IRC:F48:157:369:2023 August 01, 2023

The Manager,
National Stock Exchange of India Ltd,
Exchange Plaza, 5th Floor,
Plot No. C-1, 'G' Block,
Bandra- Kurla Complex,
Bandra (East), Mumbai – 400051.

Scrip Code: KARURVYSYA

The Manager,
BSE Ltd,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001.

Scrip Code: 590003

Dear Sir/Madam,

Sub: Intimation under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Integrated Annual Report for FY 2022-23 of the Bank

******

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in continuation to our earlier intimation dated July 21, 2023, we herewith submit the Integrated Annual Report for FY 2022-23 of the Bank, comprising, inter alia, the standalone audited financial statements for the financial year ended March 31, 2023, Directors' Report, Auditors' Report, Business Responsibility and Sustainability Report (BRSR) and other documents required to be annexed thereto.

Pursuant to the relevant circulars of MCA and the Securities and Exchange Board of India (SEBI), the Notice convening the 104th AGM of the Bank and the Integrated Annual Report for FY 2022-23, are being sent only by e-mail to those Members who have registered their e-mail addresses with the Bank's Registrar and Transfer Agent / Depository Participant(s).

A copy of the same is also uploaded on the website of the Bank at https://www.kvb.co.in/investor-corner/annual-general-meeting/

Kindly take the same on record.

Yours faithfully,

SRINIVASARAO MADDIRALA
Digitally signed by SRINIVASARAO MADDIRALA
Date: 2023.08.01 19:31:22 +05'30'

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

The Karur Vysya Bank Limited
Integrated Annual Report 2022-23

KVB Karur Vysya Bank
Smart way to bank



Progressing with prudence

Delivering value with trust, technology and teamwork

Our Vision

To be the preferred choice of stakeholders and deliver value by blending technology with tradition

Our Mission

To provide a superior banking experience by using technology to deliver entire gamut of financial products under one roof, easily available to the customers across physical and digital channels





Shri M. A. Venkatarama Chettiar



Shri Athi Krishna Chettiar

Tribute to our visionary founders

Karur Vysya Bank (KVB) has been serving customers for over a century. Established in 1916 in the small town of Karur, the Bank stands strong after 107 remarkable years in the industry. Two visionaries from Karur, Shri M A Venkatarama Chettiar and Shri Athi Krishna Chettiar came together to establish a Bank that sought to support farmers and traders affected by the First World War.

The Bank commenced operations with a seed capital of Rs. One Lakh mobilized majorly through personal guarantees of the visionaries to investors. Upholding ethical banking and pledging to give back to society, the founders incorporated forward-thinking clauses into the Articles of Association, which eventually became statutory requirements.

Expanding its reach across India, the Bank now serves over seven million customers, offering a comprehensive range of products and services customised to their needs. KVB has always remained steadfast in its core tenets of ethical and responsible banking. Anchored in tradition, the Bank continues to adapt to the rapidly evolving banking sector, meeting the aspirations of its customers.

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For more information, please, visit our website

About this report

This is Karur Vysya Bank's (KVB's) 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, 2022 to March 31, 2023.

Forward-looking statements

Certain statements in this document constitute 'forwardlooking 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







Progressing with prudence





Delivering value with trust, technology and teamwork

At Karur Vysya Bank (KVB), we are strengthening the foundation for the next leg of our growth journey in India's banking and financial services sector, which is witnessing rapid transformation in terms of technology adoption, customer aspirations and regulatory guidelines.

Empowered by a legacy of more than a century and a firm commitment to driving India's inclusive development agenda, we are blending stakeholder trust with technology and teamwork to elevate customer experience and widen our impact.

In a fast-evolving sector like ours, we are mindful of downside risks. Therefore, prudence remains at the heart of our long-term growth strategy, with people, processes, practices, partnerships and planning working together as strategic levers.

We have performed well during the year by focusing on three pillars — Growth, Profitability and Asset Quality. These priorities will remain high on our radar as we move forward.

With a balanced mix of physical and digital channels, we will continue to provide financial solutions to fulfil the specific needs of our customers and deliver sustainable value to all our stakeholders.

Banking on trust

Building on our rich legacy spanning over 100 years, we are young enough to adapt ourselves to the dynamic banking industry.

We began our journey in the year 1916 to extend financial support to traders and agriculturists in the vicinity of Karur, Tamil Nadu. Over the years, we have established a pan-India presence, catering to diverse sectors including corporate, commercial, retail and agriculture. Our unique combination of tradition and flexibility empowers us to navigate dynamic challenges and opportunities alike.

To ensure our long-term growth, we have focused on transforming our business model. With a strategic approach by leveraging technology, we have enhanced customer experiences and earned the trust of our customers.

Backed by our strong fundamentals, we have generated profits and rewarded our shareholders with handsome dividends while meticulously conforming to all applicable rules and regulations.



79 Lakh +
Number of customers

100+
Years of legacy

799
Branches

2.2 Lakh+
Shareholders

₹ 1,40,806 Crore	**₹ 64,168 Crore**	**₹ 76,638 Crore**	**₹ 1,106 Crore**	**4.18%**	**0.74%**	**1.27%**	**92.14%**
Total Business	Total Advances (after technical write off)	Total Deposits	Net Profits	NIM	NNPA	ROA	PCR

Braving the future - with team and technology

Banks will continue to prioritize customer centricity and strive to provide highly personalized services and exceptional customer experiences. To this end, Banks will strengthen their teams – both in terms of count and also skillsets - and will leverage data analytics and bolster their digital capabilities.

At KVB, we are focusing on progressively strengthening our team through market hiring and also through continuous up-skilling of existing workforce. We are imparting internal and external trainings to our staff and keeping them abreast of latest developments in banking, including handling the evolving needs of customers.

We will address the customer preferences through –





Consistent refinement of digital products

We have a robust end-to-end digital lending process for most of our loans. We are consistently working on process improvement for better customer experience and quick TAT. We have also hired a Chief Digital Officer to upgrade our digital offerings.

