framework, comprising of Board approved policies and established practices, for management of the market risk.	• Our Bank investment portfolio is having more of Central and State Government Securities. • Bank has established an independent mid office, as the risk control unit for the treasury & PMD activities reporting to Chief Risk Officer. • Mid-Office scrutinises the treasury deals and transactions from market risk and operational risk aspects. • Policies are in place for conduct of business exposed to market risk and liquidity risk with appropriate risk limits, stop loss limits etc. and for effective management of all market risk exposures. • The policies and practices also take care of monitoring and controlling of liquidity risk arising out of its banking book, trading book and off-balance sheet exposures. • To measure and control market risk, interest rate risk, Equity price risk and forex risk, Bank has set various risk appetite limits. Bank is using various tools like stress testing, modified duration, PVBP, VaR, position limits, stop loss limits, NOOP limit, AGL etc to monitor and contain market risk. Currently, capital charge for market risk is computed under the Standardised Duration Approach.

Risks	Mitigation Steps
Liquidity & Interest Rate Risk Liquidity risk is the potential inability to fund increase in assets, decrease in liabilities or meet obligations as they fall due, without incurring unacceptable losses. Interest rate risk is the risk where changes in market interest rates affect the Bank's earnings through changes in its net interest income (NII) and the market value of equity through changes in the economic value of its interest rate sensitive assets, liabilities and off-balance sheet positions	• Bank's Asset Liability Management policy provides framework for management of liquidity risk and interest rate risk. Bank has established risk appetite limits and other tolerance limits for both liquidity risk and interest rate risk. Further, our Bank also has necessary framework in place to manage and monitor intraday liquidity risk. • Our Bank's Asset Liability Committee (ALCO) is periodically reviewing pricing of assets and liabilities, monitoring adherence to liquidity risk and interest rate risk limits. • While the maturity gap and stock ratio limits help manage liquidity risk, assessment of impact on the net interest income and economic value of equity help to mitigate interest rate risk. This is complemented by a stress testing framework covering both liquidity and interest rate risk. • Bank conducts various studies to assess the behavioural pattern of non-contractual assets and liabilities and embedded options available to customers, which are used while managing maturity gaps. • Liquidity Coverage Ratio (LCR), a global standard to assess organisation's ability to meet its payment obligations, is used to measure a Bank's liquidity position. LCR level ensures that the Bank has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario. • NSFR (Net Stable Funding Ratio) return is submitted to RBI effective 1st Oct 2021. NSFR promotes resilience over a longer-term time horizon by requiring banks to fund their activities with more stable sources of funding on an ongoing basis. • Our Contingency Funding Plan (CFP) ensures that Bank has adequate liquid financial resources to meet our liabilities as they fall due. The CFP is reviewed quarterly by the Board/ALCO. • Country risk and Counterparty (Bank) exposure limits are reviewed periodically.
Operational Risk Risk arises from inadequate or failed internal processes, controls and systems, and procedures due to employee error or breach, fraud or external events or a combination of these factors	• Bank has a well-established internal control system, Books of instructions, internal circulars on policy matters and procedures, guidelines which include segregation of duties & responsibilities, systems and procedures, standardised operating procedures, clear lines of authority and reporting, among others. • Bank has adopted a structured internal audit mechanism carried out at pre-defined intervals based on well-designed parameters & existing ratings; apart from regular inspection, Bank also has Concurrent audit, Information Security Audit, Credit Audit, Revenue Audit and statutory audit. All the audits and inspections also help in understanding the working of the controls, breaches and the need for improving the controls and its effectiveness. • Risk and control Self-Assessment exercise and Key Risk Indicators support in putting in place additional measures to improve the existing systems and controls. • Bank has a Business Continuity and Disaster Recovery (BCP & DR) policy to manage disruptions to our operations. • Product, process and outsourcing committees have representation from the risk department for their views besides suggesting mitigations for the identified risks in those products and process. • Bank has implemented the Basel III capital framework and calculates the Capital to Risk Weighted Assets Ratio (CRAR) as per the guidelines laid down by the RBI
Fraud Risk Financial institutions in general and Banks in particular are vulnerable and prone to several frauds perpetrated through internal and external forces. All the Banks are taking initiatives continuously to strengthen their internal control systems and procedures to guard against the frauds	• Bank has put in place a fraud risk management policy and standard operating procedure clearly defining the roles and responsibilities of all the related stake holders in the matters relating to detection / identification, classification and reporting of frauds to RBI, other regulatory bodies, Board of the Bank and Sub committees of the Board, and the process of investigation, apart from recovery including insurance claims, provisioning, disciplinary action against the fraudsters, closure of fraud etc. • Reasons are analysed to study the transactions, understand the weaknesses in the system and suggest additional controls to prevent recurrence. A number of Early Warning Signals (EWS) are studied and the results are shared with concerned verticals. • Besides internal data, public domain data are also analysed as a preventive and monitoring mechanism. • On-line transactions are also monitored by specialised computer applications and processed until the logical end. • Some of the large loan accounts that exhibit a number of EWS are studied in detail for a period of six months, and appropriate decisions are taken based on the results of the study.

Management Discussion and Analysis

Risks	Mitigation Steps
COVID-19 pandemic It poses additional risks for our Bank, both directly as well as indirectly through the global and domestic macroeconomic factors, and external operating environment	• Bank had extended all the relief measures announced by Union Government and Reserve Bank of India, be it extension of moratorium, approval of FITL, GECL, Resolution framework for all types of loan including MSMEs. • Comprehensive study to identify industries / sectors that are affected & likely to be impacted by the pandemic was undertaken by Risk Management Department followed by quick assessments on subsequent periods. Fresh proposals are handled with additional due diligence and other key parameters and the capabilities of achieving the estimates. • Credit flow to these industries / sectors were monitored (and continue to be monitored) to avoid any concentration risks, while ensuring that viable businesses under temporary financial stress were extended necessary credit facilities within the risk appetite of our Bank. • The advances portfolio of our Bank is under close monitoring, both at the portfolio level as well as at individual borrower / account level, to ensure that it stays healthy including pandemic related impact on various portfolios.

Commodity price risks and foreign exchange risks and hedging activities

We have a Market Risk Policy, an Integrated Treasury Policy and Precious Metals Division Policy approved by the Board specifying risk control framework for undertaking any Commodity price risk and Foreign exchange risk. The 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. The Bank maintains adequate margin while lending against commodities and has put in place a system of monitoring the commodity price.

In addition, Bank is authorised by Reserve Bank of India to import gold and silver and the exposure arising out of import of gold and silver on consignment basis is covered on back-to-back basis.

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 Policies of the Bank.

8. HUMAN CAPITAL

Our people are the driving force behind our success and the key differentiators in an intensely competitive sector. We are committed to providing them with growth oriented work environment and have established transparent and well-defined people policies and meritocratic practices, be it in staff augmentation, deployment or development. We have also been continuously digitalising our people processes over the past few years for the convenience of employees and to ensure effectiveness of the processes.

(For more details, read **page 30** of this report.)

9. COMPLIANCE

We have a transparent and comprehensive Compliance Policy and a robust KYC/AML/CFT Policy, duly approved by the Board and subject to an annual review. Compliance, to us, is non-negotiable and Compliance Department independently tracks, monitors, assesses and ensures that we meet regulatory guidelines and internal standards. The department works closely with the Compliance Coordinators of business/ Operations teams and Divisional Offices. The Department is headed by the Chief Compliance Officer (CCO), who assists the Board, Audit Committee of the Board and Leadership Team in managing the compliance risk, that is, the risk of legal or regulatory sanctions, financial loss or reputational loss arising out of any failure to comply with the applicable laws, regulations or code of conduct applicable to Banks activities.

The team at Compliance Department remains up to date with regulatory developments and acts swiftly to ensure timely adherence to guidelines by respective business/ operation teams. We also participate in industry working groups that discuss evolving regulatory requirements and impart training on matters related to compliance to employees on an on-going basis. The CCO is a member of various executive committees for exchange of information. The Compliance Department keeps the Management/Board/ACB informed about compliance related matters through monthly, quarterly and annual compliance reviews. The Board and Leadership Team are committed to implementing, promoting and maintaining a robust compliance culture.

Strong governance oversight

- Process to ensure implementation of new regulations.
- Reporting of compliance breaches.
- Risk Assessment results - gaps in controls.

Good compliance culture

- Issuance of E-services / advisories.
- Providing training on-line / classroom.
- Giving guidance, views through interactions and discussions etc.

Comprehensive risk management practice

- Compliance Risk Assessment.
- ML-TF Risk Assessment.
- Mystery shopping framework.

Zero tolerance for non-compliances

- Defining ownership / responsibility.
- Approach for fixing compliance accountability.
- Implementation of key compliance indicators.

10. INFORMATION SECURITY GROUP

Our Board and leadership team has instituted an Information Security function for designing, developing, implementing and maintaining an Information Security Management System (ISMS) to protect our information assets in accordance with the determined risk profile of the assets. The Chief Information Security Officer (CISO) is responsible for providing leadership and oversight in the effective implementation and operation of ISMS in accordance with approved policies and procedures. The ISMS considers the nature of our business along with internal and external factors and is aligned with the overall objectives and policies. The ISMS promotes security awareness amongst staff members and service providers, and aims to facilitate all the constituents such as IT Department (ITD), Data Centre (DC), Disaster Recovery Site (DRS), Branches and Offices to implement the controls and monitors its effectiveness. Top priority is accorded for regulatory compliance and timely action is taken on all regulatory guidelines received from time to time. Compliance status is regularly reviewed by Top Management and Board as part of routine governance.

We continue to invest in modern technology solutions for timely application of security patches in the IT systems, prevention of intrusions, segregation of network segments, management of privileged access to production systems and management of firewalls rules. Thus, vulnerabilities in the IT systems are prevented from being exploited across the network and hence are minimal.

Notwithstanding these preventive control measures, we have a reliable Vulnerability Assessment (VA) and Penetration Testing (PT) process to assess the IT systems periodically, detect vulnerabilities and undertake timely remediation measures.

We are approaching the future with a focus on key strategic areas like Business Continuity Resilience while leveraging AI / ML capabilities for prevention of security risks. Additionally, we are also looking to concentrate on process amendment and adherence to regulatory compliance.

During the year, there was a boost in digital growth and an upsurge in the use of technology and the internet around the world. This has also resulted in increased cyber threats and attacks which require proactive, continuously integrated and automated approach to cyber security. The ISMS has advanced and utilised new and emerging technologies such as security orchestration, automation, AI/ML and predictive analytics to ensure cyber resilience. We will leverage on these advancements for enhanced cyber security risk management.

We have taken necessary steps to eradicate the Cyber Risk as a result of Work From Home operations. These include the following:

- Secured VPN connection (end-to-end encryption) is facilitated along with multi-factor authentication
- Only one device is allowed to connect with an employee at a time
- Data Leakage prevention tool is implemented to restrict data ex-filtration through mail, web and removable media
- Data copying is restricted to the local system of an employee
- Dedicated Engineers assigned to provide technical support during remote connection
- Work from home guidelines related to security have been disseminated to all the employees through e-mails on regular basis
- BYOD policy has been defined and communicated.

We received Merit Award from SKOCH group for current year. We also received BFSI award from Express Computer in the Category “Data Centers – Networking”.

Key Initiatives during the year:

- Compromise and special Red Teaming exercise carried out for the first time in the Bank to assess the Bank’s preparedness for timely incident response and to identify the presence of malicious actors in the network.
- Privileged access management was further strengthened.
- Network Behaviour Analyser has been implemented and it is an Autonomous Response technology that calculates the best action to take, in the shortest

Management Discussion and Analysis

period of time, to effectively respond to in-progress cyber-threats, limiting damage and stopping their spread in real time.

- Next Generation firewalls has been implemented to enhance the network security to the next level.

Outlook

The emerging technologies posing many security challenges and also creating so many opportunities which led the Information Security functions to use emerging technologies such as security orchestration, automation, Artificial Intelligence, Machine Learning and predictive analytics to ensure cyber resilience.

We will focus on:

- Timely detection of security incidents, immediate counter response measures to contain the risks and minimise the impacts, and implementation of proper prevention techniques to ensure better cyber resilience.
- Leveraging AI / ML capabilities for prevention of security risks.
- Regulatory compliance.

11. INTERNAL CONTROLS SYSTEMS AND THEIR ADEQUACY

We have put in place an independent inspection and audit process cutting across various functions to ensure adequate internal control in the day-to-day functioning, in line with Regulatory and Internal guidelines. The Audit Committee of the Board is continuously providing macro level guidance to the Inspection and Audit Department (IAD) and also periodically reviews its functioning. We also have an Internal Audit Policy approved by the Board. IAD is equipped with adequate skilled man power and technical support to ensure an effective audit process. IAD functions also supports our efforts in fostering asset quality.

Risk Based Internal Audit (RBIA) as envisaged under Risk Based Supervision of RBI is one of the major activities undertaken by IAD. It covers branches, Business Units (CBUs, BBUs, Precious Metal Division, NEO, TBG etc) and other Back Offices (BOs). RBIA focuses on assessment and measuring of risks on the basis of inherent business risks and control gap in areas like Credit, Operations and Market risks. RBIA also identifies triggers, enforceability of Loan documents and monitors security/ charge created in favour of the Bank. In the entire RBIA, right from identification of branches/business units to be inspected during the year, inspection/audit process, risk categorisation of branches, and upto reporting to ACB, we make effective use of analytic and technical capabilities of the Bank.

Technical capabilities are made use in inspection follow-up and also for easy reference of remarks by business units during their rectification process. This has considerably reduced TAT for the file closure and also in improved compliance culture. We have conducted the RBIA of all the branches and BUs and BOs identified for inspection for the FY 2021-22, in spite of various challenges faced on account of COVID-19. We are also ensuring the genuineness of compliance submitted by the branches for RBIA report by conducting Compliance Audit at the branches by a separate team.

To overcome the challenges of any scenario similar to lockdowns, off-site surveillance and audit tools are also widely used. SWIFT audit, transaction monitoring, Gold Loan monitoring, selected GL heads monitoring, spurt in business etc. are all brought under off-site surveillance. Various audits like surprise verification, Reappraisal of Jewel Loans etc. were initiated from the inputs received from off-site surveillance. These initiatives helped us in restricting frauds/attempted frauds. IAD undertakes audit of co-lending activities, pool buyouts, management audit of central office departments, inspection of all currency chests in line with RBI guidelines and special audit through external auditors like NPA audit, important department audits etc.

Concurrent audit covers branches, Business Units (CBUs, BBUs, Precious Metal Division, NEO, TBG etc) and other Back Offices (BOs). Currently experienced external auditors are used for conducting concurrent audit.

During FY 2021-22, 147 branches are covered under Concurrent Audit. Besides this 9 Corporate Business Units (CBU), 16 Business Banking Units (BBU) and NEO were also subjected to Concurrent Audit, covering 52.10% of the total deposit and 56.20% of total advance of the Bank Branches. Credit Audit is being carried out for high value accounts and findings are taken for logical conclusion.

We have also ventured into strengthening and sharpening of audit process after shifting to digitalised lending process taking cognisance of the various requirements borne out of digitalisation. Offsite audit mechanism and monitoring process is being explored and enhanced, with an objective to complete the activities on near real time basis. This helps in reducing the credit risk to the bank and will also be helpful in reduction of number of remarks in RBIA, and improved compliance culture at BUs.

We have 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 2021-22, 782 re-appraisals including surprise re-appraisal was conducted. Further, during RBIA inspection, purity of jewels will be verified on 10% of the outstanding jewel bags as of inspection date.

During the year, we have conducted Process Audit on selected process/products for examining the effectiveness and efficiency. Examination of significant Processes i.e. business and operational key risks, the controls established to mitigate those risks, including compliance with regulations and established policy, procedures have been carried in this activity. The audit is conducted to provide an opinion on both the design and control effectiveness of the process.

Information System Audit is conducted once in a year covering branches, back offices, applications and critical process viz., Central Office, Divisional Offices, Data Centre, and other back offices etc. During the year, we have conducted IS Audit across 594 branches, 21 offices and 18 other specialised audits. We have an IS audit Team of qualified executives/ officers to conduct / manage various IS audits, VAPT, Continuous IS Audit of Data Center, DRS, Alternative Channel Cell and other vendor audit etc. External expertise, preferably through Cert-in empanelled firms, is being utilised for the activities, wherever required. Macro level guidance for IS audit is provided by IT Strategy and Digital Transaction Monitoring Committee of the Board and Audit Committee of the Board.

FY 2021-22 key highlights

- RBIA for 594 branches and all other Business Units identified for inspection for the FY 2021-22 are completed.
- 147 branches are covered under Concurrent Audit. Besides this 9 Corporate Business Units (CBU), 16 Business Banking Unit (BBU) and NEO were also subjected to Concurrent Audit.
- Credit Audit is being carried out for high value accounts and findings are taken for logical conclusion.
- Process audit conducted on selected process/products for examining the effectiveness and efficiency.
- Strengthening offsite surveillance by including more monitoring areas under near real time basis.
- To reduce credit risk and increase compliance culture "RADAR" monitoring implemented with selected areas.
- Introduction of onsite and offsite audit for RBIA.
- Brought in improvement in file closure and also reduced the overall risk rating of the branches.

Outlook

- Audit planning for selection of branches shall be system driven. Analytic inputs shall be used as a tool.
- Technology will be leveraged to enhance the coverage of off-site surveillance and off-site audit.
- New initiatives proposed for near real time compliance.
- More number of process audits to ensure proper system behaviour and adequacy of controls to be put in place.
- Focus of RBIA shall be on picking up triggers of risk, Gaps in controls and processes, identifying operational risk etc.

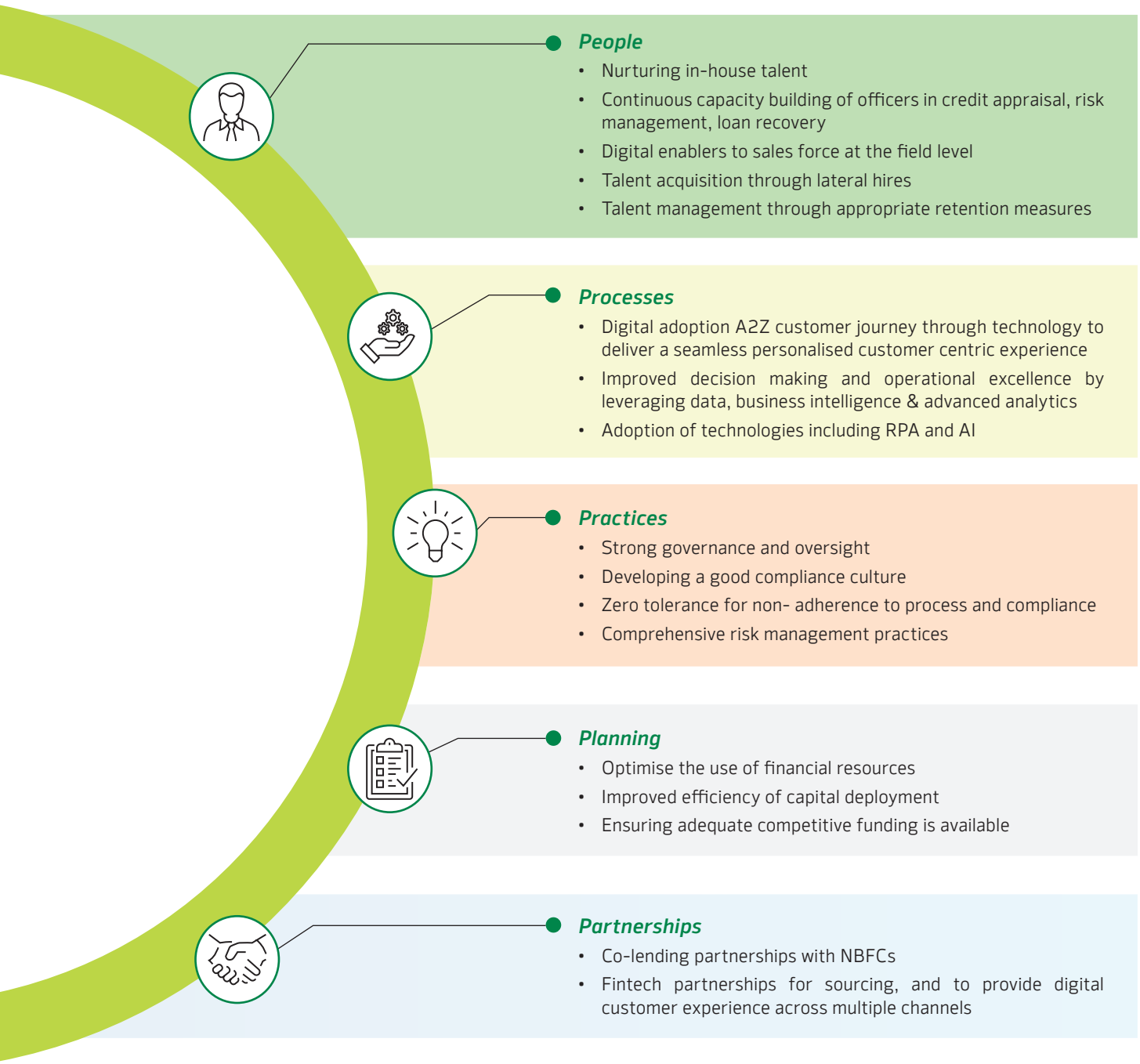
MEDIUM & LONG TERM STRATEGY OF THE BANK

While discussing our strategy not only for the current financial year, but also the next 2-3 years, we are clear that we need:



Management Discussion and Analysis

We will pursue our strategy by utilising the following means:



People

- Nurturing in-house talent
- Continuous capacity building of officers in credit appraisal, risk management, loan recovery
- Digital enablers to sales force at the field level
- Talent acquisition through lateral hires
- Talent management through appropriate retention measures

Processes

- Digital adoption A2Z customer journey through technology to deliver a seamless personalised customer centric experience
- Improved decision making and operational excellence by leveraging data, business intelligence & advanced analytics
- Adoption of technologies including RPA and AI

Practices

- Strong governance and oversight
- Developing a good compliance culture
- Zero tolerance for non- adherence to process and compliance
- Comprehensive risk management practices

Planning

- Optimise the use of financial resources
- Improved efficiency of capital deployment
- Ensuring adequate competitive funding is available

Partnerships

- Co-lending partnerships with NBFCs
- Fintech partnerships for sourcing, and to provide digital customer experience across multiple channels

Our strategy is to deliver sustainable and consistent financial performance by providing superior services to our targeted customers and our goal is to achieve a RoA of 1% plus by March 31, 2024.

We will:

1. Offer our customers appropriate financial solutions/products/services, by focusing on the Southern and Western Markets, attracting Small & Medium Entrepreneurs, self-employed & professionals, and the entire spectrum of individual savers.

2. Establish a sole-banking or preferred banking relationship by providing positive customer experience through delivery of quick and efficient services, leveraging our digital channels backed by our experienced and dedicated team.

Disclosure of Accounting Treatment

The financial statements are prepared on a 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 to banks and current practices prevailing in the banking sector in India. Income and Expenditure are generally accounted on an accrual basis, unless otherwise stated and comply with requirements as per RBI guidelines and the provisions of Banking Regulation Act, 1949. Accounting Policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

13. CAUTIONARY STATEMENT

Certain statements in the 'Management discussion and analysis' describing our 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, including 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 our businesses as well as our ability to implement the strategy. We do not undertake to update these statements. Figures for the previous year have been regrouped 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 facts. This document also does not constitute an offer or recommendation to buy or sell any financial products offered by KVB.

Corporate Governance Report

PHILOSOPHY OF CORPORATE GOVERNANCE

Corporate Governance is the system of rules, practices and processes by which an entity is directed and controlled. It ensures better management, greater transparency, timely financial reporting and controls in place so that the interests of all stakeholders (shareholders, depositors, customers, employees, suppliers and the community) are safeguarded.

Banks play a very important role in the economy by intermediating funds from savers and depositors to activities that support enterprise and help to drive economic growth. Effective corporate governance is critical to the proper functioning of the banking sector and the economy as a whole.

The governance framework and philosophy of the Bank is inspired by ethics, values and the culture. Your Bank is committed towards achieving the highest standards of Corporate Governance. Across our day-to-day operations, we conform to complete transparency, integrity and fairness, disclosures, compliance, accountability and responsibility towards the depositors & other stakeholders, which remain our guiding principles.

Corporate Governance



Board of Directors are responsible for the Corporate Governance of the Bank and are committed towards upholding highest standards of governance. The Board of Directors oversees the functioning of the Bank and ensure that every decision taken is in the best interest of all Stakeholders.

Corporate governance structure

Board of Directors
Responsible for Corporate Governance, provides strategic guidance and maintains oversight on the functioning of the Bank.

Committees of the Board
Acts in accordance with the terms of reference that require focused attention.

Leadership Team
Ensures effective implementation of policy related decisions taken by Board/ Committees and provides updates regularly.

With emphasis on transparency, integrity and accountability, the Board of the Bank has implemented best practices in Corporate Governance by framing the "Corporate Governance & Business Responsibility 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 ('SEBI LODR'), circulars and other guidelines issued by the regulators from time to time.

BOARD COMPOSITION

The Board of the Bank is governed and constituted in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder, provisions of Section 10A(2) of the Banking Regulation Act, 1949, SEBI LODR, the Articles of Association of the Bank, the extant guidelines issued by the Regulators from time to time in accordance with the best practices in Corporate Governance.

Board has Eleven Directors as on the date of report, with a balanced combination of six Non-Executive Independent Directors (including two Women Independent Directors), one

Managing Director & Chief Executive Officer and four Non-Executive Non-Independent Directors with diversity of skills as relevant for the Banking Business in tune with Board Diversity policy of the Bank. Independent Directors constitute more than fifty percentage of Board's total strength.

As on March 31, 2022, the Board of the Bank is chaired by Shri N S Srinath, Non-Executive (Part-time) Chairman, who is an Independent Director and consequent to completion of his tenure he demitted office at the close of office hours on May 26, 2022.

Composition of Board



Independent Directors	55% (6)
Non-Independent Directors	36% (4)
Executive Director (MD&CEO)	9% (1)

58 Years
Average age of the Board of Directors

35 Years
Average experience of the Board of Directors

Tenure of the Directors in the Board

<1 years – Directors

1-4 years – Directors

>4 years – Directors

Policy on board diversity

Your Bank always recognises and embraces the importance of diverse knowledge, skill-set, experience and expertise in the Board for it to function effectively. Bank has formulated and adopted 'Board Diversity Policy' covering all the aspects of Board composition, skill sets, diversification of the Board of Directors as required under the Companies Act, 2013, SEBI LODR, the Banking Regulation Act, 1949 and other regulatory and business requirements. Diversity is ensured by considering a number of factors, including but not limited to age, gender, independence, ethnicity, educational and functional background, industry experience and geography. Nomination and Remuneration Committee shall take into consideration any other aspect that may be necessary to consider.

In line with the relevant provisions of the Banking Regulation Act, 1949, SEBI LODR, the Companies Act, 2013 and relevant circulars issued by RBI from time to time, Board of Directors shall possess the Core Skills/Practical Expertise/Special Knowledge/Competencies, viz., Accountancy, Economics, Banking, MSME, Law, Agriculture & Rural Economy, Human Resources, Finance, Risk Management, Strategic Planning, Business Management, Information Technology, Payment & Settlement Systems, Treasury Operations, Credit Recovery, Marketing, Administration and any other field of expertise as deemed appropriate for the Bank's business from time to time.

Corporate Governance Report

The details of the core skills/expertise/competence possessed by the Board of Directors of the Bank as on this date of report are furnished below:

S. No	Name of the Director Sarvashri	Details of the core skills/expertise/competence
1	B Ramesh Babu Managing Director and Chief Executive Officer	• Accountancy • Banking • Human Resources • Payment & Settlement Systems • Strategic Planning • Treasury Operations
2	M K Venkatesan Non-Executive Non-Independent Director (Promoter)	• Agriculture and Rural Economy • Economics • MSME
3	A K Praburaj Non-Executive Non-Independent Director (Promoter)	• Business Management • Finance • Trade & Commerce
4	CA K L Vijayalakshmi Non-Executive Independent Director	• Accountancy • Audit • Commerce • Taxation
5	M V Srinivasamoorthi Non-Executive Non-Independent Director (Promoter)	• Business Management • MSME
6	Dr K S Ravichandran Non-Executive Independent Director	• Accountancy • Audit • Credit Recovery • Governance • Law
7	R Ramkumar Non-Executive Non-Independent Director (Promoter Group)	• Business Management • Finance • Human Resources
8	K G Mohan Non-Executive Independent Director	• Business Management • Cyber Security • Information Technology
9	Dr Harshavardhan R[1] Non-Executive Independent Director	• Strategic Planning • Risk Management • Business Management • Payment & Settlement Systems
10	Dr Meena Hemchandra[2] Additional Director under Independent Category	• Economics • Banking • Agricultural and Rural Economy • Finance • Business Management • Treasury Operations • Payment & Settlement Systems • Information Technology • Cyber Security • Risk Management • Supervision • Business Analytics
11	Murali Ramaswami[3] Additional Director under Independent Category	• Banking • Credit • Finance • Accountancy • Marketing • Payment & Settlement Systems • Information Technology • Treasury Operations

[1] Having a Directorship and is a member of Audit Committee in one unlisted Public Limited Company in addition to this Bank.

[2] Dr Meena Hemchandra is co-opted as an Additional Director of the Bank on May 26, 2022. She has Directorship and is a member of Audit Committee in one unlisted Public Limited Company in addition to this Bank.

[3] Shri Murali Ramaswami is co-opted as an Additional Director of the Bank on June 14, 2022 and has Directorship in one unlisted Public Limited Company in addition to this Bank.

None of the Directors held Directorship in any other Listed Entities. Neither the Directors are member of more than ten Board level Committees nor Chairman of more than five Committees across all public limited Companies. For the purpose of considering the limit of Membership and Chairpersonship in the Public Limited Company, Audit/Stakeholder Committee, have been considered as per Regulation 26(1)(b) of SEBI LODR.

PROFILE OF BOARD OF DIRECTORS



SHRI B RAMESH BABU

DIN: 06900325
Managing Director and
Chief Executive Officer

Qualification: M. Com., (with specialisation in Banking); C.A.I.I.B., Diploma in International Factoring by Factors Chain International, Netherlands.

Experience: An astute Banker with four decades of all-round experience

Sectorial Representation on the Board: Accountancy, Banking, Human Resources, Payment & Settlement Systems, Strategic Planning and Treasury Operations ("Majority Sector")

Date of appointment: July 29, 2020

Tenure on board: ~ 2 Years

No. of shares held: 14,000

Shri B Ramesh Babu is a Strategic planner with comprehensive managerial acumen, offering varied experience in Banking and excelled in every assignment creating high performance organisation through various successful HR initiatives and Relationship Management. He has deeper Analytical skills, Managing Crisis effectively, Strong abilities for goal setting, executing result oriented strategic initiatives even under high stress scenarios and tight timelines. He is a Postgraduate in Commerce from Andhra University, Waltair and a Certified Associate of the Indian Institute of Bankers. He has expertise in "International Factoring" with hands on experience in handling Payment and Settlement Systems and passed with Distinction "Diploma in International Factoring" conducted by Factors Chain International, Netherlands.

He was Ex-Deputy Managing Director & Chief Operating Officer in State Bank of India and has experience of developing and overseeing the Retail Business and Banking Operations for more than 21,000 retail branches and 1,20,000 other touch points of the Bank (ATMs/ Customer Service Points) successfully. He has extensive experience in redressing pain-points in Customer Service-related areas and furthering Financial Inclusion by actively leveraging the services of Business Correspondents in SBI.

He was actively involved in Direction setting and Policy formulation by participating in various apex committees of State Bank of India. He has successfully headed the whole business and operations of 1,300 Branches of Chennai Circle of SBI (Branches in Tamil Nadu and Pondicherry) for three years with excellent understanding of business dynamics and man management. He has also vast experience as a Director on the Boards of five Associate Banks of SBI and Invitee on to the Boards of Non-Banking Subsidiaries.



SHRI M K VENKATESAN

DIN: 00032235
Non-Executive
Non-Independent Director

Qualification: B.A., (Economics)

Experience: Four decades of experience in MSME Sector and vast experience in dealing Agri Products & allied Activities

Sectorial Representation on the Board: Economics, MSME and Agriculture & Rural Economy ("Majority Sector")

Date of appointment: December 09, 2014

Tenure on board: > 7.5 Years

No. of shares held: 7,58,404

Shri M K Venkatesan is one of the promoters of the Bank. He is an Economics Graduate. He is engaged in the trading of agricultural products/commodities for four decades. He has been dealing in many niche agri products under the brand name of M/s M K V Mundy. He has rich & vast experience in the field of agriculture and allied activities besides MSME sector. He was earlier in Board of the Bank from February 22, 1992 to February 18, 2000 and November 26, 2003 to July 26, 2009.

Corporate Governance Report



SHRI A K PRABURAJ

DIN: 07004825
Non-Executive
Non-Independent Director

Qualification: B.Com.,

Experience: More than three decades of experience in the field of Trade & Commerce

Sectorial Representation on the Board: Business Management, Finance and Trade & Commerce ("Minority Sector")

Date of appointment: December 09, 2014

Tenure on board: > 7.5 Years

No. of shares held: 89,858

Shri A K Praburaj is one of the Promoters of the Bank. He is a Commerce Graduate. He is a dealer of Indian Oil Corporation and also has interest in certain finance firms. He has wide knowledge in the field of Trade & Commerce. He was earlier in Board of the Bank from December 04, 1997 to March 07, 2004.



CA K L VIJAYALAKSHMI

DIN: 07116809
Non-Executive
Independent Director

Qualification: B.B.M., F.C.A.,

Experience: More than three decades of expertise in Auditing, Accounting, Taxation, etc.,

Sectorial Representation on the Board: Accountancy, Audit, Commerce and Taxation ("Minority Sector")

Date of appointment: March 22, 2015

Tenure on board: > 7 Years

No. of shares held: 5,207

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 University Topper & also a Gold Medalist during her graduation (B.B.M). She having more than three decades of experience in various Statutory Audits, Bank Branch Audits, Concurrent Audits, Revenue Leakage Audits, Stock Audits, Audit of Public Sector Undertakings, etc., and Branch Audit of Insurance companies and also has rich experience in providing taxation and Project Advisory for SMEs. She is a Partner in M/s Khicha and Prabu Kesavan, Chartered Accountants, Coimbatore since 1995 and has been invited as guest lecturer at various institutions. CA K L Vijayalakshmi was co-opted as an Additional Director on 22.03.2015 under Non-Executive Non-Independent category. Further, she was elected as Non-Executive Independent Director of the Bank in the AGM held on 21.07.2016.



SHRI M V SRINIVASAMOORTHI

DIN: 00694618
Non-Executive
Non-Independent Director

Qualification: B.Sc., (Chemistry)

Experience: More than three decades of experience in Export of Garments

Sectorial Representation on the Board: Business Management and MSME ("Majority Sector")

Date of appointment: August 27, 2015

Tenure on board: > 6.5 Years

No. of shares held: 18,980

Shri M V Srinivasamoorthi is one of the Promoters of the Bank. He is a graduate in Chemistry. He is an exporter of readymade garments and home textiles for more than three decades. He also has the wide knowledge in Small Scale Industry sector.



DR K S RAVICHANDRAN

DIN: 00002713
Non-Executive
Independent Director

Qualification: M.Com., F.C.S., L.L.B., Ph.d., Diploma in Electronics & Radio Communication Engineering, and Diploma in Technology

Experience: Expert in Company Laws, Securities Laws and FEMA etc., having around three decades experience as practicing Company Secretary and his areas of specialisation include governance, Board process, corporate restructuring, and dispute resolution, IPRs, Mergers & Acquisitions and IBC etc.,

Sectorial Representation on the Board: Accountancy, Audit, Credit Recovery, Governance and Law ("Majority Sector")

Date of appointment: May 26, 2016

Tenure on board: > 6 Years

No. of shares held: 3,248

Dr K S Ravichandran holds Masters in Commerce, Bachelors in Law, Fellow Member of the Institute of Company Secretaries of India, Diploma in Electronics and Radio Communication Engineering and Diploma in Technology. He was awarded doctorate from the Department of Management, Alagappa University on Prosecution of Directors under Company Law and Criminal Law in India & UK. He is the Founder and Managing Partner of M/s KSR & Co Company Secretaries LLP.

He is a Specialist in Mergers, Acquisitions, Joint Ventures, Transaction Advisory Services, Insolvency and Bankruptcy Code, 2016 and Preparing, filing and arguing Cases before Tribunals such as Company Law Board, Intellectual Property Appellate Board, Competition Appellate Tribunal, Arbitral Tribunals. He regularly appears before the NCLT, the NCLAT and the IP Appellate Tribunal. Many cases argued by him have been reported in leading law journals. He was one of the longtime members of the Secretarial Standards Board of the Institute of Company Secretaries of India (ICSI).

He was a member of the expert sub-group constituted by MCA to study the Companies Act, 2013 provisions. He is a member of International Association for Protection of Intellectual Property Rights - AIPPI; also a member of INSOL International, a global organisation of corporate insolvency professionals, Corporate and Banking Affairs Council of the Bangalore Chamber of Industry and Commerce and Chartered Institute of Arbitrators. He is nominated as the Chairman of ASSOCHAM's Southern Regional Council on IBC for the States of Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Pondicherry. He is also a Member of the Society of Insolvency Practitioners. He has authored more than 1000 Articles and 9 books and addressed in more than 500 seminars, workshops and conferences.



SHRI R RAMKUMAR

DIN: 00275622
Non-Executive
Non-Independent Director

Qualification: B.C.S., M.B.A (Human Resources)

Experience: Having more than a decade of experience in Textile Business and also has a business interest in certain finance firms

Sectorial Representation on the Board: Business Management, Finance and Human Resources ("Minority Sector")

Date of appointment: June 25, 2018

Tenure on board: > 4 Years

No. of shares held: 22,34,969

Shri R Ramkumar hails from the promoter's family. He has Completed Bachelor of Arts in Corporate Secretaryship (B.C.S.,) from Loyola College, Chennai and master's in business administration (M.B.A.,) in Human Resources. He has rich experience in the business of textiles and export of home textiles. He has widely travelled overseas for his export business and also has a business interest in certain finance firms.

Corporate Governance Report



SHRI K G MOHAN

DIN: 08367265
Non-Executive
Independent Director

Qualification: B.Tech (Chemical Engineering) - IIT Madras, Post Graduate Diploma in Industrial Engineering

Experience: More than four decades of corporate working experience with large multinationals as well as independent technology professional post retirement

Sectorial Representation on the Board: Business Management, Cyber Security and Information Technology ("Majority Sector")

Date of appointment: February 01, 2020

Tenure on board: > 2 Years

No. of shares held: 2,500

Shri K G Mohan is a senior Information Technology professional with hands on experience in business management and transformation exercise, strategic deployment and cyber security framework using technology in various business processes to organisations. He mixes sharp business sense and experienced leadership skills with international operating experience in strategic IT Business value delivery.

He is an IIT Madras alumni with a PGDIE from NITIE. He held varied global IT leadership positions at FMCG giant Unilever for 27 years and subsequently at Healthcare leader Johnson & Johnson for 4 years.

At Unilever he held the positions of VP IT, VP IT & CIO for South Asia / Africa and Global VP IT for Networking and Telecommunication. At J&J, he was the VP IT and CIO for Asia Pacific, working out of Singapore.

He was a Member of Asia Pacific Business Board for J&J Medicals and a Member of Global IT Leadership Teams at Unilever and Johnson & Johnson. He has led several business transformation exercises using technology, renegotiated global contracts, set up shared service facilities and developed global IT Teams across countries.

Currently, he is the Managing Partner of ASIMA Consulting LLP providing consulting inputs in the strategic deployment of technology to various organisations. He is also a Partner with Social Venture Partner Philanthropy Foundation and works for enhancing livelihood for the under privileged.

Expertise includes • Transforming business by leveraging appropriate technology • Developing IT Strategy and implementation roadmap • Conceiving and setting up shared business processes and technology capabilities • Partnering with CXOs to innovate business solutions • Evaluating IT capabilities for due diligence in M&As • Mentoring technology teams to enhance their impact.



DR HARSHAVARDHAN R

DIN: 01675460
Non-Executive
Independent Director

Qualification: B.E., (Mechanical Engineering), M.B.A., - IIM Kolkata, M.S. (Quantitative Finance), Ph.D., (Business Economics & Strategy).

Experience: More than two decades of experience in Management Consultancy

Sectorial Representation on the Board: Strategic Planning, Risk Management, Business Management and Payment & Settlement Systems ("Majority Sector")

Date of appointment: July 30, 2020

Tenure on board: ~ 2 Years

No. of shares held: 2,500

Dr Harshavardhan R is an Independent business advisor. He was Senior Advisor to leading international management consulting firm Bain & Company and led its financial services practice in India. He joined Bain in 2010 after spending over 14 years with other international consulting firms including the Boston Consulting Group and Arthur Andersen. He has also worked in the Banking industry for about 2 years as an analyst and trader. He has worked primarily in the financial services - Banking - retail and corporate, private banking and wealth management, insurance, asset management, etc., - where he has advised top management of companies in India, North America, Europe, South East Asia and Greater China, on issues of strategy, operations, organisation, risk management, etc. He has hands on experience in management consultancy and his key works include the areas of corporate finance, valuations, Banking/financial services operations viz; process reengineering, cost rationalisation, Business management and payment & settlement systems, etc., private equity and strategic investors, strategic due diligence, etc. He is also Board member of National Commodity Clearing Limited which is responsible for clearing and settlement services of all

trades executed on the exchange and provide transparent risk management platform for the collective benefit of the agri-ecosystem.

He is actively involved in policy making related to financial services in India and was a member of the Banking Working Group of the Financial Services Legislative Reforms Commission (FSLRC) set up by the Government of India as well as the Dr. P J Nayak Committee on Governance in Banking set up by the RBI. He chaired the committee appointed by the RBI in 2019 to review securitisation for housing finance. He has served on CII National Committees for Private Equity, Regulatory Affairs and Commodity Markets. He regularly contributes articles and is quoted frequently in business media on important sector issues.

He is a frequently invited speaker at conferences organised by Confederation of Indian Industries (CII), the Indian Banks Association (IBA), Indian Merchants Chambers, Reserve Bank of India (RBI), etc., as well as in business schools. He regularly contributes to articles in academic and business journals.

He has a Bachelor degree in Mechanical Engineering from VNIT Nagpur followed by an MBA from IIM Kolkata, and an MS in Quantitative Finance and PhD in Business Economics & Strategy from the Smith School of Business at the University of Maryland USA.



DR MEENA HEMCHANDRA

DIN: 05337181
Additional Director under Independent Category

Qualification: M.A., (Economics), Ph.D.,(Economics), EDP on Advanced Risk Management for Leadership Roles - Wharton (USA), CFA (India), C.A.I.I.B.,

Experience: Career Central Banker with 35+ Years of Experience & Retired Executive Director of RBI

Sectorial Representation on the Board: Economics, Banking, Agricultural and Rural Economy, Finance, Business Management, Treasury Operations, Payment & Settlement Systems, Information Technology, Cyber Security, Risk Management, Supervision and Business Analytics ("Majority Sector")

Date of appointment: May 26, 2022

Tenure on board: < 1 Year

No. of shares held: 2,500

Dr Meena Hemchandra is a career central banker with over 35 years of experience in various departments of Reserve Bank of India. She was an Executive Director of Reserve Bank of India in-charge of Supervision of Banks, Non-Banking Finance Companies and Cooperative Banks from June 2015 till her superannuation in November 2017. Her earlier experience includes treasury management, having headed the Department of External Investment and Operations (a department that manages the country's forex reserves) between 2005 and 2011. She also has expertise in foreign exchange regulations having worked in the Foreign Exchange Department at various points in her career. She has in-depth understanding of corporate governance and corporate balance sheets having worked in departments relating to large corporate finance, supervision over banks and from her long board tenures. Her Board experience of over nine years includes Reserve Bank of India nominee directorship on the Boards of Union Bank of India, Canara Bank and ECGC. She also held directorial positions with Suryoday Small Finance Bank Limited and CFM ARC Pvt. Ltd post retirement. Presently she is an independent director on the Board of Clearing Corporation of India Limited.

She has strong skills in IT governance having established the 'Standing Committee on Cyber Security in Banks' in RBI and being its first Chairperson. She oversaw the framing of RBI guidelines on cyber security in June 2016.

She had also been the Principal of the Reserve Bank's College of Agricultural Banking organising training courses in Agriculture and Rural Credit, Co-operative Banking, Financial Inclusion, Financial Literacy, etc.

She advises on banking sector regulation, financial matters and cyber-security/IT governance in banks.

Dr Meena Hemchandra holds Bachelor of Arts (Economics) from Calcutta University; Master of Arts (Economics) from Madurai Kamaraj University; PhD in Economics from Gokhale Institute of Politics and Economics, Pune (Thesis-'An Early Warning Framework for Financial Stress'). Her executive education includes EDP on Advanced Risk Management from Wharton (USA), CFA (Chartered Financial Analyst) (India), CAIIB. Diploma in C++ Programming from CMC, and 1-year PG programme (online) in Data Science and Business Analytics (University of Texas-Austin/Great Lakes Institute-Delhi).

Corporate Governance Report



SHRI MURALI RAMASWAMI
DIN: 08659944
Additional Director under Independent Category

Qualification: B.Com., M.B.A., AICWA., C.A.I.I.B., DBF(ICFAI)

Experience: Seasoned banker having wide experience for more than 30 years

Sectorial Representation on the Board: Banking, Credit, Finance, Accountancy, Marketing, Payment & Settlement Systems, Information Technology and Treasury Operations ("Majority Sector")

Date of appointment: June 14, 2022

Tenure on board: < 1 Year

No. of shares held: 2,600

Shri Murali Ramaswami is a seasoned banker having wide experience for more than 30 years. He started his career in 1984 and he was involved in various facets of Banking sector essentially in Credit, Treasury, International Operations, Cash Management, Integration Management, Digital Banking and Information Technology Initiatives. He started his career in banking domain with Vijaya Bank, during the span of 30 years in Vijaya Bank, he rose to the position of Executive Director. In his career at Vijaya Bank, he held important positions in Credit, Operations and also as CFO of the bank. He has also worked as an Executive Director in Bank of Baroda during the year 2019-2020. He served as a nominee director in M/s India Infra Debt Ltd and M/s BOB Capital Markets Ltd during his tenure in Bank of Baroda. Shri Murali Ramaswami is well versed with all areas of Banking Sector. He is an Independent director in M/s Deccan Finance Limited and advisor to M/s Chartered Finance Management Private Limited.

Shri Murali Ramaswami is a B.Com graduate from Madras University, AICWA from the Institute of Cost & Works Accountants of India, DBF from the Institute of Chartered Financial Analysts of India, CAIIB from the Indian Institute of Bankers, MBA from University of Madras - Specialised in Corporate Finance, Foreign Trade & Market research.