Ramping up our liabilities franchise

Our feet-on-street model has been strengthened through market hiring. We have also enrolled best-in-class market leaders to begin our next leg of journey in growing our liabilities.







Dedicated sub-verticals to focus on segment-wise business

We have established exclusive teams within the Verticals to focus on specific segments of business. This includes government business, TASC, Institutions, Corporate salaries, Third party products sale, MSME loans etc.,

Enhancing tie ups with Fintechs/NBFCs

While expanding the business scope with our existing partners, we will also look for new partners in co-lending space, business correspondent arrangements, hosting bank's products through third party apps etc.,

Leveraging analytics for understanding customer preferences

We are stepping up our analytical capabilities to understand the requirements of each customer and to holistically address it through product/process refinement.

- Constantly focusing on maximising shareholders' value
- Robust risk management and compliance framework
- Catering diversified range of customers with customised offerings
- Strong digital presence with a robust cyber security system
- Penetration in both urban as well as rural regions
- Financing low-carbon transition opportunities

Blending tradition, technology and teamwork,

we continue to navigate and adapt with an evolving regulatory and business scenario, while prioritising the critical needs and aspirations of our customers and stakeholders.



Introducing our Capitals

At KVB, our capitals range from robust infrastructure and assets, growing talent pool, advanced technology backbone, data analytics and governance practices. Our success so far has been accomplished on the back of these capitals and their interplay enables us to create sustainable stakeholder value responsibly.



Financial Capital

Read more Pg. 18

Our systematic and comprehensive approach to raising, lending and managing financial capital is the cornerstone of our robust financial structure and consistent shareholder returns. Our financial capital encompasses various components such as customer deposits, shareholder equity, retained earnings and external borrowings. It enables us to meet our clients' credit requirements while optimising value creation for all stakeholders.

Management's approach

Create value for shareholders through sustainable growth.

₹ 8,584 Crore
Owned funds

₹ 76,638 Crore
Deposits



Manufactured Capital

Read more Pg. 25

Our manufactured capital comprising our pan-India distribution network of banking outlets, corporate office, ATMs and other customer touchpoints allows us to engage with customers and other stakeholders. It also encompasses our reliable IT infrastructure and data centre.

Management's approach

Well-maintained functional assets and facilities.

799
Branches

10,118
PoS terminals

2,240
ATMs + cash recyclers



Intellectual Capital

Read more Pg. 22

Our intellectual capital comprises intangible assets and skills embedded in our systems, processes and procedures. It includes our brand value, technical prowess, analytical capabilities and exceptional customer service, enabling us to serve our customers better and sustain our competitive advantage.

Management's approach

Consider innovation as a strategic element of the Bank.

95%
Share of Digital Transactions

42 Lakh+
DLite app downloads



Human Capital

Read more Pg. 42

Established trust of customers for more than a century and proven leadership in technological advancements has been possible only because of our Valued Assets – the Human Capital of the Bank.

Management's approach

We continuously invest in attracting, developing and nurturing our human resources, to provide the competitive edge.

1,499
new hires in the FY

1,52,976
man hours of training



Natural Capital

Read more Pg. 52

Our natural capital comprises natural resources which are used in our operations and the delivery of our products and services. These include the amount of energy and water consumed, the amount of trash generated, and the impact our operations and business activities have on the environment.

Management's approach

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

₹ 40 Lakh
Spent on energy conservation

13,69,932 units
Generated through windmill



Social and Relationship Capital

Read more Pg. 46 & 48

Our Social and Relationship Capital is bolstered by the enduring relationships that we have built over the years with our stakeholders. Our approach to sustainable value creation entails fostering community development and well-being.

Management's approach

Promote trust with stakeholder and improve the quality of life of people in areas of presence.

₹ 12.84 Crore
Investment in CSR activities

2.45 Lakh
Beneficiaries of community initiatives

Building a distinct value proposition

We aspire to cater to the financial needs of our diverse client fraternity by providing a strong value proposition across products and services. We have developed a wide range of products and services that offer some of the best-in-class features. Dedicated to serving our customers better, we consistently analyse market trends to understand their needs better.



01

Consumer Banking Department (CBD)

Key Offerings

- Housing loans
- Personal loans
- Mortgage loans
- Four-wheeler loans
- Two-wheeler loans
- Jewel loans
- Deposit Loans
- Education Loans
- Credit Cards
- Current Account
- Savings Bank Account
- Recurring Deposits
- Term deposits
- NRI deposits
- 3-in-1 Account with banking, demat and trading services
- Demat Services
- Trading Services through tie-up with partners
- FASTag
- Life, Health and General Insurance through partners
- Mutual Fund products through partner tie-ups
- Sovereign Gold Bonds
- Debit Cards with offers and Reward Programme
- Gift & Prepaid Cards
- Multi-currency Travel Cards
- Locker Facility
- Social Security Schemes such as APY, PMSBY, PMJJBY
- National Pension System

₹ 7.19 Lakh*

Ticket Size

**** Retail Loans***



02

Commercial Banking Group (CBG)

Key Offerings

Customised loans (Pharma Plus, Textile Plus, Steel Plus, Food & Agro Process Plus, Transport Plus, Varthagamitra among others)

- MSME Loans
- Mortgage Loans
- Rent Fin Loans
- Commercial Real Estate (CRE) Loans
- Gold loans
- Corporate Credit Card
- Business Debit Card
- Transaction Banking Services

₹ 36.50 Lakh

Ticket Size



03

Agricultural Banking Group (ABG)

Key Offerings

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

₹ 1.98 Lakh

Ticket Size



04

Corporate and Institutional Group (CIG)

Key Offerings

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

₹ 36.93 Crore

Ticket Size

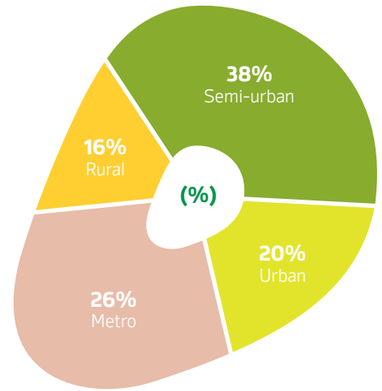
Reaching every corner of India

Karur Vysya Bank, also known as KVB, is a prominent banking institution in India. With a rich banking history, KVB has established a strong presence in the financial sector. The bank's headquarter is located at Karur, Tamil Nadu, and it operates through a widespread network of branches and ATMs across the country. We also reach our far & wide customers through our digital banking solutions. Over the years, KVB has earned a reputation for its customer-centric approach, reliable services and commitment to financial inclusion.



Number of branches





A glimpse into our financial performance

₹ 109.18 Crore
Capital expenditure

Total business
12.3% Y-o-Y

Deposits
11.9%

Loan book
16% Y-o-Y
before the technical write-off

CASA
6.5% Y-o-Y

PPOP
51.9% Y-o-Y

Other Income
50.7% Y-o-Y

ROE
13.13%

Earnings Per Share (EPS)
₹ 13.81

Cost to Income Ratio
45.1%

GNPA
2.27%

Collection Efficiency
100% (working capital)

DPD 30+
0.56%

Capital Adequacy Ratio (CRAR)
18.56%

We have delivered a Net Profit of ₹ 1,106 Crore during FY23, the highest ever PAT in the Bank's history. Broad-based business growth coupled with a core revenue profile has yielded a higher ROA, currently at 1.27% for the year.

Key highlights

- Net profit for the period demonstrated strong growth, increasing by 64.3% to reach ₹ 1,106 Crore compared to ₹ 673 Crore in the corresponding period of the previous year.
- Pre-Provision Operating Profit (PPOP) for the period witnessed a significant increase of 51.9% and amounted to ₹ 2,476 Crore, compared to ₹ 1,630 Crore in the corresponding period of the previous year.
- Net interest income experienced a notable growth of 23.3%, reaching ₹ 3,349 Crore in comparison to ₹ 2,716 Crore for the corresponding period of FY 2022.
- Net interest margin improved by 46 basis points to stand at 4.18%, as compared to 3.72% during the corresponding period of the previous year.
- Yield on advances showed growth, increasing by 37 basis points to 8.93% from 8.56% during the corresponding period of the previous year.
- Commission and fee-based income demonstrated impressive year-on-year growth of 17.8% to reach ₹ 747 Crore, from ₹ 634 Crore for the corresponding period of the previous year.

Strengthening our balance sheet

The balance sheet as of March 31, 2023, reached ₹ 90,179 Crore, reflecting a growth of 12.6% compared to ₹ 80,071 Crore on March 31, 2022. The total business as of March 31, 2023, amounts to ₹ 1,40,806 Crore, exhibiting a year-on-year growth of 12.3%. This represents an increase of ₹ 15,444 Crore from the previous year's total business of ₹ 1,25,362 Crore as of March 31, 2022.

Asset quality

In terms of asset quality, there have been notable improvements. The gross non-performing assets (GNPA) have decreased by 376 basis points and currently stand at 2.27% of gross advances, amounting to ₹ 1,458 Crore as of March 31, 2023, compared to 6.03% (₹ 3,431 Crore) on March 31, 2022. The net non-performing assets (NNPA) are below 1% and represent 0.74% of net advances, equivalent to ₹ 468 Crore on March 31, 2023, in contrast to 2.31% (₹ 1,261 Crore) on March 31, 2022. In addition, the provision coverage ratio (PCR) has reached 92.14% as of March 31, 2023, compared to 80.27% on March 31, 2022.

Our approach to stakeholder value creation

KVB's consistent growth trajectory since inception and sustained market share bear testimony to the strength of our business model. As one of India's leading private sector banks, we continue to transform our value creation model in response to changing stakeholder expectations. We harness our strengths and resources to generate sustainable value for all our stakeholders, including customers, shareholders, people, investors and society at large.

What we need

Financial Capital

- Equity: ₹160 Crore
- Reserves: ₹8,424 Crore
- Capital expenditure: ₹109 Crore

Manufactured Capital

- Branches 799
- ATMs /Recyclers: 2,240
- POS: 10,118
- DLite App Users: 42.8 Lakh+

Intellectual Capital

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

Human Capital

- No. of employees on payroll: 7,500+
- Overall training coverage: 99.40%
- Total manhours of training: 1,52,976
- Continuous investment in training and development and health and safety initiatives

Social and Relationship Capital

- No. of customers: 79 Lakh +
- CSR spends: ₹ 12.84 Crore
- Active community development programmes

Natural Capital

- Environment expenditure: ₹ 40 Lakh
- Energy conservation programmes
- Introducing green products

Ways we create value

Vision

To be the preferred choice of stakeholders and deliver value by blending technology with tradition

Pillars of value creation

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

Our growth strategy

SMAR-T

SMEs | eMerging Corporates | Agriculture | Retail through | Technology

People

HR training and talent development

Processes

Phygital (Physical + Digital)

Practices

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

Planning

Optimisation of resources

Partnerships

Co-lending, , 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

Our offerings in different segment

- Agriculture
- Commercial
- Corporate
- Retail

Activities to sustain value

- Strong and sustainable business model
- Maintaining a 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 granularising our assets & deposits portfolio.

- Highly engaged workforce.
- Deep-rooted culture of ownership.
- Strong focus on diversity.
- Employee development involving institutions and learning platforms of international repute.