The brief profile of the Directors of the Bank is also available on the website of the Bank at www.kvb.co.in.

AFFIRMATION BY INDEPENDENT DIRECTORS

All Independent Directors of the Bank have submitted the declaration that they have met the criteria of Independence under section 149(7) read with 149(6) of the Companies Act, 2013 and regulation 25(8) read with regulation 16(1)(b) of the SEBI LODR. Based on the declaration received from the Independent Directors, the Board of Directors have assessed and confirmed that they are independent & fulfil the conditions specified in the Companies Act, 2013 and SEBI LODR.

In terms of the Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019 read with the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, all Independent Directors of the Bank have enrolled their names in the online databank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

CA K L Vijayalakshmi, Dr K S Ravichandran, Shri K G Mohan, Dr Harshavardhan R and Dr Meena Hemchandra, Non-Executive Independent Directors of the Bank, have qualified the online proficiency self-assessment test for Independent Director's Databank.

Independent Director who has not completed the online proficiency self-assessment test have undertaken to comply with the requirements relating to passing of online proficiency self-assessment test, as applicable to him, within the timelines prescribed in the said Rules.

Terms and conditions for appointment of Independent Directors

At the time of appointment of Independent Directors a formal letter is being issued by the Bank to the appointee Director specifying the terms and conditions of his/her appointment. Independent Directors' tenure is fixed in terms of the provisions of the Companies Act, 2013 and Section 10A(2A)(i) of the Banking Regulation Act, 1949 and/or by the shareholders/ Board. Terms and Conditions for appointment of Independent Directors are available on the website of the Bank at https://www.kvb.co.in/investor-corner/.

FAMILIARISATION PROGRAMMES

The Bank conducts familiarisation programme for the newly appointed Non-Executive Directors including Independent Directors to enable them to familiarise the functioning of the Bank so as to gain a clear understanding of their roles, rights and responsibilities for the purpose of contributing significantly towards the growth of the Bank.

Bank also nominates the Directors to attend relevant external training programs which are conducted by the Regulatory/ reputed Institutions. During the year, Directors are offered

with opportunity to attend the programmes conducted by RBI CAB, IDRBT, CAFRAL, ECGC and by arranging sessions with industry experts, to familiarise with the latest trends in Information Technology, Financial Sector Developments, Digital Currency, Digital Payments Security Controls, Compliance, Corporate Governance, Cyber Security, etc. During the financial year 2021-22, Independent Directors have attended 50 hours of familiarisation programs. The details of such familiarisation programmes attended by the Directors are available on the website of the Bank at https://www.kvb.co.in/investor-corner/.

RESIGNATION OF INDEPENDENT DIRECTOR

No Resignations during the financial year 2021-22.

RELATIONSHIP BETWEEN DIRECTORS *INTER SE*

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

DIRECTORS AND OFFICERS INSURANCE

Pursuant to the Regulation 25(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Bank has undertaken Directors and Officers insurance ('D & O insurance') for all its Directors, including Independent Directors, for a quantum and risks as determined by the Board of Directors of the Bank from time to time.

BOARD PROCEDURE

The Board and its Committees play a crucial role in ensuring good corporate governance of the Bank. The meeting of the Board and its Committee is scheduled well in advance and the information including date, time and place of the meeting is circulated to all Directors as per the Secretarial Standards. The Meetings of the Board and its Committees are governed by a structured agenda. The Board agenda and Memorandum/Notes thereof backed by comprehensive background information are sent to the Board of Directors in compliance with the provisions of the Companies Act, 2013, Secretarial Standards and SEBI LODR. The Memorandum/Notes contains all complete relevant information related to the requests of the Departments to facilitate open and substantive deliberations. The respective Department Heads of the Bank are special invitees to the Meeting to give any explanations, feedback to the Board if require. On every Board Meeting, Board is briefly informed about recent activity, initiates, key events, etc, in the Bank. The Chairperson of the respective Committees of the Board present a verbal summary of key points discussed at the Committee Meetings. The video conferencing facility is used effectively to facilitate participation of Directors, who are unable to attend the meetings in person, complying with the provisions of Companies Act, 2013 and SEBI LODR. The Board of Directors follows highest degree of business ethics, transparent practices and governance among cordial environment.

In case of exigency or urgency of matters, Board also passes resolutions by circulation on a need basis. Data required by the Directors and clarifications, if any, are provided for informed decision making. Resolutions passed by circulation are noted in the next meeting as required under the Companies Act, 2013.

The Minutes of the Board and its Committees are circulated to all the Board and Committee members for their comments/ confirmation within the time lines prescribed in accordance with the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI). The Bank has in place a post meeting follow-up procedure, which will track the observations/decision taken by the Board/Board Level Committee meeting till the closure of such observations/decision. An Action Taken Report (ATR) is being placed before the Board/Board Level Committee on regular intervals.

The Board has established procedures to periodically review compliance report pertaining to all laws applicable to the Bank as well as steps taken by the Bank to rectify instances of non-compliance, if any.

Corporate Governance Report

BOARD MEETINGS

During the financial year 2021-22, 14 Board Meetings were held and the maximum time gap between any two meetings was not more than one hundred and twenty days. The date of the meetings are mentioned below:

April 29, 2021	May 28, 2021	June 19, 2021	July 12, 2021	August 04, 2021	September 15, 2021	September 28, 2021
October 26, 2021	November 08, 2021	December 08, 2021	January 10, 2022	January 31, 2022	March 10, 2022	March 30, 2022

The details of attendance of each Director at the Board meetings held during the period from April 01, 2021 to March 31, 2022 are mentioned below along with Attendance details at last AGM of the Bank held through VC/OAVM:

Name of the Directors Sarvashri	Category	No. of Meetings during his/her tenure		Attendance at last AGM (11.08.2021)
		Attended / Conducted	% of Attendance	
N S Srinath[1]	Non-Executive Independent (Part-time) Chairman	14/14	100	Yes
B Ramesh Babu	Managing Director & Chief Executive Officer	14/14	100	Yes
Dr V G Mohan Prasad[2]	Non-Executive Independent Director	14/14	100	Yes
M K Venkatesan	Non-Executive Non-Independent Director	14/14	100	Yes
A K Praburaj	Non-Executive Non-Independent Director	14/14	100	Yes
CA K L Vijayalakshmi	Non-Executive Independent Director	14/14	100	Yes
M V Srinivasamoorthi	Non-Executive Non-Independent Director	14/14	100	Yes
Dr K S Ravichandran	Non-Executive Independent Director	14/14	100	Yes
R Ramkumar	Non-Executive Non-Independent Director	14/14	100	Yes
K G Mohan	Non-Executive Independent Director	13/14	93	Yes
Dr Harshavardhan R	Non-Executive Independent Director	13/14	93	Yes

[1] Shri N S Srinath, Non-Executive Independent (Part-time) Chairman of the Bank demitted office at the close of office hours on May 26, 2022, consequent to completion of his tenure.

[2] Dr V G Mohan Prasad, Non-Executive Independent Director of the Bank demitted office at the close of office hours on June 14, 2022, consequent to completion of his tenure.

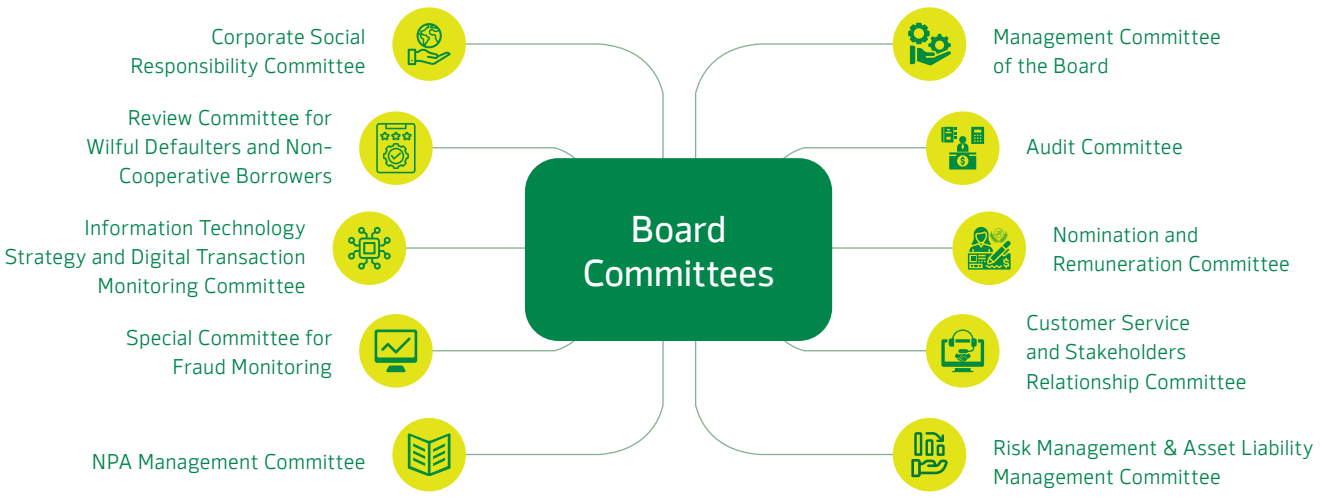
Shri Srinivasa Rao Maddirala, Company Secretary and Deputy General Manager acts as the Secretary to the Board and all its Committees.

COMMITTEES OF THE BOARD

Committees are usually formed as a means of improving board effectiveness and efficiency in areas where more focussed, specialised and specific deliberations are required. Committees enable better management of full Board's time and allow in depth scrutiny and focussed attention. Board of directors perform their advisory and oversight function through well-structured, planned, and assigned committees to take advantage of the expertise of all the Directors. The Board has delegated authority to various Board Committees to enable them to oversee certain specific responsibilities based on their terms of reference in line with the Companies Act, 2013, SEBI LODR and the Banking Regulation Act, 1949.

Board Committees normally function independently form each other and are provided with sufficient authority and assigned responsibilities in assisting the entire Board. The duties and responsibilities of each Committee of the Board are specified in the charter. Each Committee is guided by its terms of reference, which defines the scope, powers and composition of the Committee. The Committees deliberate issues as per their terms of reference which are fixed in line with the statutory requirement and make recommendations to the Board as and when required. All decisions and recommendations of the Committees are placed before the Board for information or approval.

Board constitutes and functions with 10 Committees as on March 31, 2022 namely as under:



1. Management committee of the board (MCB)

Management Committee of the Board is a non-statutory Board level sub-committee constituted to consider various business/ credit related matters having material significance under superintendence of Board. This committee aims to provide Board of Directors, qualitative time for focusing on strategic issues and brings about organisational effectiveness by helping the executives to perform their managerial functions efficiently. Committee acts within the powers delegated by the Board in line with provisions of Section 179 of the Companies Act, 2013 and guidelines issued by RBI from time to time.

During the financial year 2021-22, Management of Committee of the Board met 9 times and the date of the meetings are mentioned below:

April 27, 2021	June 11, 2021	July 22, 2021	September 02, 2021	September 24, 2021
November 24, 2021	December 30, 2021	February 17, 2022	March 07, 2022	

The details of attendance of each Director at the meetings held during the period from April 01, 2021 to March 31, 2022 are mentioned below:

Name of the Directors Sarvashri	No. of Meetings during his/her tenure Attended / Conducted	% of Attendance
B Ramesh Babu, Chairman of the Committee	9/9	100
N S Srinath	9/9	100
M K Venkatesan	9/9	100
R Ramkumar	9/9	100
Dr Harshavardhan R*	8/8	100
CA K L Vijayalakshmi#	1/1	100

* Member of the Committee from April 30, 2021

Member of the Committee till April 29, 2021

Composition of Management Committee of the Board (MCB)



Independent Directors	40% (2)
Non-Independent Directors	40% (2)
Executive Director (MD&CEO)	20% (1)

Corporate Governance Report

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

1. Sanctioning of credit proposals (Fund based & Non-Fund based):
   - Consider proposals for approval, renewal or any modification in sanctioned terms and conditions of various types of funded and non-funded credit facilities to customers within the delegated powers fixed by the Board from time to time;
   - This facilitates quick response to the needs of the customers and speedy disbursement of loans;
   - To reviews the sanctions made by the Central Office Credit Committee of Executives (COCC).
2. To review the Turnaround Time in credit sanctioning/ efficiency levels in operations.
3. Proposal for approval of capital and revenue expenditure as per delegation of Powers, and review of capital & revenue expenditure vis-à-vis the approved budgets by the Board/MCB once in six months.
4. To act as Board level sub-committee for NEO and review the activities of NEO vertical.
5. Proposals relating to acquisition and hiring of premises including deviation from norms for acquisition and hiring of premises.
6. To review the performance of verticals, divisions, branches and business arrangements.
7. To review any delays, defaults, penalties and prosecutions against the Bank for any delays or compliance failures, notices received from RBI, SEBI, MCA or any other Regulator or Authority or Tribunal or Court once in a year.
8. To review major incidents, accidents, occurrences that has monetary impact or reputation loss to the Bank.
9. To approve the amount of expenditure to be incurred on the CSR activities recommended by CSR committee.
10. Support business development initiatives viz., business tie-ups, new products and to enter into arrangements with different companies:
    - Determining, implementing, reviewing of partnering agreements, approving of the business tie-ups;
    - To provide direction on the business under the Retail segment, viz., Retail Advances, Retail Deposits and Insurance & Investment, Personal Banking;
    - To Review the new initiatives of insurance companies, AMCs of mutual funds, aggregators for online payments, Fintech companies who are with digital payments, retail loans through online platform by fintech companies, companies (NBFCs) interested in joint lending, payment banks and digital marketing agencies etc for exploring business potential;
    - Reviewing the results of business surveys conducted, if any that provide quantitative and qualitative information on the state of business in the industry;
    - Reviewing metrics and indicators that provide information on the requirement for business development activities in the bank; providing direction to the management of the Bank on actions to be taken to improve metrics.
11. To review measures taken to create and maintain safe work environment, free from sexual harassment & discrimination for employees, under POSH Act, whether it involves senior management or below senior management.
12. Human Resources (HR) related aspects of the Bank specifically for staff who are below the Senior Management Cadre:
    - To formulate HR Policies and undertake periodic review of existing HR Policies of the Bank.
    - To guide the Bank in Manpower Planning and promotions/recruitment of staff below the Senior Management Cadre and aligning with the business strategy of the Bank.
    - To create benchmarks for evaluating performance levels of staff below Senior Management Cadre and to review their productivity levels with that of benchmarking once in a year.
    - To review skill gaps and talent pool creation by assessing learning initiatives, training, orientation, staff skill development programmes, employee engagement initiatives to drive organisation success.
13. Any other matter referred by the Board.

2. Audit committee of the board (ACB)

Audit Committee of the Board (ACB) is constituted in accordance with the provisions of the Companies Act, 2013, SEBI LODR, the extant guidelines of RBI and its circulars from time to time. ACB is chaired by an Independent Director who is a Chartered Accountant. All the members are financially literate and have adequate knowledge in accounting and financial management.

ACB functions as an independent body and uphold the doctrine of good governance practices in the Bank. ACB conducts periodic reviews on various aspects of internal controls 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 Chairperson of the ACB was present at the last Annual General Meeting.

During the financial year 2021-22, Audit Committee met 14 times and not more than one hundred and twenty days lapsed between two consecutive meetings of the ACB. The date of the meetings are mentioned below:

April 20, 2021	April 23, 2021	May 28, 2021	June 16, 2021	July 09, 2021	August 04, 2021	August 27, 2021
October 12, 2021	November 08, 2021	December 08, 2021	December 23, 2021	January 31, 2022	March 10, 2022	March 17, 2022

The details of attendance of each Director at the meetings held during the period from April 01, 2021 to March 31, 2022 are mentioned below:

Name of the Directors Sarvashri	No. of Meetings during his/her tenure	% of Attendance
	Attended /Conducted	
CA K L Vijayalakshmi, Chairperson of the Committee	14/14	100
Dr V G Mohan Prasad	14/14	100
A K Praburaj	14/14	100
K G Mohan	13/14	93

Composition of Audit Committee of the Board (ACB)



Independent Directors	75% (3)
Non-Independent Director	25% (1)

The terms of reference of ACB in line with the requirements of Companies Act, 2013, RBI Regulations, SEBI LODR and other applicable guidelines include, *inter alia*, the following:

1. Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Bank;
3. Approval of payment of fees to Statutory Auditors for any other services rendered by them;
4. Reviewing quarterly, half-yearly and annual financial statements with the management and Auditors Report thereon before submission to the Board for approval with specific reference to:
   a) Matters required to be included in the Directors' Responsibility Statement which forms part of Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
   b) Changes in accounting policies and practices, if any, and reasons for the same;
   c) major accounting entries involving estimates based on the exercise of judgement by management;
   d) Significant adjustments made in the financial statements arising out of audit findings;
   e) Compliance with the Listing and other legal requirements relating to financial statements;
   f) Disclosure of related party transactions;
   g) modified opinion(s) in the draft Audit Report, if any;
5. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing the statement of application of funds raised through an issue (public, rights, preferential issue, etc.,), the statement of funds utilised other than for those stated in the offer documents, report submitted by monitoring agency on the utilisation

Corporate Governance Report

proceeds with the management and making appropriate recommendations to the Board to take steps in this regard;

7. Reviewing and monitoring the Statutory Auditor's independence, performance, and effectiveness of Audit process;
8. Approving or any subsequent modification of transactions with related parties;
9. Scrutiny transactions pertaining to inter-corporate loans and investments, if any;
10. Valuation of undertakings or assets of the Bank, as and when required;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing with the management, performance of statutory and Internal Auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of Internal Audit function, including the structure of the Internal Audit Department, staffing and seniority of the official heading the department, reporting structure coverage, frequency of Internal Audit and reviewing concurrent audit reports;
14. Reviewing the findings of any internal investigations by the Internal Auditors into matters where suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
15. Discussions with Statutory Auditors before commencement of Audit, about the nature and scope of Audit as well as post-Audit discussion to ascertain any area of concern;
16. Reviewing repayment obligations of Bank, assess and review the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
17. Reviewing the Whistle-Blower Policy and Vigil Mechanism;
18. Approving the appointment of CFO (i.e., the person who is heading the finance function after assessing his qualifications, experience, background and etc.,);
19. Reviewing Long Form Audit Report as prepared by Statutory Auditors;
20. Reviewing periodic inspection report submitted by RBI;
21. Reviewing of RBIA inspection reports on periodic basis.
22. Reviewing of Frauds on periodic basis.
23. Discussions and review with the internal audit and Concurrent Auditors, their reports/findings with an objective of reporting any significant/material findings to the Board;
24. 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;
25. Reviewing the compliance function periodically;
26. Reviewing the following information:
    A. Management Discussion and Analysis of financial conditions and results of operations;
    B. Statement of significant related party transactions submitted by the management, etc.,
    C. management letters / letters of internal control weaknesses issued by the statutory auditors;
    D. the appointment, removal and terms of remuneration of the chief internal auditor
    E. statement of deviations, annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/ notice in case of fund raising activities.
27. Performing any other functions, duty as stipulated by the Companies Act, 2013, Reserve Bank of India, SEBI LODR and any other regulatory authority or under any applicable laws as prescribed from time to time.

3. Nomination and Remuneration Committee (NRC)

NRC is a Board level Committee which shall be responsible for recommending candidates for appointment to Board and Senior Management Positions. It shall be instrumental in establishing Policies that define the criteria for qualifications for such positions, fixing of their remuneration and terms of employment, setting performance objectives and goals and provide inputs to Board for making requisite disclosures regarding the Compensation of Board of Directors and Senior Management.

Pursuant to the provisions of the Companies Act, 2013, SEBI LODR and the extant guidelines of Reserve Bank of India, Board of Directors of the Bank had constituted "Nomination & Remuneration Committee (NRC)". The Committee shall be constituted with a minimum of three Non-Executive Directors and atleast two thirds of the directors shall be independent directors. Further as per RBI guidelines a Member of Risk Management Committee of the Board shall also be a Member in the Committee. The Committee shall be headed by a Non-Executive Independent Director. The Composition of the Committee complies with the statutory requirement. Chairman of the NRC was present at the last Annual General Meeting.

During the financial year 2021-22, Nomination and Remuneration Committee met 9 times and the date of the meetings are mentioned below:

July 06, 2021	July 08, 2021	July 23, 2021	November 25, 2021	November 29, 2021
December 08, 2021	February 17, 2022	March 07, 2022	March 22, 2022	

The details of attendance of each Director at the meetings held during the period from April 01, 2021 to March 31, 2022 are mentioned below:

Name of the Directors Sarvashri	No. of Meetings during his/her tenure	% of Attendance
	Attended /Conducted	
Dr K S Ravichandran, Chairman of the Committee	9/9	100
N S Srinath	9/9	100
M K Venkatesan	9/9	100
A K Praburaj#	6/6	100

Member of the Committee till December 31, 2021

Composition of Nomination and Remuneration Committee (NRC)



Independent Directors	67% (2)
Non-Independent Director	33% (1)

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

1. To formulate criteria for determining qualifications, positive attributes and independence of a Director, in terms of fit and proper criteria issued by RBI from time to time;
2. To devise a policy on Board Diversity;
3. To formulate/review criteria for evaluation of performance of Chairman, Independent Directors, Board as a whole, Committees of the Board;
4. To recommend persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors on their appointment or removal;
5. To frame/review Compensation Policy towards ensuring effective alignment between remuneration and risk. Directors and Senior Management Personnel shall be part of the Compensation Policy;
6. To also review and recommend to the Board, all remuneration, in whatever form, payable to Directors & Senior Management;
7. To consider grant of stock options to employees, administer and supervise the Employee Stock Option Plans in conformity with statutory provisions and guidelines;
8. To provide inputs to Board for making disclosures regarding policies, appointments, remuneration, etc., of Directors and Senior Management Personnel in the Annual Report/ Directors Report/ Financial Statements, etc. as may be required by the regulations from time to time; and
9. To evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, recommend the appointment of independent director on the board suitable to the role and capabilities assessed.
10. To perform any other function or duties as stipulated by the Companies Act, 2013, RBI, SEBI, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

Corporate Governance Report

The Nomination and Remuneration Committee ("NRC") of the Board formulated the criteria for determining qualifications, positive attributes and independence of a Director for the appointment/ re-appointment of Directors in tune with the 'fit and proper' criteria as per Dr. Ganguly Committee Norms which stipulates age, educational qualification, experience, track record, integrity, etc., and various circulars instructions and guidelines issued by Reserve Bank of India from time to time.

NRC of the Bank is responsible for reviewing and assessing the composition mix and performance of the Board as well as identifying appropriately qualified persons to confirm Board Diversity.

Evaluation of board's performance

Particulars		Disclosure
Evaluation of	Chairperson	Evaluation on Individual Directors without the Director being evaluated, Chairperson, MD & CEO, Board as a whole & sub committees are carried out as per statutory guidelines.
	Non - Executive Directors including Independent Directors	
	MD & CEO	
	Board as a whole	
	Board Committees	
Evaluation mechanism	Method	Internal Assessment
	Process	Questionnaire based
Evaluation criteria	Non – Executive Non Independent Directors	NRC formulated the methodology and criteria in accordance with statutory provisions. Broadly criteria includes aspects such as attendance and participation at the Board; knowledge and expertise; management of relationship with stakeholders; integrity and maintenance of confidentiality; independence, personal attributes and judgement, etc.
	Non – Executive Independent Directors	
	Chairman	
	MD & CEO	
	Board & Committees	
Evaluation outcome	Results	Performing satisfactorily, Few recommendations were suggested
	Action Plans	

Nomination and Remuneration Committee formulated the methodology and criteria for evaluation of Independent Directors, Non-Independent Directors, Managing Director & CEO, Chairman, Committees of the Board and the Board as a whole in

accordance with the relevant provisions of the Companies Act, 2013, SEBI LODR and as per the Guidance Note on Board Evaluation issued by SEBI.

The Board of Directors in their meeting held on May 26, 2022 have carried out the annual evaluation on the performance of Board, its Committees, Chairman, Managing Director & CEO and Independent Directors. The evaluation process was initiated by putting in place, a structured questionnaire after taking into consideration of the inputs received from the Directors.

- The performance of the Board was evaluated after getting inputs from all Directors on the basis of criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc.
- The performance of the Committees was evaluated by the Board after getting inputs from minutes of the committee meetings placed before Board and the Chairpersons of the respective Committee on the basis of criteria such as the composition of Committees, Periodicity of Meetings, effectiveness of Committee meetings, etc.
- The performance evaluation of the Independent Directors was carried out by the entire Board, without the participation of Independent Director being evaluated. The evaluation criteria is based on, qualifications, knowledge, attendance, Participation in Independent Directors' meeting and inter-personal relationship ability, etc.

Independent Directors comprise: first, an experienced ex-Banker having rich experience over five decades in all facets of Banking; second, a leading multi-talented gastroenterologist with hands on knowledge in agriculture; third, an eminent Chartered Accountant who contributes her knowledge/experience in various ways including in strengthening of Audit and internal control of your Bank; fourth, an eminent specialist in corporate laws and a recognised expert in related to Corporate Governance helps your Bank follows the rules/practices and conventions consistent with the highest level of governance in addition to providing his counsel on other matters; fifth, an experienced IT professional enabling the Board to access specialist knowledge in a rapidly changing techonology arena in addition to providing valuable inputs in other areas; sixth, Seasoned professional with hands on experience in Strategic Planning & Risk Management actively involves in overseeing strategic planning process for the Bank.

Board acknowledges that Independent Directors are a diversified group of recognised professionals with competence and integrity and who express their opinions freely as well as exercise their own judgements.

As the Chairman is an Independent Director, the performance evaluation of the Chairman was carried out by the Board. The evaluation was based on the criteria such as personal attributes, leadership qualities, ability to synthesise discussion; management of balance with stakeholders; maintenance of good working relationship and communication within the Board and senior management; promotion of sense of participation among the members and implementing best Corporate Governance practices, etc.

The performance evaluation of Managing Director & CEO as a part of Board evaluation process was carried out by considering the non-financial parameters such as leadership, strategy formulation & execution, developing and executing business plans; operational plans; risk management and maintaining harmonious relationship with stakeholders; effective organisation structure, etc.

The disclosure in terms of SEBI Circular no. SEBI/HO/CFD/CMD/CIR/P/2018/79 dated May 10, 2018, on board evaluation, is detailed as under:

1. Observations of Board evaluation carried out for the year: Board had made some observations while carrying out Evaluation process. The observations majorly span around improvements in standardisation of data to be presented before Board of Directors, frequency of training programs, further strengthening of risk mitigation framework in contingency planning and enhancements in functioning of executive committees.
2. Previous year's observations and actions taken: Previous year's observations were with respect to improvements in communications made with various stakeholders, further strengthening of risk mitigation framework, improving the training related aspects and enhancements in various review mechanism. Actions taken: a review on the communications made with various stakeholders was carried out and process was streamlined. Emphasis was given in strengthening the risk mitigation framework and improved training structure was adopted to provide in house programs by inviting industry experts/ virtual programs.
3. Proposed action based on current year observations: all the observations made by the Board during performance evaluation process have been conveyed to the concerned stakeholders, for appropriate action. The status of compliance with the said observations will be reviewed by the Board.

Corporate Governance Report

Separate meetings of the Independent Directors:

Independent Directors Meetings were held on October 12, 2021 and March 31, 2022 without the attendance of Non-Independent Directors and Members of Management. The Members of the meeting reviewed the performance of Non-Independent Directors and the Board as a whole after taking into account views of Executive and Non-Executive Directors. The Performance evaluation of Non-Independent Directors was on the basis of the criteria such as attendance and participation at the Board; knowledge and expertise; management of relationship with stakeholders; integrity and maintenance of confidentiality; independence of behaviour and judgement, etc., and assessed the quality, quantity and timelines of flow of information between the Bank Management and the Board. The Independent Directors expressed satisfaction about the quality, quantity and timelines of flow of information between the Senior Management and the Board.

Succession planning

Succession planning is an integral part of the operations and a tool of the Bank to ensure the smooth and effective function of the Board and Senior Management. Succession Planning is an on-going process that identifies necessary competencies and then works to assess, develop and retain a talent pool of employees, in order to ensure continuity of leadership for all critical positions. The Bank strives to maintain an appropriate balance of skills and experience within the organisation. Board in an endeavour to introduce new perspectives while maintaining experience and continuity has framed Succession Planning Policy for Board of Directors and Senior Management of the Bank.

The Bank's Nomination and Remuneration Committee (NRC) oversees matters of succession planning of its Directors, Senior Management and Key Managerial Personnel. The Board of the Bank also ensures that proper plans are put in place for orderly succession of appointment to the Board and to senior management of the Bank.

Compensation policy

The success of any organisation in achieving good performance and governance depends on its ability to manage the human capital. The Bank has in place a Comprehensive Compensation Policy in tune with the regulatory guidelines, objectives as enumerated in the Companies Act, 2013, RBI guidelines and the SEBI LODR from time to time. The Compensation Policy of the Bank covers the compensation payable to all the employees including the MD&CEO/WTD, Key Managerial Personnel, Material Risk Takers, Control Function Staff as per the guidelines of RBI as also fee payable to Non-Executive Directors/Independent Directors. In terms of the said policy the compensation structure shall have fixed and variable components. The Variable pay shall be payable on the basis of achievement of performance criteria, consisting the qualitative and quantitative parameters fixed by Nomination and Remuneration Committee subject to malus and claw back. Variable pay shall be in the form of cash and non-cash component, the non-cash component shall be in the form of share-linked instruments. No remuneration is paid to Non-Executive Directors/ Independent Directors except Part-time Chairman other than the Sitting Fees for attending Board/ Committee meetings. Part-time (Non-Executive) Chairman is entitled for a fixed remuneration-honorarium, as approved by Reserve Bank of India and Shareholders of the Bank.

The Bank is a party to Industry level Bi-partite settlement of IBA and has been following the emoluments/ compensation as arrived in the Bi-partite settlements. Remuneration to employees is defined by the IBA pay scale/CTC pay structure, both of which are approved by the Board.

Remuneration to Non-Executive Directors

Non-Executive director including independent directors are entitled to sitting fees for each meeting of the Board and Committees. Pursuant to the provisions of the Companies Act, 2013, sitting fees of ₹ 70,000/- and ₹ 35,000/- per meeting are paid to Non-Executive Directors for attending the Board and Board Level Committees respectively. No stock options are granted to any of the Non-Executive Directors. The criteria of making payments to Non-Executive Directors/ Independent Directors of the Bank are contained in the Comprehensive Compensation Policy and it is available on the Bank's website at www.kvb.co.in.

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.

Sitting fees

Sitting fees paid to the Non-Executive Directors for attending Board and Committee Meetings during financial year 2021-22 are mentioned below:

Name of the Directors Sarvashri	Amount (₹ in Lakh)
N S Srinath, Chairman	18.15
Dr V G Mohan Prasad	19.20
M K Venkatesan	18.50
A K Praburaj	21.30
CA K L Vijayalakshmi	19.20
M V Srinivasamoorthi	16.40
Dr K S Ravichandran	18.85
R Ramkumar	15.35
K G Mohan	19.20
Dr Harshavardhan R	16.40

Remuneration to Non-Executive Independent (Part-time) Chairman

Shri N S Srinath, Non-Executive Independent (Part-time) Chairman was paid ₹ 12,00,000/- as remuneration for the financial year 2021-22, which is other than payment of Sitting Fees for attending the Board/Committee Meetings.

Remuneration to Executive Director (Managing Director & CEO)/ MRT

In terms of Compensation policy, Bank has identified the designation of Managing Director & Chief Executive Officer (MD & CEO) and President & Chief Operating Officer as Material Risk Takers. Compensation structures of Shri B Ramesh Babu, MD & CEO and Shri J Natarajan, President & COO of the Bank, consist of both fixed pay and variable pay with deferral arrangements in tune with RBI guidelines and Compensation policy of the Bank.

During the year after publishing the annual financial results, the Nomination and Remuneration Committee has critically assessed their performance in financial parameters. The said assessment is based on the Parameters consisting of the qualitative and quantitative criteria. Further based on the recommendations of NRC, Board in its meeting held on 14.06.2022 has evaluated the said assessment and approved the variable pay to MD & CEO and President & COO for the performance measurement period FY 2021-22 in term of their compensation structure. The said variable pay component of Managing Director & CEO for FY 2021-22 was recommended by the Board to RBI for its approval in terms of Section 35B of the Banking Regulation Act, 1949.

During the year, Managing Director & CEO was paid a sum of ₹ 1,44,20,617 as fixed pay. With respect to variable pay, RBI vide its letter dated February 09, 2022 has approved a quantum of ₹ 67,00,000 as variable pay for the performance period financial year 2020-21, of which ₹ 33,00,000 is cash component and ₹ 34,00,000 is non-cash component. During the financial year 2021-22, a sum of ₹ 16,50,000 is paid as upfront cash component while remaining cash component is deferred over a period of three years and 73,913 options were granted under KVB ESOS 2018 Scheme as non-cash component with a deferral vesting period of three years.

The remuneration paid to Shri N S Srinath, Non-Executive Independent (Part-time) Chairman, Shri B Ramesh Babu, MD & CEO and Shri J Natarajan, President & COO of the Bank are in accordance with the Compensation Policy of the Bank and the terms of conditions of their appointment.

4. Customer Service and Stakeholders Relationship Committee (CS & SRC)

Reserve Bank of India vide its circular on July 01, 2015 has suggested Banks to constitute a Customer Service Committee of the Board in compliance with the recommendations of 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 with a view to strengthening 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. In terms of RBI Circular DBOD.No.CID. BC.127/20.16. 056/2013-14 dated June 27, 2014 Bank shall have a structured process of complaints redressal by constituting a Consumer Protection Committee under Board with respect to Credit Information Report submitted by the Bank.

Pursuant to provisions of Section 178 of the Companies Act, 2013, a company which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee and the SEBI LODR requires that, the Committee so constituted has to consider and resolve the grievances of shareholders.

Corporate Governance Report

The Board of the Bank had constituted a Customer Service and Stakeholders' Relationship Committee in tune with the Corporate Governance requirements under SEBI LODR. The Committee is chaired by a Non-Executive Director. Chairman of the CS&SRC was present at the last Annual General Meeting.

During the financial year 2021-22, the Committee met 2 times and the date of the meetings are as under mentioned below:

September 16, 2021	March 22, 2022

The details of attendance of each Director at the meetings held during the period from April 01, 2021 to March 31, 2022 are mentioned below:

Name of the Directors Sarvashri	No. of Meetings during his/her tenure	% of Attendance
	Attended/Conducted	
Dr V G Mohan Prasad, Chairman of the Committee	2/2	100
B Ramesh Babu	2/2	100
CA K L Vijayalakshmi	2/2	100
R Ramkumar	2/2	100

Shri Srinivasa Rao Maddirala, Company Secretary and Deputy General Manager, is the Compliance Officer in terms of Regulation 6 of the SEBI LODR.

Composition of Customer Service and Stakeholders Relationship Committee (CS & SRC)



Independent Directors	50% (2)
Non-Independent Director	25% (1)
Executive Director (MD&CEO)	25% (1)

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

1. The Committee 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, transmission of shares, issue of duplicate share certificates, splitting or consolidation, dematerialisation, rematerialisation, transmission of securities, etc. Bank shall seek confirmation in this regard from share transfer agents and verify adequacy and timeliness of complaint redressal received through these agents or through SCORES, etc.;
2. Review the updation, alteration of credit information, resolution of disputes, process of complaint redressal, with respect to Credit Information Report submitted in terms of RBI Circular DBOD.No.CID. BC.127/ 20.16.056/2013-14 dated June 27, 2014;
3. Review of measures taken for effective exercise of voting rights by the shareholders;
4. To review the adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrars & Share Transfer Agent to its shareholders;
5. To review the various measures/initiatives taken by the Bank *inter alia* for reducing the quantum of unclaimed dividends, ensuring timely receipt of dividend warrant/ annual report/ statutory notice by the shareholders of the Bank and recommend measures to further enhance the service standards for the benefit of the security holders of the Bank;
6. The Committee shall also examine any other issues on the quality of customer service rendered by the Bank;
7. To review the actions taken/being taken by the Bank to standardise the delivery of customer service;
8. Appointment of Internal Ombudsman for reviews on the complaints that were partly or wholly rejected by the Bank; and
9. To perform any other function or duties as stipulated by the Companies Act, 2013, RBI, SEBI, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

SEBI Complaints Redress System (SCORES)

SEBI has formed a centralised web based complaints redress system SEBI Complaints Redress System ("SCORES") during 2011, wherein complaints lodged by investors are forwarded to the listed entity through online. The purpose of SCORES is to provide a platform for aggrieved investors, whose grievances, pertaining

to securities market, which remain unresolved by the concerned listed company or registered intermediary after a direct approach. The listed companies and SEBI registered intermediaries shall update the Action Taken Reports ("ATR") along with supporting documents, if any, electronically in SCORES. This acts as an oversight mechanism on the company's redressal system and does not allow them to shrug off their responsibilities towards investors grievances.

The Bank receives Investor complaints through Stock Exchanges, 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 financial year 2021-22, there were no complaints received from the investors through "SCORES" and 31 complaints were received from the shareholders/investors other than "SCORES". All the complaints were redressed within the prescribed time line and the communication of the same was duly forwarded to the shareholders. There is no complaint pending as on March 31, 2022.

5. Risk Management and Asset Liability Management Committee (RM & ALM)

Risk Management and Asset Liability Management 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. The Committee is headed by a Non-Executive Independent Director.

During the financial year 2021-22, the Committee met 4 times and the date of the meetings are mentioned below:

June 17, 2021	August 25, 2021
December 07, 2021	March 15, 2022

The details of attendance of each Director at the meetings held during the period from April 01, 2021 to March 31, 2022 are mentioned below:

Name of the Directors Sarvashri	No. of Meetings during his/her tenure	% of Attendance
	Attended/ Conducted	
Dr Harshavardhan R, Chairman of the Committee	4/4	100
B Ramesh Babu	4/4	100
M K Venkatesan	4/4	100
K S Ravichandran	4/4	100

Composition of Risk Management and Asset Liability Management Committee (RM & ALM)



Independent Directors	50% (2)
Non-Independent Director	25% (1)
Executive Director (MD&CEO)	25% (1)

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

1. To review foresee future changes and threats and prioritise action steps;
2. Review and approve the development and implementation of risk assessment methodologies and tools, including assessments, reporting, etc.;
3. Identification of key risk indicators and verifying their threat levels;
4. Setting and defining the risk appetite of the Bank;

Corporate Governance Report

5. Monitor and oversee the implementation of the Risk Management Framework in the Bank;
6. Discuss and recommend suitable controls/ mitigations for managing different risks;
7. To review Stress Testing Results & Back-testing report, review Cyber Security of the Bank on a regular basis;
8. To review the Asset Liability Management (ALM) of the Bank on a regular basis;
9. To advise the Board on all risk matters;
10. To consider any major regulatory issues that may have a bearing on the risk profile and risk appetite of the Bank;
11. To formulate a detailed risk management policy which shall include:
    - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
    - Measures for risk mitigation including systems and processes for internal control of identified risks.
    - Business continuity plan.
12. To approve the strategy and policies of the Bank, to ensure well integrated enterprise risk management in the Bank and to periodically review the risk management policy, by considering the changing industry dynamics and evolving complexity;
13. To exercise oversight over the risk management function of the Bank;
14. To review regular risk management reports from management which enable the Committee to assess the risks involved in the Bank's business and how they are controlled and monitored and to give clear focus to current and forward-looking aspects of risk exposure;
15. To provide guidance and inputs to the Board and the Management on hiring and reporting structure of Chief Risk Officer of the Bank. The appointment, removal and terms of remuneration of the Chief Risk Officer, shall be subject to review by the Risk Management Committee;
16. To meet CRO on one-to-one basis, without the presence of the MD & CEO, at least on a quarterly basis, as CRO reports to the MD & CEO;
17. In terms of SEBI LODR, The Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary; and
18. Any other functions as may be stipulated by SEBI, Ministry of Corporate Affairs, RBI, Stock Exchanges and any other statutory authorities from time to time.

6. NPA management committee

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

During the financial year 2021-22, the Committee met 4 times and the date of the meetings are as under mentioned below:

June 23, 2021	September 02, 2021
December 06, 2021	March 18, 2022

The details of attendance of each Director at the meetings held during the period from April 01, 2021 to March 31, 2022 are mentioned below:

Name of the Directors Sarvashri	No. of Meetings during his/her tenure	% of Attendance
	Attended /Conducted	
B Ramesh Babu, Chairman of the Committee	4/4	100
CA K L Vijayalakshmi[@]	4/4	100
M V Srinivasamoorthi	4/4	100
Dr K S Ravichandran	4/4	100
Dr Harshavardhan R[$]	0/0	NA

[@] Member of the Committee from April 30, 2021

[$] Member of the Committee till April 29, 2021

Composition of NPA Management Committee



Independent Directors	50% (2)
Non-Independent Director	25% (1)
Executive Director (MD&CEO)	25% (1)

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

1. Periodical review of the large corporate loans and delinquent accounts appearing in SMA lists;
2. Periodical review of Non-performing Assets of large value (₹ 2.5 Crore and above) and also a pool of NPAs in various categories (substandard, doubtful and loss);
3. To review the position of stressed assets (SMA 1, SMA 2) position in the Bank;
4. To review the:-
   a) progress of recovery and monitor the process of recovery mechanism of the Bank;
   b) status of SARFAESI compliance for every six months;
   c) report of quick mortality accounts in the Bank;
   d) trends of NPAs in the industry and direct the recovery measures;
   e) suit filed cases of large value (₹ 2.5 Crore and above);
   f) status on technical write off accounts;
   g) recovery policy of the Bank; and
   h) provisioning requirements and disclosures to be made in the financial statements with respect to NPAs.
5. Any other relevant matters identified from time to time, or advised by the Board.

7. Special Committee for Fraud Monitoring (SCFM)

Reserve Bank of India vide its circular No. DBS.CO.CFMC.BC.No.1/ 23.04.001/2016-17 on Master Directions on Frauds - Classification and Reporting by Commercial Banks advised the constitution of Special committee of the Board. The main objective of the Committee is to oversee investigation of frauds, conduct root cause analysis, review actions taken by the Bank against the perpetrators of such frauds and suggesting / reviewing corrective steps to plug systemic loopholes, if any.

Banks are required to constitute a Special Committee of the Board for monitoring and follow up of cases of frauds involving amounts of ₹ 1 Crore and above exclusively, however in accordance with the directives, Audit Committee of the Board (ACB) shall monitor all the cases of frauds in general. The periodicity of SCFM may be decided according to the number of cases involved. In addition, SCFM should meet and review as and when a fraud involving an amount of ₹ 1 Crore and above comes to light.

As per RBI circular guidelines, the Committee should consist of five members of which two members must be from ACB along with two Non-Executive Directors. Committee is headed by MD & CEO of the Bank.

During the financial year 2021-22, the Committee met 6 times and the date of the meetings are mentioned below:

April 27, 2021	June 01, 2021	July 27, 2021
August 24, 2021	December 30, 2021	March 09, 2022

The details of attendance of each Director at the meetings held during the period from April 01, 2021 to March 31, 2022 are mentioned below:

Name of the Directors Sarvashri	No. of Meetings during his/her tenure	% of Attendance
	Attended/ Conducted	
B Ramesh Babu, Chairman of the Committee	6/6	100
Dr V G Mohan Prasad	6/6	100
A K Praburaj	6/6	100
M V Srinivasamoorthi	6/6	100
K G Mohan	6/6	100

Corporate Governance Report

Composition of Special Committee for Fraud Monitoring (SCFM)



Independent Directors	40% (2)
Non-Independent Directors	40% (2)
Executive Director (MD&CEO)	20% (1)

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

The major functions of the Committee are to monitor and review all frauds of ₹ 1 Crore 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 in detection, if any, 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 side action, if required, is completed 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;
6. To delineate a policy document stating the processes for implementation of the Committee's directions and enable a dedicated outfit of the Bank to implement the directions in this regard and review the same;
7. Put in place a system of internal vigilance machinery as per the guidelines.
8. To review the report on the Red Flag Accounts (RFA) as per Credit Monitoring Policy, which shall include the synopsis of the remedial action taken together with their current status.

8. Information Technology Strategy and Digital Transaction Monitoring Committee (ITS & DTMC)

The Bank has Information Technology Strategy and Digital Transaction Monitoring 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 transactions in line with national objectives and formulation of IT strategies. The Committee provides directions in terms of strategy; action plans and monitors the progress. The Committee shall consist a minimum of two Members, one of whom should be an independent director. The Committee shall be headed by Non-Executive Independent Director. IT Strategy Committee members should be technically competent. At least one member should have substantial IT expertise in managing technology.

During the financial year 2021-22, the Committee met 4 times and the date of the meetings are mentioned below:

May 04, 2021	August 24, 2021
October 11, 2021	January 27, 2022

The details of attendance of each Director at the meetings held during the period from April 01, 2021 to March 31, 2022 are mentioned below:

Name of the Directors Sarvashri	No. of Meetings during his/her tenure	% of Attendance
	Attended / Conducted	
K G Mohan, Chairman of the Committee	4/4	100
B Ramesh Babu	4/4	100
A K Praburaj	4/4	100
M V Srinivasamoorthi	4/4	100
Dr Harshavardhan R	4/4	100

Composition of Information Technology Strategy and Digital Transaction Monitoring Committee (ITS & DTMC)



Independent Directors	40% (2)
Non-Independent Directors	40% (2)
Executive Director (MD&CEO)	20% (1)

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

1. Suggest improvement and monitor the implementation of modern technology in the Bank;
2. Approving IT strategy and policy documents;
3. Ensuring that the management has put an effective strategic planning process in place;
4. Ratifying that the business strategy is indeed aligned with IT strategy;
5. Ensuring that the IT organisational structure complements the business model and its direction;
6. Ensuring that management has implemented processes and practices that ensure that the IT delivers value to the business;
7. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
8. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
9. Ensuring proper balance of IT investments for sustaining Bank's growth;
10. Understanding exposure to IT related risks; the proposed controls thereof and evaluating effectiveness of management's monitoring of IT risks;
11. Assessing Senior Management's performance in implementing IT strategies;
12. Issuing high-level policy guidance (e.g. related to risk, funding or sourcing tasks);
13. Confirming whether IT or Business Architecture has been designed, to derive the maximum business value;
14. 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;
15. Reviewing IT performance measurement and contribution of IT to businesses (i.e., delivering the promised value);
16. Reviewing and monitoring the Bank's Digital Banking strategy i.e., penetration in market, setting of Digital transactions target, review of progress made to improve the digital transactions, review of initiatives taken for educating the customers & publicity in the front of digital transactions and providing direction on areas of focus;
17. 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.

9. Review Committee for Wilful Defaulters and Non-Cooperative Borrowers (RCWD & NCB)

Review Committee for Wilful Defaulters and Non-Cooperative Borrowers is a Board level sub-committee constituted to review the orders passed by the Committee of Executives for Identification of Wilful Defaulters & Non-Cooperative Borrowers and provide final decision with regard to identified Wilful Defaulters & Non-Cooperative Borrowers. The Committee shall consist of two Non-Executive Independent Directors as members and shall be headed either by Chairman or MD & CEO of the Bank.

During the financial year 2021-22, one meeting was held on March 23, 2022

The details of attendance of each Director at the meetings held during the period from April 01, 2021 to March 31, 2022 are mentioned below:

Name of the Directors Sarvashri	No. of Meetings during his/her tenure	% of Attendance
	Attended / Conducted	
N S Srinath, Chairman of the Committee	1/1	100
B Ramesh Babu	1/1	100
CA K L Vijayalakshmi	1/1	100

Corporate Governance Report

Composition of Review Committee for Wilful Defaulters and Non-Cooperative Borrowers (RCWD & NCB)



Independent Directors	67% (2)
Executive Director (MD&CEO)	33% (1)

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

1. Review and confirmation of the order of the Committee for Classification of borrowers as "Non-Cooperative Borrowers" or "Wilful Defaulters";
2. Reviewing the status of "Wilful Defaulters" at least on an annual interval or at such other intervals as may be required by RBI;
3. Reporting periodically to Central Repository of Information of Large Credits (CRILC) and deciding on removal of the names from the list of "Non-Cooperative Borrowers" or "Wilful Defaulters" as reported to CRILC;
4. Identifying and recommending corrective action plans;
5. Issuing show cause notices or other communications to wilful defaulters or non-cooperative borrowers and conducting meetings if required to convey the position of the Bank with respect to handling their credit limits and recovery;
6. Reviewing, noting and deciding on any matter pertaining to "Wilful Defaulters" annually; and
7. Any other matters identified from time to time or advised by the Board.

10. Corporate Social Responsibility Committee (CSR)

Corporate Social Responsibility (CSR) Committee has been constituted, in accordance with the terms of Section 135 of the Companies Act, 2013 and rules made there under. CSR policy of the Bank aims at promoting education, sanitation, safe drinking water facilitation, rural healthcare, promotion of sports, promotion of arts and culture, etc., Bank will continue to strengthen its processes to evaluate projects which will benefit the society at large in line with regulatory requirements. The Committee shall consist of three or more members and one member shall be Non-Executive Independent Director. The Committee is headed by MD & CEO of the Bank.

Bank has in place Board approved CSR Policy recommended by CSR Committee. As per the regulatory guidelines, the said Policy will be reviewed from time to time.

During the financial year 2021-22, the Committee met 2 times and the date of the meetings are mentioned below:

June 18, 2021	February 04, 2022

The details of attendance of each Director at the meetings held during the period from April 01, 2021 to March 31, 2022 are mentioned below:

Name of the Directors Sarvashri	No. of Meetings during his/her tenure	% of Attendance
	Attended/ Conducted	
B Ramesh Babu, Chairman of the Committee	2/2	100
M V Srinivasamoorthi	2/2	100
Dr K S Ravichandran	2/2	100
R Ramkumar	2/2	100

Composition of Corporate Social Responsibility Committee (CSR)



Non-Independent Directors	50% (2)
Independent Director	25% (1)
Executive Director (MD&CEO)	25% (1)

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

1. Formulate a Corporate Social Responsibility Policy and action plan which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act, 2013 and recommend the same to the Board;

2. To recommend the amount of expenditure to be incurred on the activities referred to in clause (1);
3. To review and monitor amounts spent under the Corporate Social Responsibility Policy of the Bank and to report reasons for not spending minimum prescribed amounts;
4. To monitor Corporate Social Responsibility Policy of the Bank from time to time;
5. Conduct an impact assessment of the various initiatives undertaken in terms of the CSR Policy of the Bank at periodic intervals;
6. Institute a transparent monitoring mechanism for ensuring implementation of the project/ programs/activities proposed to be undertaken by the Bank; and
7. Performing such other duties with respect to CSR activities, as may be required to be done by the Bank under any law, statute, rules, regulations, etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.

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

GENERAL BODY MEETINGS

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

AGM	Financial Year	Location	Day, Date and Time
102nd	2020-21	The Karur Vysya Bank Limited, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur- 639002. (through Video Conferencing)	Wednesday, August 11, 2021 11.00 a.m. IST
101st	2019-20	The Karur Vysya Bank Limited, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur- 639002. (through Video Conferencing)	Wednesday, September 23, 2020 11.00 a.m. IST
100th	2018-19	The Karur Vysya Bank Limited, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur- 639002.	Thursday, July 18, 2019 9.30 a.m. IST

b)	Whether any special resolutions passed in the previous three Annual General Meetings (AGM)	Yes. 1. No Special Resolutions were passed in the 102nd Annual General Meeting held on August 11, 2021. 2. No Special Resolutions were passed in the 101st Annual General Meeting held on September 23, 2020. 3. At the 100th AGM held on July 18, 2019, three special resolutions were passed, viz., a) Continuation of Second term of appointment of Shri N S Srinath (DIN: 01493217) Non-Executive Independent (Part-time) Chairman of the Bank as a Non-Executive Independent Director. b) Reappointment of Smt CA K L Vijayalakshmi (DIN: 07116809) as a Non-Executive Independent Director of the Bank for a second term. c) Reappointment of Dr K S Ravichandran (DIN: 00002713) as a Non-Executive Independent Director of the Bank for a second term.
(c)	Whether any special resolution passed last year through postal ballot-details of voting pattern	No Resolution was transacted through Postal Ballot.
(d)	Person who conducted the postal ballot exercise	Not Applicable

Corporate Governance Report

(e)	Whether any special resolution is proposed to be conducted through postal ballot?	No Special Resolution requiring Postal Ballot is being proposed on or before the ensuing Annual General Meeting of the Bank.
(f)	Procedure for the postal ballot	Not Applicable

Means of communication

Pursuant to Regulation 46 of SEBI LODR, Bank maintains a website viz., www.kvb.co.in which contains information about the Bank, such as details of its business, financial results, shareholding pattern, compliance with the corporate governance requirements and other Corporate Communications made to the Stock Exchanges, Notices & Annual Reports of the Bank, real time updates on share price, unpaid/unclaimed dividend details and contact details of the designated officials who are responsible for assisting and handling investor grievances.

In line with SEBI LODR, the Board of Directors of the Bank reviewed and taken on record/approved the quarterly un-audited financial results within 45 days from the end of respective quarters and the audited financial results for the quarter and year ending within 60 days from the end of the financial year. The results are promptly forwarded to the stock exchanges within the stipulated time and are published in English and Tamil (regional language) newspaper (viz., Business Standard/Business Line and Dinamalar), within 48 hours of the conclusion of the Board meeting. The results as well as other official press releases are simultaneously updated on the Bank's website at www.kvb.co.in.

The Bank also conducts meetings with Institutional Investors and Analysts every quarter, after the results are declared. The Schedule of Meetings and Investors Presentations are promptly forwarded to the stock exchanges as well simultaneously displayed on the Bank's website.

Bank has sent email to all shareholders who registered their mail id with Bank's RTA/Depository Participant about the audited financial results of the Bank for the year ended March 31, 2022 as part of voluntary initiative.

Financial Calendar for the results during the financial year 2021-22:

Quarter Ending	Date of Approval
Q1 - FY 2021-22	August 04, 2021
Q2 - FY 2021-22	November 08, 2021
Q3 - FY 2021-22	January 31, 2022
Q4 - FY 2021-22	May 20, 2022

GENERAL SHAREHOLDER INFORMATION

103rd Annual General Meeting	Date: August 03, 2022
	Day: Wednesday
	Time: 11:00 A.M. IST
	Venue: Through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM")
Financial Year	April 01, 2021 to March 31, 2022
Date of the Book Closure	From July 21, 2022 to August 03, 2022
Dividend Payment Date	On or after August 04, 2022
Listing on Stock Exchanges	Equity Shares and Debt Instruments are listed on National Stock Exchange of India Limited, Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai-400051. Listing fees payable to the National Stock Exchange where the shares and debentures are listed has been duly paid. Equity Shares of the Bank are traded under 'permitted' category in BSE under Stock Code:590003
Stock Code	NSE: KARURVYSYA
ISIN	Equity: INE036D01028 Debt Instruments: INE036D08015

Share Transfer Agents (Both Physical and Demat Segments)	**Equity (INE036D01028):** S.K.D.C. Consultants Limited, (a Wholly owned subsidiary of Link Intime India Pvt. Ltd), "Surya", 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore -641028 Tel: +91 422 - 2539835, 2539836, 4958995 e-Mail: info@skdc-consultants.com Website: www.skdc-consultants.com CIN: U74140MH1998PLC366529 **Debt Instrument (INE036D08015):** KFin Technologies Limited, Selenium Tower B, Plot No's: 31&32, Financial District, Gachibowli, Nanakaramguda, Serilingampally, Hyderabad 500 032. Phone: 040 - 67162222 Fax: 040 - 23001153 e-Mail: einward.ris@kfintech.com Website: www.kfintech.com
Share Transfer System	The Bank's shares which are in demat form are transferable through the depository system. Transfer of shares which are in physical form are processed by the Registrars and Share Transfer Agents, S.K.D.C. Consultants Limited. Pursuant to Regulation 40(1) of the SEBI LODR, with effect from April 01, 2019, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository. The Board has delegated the authority for approving transfer of Bank's securities to the Chairman of the Bank and MD & CEO in the absence of Chairman. In terms of Regulation 40(9) of the SEBI LODR, yearly certificate on compliance of share transfer formalities is obtained from the Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges.
Debenture Trustees for the Bank's Basel III, unsecured, Non-Convertible, redeemable, Tier II Bonds	Axis Trustee Services Limited, The Ruby, 2nd Floor, SW, 29 Senapati Bapat Marg, Dadar West, Mumbai- 400 028 Direct Line: + 91 22 6230 0451 e-Mail: debenturetrustee@axistrustee.in Website: www.axistrustee.in
Bank's address for correspondence/ Compliance Officer Address	Shri Srinivasa Rao Maddirala, Company Secretary & Deputy General Manager, Investor Relations Cell, The Karur Vysya Bank Limited, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar,L.N.S., Karur- 639002. Phone: 04324-269440-44 Fax: 04324-225700 e-Mail: kvb_sig@kvbmail.com Website: www.kvb.co.in
Corporate Identity Number (CIN)	L65110TN1916PLC001295

Corporate Governance Report

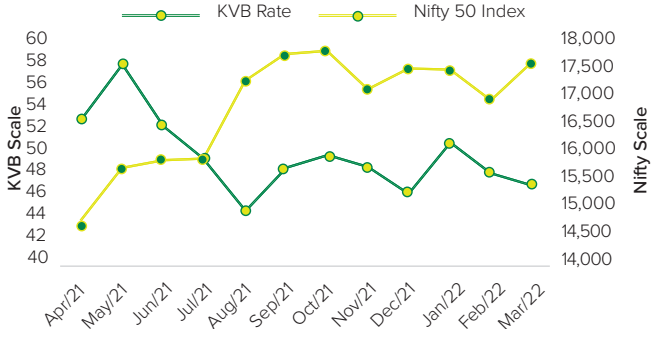
Stock market price data

The monthly high and low prices of the Bank's shares traded on the National Stock Exchange of India Limited (NSE) are mentioned below:

Month	High (₹)	Low (₹)
Apr-21	60.80	49.60
May-21	61.00	50.85
Jun-21	58.10	49.15
Jul-21	53.50	45.45
Aug-21	49.45	38.40
Sep-21	53.60	41.80
Oct-21	53.50	46.05
Nov-21	60.70	45.75
Dec-21	51.60	42.40
Jan-22	53.40	44.75
Feb-22	56.60	42.90
Mar-22	48.95	43.75

The Bank's equity share touched a high of ₹ 61.00 in May 2021 and low of ₹ 38.40 in August 2021.

The performance of the Bank's Equity Shares as compared with NSE Nifty 50 Index during the period from April 01, 2021 to March 31, 2022:



Dematerialisation of shares and liquidity

Bank's Equity shares are available in both Demat and Physical form. The shares which are in Demat can be tradable and transferable through the Depository system - National Securities Depository Limited ('NSDL') and Central Depository Service (India) Limited ('CDSL'). The annual custody fees for the financial year 2021-22 has been paid to NSDL and CDSL.

Particulars as on March 31, 2022	No. of Shares	% to the Total Shares
Demat	78,83,07,120	98.54%
Physical	1,17,04,552	1.46%

Out of 78,83,07,120 shares which held in Demat Mode, 67,46,59,822 are held in Depositary Participants of NSDL and 11,36,47,298 are held in Depositary Participants of CDSL.

Further, SEBI vide its circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022, advised that listed companies shall henceforth issue the securities in dematerialised form only while processing the following service request: i. Issue of duplicate securities certificate; ii. Claim from Unclaimed Suspense Account; iii. Renewal / Exchange of securities certificate; iv. Endorsement; v. Sub-division / Splitting of securities certificate; vi. Consolidation of securities certificates/folios; vii. Transmission; viii. Transposition.

Hence, shareholders holding shares in physical form are requested to dematerialise their shares in order to avail the better liquidity.

Reconciliation of share capital audit

As required by regulation 76 of SEBI (Depositories and Participants) Regulations, 2018, Reconciliation of Share Capital Audit has been carried out by a qualified Charted Accountant on quarterly basis and confirms, *inter alia*, the total issued and listed capital of the Bank with that of total share capital admitted/held in dematerialised form with NSDL and CDSL and those held in physical form. Report issued in this regard are submitted to NSE and placed before the Board of Directors for its review on quarterly basis.

Shareholding pattern as on March 31, 2022

Sl. No	Particulars	No. of Shareholders	No. of Shares	% of Holding
A.	**Promoters**			
1.	Promoters & Promoters Group	34	1,82,20,532	2.28
B.	**Institutions**			
2.	Financial Institutions & Banks	5	44,62,318	0.56
3.	Mutual Funds	11	15,82,95,021	19.78
4.	Insurance Companies	6	1,20,71,221	1.51
5.	Foreign Institutional Investors/ Banks	2	830	-
6.	Foreign Portfolio Investors	128	12,28,01,974	15.35
7.	Alternate Investment Funds	1	2,39,427	0.03
C.	**Non-Institutions/ Individuals/ Others**			
8.	Bodies Corporate	590	3,11,10,186	3.89
9.	Bodies Corporate-LLP	41	45,93,267	0.57
10.	NBFCs registered with RBI	2	2,82,286	0.04
11.	Non-Resident Indians	2,706	93,58,051	1.17
12.	Clearing Members	89	11,97,882	0.15
13.	Hindu Undivided Families	2,708	1,14,03,285	1.43
14.	Trusts	8	45,055	0.01
15.	Directors & Relatives	13	4,20,724	0.05
16.	Resident Individuals	1,95,906	42,44,71,187	53.05
17.	Unclaimed Suspense Account	1	52,017	0.01
18.	IEPF	1	9,86,409	0.12
	Total (A+B+C)	**2,02,252**	**80,00,11,672**	**100.00**

List of shareholders holding more than 1% shares in the bank as on March 31, 2022

Sl. No	Particulars	No. of Shares	% of Holding
1	Franklin Templeton Mutual Funds (Various Funds)	3,64,29,358	4.55
2	Jhunjhunwala Rakesh Radheshyam	3,59,83,516	4.50
3	HDFC Trustee Company Ltd - A/C (Various Funds)	3,59,14,576	4.49
4	ICICI Prudential Mutual Funds (Various Funds)	2,91,81,740	3.65
5	Nippon Life India Trustee Ltd-A/C (Various Funds)	2,70,76,851	3.38
6	Ntasain Discovery Master Fund	2,43,06,886	3.04
7	UTI Mutual Fund (Various Funds)	2,17,13,988	2.71
8	Ashish Dhawan	1,96,00,180	2.45
9	Abu Dhabi Investment Authority - Behave	1,73,69,173	2.17
10	Mukul Mahavir Agrawal	1,00,00,000	1.25
11	Acacia Partners, LP	80,22,378	1.00
	Total	**26,55,98,646**	**33.19**

Corporate Governance Report

Distribution of shareholding as on March 31, 2022

No.of Shares	No.of Shares				No.of Shareholders			
(Category)	Physical	Demat	Total	%	Physical	Demat	Total	%
Upto 250	2,45,455	93,20,453	95,65,908	1.20	2,946	1,23,952	1,26,898	60.40
251 - 500	3,06,309	93,56,173	96,62,482	1.21	841	24,473	25,314	12.05
501 - 1000	5,90,466	1,49,54,037	1,55,44,503	1.94	820	19,380	20,200	9.62
1001 - 2000	10,74,189	1,88,74,992	1,99,49,181	2.49	751	12,757	13,508	6.43
2001 - 3000	8,57,453	1,85,60,266	1,94,17,719	2.43	349	7,089	7,438	3.54
3001 - 4000	8,29,310	1,14,02,575	1,22,31,885	1.53	236	3,235	3,471	1.65
4001 - 5000	5,68,271	98,00,234	1,03,68,505	1.30	126	2,127	2,253	1.07
5001 - 10000	20,33,993	3,65,95,474	3,86,29,467	4.83	299	5,132	5,431	2.59
10001 & above	51,99,106	65,94,42,916	66,46,42,022	83.08	225	5,343	5,568	2.65
Total	1,17,04,552	78,83,07,120	80,00,11,672	100.00	6,593	2,03,488	2,10,081	100.00
% to Total	**1.46**	**98.54**	**100.00**		**3.14**	**96.86**	**100.00**	

Disclosures

During the financial year ended March 31, 2022:

a) Related party transactions:

During the year under review, 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 section 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. Omni Bus approval from the Committee has been obtained for the transactions which are of repetitive nature and the said transactions with related parties were placed before the Audit Committee of the Board for its review as per the Regulations from time to time. Details of related party transaction under AS - 18 entered into during the financial year 2021-22 are given in notes to the financial statements. Board has put in place a policy on materiality of related party transactions and also on dealing with Related Party Transactions pursuant to the provisions of the Companies Act, 2013, SEBI LODR and the same has been available on the website of the Bank at https://www.kvb.co.in/docs/related-party-transactions-policy.pdf.

b) Recommendation of committee(s) of the board:

During the year under review, all recommendations of the Committee(s) which are mandatorily required were accepted by the Board.

c) Strictures and penalties:

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

During the year under review, the Reserve Bank of India (RBI) imposed a penalty of ₹ 73,250/-, pertaining to the deficiencies found in Specified Bank Notes (SBNs) and soiled notes remittance by our currency chests to the central bank.

During the year under review, RBI imposed a monetary penalty of ₹ 1 Crore on the Bank for non-compliance with certain provisions of directions issued by RBI on 'Lending to Non-Banking Financial Companies (NBFCs)' and 'Bank Finance to Non-Banking Financial Companies (NBFCs)'.

d) Code of conduct:

In terms of Regulation 26(3) of SEBI LODR, all the Directors and Senior Managerial Personnel of the Bank have affirmed the compliance of the Code of Conduct laid down by the Bank. MD & CEO's affirmation that the Code of Conduct has been complied with by the persons covered under the Code is furnished at the end of this report.

e) MD & CEO/CFO certification:

The MD & CEO and the CFO of the Bank have given certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI LODR. The said certificate is annexed and forms part of this report.

f) Disclosures in relation to the sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Bank has in place a Policy for Prevention of Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and the Rules framed thereunder. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, probationary, contractual, temporary) are covered under this policy also includes anybody visiting any of the offices / branches of the Bank. It will always be a constant effort of the Bank to prevent sexual harassment and to create an efficient and gender-bias free work environment. The Bank is committed to the implementation of objectives of this policy and procedures laid down therein. The Bank has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Number of complaints filed during the FY 2021-22	Number of complaints disposed-off during the FY 2021-22	Number of complaints pending at the end of FY 2021-22
Nil	NA	Nil

g) 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 LODR, the Companies Act, 2013 and SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended. 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 victimisation 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 Whistle-Blower Policy is available on the website of the Bank https://www.kvb.co.in/docs/whistle-blower-policy.pdf.

h) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

Bank has not issued any GDRs/ADRs/Warrants or convertible instruments. Hence outstanding instruments, conversion date and likely impact on equity is not applicable.

i) Plant locations:

As the Bank is engaged in the business of Banking/ Financial Services there are no Plant Locations. However, the Bank has 822 Branches (including Asset Recovery Branches, Corporate Business Units, Business Banking Units, NEO, Precious Metal Division and excluding three Extension Counters and five Satellite Offices), 1639 ATMs, 584 Bunch Note Recycler Machines (BNRM) and 178 Self-Service Passbook Kiosks.

j) Commodity price risks and foreign exchange risks and hedging activities:

Bank has a Market Risk Policy, an Integrated Treasury Policy and Precious Metals Division Policy approved by the Board specifying risk control framework for undertaking any Commodity price risk and Foreign exchange risk. The 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. The Bank maintains adequate margin while lending against commodities and has put in place a system of monitoring the commodity price.

In addition, Bank is authorised by Reserve Bank of India to import gold and silver and the exposure arising out of import of gold and silver on consignment basis is covered on back to back basis.

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 Policies of the Bank.

k) Mandatory requirements:

The Bank has complied with all mandatory requirements under the provisions of SEBI LODR and amendments thereon from time to time.

l) Certificate under regulation 34(3) of SEBI LODR:

Pursuant to the Regulation 34(3) read with Schedule V of the SEBI LODR, Shri R K Bapulal (FCS No. 5893), M/s Bapulal Yasar & Associates, Company Secretaries

Corporate Governance Report

confirming that none of the Directors on the Board of the Bank as on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Director of the Bank either by Securities and Exchange Board of India or the Ministry of Corporate Affairs or any other Statutory Authorities.

m) Directors E-KYC:

The Ministry of Corporate Affairs (MCA) has vide amendment to the Companies (Appointment and Qualification of Directors) Rules, 2014, mandated registration of KYC of all the Directors through e-form DIR-3 KYC. All Directors of the Bank have complied with the aforesaid requirement.

n) Fees paid to statutory auditors (including branch statutory auditors):

Your Bank does not have any subsidiary. The total fees incurred by the Bank for services rendered by Statutory Auditors (including Branch Statutory Auditors) are given below:

Particulars	FY 2021-22 (₹ in Lakh)
Audit fees/ Statutory certificates	245.91
Reimbursement of expenses	6.45
Total	**252.36**

o) Details of utilisation of funds:

During the year under review, there was no Preferential Allotment or Qualified Institutional Placement as specified under Regulation 32(7A) of the SEBI LODR.

p) Policies of the bank:

As a part of good Corporate Governance, the Bank has adopted various policies/codes from time to time which are hosted on the website of the Bank at https://www.kvb.co.in/investor-corner/policies/.

q) Credit ratings and change/Revisions in credit ratings for debt instruments and certificate of deposit programme:

Credit Rating Agency	Instrument	Rating
ICRA	Certificate of Deposits Programme – ₹ 3000 Crore	[ICRA] A1+
CRISIL	Certificate of Deposits Programme – ₹ 3000 Crore	CRISIL A1+
India Ratings & Research	Basel III Tier II Bonds – Issue of ₹ 1,200 Crore where ₹ 487 Crore was utilised	IND A+/ Stable
ICRA	Basel III Tier II Bonds – Issue of ₹ 1,200 Crore where ₹ 487 Crore was utilised	[ICRA]A (Positive)

During the financial year 2021-22, ICRA has revised the outlook for Debt Instruments (Basel III Tier II Bonds) to Positive from Stable. Other than the same, there is no change /revision in Credit Ratings for Debt Instruments and Certificate of Deposit Programme. More details on the Credit Ratings are disclosed in the Directors' Report which forms of this Annual Report.

r) 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 on Bank's website at www.kvb.co.in. The Bank has obtained certificate affirming the Compliances with these regulations from Shri R K Bapulal (FCS No. 5893), M/s Bapulal Yasar & Associates, Company Secretaries and forms part of this Report. It may be noted that his certificate confirms that the Bank has complied with the conditions of Corporate Governance as prescribed under SEBI LODR.

s) 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 SEBI LODR.

1) The Board:

The Bank is maintaining a Chairman's Office at its Registered & Central Office and the expenses incurred in performance of his duties are reimbursed.

2) Shareholders' Rights:

The Bank discloses its financial results of every quarter to Stock Exchange within the prescribed timeline and it is available in the Stock Exchange's website. The same is also available on Bank's website at www.kvb.co.in which is accessible to the public. The results are published in an English Newspaper having wide circulation and a Tamil Newspaper having wide circulation in Tamil Nadu. The details of Shareholders' Right also available on the website of the Bank at www.kvb.co.in/investor-corner/.

3) Unmodified Audit opinion/reporting:

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

4) Separate posts of Chairperson and the Managing Director or the Chief Executive Officer

Bank in terms of RBI regulations has separated the post of Chairperson and the MD & CEO. Shri N S Srinath, Non-Executive Independent Director, is the Part-time Chairman of the Bank till May 26, 2022

and Shri B Ramesh Babu the Managing Director & CEO of the Bank.

5) Reporting of Internal Auditor:

The Head of Internal Audit directly reports to Audit Committee of the Board.

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

In compliance with the Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") as amended, Bank has formulated "Internal Code of Conduct for Prevention of Insider Trading" as per Regulation 9 and also the "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" as per Regulation 8. The Code is applicable to the Directors, Designated Persons, Connected Persons and their immediate relatives along with the Promoters and Promoter Group of the Bank. The Persons are required to ensure fullest compliance with the Internal Code at the time of trading in Bank's Securities. Company Secretary has been designated as the Compliance Officer and Chief Financial Officer (CFO) has been designated as the Chief Investor Relations Officer (CIRO) for this purpose. The Code requires pre-clearance for dealing in the Bank securities beyond threshold limits. Further it prohibits the trade in the Bank's securities by the Directors, Designated Persons, Connected Persons and their immediate relatives along with Promoters and Promoter Group of the Bank while in possession of UPSI in relation to the Bank and during the trading window closure period. Trading window shall be closed from the end of every quarter till atleast two days after the declaration of financial results. The details of Trading Window closure during the period under report are mentioned below:

Trading Window Closure Period	Purpose of closure of Trading Window
April 01, 2021 to May 31, 2021	Declaration of Audited Financial Results of the Bank for the quarter and Year ended March 2021
July 01, 2021 to August 06, 2021	Declaration of Un-Audited Financial Results of the Bank for the quarter ended June 2021
October 01, 2021 to November 10, 2021	Declaration of Un-Audited Financial Results of the Bank for the quarter and half year ended September 2021
January 01, 2022 to February 02, 2022	Declaration of Un-Audited Financial Results of the Bank for the quarter and nine months ended December 2021
April 01, 2022 to May 22, 2022	Declaration of Audited Financial Results of the Bank for the quarter and Year ended March 2022

Dividend

The Board of Directors of the Bank in its meeting held on May 20, 2022 has recommended dividend of ₹ 1.60 per equity share on the face value of ₹ 2/- each (i.e., 80%) for the financial year ended March 31, 2022, subject to the approval of regulatory authorities, if any and shareholders at the 103rd Annual General Meeting (AGM) of the Bank.

Dividend distribution policy

Pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the Bank has Board approved "Dividend Distribution Policy". The Bank shall declare dividend only after ensuring compliance with the Banking Regulation Act, 1949, various regulatory guidelines on dividend declaration issued by RBI from time to time, the provisions of the Companies Act, 2013 & the rules made thereunder, SEBI LODR, as amended to the extent applicable for Banking Companies. The Policy is available on the website of the Bank at https://www.kvb.co.in/docs/dividend-distribution-policy.pdf

Updation of KYC – Physical shareholders

SEBI vide its recent Circular SEBI/HO/MIRSD_RTAMB/CIR/2021/655 dated November 03, 2021 and SEBI/HO/MIRSD_RTAMB/P/CIR/2021/687 dated December 14, 2021 has prescribed for Common and Simplified Norms for processing investor's service request (Physical Shareholders) by RTAs and norms for furnishing PAN, KYC details & Nomination.

In terms of above circulars, it shall be mandatory for all holders of physical securities in listed entity to furnish/update PAN, Nomination, Address, Mobile No, e-Mail ID, Bank Account details and Specimen Signature by submitting prescribed Forms. The folios wherein any one of the cited document / details are not available on or after April 01, 2023 shall be frozen by the RTA. The RTA shall mark the frozen folios to normal status upon receipt of all the aforesaid documents or dematerialisation of all the securities in such folios

As per the Central Board of Direct Taxes (CBDT) notification, it is mandatory to link PAN with Aadhaar number by March 31, 2023 or any other date as may be specified by the CBDT. Security holders who are yet to link the PAN with Aadhaar number are requested to get the same done. Post March 31, 2023 or any other date as may be specified by the CBDT, RTAs shall accept only valid PANs and the ones which are linked to the Aadhaar number. The folios in which PAN is / are not valid as on the cut-off date specified by the CBDT, shall also be frozen.

In this regard, Bank has also sent an individual letter to physical shareholders of the Bank requesting them to furnish PAN, KYC details and Nomination to avoid freezing of their folios. Specimen copy of letter and prescribed forms for updating KYC and Nomination is available on the Bank's website at https://www.kvb.co.in/investor-corner/

Corporate Governance Report

Disclosure of details of unclaimed shares suspense account under regulation 39(4) of SEBI LODR

Sl. No	Particulars	Number of shareholders	No. of shares
1	Aggregate number of shareholders and the outstanding shares as on April 01, 2021	741	41,735
2	Less: No. of shareholders who approached the Bank for transfer of shares and to whom shares were transferred during the financial year 2021-22	4	765
3	Less: No. of shares transferred to the IEPF authority in terms of Section 124(6) of the Companies Act, 2013	9#	1,200
4	Add: No. of shares transferred to unclaimed shares suspense account - Rejection case of Corporate Action under Right Issue 2017	55	12,247
5	Aggregate number of shareholders and the outstanding shares as on March 31, 2022	792	52,017

Shares in respect of which dividend has been unclaimed by the shareholders for a period of seven consecutive years were transferred to IEPF

The voting rights on the above mentioned 52,017 shares shall remain frozen till the rightful owner of such shares claims the same.

Unpaid/Unclaimed dividend

As per the provisions of Section 124 (5) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, Bank is statutorily required to transfer to the Investor Education & Protection Fund ('IEPF'), established by the Central Government, all dividends remaining unpaid/unclaimed for a period of 7 years, from the date of such transfer to the unclaimed dividend account. Once such amounts are transferred to IEPF, no claim of the shareholder shall lie against the Bank. Accordingly, the unclaimed dividend amount of ₹ 41,86,013/- for the financial year 2013-14 has been transferred to IEPF Authority on September 04, 2021. Unpaid/Unclaimed dividends for the financial year 2014-15 shall be transferred to IEPF after the due date, i.e. August 22, 2022.

The following table gives the unclaimed amount from the year 2014-15 with the position as on March 31, 2022 and the last date for claiming the dividend before transfer to the said Fund.

Financial Year	Unclaimed Amount (₹)	Date of Declaration	Last date for claiming the Dividend
Unclaimed Dividend Warrants:			
2014-15	61,49,858.00	July 23, 2015	August 22, 2022
2015-16 Interim Dividend	51,73,840.00	March 28, 2016	April 27, 2023
2015-16 Final Dividend	22,04,528.00	July 22, 2016	August 21, 2023
2016-17	66,33,348.80	July 24, 2017	August 23, 2024
2017-18	20,83,131.60	August 10, 2018	September 09, 2025
2018-19	21,24,496.80	July 19, 2019	August 18, 2026
2019-20	Dividend was not declared as per the RBI circular dated April 17, 2020		
2020-21	25,87,371.50	August 11, 2021	September 12, 2028
Unclaimed Refund Orders & Fractional Warrants of Bonus Issue:			
Rights 2017 Refund Order	6,05,721.00	November 22, 2017	December 21, 2024
Bonus 2018 Fractional Warrant	1,57,068.01	September 27, 2018	October 26, 2025

Shareholders who have not claimed their dividend warrants for the period as specified above are advised to send their request letter along with supported documents to Registrars and Share Transfer Agents viz., S.K.D.C. Consultants or Nodal Officer of the Bank Shri Srinivasa Rao Maddirala. The details of unpaid/unclaimed dividends and Debenture Interests are available on the website of the Bank at www.kvb.co.in.

Pursuant to Regulation 6(2)(d) SEBI LODR, Bank has created a separate e-Mail ID for redressal of Investor Complaints and Grievances viz., kvb_sig@kvbmail.com.

Intimations to the Shareholders for claiming of dividends:

- Bank is sending individual reminder letters to the relevant shareholders at regular intervals with respect to encashing of unclaimed dividend on equity shares declared by the Bank.

- Public notice/Advertisement on transfer unpaid/unclaimed dividends to IEPF is issued in Business Standard for all India Circulation and Dinamalar in Trichy Edition covering Karur.
- Reaching out shareholders through calls/e-Mails, whose contact details are available and through divisional offices/ branches wherever possible.

Transfer of shares to investor education and protection fund (IEPF)

In terms 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 pertaining to any shareholder in respect of which dividend/s have not been claimed for the last 7 consecutive years shall be transferred to 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, Bank is required to transfer all shares in respect of which dividends remained unclaimed by the shareholders for a period of seven consecutive years (i.e., from financial year 2014-15). Bank has sent individual communication to the concerned shareholders whose shares are liable to be transferred to IEPF Authority, for taking appropriate action and by submitting requisite documents to claim the unclaimed dividend amount. Subsequently, a public notice was issued in Business Standard for all India Circulation and Dinamalar in Trichy Edition covering Karur.

Pursuant to the IEPF Rules, 1,01,333 shares in respect of which unclaimed/unpaid dividends were not claimed from financial year 2013-14 for seven consecutive years were transferred to IEPF Authority on September 18, 2021 bearing demat account no IN300708-10656671.

The details of the shareholder who have not claimed the dividends for last seven years are available on the Bank's website at ww.kvb.co.in.

Guidelines to claim the shares/dividend transferred to Investors Education and Protection Fund (IEPF)

Pursuant to Rule 7 of IEPF Rules, the shareholders whose shares/dividend transferred to IEPF can claim the same from IEPF Authority by submitting an online Form IEPF - 5 available on the website https://www.iepf.gov.in/.

After submitting an online Form, the claimant shall send the original physical share certificate, indemnity bond in original, copy of acknowledgement and filed IEPF-5 form along with the other documents as mentioned in the Form IEPF-5, duly signed by claimant, to Shri Srinivasa Rao Maddirala, Nodal Officer (IEPF) of the Bank in an envelope marked "Claim for refund from IEPF Authority". Claim forms completed in all aspects will be verified by the Bank and on the basis of Bank's verification report, refund will be released by the IEPF Authority in favour of claimants' account through electronic transfer. The general information about the Bank for filling the IEPF - 5 form 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 & Central Office of the Bank	The Karur Vysya Bank Limited, Investor Relations Cell, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur- 639002. e-Mail: kvbiepf@kvbmail.com

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, 2022.

Place: Karur
Date: July 04, 2022

B Ramesh Babu
Managing Director and CEO

CEO / CFO Certification

As stipulated under Regulation 17(8) of the SEBI Listing Obligations & Disclosure Requirements Regulations (LODR) 2015, we hereby certify that -

a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2022 and that to the best of our knowledge and belief these statements :

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

   II. together present a true and fair view of the company'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 company during the year which are fraudulent, illegal or in violation of the company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, that there are no significant changes in internal control over financial reporting during the year ended March 31, 2022 and 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 also indicated to the auditors and the Audit Committee of the Board :

- There are no changes in accounting policies followed in the preparation of financial results for the year ended March 31, 2022 as compared to those followed for the year ended March 31, 2021, except for that related to Employee Stock Options which have been updated based on the RBI guidelines on compensation of Whole Time Directors/Chief Executive Officers/Material Risk Takers and Control Function Staff (advising that the share-linked instruments are required to be fair valued on the date of grant using the Black-Scholes model). The same has been disclosed in the notes to the financial statements;
- The financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading; and
- There are no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the company's internal control system over financial reporting.

B Ramesh Babu
Managing Director and CEO

R Ramshankar
General Manager and CFO

Place: Karur
Date: May 20, 2022

Certificate of Compliance of Conditions of Corporate Governance

To
The Members,
The Karur Vysya Bank Limited,
CIN: L65110TN1916PLC001295
Regd. & Central Office,
No. 20, Erode Road, Vadivel Nagar,
L.N.S. Karur – 639002.

We, M/s. Bapulal Yasar & Associates have examined the compliance of conditions of Corporate Governance by The Karur Vysya Bank Limited ('the Bank') (CIN:L65110TN1916PLC001295) having Regd. & Central Office at No. 20, Erode Road, Vadivel Nagar, L.N.S.,Karur - 639002 **for the year ended March 31, 2022,** as prescribed in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and Paras C, D and E of Schedule V of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR'), (as amended).

We state that the compliance of conditions of Corporate Governance is the responsibility of the management and our 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 our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned LODR.

We 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.

Place: Madurai
Date: July 04, 2022
UDIN: F005893D000560073

For **Bapulal Yasar & Associates**
Company Secretaries

R K BAPULAL, FCS: 5893; CP: 3842
Senior Partner

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended))

To
The Members,
The Karur Vysya Bank Limited,
CIN: L65110TN1916PLC001295
Regd. & Central Office,
No. 20, Erode Road, Vadivel Nagar,
L.N.S., Karur – 639002

We, M/s. Bapulal Yasar & Associates have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. The Karur Vysya Bank Limited (CIN: L65110TN1916PLC001295) having its Regd. & Central Office at No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur - 639002 (hereinafter referred to as "the Bank"), produced before us for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status and other data / information relating to the directors available at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Bank & its officers, we hereby certify that **None of the Directors on the Board of the Bank as stated below for the Financial Year ending on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Director of Bank** by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such other Statutory Authority.

Sl. No.	Name of Directors Sarvashri	DIN	Date of Appointment on Bank's Board
1	N S SRINATH	01493217	June 29, 2012
2	B RAMESH BABU	06900325	July 29, 2020
3	Dr V G MOHAN PRASAD	00002802	June 15, 2014
4	M K VENKATESAN	00032235	December 09, 2014
5	A K PRABURAJ	07004825	December 09, 2014
6	CA K L VIJAYALAKSHMI	07116809	March 22, 2015
7	M V SRINIVASAMOORTHI	00694618	August 27, 2015
8	Dr K S RAVICHANDRAN	00002713	May 26, 2016
9	R RAMKUMAR	00275622	June 25, 2018
10	K G MOHAN	08367265	February 01, 2020
11	Dr HARSHAVARDHAN R	01675460	July 30, 2020

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

Place: Madurai
Date: July 04, 2022
UDIN: F005893D000560139

For **Bapulal Yasar & Associates**
Company Secretaries

R K BAPULAL, FCS: 5893; CP: 3842
Senior Partner

Independent Auditors' Report

To the Members of The Karur Vysya Bank Limited

REPORT ON AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. We have audited the accompanying financial statements of **The Karur Vysya Bank Limited** ('the Bank'), which comprise the Balance Sheet as at March 31, 2022, the Profit and Loss Account and the Statement of Cash Flows for the year then ended, and notes to financial statements including a summary of significant accounting policies and other explanatory information in which are included the returns for the year ended on that date, of

   i) 22 branches including Treasury Branch and Expense Management Cell audited by us and

   ii) 851 branches audited by statutory branch auditors located across India.

2. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the statutory branch auditors as referred to in paragraph 20 below, the aforesaid financial statements, read with notes thereon, give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ('the Act'), as amended and circulars and guidelines issued by the Reserve Bank of India ('RBI'), in the manner so required for banking companies and give a true and fair view and are in conformity with the accounting principles generally accepted in India including the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021, of the state of affairs of the Bank as at March 31, 2022, its profit and its cash flows for the year ended on that date.

BASIS FOR OPINION

3. We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *'Auditor's Responsibilities for the Audit of the Financial Statements'* section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with ethical requirements that are relevant to our audit of the financial statements in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021, provisions of section 29 of the Banking Regulation Act, 1949, circulars and guidelines issued by RBI from time to time and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and that obtained by the statutory branch auditors, in terms of their reports referred in paragraph 20 is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF THE MATTER

4. We draw your attention to Note No.4.11 of schedule 18 – Notes to Accounts to the financial statements regarding uncertainties due to outbreak of COVID-19 pandemic. In view of these circumstances, the impact on the Banks operations and financial results is dependent on future developments including actions being taken to mitigate the same and other regulatory measures.

   Our opinion is not modified in respect of these matters.

KEY AUDIT MATTERS

5. Key audit matters are those matters that, in our professional judgement, and based on the consideration of the reports of the statutory branch auditors as referred to paragraph 20 below, were of most significance in our audit of the financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

6. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

A. Identification of non-performing assets ('NPA') and Provisions on Advances

Significant estimates and judgement involved

Key audit matter

Identification of Non-Performing Assets ("NPA") and provisions in respect of NPAs and restructured advances are made based on management's assessment in accordance with norms, circulars and directions issued by Reserve Bank of India on Prudential Norms on Income Recognition, Asset

Independent Auditors' Report

Classification and Provisioning pertaining to Advances from time to time.

The provision on NPA are based on the valuation of the security available and also requires management estimates and judgements. In case of restructured accounts, provision is made for diminution in fair value of restructured loans, in accordance with the RBI guidelines.

Accordingly, our audit focused on identification of NPAs and provision on advances as a key audit matter because of the level of management estimates and judgement involved in determining the provision and the valuation of the security of the NPA loans and the resultant impact on the financial statements of the Bank.

Auditor's Response

Our key audit approach included assessing the design, implementation and operating effectiveness of key internal controls and substantive audit procedures over approval, recording and monitoring of loans, assessing the reliability of documentation, measurement of provisions, identification of NPA accounts, and Valuation of Security for NPA accounts along with basis and rationale for various other management information's.

We have read the Bank's policies for NPA identification and provisioning and assessing compliance with the IRAC norms.

We have evaluated details for a sample of exposures for identification of NPA and calculation of Loan Loss provisions including valuation of primary and collaterals as at March 31, 2022 involving certain degree of estimation.

We have evaluated and understood the Bank's internal control systems completeness, accuracy, and relevance of data and to ensure that the same is in compliance with the RBI guidelines, circulars and directions on the Prudential Norms on Income Recognition, Asset Classification & Provisioning issued from time to time.

We also selected samples to test potential cases of "ever-greening" of loans.

We tested on a samples basis to ensure completeness of documentation, adherence of the approval process to the Bank's Policy and board minutes, credit review of customers, review of Special Mention Accounts (SMA) reports in RBI's Central Repository of Information on Large Credits (CRILC) and other related documents including evaluation of the past trends of management judgement, governance, and review of internal control. Held discussion with the management of the Bank on sectors wherein there has been stress and the steps taken by the Bank to mitigate such sectorial risks.

Additionally, the Bank makes provisions on exposures that are not classified as NPAs including advances in certain sectors and identified advances or group advances that can potentially slip into NPA. These are classified under 'Other liabilities'.

Since the identification of NPAs and provisioning for advances require significant level of estimation/ judgement and given its significance to the overall audit due to stakeholder and regulatory focus, we have ascertained identification and provisioning for NPAs and advances as a key audit matter.

We have also assessed disclosure requirements for classification and provisioning of NPAs in accordance with RBI circulars including those issued specifically issued for COVID-19 related matters.

B. Information technology - IT Systems and Controls

Key Audit Matter

The Bank's operations utilises many independent and inter-dependent information technology systems for processing and recording large volume of transactions in numerous locations on a daily basis. As a result, there is a high degree of reliance and dependency on such IT systems for financial reporting process of the Bank. Controls over access and changes to IT systems are critical to the recording of financial information and the preparation of a financial statements which provides a true and fair view of the Bank's financial position and performance. Appropriate automated general and application controls are required to ensure that such IT systems and applications are able to process the data, as required, completely, accurately and consistently, which directly impact the completeness and accuracy of financial reporting.

The IT systems and controls, as they impact the financial recording and reporting of transactions, is a key audit matter as our audit approach could significantly differ depending on the effective operation of the Bank's IT controls.

Auditor's Response

We tested the technology control environment for key IT applications (systems) used in processing significant transactions and recording balances in the general ledger. We also tested automated

Independent Auditors' Report

controls embedded within these systems which link the technology-enabled business processes. Our further audit procedures included:

- Assessing the governance and higher-level controls across the IT Environment, including those regarding policy design, review and awareness, and IT Risk Management practices;
- Design and operating effectiveness testing of controls across the User Access Management Lifecycle, Change Management as well as effectiveness testing of automated business process controls including segregation of duties
- Design and operating effectiveness testing of controls to enable Change Management including how changes are initiated, documented, approved, tested and authorised prior to migration into the production environment of critical IT Applications. We assessed the appropriateness of users with access to release changes to IT application production environments in the Bank;

Reviewing effectiveness of mappings and flagging of financial transactions, and automated reconciliation controls (both between systems and intra-system); and

Data integrity of critical system reporting used by us in our audit to select samples and analyse data used by management to generate financial reporting.

C. Direct and Indirect Taxes

Key Audit Matter

This matter has been identified as a key audit matter due to the significant level of management judgement required in the estimation of provision for taxes including any write back of provisions, due to factors like uncertain tax positions and provision for tax involves interpretation of various rules and law. It also involves consideration of on-going disputes and disclosures of related contingencies.

Auditor's Response

Our audit procedures to test uncertain tax positions included understanding processes, evaluation of design and implementation of controls and testing of operating effectiveness of the Banks controls over provision for taxation, assessment of uncertain tax positions and disclosure of contingencies.

We have obtained details of completed tax assessments and demands from the management of the Bank.

We discussed with appropriate senior management personnel, relied upon opinion given by tax specialists, evaluated the management's underlying key assumptions in estimating the tax provisions and independently assessed management's estimate of the possible outcome of the disputed cases.

We considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions, the provisions made, and/or write back of the provisions.

For those matters where management concluded that no provision should be recorded, we also considered the adequacy and completeness of the Banks disclosures made in relation to contingent liabilities.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

7. The Bank's Board of Directors is responsible for the other information. The other information comprises the Corporate Overview, Directors' Report including annexures to Directors' Report, Management Discussion and Analysis, Basel III – Pillar 3 disclosures and Corporate Governance report included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.
8. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
9. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
10. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

11. The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under

Independent Auditors' Report

section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 in so far as they apply to the Bank and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the 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 judgements and estimates that are reasonable and prudent; and the 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.