- Structured roadmap for implementing multiple facets of ESG
- Engaged actively with regulators, pursuing full compliance and driving a societal contribution

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

What we deliver

Read more Pg. 18

- Total loans and advances: ₹66,031 Crore
- Net Interest Income: ₹3,349 Crore
- Profit after Tax: ₹1,106 Crore
- CASA: ₹25,449 Crore
- Return on Assets: 1.27%

Read more Pg. 25

- New ATMs/BNRMs added
- 11 new branches added
- Strong presence across metro, urban, semi-urban and rural regions

Read more Pg. 22

- Share of digital transactions: 95%
- Growth in digital transactions: 29%
- Collection Efficiency: 100% (working capital)
- Average ticket size has reduced across all credit verticals.
- 90% deposits less than ₹ 5 Crore

Read more Pg. 42

- Hiring - 50% + from Campus
- Promotion – 32% YoY increase
- Development – On-going initiatives for Internal talent identification and succession planning.
- Profit per employee - ₹ 14.25 Lakh

Read more Pg. 46 & 48

- Impacted over 2.45 Lakh lives through CSR activities
- Continued investment in ensuring a strong positive customer experience and a positive community impact

Read more Pg. 52

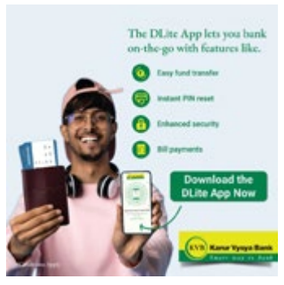
- Reducing the dependence on fossil-fuel power consumption to cut down carbon footprints
- Renewable energy: 13,69,932 units generated

Digitalisation

We acknowledge the transformative power of digital technology in achieving scalability and enhancing customer satisfaction. By leveraging digital solutions, we are tailoring customer journeys and elevating their experience at every touchpoint. Harnessing strategic collaborations with innovative tech providers, we are bolstering our digital capabilities, resulting in improved efficiency, quicker processing times and intelligent underwriting for enhanced credit quality and customer loyalty.









To stay ahead of the curve, we incorporate cutting-edge technologies across our operations. We are exploring blockchain, artificial intelligence, machine learning and IoT-based solutions to deliver seamless banking experiences. By leveraging these futuristic technologies, we strive to redefine banking services, empowering our customers with innovative and secure solutions for their financial needs.

Dlite application

150+ Services Offered through the Dlite App

Integrated with IRCTC for ticket booking

NRE/NRO e-DL

Auto-fill OTP for iOS Devices

End-to-end digital onboarding through AOS for both NTB and ETB

Saving Account

Bank has made it easy to open savings bank accounts (SB) digitally. Customers can now open SB accounts at their doorsteps through our tablets, or they can open them digitally through our DLite app.

Current Account

Current Accounts pertaining to individuals and Sole Proprietary concerns can be opened digitally through assisted mode based on E-KYC and E-Sign basis.

Term Deposits

A Term Deposit account can be opened in less than 30 seconds through our DLite app. Similarly, loan against FD can be availed through app in a jiffy.

Ensuring Security and Privacy

We ensure information security and privacy in the DLite App by implementing measures such as validating registered mobile/email, utilising login and transactional M-PINs, establishing secure communication with the bank server, implementing SIM/device binding, promoting the use of the latest app version and enabling database redaction to protect sensitive data fields.

Key highlights for FY23

- **WhatsApp Banking:** Customers can use WhatsApp for non-financial services like balance inquiries, mini statements and more.
- **Chatbot:** 'Kaaru' is an AI-powered chatbot on the bank's website, providing 24/7 assistance for banking queries.
- **IRCTC integration in the Dlite app:** Train tickets can be booked directly through the app using account debit; no payment gateway is needed.
- **Face ID login, e-Deposit loan:** Login to the Dlite app using Face ID for availing deposit loans without branch visits for e-deposits.
- **Bharat Bill Payment System Integration:** Pay utility bills conveniently through the Dlite app, cataloguing various providers.
- **Government business payment:** Pay GST and CBDT through the branch or internet banking, ensuring compliance with regulations.
- **e-Mandate for debit cards:** Set up recurring payments using e-Mandate on debit cards.
- **Card tokenisation:** Replace actual card details with unique tokens for safer transactions while protecting customer information.

Digital loan origination system

Our Digital Loan Origination System (LOS) is designed to cater to the diverse needs of the retail, commercial and MSME segments. By embracing digital lending, we have streamlined the loan processing journey, making it possible for loans to be disbursed within minutes. Through seamless integration with various APIs, we verify customer trustworthiness swiftly, enabling faster loan approvals. With online documentation and biometric e-signatures, the entire process is simplified. Leveraging a robust business rule engine (BRE) and data-driven scorecards, we have successfully reduced delinquency rates and implemented automated onboarding rejection and deviation channels.

- Early Bird to implement End-to-End Digital Lending
- Seamless integration with 30+ Fintechs
- Retail, Commercial, Corporate, Agri Co-lending
- Faster Sanction with a digital underwriting mechanism
- Highly Scalable Architecture

Information security

We value data security and maintain compliance with the highest standards as an ISO 27001-certified company. ISO 27001 provides us with comprehensive guidelines to ensure data security, integrity and accuracy. We assure our customers that their information is handled safely by implementing robust security policies and measures. With our Information Security Management System (ISMS) controls in place, we provide our customers with complete transparency in how we manage their data, fostering utmost security across people, processes and technology within our organisation.

Enhanced business reporting system



A well-structured reporting system for effective branch management

Our branch network is coordinated and managed effectively by a well-structured reporting system. The system has two layers: Divisional Offices that are close to branches and the Corporate Office in Karur.

Key features of the reporting system

Two-layer reporting structure: This ensures that there is a clear chain of command and that all branches are aligned with the corporate strategy. Divisional Offices oversee day-to-day operations and provide assistance to branches, while the Corporate Office provides strategic direction and oversight.

Regular visits by executives: Divisional Managers and Divisional Operating Officers regularly visit branches to offer guidance for business improvement and enhance customer service. By sharing their expertise and knowledge, these executives assist branch officials in optimizing their operations. Top-level executives from the Corporate Office also conduct targeted visits to branches to strengthen relationships and offer valuable and personalised assistance.

Flexibility: The system is designed to be flexible, so that it can be adapted to changes in the business environment.

Benefits of the reporting system

Improved efficiency: The reporting system helps to ensure that branches are managed in an efficient and effective manner. This leads to improved customer service and increased profitability.