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

13. The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by management.
    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
    - Obtain sufficient appropriate audit evidence regarding the financial information of the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of the financial information of the Bank and such branches included in the financial statements, of which we are the independent auditors. For the other branches included in the financial statements, which have been audited by statutory branch auditors, such branch auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Independent Auditors' Report

16. Materiality in the magnitude of the misstatements in the financial statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

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

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

19. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

20. We did not audit the financial statements/information of 851 domestic branches including processing centres included in the financial statements of the Bank whose financial statements/financial information reflects total assets of ₹ 66,351 crore at March 31 2022 and total revenue of ₹ 4,460 crore for the year ended on that date, as considered in the financial statements. These branches and processing centres cover 79% of advances, 92% of deposits, 43% of Non-performing assets as on March 31, 2022 and 70% of revenue for the year ended March 31, 2022. The financial statements/information of these branches have been audited by the statutory branch auditors whose reports have been furnished to us and in our opinion on the financial statements, in so far as it relates to the amounts and disclosures included in respect of branches, and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid branches, are based solely on the report of such statutory branch auditors.

21. Our opinion on the financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the statutory branch auditors.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

22. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949 and Accounting Standards as per section 133 of the Act read with Companies (Accounting Standards) Rules, 2021.

23. As required by Sub-Section (3) of section 30 of the Banking Regulation Act, 1949, and on the consideration of the reports of the statutory branch auditors as referred in paragraph 20 above, 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 purposes of our audit and have found them to be satisfactory;

    b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

    c) the returns received from the offices and branches of the Bank have been found adequate for the purpose of our audit.

24. With respect to the matter to be included in the auditor's report under section 197(16) of the Act, we report that since the Bank is a banking company, as defined under the Banking Regulation Act, 1949; the reporting under Section 197(16) in relation to whether the remuneration paid by the Bank is in accordance with the provisions of section 197 of the Act and whether any excess remuneration has been paid in accordance with the aforesaid section is not applicable.

25. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the statutory branch auditors as referred to in paragraph 20 above, we further report to the extent applicable that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

    (b) In our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of

Independent Auditors' Report

our audit have been received from the branches not visited by us.

(c) the reports on the accounts of the branch offices of the Bank audited under section 143(8) of the Act by the statutory branch auditors of the Bank have been sent to us and have been properly dealt with by us in preparing this report.

(d) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified Under Section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 to the extent they are not consistent with the policies prescribed by the RBI.

(f) On the basis of the written representation received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of section 164(2) of the Act.

(g) With respect to the adequacy of internal financial controls with reference to the financial statements of the Bank and the operating effectiveness of such controls, our separate report in Annexure A is attached.

(h) The entity being a banking company as defined under Banking Regulation Act, 1949, the remuneration to its directors during the year ended March 31, 2022 has been paid/provided by the Bank in accordance with the provisions of Section 35B(1) of the Banking Regulation Act, 1949.

(i) With respect to the other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our knowledge and belief and according to the information and explanation given to us:

i. The Bank has disclosed the impact of pending litigations on its financial position in Schedule 12, Note 14.10 & 14.12 of Schedule 18 of the financial statements

ii. The Bank has made provision as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts as detailed in Schedule 12 and note 4.10(b) of Schedule 18 to the financial statements and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund during the year ended March 31, 2022;

iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 15 of Schedule 18 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 15 of Schedule 18 to the financial statements, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. As stated in Note 1.2 of Schedule 18 and as disclosed in Profit and Loss Account under 'Appropriations' to the Financial Statements:

Independent Auditors' Report

(a) The final dividend proposed in the previous year, declared, and paid by the Bank during the year is in accordance with Section 123 of the Act, as applicable.

(b) The Bank did not pay any interim dividend during the year.

(c) The Board of Directors of the Bank have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act, as applicable, until the date of this report.

For **R.G.N. Price & Co.,**
Chartered Accountants
FRN: 002785S

Mahesh Krishnan
Partner
M. No. 206520
UDIN:22206520AJHBKF7147

Place: Karur
Date: May 20, 2022

For **Sundaram & Srinivasan,**
Chartered Accountants
FRN: 004207S

P. Menakshi Sundaram
Partner
M. No. 217914
UDIN:22217914AJHBLC2645

Place: Karur
Date: May 20, 2022

Annexure "A"

To the Independent Auditor's Report

(Referred to in paragraph 14(g) under 'Report on other legal and regulatory requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

We have audited the internal financial controls with reference to financial statements of The Karur Vysya Bank Limited ("the Bank") as of March 31, 2022 in conjunction with our audit of the financial statements of the Bank for the year ended on that date which includes internal financial controls with reference to financial statements of the Bank's branches.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 the 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 Banking Regulation Act, 1949 and the circulars and guidelines issued by the RBI.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing (SAs) issued by the ICAI, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal financial controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the branch auditors, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Annexure "A" To the Independent Auditor's Report

OPINION

In our opinion, and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the statutory branch auditors referred to in the Other Matters paragraph of our report on the audit of the financial statements, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2022, based on the criteria for internal control with reference to financial statements established by the Bank considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting" issued by the ICAI.

OTHER MATTERS

Our aforesaid report insofar as it relates to the operating effectiveness of internal financial controls with reference to financial statements of 851 branches is based on the corresponding reports of the respective statutory branch auditors of those branches.

Our opinion is not modified in respect of this matter.

For **R.G.N. Price & Co.,**
Chartered Accountants
FRN: 002785S

Mahesh Krishnan
Partner
M. No. 206520
UDIN:22206520AJHBKF7147

Place: Karur
Date: May 20, 2022

For **Sundaram & Srinivasan,**
Chartered Accountants
FRN: 004207S

P. Menakshi Sundaram
Partner
M. No. 217914
UDIN:22217914AJHBLC2645

Place: Karur
Date: May 20, 2022

Balance Sheet

as at March 31, 2022

(₹ 000's omitted)

	Schedule	As at 31.03.2022	As at 31.03.2021
CAPITAL & LIABILITIES			
Capital	1	160 00 23	159 86 42
Reserves & Surplus	2	7436 19 70	6799 87 53
Deposits	3	68676 16 21	63278 43 42
Borrowings	4	1339 09 31	2528 28 91
Other Liabilities and Provisions	5	2432 26 26	1856 72 50
TOTAL		**80043 71 71**	**74623 18 78**
ASSETS			
Cash and Balances with Reserve Bank of India	6	3594 26 16	3514 05 46
Balances with Banks and Money at call and short notice	7	1331 91 07	2806 28 42
Investments	8	17216 06 42	16018 92 53
Advances	9	55334 61 77	50363 50 56
Fixed Assets	10	478 48 76	539 05 97
Other Assets	11	2088 37 53	1381 35 84
TOTAL		**80043 71 71**	**74623 18 78**
Contingent Liabilities	12	9260 33 54	10124 44 57
Bills for collection		2329 80 36	2162 36 89
Significant Accounting Policies	17		
Notes on Accounts	18		

The schedules referred to above form an integral part of Balance Sheet.

N. S. SRINATH
CHAIRMAN

B. RAMESH BABU
M D & C E O

J. NATARAJAN
PRESIDENT & COO

R. RAMSHANKAR
CFO

M. SRINIVASA RAO
COMPANY SECRETARY

As per our report of even date

For **R.G.N. Price & Co.**
Chartered Accountants
FRN: 002785S

Mahesh Krishnan
Partner
M. No. 206520

For **Sundaram & Srinivasan**
Chartered Accountants
FRN:004207S

P. Menakshi Sundaram
Partner
M. No. 217914

Place: Karur
Date : May 20, 2022

Profit and Loss Account

for the year ended March 31, 2022

(₹ 000's omitted)

		Schedule	Year Ended 31.03.2022	Year Ended 31.03.2021
I	**INCOME**			
	Interest earned	13	5587 67 37	5470 42 70
	Other Income	14	769 05 35	918 83 02
	TOTAL		**6356 72 72**	**6389 25 72**
II	**EXPENDITURE**			
	Interest expended	15	2872 29 67	3110 91 26
	Operating expenses	16	1854 21 98	1986 83 12
	Provisions and Contingencies		956 94 34	932 12 41
	TOTAL		**5683 45 99**	**6029 86 79**
III	**PROFIT**			
	Net Profit (before exceptional item)		673 26 73	359 38 93
	Net Profit		673 26 73	359 38 93
	Profit brought forward from previous year		41 03 07	1 74 34
	TOTAL		**714 29 80**	**361 13 27**
IV	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		168 40 00	89 90 00
	Transfer to Capital Reserve		15 51 70	85 20 20
	Transfer to Revenue & Other Reserves		320 00 00	105 00 00
	Transfer to Investment Reserve		Nil	Nil
	Transfer to Investment Fluctuation Reserve		Nil	Nil
	Transfer to Special Reserve U/s 36(1)(viii) of IT Act, 1961		40 00 00	40 00 00
	Dividend (paid for the financial year 2020-21)		39 96 61	Nil
			583 88 31	**320 10 20**
	Balance carried over to balance sheet		**130 41 49**	**41 03 07**
	TOTAL		**714 29 80**	**361 13 27**
	Basic Earnings Per Share	(in ₹)	8.42	4.50
	Diluted Earnings Per Share	(in ₹)	8.41	4.50

The schedules referred to above form an integral part of Profit and Loss account

N. S. SRINATH
CHAIRMAN

B. RAMESH BABU
M D & C E O

J. NATARAJAN
PRESIDENT & COO

R. RAMSHANKAR
CFO

M. SRINIVASA RAO
COMPANY SECRETARY

As per our report of even date

For **R.G.N. Price & Co.**
Chartered Accountants
FRN: 002785S

Mahesh Krishnan
Partner
M. No. 206520

For **Sundaram & Srinivasan**
Chartered Accountants
FRN:004207S

P. Menakshi Sundaram
Partner
M. No. 217914

Place: Karur
Date : May 20, 2022

Schedules

SCHEDULE 1 - CAPITAL

(₹ 000's omitted)

	As at 31.03.2022	As at 31.03.2021
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:		
79,99,87,642/(79,99,87,642) Equity Shares of ₹ 2/- each	159 99 75	159 99 75
Add: 6,89,964/(Nil) Equity Shares of ₹2/- each under ESOS 2011 & 2018 allotted	13 80	Nil
	160 13 55	**159 99 75**
Subscribed & Paid up Capital:		
79,93,20,719/(79,93,20,719) Equity Shares of ₹ 2/- each	159 86 41	159 86 42
Add: 989/(Nil) Equity Shares of ₹2/- each kept in abeyance is allotted	2	Nil
Add: 6,89,964/(Nil) Equity Shares of ₹2/- each under ESOS 2011 & 2018 allotted	13 80	Nil
TOTAL	**160 00 23**	**159 86 42**

SCHEDULE 2 - RESERVES AND SURPLUS

(₹ 000's omitted)

		As at 31.03.2022	As at 31.03.2021
I	**Statutory Reserve**		
	Opening Balance	1856 99 31	1767 09 31
	Add: Addition during the year	168 40 00	89 90 00
	TOTAL	**2025 39 31**	**1856 99 31**
II	**Capital Reserve**		
	Opening Balance	420 22 84	335 02 64
	Add: Addition during the year	15 51 70	85 20 20
	TOTAL	**435 74 54**	**420 22 84**
III	**Share Premium**		
	Opening Balance	2065 43 22	2065 43 22
	Add: Additions during the year	2 53 19	Nil
	TOTAL	**2067 96 41**	**2065 43 22**
IV	**Revenue and Other Reserves**		
	a General Reserve		
	Opening Balance	1927 66 34	1822 53 03
	Add: Addition during the year	320 00 00	105 00 00
	Add: Lapsed ESOS reserve transferred	28 83	13 31
	TOTAL	**2247 95 17**	**1927 66 34**
	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**
	c Investment Fluctuation Reserve		
	Opening Balance	74 75 60	74 75 60
	Add: Addition during the year	Nil	Nil
	TOTAL	**74 75 60**	**74 75 60**

Schedules

(₹ 000's omitted)

		As at 31.03.2022	As at 31.03.2021
	d Special Reserve U/s 36(1 (viii) of Income Tax Act, 1961		
	Opening Balance	360 00 00	320 00 00
	Add: Addition during the year	40 00 00	40 00 00
	TOTAL	**400 00 00**	**360 00 00**
	e Employee Stock Option		
	Opening Balance	43 15	48 96
	Add: Addition during the year	48 85	7 50
	Less: Lapsed ESOS transferred to General Reserve	(28 83)	(13 31)
	TOTAL	**63 17**	**43 15**
V	**Balance in Profit and Loss account**	130 41 50	41 03 07
TOTAL I, II, III, IV & V		**7436 19 70**	**6799 87 53**

SCHEDULE 3 - DEPOSITS

(₹ 000's omitted)

			As at 31.03.2022	As at 31.03.2021
A	I.	Demand Deposits :		
		i) From Banks	2 24 57	2 06 94
		ii) From Others	6918 69 73	6436 74 48
TOTAL			**6920 94 30**	**6438 81 42**
	II.	Savings Bank Deposits	**16982 70 85**	**15215 01 15**
	III.	Term Deposits :		
		i) From Banks	250 76 57	7 24 18
		ii) From Others	44521 74 49	41617 36 67
TOTAL			**44772 51 06**	**41624 60 85**
TOTAL I, II & III			**68676 16 21**	**63278 43 42**
B	Deposits of Branches :			
	i)	In India	68676 16 21	63278 43 42
	ii)	Outside India	Nil	Nil
TOTAL			**68676 16 21**	**63278 43 42**

SCHEDULE 4 - BORROWINGS

(₹ 000's omitted)

		As at 31.03.2022	As at 31.03.2021
I	**Borrowings in India**		
i)	Reserve Bank of India	Nil	Nil
ii)	Other Banks	Nil	Nil
iii)	Other Institutions and Agencies	262 87 00	1736 37 45
iv)	Subordinated debt - bonds	487 00 00	487 00 00
TOTAL		**749 87 00**	**2223 37 45**
II	**Borrowings outside India**	**589 22 31**	**304 91 46**
TOTAL I & II		**1339 09 31**	**2528 28 91**
Secured Borrowings included in I and II above		**589 22 31**	**1674 33 35**

Schedules

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ 000's omitted)

		As at 31.03.2022	As at 31.03.2021
I	Bills Payable	363 31 50	297 55 48
II	Inter Office Adjustments (Net)	Nil	Nil
III	Interest Accrued	146 22 10	156 50 00
IV	Deferred Tax (Net)	Nil	Nil
V	Other liabilities (including provisions)	1922 72 66	1402 67 02
TOTAL		**2432 26 26**	**1856 72 50**

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ 000's omitted)

		As at 31.03.2022	As at 31.03.2021
I	Cash in Hand (Including Foreign Currency Notes)	695 98 19	835 52 70
II	Balances with Reserve Bank of India		
	(a) In Current Account	2898 27 97	2288 52 76
	(b) In Other Accounts	Nil	390 00 00
TOTAL		**3594 26 16**	**3514 05 46**

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE

(₹ 000's omitted)

		As at 31.03.2022	As at 31.03.2021
I	**In India**		
	i) Balances with Banks :		
	(a) In Current Accounts	22 83 55	58 96 30
	(b) In Other Deposit Accounts	46 32	4 44 93
	ii) Money at Call and Short Notice		
	(a) With Banks	Nil	Nil
	(b) With Other Institutions	Nil	Nil
TOTAL		**23 29 87**	**63 41 23**
II	**Outside India**		
	(a) In Current Accounts	36 71 95	30 28 20
	(b) In Other Deposit Accounts	1271 89 25	2712 58 99
	(c) Money at call and short notice	Nil	Nil
TOTAL		**1308 61 20**	**2742 87 19**
TOTAL I & II		**1331 91 07**	**2806 28 42**

Schedules

SCHEDULE 8 - INVESTMENTS

(₹ 000's omitted)

		As at 31.03.2022	As at 31.03.2021
I	Investments in India	17754 80 39	16464 97 98
	Less : Provision for Investment Depreciation & NPI	539 01 19	446 50 31
TOTAL		**17215 79 20**	**16018 47 67**
	Break-up		
	i) Government Securities	15375 06 47	14938 95 95
	ii) Other Approved Securities	Nil	Nil
	iii) Shares	102 03 05	38 35 72
	iv) Debentures and Bonds	1464 81 76	577 51 41
	v) Subsidiaries and Joint Ventures	Nil	Nil
	vi) Others (includes Security Receipts and Mutual Funds)	273 87 92	463 64 59
TOTAL		**17215 79 20**	**16018 47 67**
II	**Investments outside India**		
	i) Government Securities including local authorities	Nil	Nil
	ii) Subsidiaries and/or joint ventures abroad	Nil	Nil
	iii) Other Investments (Shares - net of Depreciation)	27 22	44 86
TOTAL		**27 22**	**44 86**
TOTAL I & II		**17216 06 42**	**16018 92 53**

SCHEDULE 9 - ADVANCES (NET OF PROVISIONS)

(₹ 000's omitted)

			As at 31.03.2022	As at 31.03.2021
A	i)	Bills purchased and discounted	1346 05 28	976 53 08
	ii)	Cash Credits, Overdrafts and Loans repayable on demand	28964 41 67	27409 90 56
	iii)	Term Loans	25024 14 82	21977 06 92
TOTAL			**55334 61 77**	**50363 50 56**
B	i)	Secured by tangible assets	51973 33 61	47240 34 33
		(includes advances against Book Debts of ₹ 219 22 66 (previous year of ₹ 200 56 56))		
	ii)	Covered by Bank/Government guarantees	2510 10 37	2329 95 55
	iii)	Unsecured	851 17 79	793 20 68
TOTAL			**55334 61 77**	**50363 50 56**
C	I	Advances in India		
		i) Priority Sector	25533 97 27	24591 91 96
		ii) Public Sector	1248 69 50	777 53 10
		iii) Banks	Nil	Nil
		iv) Others	28551 95 00	24994 05 50
TOTAL			**55334 61 77**	**50363 50 56**
	II	Advances outside India		
		i) Due from banks	Nil	Nil
		ii) Due from others	Nil	Nil
		a) Bills purchased and discounted	Nil	Nil
		b) Syndicated loans	Nil	Nil
		c) Others	Nil	Nil
TOTAL			**Nil**	**Nil**
TOTAL CI & CII			**55334 61 77**	**50363 50 56**

Schedules

SCHEDULE 10 - FIXED ASSETS

(₹ 000's omitted)

		As at 31.03.2022	As at 31.03.2021
I	**Premises :**		
	At cost as on March 31 of the preceding year	306 83 92	305 68 28
	Add : Addition during the year	11 35 81	1 15 64
		318 19 73	**306 83 92**
	Less: Deduction during the year	Nil	Nil
		318 19 73	**306 83 92**
	Less : Depreciation to date	84 95 63	76 37 54
TOTAL		**233 24 10**	**230 46 38**
II	**Premises under construction^**	**10 88 75**	**18 60 39**
III	**Capital Work-in-Progress**	**3 97 51**	**1 99 47**
IV	**Other Fixed Assets (including Furniture & Fixtures) :**		
	At cost as on March 31 of the preceding year	1269 44 38	1191 55 61
	Add : Addition during the year	54 10 46	78 35 38
		1323 54 84	**1269 90 99**
	Less: Deduction during the year	1 11 93	46 61
		1322 42 91	**1269 44 38**
	Less : Depreciation to date	1092 04 51	981 44 65
TOTAL		**230 38 40**	**287 99 73**
TOTAL I, II, III & IV		**478 48 76**	**539 05 97**

^ includes premises for which registration is pending in the name of the Bank

SCHEDULE 11 - OTHER ASSETS

(₹ 000's omitted)

		As at 31.03.2022	As at 31.03.2021
I	Inter Office Adjustments (Net)	222 45 71	88 38 17
II	Interest Accrued	291 34 56	262 50 97
III	Tax paid in advance/Tax deducted at source (Net)	29 52 23	Nil
IV	Stationery and Stamps	3 55 67	2 80 99
V	Deferred Tax (Net)	59 99 59	37 41 65
VI	Non Banking Assets acquired in satisfaction of claims	Nil	Nil
VII	Others	1481 49 77	990 24 06
TOTAL		**2088 37 53**	**1381 35 84**

SCHEDULE 12 - CONTINGENT LIABILITIES

(₹ 000's omitted)

		As at 31.03.2022	As at 31.03.2021
I	Claims against the Bank not acknowledged as debts	5 38 36	5 74 18
II	Liability for party paid investments	Nil	Nil
III	Liability on account of outstanding forward exchange contracts	4651 62 56	4922 06 67
IV	Guarantees given on behalf of constituents		
	(a) In India	2247 18 84	2286 41 80
	(b) Outside India	Nil	Nil
V	Acceptances, Endorsements and other Obligations	955 17 24	916 35 32
VI	Other items for which the Bank is contingently liable@	1236 76 63	1993 86 60
TOTAL		**9260 33 54**	**10124 44 57**

@ Includes transfer to DEAF of ₹ 1810679 (Previous year of ₹ 1510352)

Schedules

SCHEDULE 13 - INTEREST EARNED

(₹ 000's omitted)

		Year Ended 31.03.2022	Year Ended 31.03.2021
I	Interest/discount on advances/bills	4525 48 35	4453 54 91
II	Income on Investments	924 78 16	941 78 87
III	Interest on balances with Reserve Bank of India & Other inter-bank funds	134 33 27	68 29 12
IV	Others	3 07 59	6 79 80
TOTAL		**5587 67 37**	**5470 42 70**

SCHEDULE 14 - OTHER INCOME

(₹ 000's omitted)

		Year Ended 31.03.2022	Year Ended 31.03.2021
I	Commission, Exchange and Brokerage	633 97 23	548 20 84
II	Profit on sale of investments	59 50 84	361 32 21
	Less: Loss on sale of investments	(2 54 80)	(6 56 29)
	Less: Depreciation on investments	(107 13 58)	(137 81 70)
III	Profit on revaluation of investments	Nil	Nil
	Less: Loss on revaluation of investments	Nil	Nil
IV	Profit on sale of land, buildings and other assets	1 10 31	23 86
	Less: Loss on sale of land, buildings and other assets	Nil	(1 55)
V	Profit on exchange transactions	37 57 16	31 84 20
	Less: Loss on exchange transactions	Nil	Nil
VI	Income earned by way of dividends, etc. from subsidiaries/companies and/or joint ventures abroad/in India	Nil	Nil
VII	Miscellaneous Income	146 58 19	121 61 45
TOTAL		**769 05 35**	**918 83 02**

SCHEDULE 15 - INTEREST EXPENDED

(₹ 000's omitted)

		Year Ended 31.03.2022	Year Ended 31.03.2021
I	Interest on Deposits	2780 19 69	3013 33 83
II	Interest on Reserve Bank of India/Inter-bank borrowings	58 19 65	58 19 65
III	Others	33 90 33	39 37 78
TOTAL		**2872 29 67**	**3110 91 26**

SCHEDULE 16 - OPERATING EXPENSES

(₹ 000's omitted)

		Year Ended 31.03.2022	Year Ended 31.03.2021
I	Payments to and Provisions for employees	945 02 68	1153 67 63
II	Rent, Taxes and Lighting	179 72 73	174 21 36
III	Printing and Stationery	13 28 45	10 92 96
IV	Advertisement and Publicity	9 89 52	6 06 85
V	Depreciation on bank's property	119 17 94	124 13 83
VI	Directors' fees, allowances and expenses	1 96 81	1 75 25
VII	Auditors' fees and expenses (including branch auditors)	2 52 50	2 64 74
VIII	Law Charges	6 43 92	4 91 65
IX	Postages, Telegrams, Telephones, etc.	25 29 03	25 24 37
X	Repairs and Maintenance	74 27 17	68 28 15
XI	Insurance	89 94 85	80 72 22
XII	Other Expenditure	386 66 38	334 24 11
TOTAL		**1854 21 98**	**1986 83 12**

Schedules

SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES

A. BACKGROUND

The Karur Vysya Bank Limited (the Bank), 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 prescriptions and extant disclosure 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 Companies (Accounting Standards) Rules, 2021 and current practices prevailing in the banking industry in India. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year except for accounting of employee share based payment which is explained under the policy for Employee Benefits.

Use of estimates

The preparation of the financial statements requires 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 prospectively in the current and future periods.

C. PRINCIPAL ACCOUNTING POLICIES

1. Revenue recognition

Income and Expenditure are generally accounted on accrual basis, except otherwise stated.

Interest/other charges from loans, advances and investments other than on non-performing assets, are recognised on accrual basis. Interest income on non-performing advances (NPA)/investments (NPI), income from funded interest term loan accounts (FITL) are recognised upon realisation, as per prudential norms prescribed by RBI.

The policy of income recognition shall be objective and based on the record of recovery. No interest will be taken into income account on any NPA or NPI. This will apply to Government guaranteed accounts also. However, interest on advances against Term Deposits, National Savings Certificates (NSCs), Indira Vikas Patras (IVPs), Kisan Vikas Patras (KVPs) and life policies will be taken to income account on the due date, provided adequate margin is available in the accounts.

Accounting for recoveries made in NPA

Recoveries made in NPA are appropriated in the order of charges, interest and principal dues unless otherwise agreed to with the borrower in a different sequence; in cases where the borrower requires the recovery to be appropriated in a different sequence, the same is undertaken accordingly. In respect of One Time Settlement accounts, the recoveries are first adjusted to principal balance.

In compromise settlement cases/sale to Asset Reconstruction Companies (ARC), sacrifice on settlement is accounted at the time of closure of account.

Commission on bank guarantees/letters of credit, locker rent, annual fee on cards, commission on bancassurance and third party products, premium on sale of Priority Sector Lending Certificate are accounted on receipt basis. Processing/other fees collected on loans approved/disbursed, along with related loan acquisition costs are recognised at inception/renewal of the facility. Dividend income and interest on income tax refund is recognised when the right to receive payment is established. Stationery and security items are charged to the Profit and Loss Account on consumption basis.

Bank has a loyalty program which seeks to recognise and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. The Bank estimates the liability based on assumptions such as expected redemption rate etc. and accounts for the expense in the Profit and Loss Account.

Goods & Service Tax input credit is accounted for in the books within the time limit prescribed under CGST Rules, 2017, as amended.

2. Investments

Investments are accounted in accordance with the extant RBI guidelines on investment classification and valuation.

Investments are categorised into three categories – (i) Held to Maturity (HTM), (ii) Held for Trading (HFT) and (iii) Available for Sale (AFS) with

Schedules

sub-classification under each category viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures & Bonds, (v) Subsidiaries and Joint Ventures and (vi) Others – Units of Mutual Funds, Certificate of Deposits, Commercial Paper, Security Receipts and other investments, in accordance with RBI guidelines.

The category under which the investments would be classified is decided at the time of acquisition. Investments which the Bank intends to hold till maturity are classified as "Held to Maturity". Investments which are primarily held for sale within 90 days from the date of purchase are classified as "Held for Trading". As per RBI guidelines, HFT Securities which remain unsold for a period of 90 days are classified as AFS Securities on that date. Investments which are not classified in either of the above two categories are classified as "Available for Sale".

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. Any premium on acquisition of Government securities are amortised over the remaining maturity of the security on a straight line basis.

Investments classified under the AFS and HFT categories are marked-to-market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is measured with respect to the market price of the scrip as available from the trades/ quotes on the stock exchanges, Subsidiary General Ledger (SGL) account transactions, price list of RBI or prices declared by Financial Benchmark India Private Limited (FBIL), periodically. Net depreciation, if any, within each category of investment classification is recognised in the Profit and Loss Account. The net appreciation, if any, under each category of Investment is ignored. Except in cases where provision for diminution other than temporary is created, the book value of individual securities is not changed consequent to the periodic valuation of Investments.

The Bank follows settlement date method of accounting for purchase/sale of investments, and weighted average cost method for determining cost and accounting of profit on sale of investments.

Brokerage, commission and securities transaction tax (STT) etc., pertaining to investment, paid at the time of acquisition are charged to the Profit and Loss Account. Broken period interest on debt instruments and Government securities is treated as a revenue item.

Treasury Bills, Commercial Paper and Certificate of Deposits, being discounted instruments, are valued at carrying cost. Units of mutual funds are valued at the latest repurchase price/Net Asset Value (NAV) declared by the mutual fund. In case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by Fixed Income Money Market and Derivatives Association of India (FIMMDA)/Primary Dealers Association of India (PDAI) and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit ratings along with residual maturity issued by FIMMDA are adopted for this purpose. Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest balance sheet. In case the latest balance sheet is not available, the shares are valued at Re. 1/- per company. Security Receipts are valued at NAV provided by the issuing ARC from time to time. Additional provision required, if any, is made as per RBI guidelines, based on the age of the underlying non-performing asset sold to the ARC.

Non Performing Investments are identified and valued based on RBI guidelines.

Sale/Redemption of investments

Profit or loss on sale/redemption in respect of securities in HFT and AFS category is included in the Profit and Loss Account. Profit on sale/redemption of investments in HTM category is included in the Profit and Loss Account and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve, as per RBI guidelines.

Short sales

Short sale transactions, including 'notional' short sale, are undertaken in Government securities as per RBI guidelines. The short sales positions are reflected in 'Securities Short Sold (SSS) A/c', and categorised under HFT category. These positions are marked–to-market along with other securities under

Schedules

HFT portfolio and resultant Mark-to-Market (MTM) gains/losses are accounted for as per RBI guidelines.

Repo and reverse repo transactions

Repo and reverse repo transactions in Government Securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility (LAF) and Marginal Standby Facility (MSF) with RBI are accounted as collateralised borrowing and lending respectively. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

3. Advances

Advances, including bullion/metal loans, 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 and recoveries pending appropriation and held in sundry account. Interest on non-performing advances is transferred to an unrealised interest account and not recognised in the Profit and Loss Account until received. Amounts recovered in written off accounts is recognised as income; provisions no longer considered necessary based on the current status of the asset, is reversed to the Profit and Loss Account.

In respect of restructured/rescheduled assets, provision is made in accordance with RBI guidelines, including diminution in the fair value of the assets to be provided on restructuring, as applicable. In respect of loans and advances accounts subjected to restructuring, the asset classification is as per extant RBI guidelines.

Acquisition and transfer of loan exposure is undertaken as per extant RBI guidelines.

Term reverse repo of original tenor greater than 14 days will be classified under Advances.

Provision for Unhedged Foreign Currency Exposure of borrower entities is made considering their unhedged exposure to the Bank.

Provision for standard assets, is made in accordance with the guidelines and at levels stipulated by RBI from time to time.

4. Fixed Assets

Premises and other fixed assets are accounted for at historical cost as reduced by accumulated depreciation, amortisation and impairment loss, if any. The cost includes cost of purchase and all expenditure such as site preparation, installation cost, expenditure incurred for development of software, professional fees and GST (net of ITC). 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.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use.

5. Depreciation

Depreciation on Fixed Assets is provided on Straight Line Method (SLM) in respect of all fixed assets other than buildings which is depreciated on Written Down Value (WDV) method.

Useful life of the assets (except Computers, including servers, network equipment's and software, are depreciated under SLM at the rate of 33.33% as per RBI guidelines) has been estimated in line with Schedule II of the Companies Act, 2013, as determined by the Management, as under and depreciation is provided for as under –

Class of Asset	Useful life (years)	Method
a. Building	58	WDV
b. Plant & machinery		
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 (owned)	10	SLM
Improvements at leased premises	10 years or lease period whichever is less.	
Furniture & Fixtures at staff quarters/guest house	5	
Electric & Electronic items, cellular/mobile phones etc.	3	
d. Motor vehicles	8	
e. Computers (including software, servers, network equipments)	3	

Schedules

Depreciation on assets purchased and sold during the year is recognised on a pro-rata basis from the date of purchase/till the date of sale.

6. Foreign exchange transactions

Per the guidelines of Foreign Exchange Dealers Association of India (FEDAI) and the requirements of AS-11 – The Effects of Changes in Foreign Exchange Rates, all foreign currency monetary assets and monetary liabilities like Nostro balances, Foreign Currency Non-Resident deposits, Resident Foreign Currency deposit, Pre and Post Shipment Credit in Foreign Currency and Foreign Currency Term Loans are valued at closing rates announced by FEDAI as at the Balance Sheet date and the resultant revaluation Profit or Loss, as the case may be, is taken to the Profit and Loss Account.

Forward contracts (excluding investment swaps) and other forward maturity items like cheques/ bills purchased and negotiated are valued at the appropriate FEDAI forward rates and the resultant Profit or Loss is discounted using FBIL Mumbai Interbank Offered Rate Overnight Index Swap curve (MIBOR-OIS curve). Foreign exchange investment swaps against foreign currency deposits/borrowings are valued at the contracted rates and the premium/discount thereon is recognised in the Profit and Loss Account on accrual basis.

Non-fund based assets like Guarantees, Letters of Credit, Acceptances, Endorsements and other obligations in foreign currencies are translated at closing rates notified by FEDAI at the Balance Sheet date.

7. Bullion business

The Bank imports, on a back-to-back basis, consignments of bullion, including precious metal bars, for sale to its clients. The price quoted to the customer is based on price quoted by the supplier. The difference between the price paid by the customer and the cost of bullion is accounted under other income.

The Bank also borrows and lends bullion in accordance with RBI guidelines, which is treated as borrowings & lending and interest paid/received is accounted on an accrual basis.

Metal Loan Advances are valued based on the prevailing market rate and foreign exchange rates as on the date of Balance Sheet.

8. 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 recognised in the Profit and Loss Account. Foreign currency options and swaps are accounted in accordance with the guidelines issued by FEDAI.

9. Proposed dividend

In terms of AS 4 - "Contingencies and Events occurring after the Balance Sheet date", proposed dividend or dividend declared after balance sheet date is not shown as 'other liability' in the Balance Sheet instead a note on the same will be included in the financial statement. Such proposed dividend will be appropriated from the 'Reserves & Surplus' only after the approval of the shareholders.

10. Employee benefits

Short-Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognised in the period in which the employee renders the related service. The Bank recognises the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered, as a liability (accrued expense) after deducting any amount already paid.

Long-term employee benefits

a. Post-Employment Benefits

a1. Defined Contribution Plan

The following benefits provided to the employees of the Bank are classified as Defined Contribution Plan.

Provident fund - Employees covered under provident fund scheme are entitled for retirement benefit in the form of provident fund. Aggregate contributions along with interest thereon are paid on retirement, death, incapacitation, or termination of employment. Both the employee and the Bank contribute at specific rates of the salary to the provident fund account maintained with the Karur Vysya Bank Limited Employees' Provident Fund Trust. The contribution made by the Bank to the Trust, administered by the Trustees, is charged to the Profit and Loss account.

Schedules

New pension scheme (NPS) - In respect of employees who are covered under NPS, the Bank contributes certain percentage of the sum of basic salary and dearness allowance of employees to the aforesaid scheme, which is managed and administered by pension fund management companies and regulated by Pension Fund Regulatory and Development Authority (PFRDA). NPS contributions are recognised in the Profit and Loss Account in the period in which they accrue. The Bank has no liability other than its contribution, and recognises such contributions as an expense in the year incurred.

a2. Defined Benefit Plan

The defined benefit obligations recognised in the Balance Sheet represent the present value of the obligation to its employees as reduced by the fair value of the plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognised representing the present value of available refunds and reductions in future contributions of the plan.

All expenses represented by current service cost, past service cost, if any and net interest on the defined benefit liability/asset together with the remeasurements of the net benefit liability/asset comprising of actuarial gains and losses and return on the plan assets (excluding the amount included in the net interest on the net defined benefit liability/asset) are recognised in the Profit and Loss Account.

Gratuity - All employees of the Bank are entitled for gratuity benefit. The Bank makes contributions to The Karur Vysya Bank Employees' Gratuity Fund Trust, which is administered and managed by the Trustees whose funds are managed by insurance companies. Liabilities with regard to the gratuity plan are determined by an independent actuary as on the Balance Sheet date, based upon which, the Bank contributes all the ascertained liabilities to the said Trust. The contribution is made by the Bank to the said Trust. The actuarial calculations entails assumptions about demographics, early retirement, salary increases and interest rates.

Pension fund - Employees covered under pension scheme are entitled to get pension benefits. The Bank contributes at specific rates of the salary to the Karur Vysya Bank Limited Pension Trust set up by the Bank and administered by the Trustee. Additional amount being the liability shortfall as ascertained by an independent actuary, contributed to the said Trust, is determined on actuarial basis on projected unit credit method as on the Balance Sheet date. The contribution is made by the Bank to the Trust. At the time of retirement or death of the pension eligible employee, the pension trust purchases annuity from insurance company out of the contributions made by the Bank. Employees covered by the pension plan are not eligible for employers' contribution under the provident fund plan.

Other Long Term Employee Benefits

Compensated absences, comprising of Medical Leave and Privilege Leave are recognised when they accrue to the employees. These are not expected to occur wholly within twelve months after the end of the period in which the employees render the related services. These liabilities are determined by an independent actuary as on the Balance Sheet date using the Projected Unit Credit Method. Liability towards compensated absences is unfunded.

Employee Share Based Payments

The Bank's Employee Stock Options Schemes (ESOS) are in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('SEBI share-based employee benefits regulation'). The Scheme provides for grant of options on equity shares to its employees including its Key Managerial Personnel/Material Risk Takers, to acquire the equity shares of the Bank that vest in a graded manner and that are to be exercised within a specified period.

Hitherto (till March 31, 2021), in accordance with the SEBI share-based employee benefits regulation and the Guidance note on accounting for employee share-based payments, issued by the Institute of Chartered Accountants of India the cost of equity settled transactions is measured using the intrinsic value method. The intrinsic value, being the excess, if any, of the fair market price of the share under ESOS over the exercise price of the option is recognised as deferred employee compensation with a credit to Employees' Stock Option outstanding

Schedules

account. The fair market price is the latest available closing price, preceding the date of grant of the option, on the stock exchange on which the shares of the Bank are listed.

Effective from April 01, 2021 consequent to the RBI's clarification dated August 30, 2021 on Guidelines on compensation to Whole Time Directors/Chief Executive Officers/Material Risk Takers and Control Function Staff which advised the Banks to fair value share-linked instruments on the date of grant using Black-Scholes Model, the Bank has changed its accounting policy from intrinsic value method to fair value method for all employee stock options granted after March 31, 2021.The Fair Value of the stock-based compensation is estimated on the date of grant using Black-Scholes model.

The deferred employee compensation cost is amortised on a straight line basis over the vesting period of the option. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of equity instruments that are outstanding.

The options that do not vest because of failure to satisfy vesting conditions are reversed by a credit to employee compensated expense in 'Payment to and provision for employee cost' equal to the amortised portion of value of lapsed portion. In respect of the options which expire unexercised the balance standing to the credit of Employees' stock option outstanding account is transferred to 'General Reserve'. The options granted are also subject clawback clause wherein under circumstances specified at the time of grant of employee stock option the option grantee shall relinquish any benefit that accrued to or return any benefit that is received to the Bank.

Where the terms of an equity-settled award are modified, the minimum expense recognised in 'Payments to and provision for employees' is the expenses as if the terms had not been modified. An additional expense is recognised for any modification which increases the total intrinsic value of the share based payment arrangement or is otherwise beneficial to the employee as remeasured as at the date of modification

11. Segment Reporting

The Bank recognises the Business Segment as the primary reporting segment and Geographical Segment as the secondary reporting segment, in accordance with RBI guidelines and in compliance with AS 17 – 'Segment Reporting'.

Business Segment is classified into (a) Treasury (b) Corporate and Wholesale Banking, (c) Retail Banking and (d) Other Banking Operations.

12. Earnings per Share

Basic Earnings per Share is 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 Share is computed by using the weighted average number of equity shares and dilutive potential equity share outstanding as at the year end.

13. Income Tax

Income Tax expense comprises of current tax provision made after due consideration of the judicial pronouncements and legal opinion (i.e. the amount of tax for the period determined in accordance with the Income Tax Act, 1961, the rules framed thereunder and considering the material principles set out in Income Computation and Disclosure Standards) and the net change in the deferred tax asset or liability during the year.

Deferred income taxes recognises 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 recognised in the books of account to the extent of their future reversibility. Deferred Tax Liabilities are recognised 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.

14. 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. In case the asset is carried at revalued amount, any impairment loss of the revalued asset is treated as a reduction in revaluation to the extent a revaluation reserve is available for that asset.

Schedules

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account. In case of revalued assets such reversal is not recognised.

15. Provisions and Contingent Liabilities

A provision is recognised when there is a present obligation as a result of past event, and there is a probability of an outflow of resources that will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on the Management's 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. In case of remote possibility, neither provision nor disclosure is made in the financial statement.

Contingent Assets are neither recognised nor disclosed in the financial statements since this may result in the recognition of income that may never be realised.

16. Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are also required to be made towards country-wise net funded exposure on foreign exchange transactions exceeding the threshold limits (other than for home country). Provision will be made where the net funded exposure of any country is 1% or more of the Bank's total funded assets.

Further, till such time internal rating systems are developed by the Bank, the seven-category classification followed by Export Credit Guarantee Corporation of India Ltd. (ECGC) will be utilised for the purpose of classification of country risk exposures viz., countries will be classified into seven risk categories namely insignificant (A1), low (A2), moderately low (B1), moderate (B2), moderately high (C1), high (C2) and very high (D).

17. Corporate Social Responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013 is recognised in the Profit and Loss Account.

18. Operating Lease

Leases where all the risks and rewards of ownership are retained by the lessor are classified as 'Operating lease'. Operating lease payments are recognised as an expense in the Profit and Loss Account as per the lease terms. Initial direct costs in respect of operating leases such as legal costs, brokerage costs etc., are recognised as expense immediately in the Profit and Loss Account.

19. 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 FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

The schedule provides disclosure for the year ended March 31, 2022 (with comparative position of previous year, wherever applicable) as per Reserve Bank of India's (RBI) Master Circular on Disclosure in Financial Statements.

(Amounts given herein are denominated in Rupees crore unless specified otherwise)

1. Capital Ratio (CRAR) – Basel III

(₹ in crore)

SN	Particulars	As at 31.03.2022	As at 31.03.2021
1	Common Equity Tier 1 capital	7,287.38	6,711.37
2	Additional Tier 1 capital	Nil	Nil
3	Tier 1 capital (1+2)	7,287.38	6,711.37
4	Tier 2 capital	820.24	803.25
5	Total capital (3+4)	8,107.62	7,514.62
6	Total Risk Weighted Assets (RWAs)	41,667.08	39,598.82
7	Common Equity Tier 1 capital ratio (%)	17.49	16.95
8	Tier 1 capital ratio (%)	17.49	16.95
9	Tier 2 capital ratio (%)	1.97	2.03
10	Total Capital ratio (CRAR) (%)	19.46	18.98
11	Leverage Ratio (Basel III) (%)	8.78	8.65
12	Percentage of the shareholding of		
	a) Government of India	Nil	
	b) State Government		
	c) Sponsor Banks		
13	Amount of equity capital raised during the year *	0.14	Nil
14	Amount of non-equity Tier 1 capital raised during the year of which		
	- PNCPS	Nil	
	- PDI		
15	Amount of Tier 2 capital raised during the year of which		
	- Debt capital instruments		
	- Preference share capital instruments	Nil	
	- Perpetual cumulative preference shares (PCPS)		
	- Redeemable non-cumulative preference shares (RNCPS)		
	- Redeemable cumulative preference shares (RCPS)		

** - includes 6,89,964 shares of face value ₹ 2/- each allotted to employees under ESOS during the year ended 31.03.2022.*

Basel III disclosures

In accordance with RBI circular DOR.CAP.REC.3/21.06.201/2022-23 dated April 01, 2022, read together with RBI circular DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015, Banks are required to make Pillar 3 disclosures under Basel III capital regulations. Accordingly, necessary disclosures have been made available on the Bank's website - https://www.kvb.co.in/about-us/disclosures/pillar-III-disclosures/. These disclosures have not been subjected to audit by the Statutory Central Auditors.

1.1 Tier II Capital

During the year ended March 31, 2022, the Bank did not raise any subordinated debt bonds qualifying for Tier II capital.

The position of outstanding Tier II Bonds issued by the Bank is as under:

(₹ in crore)

SN	Particulars	As at 31.03.2022	As at 31.03.2021
1	Basel III compliant Tier II Bonds	487.00	487.00
	TOTAL	**487.00**	**487.00**

Schedules

1.2 Proposed Dividend

The Board of Directors have recommended a dividend of 80% i.e. ₹1.60 per equity share of ₹ 2.00 each for the year 2021-22, subject to the approval of the shareholders at the ensuing Annual General Meeting.

In accordance with Accounting Standards 4 - Contingencies and Events Occurring after the Balance Sheet date notified by the MCA on March 30, 2016, the proposed dividend amounting to ₹128.00 crore has not been shown as an appropriation from the Profit and Loss account for the year ended March 31, 2022 (and correspondingly not reported under Other Liabilities and Provisions as at March 31, 2022). However, capital adequacy ratio has been computed by reducing the proposed dividend.

2. Asset Liability Management

2a. Maturity pattern of certain items of assets and liabilities

(₹ in crore)

Particulars	Deposits		Gross Advances		Gross Investments		Borrowings		Foreign Currency Assets		Foreign Currency Liabilities	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
1 day	141.49	135.12	2,076.51	1,938.82	2,042.29	3,738.19	Nil	975.00	61.37	54.06	149.23	69.30
2 to 7 days	1,271.66	1,086.04	473.10	428.31	1,077.66	235.41	2.33	403.89	13.45	156.16	6.05	7.45
8 to 14 days	930.49	803.65	487.88	474.46	1,011.55	216.99	7.48	4.73	186.82	19.71	8.63	4.90
15 to 30 days	1,318.27	1,108.60	1,421.88	1,045.51	398.54	408.14	124.94	48.09	116.83	72.69	134.26	62.30
31 days to 2 months	1,837.18	1,859.07	2,011.69	1,678.75	592.55	590.17	88.20	50.07	175.21	736.67	102.18	73.23
More than 2 months and up to 3 months	1,937.33	1,876.60	2,432.35	2,172.82	556.85	606.98	78.37	65.83	658.00	1,123.52	92.47	75.37
Over 3 months to 6 months	5,467.49	4,901.36	6,652.49	5,974.05	1,440.79	1,499.85	287.90	196.08	847.11	1,040.12	344.72	207.03
Over 6 months to 1 year	11,814.09	10,111.78	7,330.78	7,357.61	2,729.95	2,691.19	5.39	21.32	15.86	Nil	158.03	160.49
Over 1 year to 3 years	17,908.11	14,408.07	19,518.57	17,711.18	4,540.64	3,264.28	257.48	276.28	17.92	24.48	137.83	117.16
Over 3 years to 5 years	13,119.60	10,782.41	5,191.62	4,628.33	1,739.09	1,757.24	Nil	Nil	38.75	11.23	66.74	53.09
Over 5 years	12,930.45	16,205.73	9,952.65	9,410.29	1,625.63	1,461.47	487.00	487.00	65.08	27.01	Nil	Nil
Total	**68,676.16**	**63,278.43**	**57,549.52**	**52,820.13**	**17,755.54**	**16,469.91**	**1,339.09**	**2,528.29**	**2,196.40**	**3,265.65**	**1,200.14**	**830.32**

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.

2b. Liquidity coverage ratio (LCR)

i. Qualitative disclosure

Pursuant to RBI guidelines on implementation of Basel III framework applicable to Banks in India with effect from January 01, 2015, measurement of LCR by Bank is undertaken for stress testing. 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. As per extant regulatory guidelines, the minimum LCR to be maintained by Banks is specified at 100%.

Schedules

i.a ***Objective***

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.

Bank has consistently maintained LCR above 100% during FY 2021-22 i.e. at levels higher than the required regulatory minimum level, on an ongoing basis.

i.b ***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 15% of NDTL
- AAA rated bonds and AA- & above and 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 or any of its affiliated entities and included in NSE CNX Nifty and/or S&P BSE Sensex indices.

ii. Quantitative disclosure

The following table sets forth the daily average of un-weighted and weighted values for all the quarters in FY 2021-22

(₹ in crore)

Particulars		Quarter ended March 31, 2022		Quarter ended December 31, 2021		Quarter ended September 30, 2021		Quarter ended June 30, 2021		Quarter ended March 31, 2021	
		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)		15,214.45		15,827.18		15,682.35		15,425.03		15,873.02
Cash Outflows											
2	Retail deposits and deposits from small business customers, of which:	47,900.21	3,662.52	47,369.93	3,616.66	47,043.31	3,582.76	46,493.65	3,527.05	45,704.04	3,459.73
(i)	Stable deposits	22,550.00	1,127.50	22,406.70	1,120.34	22,431.39	1,121.57	22,446.21	1,122.31	22,213.44	1,110.67
(ii)	Less stable deposits	25,350.21	2,535.02	24,963.23	2,496.32	24,611.92	2,461.19	24,047.44	2,404.74	23,490.60	2,349.06
3	Unsecured wholesale funding, of which:	7,682.52	1,737.63	7,440.04	1,700.04	7,307.35	1,752.33	7,252.83	1,708.83	7,102.11	1,552.58
(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)	7,682.52	1,737.63	7,440.04	1,700.04	7,307.35	1,752.33	7,252.83	1,708.83	7,102.11	1,552.58
(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

Schedules

(₹ in crore)

Particulars		Quarter ended March 31, 2022		Quarter ended December 31, 2021		Quarter ended September 30, 2021		Quarter ended June 30, 2021		Quarter ended March 31, 2021	
		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)
5	Additional requirements, of which	4,975.67	930.67	5,010.26	964.14	4,830.50	940.80	4,879.86	921.22	4,717.48	904.34
(i)	Outflows related to derivative exposures and other collateral requirements	15.93	15.93	16.21	16.21	15.70	15.70	20.82	20.82	22.78	22.78
(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	4,959.74	914.74	4,994.05	947.93	4,814.80	925.10	4,859.04	900.40	4,694.70	881.56
6	Other contractual funding obligations	34.01	34.01	16.93	16.93	18.95	18.95	26.83	26.83	27.00	27.00
7	Other contingent funding obligations	37.48	1.12	42.83	1.28	47.02	1.41	49.47	1.48	48.96	1.47
8	**Total cash outflows**		**6,365.95**		**6,299.05**		**6,296.25**		**6,185.41**		**5,945.12**
Cash Inflows											
9	Secured lending (e.g. reverse repos)	605.91	0.00	1,295.80	0.00	617.83	0.00	593.55	0.00	749.45	0.00
10	Inflows from fully performing exposures	1,747.24	941.12	1,634.82	860.70	1,719.36	904.41	1,612.62	872.93	1,430.18	797.71
11	Other cash inflows	26.23	26.23	24.27	24.27	28.13	28.13	33.07	33.07	33.61	33.61
12	**Total cash inflows**	**2,379.38**	**967.35**	**2,954.89**	**884.97**	**2,365.32**	**932.54**	**2,239.24**	**906.00**	**2,213.24**	**831.32**
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	**TOTAL HQLA**		**15,214.45**		**15,827.18**		**15,682.35**		**15,425.03**		**15,873.02**
14	**Total net cash outflows (8-12)**		**5,398.60**		**5,414.08**		**5,363.71**		**5,279.41**		**5,113.80**
15	**Liquidity coverage ratio (%)**		**281.82%**		**292.33%**		**292.38%**		**292.17%**		**310.40%**

Note – LCR data has been calculated based on simple average of daily observations. The above data has been furnished by the management and have been relied upon by the auditors.

Schedules

The following table sets forth the daily average of un-weighted and weighted values for all the quarters in FY 2020-21

(₹ in crore)

Particulars		Quarter ended March 31, 2021		Quarter ended December 31, 2020		Quarter ended September 30, 2020		Quarter ended June 30, 2020		Quarter ended March 31, 2020	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets											
1	Total high quality liquid assets (HQLA)		15,873.02		18,011.37		17,908.93		15,210.52		13,303.95
Cash Outflows											
2	Retail deposits and deposits from small business customers, of which:	45,704.04	3,459.73	45,169.72	3,416.78	44,628.71	3,369.15	43,857.03	3,591.38	43,119.24	3,909.99
(i)	Stable deposits	22,213.44	1,110.67	22,003.78	1,100.19	21,874.43	1,093.72	15,886.42	794.32	8,038.76	401.94
(ii)	Less stable deposits	23,490.60	2,349.06	23,165.94	2,316.59	22,754.28	2,275.43	27,970.61	2,797.06	35,080.48	3,508.05
3	Unsecured wholesale funding, of which:	7,102.11	1,552.58	6,923.05	1,333.80	6,761.30	1,349.01	6,433.50	941.80	6,304.54	863.39
(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)	7,102.11	1,552.58	6,923.05	1,333.80	6,761.30	1,349.01	6,433.50	941.80	6,304.54	863.39
(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	4,717.48	904.34	5,083.98	988.01	5,090.97	1,054.43	4,960.02	663.98	5,181.69	437.11
(i)	Outflows related to derivative exposures and other collateral requirements	22.78	22.78	19.23	19.23	23.58	23.58	31.61	31.61	17.61	17.61
(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	4,694.70	881.56	5,064.75	968.78	5,067.39	1,030.85	4,928.41	632.37	5,164.08	419.50
6	Other contractual funding obligations	27.00	27.00	26.40	26.40	15.23	15.23	18.38	18.38	36.81	36.81
7	Other contingent funding obligations	48.96	1.47	48.99	1.47	51.16	1.53	61.82	1.86	57.51	1.73
8	**Total cash outflows**		**5,945.12**		**5,766.46**		**5,789.35**		**5,217.40**		**5,249.03**

Schedules

(₹ in crore)

	Particulars	Quarter ended March 31, 2021		Quarter ended December 31, 2020		Quarter ended September 30, 2020		Quarter ended June 30, 2020		Quarter ended March 31, 2020	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
Cash inflows											
9	Secured lending (e.g. reverse repos)	749.45	0.00	612.14	0.00	430.93	0.00	1,164.76	0.00	387.96	0.00
10	Inflows from fully performing exposures	1,430.18	797.71	1,392.29	830.38	1,312.13	933.77	1,158.79	947.67	1,046.37	821.55
11	Other cash inflows	33.61	33.61	27.31	27.31	28.61	28.61	35.85	35.85	22.54	22.54
12	**Total cash inflows**	**2,213.24**	**831.32**	**2,031.74**	**857.69**	**1,771.67**	**962.38**	**2,359.40**	**983.52**	**1,456.87**	**844.09**
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	**TOTAL HQLA**		**15,873.02**		**18,011.37**		**17,908.93**		**15,210.52**		**13,303.95**
14	**Total net cash outflows (8-12)**		**5,113.80**		**4,908.77**		**4,826.97**		**4,233.88**		**4,404.94**
15	**Liquidity coverage ratio (%)**		**310.40%**		**366.92%**		**371.02%**		**359.26%**		**302.02%**

Note – LCR data has been calculated based on simple average of daily observations. The above data has been furnished by the management and have been relied upon by the auditors.

2c. Net Stable Funding Ratio (NSFR)

Qualitative disclosure

NSFR = Amount of available stable funding (ASF) ÷ Amount of required stable funding (RSF).

NSFR indicates that the Bank maintains a stable funding profile in relation to the composition of its assets and off-balance sheet activities and promotes funding stability i.e. resilience over a longer-term time horizon by requiring Banks to fund their activities with more stable sources of funding, on an on-going basis.

ASF is defined as the portion of capital and liabilities, expected to be reliable over the time horizon considered by NSFR, which extends to one year. RSF is a function of the liquidity characteristics and residual maturity of various assets (including off-balance sheet exposures) held. RBI has mandated that minimum NSFR of 100% is to be maintained with effect from October 01, 2021.

NSFR standard is structured to:

a) Ensure that investment banking inventories, off-balance sheet exposures, securitisation pipelines and other assets and activities are funded with at-least a minimum amount of stable liabilities;

b) Avoid over-reliance on wholesale funding during times of buoyant market liquidity;

c) Counterbalance the cliff-effects of the liquidity coverage ratio approach;

d) Offset incentives for institutions to fund their stock of liquid assets with short-term funds that mature just outside the supervisory defined horizon for LCR; and

e) Require stable funding for all illiquid assets and securities held, including those held in HFT/AFS i.e. reckon illiquidity and not the assumed execution turnover period.

The following assumptions are used by RBI in the calibration of NSFR:

- Longer-term liabilities are assumed to be more stable than short-term liabilities;

Schedules

- Short-term (maturing in less than one year) deposits provided by retail customers and funding provided by small business customers are behaviourally more stable than wholesale funding of the same maturity from other counterparties;
- For the sake of continuity and resilience of credit creation, stable funding for some proportion of lending to the real economy is required;
- Banks may seek to roll over a significant proportion of maturing loans to preserve customer relationships;
- Short-dated assets (maturing in less than one year) require a smaller proportion of stable funding because these could be allowed to mature without rolling-over;
- Unencumbered, high-quality assets that can be securitised or traded or used as collateral to secure additional funding, do not need to be wholly financed with stable funding; and
- At least a small portion of the potential calls on liquidity arising from off-balance sheet commitments and contingent funding obligations need to be met by stable funding.

NSFR is measured on a quarterly basis and advanced techniques such as stress testing, sensitivity analysis etc. are conducted periodically to assess the impact of various contingencies.

Quantitative disclosure - The following table sets out the details of NSFR of the Bank

(₹ in crore)

	Particulars	As on 31.03.2022					As on 31.12.2021				
		Unweighted value by Residual Maturity				Weighted Value	Unweighted value by Residual Maturity				Weighted Value
		No Maturity	< 6 months	6 months to < 1 year	> 1 year		No Maturity	< 6 months	6 months to < 1 year	> 1 year	
ASF Item											
1	Capital (2+3)	**7,596.20**	**NIL**	**NIL**	**487.00**	**8,083.20**	**7,379.73**	**NIL**	**NIL**	**487.00**	**7,866.73**
2	Regulatory capital	7,596.20	NIL	NIL	NIL	7,596.20	7,379.73	NIL	NIL	NIL	7,379.73
3	Other capital instruments	NIL	NIL	NIL	487.00	487.00	NIL	NIL	NIL	487.00	487.00
4	Retail deposits and deposits from small business customers (5+6)	**NIL**	**NIL**	**45,544.55**	**NIL**	**42,108.98**	**NIL**	**NIL**	**45,547.66**	**NIL**	**42,100.17**
5	Stable deposits	NIL	NIL	22,377.76	NIL	21,258.87	NIL	NIL	22,145.56	NIL	21,038.28
6	Less stable deposits	NIL	NIL	23,166.79	NIL	20,850.11	NIL	NIL	23,402.10	NIL	21,061.89
7	Wholesale funding (8+9)	**1,378.15**	**2,970.15**	**6,351.80**	**13,283.61**	**17,253.86**	**1,,591.92**	**2,458.24**	**5,742.05**	**12,342.32**	**15,840.83**
8	Operational deposits	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
9	Other wholesale funding	1,378.15	2,970.15	6,351.80	13,283.61	17,253.86	1,591.92	2,458.24	5,742.05	12,342.32	15,840.83
10	Other liabilities (11+12)	**5,187.15**	**NIL**	**NIL**	**NIL**	**NIL**	**5,145.50**	**NIL**	**NIL**	**NIL**	**NIL**
11	NSFR derivative liabilities		NIL	NIL	NIL			NIL	NIL	NIL	
12	All other liabilities and equity not included in the above categories	5,187.15	NIL	NIL	NIL	NIL	5,145.50	NIL	NIL	NIL	NIL
13	**Total ASF (1+4+7+10)**					**67,446.04**					**65,807.73**
RSF Item											
14	Total NSFR high-quality liquid assets (HQLA)					NIL					NIL
15	Deposits held at other financial institutions for operational purposes	NIL	1,294.73	NIL	NIL	1,294.73	NIL	1,616.33	NIL	NIL	1,616.33
16	Performing loans and securities (17+18+19+21+23)	**50.97**	**11,119.52**	**6,304.33**	**38,205.38**	**40,369.64**	**50.31**	**10,752.97**	**6,014.57**	**36,734.91**	**38,569.78**

Schedules

(₹ in crore)

	Particulars	As on 31.03.2022					As on 31.12.2021				
		Unweighted value by Residual Maturity				Weighted Value	Unweighted value by Residual Maturity				Weighted Value
		No Maturity	< 6 months	6 months to < 1 year	> 1 year		No Maturity	< 6 months	6 months to < 1 year	> 1 year	
17	Performing loans to financial institutions secured by Level 1 HQLA	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	NIL	106.79	104.82	2,476.84	2,545.27	NIL	306.64	106.46	1,757.69	1,856.91
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central Banks, and PSEs, of which:	NIL	10,980.00	5,927.42	29,862.11	33,307.69	NIL	10,365.44	5,876.30	28,978.90	32,256.19
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	NIL	1,067.52	27.41	4,377.74	3,393.00	NIL	1,017.10	39.32	3,578.16	2,854.01
21	Performing residential mortgages, of which:	NIL	2.05	5.76	4,644.74	3,137.90	NIL	2.17	5.85	4,500.08	3,051.42
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	NIL	2.03	5.71	4,070.12	2,649.45	NIL	2.13	5.77	3,888.28	2,531.33
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	50.97	30.68	266.33	1,221.69	1,378.78	50.31	78.72	25.96	1,498.24	1,405.26
24	**Other assets (25+26+27+28+29)**	**25,823.66**	**NIL**	**NIL**	**NIL**	**7,920.66**	**25,525.32**	**NIL**	**NIL**	**NIL**	**7,577.16**
25	Physical traded commodities, including gold	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	363.21	NIL	NIL	NIL	308.73	367.46	NIL	NIL	NIL	312.34
27	NSFR derivative assets	7.48	NIL	NIL	NIL	7.48	9.78	NIL	NIL	NIL	9.78
28	NSFR derivative liabilities before deduction of variation margin posted	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
29	All other assets not included in the above categories	25,452.97	NIL	NIL	NIL	7,604.45	25,148.08	NIL	NIL	NIL	7,255.04
30	Off-balance sheet items	4,464.71	NIL	NIL	NIL	223.24	4,430.47	NIL	NIL	NIL	221.52
31	**Total RSF**					**49,808.27**					**47,984.79**
32	**NSFR (%)**					**135.41%**					**137.14%**

Schedules

3. Investments

3.1 Composition of Investment Portfolio

(₹ in crore)

Particulars	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and bonds	Subsidiaries and/or joint ventures	Others	Total Investments In India	Government Securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments Outside India	
					As on 31.03.2022							
Held to Maturity (HTM)												
Gross	14,796.08	0.00	5.43	30.68	0.00	0.00	14,832.19	0.00	0.00	0.00	0.00	14,832.19
Less: Provision for non-performing investment (NPI)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net	14,796.08	0.00	5.43	30.68	0.00	0.00	14,832.19	0.00	0.00	0.00	0.00	14,832.19
Available for Sale (AFS)												
Gross	582.85	0.00	189.39	1,484.99	0.00	665.38	2,922.61	0.00	0.00	0.28	0.28	2,922.89
Less: Provision for depreciation and NPI	3.86	0.00	92.79	50.85	0.00	391.51	539.01	0.00	0.00	0.01	0.01	539.02
Net	578.99	0.00	96.60	1,434.14	0.00	273.87	2,383.60	0.00	0.00	0.27	0.27	2,383.87
Held for Trading (HFT)												
Gross	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Provision for depreciation and NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Investments												
Gross	15,378.93	0.00	194.82	1,515.67	0.00	665.38	17,754.80	0.00	0.00	0.28	0.28	17,755.08
Less: Provision for NPI	0.00	0.00	76.23	50.85	0.00	0.00	127.08	0.00	0.00	0.00	0.00	127.08
Less: Provision for depreciation	3.86	0.00	16.56	0.00	0.00	391.51	411.93	0.00	0.00	0.01	0.01	411.94
Net	15,375.07	0.00	102.03	1,464.82	0.00	273.87	17,215.79	0.00	0.00	0.27	0.27	17,216.06
					As on 31.03.2021							
Held to Maturity (HTM)												
Gross	13,259.82	0.00	5.72	38.05	0.00	0.00	13,303.59	0.00	0.00	0.00	0.00	13,303.59
Less: Provision for NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net	13,259.82	0.00	5.72	38.05	0.00	0.00	13,303.59	0.00	0.00	0.00	0.00	13,303.59
Available for Sale (AFS)												
Gross	1,685.20	0.00	135.20	596.54	0.00	744.45	3,161.39	0.00	0.00	0.48	0.48	3,161.87
Less: Provision for depreciation and NPI	6.06	0.00	102.56	57.08	0.00	280.80	446.50	0.00	0.00	0.03	0.03	446.53
Net	1,679.14	0.00	32.64	539.46	0.00	463.65	2,714.89	0.00	0.00	0.45	0.45	2,715.34
Held for Trading (HFT)												
Gross	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Provision for depreciation and NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Investments												
Gross	14,945.02	0.00	140.92	634.59	0.00	744.45	16,464.98	0.00	0.00	0.48	0.48	16,465.46
Less: Provision for NPI	0.00	0.00	79.44	57.08	0.00	0.00	136.52	0.00	0.00	0.00	0.00	136.52
Less: Provision for depreciation	6.06	0.00	23.12	0.00	0.00	280.80	309.98	0.00	0.00	0.03	0.03	310.01
Net	14,938.96	0.00	38.36	577.51	0.00	463.65	16,018.48	0.00	0.00	0.45	0.45	16,018.93

Schedules

3.2 Movement of Provision for Depreciation and Investment Fluctuation Reserve (IFR)

(₹ in crore)

SN	Particulars	2021-22	2020-21
(1)	**Depreciation on investments**		
	i. Opening balance	310.01	172.19
	ii. Add: Provisions made during the year	107.13	149.59
	iii. Less: Write-off/write-back of excess provisions during the year	5.20	11.77
	iv. Closing balance	411.94	310.01
(2)	**Investment Fluctuation Reserve**		
	i. Opening Balance	74.76	74.76
	ii. Add: Amount transferred during the year	0.00	0.00
	iii. Less: Drawdown	0.00	0.00
	iv. Closing Balance	74.76	74.76
(3)	**Closing balance in IFR as a % of closing balance of investments in AFS and HFT/ current category**	2.56%	2.36%

3.3 Sale and Transfers to/from Held to Maturity (HTM) Category

During the year, sale of securities from HTM category does not exceed 5% of the book value of investments held in HTM category at the beginning of the year. The market and book value of investments held in HTM category as on March 31, 2022 is ₹ 14,726.40 crore and ₹ 14,796.08 crore respectively (₹ 13,290.74 crore and ₹ 13,259.82 crore respectively during the previous year), and shows a mark to market depreciation of ₹ 69.68 crore (mark to market appreciation of ₹ 30.92 crore during the previous year).

In accordance with RBI guidelines, during the first quarter of FY 2021-22, securities amounting to ₹ 919.61 crore (₹ 5,016.26 crore during the previous year) have been shifted from HTM to AFS category and ₹ 755.72 crore (Nil during the previous year) from AFS to HTM category. Depreciation required to be provided on account of shifting of securities during the current year was ₹ 5.21 crore (Nil during the previous year).

3.4 Non-SLR Investment Portfolio

i) Non performing Non-SLR investments

(₹ in crore)

Particulars	2021-22	2020-21
Opening balance	**138.03**	**138.61**
Additions during the year	13.67	14.42
Reductions during the year	14.70	15.00
Closing balance	**137.00**	**138.03**
Total provisions held	127.08	136.52

ii) Issuer composition of Non-SLR investments

(₹ in crore)

S. N.	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
As at Mar. 31, 2022						
i	PSUs	744.94	244.33		Nil	Nil
ii	FIs	725.14	320.19		0.22	0.22
iii	Banks	35.34	30.00		Nil	Nil
iv	Private Corporates	205.34	104.81		60.09	65.09
v	Subsidiaries/Joint Ventures	Nil	Nil		Nil	Nil
vi	Others *	665.39	540.39	Nil	102.85	540.39
Sub Total		**2,376.15**	**1,239.72**		**163.16**	**605.70**
Less: Provision for depreciation on investments		408.07				
Less: Provision for non performing investments		127.08				
Total		**1,841.00**	**1,239.72**	**Nil**	**163.16**	**605.70**

Schedules

(₹ in crore)

S. N.	Issuer	Amount	Extent of			
			Private Placement	Below Investment Grade Securities	Unrated Securities	Unlisted Securities
1	2	3	4	5	6	7
As at Mar. 31, 2021						
i	PSUs	377.62	293.30		9.33	9.33
ii	FIs	224.43	170.11		0.22	0.22
iii	Banks	35.34	30.00		Nil	Nil
iv	Private Corporates	138.60	34.53		53.90	58.90
v	Subsidiaries/Joint Ventures	Nil	Nil		Nil	Nil
vi	Others *	744.45	644.45	Nil	Nil	644.45
Sub Total		**1,520.44**	**1,172.39**		**63.45**	**712.90**
Less: Provision for depreciation on investments		303.95				
Less: Provision for non performing investments		136.52				
Total		**1,079.97**	**1,172.39**	**Nil**	**63.45**	**712.90**

** 1. Amounts reported under columns 4, 5, 6 and 7 above are not mutually exclusive; 2. Others include Security Receipts of ₹ 540.39 crore and units of Mutual Funds of ₹ 125.00 crore (Previous Year ₹ 644.45 crore and ₹ 100.00 crore respectively)*

3.5 Repo Transactions (in face value terms)

(₹ in crore)

Particulars	Outstanding during FY						Outstanding as on	
	Minimum		Maximum		Daily Average			
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	March 31, 2022	March 31, 2021
1. Securities Sold Under RBI Repo								
a. Government securities	25.30	9.33	89.90	277.36	0.73	114.12	Nil	Nil
b. Corporate debt securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2. Securities Purchased Under RBI Reverse Repo								
a. Government securities	45.84	21.35	1962.760	2354.78	744.38	657.54	Nil	384.011
b. Corporate debt securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3. Securities Sold Under Market Repo								
a. Government securities	1.00	1.00	1352.00	1297.00	356.82	410.00	Nil	934.00
b. Corporate debt securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4. Securities Purchased Under Market Reverse Repo								
a. Government securities	Nil	5.00	Nil	665.00	Nil	14.11	Nil	Nil
b. Corporate debt securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5. Securities Sold Under Tri–Party Repo								
a. Government securities	8.58	7.47	1217.14	714.68	111.02	38.87	Nil	391.41
b. Corporate debt securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6. Securities Purchased Under Tri–Party Reverse Repo								
a. Government securities	50.00	25.00	99.00	167.25	2.28	6.13	Nil	Nil
b. Corporate debt securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

3.6 Transfer to Capital Reserve

Net profit on sale of securities includes profit of ₹ 27.65 crore on sale of securities from HTM category (₹ 151.81 crore during the previous year). As per RBI guidelines, an amount of ₹ 15.52 crore, after netting of taxes and transfer to Statutory Reserve, is transferred to Capital Reserve for the year ended 31.03.2022 (₹ 85.20 crore during the previous year).

3.7 SLR investments Under HTM Category

The percentage of SLR investment under HTM category as on March 31, 2022 was 21.37% of Demand and Time Liability of the Bank (previous year 20.47%) which is within permissible limit as per RBI guidelines The market and book value of investments held in HTM category as on March 31, 2022 is ₹ 14,726.40 crore and ₹ 14,796.08 crore respectively (₹ 13,290.74 crore and ₹ 13,259.82 crore respectively during the previous year), and shows a mark to market depreciation of ₹ 69.68 crore (mark to market appreciation of ₹ 30.92 crore during the previous year).

3.8 Interest income on investment is net of amortisation expenses of ₹ 135.74 crore (₹ 122.73 crore during previous year)

Schedules

4. Advances and Asset Quality

4.1 Classification of advances and provisions held

(₹ in crore)

Particulars	As on 31.03.2022						As on 31.03.2021					
	Total Standard	NPAs				Total	Total Standard	NPAs				Total
		Sub-Std.	Doubtful	Loss	Total NPA			Sub-Std.	Doubtful	Loss	Total NPA	
a. Gross Standard Advances And Nonperforming Advances (NPAs)												
Opening Balance	48,677.26	832.48	2,780.61	529.78	**4,142.87**	**52,820.13**	44,303.53	1340.24	2278.24	594.29	**4,212.77**	**48,516.30**
Add: Additions during the year					842.73	842.73					959.35	959.35
Less: Reductions during the year*					1,554.56	1,554.56					1,029.25	1,029.25
Closing Balance	54,118.48	596.31	2,110.85	723.88	**3,431.04**	**57,549.52**	48,677.26	832.48	2,780.61	529.78	**4,142.87**	**52,820.13**
*Reductions in Gross NPAs due to :					1,554.56	1,554.56					1,029.25	1,029.25
i. Upgradation					102.13	102.13					33.50	33.50
ii. Recoveries (excluding recoveries from upgraded accounts)					573.76	573.76					376.81	376.81
iii. Technical/Prudential Write-offs					816.31	816.31					596.58	596.58
iv. Write-offs other than those under (iii) above					62.36	62.36					22.36	22.36
b. Provisions (excluding Floating provisions)												
Opening balance	188.15	127.93	1,718.50	519.18	**2,365.61**	**2,553.76**	182.42	259.30	1,507.56	583.69	**2,350.55**	**2,532.97**
Add: Fresh provisions made during the year					864.68	864.68					806.41	806.41
Less: Excess provision reversed/write-off loans					1,098.50	1,098.50					791.35	791.35
Closing balance	205.14	167.18	1,240.94	723.67	**2,131.79**	**2,336.93**	188.15	127.93	1,718.50	519.18	**2,365.61**	**2,553.76**
c. Net NPAs												
Opening balance		704.55	1059.27	Nil	**1,719.39**			1,080.94	768.03	Nil	**1,808.65**	
Add: Fresh additions during the year					(39.4)*						138.82	
Less: Reductions during the year					419.46						228.08	
Closing balance		429.13	867.64	Nil	**1,260.79~**		Nil	704.55	1,059.27	Nil	**1,719.39 ~**	
d. Floating provisions												
Opening Balance						**9.69**						**9.69**
Add: Additional provisions made during the year						Nil						Nil
Less: Amount drawn down during the year						9.69						Nil
Closing balance						**0.00**						**9.69**
e. Technical/Prudential Write-offs (TWO) and the recoveries made there on												
Opening balance						**2,155.78**						**1,602.74**
Add : TWO during the year						816.31						596.58
Less: Recoveries in previous TWO accounts during the year						11.49						43.54
Closing Balance						**2,960.60**						**2,155.78**

** Addition to provision is more than addition to GNPA;*

~ Net of other provisions, claims received/settled and including floating provisions amounting to ₹ 38.46 crore (₹57.87 crore during previous year).

Schedules

4.1.1 Gross and Net NPA Ratios

(₹ in crore)

Ratios	2021-22	2020-21
Gross NPA to gross advances (%)	5.96	7.85
Net NPA to net advances (%)	2.28	3.41
Provision coverage ratio (%)	80.27	72.70

4.2 Sector-wise advances and gross NPAs

(₹ in crore)

SN	Sector	As on March 31, 2022			As on March 31, 2021		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to total advances in that sector	Outstanding Total Advances	Gross NPA s	% Of Gross NPAs to total advances in that sector
A	**Priority sector**						
1	Agriculture and allied activities *of which:*	10,715.67	353.11	3.30	10,270.59	337.86	3.29
a	Food and cash crops	10,009.89	57.19	0.57	9,648.91	57.48	0.60
2	Industries eligible under priority sector *of which:*	8,893.34	178.86	2.01	9,704.10	425.56	4.39
a	Food processing others	1,452.72	20.90	1.44	1,515.07	36.85	2.43
b	Textiles	3,245.48	43.91	1.35	3,353.06	84.54	2.52
3	Services *of which:*	5,048.08	142.78	2.83	3,936.38	568.94	14.45
a	Real estate renting and business activities	263.61	4.04	1.53	2,389.75	100.93	4.22
b	Transport storage and communications	326.42	10.25	3.14	485.98	60.21	12.39
c	Wholesale and retail trade	4,037.74	113.66	2.81	409.29	339.72	83.00
4	Personal Loans *of which:*	1 ,341.37	90.75	6.77	1,428.97	86.44	6.05
a	Housing loans other than staff	1,203.37	43.14	3.58	1,250.89	44.05	3.52
	Subtotal (A)	**25,998.46**	**765.50**	**2.94**	**25,340.04**	**1,418.80**	**5.60**
B	**Non priority sector**						
1	Agriculture and allied activities *of which:*	2,535.15	17.87	0.70	1,502.95	33.96	2.26
a	Food and cash crops	2,482.52	6.53	0.26	1,381.10	4.93	0.36
2	Industry *of which:*	5,618.17	1,165.64	20.75	4,597.48	1,485.42	32.31
a	Infrastructure	1,811.26	230.57	12.73	1,197.92	457.87	38.22
b	Textile	1,005.53	178.07	17.71	857.16	161.10	18.79
3	Services *of which:*	12,267.54	1,236.77	10.08	11,924.87	965.06	8.09
a	Wholesale and retail trade	4,268.35	848.09	19.87	4,533.82	738.14	16.28
b	Real estate renting and business activities	3,941.13	228.78	5.80	3,728.24	114.98	3.08
c	Financial intermediation	2,646.35	2.07	0.08	1,909.06	20.75	1.09
4	Personal Loans *of which:*	11,130.20	245.26	2.20	9,454.79	239.63	2.53
a	Housing loans other than staff	3,942.38	118.01	2.99	2,997.59	94.53	3.15
b	Personal loan others	3,567.39	41.22	1.16	3,207.12	42.66	1.33
c	Personal Vehicle loans	1,083.73	47.93	4.42	1,061.60	51.14	4.82
d	Staff housing loans	635.26	1.82	0.29	1,025.17	13.40	1.31
	Subtotal (B)	**31,551.06**	**2,665.54**	**8.45**	**27,480.09**	**2,724.07**	**9.91**
	Total (A+B)	**57,549.52**	**3,431.04**	**5.96**	**52,820.13**	**4,142.87**	**7.85**

The above data has been furnished by the Management and have been relied upon by the auditors.

Schedules

4.3 Overseas Asset, NPAs and Revenue

(₹ in crore)

Particulars	2021 – 22	2020 - 21
Total Assets	1,308.89	2,743.35
Total NPAs	Nil	Nil
Total revenue	6.67	4.84

4.4 Particulars of Resolution Plan and Restructuring

a. Details of stressed asset accounts covered under RP vide RBI circular DBR.No.BP.BC.45/21.04.048/2018-19 dated June 07, 2019 are as under:

(₹ in crore)

Particulars	Mar. 31, 2022		Mar. 31, 2021	
	No.	Amount	No.	Amount
Accounts covered under RP	8	601.34	7	456.62
of above, accounts where RP –				
a. implemented	Nil	Nil	1	26.97
b. implementation period is yet to be completed	Nil	Nil	Nil	Nil
c. not implemented within stipulated timelines	7	552.90	5	381.21
d. not applicable (account under CIRP/NCLT)	1	48.44	1	48.44

Bank holds a provision of ₹ 521.86 crore (including additional provision of ₹ 42.79 crore required as per above RBI guidelines) towards the above accounts as on March 31, 2022.

Disclosures in respect of accounts where the resolution period was extended during the year ended March 31, 2021 (as per RBI circular DOR.No.BP.BC.72/21.04.048/2019-20 dated May 23, 2020 and DOR.No.BP.BC.62/21.04.048/2020-21 dated April 17, 2020):

No. of accounts in respect of which resolution period was extended	2
Amount outstanding as on March 31, 2022 (₹ Crore)	152.42

During the year, Bank has been allotted Non-Convertible Debentures (NCDs) under debt settlement plan and resolution plan approved by NCLT; accordingly, 11,19,000 NCDs of face value of ₹ 100/- each at the rate of ₹ 100/- per NCD amounting to ₹ 11.19 crore in respect of one borrower account.

b. Disclosure on restructured accounts

(₹ in crore)

Particulars		Agriculture and allied activities		Corporate (excluding MSME)		MSME		Retail (excl. agriculture & MSME)		Total	
		21-22	20-21	21-22	20-21	21-22	20-21	21-22	20-21	21-22	20-21
Standard	No. of borrowers	2	2	7	5	283	172	2,930	1,449	3,222	1,628
	Gross Amount	0.13	0.18	270.65	215.59	532.57	387.38	836.90	353.82	1,640.25	956.97
	Provisions held	0.01	0.01	27.07	21.23	41.07	19.37	83.40	34.92	151.55	75.53
Sub-standard	No. of borrowers	0	0	0	0	34	14	121	18	155	32
	Gross Amount	0.00	0.00	0.00	0.00	73.39	36.17	30.40	2.29	103.79	38.46
	Provisions held	0.00	0.00	0.00	0.00	13.65	5.57	4.89	0.35	18.54	5.92
Doubtful	No. of borrowers	3	2	1	5	33	16	23	6	60	29
	Gross Amount	6.07	5.94	19.05	262.67	138.25	54.58	2.37	1.14	165.74	324.33
	Provisions held	6.07	5.94	8.80	186.03	84.56	25.07	1.06	0.75	100.49	217.79
Loss	No. of borrowers	2	3	2	1	4	1	177	23	185	28
	Gross Amount	0.02	0.14	10.64	7.90	3.58	2.70	36.41	18.49	50.65	29.23
	Provisions held	0.02	0.14	10.64	7.90	3.58	2.70	36.40	18.49	50.64	29.23
Total	**No. of borrowers**	**7**	**7**	**10**	**11**	**354**	**203**	**3,251**	**1,496**	**3,622**	**1,717**
	Gross Amount	**6.22**	**6.26**	**300.34**	**486.16**	**747.79**	**480.83**	**906.08**	**375.74**	**1,960.43**	**1,348.99**
	Provisions held	**6.10**	**6.09**	**46.51**	**215.16**	**142.86**	**52.71**	**125.75**	**54.51**	**321.22**	**328.47**

Schedules

4.5 Divergence in asset classification and provisioning

Reserve Bank of India had not conducted assessment and Inspection for Supervisory Evaluation (ISE) under section 35 of Banking Regulation Act 1949 on the audited financials for the year ended March 31, 2021 in FY 2021-22. Further, the Bank has not received any communication from RBI regarding divergence on audited financials for the year ended March 31, 2021 in FY 2021-22.

4.6 Transfer of loan exposure

a. Details of loans not in default acquired through assignment during the year (₹ in crore)

Particulars	Acquired from	
	SCBs, RRBs, UCBs, StCBs, DCCBs, AIFIs, SFBs and NBFCs (incl. HFCs)	ARCs
Aggregate principal outstanding of loans acquired	253.14	Nil
Aggregate consideration paid	247.80	
Weighted average residual tenor of loans acquired	Secured LAP - 91 months Machinery loans - 38 months Jewel loans - 16.56 months	
Coverage of tangible security	Secured LAP - 270.75% Machinery loans - 155.10% Jewel loans - 100%	
Retention of beneficial economic interest by the transferor	10%	
Rating wise distribution of loans acquired	Not applicable*	

** Loans acquired are under non-corporate category*

b. Details of loans in default transferred during the year (₹ in crore)

Particulars	To ARCs	To Permitted transferees	To other transferees
No. of accounts	73	Nil	Nil
Aggregate principal outstanding of loans transferred	150.95		
Weighted average residual tenor of the loans transferred	0		
Net book value of loans transferred (at the time of transfer)	0		
Aggregate consideration	105.86		
Additional consideration realised in respect of accounts transferred in earlier years	0		
Excess provisions were reversed to the Profit & Loss Account on account of sale of NPAs.	105.86		

c. The Bank has neither transferred any stressed (SMA) loans and loans not in default during FY 2021-22; nor has acquired any stressed loans/loans classified as NPA acquired during the period.

4.7 Provision towards frauds

(₹ in crore)

SN	Particulars	2021-22	2020-21
A	Number of frauds reported during the year	44	11
B	Amount involved	653.50	22.23
C	Amount recovered/adjusted	12.17#	0.30
D	Amount of interest reversal on NPA	Nil	0.09
E	Balance outstanding as on March 31 (Refer note below)	641.33~	21.84
F	Provisions held in respect of item 'E' above	40.56	10.32
G	Quantum of un-amortised provision, if any, debited to 'Other Reserves' at the end of the year	Nil	Nil

Note : Balance outstanding as on March 31, 2021 includes non-fund facility of ₹ 11.52 crore, which is kept as valid pursuant to the orders of Delhi High Court, in respect of which no provision is made.

 # includes amount of ₹ 11.59 crore recovered and kept in sundries account.

~ includes interest suspense of ₹ 3.62 crore and technically written off accounts of ₹ 525.19 crore.

Schedules

4.8 Details of resolution plan implemented under the Resolution Framework for COVID-19 related stress

(RBI circular 1. DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 (Resolution Framework 1.0) and 2. DOR. STR.REC.11/21.04.048/2021-22 dated May 05, 2021 (Resolution Framework 2.0) "COVID-19 Related Stress of Individuals and Small businesses")

Position for the half-year ended September 30, 2021

(₹ in crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (31.03.2021) [1]	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A), amount written off during the half-year	Of (A), amount paid by the borrowers during the half-year[2]	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year (30.09.2021)
	A	B	C	D	E
Personal Loans	708.41	17.41	Nil	8.39	682.61
Corporate persons*	271.78	Nil	Nil	(9.85)	281.63
Of which MSMEs	Nil	Nil	Nil	Nil	Nil
Others	53.36	0.25	Nil	(2.19)	55.30
Total	**1,033.55**	**17.66**	**Nil**	**(3.65)**	**1,019.54**

**As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016*

[1] Includes exposure as on March 31, 2021 of accounts that are restructured after March 31, 2021

[2] Represents Net Movement in Balances

Position for the half-year ended March 31, 2022

(₹ in crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (30.09.2021)[1]	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A), amount written off during the half-year	Of (A), amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year (31.03.2022)[2]
	A	B	C	D	E
Personal Loans	689.68	43.92	Nil	29.41	616.35
Corporate persons*	301.09	Nil	Nil	9.33	291.76
Of which MSMEs	Nil	Nil	Nil	Nil	Nil
Others	59.15	Nil	Nil	5.65	53.50
Total	**1,049.92**	**43.92**	**Nil**	**44.39**	**961.61**

**As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016*

[1] Includes exposure as on September 30, 2021 of accounts that are restructured after September 30, 2021

[2] Represents Net Movement in Balances

4.9 Restructuring of MSME accounts

As per guidelines issued by RBI vide circulars DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 and DOR. No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020, on "Micro, Small and Medium Enterprise (MSME) sector – Restructuring of Advances", the details of restructured MSME accounts is as under:

Year ended	No. of Borrowers	Amount(₹ Crore)
March 31, 2022	354	747.79
March 31, 2021	203	480.83

4.10 Disclosure of Restructured Accounts (FY 2021-22)

(₹ in crore)

S N	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 01 of the FY (opening figures*)	No. of borrowers	0	0	1	0	1	0	0	1	1	2	1,628	32	27	27	1,714	1,628	32	29	28	1,717
		Amount outstanding	0.00	0.00	2.81	0.00	2.81	0.00	0.00	0.01	0.01	0.02	956.97	38.46	321.51	29.22	1,346.16	956.97	38.46	324.33	29.23	1,348.99
		Provision thereon	0.00	0.00	2.81	0.00	2.81	0.00	0.00	0.01	0.01	0.02	75.53	5.92	214.97	29.22	325.64	75.53	5.92	217.79	29.23	328.47
2	Fresh Restructuring during the year	No. of borrowers	0	0	0	0	0	0	0	0	0	0	1,994	35	6	3	2,038	1,994	35	6	3	2,038
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	957.82	26.51	21.14	0.32	1,005.79	957.82	26.51	21.14	0.32	1,005.79
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	95.32	4.13	19.98	0.31	119.74	95.32	4.13	19.98	0.31	119.74
3	Upgradations to restructured standard category during the FY	No. of borrowers	0	0	0	0	0	0	0	0	0	0	9	(9)	3	(3)	0	9	(9)	3	(3)	0
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.85	(0.93)	0.24	(0.25)	(0.09)	0.85	(0.93)	0.24	(0.25)	(0.09)
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	(0.15)	0.23	(0.25)	(0.10)	0.07	(0.15)	0.23	(0.25)	(0.10)
4	*Restructured standard advanced 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	0	0	0	0	0	(1)	0	0	0	(1)	(1)	0	0	0	(1)
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(6.51)	0.00	0.00	0.00	(6.51)	(6.51)	0.00	0.00	0.00	(6.51)
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.33)	0.00	0.00	0.00	(0.33)	(0.33)	0.00	0.00	0.00	(0.33)

Schedules

4.10 Disclosure of Restructured Accounts (FY 2021-22) (Contd..)

(₹ in crore)

S N	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
5	Downgradations of restructured accounts during the FY	No. of borrowers	0	0	(1)	1	0	0	0	0	0	0	(285)	99	29	157	0	(285)	99	28	158	0
		Amount outstanding	0.00	0.00	(2.81)	2.74	(0.07)	0.00	0.00	0.00	0.00	0.00	(152.30)	40.94	87.05	23.03	(1.28)	(152.30)	40.94	84.24	25.77	(1.35)
		Provision thereon	0.00	0.00	(2.81)	2.74	(0.07)	0.00	0.00	0.00	0.00	0.00	(9.88)	8.82	48.17	23.03	70.14	(9.88)	8.82	45.36	25.77	70.07
6	Write-offs of restructured accounts during the FY	No. of borrowers	0	0	0	0	0	0	0	(1)	0	(1)	(123)	(2)	(5)	(1)	(131)	(123)	(2)	(6)	(1)	(132)
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.01)	0.00	(0.01)	(116.58)	(1.19)	(264.20)	(4.42)	(386.39)	(116.58)	(1.19)	(264.21)	(4.42)	(386.40)
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.01)	0.00	(0.01)	(9.16)	(0.18)	(182.86)	(4.42)	(196.62)	(9.16)	(0.18)	(182.87)	(4.42)	(196.63)
7	Restructured Accounts as on March 31 of the FY (closing figures*)	No. of borrowers	0	0	0	1	1	0	0	0	1	1	3,222	155	60	183	3,620	3,222	155	60	185	3,622
		Amount outstanding	0.00	0.00	0.00	2.74	2.74	0.00	0.00	0.00	0.01	0.01	1,640.25	103.79	165.74	47.90	1957.68	1,640.25	103.79	165.74	50.65	1,960.43
		Provision thereon	0.00	0.00	0.00	2.74	2.74	0.00	0.00	0.00	0.01	0.01	151.55	18.54	100.49	47.89	318.47	151.55	18.54	100.49	50.64	321.22

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

Foot Note 1 - The figures under Sl. No. 2 include fresh accounts restructured under Onetime Restructuring of MSME Advance, Resolution Framework for COVID-19 related stress & additions to existing restructured accounts.

Foot Note 2 - The figures under Sl. No. 6 includes reduction from existing restructured accounts by way of Closure/Recovery/Write-off.

Foot Note 3 - The provision under Sl. No. 7 includes total provision held on restructured accounts. ~ - Accounts restructured under Flexible Structuring, SDR, Change of ownership outside SDR etc., are disclosed separately.

4.10 Disclosure of Restructured Accounts (FY 2020-21)

(₹ in crore)

S N	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 01 of the FY (opening figures*)	No. of borrowers	0	0	1	1	2	0	0	1	1	2	73	15	16	25	129	73	15	18	27	133
		Amount outstanding	0.00	0.00	26.85	27.91	54.76	0.00	0.00	0.01	0.02	0.03	193.29	61.77	345.65	38.41	639.12	193.29	61.77	372.51	66.34	693.91
		Provision thereon	0.00	0.00	26.85	27.91	54.76	0.00	0.00	0.00	0.02	0.02	9.84	9.47	254.66	37.93	311.90	9.84	9.47	281.51	65.86	366.68
2	Fresh Restructuring during the year	No. of borrowers	0	0	0	0	0	0	0	0	0	0	1,576	19	2	3	1,600	1,576	19	2	3	1,600
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	824.78	3.00	1.83	0.11	829.72	824.78	3.00	1.83	0.11	829.72
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.01	68.87	0.46	1.03	0.11	70.47	68.87	0.46	1.04	0.11	70.48
3	Upgradations to restructured standard category during the FY	No. of borrowers	0	0	0	0	0	0	0	0	0	0	2	(1)	0	(1)	0	2	(1)	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	7.18	(0.66)	0.00	(6.78)	(0.26)	7.18	(0.66)	0.00	(6.78)	(0.26)
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.36	(0.10)	0.00	(6.78)	(6.52)	0.36	(0.10)	0.00	(6.78)	(6.52)
4	*Restructured standard advanced 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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Amount outstanding	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
		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

Schedules

4.10 Disclosure of Restructured Accounts (FY 2020-21) (Contd..)

(₹ in crore)

S N	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
5	Downgradations of restructured accounts during the FY	No. of borrowers	0	0	0	0	0	0	0	0	0	0	(16)	2	11	3	0	(16)	2	11	3	0
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(35.22)	(16.38)	47.81	2.72	(1.07)	(35.22)	(16.38)	47.81	2.72	(1.07)
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(1.76)	(2.50)	22.00	3.20	20.94	(1.76)	(2.50)	22.00	3.20	20.94
6	Write-offs of restructured accounts during the FY	No. of borrowers	0	0	0	(1)	(1)	0	0	0	0	0	(7)	(3)	(2)	(3)	(15)	(7)	(3)	(2)	(4)	(16)
		Amount outstanding	0.00	0.00	(24.04)	(27.91)	(51.95)	0.00	0.00	0.00	(0.01)	(0.01)	(33.06)	(9.27)	(73.78)	(5.24)	(121.35)	(33.06)	(9.27)	(97.82)	(33.16)	(173.31)
		Provision thereon	0.00	0.00	(24.04)	(27.91)	(51.95)	0.00	0.00	0.00	(0.01)	(0.01)	(1.78)	(1.41)	(62.72)	(5.24)	(71.15)	(1.78)	(1.41)	(86.76)	(33.16)	(123.11)
7	Restructured Accounts as on March 31 of the FY (closing figures*)	No. of borrowers	0	0	1	0	1	0	0	1	1	2	1,628	32	27	27	1,714	1,628	32	29	28	1,717
		Amount outstanding	0.00	0.00	2.81	0.00	2.81	0.00	0.00	0.01	0.01	0.02	956.97	38.46	321.51	29.22	1,346.16	956.97	38.46	324.33	29.23	1,348.99
		Provision thereon	0.00	0.00	2.81	0.00	2.81	0.00	0.00	0.01	0.01	0.02	75.53	5.92	214.97	29.22	325.64	75.53	5.92	217.79	29.23	328.47

** - Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)*
Foot Note 1 – The figures under S.N. 2 include fresh accounts restructured under onetime restructuring of MSME advances and additions to existing restructured accounts.
Foot Note 2 – The figures under S.N. 6 include reduction from existing restructured accounts by way of closure/recovery/write-offs.
Foot Note 3 – The figures under S.N.7 includes total provision held on restructured accounts.
~ - Accounts restructured under Flexible Structuring, SDR, Change of ownership outside SDR etc., are disclosed separately.