Enhanced customer service: The reporting system helps to ensure that branches are meeting the needs of customers. This leads to increased customer satisfaction and loyalty.

Improved decision-making: The reporting system provides a clear chain of command, which allows for quick and decisive decision-making. This helps to ensure that the business is meeting its goals.

Increased growth: The reporting system helps to ensure that the business is growing in a sustainable manner. This is achieved by ensuring that branches are managed effectively and that they are meeting the needs of customers.

Our well-structured reporting system is a key component of our success. It helps us to manage our branch network in an efficient and effective manner, which leads to improved customer service, increased profitability, and enhanced decision-making.

Ramping up our manufacturing Capital

Strategic determination of new branch/office locations

The selection of new branch and office locations follows a strategic approach focused on identifying high-potential areas. To assess the viability of potential centres, our department conducts a detailed analysis leveraging data from various forums and sites. Additionally, we rely on location-based surveys received from respective Divisional Offices, which provide valuable insights. By combining these sources of information, we carefully shortlist the locations for opening new branches or offices, ensuring that our expansion efforts align with the growth prospects of each centre.



Maintenance and security of our ATMs

To keep our ATMs secure, we have established partnerships with managed service providers. These providers handle various aspects of ATM maintenance, including uptime, downtime and cash management. As part of our security measures, we deploy e-surveillance systems at ATM sites. In locations where e-surveillance is not installed, we employ physical security guards to safeguard the premises.

Cash recyclers have proven to be valuable in managing branch cash counter transactions, with 70% of cash deposit transactions occurring through recyclers as of March 2023. These machines enhance branch operation efficiency by reducing the number of cash transactions at the counters. Additionally, cash remitted to recyclers is recycled for withdrawals, eliminating the need to dispose of the remitted cash. Cash remittance services are available 24/7 through these recyclers.

2,240 ATMs / Cash Recyclers

PAN India as of March 2023

10,118 POS

Terminals deployed PAN India

We are deploying the POS terminals on an OPEX model. The service providers take care of the security and reliability of POS network transactions following the regulator's guidelines.

Fostering effective dialogue with stakeholders

Regular engagement with our stakeholders is fundamental for better understanding our of changing environment. Collaborating with them, enables us to develop our products and services, identify opportunities as well as manage potential risks. Appropriate and dedicated channels have been set up for working together with our clients, personnel, regulators and supervisors, shareholders and investors, rating agencies, civil society and vendors.

Our key stakeholders include those who have the potential to substantially influence our business and are also greatly affected by our performance.

	Why are they important to us?	Frequency of engagement	Mode of engagement	Capital linkages
Customers	Driving force of revenue and growth.	Continuous, Need-based	▸ Direct feedback from customers ▸ Loyalty programme ▸ Real-time social media engagement ▸ Feedback through surveys ▸ Periodical customer meets	
Employees	Our people are the driving force behind our success.	Continuous, Monthly, Half-yearly, Need-based	▸ Planned Individual Development ▸ Timely communication ▸ On-going performance feedback & Support ▸ Initiatives focussed on team building	
Investors and shareholders	They are an essential partner in our endeavour to foster value creation.	Quarterly, Annual, Need-based	▸ Quarterly investor calls/ presentations ▸ Website updation ▸ Annual General Meeting ▸ Annual Report ▸ Business Responsibility & Sustainability Report ▸ Regulatory updates through the NSE portal	
Local communities and NGOs	Collaborative allies for social responsibility and sustainable impact.	Continuous, Need-based	▸ Community engagement and local community meetings ▸ CSR initiatives ▸ Minimisation of environmental footprint ▸ Strong focus on ESG-related activities	
Government and regulatory authorities	Guardians of stability and fair business practices.	Need-based	▸ Continued engagement and representation ▸ Quarterly and Annual compliance reports ▸ Representation through trade bodies ▸ Attending district-level and state-level banker's committees	

- FINANCIAL CAPITAL
- MANUFACTURED CAPITAL
- INTELLECTUAL CAPITAL
- HUMAN CAPITAL
- NATURAL CAPITAL
- SOCIAL AND RELATIONSHIP CAPITAL

Environmental, Social and Governance

We accord high strategic priority to Environmental, Social, and Governance performance and constantly work to improve the implementation and oversight of sustainability practices within our business. We are one among the few top listed entities to voluntarily disclose BRSR reporting for the financial year 2021-22. We are working towards setting up a robust governance structure for strategically integrating ESG and climate considerations into our business.



Aligning with our commitment to the environment, we have –

- established a comprehensive ESG due diligence policy.
- monitoring our own energy consumption and its scope-1 and scope-2 related emissions.
- undertaken energy efficiency projects including phased installation of LED lights in all our premises, solar panels at Bangalore office and solar panel operated streetlights in our residential quarters at Karur.

Our social responsibility initiatives includes -

- putting in place a well-defined CSR policy.
- continuously improving the gender diversity in workforce.
- locating our branches predominantly in semi-urban and rural areas.
- enhancing the priority sector lending.
- imparting strong focus on cyber security and data privacy aspects.

Governance is non-negotiable for us and we ensure that robust governance practices are followed across the Bank:

- Independent Director consists of more than half the composition of the Board.
- free & frank deliberations are made by the Directors in the Board and the views of each Director is considered for effective decision making.
- Independent Directors evaluate the performance of the Board and also the performance of Non-Independent Directors.
- developed our ESG policy in line with our commitment to sustainable banking practices.
- initiated the steps to align our ESG objectives with the United Nationals Sustainable Development Goals (UN SDGs).

Our ESG Governance structure

Board

Our Board of Directors guides our overall ESG agenda and is periodically apprised of our sustainability approach, targets, and key initiatives.

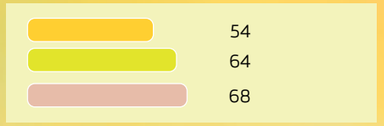
CSR & ESG Committee

We strengthened our ESG governance by enlarging the scope of the Board level Corporate Social Responsibility Committee by including the Environmental, Social and Governance aspects, to oversee and review our ESG performance.