Schedules

4.11 Resolution framework for COVID-19 related stress.

The outbreak of the COVID-19 pandemic had led to a nation-wide lockdown in April-May 2020. This was followed by localised lockdowns in areas with a significant number of COVID-19 cases. Following the decline in the spread of the pandemic, the lockdown measures were eased and there is a gradual improvement in economic activity. The extent to which the current pandemic and its future waves, if any, including other related developments would impact the Bank's and the asset quality are uncertain. The Management continues to closely monitor the day to day operations, liquidity position and adequacy of capital and continues to maintain liquidity coverage and capital adequacy ratios at higher levels than the regulatory minimum as on March 31, 2022. Details of restructuring of credit facilities granted to Individuals and Small Business as per RBI circular DOR. STR.REC.11/21.04.048/2021-22 dated May 05, 2021 (Resolution Framework 2.0 for COVID-19 related stress) :

(₹ in crore)

S N	Description	Individual Borrowers		Small businesses[3]
		Personal Loans	Business Loans[3]	
A	No. of requests received for invoking resolution process[1]	2,525	13	36
B	No. of accounts where resolution plan has been implemented under this window[1]	2,406	13	35
C	Exposure to accounts mentioned at (B) before implementation of the plan	470.04	2.06	89.24
D	Of (C), aggregate amount of debt that was converted into other securities	Nil	Nil	Nil
E	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Nil	0.02	10.63
F	Increase in provisions on account of the implementation of the resolution plan[2]	49.59	0.21	7.78

[1] *Includes 295 accounts restructured under Resolution Framework 1.0 and modified under Resolution Framework 2.0.*

[2] *Represents outstanding provision on all accounts that were restructured under Resolution Framework 2.0 as on March 31, 2022.*

[3] *Represents outstanding in all accounts related to the borrowers whose accounts were restructured under Resolution Framework 2.0.*

Disclosure in respect of borrower accounts where modifications were sanctioned and implemented under Resolution Framework 2.0 for COVID-19 related stress:

No. of accounts in respect of which modification were sanctioned and implemented (A)	295
Aggregate exposure to such borrower accounts as on March 31, 2022 (₹ crore)	84.98
Exposure to accounts mentioned at (A) before implementation of the Resolution Plan (₹ crore)	86.74

4.12 Strategic debt restructuring (SDR) scheme (accounts which are currently under the stand-still period)

(₹ in crore)

Period	No. of accounts where SDR has been invoked	Amount outstanding & classified as					
		As on Mar 31		Accounts where conversion of debt to equity is pending		Accounts where conversion of debt to equity has taken place	
		Standard	NPA	Standard	NPA	Standard	NPA
2021-22		Nil					
2020-21							

4.13 Change in ownership outside SDR scheme (accounts which are currently under the stand-still period)

(₹ in crore)

Period	No. of accounts where the effect change in ownership is decided	Amount outstanding & classified as							
		As on Mar. 31		Accounts where conversion of debt to equity/ invocation of pledge of equity shares is pending		Accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		Accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
		Standard	NPA	Standard	NPA	Standard	NPA	Standard	NPA
2021-22		Nil							
2020-21									

Schedules

4.14 Change in ownership of projects under implementation (accounts which are currently under the stand-still period)

(₹ in crore)

Period	No. of project loan accounts where Banks have decided to effect change in ownership	Amount outstanding as on March 31		
		Classified as standard	Classified as standard restructured	Classified as NPA
2021-22		Nil		
2020-21				

5. Exposures

5.1 Exposure to Real Estate Sector

(₹ in crore)

Category	2021-22	2020-21
a) Direct exposure		
(i) Residential Mortgages (including non-fund based (NFB) limits) –		
Lendings fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	6,234.44	5,812.03
(ii) Commercial Real Estate (including non-fund based (NFB) limits) –		
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.)	3,537.41	3,354.30
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential,	Nil	Nil
b. Commercial Real Estate.		
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	507.79	338.13
Total Exposure to Real Estate Sector	**10,279.64**	**9,504.46**

5.2 Exposure to capital market

(₹ in crore)

Particulars	As at 31.03.2022	As at 31.03.2021
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;	145.25	128.06
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;	0.22	0.22
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	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;	Nil	Nil
5. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	55.83	34.83
6. Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
7. Bridge loans to companies against expected equity flows/issues;	Nil	Nil
8. Underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	Nil	Nil
9. Financing to stockbrokers for margin trading;	Nil	Nil
10. All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total exposure to capital market	**201.30**	**163.11**

Schedules

5.3 Risk Category Wise Country Exposure

(₹ in crore)

Risk category	2021-22		2020-21	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	638.79		175.12	
Low	1,051.38		152.08	
Moderately Low	2.71		11.09	
Moderate	4.99		1.92	
Moderately High	2.83	Nil	0.32	Nil
High	Nil		Nil	
Very High	Nil		Nil	
Restricted	Nil		Nil	
Off-credit	Nil		Nil	
Total	**1,700.70**	**Nil**	**340.53**	**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.

5.4 Unsecured Advances

(₹ in crore)

Particulars	As on March 31,	
	2021-22	2020-21
Total Unsecured advances of the Bank	1,014.75	884.28
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority etc. have been taken as securities	Nil	Nil
Estimated value of such intangible securities	Nil	Nil

5.5 Factoring exposures

Bank undertakes factoring, including factoring through TReDS (Trade Receivable Discounting System) platform. TReDS transactions are undertaken across various platforms viz., RXIL (Receivables Exchange of India Limited), M1Xchange and Invoicemart (A.Treds). Receivables of rated large corporates and that of MSME units from corporates are financed through factoring. Finance extended through factoring form part of advances portfolio of the Bank, and the position of factoring exposure is given below:

(₹ in crore)

Particulars	2021-22	2020-21
TReDS	359.50	148.50
Factoring	172.20	191.95
Total	**531.70**	**340.45**

5.6 Intra Group Exposures - The Bank has no intra group exposures on 31.03.2022 and 31.03.2021

5.7 Unhedged Foreign Currency Exposure (UFCE)

Bank has a laid down Credit Policy, specifying that in respect of foreign currency loan exposure above USD Two million, hedging is to be insisted upon; its waiver shall be considered on merits, on a case to case basis, and after ensuring obtention of a minimum cash margin of 5% on the exposure towards exchange rate fluctuation risk. In case of foreign currency loan extended to finance exports, considering the availability of natural hedge, hedging of risks may not be insisted upon. For foreign currency exposure of Corporate Borrowers, hedging is to be insisted upon in respect of exposures exceeding the thresholds specified. UFCE shall exclude items which are effective hedge of each other. Natural hedges and financial hedges already made shall be excluded for arriving at the UFCE.

Bank shall make incremental provisioning and capital provisioning as under, as prescribed by RBI, and shall adopt the provisioning and capital provisioning requirements of RBI in respect of those entities on which total exposure of the Banking system is above ₹ 25 crore. Bank shall follow the RBI guidelines in respect of smaller entities (i.e. total exposure of the Banking system is at ₹ 25 crore or less) and shall make an incremental provisioning of 10 bps over and above the extant standard asset provisioning for the unhedged exposure. In case of consortium/MBA lending, Bank shall make provisioning on the pro rata exposure of our Bank, provided the borrower is having foreign exchange business relationship with the Bank. Bank holds a provision of ₹ 5.51 crore as on 31.03.2022 (Previous year ₹ 5.41 crore) towards UFCE of its clients.

Schedules

5.8 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.

6. Concentration of business

(₹ in crore)

Particulars	2021-22	2020-21
a. Concentration of deposits		
Total deposits of Twenty Largest Deposits	3,170.42	3,894.36
% of above to Total Deposits	4.62%	6.15%
b. Concentration of advances		
Total Advances to Twenty Largest Borrowers	3,542.83	3,671.15
% of above to Total Advances	5.06%	5.92%
c. Concentration of exposures		
Total Exposures to Twenty Largest Borrowers/Customers	3,909.30	3,716.15
% of above to Total Exposure	5.46%	5.93%
d. Concentration of NPAs		
Total Exposure to top twenty NPA Accounts	1,190.32	1,544.61
% of above to total Gross NPAs	34.69%	37.28%

The above data has been furnished by the management and have been relied upon by the auditors.

7. Derivatives

(₹ in crore)

Particulars	March 31, 2022	March 31, 2021
7.1 Forward Rate Agreement/Interest Rate Swap		
1. The notional principal of swap agreements		
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	Nil	Nil
4. Concentration of credit risk arising from the swaps		
5. The fair value of the swap book		
7.2 Exchange Traded Interest Rate Derivatives		
1. Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument wise)		
2. Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2022 (instrument wise)	Nil	Nil
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)		

7.3 Disclosures on risk exposure in derivatives

Qualitative Disclosure

Structure, Organisation, Scope, Nature of risk management in derivatives

Dealing in derivatives is centralised in the integrated Treasury of the Bank. Treasury is segregated into three functional areas i.e., front office, mid office and back office.

Derivative transactions are entered into by the front office; mid 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.

Schedules

Rupee derivative deals are executed for hedging or for trading. The risk in the derivatives portfolio is monitored by assessing the 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. Banks have been permitted to adopt the Current Exposure Method for measurement of Credit Exposure of Derivative products as per extant RBI guidelines.

The Board reviews the risk profile of the outstanding portfolio at regular intervals.

Accounting

Accounting policies for derivatives adopted by the Bank are as per RBI guidelines. 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 MTM. 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 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.

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 Price Value of a Basis Point (PVBP) 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 disclosure

(₹ in crore)

Particulars	Mar. 31, 2022		Mar. 31, 2021	
	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 (Note:1)	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 Forward Forex Contracts. Bank does not have any open position in the Derivative instruments in trading book as on March 31, 2022.

Schedules

7.4 Credit Default Swaps

The Bank has not undertaken any Credit Default Swaps during FY 2021-22 and FY 2020-21.

8. Disclosures relating to Securitisation

The Bank has not sponsored any SPE/SPVs, including off balance sheet SPVs (which are required to be consolidated as per accounting norms) during FY 2021-22 and FY 2020-21.

(₹ in crore)

SN	Particulars	2021-22		2020-21	
		Number	Amount	Number	Amount
1	No. of SPEs sponsored by the Bank for securitisation transactions				
2	Total amount of securitised assets as per the books of the SPVs sponsored by the Bank				
3	Total amount of exposures retained by the Bank to comply with MMR as on the date of Balance Sheet a) Off-balance sheet exposures i. First Loss ii. Others b) On-balance sheet exposures i. First Loss ii. Others				
4	Amount of exposures to securitisation transactions other than MMR a) Off-balance sheet exposures i. Exposures to own securitisations 1. First Loss 2. Others ii. Exposures to third party securitisations 1. First Loss 2. Others b) On-balance sheet exposures i. Exposures to own securitisations 1. First Loss 2. Others ii. Exposures to third party securitisations 1. First Loss 2. Others	Nil		Nil	
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation				
6	Form and quantum (outstanding value) of services provided by way of liquidity support, post-securitisation asset servicing, etc.				
7	Performance of facility provided – viz. credit enhancement, liquidity support, servicing agent etc. a. Amount paid b. Repayment received c. Outstanding amount	Nil		Nil	
8	Average default rate of portfolios observed in the past				
9	Amount and number of additional/top-up loan given on same underlying asset				
10	Investor complaints a. Directly/Indirectly received b. Complaints outstanding				

8.1 Position of Security Receipts and Recovery Ratings Thereof

a. Details of book value of Investments in Security Receipts

(₹ in crore)

Particulars	2021-22	2020-21
i. Backed by NPAs sold by the Bank as underlying	540.39	644.45
ii. Backed by NPAs sold by other Banks/financial institutions/non-banking financial companies as underlying	Nil	Nil
Total	**540.39**	**644.45**

Schedules

b. Recovery ratings assigned for Security Receipts

(₹ in crore)

Rating Scale	Book Value	
	2020-21	2020-21
R1	79.05	132.97
RR1	171.84	184.52
RR2	Nil	14.37
RR3	13.23	9.55
RR4	9.24	33.09
NR4	0.76	184.12
RR5	Nil	54.24
NR5	158.76	Nil
NR6	4.66	Nil
Unrated* (Rating Withdrawn)	102.85	31.59
Total	**540.39**	**644.45**

** As per RBI guidelines, rating is not applicable after eight years.*

c. Age wise classification of Security Receipts

(₹ in crore)

	Particulars	SRs issued					
		Within past 5 years		More than 5 years ago but within past 8 years		More than 8 years ago	
		2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
1	Book value of SRs backed by NPAs sold by the Bank as underlying	212.03	275.34	225.51	289.90	102.85	79.21
	Provision held	194.01	92.23	94.65	109.36	102.85	79.21
2	Book value of SRs backed by NPAs sold by other Banks/financial institutions/non-banking financial companies as underlying			Nil			
	Provision held			Nil			
Gross Book value		**212.03**	**275.34**	**225.51**	**289.90**	**102.85**	**79.21**
Total provision held against above		194.01	92.23	94.65	109.36	102.85	79.21
Net Book Value		**18.02**	**183.11**	**130.86**	**180.54**	**Nil**	**Nil**

9. Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Bank has not sponsored any off-balance sheet SPVs as on March 31, 2022 and March 31, 2021.

10. Transfers to Depositor Education and Awareness Fund (DEA Fund)

As per RBI guidelines, the credit balance in accounts which have not been operated upon for a period of ten years or any deposit or any amount remaining unclaimed for a period exceeding ten years is transferred to DEAF.

(₹ in crore)

Particulars	2021-22	2020-21
Opening balance	151.03	129.13
Add : Amounts transferred during the year	32.81	23.08
Less : Amounts reimbursed towards claims paid	2.77	1.18
Closing balance	**181.07**	**151.03**

Schedules

11. Disclosure on complaints

a) Disclosure on complaints received from Customers and Banking Ombudsman (OBO)

(₹ in crore)

SN	Particulars	2021-22	2020-21
A.	Complaints received by the Bank from its customers		
1	Number of complaints pending at beginning of the year	40	18
2	Number of complaints received during the year	4656	2015
3	Number of complaints disposed during the year	4568	1993
3.1	Of which, number of complaints rejected by the Bank	828	422
4	Number of complaints pending at the end of the year	128	40
B.	Maintainable complaints received by the Bank from OBOs		
5	Number of maintainable complaints received by the Bank from OBOs	502	490
5.1	Of 5, number of complaints resolved in favour of the Bank by BOs	492	480
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs	10	10
5.3	Of 5, number of complaints resolved after passing of Awards by BOs against the Bank	Nil	Nil
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 and covered within the ambit of the Scheme.

b) Top five grounds of complaints received from customers

Grounds of complaints (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
		2021-22			
Loans and advances	7	2,151	376.94	69	12
Internet/Mobile/Electronic Banking	18	1,023	192.28	21	1
ATM/Debit cards	4	290	22.36	3	Nil
Account opening/Difficulty in operation of accounts	Nil	143	68.24	5	Nil
Cheques/Drafts/Bills	Nil	78	122.86	3	Nil
Others	11	971	13.30	27	6
Total	**40**	**4,656**	**131.07**	**128**	**19**
		2020-21			
Loans and advances	1	451	163.74	7	1
Internet/Mobile/Electronic Banking	9	350	(3.85)	18	2
ATM/Debit cards	1	237	86.61	4	1
Account opening/Difficulty in operation of accounts	Nil	85	400.00	Nil	Nil
Levy of charges without prior notice/Excessive charges/ Foreclosure charges	Nil	40	90.48	1	1
Others	7	852	216.73	10	Nil
Total	**18**	**2,015**	**107.95**	**40**	**5**

Note: The above data has been compiled on the basis of RBI guidelines and certain assumptions made by management and have been relied upon by auditors.

Schedules

12. Disclosure of penalties imposed by RBI

During the year RBI has levied the following penalties –

1. ₹ 73,250/- emanating out of deficiencies found while processing the notes currency notes remitted by the Bank (Previous year ₹ 27,500/-).
2. ₹ One crore for non-compliance with certain provisions of directions on 'Lending to Non-Banking Financial Companies (NBFCs)', 'Bank Finance to Non-Banking Financial Companies (NBFCs)', 'Loans and Advances – Statutory and Other Restrictions', 'Creation of a Central Repository of Large Common Exposures – Across Banks' read with the contents of Circular on 'Reporting to Central Repository of Information on Large Credits (CRILC)' (Previous year Nil).

13. Disclosures on Remuneration

Qualitative Disclosure

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 three Directors, out of which two are Independent Directors. Further as per RBI guidelines a Member of Risk Management Committee of the Board is also Member in NRC. 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 NRC includes:

a. To formulate criteria for determining qualifications, positive attributes and independence of a director, in terms of fit and proper criteria issued by the RBI from time to time.

b. To devise a policy on Board Diversity;

c. To formulate/review criteria for evaluation of performance of Chairman, Independent Directors, Board of Directors, Committees of Board.

d. To recommend persons who are qualified to become Directors and who may be appointed in senior Management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.

e. To frame/review Compensation Policy towards ensuring effective alignment between remuneration and risk. Directors and Senior Management Personnel shall be part of the Compensation Policy.

f. To also review and recommend to the Board, all remuneration, in whatever form, payable to Directors & senior Management.

g. To consider grant of stock options to employees, administer and supervise the Employee Stock Option Plans in conformity with statutory provisions and guidelines;

h. To provide inputs to Board for making disclosures regarding policies, appointments, remuneration etc. of Directors and Senior Management personnel in the Annual Reports/ Directors Reports/Financial Statements etc. as may be required by the regulations from time to time.

i. 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

The Bank has a Board approved Compensation Policy in terms of the RBI guidelines, provisions of Companies Act,2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The compensation payable to MD & CEO and MRTs is divided into fixed and variable components. The proportion of variable pay shall increase significantly along with the level of seniority and/or responsibility. NRC shall work in close co-ordination with the Risk Management and Asset Liability Management Committee of the Board in order to achieve effective alignment between remuneration and risks. NRC will review the policy from time to time.

The Compensation Policy of the Bank covers the compensation payable to all the employees including the MD&CEO/WTD, Key Managerial Personnel, Material Risk Takers (MRT) and Control Function Staff as per the guidelines of RBI as also fee payable to Non- Executive Directors/Independent Directors. No remuneration is paid to Non-Executive Directors/ Independent Directors except Part- time Chairman other than the Sitting Fees for attending Board/ Committee meetings. Part- time (Non-Executive) Chairman is entitled for a fixed remuneration-

Schedules

honorarium, as approved by Reserve Bank of India and Shareholders of the Bank.

Remuneration to employees (other than MD & CEO and MRTs) is defined by the IBA pay scale/CTC pay structure, both of which are approved by the Board. The IBA pay scale is an industry standard across all PSBs and old generation private banks, while the CTC pay structure specific to KVB has been formulated on the basis of comparative industry practices. The objective is to suitably compensate every employee as per his position in the organisation so as to adequately recognise his contributions.

Objective of the Compensation Policy is to align the compensation with prudent risk taking;

- Compensation must be adjusted for all types of risks
- Compensation outcomes must be symmetric with risk outcomes
- Compensation pay-out schedules must be sensitive to the time horizon of risks
- The proportion of cash, equity and other forms of compensation must be consistent with risk alignment.

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

With respect to MD&CEO/MRT the clauses of Compensation Policy adopted by the Bank address the issues pertaining to current and future risks. A wide variety of measures of credit, market and liquidity risks are used by the Bank in implementation of risk adjustment. This risk adjustment has both quantitative and qualitative elements. The Policy effectively aligns the compensation with prudent risk taking and shall be symmetrical with risk outcomes as well as sensitive to the time horizon of risk.

Risks measures relating to the compensation payable are reviewed on timely basis and are updated to suit the skill gaps and current day needs.

The remuneration (other than MD & CEO and MRTs) as per IBA/CTC package is position/designation specific and not necessarily risk specific. However, there are sufficient systems and procedures in place in the Bank (including Malus/Claw back clauses in the employment contracts, continuous monitoring/auditing etc) to ensure risk mitigation and prevention.

Board of Directors of the Bank through its NRC shall exercise oversight & effective governance over the framing and implementing the Compensation Policy.

d. Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration

Bank follows a performance-based remuneration, which motivates and rewards high performers who strengthen long-term customer relations, and generate income and shareholder value. The Bank while designing the compensation structure ensures that there is a proper balance between fixed pay and variable pay. Bank ensures that variable pay shall relate to the performance. The variable pay could be in cash, stock linked instruments or a mix of both.

While fixing the variable pay, NRC shall assess the performance parameters under financial and non-financial areas of operations. The financial performance of the Bank is factored while determining the amount of variable remuneration to be paid. Variable Pay shall be fixed on the basis of performance matrix broadly categorised as a) Bank as a whole, b) Business Unit, c) Individual, based on the quantitative and qualitative criteria. The quantitative criteria shall relate to the performance of the Bank and certain qualitative factors taking into account the, Governance Improvement Measures, Cost to Income Ratio, Capital Adequacy Ratio, extraordinary items, appropriate risk management and efficient consumption of capital, etc as set out by NRC.

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 claw back 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

As per the Compensation Policy, variable pay is eligible on the achievement of certain business/ compliance targets fixed by the Management. The structuring of remuneration in case of MD&CEO/ WTD shall be subject to the approval of RBI.

Schedules

Deferral arrangements for variable pay in case of Managing Director & Chief Executive Officer/WTD and other employees who are MRTs and Control Function Staff, in adherence to FSB implementation standards shall be; a minimum of 60% of the total variable pay shall be under deferral arrangements.

if cash component of variable pay equals or exceeds ₹25.00 Lakhs, then at least 50% of the cash bonus shall be deferred.

The deferral period shall be a minimum of three years applicable to both cash and non-cash components of the variable pay. Deferred remuneration shall either vest fully at the end of the deferral period or be spread out over the course of the deferral period. The first such vesting shall be not before one year from the commencement of the deferral period. The vesting shall be no faster than on a pro-rata basis. Additionally, vesting, shall not take place more frequently than on a yearly basis, to ensure a proper assessment of risks before the application of ex-post adjustments.

Subject to Bank's ESOP schemes, NRC at its discretion may specify a retention period after the vesting of stock linked instruments which have been awarded as variable pay during which they cannot be sold or accessed.

In cases where the compensation by way of share linked, instruments is not permitted by law/regulations, the entire variable pay can be in cash, subject to deferral/ vesting/malus-claw back norms.

f. Description of the different forms of variable remuneration (i.e. cash and types of share-linked instruments) that the Bank utilises and the rationale for using these different forms

Variable pay is purely based on performance and is measured through score cards. Bank ensures that the compensation structure is comprehensive and considers both, qualitative and quantitative performance measures. The variable pay would be in the form of cash & non-cash components (in the form of Share linked instruments).

Bank has Employees Stock Option Scheme i.e. ESOS. NRC may grant stock options under the Employees Stock Options Plan/Scheme from time to time in terms of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (Erstwhile SEBI(Share Based Employee Benefits) Regulations, 2014.

In case of other employees Bank also subscribes to different forms of variable pay such as performance linked incentives, Ex-gratia for other employees, non–cash incentives, Bonus, any other incentives by whatever name called having the similar features. The Bank shall not grant any severance pay (other than the terminal benefits and gratuity as per the provisions). Bank shall not provide any facility or funds or permit to insure or hedge his/her compensation structure to offset the risk alignment effects embedded in the compensation package.

Schedules

Quantitative Disclosures:

Particulars		2021-22	2020-21
a) Number of meetings held by the Nomination & Remuneration Committee during the financial year and remuneration paid to its members.		9 Meetings and remuneration of ₹11.55 Lakh	7 Meetings and remuneration of ₹8.90 Lakh
b) Number of employees having received a variable remuneration award during the financial year (see note 'a' below)		2	1
c) Number and total amount of sign-on/joining bonus made during the financial year		Nil	Nil
d) Details of severance pay, in addition to accrued benefits, if any		Nil	Nil
e) Total amount of outstanding deferred remuneration, split into cash, types of share-linked instruments and other forms		a. Cash - ₹16,50,000/- b. Non-Cash - 1,35,710 ESOPs	Nil
f) Total amount of deferred remuneration paid out in the financial year		Nil	Nil
g) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred (Refer note below)		1. Fixed Pay ₹2,04,81,284/- 2. Variable Pay ₹1,01,66,667/-	1. Fixed Pay ₹1,56,32,352/- 2. Variable Pay ₹17,82,000/-
h) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments		Nil	Nil
i) Total amount of reductions during the financial year due to ex-post explicit adjustments		Nil	Nil
j) Total amount of reductions during the financial year due to ex-post implicit adjustments		Nil	Nil
k) Number of MRTs identified (see note 'b' below)		2	2
l) Number of cases where malus has been exercised		Nil	Nil
m) Number of cases where clawback has been exercised		Nil	Nil
n) Number of cases where both malus and clawback has been exercised		Nil	Nil
o) The mean pay for the Bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay	Mean Pay	₹ 10,21,705	₹ 10,67,504
	Deviation of the pay*	15.73X	8.90X

** - During the year 2020-21, the Bank has paid arrears of wages pursuant to the 11th Bipartite Settlement and the impact of the same is considered in the computation of mean pay for the Bank as a whole.*

Deviation from Mean Pay of the Bank, in respect of MD &CEO compensation has seen a significant change due to the following reasons:

a. The mean employee has dipped due to attrition in permanent staff, who have higher incomes.

b. MD & CEO's remuneration for the previous year was for period from 29.07.2020 to 31.03.2021, hence partial in comparison to FY 2021-22. Moreover variable pay (cash component) is included in the FY 2021-22 only.

Note – a. Details of fixed remuneration paid:

SN	Name	Period	Designation	Amount (₹)
1	Mr. B Ramesh Babu	2021-22	MD & CEO (MRT)	1,40,09,235
2	Mr. J Natarajan	2021-22	President & COO (MRT)	64,72,049
Total				2,04,81,284
1	Mr. B Ramesh Babu (taken charge as MD & CEO on 29.07.2020)	29.07.2020 to 31.03.2021	MD & CEO (MRT)	95,03,642^
2	Mr. J Natarajan	2020-21	President & COO (MRT)	61,28,710
Total				**1,56,32,352**

^ - includes perquisites worked out as per Income Tax Rules, 1962.

Schedules

b. Details of Variable Pay pertaining to FY 2020-21 granted during the FY 2021-22:

SN	Name	Variable Pay (₹)	Cash (₹)	Share linked remuneration (ESOPs)
1	Mr. B Ramesh Babu, MD&CEO (MRT)	67,00,000	33,00,000 (Upfront ₹ 16.50 lakh + ₹ 5.50 lakh each deferred over a period of 3 years)	73,193 options to be vested in the ratio of 33:33:34
2	Mr. J Natarajan, President & COO (MRT)	34,66,667	6,24,000 (Upfront)	61,797 options to be vested in the ratio of 30:30:40
	Total	**1,01,66,667**		

a. RBI vide letter dated February 09, 2022 has approved variable pay to Mr. B Ramesh Babu, MD & CEO for performance period FY 2020-21, which was paid during the year ended March 31, 2022.
b. RBI vide letter dated November 10, 2020 has approved variable pay to Mr. P R. Seshadri, ex-MD & CEO for performance during the period FY 2019-20, which was paid during the year ended March 31, 2021.
c. Position of MD & CEO and President & COO are identified as Material Risk Takers by the Bank.

13.1 Stock options

The Bank has formulated and adopted Employee Stock Option Schemes to provide a platform to employees for participating in the ownership of the Bank and in its long-term growth. The Bank uses stock options as a compensation tool to attract and retain critical talent and encourage employees to align individual performances with that of the Banks objectives. Currently, the Bank has the following Schemes in compliance with the provisions of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021:

- Karur Vysya Bank Employees Stock Option Scheme 2011 ("KVB-ESOS-2011")
- Karur Vysya Bank Employees Stock Option Scheme 2018 ("KVB-ESOS-2018")

The grants made under the said schemes are in accordance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (Erstwhile SEBI (Share Based Employee Benefits) Regulations, 2014).

Stock option activity under the KVB ESOS 2011 & KVB ESOS 2018 Schemes for the year ended March 31, 2022 is set out below:

Particulars	Status of options granted during		
	FY 2018-19	FY 2020-21	FY 2021-22
KVB-ESOS 2011 SCHEME			
Outstanding at the beginning of the year i.e. as on 01.04.2021	3,69,350	1,22,55,100	Nil
Granted during the year (Note 3)	Nil	Nil	Nil
Vested during the year (Note 1)	89,205	11,69,608	Nil
Exercised during the year	Nil	85,983	Nil
Lapsed/forfeited/cancelled (Nos.) (Note 2)	1,77,799	85,88,605	Nil
Outstanding as on March 31, 2022	1,91,551	35,80,512	Nil
Exercisable at the end of the year March 31, 2022	1,91,551	10,78,372	Nil
KVB-ESOS 2018 SCHEME			
Outstanding at the beginning of the year i.e. as on 01.04.2021	2,00,000	45,41,710	Nil
Granted during the year (Note 3)	Nil	Nil	1,35,710
Vested during the year (Note 1)	Nil	11,86,985	Nil
Exercised during the year	Nil	6,03,981	Nil
Lapsed/forfeited/cancelled (Nos.) (Note 2)	2,00,000	18,36,649	Nil
Outstanding as on March 31, 2022	Nil	21,01,080	1,35,710
Exercisable at the end of the year March 31, 2022	Nil	4,58,796	Nil

Note:

1. *Vesting eligibility under these schemes are purely based on achievement of performance matrix of FY 2020-21. The vesting period shall be under deferral arrangement upto three years from the date of grant based on the employees left over service period in the Bank, however minimum vesting period of one year is mandatory.*

Schedules

2. *Consequent to the performance assessment for FY 2020-21 and on the basis of eligibility conditions during the year, 1,04,25,254 options (ESOS 2011 scheme – 85,88,605 options and ESOS 2018 scheme – 18,36,649 options) were lapsed, and the said options were added back to the Employee Stock Option pools.*

3. *The Bank has granted 1,35,710 options of face value ₹ 2/- each to Material Risk Takers (MRTs) - MD & CEO and President & COO under KVB ESOS 2018 scheme during the year. In terms of RBI Guidelines on Compensation Policy, the said grant is part of their variable pay non-cash component for the performance assessment period of FY 2020-21. The vesting period shall be under deferral arrangement of three years from the date of grant.*

14. Other disclosures

14.1 Business ratios

(₹ in crore)

Particulars	2021-22	2020-21
1. Interest Income as a percentage to Working Funds (%)	7.12	7.41
2. Non-interest income as a percentage to Working Funds (%)	0.98	1.43
3. Cost of Deposits (%)	4.30	4.96
4. Net Interest Margin (%)	3.69	3.40
5. Operating Profit as a percentage to Working Funds (%)	2.08	1.94
6. Return on Assets (%)	0.86	0.49
7. Business (Deposits plus Advances) per employee (₹ crore)	17.28	14.99
8. Profit per employee (₹ lakh)	9.22	4.64

Working Funds are based on average of total assets as reported to RBI in Form X during the year; Employee productivity ratios are based on actual number of employees at the end of the year.

14.2 Income from Bancassurance business

(₹ in crore)

SN	Fee/Remuneration from sale of	2021-22*	2020-21*
1	Life Insurance Products	16.88	11.73
2	Non-Life Insurance Products	6.16	5.55
3	Health Insurance Products	3.29	2.47
Total		**26.33**	**19.75**

** exclusive of GST.*

14.3 Income from marketing and distribution

(₹ in crore)

SN	Fee/Remuneration from sale of	2021-22	2020-21
A	**Mutual fund products**	0.99	0.65
	Total (A)	**0.99**	**0.65**
B	**Other products**		
1	Demat & Trading	1.08	1.07
2	Co-branded Credit Card	0.71	0.72
3	PMJJBY Scheme	0.26	0.24
4	Sovereign Gold Bond Scheme	0.29	0.56
5	Atal Pension Yojana	0.01	0.17
6	National Pension Scheme	0.01	0.01
	Total (B)	**2.36**	**2.77**
	Total (A+B)	**3.35**	**3.42**

Schedules

14.4 Priority sector lending certificates sold/purchased during the year

(₹ in crore)

Particulars	2021-22	2020-21
PSLC purchased during the year		
1. Agriculture		
2. SF/MF		
3. Micro Finance	Nil	Nil
4. General		
Total		
PSLC sold during the year		
1. Agriculture	200	
2. SF/MF	Nil	
3. Micro Finance	Nil	Nil
4. General	700	
Total	**900**	

14.5 Provisions and contingencies

Break-up of 'Provision and Contingencies' shown under the 'Expenditure' head in Profit & Loss Account

(₹ in crore)

Provision for	2021-22	2020-21
Standard Assets	16.99	5.73
Bad & Doubtful Debts	634.85	633.99
Non Performing Investments	(5.89)	19.38
Fraud (other than advances)	0.14	(4.31)
COVID-19 Relief Package	Nil	(19.50)
Restructured accounts including COVID-19 restructuring, Food Credit	30.01	71.85
Additional provision for accounts covered under Resolution Plan	42.79	36.62
Unhedged Foreign Currency Exposure	0.10	Nil
Other Provisions	(19.70)	13.38
Income Tax	280.23	194.61
Deferred Tax (Net)	(22.58)	(19.63)
Total	**956.94**	**932.12**

14.5.1 Movement of Floating Provision/counter cyclical buffer

(₹ in crore)

Particulars	2021-22	2020-21
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
Amount transferred to provision for NPAs during the year	9.69	Nil
Floating Provision at the end of the year	Nil	9.69

14.5.2 Provisions on standard assets, food credit

(₹ in crore)

Provisions for	2021-22	2020-21
1. Standard Assets	205.14	188.15
2. Food Credit (Punjab State Government) *	6.24	6.55

** Provision @ 5% of outstanding food credit availed by Punjab State Government, vide RBI circular DBR.BP.No.3992/21.04.048/2016-17 dated October 03, 2016.*

Schedules

14.6 Status with regard to Ind AS Implementation

Ministry of Corporate Affairs (MCA), Government of India, notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015. Vide press release dated January 18, 2016, MCA notified the roadmap for implementation of Indian Accounting Standards (IndAS) (converging with the Internal Financial Reporting Standards (IFRS)) for Scheduled Commercial Banks (SCBs) excluding Regional Rural Banks, Non-Banking Financial Companies and Insurance Companies. Accordingly, RBI, vide circular DBR.BP.BC.No.76/21.07.001/2015-16 dated February 11, 2016, advised SCBs to follow IndAS from April 01, 2018, subject to guidelines/directions to be issued in this regard.

RBI initially deferred IndAS implementation by SCBs to April 01, 2019; subsequently, vide circular DBR.BP.BC. No.29/21.07.001/2018-19 dated March 22, 2019, implementation of IndAS by SCBs has been deferred till further notice. RBI has not issued any further notification on implementation of IndAS by SCBs during the financial year 2021-22.

In compliance to the RBI circular dated February 11, 2016, the status of IndAS implementation is given below:

Proforma IndAS statements have to be submitted to RBI on half-yearly basis with effect from FY 2021-22 (as against quarterly basis up to the previous year); accordingly, proforma IndAS statements for the half-year ended September 30, 2021 have been prepared and submitted to RBI. Bank has evaluated IndAS solution offered by various vendors. It is proposed to procure a suitable software to enable the Bank to comply with IndAS requirements including, *inter alia*, to evaluate, determine and measure probability of default, loss given default, expected credit loss, effective interest rate etc., as well as support accounting, reporting and MIS generation for reporting purposes.

14.7 DICGC Insurance Premium paid

(₹ in crore)

SN	Particulars	As at 31.03.2022	As at 31.03.2021
1	Amount of DICGC insurance premium paid	91.47	85.32
2	Arrears in payment of DICGC premium, if any	Nil	Nil

14.8 Disclosure on amortisation of expenditure on account of enhancement in family pension of employees of Banks

The revision in family pension payable to employees of the Bank covered under 11th Bipartite Settlement and Joint Note dated November 11, 2020 was quantified on August 26, 2021; the Bank opted to amortise the additional liability of ₹ 80.26 crore based on actuarial valuation during the three quarters of financial year 2021-22 equally, and has been accordingly expensed to Profit & Loss Account i.e. ₹ 26.76 crore during the quarter ended September 30, 2021, ₹ 26.75 crore during the quarter ended December 31, 2021 and ₹ 26.75 crore during the quarter ended March 31, 2022.

14.9 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:

a. 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, 2022.

b. Revenue Recognition (AS-9)

Bank recognises revenue on accrual basis, as per details given in item C.1 of the Accounting Policy of the Bank (Schedule 17).

c. Effects of changes in foreign Exchange Rates (AS-11)

Bank has followed the guidelines issued by RBI and FEDAI, in order to comply with the applicable requirements under AS-11. Accordingly, foreign exchange transactions are accounted as per details given item C.6 of the Accounting Policy of the Bank (Schedule 17).

Schedules

d. 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.

National pension scheme: As per industry settlement dated April 27, 2010, employees who have joined on or after April 01, 2010 are covered under National Pension System (NPS) regulated by Provident Fund Regulatory Development Authority (PFRDA). Employer's contribution to NPS has been recognised as expenditure in the Profit and Loss account.

b. In respect of Defined Benefit Plans, viz.,

Gratuity: The Bank provides for Gratuity, a defined benefit plan (the Gratuity Plan) covering the eligible employees. The Gratuity Plan provides a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment, of an amount based on respective employee's salary and tenure of employment.

Pension: The Bank provides for Monthly pension, a defined benefit plan (the Pension Plan) covering the eligible employees. The Pension Plan provides a monthly pension after the retirement of the employees till death and to the family after his death of the pensioner based on the respective employee's salary and tenure of the employment.

The disclosure requirements as per the AS-15 are given below

Principal Actuarial Assumptions

(₹ in crore)

Particulars	Gratuity		Pension	
	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21
Discount Rate (%)	7.31	6.96	7.40	6.96
Salary escalation rate (%)	5.00	5.00	5.00	5.00
Attrition rate (%)	*	~	0.50	0.50
Expected rate of return on Plan Assets (%)	7.31	6.96	7.40	6.96

** Attrition rate for FY 2021-22 – 0.50% for those under defined benefit pension option and 2.40% for others.*

~ Attrition rate for FY 2020-21 - 0.50% for those under defined benefit pension option and 1.19% for others

Expenses Recognised in Profit and Loss Account

(₹ in crore)

Particulars	Gratuity		Pension	
	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21
Current Service Cost	15.77	14.60	24.64	19.58
Past Service Cost	Nil	Nil	75.06	Nil
Interest cost on benefit obligation	18.37	13.85	53.48	42.57
Expected return on plan assets	(15.59)	(13.85)	(52.16)	(42.65)
Net Actuarial (gain)/loss recognised in the year	(5.01)	50.05	5.40	169.37
Expenses recognised in Profit & Loss A/c.	13.54	64.65	106.42	188.87

Schedules

Changes in the present value of the defined benefit obligation

(₹ in crore)

Particulars	Gratuity		Pension	
	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21
Present value of obligation at the beginning of the year	263.97	201.99	768.40	625.13
Current Service Cost	15.77	14.60	24.64	19.58
Past Service Cost	Nil	Nil	75.06	Nil
Interest Cost	18.37	13.85	53.48	42.57
Net actuarial (gain)/loss on obligation	(1.05)	50.01	8.07	166.22
Benefits Paid	(27.70)	(16.48)	(135.66)	(85.10)
Present value of the obligation at the end of the year	269.36	263.97	793.99	768.40

Change in the fair value of plan assets

(₹ in crore)

Particulars	Gratuity		Pension	
	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21
Fair value of plan assets at the beginning of the year	223.96	202.02	749.38	626.36
Expected Return on plan assets	15.59	13.85	52.16	42.65
Contribution by employer	57.41	24.61	168.65	168.63
Benefits Paid	(27.69)	(16.48)	(135.66)	(85.10)
Actuarial gain/(loss)	3.95	(0.04)	2.67	(3.16)
Fair value of plan assets at the end of the year	273.22	223.96	837.20	749.38

Investment details of plan assets

Particulars (details in % terms)	Gratuity		Pension	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
LIC Managed Fund	95.05	91.52	87.04	85.66
Government Securities	3.79	7.26	4.88	5.85
Bonds, debentures and other fixed income instruments	0.71	0.86	0.36	0.41
Money Market Instruments	Nil	Nil	Nil	Nil
Equity Shares	Nil	Nil	Nil	Nil
Others	0.45	0.36	7.72	8.08
Total	**100.00**	**100.00**	**100.00**	**100.00**

Experience adjustments

(₹ in crore)

Particulars	Gratuity					Pension				
	Year ended March 31,					Year ended March 31,				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Defined Benefit Obligation	269.36	263.97	201.99	168.05	160.85	793.99	768.40	625.13	533.58	454.29
Plan Assets	273.22	223.96	202.02	168.06	161.03	837.20	749.38	626.36	533.59	462.46
Surplus/(Deficit)	3.86	(40.01)	0.03	0.01	0.18	43.21	(19.02)	1.23	0.01	8.17
Experience Adjustments on Plan Liabilities	5.34	63.70	5.11	7.38	11.14	60.86	178.47	90.76	105.33	53.29
Experience Adjustments on Plan Assets	3.95	(0.04)	0.31	(1.03)	Nil	2.67	(3.15)	(2.70)	(16.46)	Nil

Schedules

Compensated absences

The employees of the Bank are entitled to compensated absences. The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future period or in case of privilege leave receive cash compensation at retirement or cessation of employment. The Bank measures the expected cost of compensated absences as the additional amount the Bank expects to pay as a result of the unused entitlement that has accumulated at the Balance Sheet date on actuarial valuation.

(₹ in crore)

Particulars	Privilege leave		Medical leave
	FY 2021-22	FY 2020-21	FY 2021-22
Total Actuarial Liability	170.88	178.60	50.10
Assumptions			
Discount rate (%)	7.31	6.96	7.31
Salary escalation rate (%)	5.00	5.00	5.00
Attrition rate (%)	*	~	*

** Attrition rate for FY 2021-22 – 0.50% for those under defined benefit pension option and 2.40% for others.*

~ Attrition rate for FY 2020-21 - 0.50% for those under defined benefit pension option and 1.19% for others

e. Segment Reporting: (AS-17)

1. Business Segments

For the purpose of segment reporting, the reportable segments are identified into Treasury, Corporate/Wholesale Banking, Retail Banking and other Banking operations, in compliance with RBI guidelines. Brief description of activities of each segment and revenue attributable thereto is as under:

1. Treasury portfolio comprises of investments in Central and State Government securities, debt instruments of Banks, FIs, Insurance companies, PSUs and Corporates, certificate of deposits, equity shares, mutual funds, security receipts etc. as well as forward contracts, derivatives and foreign exchange operations on proprietary account and for customers, including trading in these instruments as well as borrowing and lending operations.

   Treasury income is primarily earned through interest on investments, forex income as well as income from securities trading; expenditure includes interest on funds borrowed and other allocated overheads.

2. Corporate/Wholesale banking is based on RBI definition and comprises of credit facilities and other banking services provided to corporate and other clients where value of individual exposure exceeds ₹ 5 crore.

   Revenue comprises of interest and fees/charges earned from such clients and expenses are those incurred on interest towards funds utilised and other allocated overheads.

3. Retail banking comprises of lending and other banking services to individuals/small business customers, other than corporate/wholesale banking customers.

   Revenue comprises of interest and fees/charges earned from such clients and expenses are those incurred on interest towards funds utilised and other allocated overheads.

4. Other banking operations includes items not included above i.e. para-banking activities like bancassurance, third party product distribution, demat services and other banking transactions and includes items like deposits in RIDF, MSME Funds etc.

   Income earned from such services and costs related thereto are reported thereunder.

Schedules

2. Geographical Segment

The Bank operates only in India and hence the reporting consists only of domestic segment.

Segment information is prepared on the basis of management estimates/assumptions and is based on internal reporting systems. Methodology adopted in compiling the above information has been relied upon by the auditors.

Part 1 : Business segments

(₹ in crore)

SN	Particulars	2021-22 (Audited)	2020-21 (Audited)
a	**Segment Revenue**		
	1. Treasury	1,018.25	1,259.15
	2. Corporate/Wholesale Banking	1,359.97	1,252.11
	3. Retail Banking	3,942.25	3,850.18
	4. Other Banking	36.26	27.81
	Total	**6,356.73**	**6,389.25**
b	**Segment results**		
	1. Treasury	217.87	355.38
	2. Corporate/Wholesale Banking	398.87	264.55
	3. Retail Banking	1218.75	868.77
	4. Other Banking	26.60	19.97
	Total	**1,862.09**	**1,508.67**
c	Unallocated Income/Expenses	231.88	217.16
d	**Operating Profit**	**1,630.21**	**1,291.51**
e	Tax expense	257.65	174.98
f	Other Provisions	699.29	757.14
g	Exceptional Item	Nil	Nil
h	**Net profit**	**673.27**	**359.39**
i	Other Information		
j	**Segment assets**		
	1. Treasury Operations	18,488.42	19,125.96
	2. Corporate/Wholesale Banking	13,856.84	11,770.76
	3. Retail Banking	41,477.78	38,592.75
	4. Other Banking Operations	Nil	Nil
	5. Unallocated	6,220.68	5,133.72
	Total Segment Assets	**80,043.72**	**74,623.19**
k	**Segment Liabilities**		
	1. Treasury	17,381.33	18,368.46
	2. Corporate/Wholesale Banking	12,395.26	10,452.90
	3. Retail Banking	37,107.02	34,281.79
	4. Other Banking	Nil	Nil
	5. Unallocated	5,563.91	4,560.30
	Total (a)	**72,447.52**	**67,663.45**

Schedules

(₹ in crore)

SN	Particulars	2021-22 (Audited)	2020-21 (Audited)
I	**Capital employed (Segment Assets-Segment Liabilities)**		
	1. Treasury	1,107.09	757.50
	2. Corporate/Wholesale Banking	1,461.58	1,317.86
	3. Retail Banking	4,370.76	4,310.96
	4. Other Banking	Nil	Nil
	5. Unallocated	656.77	573.42
	Total (b)	**7,596.20**	**6,959.74**
	Total Segment Liabilities (a+b)	**80,043.72**	**74,623.19**

Part 2 : Geographic segments

Geographical segment consists only of domestic segment, as the Bank does not have any foreign branch.

f. Related Party Transactions (AS-18)

Disclosure on transactions with Key Management Personnel (KMP)

Particulars	Designation	Nature of transaction	Amount (₹)
Name of KMP: Shri. B. Ramesh Babu	MD & CEO	Remuneration	1,56,59,235
Relatives of KMP	1. B. Sujatha; 2. B. Nirmala; 3. B. Saketh; 4. B. Sravya; 5. B. Rajesh Babu		

(₹ 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 31,	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Borrowings							Nil	Nil			Nil	Nil
Deposit							0.03 (maximum during the year 0.11)	0.01 (maximum during the year 0.08)			0.03	0.01
Placement of deposits												
Advances												
Investments												
Non-funded commitments												
Leasing/HP arrangements availed	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Leasing/HP arrangements provided												
Purchase of fixed assets												
Sale of fixed assets												
Interest paid							0.0005	0.0002			0.0005	0.0002
Interest received												
Rendering of services							Nil	Nil			Nil	Nil
Receiving of services												
Management contracts												

Schedules

g. Earnings per Share (AS-20)

S N	Particulars	2021-22	2020-21
(1)	**Computation of basic EPS (before and after Extraordinary items)**		
1	Net Profit (₹ Crore)	673.27	359.39
2	Weighted number of shares	79,94,33,213	79,93,20,719
3	Basic EPS (1/2) (₹)	8.42	4.50
4	Nominal Value per share (₹)	2.00	2.00
(2)	**Computation of diluted EPS (before and after Extraordinary items)**		
1	Net Profit (₹ Crore)	673.27	359.39
2	Weighted number of shares (including Potential Equity Shares)	80,03,78,979	79,93,20,719
3	Diluted EPS (1/2) (₹)	8.41	4.50
4	Nominal Value per share (₹)	2.00	2.00

Note – There are no extraordinary items recognised in the Profit and Loss account during FY 2021-22 and FY 2020-21; accordingly, EPS is disclosed as above.

h. Accounting for Taxes on Income (AS-22)

The Bank has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendments) Ordinance, 2019. Accordingly, provision for Income Tax for the year ended March 31, 2022 as well as re-measurement of Deferred Tax Liability and Asset (DTL & DTA) have been made basis the rate prescribed in the aforesaid section. The major components of DTA and DTL are as under:

(₹ in crore)

Particulars	2021-22	2020-21
Deferred Tax Liabilities		
1. Depreciation on Fixed Asset	5.02	8.80
2. Special Reserve u/s 36(1)(viii) of the Income Tax Act,1961	100.67	90.61
TOTAL	**105.69**	**99.41**
Deferred Tax Assets		
1. Provision for Standard Assets	51.63	47.36
2. Provision for Leave Encashment	43.01	44.95
3. Provision for Restructured Assets	35.76	18.92
4. Others	35.29	25.60
TOTAL	**165.69**	**136.83**

Note: The provision for Income Tax has been worked based on the Income Computation and Disclosures Standards (ICDS).

i. Accounting for Investments in associates in Consolidated Financial Statements (AS-23)

The Bank has no Associates. Hence reporting under AS-23 is not applicable.

j. Discontinuing operations (AS-24)

The Bank has not discontinued any of its operations. Hence reporting under AS-24 is not applicable.

k. Interim Financial Reporting (AS-25)

Quarterly financial reviews have been carried out as per extant RBI and SEBI guidelines, and reporting/filing of the prescribed information has been complied with by the Bank.

l. 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 March 31, 2022 requiring recognition in terms of Accounting Standard 28.

Schedules

14.10 Letter of comfort (LOCs)

(₹ in crore)

Particulars	2021-22	2020-21
Letter of Comfort issued during the year	Nil	Nil
Outstanding Letter of Comfort as on March 31		

14.11 The Bank has deposited an amount of ₹ 391.05 crore towards disputed tax liability. In the opinion of the Bank, no provision is considered necessary based on favourable decisions by various courts.

14.12 Disclosure on Investor Education and Protection Fund (IEPF)

As per the Companies Act 2013, dividends unclaimed for more than seven years from the date of their declaration and all shares in respect of which dividends remain unclaimed for the last seven consecutive years are to be transferred to Investor Education and Protection Fund.

In compliance with the above provisions, the unclaimed dividend amount of ₹ 41,86,013/- for the FY 2013-14 and 1,01,333 shares of face value ₹ 2/- each, in respect of which the dividends remain unclaimed from FY 2013-14 for the last seven consecutive years, were transferred to the IEPF during the year ended March 31, 2022 within the timelines.

14.13 Corporate social responsibility (CSR)

The Bank has incurred an expenditure of ₹ 3.63 crore towards CSR and has also provided ₹ 3.96 crore during the year for various future projects and its appropriateness for spending/coverage under CSR (Previous year ₹ 7.40 crore).

14.14 Description of Contingent Liabilities

a. Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by the Bank.

b. Liability on account of forward exchange and derivative contracts

The Bank presently enters into foreign exchange contracts and interest rate swaps with interbank counterparties and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows in the same currency based on fixed rates or benchmark reference. The notional amounts of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognised on the Balance Sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The fluctuation of market rates and prices cause fluctuations in the value of these contracts and the contracted exposure become favourable (assets) or unfavourable (liabilities).

c. Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfil its financial or performance obligations.

d. Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e. Other items for which the Bank is contingently liable

Includes Capital commitments and amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF). (Refer schedule 12 for amounts relating to contingent liability.)

Schedules

14.15 Inter-branch transactions

Inter Branch/Office accounts reconciliation has been completed upto March 31, 2022 and all the inter branch entries have been reconciled upto March 31, 2022.

14.16 Balancing of books

The books of accounts have been balanced and tallied in all branches of the Bank as on March 31, 2022.

15. Disclosure under rule 11(e) of the Companies (Audit & Auditors) rules, 2014

The Bank, as part of its normal business, grants loans and advances to Non-Banking Finance Company/ies, real estate promoters/developers, makes investment, provides guarantees (including against margin/guarantees received from third parties/banks) and accepts deposits and borrowings from its customers, other entities and persons. Also, the Bank, as part of its normal business, avails refinance from financial institutions and other entities wherein the proceeds are applied to a category of customers with specific profile parameters. These transactions are part of Bank's authorised normal business, which is conducted in adherence to extant regulatory requirements.

Other than the transactions described above -

1. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend to or invest in other persons or entities identified by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or like on behalf of the Ultimate Beneficiaries.
2. The Bank has not received any funds from any person(s) or entity(ies) ("Funding Party") with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend to or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

16. Figures of the previous year have been regrouped/rearranged/reclassified wherever necessary

N. S. SRINATH	**B. RAMESH BABU**	**J. NATARAJAN**	**R. RAMSHANKAR**	**M. SRINIVASA RAO**
CHAIRMAN	M D & C E O	PRESIDENT & COO	CFO	COMPANY SECRETARY

As per our report of even date

For **R.G.N. Price & Co.**	For **Sundaram & Srinivasan**
Chartered Accountants	Chartered Accountants
FRN: 002785S	FRN:004207S
Mahesh Krishnan	**P. Menakshi Sundaram**
Partner	Partner
M. No. 206520	M. No. 217914

Place: Karur
Date : May 20, 2022

Cash Flow Statement

for the year ended March 31, 2022

(₹ 000's omitted)

Particulars	Year ended 31-03-2022 (Audited)	Year ended 31-03-2021 (Audited)
Cash flow from/(used in) operating activities		
Net Profit as per Profit and Loss account	**6732674**	**3593893**
Adjustments for		
Depreciation on Bank's property	1191794	1241383
Interest paid on TIER II bonds	581965	581965
Provisions for other contingencies	533405	980375
Provision for taxes	2576533	1749839
Provision for depreciation on investment	1071358	1378170
Provision for standard assets	169903	57292
Provision for bad and doubtful debts	6348465	6339960
Provision for non performing investments	(5882)	193775
Provision for compensated absences	20800	550100
Amortisation of premium paid on Held to Maturity (HTM) investments	1357406	1227281
Provision for employees stock option plan / scheme	4884	750
(Profit) /Loss on sale of fixed assets (net)	(11031)	(2231)
Operating profit before working capital changes	**20519284**	**17892552**
Adjustments for working capital changes		
(Increase) / Decrease in investments (excluding HTM investments)	1021292	7661144
(Increase) / Decrease in advances	(56043157)	(49060864)
(Increase) / Decrease in other assets	(13022494)	570684
Increase / (Decrease) in deposits	53977279	42033556
Increase / (Decrease) in borrowings	(11891960)	13441136
Increase / (Decrease) in other liabilities and provisions	5244683	2517107
	(195073)	**35055315**
Direct taxes paid	3150000	(1400000)
Net cash flow from / (used in) operating activities	**2954927**	**33655315**

Cash Flow Statement

for the year ended March 31, 2022

(₹ 000's omitted)

Particulars	Year ended 31-03-2022 (Audited)	Year ended 31-03-2021 (Audited)
Cash flow from investing activities		
Purchase of fixed assets	(586073)	(765611)
(Increase)/Decrease in HTM investments	(15362572)	(13025166)
Sale of fixed assets / other assets	11031	2231
Net cash flow from / (used in) investing activities	**(15937614)**	**(13788546)**
Cash flow from financing activities		
Proceeds from issue of share capital	1382	-
Proceeds from share premium	25319	-
Increase/(Decrease) in Tier II bonds	-	-
Interest paid on Tier II bonds	(581965)	(581965)
Dividend paid (including tax on dividend)	(403714)	(6941)
Net cash flow from / (used in) financing activities	**(958978)**	**(588906)**
Net Increase / (decrease) in cash & cash equivalents	**(13941665)**	**19277863**
Cash and cash equivalents at the beginning of the year	**63203388**	**43925525**
Cash and cash equivalents at the end of the year	**49261723**	**63203388**

The above Cash Flow Statement is based on indirect method

N. S. SRINATH
CHAIRMAN

B. RAMESH BABU
M D & C E O

J. NATARAJAN
PRESIDENT & COO

R. RAMSHANKAR
CFO

M. SRINIVASA RAO
COMPANY SECRETARY

As per our report of even date

For **R.G.N. Price & Co.**
Chartered Accountants
FRN: 002785S

Mahesh Krishnan
Partner
M. No. 206520

For **Sundaram & Srinivasan**
Chartered Accountants
FRN:004207S

P. Menakshi Sundaram
Partner
M. No. 217914

Place: Karur
Date : May 20, 2022

Basel Pillar III Disclosures

BASEL PILLAR III DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (31.03.2022)

1. SCOPE OF APPLICATION (DF 1)

Karur Vysya Bank Limited is a Scheduled Commercial Bank which was incorporated on June 22, 1916 at Karur. As on 31.03.2022, the Bank does not have any subsidiaries and hence the requirement of accounting scope of consolidation is not applicable to the Bank.

2. CAPITAL ADEQUACY AND CAPITAL STRUCTURE (DF 2)

Banks are required to maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9% on an on-going basis (excluding Capital Conservation Buffer (CCB), Counter Cyclical Capital Buffer (CCCB) etc.). Banks are also required to maintain CCB of 2.50% on an on-going basis with effect from 01.10.2021, as per extant RBI guidelines. Bank has a Board approved policy covering, *inter alia*, the adherence to the maintenance of minimum regulatory CRAR on an on-going basis (which are elucidated in item 2.1 below). Capital funds are classified into Tier 1 and Tier 2 capital under the capital adequacy framework.

Tier 1 Capital

Tier 1 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 1 on fulfillment of certain conditions regarding incremental provisions for non-performing assets.

Bank's Tier 1 capital includes Common Equity Tier 1 (CET 1) and admissible Additional Tier 1 (AT 1) capital. CET 1 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 AT 1 capital can be a maximum of 1.5%, thus requiring total Tier 1 capital to be at least 7%.

In addition to the minimum CET 1 capital of 5.5% of RWAs, Banks are also required to maintain CCB in the form of CET 1 capital, progressively from Financial Year 2015-16, to reach a level of 2.50% of RWAs, by 01.10.2021.

Tier 2 Capital

Bank's Tier 2 capital includes provisions for standard assets and debt capital instruments (Tier 2 bonds) and other reserves eligible for inclusion in Tier 2 capital.

Provisions or loan-loss reserves held against future, presently unidentified losses, which are freely available to meet losses which subsequently materialise, will qualify for inclusion within Tier 2 capital.

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 formalised 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 projected business levels/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:

1. Credit Risk	2. Market Risk	3. Operational Risk	4. Liquidity Risk
5. Interest rate Risk in the banking book	6. Concentration Risk	7. Strategic Risk	8. 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 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 01, 2013.

In accordance with the RBI's requirement, the Bank has continued to adopt Standardised Approach (SA) for Credit Risk and Basic Indicator Approach (BIA) for Operational Risk to compute capital as on 31.03.2022. Besides this, the Bank continues to apply the Standardised Duration Approach (SDA) for computing capital requirement for

Basel Pillar III Disclosures

Market Risk. RBI has prescribed Banks to maintain a minimum CRAR of 11.50% with regard to credit risk, market risk and operational risk as on 31.03.2022. Bank has followed extant RBI guidelines to arrive at the eligible capital, risk weighted assets and CRAR.

2.2 Capital adequacy as on 31.03.2022

The total Capital to Risk Weighted Assets Ratio (CRAR) as per Basel III guidelines works to 19.46% as on 31.03.2022. Tier 1 CRAR stands at 17.49%.

Equity capital

Bank has an authorised share capital of ₹ 2000 million comprising of 100,00,00,000 equity shares of ₹ 2/- each. As on 31.03.2022 the Bank has Subscribed and Paid-up capital of ₹ 1600 million constituting 80,00,11,672 shares of ₹ 2/- each.

Tier 2 bonds

Details of Basel III compliant subordinated debt instruments issued and outstanding as on 31.03.2022 are as under:

(₹ in million)

Issue Series	Deemed date of allotment	Coupon rate (% p.a.)	Tenor (in Months)	Amount as on 31.03.2022
1	March 12, 2019	11.95	123	4,870

Capital requirements for credit risk, market risk and operational risk

(₹ in million)

1.	Capital requirement for credit risk	
	- Portfolio subject to Standardised Approach	**38,675**
	- Securitisation exposures	-
2.	Capital requirement for market risk	
	Standardised duration approach	**2,261**
o	Interest Rate Risk	889
o	Foreign exchange risk (including gold)	52
o	Equity risk	1,320
3.	Capital requirement for operational risk	
	Basic indicator approach	**6,981**
Total capital requirements at 11.50% (1 + 2 + 3)		**47,917**

CET1, Tier 1, Tier 2 and CRAR

(₹ in million)

1.	Tier 1 capital	
1.1	Paid-up share capital	1,600
1.2	Reserves	**71,801**
1.3	**Gross Tier 1 capital (1.1 + 1.2)**	73,401
1.4	Deductions	527
1.5	**Total Tier 1 capital (1.3 - 1.4)**	**72,874**
2.	Tier 2 capital	
2.1	Subordinated debt	4,870
2.2	General provisions and revaluation reserves	2,051
2.3	Investment reserve & investment fluctuation reserves	1,281
2.4	**Gross Tier 2 capital (2.1 + 2.2 + 2.3)**	**8,202**
2.5	Deductions	-
2.6	**Total Tier 2 capital (2.4 - 2.5)**	**8,202**
3.	Debt capital instruments eligible for inclusion in Basel III Tier 2 capital	
3.1	Total amount outstanding	4,870
3.2	Of which amount raised during the current year	-
3.3	Amount eligible to be reckoned as capital funds	4,870

Basel Pillar III Disclosures

2.2 Capital adequacy as on 31.03.2022 (Contd...)

		(₹ in million)
4.	Subordinated debt eligible for inclusion in Tier 2 capital	Nil
4.1	Total amount outstanding	Nil
4.2	Of which amount raised during the current year	Nil
4.3	Amount eligible to be reckoned as capital funds	Nil
5.	Other deductions from capital	Nil
6.	**Total eligible capital (1.5 + 2.6 - 5)**	**81,076**
7.	**CET 1 Ratio (%)**	**17.49%**
8.	**Tier 1 Ratio (%)**	**17.49%**
9.	**Tier 2 Ratio (%)**	**1.97%**
10.	**Total CRAR (Basel III) (%)**	**19.46%**

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 approves the strategies and policies for Risk Management, based on recommendations of the RMC of the Board set up to focus upon risk management issues. The RMC 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, Operational Risk Management Committee, Market Risk Management Committee and the Credit Risk Management Committee oversee specific risk areas. These committees in turn provide inputs for review by the RMC of the Board.

3.1 Risk Management Committee of the Board

The RMC 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.

3.2 Executive Level Committees

At executive management level, the organisational responsibilities for implementing and monitoring Board approved strategies and policies and adhering to prescribed tolerance limits etc. are as under:

S.N.	Name of the committee	Focus Area	Chairman
1	Credit Risk Management Committee (CRMC)	All aspects of Credit Risk Management, Monitoring & Control	MD & CEO
2	Asset Liability Management Committee (ALCO)	All aspects of Asset Liability Management, Monitoring & Control, Interest rate review etc.	Chief Operating Officer (COO)
3	Market Risk Management Committee (MRMC)	All aspects of Market Risk Management, Monitoring & Control.	
4	Operational Risk Management Committee (ORMC)	All aspects of Operational Risk Management, Monitoring & Control.	

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.

Basel Pillar III Disclosures

The Bank adopts the definition of 'past due' and 'impaired credits' (for accounting purposes) as defined by RBI under Income Recognition, Asset Classification and Provisioning (IRAC) norms.

4.1.1. Credit risk management

CRMC 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 has adopted an integrated approach to CRM, 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 Standardised approach for regulatory capital measurement for credit risk.

4.1.2. Credit risk strategy and risk profile

The Bank has adopted 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 optimise 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 legal 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 rating policy
- Approval process with delegated authorities
- Asset quality and risk rating system and its verification
- Effective loan disbursement mechanism to minimise the legal risk
- 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.

Basel Pillar III Disclosures

4.2 Total gross credit risk exposure

(₹ in million)

Category : Domestic	Amount
Fund based	6,39,234
Non fund based	30,871
Total	**6,70,105**

Note:

1. *Fund based credit exposure excludes cash in hand, balance with RBI, investments in shares and bonds etc., 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.*

   Exposure includes credit exposure (funded and non-funded credit limits) and investment exposure (including underwriting and similar commitments). The sanctioned limits or outstanding, whichever is higher, is reckoned for arriving at the exposure limit. In case of fully drawn term loans (i.e. where there is no scope for further drawal of any portion of the sanctioned limit), the outstanding is treated as the exposure.

4.3 Geographical Distribution of Credit

(₹ in million)

STATE	FUND BASED	NON FUND BASED	STATE	FUND BASED	NON FUND BASED
ANDHRA PRADESH	84,906	3,753	MAHARASHTRA	62,126	1,469
BIHAR	92	0	ORISSA	1,282	203
CHANDIGARH	571	69	PONDICHERRY	4,260	49
CHHATTISGARH	106	60	PUNJAB	906	21
DELHI	12,366	2,275	RAJASTHAN	302	8
GOA	359	21	TAMILNADU	2,88,002	12,665
GUJARAT	15,254	4,275	TELANGANA	46,314	3,222
HARYANA	3,764	541	UTTARAKHAND	126	375
JHARKHAND	118	3	UTTAR PRADESH	2,010	0
KARNATAKA	35,484	776	WEST BENGAL	5,852	817
KERALA	10,427	176	**TOTAL**	**5,75,495**	**30,871**
MADHYA PRADESH	868	93			

4.4 Industry wise distribution of exposures

(₹ in million)

INDUSTRY	FUND BASED	NON-FUND BASED
MINING & QUARRYING	5,398	605
FOOD PROCESSING	20,737	1,980
BEVERAGES & TOBACCO	2,513	14
TEXTILES	48,463	1,908
LEATHER AND LEATHER PRODUCTS	675	9
WOOD AND WOOD PRODUCTS	4,027	1,980
PAPER AND PAPER PRODUCTS	4,455	480
PETROLEUM	263	163
CHEMICALS AND CHEMICAL PRODUCTS	5,795	138
RUBBER, PLASTIC AND THEIR PRODUCTS	5,223	88
GLASS & GLASSWARE	382	12
CEMENT & CEMENT PRODUCTS	1,770	113
BASIC METAL AND METAL PRODUCTS	9,902	2,197
ALL ENGINEERING	7,947	1,753
VEHICLES, VEHICLE PARTS AND TRANSPORT EQUIPMENT	2,398	78
GEMS AND JEWELLERY	9,392	566
CONSTRUCTION	6,571	1,884
INFRASTRUCTURE	26,878	5,548
OTHER INDUSTRIES	3,085	190
OTHERS	4,73,360	11,165
TOTAL	**6,39,234**	**30,871**

Basel Pillar III Disclosures

4.5 Exposure to industries in excess of 5% of total exposure

(₹ in million)

Industry	Fund based Facilities	Non-fund based facilities
TEXTILES	48,463	1,908
Total	**48,463**	**1,908**

4.6 Residual contractual maturity breakdown of assets*

(₹ in million)

Residual maturity		Cash	Bal. with RBI	Bal. with other Banks	Investments	Advances (Performing)	Gross NPA + NPI	Fixed assets	Other assets	Total
Day 1		6,960	2,276	217	20,423	20,765	-	-	5,004	55,645
2-7 Days		-	520	-	10,777	4,731	-	-	626	16,654
8-14 Days		-	429	1,508	10,116	4,879	-	-	626	17,558
15-30 Days		-	898	-	3,985	14,219	-	-	-	19,102
31 Days & upto 2 Months		-	1,336	-	5,925	20,117	-	-	-	27,378
Over 2 Months	Upto 3 Months	-	1,244	6,010	5,569	24,323	-	-	-	37,146
3 Months	6 Months	-	3,077	5,201	14,408	66,525	-	-	-	89,211
6 Months	1 Year	-	6,099	-	27,299	73,308	-	-	-	106,706
1 Year	3 Years	-	6,694	24	45,406	195,186	-	-	-	247,310
3 Years	5 Years	-	3,385	-	17,391	45,953	5,963	-	-	72,692
Over 5 Years		-	3,025	-	14,632	71,179	29,717	4,785	12,093	135,431
Total		**6,960**	**28,983**	**12,960**	**175,931**	**541,185**	**35,680**	**4,785**	**18,349**	

** As per ALM Guidelines*

4.7 Non Performing Advances, Investments and Provisions

(₹ in million)

Particulars	Amount
a) Gross NPA	
i. Substandard	5,963
ii. Doubtful 1	6,324
iii. Doubtful 2	11,979
iv. Doubtful 3	2,805
v. Loss	7,239
Total	**34,310**
b) Net NPA	12,608
c) NPA Ratios	
i. Gross NPAs to Gross Advances (%)	5.96
ii. Net NPAs to Net Advances (%)	2.28
d) Movement of NPA (Gross)	
i. Opening balance as on 01.04.2021	41,429
ii. Additions during the year	8,427
iii. Reductions during the year	15,546
iv. Closing balance as on 31.03.2022	34,310

Basel Pillar III Disclosures

4.7 Non performing Advances, Investments and Provisions (Contd...)

(₹ in million)

Particulars			Amount
e)	Movement of provisions for NPA	Specific Provision	General Provision
i.	Opening balance as on 01.04.2021	23,656	-
ii.	Provision made during the year	8,647	-
iii.	Write-off/write-back of excess provisions	10,985	-
iv.	Closing balance as on 31.03.2022	21,318	-
f)	Write Offs/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		68
g)	Amount of Non-Performing Investments		1,370
h)	Amount of provisions held for Non-Performing Investments		1,271
i)	Movement of Provision for Depreciation on Investments		
i.	Opening balance as on 01.04.2021		3,100
ii.	Add - Provision made during the year		1,071
iii.	Less - Write-off/write-back of excess provision during the year (including depreciation utilised on the sale of securities)		52
iv.	Closing balance as on 31.03.2022		**4,119**

4.8 Major Industry break up of NPA

(₹ in million)

Industry	Gross NPA	Specific provision	Write off during the current period
MINING & QUARRYING	115	22	-
FOOD PROCESSING	814	371	198
BEVERAGES & TOBACCO (EXCLUDING TEA & COFFEE)	26	9	-
TEXTILES	2,220	1,308	158
LEATHER AND LEATHER PRODUCTS	187	113	-
WOOD AND WOOD PRODUCTS	1,049	685	-
PAPER AND PAPER PRODUCTS	318	217	-
PETROLEUM	2	1	-
CHEMICALS AND CHEMICAL PRODUCTS	539	353	78
RUBBER, PLASTIC AND THEIR PRODUCTS	2,896	2492	-
CEMENT & CEMENT PRODUCTS	367	270	1,026
BASIC METAL AND METAL PRODUCTS	1,139	511	295
ALL ENGINEERING	203	178	167
VEHICLES, VEHICLE PARTS AND TRANSPORT EQUIP.	166	85	1921
GEMS AND JEWELLERY	868	450	229
CONSTRUCTION	111	45	-
INFRASTRUCTURE	2,352	1,456	2,659
OTHER INDUSTRIES	73	37	25
TOTAL	**13,445**	**8,603**	**6,756**

Basel Pillar III Disclosures

4.9 Geographical distribution of NPA and provision

(₹ in million)

Geography	Gross NPA	Specific provision
Domestic	34,310	21,318
Overseas	-	-
Total	**34,310**	**21,318**

5. CREDIT RISK: DISCLOSURES FOR PORTFOLIO SUBJECT TO THE STANDARDISED APPROACH (DF 4)

5 (a). The Bank has used the ratings of the following domestic external Credit Rating Agencies (CRA) for the purpose of risk weighting Bank's claims on the domestic entities for capital adequacy purpose –

1. CRISIL 2. CARE 3. ICRA 4. India Ratings 5. Brickwork 6. SMERA 7. 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 CRAs. Bank has not cherry picked ratings. Bank has not used one rating of a CRA 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.
- Cash credit exposures have been rated as long-term facility, notwithstanding the repayable on demand condition.
- 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 recognised Credit Risk Mitigants.
- Bank has used only solicited rating from the recognised CRAs. In case the obligor has multiple ratings from CRAs, the rating to be used is selected as per RBI guidelines.
- If there is only one rating by a chosen CRA for a particular claim, that rating is used to determine the risk weight of the claim.
- If there are two ratings accorded by chosen CRAs that map into different risk weights, the higher risk weight is applied.
- If there are three or more ratings accorded by chosen CRAs with different risk weights, the ratings corresponding to the two lowest risk weights is referred to and the higher of those two risk weights is applied. i.e., the second lowest risk weight.
- 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 Credit Risk Mitigation (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 standardised 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 31.03.2022 are as follows:

(₹ in million)

SN	Risk weight	Fund based	Non fund based
1	Below 100%	4,58,710	10,329
2	100%	1,19,587	11,666
3	More than 100%	45,008	2,533
4	Deducted	-	-
	Total	**6,23,305**	**24,528**

Basel Pillar III Disclosures

6. CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACH (DF 5)

6.1 The Bank has adopted 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 utilised CRM 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.

The general principles applicable for use of CRM techniques are as under:

i. No transaction in which 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 –

1. Cash margins and fixed deposit receipts of the counterparty with the Bank
2. Gold bullion and jewelry
3. Securities issued by Central and State Governments
4. National Savings Certificates, Kisan Vikas Patras
5. Life insurance policies with a declared surrender value of an insurance company which is regulated by an insurance sector regulator.
6. Debt securities rated by a chosen CRA 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.
7. Debt securities not rated by a chosen CRA 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 recognised 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 CRA
8. 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.

Basel Pillar III Disclosures

6.3 Quantitative disclosure

A. Credit risk exposure covered by eligible financial collaterals

(₹ in million)

SN	Type of exposure	Credit equivalent of gross exposure	Value of eligible financial collateral after haircuts	Net amount of credit exposure
1	Funded credit exposure	7,90,087	1,72,816	6,17,271
2	Non funded credit exposure	25,835	4,906	20,929
3	Securitisation exposures – On balance sheet	8,112	1,995	6,117
4	Securitisation exposures – Off balance sheet	-	-	-
	TOTAL	**8,24,034**	**1,79,717**	**6,44,317**

B. Credit risk exposure covered by guarantees

SN	Type of exposure	Credit equivalent of gross exposure	Amount of guarantee (Credit equivalent)
1	Funded credit exposure	-	-
2	Non funded credit exposure	-	-
3	Securitisation exposures – On balance sheet	-	-
4	Securitisation exposures – Off balance sheet	-	-
	TOTAL	**-**	**-**

7. SECURITISATION EXPOSURES (DF 6)

7.1 General disclosures on securitisation exposures of the Bank

a. Objectives of securitisation activities of the Bank (including the extent to which these activities transfer credit risk of the underlying securitised exposures away from the Bank to other entities and nature of other risks inherent in securitised assets)

Bank's securitisation exposure is limited to investments in securitisation instruments Pass Through Certificates (PTC) and purchase of asset portfolio by way of direct assignment route. The loans purchased through direct assignment route are classified as advances.

b. Role of the Bank in securitisation processes (as an originator/investor/service provider/facility provider etc.) and extent of involvement in each activity

- ✓ As an investor – Bank invests in PTCs backed by financial assets originated by third parties. Such investments are held in the investment trading book;
- ✓ As an assignee – Bank purchases asset portfolio by way of direct assignment from Banks/NBFCs.

c. Processes in place to monitor changes in the credit and market risk of securitisation exposures

The major risks involved in loan assignment transactions are:

- ✓ **Regulatory and legal risks** : Risks arising due to non-compliance of regulatory requirements resulting in keeping higher risk weight/capital charge for assignment transactions. Risk of non-compliance of regulatory rules.
- ✓ **Credit risk** : Risk arising on default of a debt that may arise from an obligor failing to make required repayments.
- ✓ **Co-mingling risks** : Risks arising due to co-mingling of funds belonging to the assignee with that of the originator. This occurs when there is a time lag between collection of re-payments by the originator and remittance to the assignee.
- ✓ **Prepayment risk** : Risk arising due to prepayment of dues by obligors in the assigned pool either in part or full.

Basel Pillar III Disclosures

Changes in credit and market risk of securitisation instruments held in the trading and banking book is constantly reviewed and monitored. In case of credit portfolio purchased through assignment route, monitoring is done at individual account level.

d. Bank's policy governing the use of credit risk mitigation to mitigate the risks retained through securitisation exposures

The Bank has not originated any securitisation exposures. In the case of purchase by way of direct assignment route, Bank has not used any additional credit risk mitigant. For computation of capital requirements for loans purchased by way of direct assignment, Bank has used the credit rating from external CRAs where available.

Aggregate amount of securitisation exposures retained or purchased during the year 2021-22

(₹ in million)

Exposure type	Amount
Fund based	
Loan against property	431
Mixed loans*	2,100
Non fund based	-
Total	**2,531**

** Mixed loans include Machinery loans, jewel loans etc.*

8. MARKET RISK IN TRADING BOOK (DF 7)

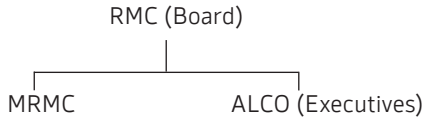
Market risk refers to the uncertainty of future earnings resulting from changes in interest rates, foreign exchange rates, market prices and volatilities. The Bank assumes market risk in its lending and deposit taking businesses and in its investment activities, including position taking and trading. 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 financial securities and the financial environment. Market Risk in Trading Book is assessed as per the Standardised Duration approach. The capital charge for Held for Trading (HFT) and Available for Sale (AFS) portfolios is computed as per RBI 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 organisation 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)

Basel Pillar III Disclosures

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 RBI in compliance with regulatory requirements.

Measurement – The Bank has devised various risk metrics for measuring market risk. These are reported to ALCO. 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)

SN	Risk Category	Capital Charge
1	Interest Rate Risk	889
2	Foreign Exchange Risk (Including gold)	52
3	Equity risk	1,320
	Capital requirement for Market Risk (1 + 2 + 3)	**2,261**

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.

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 BIA as on 31.03.2022 is ₹ 6,981 million.

Basel Pillar III Disclosures

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. IRRBB 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 ALCO , 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 ALCO, a strategic decision making body, 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 IRRBB, 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 analysis is taken up to understand 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 EaR 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 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 table shows 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.

(₹ in million)

Currency = INR (*)	100 bps	200 bps
Impact on NII	484	968
Impact on economic value of equity	1,330	2,660

** No major exposure in foreign currencies*

Basel Pillar III Disclosures

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, Net worth etc., are taken into consideration while assigning the limit. Credit exposures are monitored to ensure that they do not exceed the approved credit limits.

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	41,516	46,698	934	47,631

12. COMPOSITION OF CAPITAL (DF 11)

(₹ in million)

Common Equity Tier 1 (CET 1) capital instruments and reserves		
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	22,280
2	Retained earnings	24
3	Accumulated other comprehensive income (other reserves)	51,097
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	**CET 1 capital before regulatory adjustments**	**73,401**
CET 1 capital : regulatory adjustments		
7	Prudential valuation adjustments	-
8	Goodwill (net of related tax liability)	-
9	Intangibles (net of related tax liability)	504
10	Deferred tax assets	-
11	Cash-flow hedge reserve	-
12	Shortfall of provisions to expected losses	-
13	Securitisation gain on sale	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-
15	Defined-benefit pension fund net assets	-
16	Investments in own shares (if not already netted off, paid-up capital on reported balance sheet)	-
17	Reciprocal cross-holdings in common equity	23
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)	-

Basel Pillar III Disclosures

12. COMPOSITION OF CAPITAL (DF 11) (CONTD...)

(₹ in million)

21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
22	Amount exceeding the 15% threshold	-
	of which :	
23	Significant investments in the common stock of financial entities	-
24	Mortgage servicing rights	-
25	Deferred tax assets arising from temporary differences	-
26	National specific regulatory adjustments(26a+26b+26c+26d)	-
26a	Investments in the equity capital of unconsolidated insurance subsidiaries	-
26b	Investments in the equity capital of unconsolidated non - financial subsidiaries	-
26c	Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the Bank	-
26d	Unamortised pension funds expenditures	
27	Regulatory adjustments applied to CET 1 due to insufficient Additional Tier 1 (AT1) and Tier 2 to cover deductions	-
28	**Total regulatory adjustments to CET 1**	**527**
29	**Common Equity Tier 1 capital**	**72,874**
AT1 Capital instruments		
30	Directly issued qualifying AT1 instruments plus related stock surplus (share premium) (31+32)	-
	of which :	
31	Classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-
32	Classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-
33	Directly issued capital instruments subject to phase out from AT1	-
34	AT 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-
35	*of which:* instruments issued by subsidiaries subject to phase out	-
36	**AT 1 capital before regulatory adjustments**	**-**
AT 1 capital regulatory adjustments		
37	Investments in own AT 1 instruments	-
38	Reciprocal cross-holdings in AT 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)	-
	of which	
41a	Investments in the AT 1 capital of unconsolidated insurance subsidiaries	-
41b	Shortfall in the AT 1 capital of majority owned financial entities which have not been consolidated with the Bank	-
42	Regulatory adjustments applied to AT1 due to insufficient Tier 2 to cover deductions	-
43	**Total regulatory adjustments to AT1 capital**	**-**
44	**Additional Tier 1 capital**	**-**
44a	**AT1 capital reckoned for capital adequacy**	**-**
45	**Tier 1 capital (T1 = CET 1 + AT 1) (29+44a)**	**72,874**
Tier 2 capital instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-
47	Directly issued capital instruments subject to phase out from Tier 2	4,870

Basel Pillar III Disclosures

12. COMPOSITION OF CAPITAL (DF 11) (CONTD...)

(₹ in million)

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	3,332
51	**Tier 2 capital before regulatory adjustments**	**8,202**
Tier 2 capital : regulatory adjustments		
52	Investments in own Tier 2 instruments	-
53	Reciprocal cross-holdings in Tier 2 instruments	-
54	Investments in the capital of Banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-
55	Significant investments in the capital 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)	-
	of which:	
56a	Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	-
56b	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**	**-**
58	**Tier 2 capital (T2)**	**8,202**
58a	**Tier 2 capital reckoned for capital adequacy**	**8,202**
58b	**Excess AT 1 capital reckoned as Tier 2 capital**	**-**
58c	**Total Tier 2 capital admissible for capital adequacy (58a+58b)**	**8,202**
59	**Total capital (TC = T1 + Admissible T2) (45+58c)**	**81,076**
60	**Total risk weighted assets (60a+60b+60c)**	**4,16,671**
60a	**Total credit risk weighted assets**	**3,36,308**
60b	**Total market risk weighted assets**	**19,655**
60c	**Total operational risk weighted assets**	**60,708**
Capital ratios and buffers		
61	**Common Equity Tier 1 (as a percentage of risk weighted assets)**	**17.49%**
62	**Tier 1 (as a percentage of risk weighted assets)**	**17.49%**
63	**Total capital (as a percentage of risk weighted assets)**	**19.46%**
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)**	**8.00%**
65	***Of which*: capital conservation buffer requirement**	**2.50%**
66	***Of which*: Bank specific counter cyclical buffer requirement**	**-**
67	***Of which*: G-SIB & D-SIB buffer requirement**	**-**
68	**Common Equity Tier 1 available to meet buffers (as a percentage of RWAs)**	**9.49%**
National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	8.00%
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7%
71	National total capital minimum ratio (if different from Basel III minimum)	11.50%
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)	-

Basel Pillar III Disclosures

12. COMPOSITION OF CAPITAL (DF 11) (CONTD...)

(₹ in million)

Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	2,051
77	Cap on inclusion of provisions in Tier 2 under standardised 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 in Tier 2 under internal ratings-based approach	-
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-
82	Current cap on AT1 instruments subject to phase out arrangements	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-
84	Current cap onT2 instruments subject to phase out arrangements	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-

Notes :-

(₹ in million)

SN in DF 11	Particulars	Amount
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of deferred tax liability	600
	Total as indicated in row 10	600
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of Bank	-
	of which: Increase in CET 1 capital	-
	of which: Increase in AT 1 capital	-
	of which: Increase in Tier 2 capital	-
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	-
	(i) Increase in CET 1 capital	-
	(ii) Increase in risk weighted assets	-
50	Eligible Provisions included in Tier 2 capital	2,051
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	2,051

13. MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS (DF-13)

SN	Particulars	Tier 2 bonds
1	Issuer	KARUR VYSYA BANK LIMITED
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE036D08015
3	Governing law(s) of the instrument	Indian Laws
Regulatory Treatment -		
4	Transitional Basel III rules	Not Applicable
5	Post-transitional Basel III rules	Eligible
6	Eligible at solo/group/group & solo	Solo
7	Instrument type	Subordinated Tier 2 – Debt Instruments
8	Amount recognised in regulatory capital (₹ in million), as of 31.03.2022	4,870
9	Par value of instrument (₹ in million)	0.1
10	Accounting classification	Liability – other borrowings

Basel Pillar III Disclosures

13. MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS (DF-13) (CONTD...)

11	Original date of issuance	12.03.2019
12	Perpetual or dated	Dated
13	Original maturity date	12.06.2029
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	12.03.2024; redemption at par
16	Subsequent call dates, if applicable	On every anniversary after 12.03.2024
17	Coupons/dividends	Coupon
18	Fixed or floating dividend/coupon	Fixed
19	Coupon rate and any related index	11.95% p.a.
20	Existence of a dividend stopper	No
21	Fully discretionary, partially discretionary or Mandatory	Fully discretionary
22	Existence of step up or other incentive to redeem	No
23	Non-cumulative or cumulative	Non-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	Yes
32	If write-down, write-down trigger(s)	Point of non-viability trigger
33	If write-down, full or partial	Full
34	If write-down, permanent or temporary	Permanent
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	No
38	If yes, specify non-compliant features	NA

14. FULL TERMS AND CONDITIONS OF REGULATORY CAPITAL INSTRUMENTS (DF-14)

Instrument	Full terms & conditions	
Unsecured redeemable non-convertible Tier 2 Bonds – INE036D08015	Issue size	₹ 4870 million
	Face Value	₹ 0.1 million per bond
	Date of Allotment	March 12, 2019
	Maturity	June 12, 2029
	Call Option	On 5th anniversary from deemed date of allotment and annually thereafter
	Coupon	11.95%
	Interest payment	Annual

15. DISCLOSURE ON REMUNERATION (DF-15)

Qualitative disclosure

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 three Directors, out of which two are Independent Directors. Further as per RBI guidelines a Member of Risk Management Committee of the Board is also Member in NRC. 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 NRC includes:

Basel Pillar III Disclosures

1. To formulate criteria for determining qualifications, positive attributes and independence of a director, in terms of fit and proper criteria issued by the RBI from time to time.
2. To devise a policy on Board Diversity;
3. To formulate/review criteria for evaluation of performance of Chairman, Independent Directors, Board of Directors, Committees of Board.
4. To recommend persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Bboard of Directors their appointment and removal.
5. To frame/review Compensation Policy towards ensuring effective alignment between remuneration and risk. Directors and Senior Management Personnel shall be part of the Compensation Policy.
6. To also review and recommend to the Board, all remuneration, in whatever form, payable to Directors & Senior Management.
7. To consider grant of stock options to employees, administer and supervise the Employee Stock Option Plans in conformity with statutory provisions and guidelines;
8. To provide inputs to Board for making disclosures regarding policies, appointments, remuneration etc. of Directors and Senior Management personnel in the Annual Reports/Directors Reports/Financial Statements etc. as may be required by the regulations from time to time.
9. 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

The Bank has a Board approved Compensation Policy in terms of the RBI guidelines, provisions of Companies Act,2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The compensation payable to MD & CEO and MRTs is divided into fixed and variable components. The proportion of variable pay shall increase significantly along with the level of seniority and/or responsibility. NRC shall work in close co-ordination with the Risk Management and Asset Liability Management Committee of the Board in order to achieve effective alignment between remuneration and risks. NRC will review the policy from time to time.

The Compensation Policy of the Bank covers the compensation payable to all the employees including the MD&CEO/ WTD, Key Managerial Personnel, Material Risk Takers (MRT) and Control Function Staff as per the guidelines of RBI as also fee payable to Non- Executive Directors/Independent Directors. No remuneration is paid to Non-Executive Directors/Independent Directors except Part- time Chairman other than the Sitting Fees for attending Board/ Committee meetings. Part- time (Non-Executive) Chairman is entitled for a fixed remuneration-honorarium, as approved by Reserve Bank of India and Shareholders of the Bank.

Remuneration to employees (other than MD & CEO and MRTs) is defined by the IBA pay scale/CTC pay structure, both of which are approved by the Board. The IBA pay scale is an industry standard across all PSBs and old generation private Banks, while the CTC pay structure specific to KVB has been formulated on the basis of comparative industry practices. The objective is to suitably compensate every employee as per his position in the organisation so as to adequately recognise his contributions.

Objective of the Compensation policy is to align the compensation with prudent risk taking;

- Compensation must be adjusted for all types of risks
- Compensation outcomes must be symmetric with risk outcomes
- Compensation pay-out schedules must be sensitive to the time horizon of risks
- The proportion of cash, equity and other forms of compensation must be consistent with risk alignment.

Basel Pillar III Disclosures

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

With respect to MD&CEO/MRT the clauses of Compensation Policy adopted by the Bank address the issues pertaining to current and future risks. A wide variety of measures of credit, market and liquidity risks are used by the Bank in implementation of risk adjustment. This risk adjustment has both quantitative and qualitative elements. The Policy effectively aligns the compensation with prudent risk taking and shall be symmetrical with risk outcomes as well as sensitive to the time horizon of risk.

Risks measures relating to the compensation payable are reviewed on timely basis and are updated to suit the skill gaps and current day needs.

The remuneration (other than MD & CEO and MRTs) as per IBA/CTC package is position/designation specific and not necessarily risk specific. However, there are sufficient systems and procedures in place in the Bank (including Malus/Claw back clauses in the employment contracts, continuous monitoring/auditing etc) to ensure risk mitigation and prevention.

Board of Directors of the Bank through its NRC shall exercise oversight & effective governance over the framing and implementing the Compensation Policy.

d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration

Bank follows a performance-based remuneration, which motivates and rewards high performers who strengthen long-term customer relations, and generate income and shareholder value. The Bank while designing the compensation structure ensures that there is a proper balance between fixed pay and variable pay. Bank ensures that variable pay shall relate to the performance. The variable pay could be in cash, stock linked instruments or a mix of both.

While fixing the variable pay, NRC shall assess performance parameters under financial and non-financial areas of operations. The financial performance of the Bank is factored while determining the amount of variable remuneration to be paid. Variable Pay shall be fixed on the basis of performance matrix broadly categorized as a) Bank as a whole, b) Business Unit, c) Individual, based on the quantitative and qualitative criteria. The quantitative criteria shall relate to the performance of the Bank and certain qualitative factors taking into account the, Governance Improvement Measures, Cost to Income Ratio, Capital Adequacy Ratio, extraordinary items, appropriate risk management and efficient consumption of capital, etc as set out by NRC.

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 claw back 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

As per the Compensation Policy, variable pay is eligible on the achievement of certain business/compliance targets fixed by the Management. The structuring of remuneration in case of MD&CEO/WTD shall be subject to the approval of RBI.

Deferral arrangements for variable pay in case of Managing Director & Chief Executive Officer/WTD and other employees who are MRTs and Control Function Staff, in adherence to FSB implementation standards shall be;

- a minimum of 60% of the total variable pay shall be under deferral arrangements.
- if cash component of variable pay equals or exceeds ₹ 25.00 Lakhs, then at least 50% of the cash bonus shall be deferred.

The deferral period shall be a minimum of three years applicable to both cash and non-cash components of the variable pay. Deferred remuneration shall either vest fully at the end of the deferral period or be spread out over the course of the deferral period. The first such vesting shall be not before one year from the commencement of the deferral period. The vesting shall be no faster than on a pro-rata basis. Additionally, vesting, shall not take place more frequently than on a yearly basis, to ensure a proper assessment of risks before the application of ex-post adjustments.

Basel Pillar III Disclosures

Subject to Bank's ESOP schemes, NRC at its discretion may specify a retention period after the vesting of stock linked instruments which have been awarded as variable pay during which they cannot be sold or accessed.