Risk Management and Asset Liability Management Committee (RM&ALM Committee)

The RM&ALM covers the entire gamut of risk management for the Company as a whole. This includes promoting prudent risk culture, assessing the risk universe, and monitoring the risk profile, including sustainability & ESG-related risks.

ESG Score



Source: CareEdge Advisory and Research

- Our ESG score has moved from 54 during the financial year 2020-21 to 68 for the year 2022-23. The incremental growth in score is above the average growth in the industry.
- We conducted materiality assessment survey where we extensively engaged with stakeholders, in line with our commitment to integrate ESG aspects into our business.

Environmental

We recognise the critical importance of environmental sustainability in today's world. We diligently incorporated eco-friendly practices into our operations, investing in renewable energy, minimising our carbon footprint, and promoting environmental conservation. Through our ESG initiatives, we aim to create a positive impact on the environment, aligning our business strategies with the global drive towards a greener and more sustainable future.

13,69,932 units

Power generation through Windmill

₹ 40 Lakh

Spent on energy conservation

Read more Pg. 52

Social

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 changes and bringing greater equity of access to the marginalized. Our philosophy is to contribute to the social and economic development of the community. Our approach to CSR goes beyond compliance, focusing on strategic initiatives that contribute to gender diversity in workplace, reaching the underserved community through our rural and semi-urban branches, thereby promoting environmental sustainability.

28%

Women workforce

54%

Branches are present in rural and semi-urban areas

Read more Pg. 48

Governance

We steadfastly maintain exemplary corporate governance standards and remain dedicated to attaining sustainable and profitable growth. Our adept risk management framework allows us to navigate market fluctuations seamlessly, while robust governance practices ensure effective internal control over processes and dependable performance reporting.

35 years

Average Experience of the Board of Directors

66%

Independent Directors

Read more Pg. 30

Progressing with trust and transparency

At KVB, we firmly believe that good corporate governance is a product of a positive work culture and that profitability and growth cannot be achieved by overlooking this. Therefore, we adhere to the highest standards of corporate governance and uphold ethical business practices. Our robust risk management framework helps us navigate market fluctuations, while our effective governance practices ensure reliable performance reporting and strong internal oversight over processes.

Governance structure

BOARD OF DIRECTORS

The Board of Directors ensures the integrity of corporate governance, shapes policies, offers strategic guidance and oversees management operations.

BOARD COMMITTEES

Board committees conduct a detailed examination and focus on specific matters, effectively managing the Board's time. These committees are empowered by the Board and operate within the defined scope of the Charter.

LEADERSHIP TEAM

The leadership team ensures the efficient execution of strategic and policy decisions approved by the Board and Committees while staying informed about relevant updates.

Board of Directors

Board's role

The Board of Directors at KVB understands the business dynamics and environment, as well as the challenges and opportunities inherent in Bank's operations. The Board provides strategic guidance, monitors the management and remains accountable to the Bank and our shareholders. Annually, the Management presents business strategies to the Board. The Board regularly reviews progress towards strategic goals and acts in good faith, safeguarding shareholders' interests.

We recognise the value of a diverse Board in leveraging a wide range of viewpoints, skills, and experiences to enhance our competitive advantage and achieve strategic objectives. Our well-rounded Board, aligned with the Bank's Diversity Policy and RBI regulations, comprises Nine Directors, with majority being Independent Directors who hold key positions in Board Committees.Our Board includes a Managing Director and Chief Executive Director, two Non-Independent Directors, and six Independent Directors, reflecting our commitment to inclusivity and responsible decision-making.

Accountability and transparency

The Board is dedicated to upholding accountability and transparency by delivering accurate and comprehensive financial and non-financial reports, complemented by a robust feedback mechanism. We adhere to industry-leading disclosure practices and undergo internal and/or external assurance and governance procedures to ensure the integrity of our operations.

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 arriving at informed decisions within the delegated authority.

We have constituted various Board level Committees at our Bank, in order to have dedicated attention to 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
- CSR and ESG Committees

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 the workplace and for the prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto. The Committee has not received any complaints during FY 2022-23.

We have put in place a 'Whistle-Blower Policy' in compliance with the provisions of the 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 and stakeholders 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 the 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. No persons covered under the Whistle-Blower mechanism has requested direct access to Chairperson of the Audit Committee during the year. The details of the Whistle-Blower Policy are available on the website of the Bank https://www.kvb.co.in/docs/whistle-blower-policy.pdf.

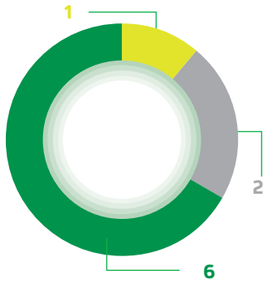
Bank has put in place a Code of Conduct & Ethics for Directors and Senior Management of the Bank, in order to provide guidance in recognizing; dealing with ethical issues, mechanisms to report unethical conduct and to help foster a culture of honesty and accountability. The Code also promotes ethical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

Board of Directors

Board diversity

A diverse Board of Directors harnesses the collective viewpoints, perspectives, knowledge, skills, and industry experience of its members to continuously enhance its competitive advantage. Moreover, diversity within the Board is instrumental in attaining strategic and commercial objectives, encompassing business outcomes, reinforcing effective corporate governance, and promoting informed decision-making.

In accordance with the Diversity Policy of the Bank and RBI regulations, our Directors possess a blend of both 'New and Historical' skill sets. At KVB, our Board includes managing director, non-executive directors and independent directors. Our commitment to diverse board is reflected with Independent Directors constituting majority in the Board.



- Non-Executive Independent Directors
- Non-Executive Non-Independent Directors
- MD & CEO

35 years

Average experience of the Directors

Tenure

- Less than one year: 1
- More than one but less than five years: 5
- More than five years: 3



Dr Meena Hemchandra

Non-Executive Independent (Part-time) Chairperson



Shri B Ramesh Babu

Managing Director and Chief Executive Officer



Shri M V Srinivasamoorthi

Non-Executive Non-Independent Director



Dr K S Ravichandran

Non-Executive Independent Director



Shri R Ramkumar

Non-Executive Non-Independent Director



Shri K G Mohan

Non-Executive Independent Director



Dr Harshavardhan R

Non-Executive Independent Director



Shri Murali Ramaswami

Non-Executive Independent Director



CA Chinnasamy Ganesan

Non-Executive Independent Director

Board committees - Chairman/ Chairperson (as on reporting date)

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

Chairperson's message



Dear esteemed Shareholders,

I take immense pleasure in writing this letter to you – my first & foremost – on behalf of the Board of Directors of Karur Vysya Bank.

Before I share with you some context around the several positive developments that unfolded in the Bank during the year under review - which heralds the opportunities in the years to come - I would like to briefly touch upon the broader transitions that impacted us – both global and domestic.

Macroeconomic scenario

The Financial Year 2022-23 was another year of significant challenges for the world. Almost all the nations felt the effects of the ongoing war in Ukraine, growing geopolitical tensions, higher energy and food prices and inflation concerns. Going forward, the global growth is expected to stabilize during Calendar Year 2024 and however, the progress is expected to be gradual.

On the domestic front, the economy exhibited resilience – notwithstanding the significant inflationary pressures driven by global supply shocks and higher input costs. This resilience is attributable to the various measures taken by both the Government and the Reserve Bank of India. The targeted supply management measures implemented by the Government and successive hikes in the policy REPO rate by the Regulator, helped in moderating inflation. Now, the country is poised to regain its pre-pandemic growth trajectory and an increasing optimism could be seen among the businesses and consumers.

The banking industry witnessed a double digit growth in credit offtake during the year and with RBI tightening the liquidity to combat inflation, the Indian Banks sprinted up to garner term deposits by offering attractive rates. The industry also saw a healthy trend in asset quality and steadily enhanced their Return on Assets, Return on Equity and overall profitability. Banks continued to address the customers' preferences by building channel-less commerce system, unlocking value via customer data and also by opening new branches.

Our sustained performance

In this backdrop, I would like to highlight a few glimpses about what was another eventful year for the Bank and update you on our performance & progress made during Financial Year 2022-23. We steadfastly pursued our strategy built on three main pillars viz., Business Growth, Asset Quality and Profitability and grew our total business by 12% to ₹ 1,40,806 Crore. We posted a full year Net Profit of ₹ 1,106 Crore, the highest ever in the history of the Bank and trimmed down the GNPA and NNPA levels to 2.27% and 0.74% respectively. We delivered a decent performance across most of the critical financial indicators through organic growth, equally contributed by all the verticals.

The growth in Advances, Net Interest Margins, Return on Assets, Gross Slippages and NNPA levels were in line with the guidance given by the Bank. We further strengthened our Provision Coverage Ratio by allocating prudent provisions and are well prepared to tide over uncertainties which may arise in the usual course of business. The letter of MD & CEO in this Annual Report will give you more specific details about our businesses and our plans for the future.

Our strategic priorities

Our vision is simple: To be the preferred choice of stakeholders and deliver value by blending technology with tradition.

Hence, it is imperative that we run a healthy, vibrant and a responsible bank. To this end, we continue to open branches in southern and western India, enlarge our digital presence through non-branch channels and tie ups, enhance our investments in technology and fast growing data platforms, rope in best-in-class talent pools/skillsets and improve our operational efficiency at all levels of business. When all these tenets react together, we will be well equipped to fulfill our customer needs and also tide over the competition.

We focused on delivering our strategies through our strategic levers viz., People, Processes, Practices, Planning and Partnerships. I am glad to inform you that our strategies continue to pay off. Our robust performance reflects more than the cyclical economic recovery and is underpinned by our ability to consistently adapt & evolve our broad range of diverse capabilities to service our customers' changing needs.

We are focused on continuously improving our risk management and confining our business plans within the acceptable contours of our risk appetite. We also focus on improving the productivity of our people and also invest in technology while exercising strict credit discipline. The Board remains fully supportive of the Management's strategies which is helping us to build long term value and deliver long term growth as well as sustainable returns for our shareholders. In short, we recognize our strengths and vulnerabilities, and we play our hand as best we can.

Strengthening our board team

You will note that since the last Annual General Meeting, there have significant changes in the Board. We had to bid farewell to five Directors during the financial year, including the Chairman of the Bank, consequent to their completion of office. We owe our sincere thanks for the critical role played by them in transforming the Bank as a strong financial institution and also for their strong commitment, diligence and valuable contributions during their tenure in the Board. On behalf of the board, I wish them all success in their future endeavours.

I am very glad to share with you that RBI has accorded its approval for reappointment of our MD & CEO Shri B Ramesh Babu for a second term of three years effective from 29th July 2023. I also take this opportunity to welcome Shri Chinnasamy Ganesan, Director, a seasoned professional in the areas of taxation, audit, accounting etc., to the Board of the Bank and I am sure his induction will further strengthen the collective decision making process of the Board. I am equally happy to share with you that the shareholders have approved the

I place on record my sincere appreciations for their admirable dedication in aligning with the strategies and enabling the Bank to deliver on the promises. I extend my heartfelt thanks to our customers, stakeholders, investors and all the shareholders for the continued support, confidence and above all the trust reposed on us.

reappointment of Shri K G Mohan and Dr R Harshavardhan as Directors of the Bank through postal ballot and their continued services will further enrich the Bank.

At KVB, we continue to place a strong emphasis on the diverse composition of our Board of Directors. Presently, our Board consists of Six Non-Executive Independent Directors including me, Two Non-Executive Non-Independent Directors and one whole time Director i.e. MD & CEO. All our Directors bring with them diverse knowledge and experience and they also ensure that ethical standards are upheld and exemplary oversight is maintained across the organisation. The vast experience and varied perspectives of each member of our Board is highly valued and is integral in formulating policies and strategies of the Bank and the Board continues to be guided by their expert and diverse points of views.