In cases where the compensation by way of share linked, instruments is not permitted by law/regulations, the entire variable pay can be in cash, subject to deferral/vesting/malus-claw back norms.

f) Description of the different forms of variable remuneration (i.e. cash and types of share-linked instruments) that the Bank utilises and the rationale for using these different forms

Variable pay is purely based on performance and is measured through score cards. Bank ensures that the compensation structure is comprehensive and considers both, qualitative and quantitative performance measures. The variable pay would be in the form of cash & non-cash components (in the form of share linked instruments).

Bank has Employees Stock Option Scheme i.e. ESOS. NRC may grant stock options under the Employees Stock Options Plan/Scheme from time to time in terms of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (Erstwhile SEBI(Share Based Employee Benefits) Regulations, 2014.

In case of other employees Bank also subscribes to different forms of variable pay such as performance linked incentives, Ex-gratia for other employees, non–cash incentives, Bonus, any other incentives by whatever name called having the similar features. The Bank shall not grant any severance pay (other than the terminal benefits and gratuity as per the provisions). Bank shall not provide any facility or funds or permit to insure or hedge his/her compensation structure to offset the risk alignment effects embedded in the compensation package.

Quantitative Disclosures:

Particulars		2021-22	2020-21
a) Number of meetings held by the Nomination & Remuneration Committee during the financial year and remuneration paid to its members.		9 Meetings and remuneration of ₹ 11.55 Lakh	7 Meetings and remuneration of ₹ 8.90 Lakh
b) Number of employees having received a variable remuneration award during the financial year (see note 'a' below)		2	1
c) Number and total amount of sign-on/joining bonus made during the financial year		Nil	Nil
d) Details of severance pay, in addition to accrued benefits, if any		Nil	Nil
e) Total amount of outstanding deferred remuneration, split into cash, types of share-linked instruments and other forms		Cash-₹16,50,000/- Non-cash (ESOPs): 1,35,710 options	Nil
f) Total amount of deferred remuneration paid out in the financial year		Nil	Nil
g) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred (Refer note below)		1. Fixed Pay ₹2,04,81,284/- 2. Variable Pay ₹1,01,66,667/-	1. Fixed Pay ₹1,56,32,352/- 2. Variable Pay ₹17,82,000/-
h) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments		Nil	Nil
i) Total amount of reductions during the financial year due to ex-post explicit adjustments		Nil	Nil
j) Total amount of reductions during the financial year due to ex-post implicit adjustments		Nil	Nil
k) Number of MRTs identified (see note 'b' below)		2	2
l) Number of cases where malus has been exercised		Nil	Nil
m) Number of cases where clawback has been exercised		Nil	Nil
n) Number of cases where both malus and clawback has been exercised		Nil	Nil
o) The mean pay for the Bank as a whole(excluding sub-staff)and the deviation of the pay of each of its WTDs from the mean pay	Mean Pay	₹ 10,21,705	₹ 10,67,504
	Deviation of the pay*	15.73X	8.90X

Basel Pillar III Disclosures

Deviation from mean pay of the Bank, in respect of MD &CEO compensation has seen a significant change due to the following reasons:

a. The mean employee has dipped due to attrition in permanent staff, who have higher incomes

b. MD & CEO's remuneration for the previous year was for period from 29.07.2020 to 31.03.2021, hence partial in comparison to FY 2021-22. Moreover variable pay (cash component) is included in the FY 2021-22 only.

Note - Details of fixed remuneration paid:

SN	Name	Period	Designation	Amount (₹)
1	Mr. B Ramesh Babu	2021-22	MD & CEO (MRT)	1,40,09,235
2	Mr. J Natarajan	2021-22	President & COO (MRT)	64,72,049
	Total			**2,04,81,284**
1	Mr. B Ramesh Babu (taken charge as MD & CEO on 29.07.2020)	29.07.2020 to 31.03.2021	MD & CEO (MRT)	95,03,642^
2	Mr. J Natarajan	2020-21	President & COO (MRT)	61,28,710
	Total			**1,56,32,352**

^ - includes perquisites worked out as per Income Tax Rules, 1962.

Note - Details of Variable Pay pertaining to FY 2020-21 granted during the FY 2021-22:

SN	Name	Variable Pay (₹)	Cash (₹)	Share linked remuneration (ESOPs)
1	Mr. B Ramesh Babu, MD&CEO (MRT)	67,00,000*	33,00,000 (Upfront ₹ 16.50 lakh + ₹ 5.50 lakh each deferred over a period of 3 years)	73,193 options to be vested in the ratio of 33:33:34
2	Mr. J Natarajan, President & COO (MRT)	34,66,667	6,24,000 (Upfront)	61,797 options to be vested in the ratio of 30:30:40
	Total	**1,01,66,667**		

** RBI vide letter dated February 09, 2022 has approved variable pay to Mr. B Ramesh Babu, MD & CEO for performance period FY 2020-21, which was paid during the year ended March 31, 2022.*

a. RBI vide letter dated November 10, 2020 has approved variable pay to Mr. P. R. Seshadri, ex-MD & CEO for performance during the period FY 2019-20, which was paid during the year ended March 31, 2021.

b. Position of MD & CEO and President & COO are identified as Material Risk Takers by the Bank.

16. DISCLOSURE ON BANKING BOOK POSITION (DF-16)

Qualitative Disclosures

In accordance with the RBI guidelines, entire investment portfolio of the Bank including equity investments is classified on the date of purchase as:

- HFT - Held for Trading
- AFS - Available for Sale and
- HTM - Held to Maturity.

Investments which the Bank intends to hold till maturity are classified as HTM securities. In accordance with the RBI guidelines, equity investments held under the HTM category are classified as Banking book for capital adequacy purpose. Equity investments only in the equity of subsidiaries/joint ventures are eligible to be categorised as HTM in accordance with the RBI guidelines.

Basel Pillar III Disclosures

Investments in Private Equity funds are eligible to be accounted under HTM portfolio for the initial period of 3 years; bank will shift all such portions of draw down for the respective financial year to AFS category. All other investments are required to be classified as HFT/AFS securities.

Further, Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any diminution, other than temporary, in the value of equity investments is provided for.

The Bank has classified investments in Private Equity (PE) for ₹ 54.27 Million as at March 31, 2022 under HTM as per extant RBI guidelines.

Quantitative Disclosures

		(₹ in million)
1	Value disclosed in the Balance Sheet of investments(Book Value)	54.27
	Fair value of those investments(Market Value as on 31.03.2022)	60.98
	For quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value	Unquoted
2	The types and nature of investments, including the amount that can be classified as-	Privately Held
3	The cumulative realised gains (losses) arising from sales and liquidations in the reporting period-(Long Term Capital Gains)	23.49
4	Total unrealised gains (losses)	0.00
5	Total latent revaluation gains (losses)-(MTM Gains)	6.71
6	Any amounts of the above included in Tier 1 and/or Tier 2 capital	0.00
7	Capital requirements broken down by appropriate equity groupings, consistent with the Bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory transition or grandfathering provisions regarding regulatory capital requirements.	0.00

17. LEVERAGE RATIO DISCLOSURES

Leverage ratio is a measure of exposure of the Bank vis-à-vis its capital i.e. Leverage Ratio = Tier 1 Capital ÷ Total Exposure, expressed in percentage terms. Exposure for this purpose includes on-balance sheet exposures, derivative exposures, securities financing transaction (SFT) exposures and off- Balance Sheet (OBS) items.

Leverage ratio is not a risk based measure; it is designed to be a supplementary measure to the prescribed risk based capital requirements.

DF -17 : Summary comparison of accounting assets vs. leverage ratio exposure measure

		(₹ in million)
SN	**Particulars**	**Amount**
1	Total consolidated assets as per published financial statements	8,00,437
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	311
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	30,205
7	Other adjustments	530
8	Leverage ratio exposure	**8,30,426**

Basel Pillar III Disclosures

DF -17 : Leverage ratio disclosure

(₹ in million)

	Item	Leverage ratio framework
On-balance sheet exposures		
1	On-Balance Sheet items (excluding derivatives and SFTs, but including collateral)	8,00,437
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(527)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (1 + 2)**	7,99,910
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	29
5	Add-on amounts for PFE associated with all derivatives transactions	282
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 4 to 10)**	311
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 12 to 15)**	-
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	1,31,245
18	(Adjustments for conversion to credit equivalent amounts)	(1,01,040)
19	**Off-balance sheet items (17 + 18)**	**30,205**
Capital and total exposures		
20	**Tier 1 capital**	**72,874**
21	**Total exposures (3 + 11 + 16 + 19)**	**8,30,426**
22	**Basel III leverage ratio**	**8.78%**

Basel Pillar III Disclosures

18. LIQUIDITY COVERAGE RATIO (DF-18)

(₹ in million)

	Particulars	Total unweighted value (average)	Total weighted value (average)
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)		1,52,144
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	4,79,002	36,625
	(i) Stable deposits	2,25,500	11,275
	(ii) Less: stable deposits	2,53,502	25,350
3	Unsecured wholesale funding, of which:	76,825	17,376
	(i) Operational deposits (all counterparties)	-	-
	(ii) Non-operational deposits (all counterparties)	76,825	17,376
	(iii) Unsecured debt	-	-
4	Secured wholesale funding	-	-
5	Additional requirements, of which	49,757	9,307
	(i) Outflows related to derivative exposures and other collateral requirements	159	159
	(ii) Outflows related to loss of funding on debt products	-	-
	(iii) Credit and liquidity facilities	49,598	9,148
6	Other contractual funding obligations	340	340
7	Other contingent funding obligations	375	11
8	**Total cash outflows**		**63,659**
Cash Inflows			
9	Secured lending (e.g. reverse repos)	6,059	-
10	Inflows from fully performing exposures	17,472	9,411
11	Other Cash Inflows	262	262
12	**Total cash inflows**	**23,794**	**9,673**
		Total Adjusted Value	
13	**Total HQLA**		1,52,144
14	**Total Net Cash Outflows**		53,986
15	**Liquidity Coverage Ratio (%)**		281.82%

Network of Branches

REGISTERED AND CENTRAL OFFICE

No. 20, Erode Road, Vadivel Nagar,
L.N.S., Karur - 639002.
{CIN No.L65110TN1916PLC001295}
Ph. : 04324 - 269000, 226520, 225521-25
Fax No. 04324-225700
Website : www.kvb.co.in

INTEGRATED TREASURY

Second Floor, 954, Appa Saheb Marathe Marg, Gayathri Towers, Prabhadevi, Mumbai-400025

DIVISIONAL OFFICE

AHMEDABAD	First Floor, Motilal Centre, Near Income Tax Circle, Ashram Road, Ahmedabad-380009
BANGALORE	No.6, Second Floor, Vasavi Temple Road, Sajjanrao Circle, V.V.Puram, 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	Amritha Towers, No.40/1045c, First Floor, Opp: Maharaja's College Ground, M.G.Road, Ernakulam - 682011
HYDERABAD	No.5-8-356 to 362, Second Floor, Chirag Ali Lane, Abids, Hyderabad-500001
KARUR	No.633-637, First Floor, Jawahar Bazaar, Karur, Tamil Nadu - 639001
KOLKATA	No.15, Bondel Road, First Floor, Ballygunge, Kolkata-700019
MADURAI	Gayathri Illam, 16 A.A.Road, First Floor, Gnanaolivupuram, Madurai-625016
MUMBAI	No.954, Ground Floor, Appa Saheb Marathe Marg, Gayathri Towers, Prabhadevi, Mumbai-400025
SALEM	No.269-A, First Floor, Bharathi Street, Swarnapuri, Alagapuram, Salem-636004
TAMBARAM	SBA Complex, No.7/73, First Floor, Venkatesa Choudhary Street, West Tambaram, Chennai-600045
TRICHY	KVB Towers, No.1, First Floor, Alexandria Road, Cantonment, Trichy-620001
VIJAYAWADA	Gayathri Nilayam, No.38-8-46, First Floor 38-8-46, M.G.Road, Labbipet, Vijayawada-520010
VISAKHAPATNAM	No: 47-10-15, Shop No.1 A.G Avenue, First Floor, Opp: Pollocks School, 2nd Lane, Dwarkanagar, Visakhapatnam - 530016
TIRUPATHI	Prya Towers, No.6-8-1250, First Floor, NGOs Colony, K.T.Road, Near Anna Rao Circle, Tirupathi-517501
VILLUPURAM	No.15, First Floor, G.V.Farms Building, Mampazhapattu Road, Villupuram-605602

Network of Branches

OTHER OFFICES	
DATA CENTRE	Sixth Floor, D North Block, Tidel Park, Taramani, Chennai-600113
DISASTER RECOVERY SITE	Fifth Floor, Unit - 3, Block-I, Cyber Pearl, Hi-Tech City, Madhapur, Hyderabad - 500 081
ALTERNATE CHANNEL CELL	No.338/1 , Uffizi Complex First Floor, Avinashi road, Peelamedu, Coimbatore-641004
DEMAT CELL	No.1, Padmavathiyar Road, Fourth Floor, Off Peters Road, Gopalapuram, Chennai - 600086
CENTRALISED OPERATIONS CENTRE	Block D, Third Floor, Hanudev InfoPark, Udayampalayam Road, Nava India, Coimbatore - 641 028.
CENTRALISED FOREX PROCESSING CELL	Unit No.156/4, Second Floor,Jeevan Anand Building ,No.556 Anna Salai, Teynampet, Chennai- 600018
CHENNAI TAX CELL	No.1 Padmavathiyar Road, Second Floor, Off Peters Road, Gopalapuram,Chennai - 600086
TRANSACTION BANKING GROUP	No.1 Padmavathiar Road, Second Floor, Off Peters Road, Gopalapuram, Chennai - 600086
CHANNEL RECONCILIATION CELL	No.338/1 , Uffizi Complex First Floor, Avinashi road, Peelamedu, Coimbatore-641004
CHENNAI D.T.P.C.	Elenet Software City, 4th Floor Module 43, TS 140, Block 2&9, Rajiv Gandhi Salai, Taramani, Chennai - 600113.
CALL CENTRE - CHENNAI	First floor, A - North Block, Tidel Park, Taramani, Chennai - 600 113.
INFORMATION SECURITY GROUP	Elenet Software City, Ground Floor Module G3, TS 140, Block 2&9, Rajiv Gandhi Salai, Taramani, Chennai - 600113.
EXPENSES MANAGEMENT CELL	No.1 Padmavathiar Road, Third Floor, Off Peters Road, Gopalapuram, Chennai - 600086
ANALYTICS CELL	Elenet Software City, 4th Floor Module 43, TS 140, Block 2&9, Rajiv Gandhi Salai, Taramani, Chennai - 600113.
RETAIL CREDIT RISK CELL	Elenet Software City, 4th Floor Module 43, TS 140, Block 2&9, Rajiv Gandhi Salai, Taramani, Chennai - 600113.
CREDIT CARD CELL - CHENNAI	Elenet Software City, 4th Floor Module 43, TS 140, Block 2&9, Rajiv Gandhi Salai, Taramani, Chennai - 600113.
TECHNOLOGY QUALITY ASSURANCE DEPT	No.1 Padmavathiar Road, 4th Floor, Off Peters Road, Gopalapuram, Chennai - 600086
COIMBATORE - CBG CLUSTER	No.1498-C, 3rd Floor, KVB Towers,Avinashi Road, Peelamedu, Coimbatore, Tamil Nadu, 641004
VIJAYAWADA - CBG CLUSTER	Gayathri Nilayam, 2nd Floor 38-8-46, Labbipet, M.G.Road, Vijayawada-520010
TRICHY - CBG CLUSTER	KVB Towers, No.1, Second Floor, Alexandria Road, Cantonment, Trichy-620001
GOVERNMENT BUINESS OPERATION CENTER	No.1 Padmavathiar Road, 2nd Floor, Off Peters Road, Gopalapuram, Chennai - 600086

CENTRAL CLEARING OFFICES
CHENNAI
DELHI
MUMBAI

CURRENCY CHEST
CHENNAI
KARUR
MADURAI
VIJAYAWADA
BANGALORE
COIMBATORE
HYDERABAD
TRICHY

Network of Branches

ANDHRA PRADESH

ANANTAPUR
DHARMAVARAM
HINDUPUR
ANANTAPUR
GUNTAKAL
KADIRI
TADIPATRI
GORANTLA

CHITTOOR
CHITTOOR
RALLABUDUGURU
NAGARI
TIRUPATHI - MAIN
TIRUPATHI - KHADI COLONY
KUPPAM
MADANAPALLE
MURAKAMBATTU
SRIKALAHASTI
PUTTUR
TIRUPATI - M R PALLI
BUSINESS BANKING UNIT - TIRUPATHI

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
GUNTUR - PATTABHIPURAM

KADAPA
PRODDATUR
KADAPA
RAJAMPET
RAYACHOTY

KRISHNA
VIJAYAWADA - GOVERNORPET
VIJAYAWADA - 1 TOWN
GUDIVADA
VIJAYAWADA - BUNDER ROAD
KANKIPADU
PORANKI
MACHILIPATNAM
VUYYURU
VIJAYAWADA - BHAVANIPURAM
NUZVID
GANNAVARAM
VIJAYAWADA - SATYANARAYANAPURAM
VIJAYAWADA - BENZ CIRCLE
CHORAGUDI
TIRUVURU
CORPORATE BUSINESS UNIT - VIJAYAWADA
BUSINESS BANKING UNIT - VIJAYAWADA
AVANIGADDA

KURNOOL
KURNOOL
NANDYAL
ADONI
KURNOOL - 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
VISAKHAPATNAM - PEDAWALTAIR
ANAKAPALLE
VISAKHAPATNAM - MAIN
GAJUWAKA
PENDURTHI
VIZAG - DWARKANAGAR
YELAMANCHILI
VISAKHAPATNAM - GOPALAPATNAM
NARSIPATNAM
VISAKHAPATNAM - SEETHAMMADHARA
VIZAG - MADHURAWADA
VIZAG - MVP COLONY
VIZAG - AKKAYAPALEM
BUSINESS BANKING UNIT
- VISAKHAPATNAM
TAGARAPUVALASA

VIZIANAGARAM
VIZIANAGARAM
SALUR
PARVATHIPURAM
BOBBILI
GAJAPATHINAGARAM
G. AGRAHARAM

WEST GODAVARI
PALAKOL
TADEPALLIGUDEM
NIDADAVOLU
JANGAREDDYGUDEM
BHIMAVARAM
ELURU
TANUKU

Network of Branches

NARASAPUR
AKIVIDU
CHINAAMIRAM
GANAPAVARAM

BIHAR

PATNA
PATNA

CHANDIGARH - UT

CHANDIGARH
CHANDIGARH

CHATTISGARH

RAIPUR
RAIPUR

DELHI

CENTRAL DELHI
DELHI - KAROL BAGH
DELHI - CHANDINI CHOWK
CORPORATE BUSINESS UNIT - DELHI
BUSINESS BANKING UNIT - DELHI

EAST DELHI
DELHI - LAXMINAGAR

NORTH DELHI
DELHI - KASHMERE GATE
DELHI - KAMLANAGAR

NORTH WEST DELHI
DELHI - LAWRENCE ROAD
DELHI - ROHINI

SOUTH EAST DELHI
DELHI - EAST OF KAILASH
NEW DELHI - OKHLA

WEST DELHI
DELHI - RAMESH NAGAR
DELHI - PITAMPURA
DELHI - JANAKPURI

GOA

NORTH GOA
PANAJI

GUJARAT

AHMEDABAD
AHMEDABAD
AHMEDABAD - MANINAGAR
AHMEDABAD - SATELLITE ROAD
AHMEDABAD - SANAND
AHMEDABAD - NARODA
AHMEDABAD - SHAHIBAUG
CORPORATE BUSINESS UNIT - AHMEDABAD
BUSINESS BANKING UNIT - AHMEDABAD

ANAND
ANAND

BHARUCH
BHARUCH

KACHCHH
GHANDIDHAM

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

KARNATAKA

BANGALORE URBAN
BANGALORE - MAIN
BANGALORE - J.C. ROAD
BANGALORE - MALLESWARAM
BANGALORE - HALASURU
BANGALORE - RAJAJINAGAR
BANGALORE - ISRO NAGAR
BANGALORE - JAYANAGAR
BANGALORE - KORAMANGALA
BANGALORE - BASAVANAGUDI
CHANDAPUR
ATTIBELE
BANGALORE - BTM LAYOUT
BANGALORE - INDIRA NAGAR
BANGALORE - HSR LAYOUT
HEBBAGODI
BANGALORE - R T NAGAR
CHIKKABANAVARA
BANGALORE - WHITEFIELD
BANGALORE - V V PURAM
BANGALORE - J P NAGAR
BANGALORE - VIDYARANYAPURA
BANGALORE - KENGERI
BANGALORE - BANASHANKARI
BANGALORE - CHANDRA LAYOUT
BANGALORE - RAJA RAJESHWARI NAGAR
BANGALORE - YESHWANTHPUR
BANGALORE - KALYAN NAGAR
CORPORATE BUSINESS UNIT - BANGALORE
BANGALORE - SAHAKAR NAGAR
BUSINESS BANKING UNIT - BANGALORE
PRECIOUS METALS DIVISION

Network of Branches

BANGALORE RURAL
DODDABALLAPUR
HOSAKOTTE
NELAMANGALA
DEVANAHALLI

BELGAUM
BELGAUM

BELLARY
BELLARY

CHIKKABALLAPUR
CHINTAMANI
GAURIBIDANUR

CHITRADURGA
CHITRADURGA
HIRIYUR

DAKSHIN KANNAD
MANGALORE

DAVANGERE
DAVANGERE

DHARWAD
HUBLI

HASSAN
HASSAN
ARISEKERE

KALABURAGI
GULBARGA

KOLAR
KOLAR GOLD FIELDS

KOPPAL
GANGAVATHI

MYSORE
MYSORE

RAICHUR
RAICHUR

RAMANAGARAM
RAMANAGARAM

SHIMOGA
SHIMOGA

TUMKUR
TUMKUR

KERALA

ALAPPUZHA
CHENGANNUR
ALAPPUZHA

ERNAKULAM
ERNAKULAM
ERNAKULAM - EDAPPALLY
TRIPUNITHURA
ERNAKULAM - PALARIVATTOM
ANGAMALY

IDUKKI
THODUPUZHA

KANNUR
KANNUR
THALASSERY

KASARAGOD
KASARGOD

KOLLAM
KOLLAM

KOTTAYAM
KOTTAYAM

KOZHIKODE
KOZHIKODE

PALAKKAD
PALAKKAD

PATHANAMTHITTA
TIRUVALLA
PATHANAMTHITTA

THRISSUR
THRISSUR
IRINJALAKUDA

THIRUVANANTHAPURAM
THIRUVANANTHAPURAM
BALARAMAPURAM

MADHYA PRADESH

BHOPAL
BHOPAL

GWALIOR
GWALIOR

INDORE
INDORE

JABALPUR
JABALPUR

MAHARASHTRA

AMARAVATI
AMRAVATI

AURANGABAD
AURANGABAD

KOLHAPUR
ICHALKARANJI
KOLHAPUR

MUMBAI
MUMBAI - FORT
MUMBAI - PRABHADEVI
MUMBAI - KALBADEVI
MUMBAI - MATUNGA
CORPORATE BUSINESS UNIT - MUMBAI
ASSET RECOVERY BRANCH - MUMBAI
NEO
BUSINESS BANKING UNIT - MUMBAI

MUMBAI SUBURBAN
MUMBAI - BORIVALI
MUMBAI - MULUND
MUMBAI - CHEMBUR

Network of Branches

MUMBAI - ANDHERI
MUMBAI - GHATKOPAR
MUMBAI - KANDIVALI

NAGPUR
NAGPUR

NANDED
NANDED

NASIK
NASIK

PUNE
PUNE

SOLAPUR
SOLAPUR

THANE
MUMBAI - VASHI
MUMBAI - ICL SCHOOL
MUMBAI - THANE
MUMBAI - NERUL
BHIWANDI
DOMBIVALI

ORISSA

CUTTACK
CUTTACK

GANJAM
BERHAMPUR
ASIKA

KHURDA
BHUBANESHWAR

SUNDERGARH
ROURKELA

PONDICHERY-UT

PUDUCHERRY
PONDICHERRY
PONDICHERRY - LAWSPET
VILLIANUR
PILLAYARKUPPAM
REDDIYARPALAYAM

KARAIKAL
KARAIKAL

YANAM
YANAM

PUNJAB

AMRITSAR
AMRITSAR

FATEHGARH SAHIB
MANDI GOBINDGARH

JALANDHAR
JALANDHAR

KAPURTHALA
HARDASPUR (LPU)

LUDHIANA
LUDHIANA

PATIALA
PATIALA

RAJASTHAN

JAIPUR
JAIPUR

TAMILNADU

ARIYALUR
ARIYALUR
JAYANKONDAM
SENDURAI
THELUR

CHENGALPATTU
CHENNAI - CHROMEPET
CHENNAI - TAMBARAM
CHENNAI - ST.THOMAS MOUNT
CHENNAI - URAPPAKKAM
CHENNAI - SINGAPERUMAL KOIL
CHENNAI - KELAMBAKKAM
CHENNAI - MEDAVAKKAM
CHENNAI - SELAIYUR
CHENGALPATTU
CHENNAI - PALLAVARAM
GUDUVANCHERRY
CHENNAI - SITTALAPAKKAM
MADURANTHAKAM
ACHARAPAKKAM
EAST - TAMBARAM
CHEMMANCHERY
NANMANGALAM
OLD PERUNGALATHUR
VARADHARAJAPARAM
NEW COLONY - CHROMPET
BUSINESS BANKING UNIT - TAMBARAM

CHENNAI
CHENNAI - ALANDUR
CHENNAI - MAIN
CHENNAI - ANNA NAGAR
CHENNAI - KODAMBAKKAM
CHENNAI - MYLAPORE
CHENNAI - ROYAPURAM
CHENNAI - TRIPLICANE
CHENNAI - T.NAGAR
CHENNAI - WHITES ROAD
CHENNAI - PURASAWALKAM
CHENNAI - DHANDAPANI STREET
CHENNAI - TEYNAMPET
CHENNAI - NANGANALLUR
CHENNAI - ADYAR
CHENNAI - MOGAPPAIR
CHENNAI - VALASARAVAKKAM
CHENNAI - VELACHERY
CHENNAI - ASHOK NAGAR
CHENNAI - EGMORE
CHENNAI - SHOLINGANALLUR
CHENNAI - RAJA ANNAMALAIPURAM
CHENNAI - ARUMBAKKAM
CHENNAI - MADIPAKKAM
CHENNAI - KK NAGAR
CHENNAI - PALAVAKKAM
PORUR
CHENNAI - SAIDAPET
CHENNAI - SALIGRAMAM
PERUNGUDI
CHENNAI - NUNGAMBAKKAM
PADI
CHENNAI - GODOWN STREET
CHENNAI - RAMAPURAM

Network of Branches

MADURAVOYIL
THORAIPAKKAM
CHENNAI - NELSON MANICKAM ROAD
CHENNAI - BESANT NAGAR
MADHAVARAM
CHENNAI - PERIYAR NAGAR
CHENNAI - MANDAVELI
CORPORATE BUSINESS UNIT - CHENNAI
CHENNAI - KOTTURPURAM
ASSET RECOVERY BRANCH - CHENNAI
CHENNAI - WEST MAMBALAM
CHENNAI - CHINMAYA NAGAR
CHENNAI - PERAMBUR
CHENNAI - HARRINGTON ROAD
BUSINESS BANKING UNIT - CHENNAI
CHENNAI - TIRUVOTTIYUR
CHENNAI - AYANAVARAM

COIMBATORE

ANAIMALAI
COIMBATORE - MAIN
COIMBATORE - DR. NANJAPPA ROAD
COIMBATORE - R.S.PURAM
DHULLY
POLLACHI
COIMBATORE - SARAVANAMPATTI
COIMBATORE - SAIBABA COLONY
COIMBATORE - GANAPATHY
SOMANUR
KOVAIPUDUR
COIMBATORE - VADAVALLI
COIMBATORE - RAMANATHAPURAM
ANNUR
COIMBATORE - KUNIAMUTHUR
METTUPALAYAM
COIMBATORE - AVINASHI ROAD
COIMBATORE - KALAPATTI
COIMBATORE - SULUR
COIMBATORE - SIVANANDA COLONY
COIMBATORE- GOUNDAMPALAYAM
CHINNIYAMPALAYAM
THEETHIPALAYAM
VADASITHUR
COIMBATORE - THUDIYALUR
COIMBATORE - SINGANALLUR
COIMBATORE - SARAVANAMPATTI MAIN
KUNNATHUR
PERIYANAICKENPALAYAM
VILANKURICHI
NALLATTIPALAYAM
COIMBATORE - SUNDARAPURAM
KITTAMPALAYAM
COIMBATORE - NEW SIDDHAPUDUR
CORPORATE BUSINESS UNIT - COIMBATORE
COIMBATORE - PAPANAICKENPALAYAM
RASIPALAYAM
ASSET RECOVERY BRANCH - COIMBATORE
BUSINESS BANKING UNIT - COIMBATORE

CUDDALORE

CHIDAMBARAM
CUDDALORE
VIRUDHACHALAM
NEYVELI
CHIDAMBARAM - ANNAMALAI NAGAR
PANRUTI
ERAIYUR
VADALUR
BHUVANAGIRI
KALLUR

DHARMAPURI

KAMBAINALLUR
DHARMAPURI
HARUR
PAPPIREDDIPATTI

DINDIGUL

BATLAGUNDU
CHINNALAPATTI
DINDIGUL
NEIKARAPATTI
PALANI
ODDANCHATRAM
VEDASANDUR
NILAKOTTAI
VILPATTI
KOOMBUR
DINDIGUL - R M COLONY

ERODE

BHAVANI
ERODE
GOBICHETTIPALAYAM
KAVINDAPADI
KOLATHUPALAYAM
PERUNDURAI
SATHYAMANGALAM
METTUKADAI
PERUNDURAI - KEC NAGAR
ERODE - SAMPATH NAGAR
SIVAGIRI
ERODE - VEERAPPANCHATIRAM
CHENNIMALAI
ANTHIYUR
KANAKAMPALAYAM
SAVANDAPUR
OTHAKADAI
MULLAMPARAPPU
ERODE - CHINNIAMPALAYAM
PUNJAIPULIYAMPATTI
KARUMANDAMPALAYAM
T. VELLODE
NAMBIYUR
KONGARPALAYAM
ORICHERI
KATHIRAMPATTI

KALLAKURICHI

KADUVANUR
THOTTIYAM
KALLAKURICHI
ULUNDURPETTAI
CHINNASALEM
MURARBADU
PRIDIVIMANGALAM
TIRUKKOYILUR
RANGAPANUR
SANKARAPURAM

KANCHEEPURAM

KANCHEEPURAM
ULLAVOOR
CHENNAI - SRIPERUMPUDUR
KUNDRATHUR
PADAPPAI
CHENNAI - MANGADU
CHENNAI - KOLAPAKKAM

KANYAKUMARI

NAGERCOIL
MARTHANDAM
PANCHALINGAPURAM

KARUR

KARUR - MAIN
KARUR - CENTRAL
KULITHALAI
KARUR - WEST
VEERARAKKIYAM
KARUR - GANDHIGRAMAM
KARUR - VENGAMEDU
ARAVAKURICHI
KARUR - THANTHONIMALAI
PADIRIPATTI
BUSINESS BANKING UNIT - KARUR

Network of Branches

KRISHNAGIRI
SAMALPATTI
KRISHNAGIRI
HOSUR
BARGUR
HOSUR - BATHALAPALLI
AGARAM
MARUDANDAPALLI
RAYAKOTTAI

MADURAI
ALANGANALLUR
MADURAI - MAIN
MADURAI - GNANAOLIVUPURAM
MADURAI - SOUTH
ELUMALAI
MADURAI - TALLAKULAM
MADURAI - ANNA NAGAR
MADURAI - PALANGANATHAM
MELUR
MADURAI - THIRUNAGAR
MADURAI - THIRUPPALAI
THENUR
MADURAI - KAMARAJAR SALAI
POTHUMBU
MADURAI - NORTH
MADURAI - VILLAPURAM
MADURAI - K.PUDUR
MADURAI - THIRUMANGALAM
MADURAI - BIBIKULAM
MADURAI - KOSAKULAM
MADURAI - MATTUTHAVANI
ASSET RECOVERY BRANCH - MADURAI
AYYANKOTTAI
CORPORATE BUSINESS UNIT - MADURAI
BUSINESS BANKING UNIT - MADURAI
MADURAI - K.K.NAGAR

MAYILADUTHURAI
MAYILADUTHURAI

NAGAPATTINAM
NAGAPATTINAM
NEERMULAI

NAMAKKAL
BELUKURICHI
KALAPPANAICKENPATTI
KOMARAPALAYAM
MANGALAPURAM
NAMAGIRIPET
NAMAKKAL - MAIN
VELLAPILLAIAR KOIL
PAUNDAMANGALAM
NAMAKKAL - WEST
PUDUCHATRAM
TIRUCHENGODE
VALAYAPATTI
RASIPURAM
PARAMATHI VELUR
PALLIPALAYAM
MOHANUR
PARAMATHI - KOTTAMANGALAM

NILGIRIS
COONOOR
UDHAGAMANDALAM
KOTAGIRI

PERAMBALUR
PERAMBALUR

PUDUKKOTTAI
KOTHAMANGALAM
PUDUKOTTAI
ARANTHANGI
PONNAMARAVATHI
KURUVIKKONDANPATTI
ALAVAYAL

RAMANATHAPURAM
RAMANATHAPURAM
PARAMAKUDI
RAMANATHAPURAM - BHARATHI NAGAR
NARIPAYYUR

RANIPET
ARAKONAM
SALAI
SHOLINGUR
RANIPET
POOTUTHAKKU
ARCOT
PERUMUCHI

SALEM
ATTUR
IDAPPADI
KARIPATTI
KARUPPUR
METTUR DAM R.S.
SALEM - MAIN
SALEM - SHEVAPET
SALEM - ALAGAPURAM
ILAMPILLAI
JALAKANDAPURAM
SALEM - GUGAI
AYOTHIAPATTINAM
THAMMAMPATTI
SANKAGIRI (SANKARI)
DEVIYAKURICHI
OMALUR
VAZHAPADI
SALEM - KONDALAMPATTI
PANJAKALIPATTI
BUSINESS BANKING UNIT - SALEM

SIVAGANGAI
KARAIKUDI
SINGAMPUNERI
SAKKOTTAI
DEVAKOTTAI
KOVILOOR

TENKASI
TENKASI
SANKARANKOIL
SURANDAI
KADAYANALLUR
MUDALIYARPATTI
ALANGULAM

THANJAVUR
KUMBAKONAM
THANJAVUR
THIRUPALATHURAI
PATTUKOTTAI
MADUKKUR
PERAVURANI
VILAR
THIRUVIDAIMARUDUR
PULIYANTHOPPU
THANJAVUR - R.R.NAGAR

THENI
AUNDIPATTI
KATHIRNARASINGAPURAM
BODINAYAKANUR
CHINNAMANUR
CUMBUM
GUDALUR
KOMBAI
PERIYAKULAM
THENI
UPPUKOTTAI

Network of Branches

TIRUVALLUR
CHENNAI - TIRUVERKADU
CHENNAI - P.H.ROAD
CHENNAI - AMBATTUR
CHENNAI - RED HILLS
THIRUVALLUR
PUTHAGARAM
AVADI
PODATHURPET
SEETHANJERI
TIRUTTANI
NEMILICHERRY
MINJUR
CHENNAI - POONAMALLEE
PONNERI

THIRUVARUR
THIRUVARUR
MANNARGUDI
KOOTHANUR
THAMBIKOTTAI

TIRUNELVELI
PALAYAMKOTTAI
TIRUNELVELI - TOWN
AMBASAMUDRAM
VALLIYUR
TIRUNELVELI JUNCTION

TIRUPATHUR
VANIYAMBADI - NEW TOWN
TIRUPATHUR
NARIYANERI
NATRAMPALLI
JOLARPET
DEVALAPURAM

TIRUPUR
DHARAPURAM
GANAPATHIPALAYAM
KOLUMAM
MULANUR
TIRUPUR - MAIN
UDUMALPET
ERISANAMPATTI
PAPPANKULAM
TIRUPUR - OVERSEAS
TIRUPUR - P.N.ROAD
KANGEYAM
PALLADAM
VELLAKOIL
AVINASHI
P.KOMARAPALAYAM
PATTANAM
MANNARAI
MUDALIPALAYAM
VELAMPALAYAM
MUTHANAMPALAYAM
TIRUPUR - S.R. NAGAR
PONGALUR

TIRUVANNAMALAI
ARNI
PERUNDURAIPATTU
POLUR
VANDAVASI
TIRUVANNAMALAI
TIRUVETHIPURAM (CHEYYAR)
CHENGAM
KORUKKATHUR
ADAMANGALAM
NADUKUPPAM
KONALUR
ALATHUR
CHETPET

TRICHY
JEEYAPURAM
MUSIRI
THATHIENGARPET
TRICHY - MAIN
TRICHY - CANTONMENT
KANNANUR
TRICHY - THILLAINAGAR
TRICHY - SRIRANGAM
TRICHY - K.K.NAGAR
SURIYUR
TIRUVERUMBUR
TRICHY - SRINIVASA NAGAR
THURAIYUR
MANAPPARAI
TRICHY - KARUMANDAPAM
LALGUDI
APPANALLUR
SAMAYAPURAM
SOBANAPURAM
MOOVANUR
MANACHANALLUR
TRICHY - WEST BOULIWARD ROAD
VENKATESAPURAM
MONDIPATTI
THIRUPPATTUR
TRICHY - ARIYAMANGALAM
BUSINESS BANKING UNIT - TRICHY
TRICHY - ALEXANDRIA ROAD

TUTICORIN
KOVILPATTI
TUTICORIN
SEYDUNGANALLUR
VAZHAVALLAN
IDAICHIVILAI
TIRUCHENDUR

VELLORE
KANIYAMBADI
VELLORE
GUDIYATHAM
BRAHMAPURAM
VIRUPAKSHIPURAM
KATPADI

VILLUPURAM
VILLUPURAM
TINDIVANAM
GINJEE
TIRUMANGALAM
PANANKUPPAM
BUSINESS BANKING UNIT - VILLUPURAM

VIRUDHUNAGAR
VIRUDHUNAGAR
RAJAPALAYAM
SIVAKASI
ARUPPUKKOTTAI
NAKKENERI
SRIVILLIPUTTUR
S.N.PURAM

TELANGANA

ADILABAD
ADILABAD

BHADRADRI KOTHAGUDEM
KOTHAGUDEM
PALONCHA (PALWANCHA)

HANUMAKONDA
WARANGAL - HANAMAKONDA
WARANGAL - KHAZIPET
WARANGAL - MAIN

HYDERABAD
HYDERABAD - MAIN

Network of Branches

SECUNDERABAD
HYDERABAD - NALLAKUNTA
HYDERABAD - ABIDS
HYDERABAD - S R NAGAR
HYDERABAD - KALYAN NAGAR
HYDERABAD - JUBILLEE HILLS
HYDERABAD - HIMAYATNAGAR
HYDERABAD - MEHADIPATNAM
HYDERABAD - HABSIGUDA
HYDERABAD - AMEERPET
HYDERABAD - SANTOSH NAGAR
HYDERABAD - BANJARA HILLS
CORPORATE BUSINESS UNIT - HYDERABAD
ASSET RECOVERY BRANCH - HYDERABAD
HYDERABAD - TADBUND
BUSINESS BANKING UNIT - HYDERABAD

JAGTIAL
JAGTIAL

KAMAREDDY
KAMAREDDY

KARIMNAGAR
KARIMNAGAR
JAMMIKUNTA

KHAMMAM
KHAMMAM

MAHABUBNAGAR
MAHBUBNAGAR
JADCHERLA

MANCHERIAL
MANCHERIAL

MEDAK
MEDAK

MEDCHAL- MALKAJGIRI
HYDERABAD - MALKAJ GIRI
HYDERABAD - A.S.RAO NAGAR
HYDERABAD - PRAGATHI NAGAR
HYDERABAD - KUKATPALLY
HYDERABAD - BODUPPAL
HYDERABAD - NIZAMPET
HYDERABAD - ALWAL
MEDCHAL
NAGARAM

NAGAR KURNOOL
NAGAR KURNOOL

NALGONDA
MIRYALAGUDA
NALGONDA

NIRMAL
BHAINSA

NIZAMABAD
NIZAMABAD

RANGA REDDY
HYDERABAD - DILSUKH NAGAR
HYDERABAD - MANIKONDA
HYDERABAD - MEERPET
HYDERABAD - CHANDANAGAR
HYDERABAD - MIYAPUR
HYDERABAD - VANASTHALIPURAM
HYDERABAD - KONDAPUR
HYDERABAD - L.B. NAGAR
HYDERABAD - HAYATHNAGAR
BRAHMANAPALLY
SHADNAGAR

SANGAREDDY
SANGAREDDY
ZAHEERABAD

SIDDIPET
SIDDIPET

SURYAPET
KODAD

WANAPARTHY
WANAPARTHY

YADADRI BHUVANAGIRI
YADAGIRIGUTTA

UTTARAKHAND

DEHRADUN
DEHRADUN

UTTARPRADESH

GOWTAM BUDDHA NAGAR
NOIDA

GHAZIABAD
GHAZIABAD

KANPUR
KANPUR

LUCKNOW
LUCKNOW

MEERUT
MEERUT

VARANASI
VARANASI

WEST-BENGAL

PASCHIM BARDHMAN
DURGAPUR

HOWRAH
JAGACHA
BAGNAN
GHOSHPARA

KOLKATA
KOLKATA - BURRA BAZAAR
KOLKATA - SHAKESPERE SARANI
KOLKATA - BALLYGANGE
KOLKATA - N.S.ROAD
ASSET RECOVERY BRANCH - KOLKATA

NORTH 24 PARGANAS
KOLKATA - SALT LAKE
KOLKATA - DAKSHINESHWAR
KOLKATA - BANGUR AVENUE

PASCHIM MEDINIPUR
KHARAGPUR

SOUTH 24 PARGANAS
GARIA
JOKA

Principal Correspondent Banks

Name of the Bank and address
OUR SWIFT CODE KVBLINBBIND
CHIPS UID: 154137

USD
Citi Bank, N A
111,Wall Street
New York City ,
NY 10018, USA
Ac.No.36844037
SWIFT : CITIUS33
FEDWIRE ROUTING NUMBER
021000089

EURO
Commerz Bank AG
Theodor-Heuss-Allee 50
60489 Frankfurt AM Main
Germany
Ac. No. 400875119000EUR
SWIFT : COBADEFF

JPY
Standard Chartered Bank
30-16, Ogikubo 4-chome,
Suginami-ku
Tokyo 167-8530, Japan
Ac.No. 0219600 - 1110
SWIFT:SCBLJPJT

GBP
Standard Chartered Bank
1 Alderman bury Square
London EC2V 7SB
United Kingdom
Ac.No. GBP 01 265520901
SWIFT : SCBLGB2L
I-BAN NO
GB94SCBL60910412655209

USD
Standard Chartered Bank
One Madison Avenue
New York, NY 10010-3603
USA
Ac.No.3582069922001
SWIFT : SCBLUS33
FEDWIRE ROUTING NUMBER
026002561

EURO
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

AUD
Australia & Newzealand Banking Corporation
55 Collins Street
Melbourne, Victoria
AUSTRALIA
Ac.No. 237776-00001
SWIFT : ANZBAU3M
BSB Number: 013024

CHF
ZUERCHER KANTONAL BANK
Zurich, Switzerland
Ac.No.0700-01283278
SWIFT :ZKBKCHZZ80A
I-BAN NO
CH5200700070001283278

SGD
Standard Chartered Bank
Battery Road Branch,
6, Battery Road,
SINGAPORE 049909
Ac.No. 0106342533
SWIFT:SCBLSG22

CAD
ICICI Bank Canada
Don Valley Business Park,
150 Ferrand Drive, Suit No 700
North York, Ontario
CANADA M3C3E5
Ac.No.101928815
SWIFT:ICICCATT

AED
Commercial Bank of Dubai
Po Box 2668,
Al Ittihad street
Dubai,UAE
A/c.No.1001361656
SWIFT: CBDUAEADXXX
I-BAN NO
AE590230000001001361656

SGD
Indian Overseas Bank
64, Cecil Street,
IOB Building,
Singapore 049711
A/c. No. 4916210132
SWIFT: IOBASGSG

A Decade of Progress

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Paid up Capital	107	107	122	122	122	145	160	160	160	160
Reserves	2,978	3,219	4,124	4,451	4,723	6,066	6,205	6,440	6,760	7,436^
Owned funds	3,085	3,326	4,246	4,573	4,845	6,211	6,365	6,600	6,920	7,596
Basel III (%)	14.41$	12.6	14.62	12.17	12.54	14.43	16	17.17	18.98	19.46
Deposits	38,653	43,758	44,690	50,079	53,700	56,890	59,868	59,075	63,278	68,676
Advances	29,706	34,226	36,691	39,476	41,435	45,973	50,616	48,516	52,820	57,550
Total Business	68,359	77,984	81,381	89,555	95,135	102,863	110,484	107,591	116,098	126,226
Total Income	4,695	5,680	5,977	6,150	6,405	6,600	6,779	7,145	6,389**	6,357
Operating Profit	849	838	943	1,303	1,571	1,777	1,711	1,761	1,291**	1,630
Net Profit	550	430	464	568	606	346	211	235	359	673
Cost of Deposit	8.3	8.24	7.96	7.4	6.6	5.99	5.8	5.76	4.96	4.3
Yield on Advance	12.77	12.28	12.14	11.67	11.34	10.3	9.75	9.63	8.93	8.47
Dividend (%)	140	130	130	140	130	30	30	-	25	80#
Branches (No.)	551	572	629	667	711	790	778	779	780	789
EPS (₹)	51.35	40.08	39.86	46.59	9.95*	4.78	2.64	2.94	4.5	8.42
Return on Assets (%)	1.35	0.86	0.88	1.03	1	0.53	0.31	0.32	0.49	0.86
Book Value(₹)	287.85	308.91	348.42	375.25	79.51*	85.49	79.63	82.57	86.57	94.95
Business per employee	10.16	10.63	11.31	12.42	12.86	12.93	14.42	13.56	14.99	17.28
No of Employees	6,730	7,339	7,197	7,211	7,400	7,956	7,663	7,935	7,746	7,306

* During the Financial Year 2016-17, one Equity Share face value of ₹10/- each was subdivided into five Equity Shares of face value ₹2/- each
^Includes proposed dividend;
$ Basel II CRAR;
# proposed subject to approval at AGM
**From 2020-21, depreciation on investments has been reclassified as an item of other income.

THE KARUR VYSYA BANK LIMITED

Registered & Central Office

No. 20, Erode Road,
Vadivel Nagar, L.N.S., Karur - 639002.
Phone : 04324 - 269000

CIN : L65110TN1916PLC001295

/Concept, content and design at AICL (hello@aicl.in)