Environmental, Social and Governance

Environmental sustainability has always been an area of focus for the Bank. We refined our governance framework related to sustainability agenda and revamped the terms & reference of the Board level Corporate & Social Responsibility Committee to impart additional focus on ESG. We also engaged a leading consultancy firm to assist the Bank in implementing ESG aspects and the Bank has been closely working with the Firm in this regard.

We strive to create a positive and lasting impact on the environment through our actions and are committed to promoting responsible practices and making positive contributions to the society. We are also committed to enhance our ESG disclosures, including disclosing the information aligned to relevant frameworks and standards.

Supporting the community

Right since the inception of the Bank, we never failed to do that we should be doing to serve our communities, in order to make a positive difference in the society. We firmly believe that an organisation can be successful in long term by creating value for both our shareholders and society and we remain un-wavered in this commitment.

During the Financial Year 2022-23, we had committed about ₹ 12.84 Crore for a diversified range of CSR activities and this is over & above the mandatory budget of ₹ 11.58 Crore. We continue to serve the underprivileged and our social development initiatives spans across Healthcare, Sanitation, Education, Environmental Sustainability, Women Empowerment and Rural Development.

Road ahead

Looking back, I am humbled by how far we have come and how far we are yet to go. I am happy that the Bank has fortified its internal strengths, as we enter the Financial Year 2023-24 with renewed confidence. We will be more focused on what lies ahead and will strive to deliver decent results to our investors and shareholders.

Going forward, our priorities will be to sustain the decent performance of the past two years and focus on long-term growth and development of our business, while increasing shareholder returns and creating shared value. We will continue to drive digitisation, expand non-branch delivery points, strengthen the Feet on Street, establish dedicated sub-verticals for our flagship products and forge strong partnerships with NBFCs & Fintechs for co-lending and sourcing.

However, we remain vigilant of the potential macroeconomic and geopolitical factors, inflation and other intrinsic risks in the banking system.

Acknowledgements

An organisation's prosperity requires a great team of people with experience, foresight, determination, perseverance, integrity, capabilities and high standards of excellence to ensure its ongoing success. I would like to compliment the leadership team for their relentless efforts and execution capabilities which helped us to unlock greater value for the Bank.

I place on record my sincere appreciation for the admirable dedication of our staff members in aligning with the strategies and enabling the Bank to deliver on the promises. I extend my heartfelt thanks to our customers, stakeholders, Debenture Holders, investors and all the shareholders for the continued support, confidence and above all the trust reposed on us. I am sure that with your strong support, the Bank will move to new heights.

Regards,

Dr Meena Hemchandra,
Chairperson

A glimpse of 103rd AGM



Chairperson Speech



MD & CEO Speech



Speaker Shareholders





Managing Director and CEO's message

Dear Shareholders,

The Banking industry has witnessed profound shifts and adaptations on a global scale, during the past two years. The global landscape witnessed tectonic shifts that tested the resilience and adaptability of organisations across all sectors.



However, as the world comes to terms with these changes, we continued to display resilience, adaptability, and unwavering commitment to growth, ensuring that we not only weathered the storm but also flourished in the face of adversity.

Through strategic foresight and our collective efforts, we managed to sustain our growth trajectory amidst the ever-evolving environment.

Turbulent external environment

The global economy remains under stress as the war between Russia and Ukraine rages on into its second year and the global supply chain continues to be riddled with inefficiencies. The instability in the US banking sector further raised concerns and contributed to economic uncertainty. As a consequence, IMF expects the global economic growth to slowdown to 2.8% during CY 2023.

While surging inflation rates and high energy and commodity prices plagued the economy in CY 2022, there seems to be signs of a gradual recovery. Central banks across the world have taken synchronised action by raising interest rates to bring inflation closer to the target rate. As the commodity prices begin to settle down, the rising disposable income is set to provide growth stimulus.

Amidst the global headwinds, the Indian economy has remained resilient and continues to grow at a steady pace with the advance estimates of the NSO showing a 7.2% growth during FY 23. This growth can be largely attributed to the Government's focus on structural reforms, favourable domestic policies and a robust banking sector.

The credit offtake for the Indian banking industry remained strong as credit growth accelerated to 15% in FY23 from 9.6% in FY22. The industry has recently witnessed the rollout of innovative banking models and has also focused on increasing the banking sector's reach through various schemes.

The recent launch of the pilot project on central bank digital currency (CBDC) points towards the intent of RBI to further digitise the payments system. Technological innovations have led to marked improvements in efficiency, productivity, quality, inclusion and competitiveness in the extension of financial services, especially in the area of digital lending further enhancing India's financial inclusion and fuelling the credit cycle in the country.

Business performance

In this context, through our conscious efforts, we have consistently performed well during all the quarters of FY 23 and delivered strong business growth across all verticals. Our focus remains on growing our books responsibly while working towards digitisation across all our verticals.

Our total business stood at ₹ 1,40,806 Crore delivering a strong growth of 12%, compared to FY22. We reported our best-ever net profit at ₹ 1,106 Crore, up 64% y-o-y. We managed to achieve a 46 bps growth in our margins with NIM at 4.18%. The growth in NIM was achieved despite operating in a competitive price environment in liabilities.

As we followed a disciplined approach to reduce the stressed assets, NNPA declined by 156 bps to 0.74%. Our asset quality has significantly improved owing to lower slippages, higher recovery and an aggressive collection strategy. The provision coverage ratio stood at 92.14% and we remain well capitalised with a total CRAR of 18.56% providing us comfortable headroom for growth.

Growth across portfolios

We have bolstered our branch and sales channels to enhance customer engagement and acquisition, resulting in expansion of our CASA deposit base and a further reduction in our cost of funds. Our retail advances experienced an impressive growth rate of 16%, driven by strong demand for home loans and mortgage loans. By implementing a direct lending strategy, actively participating in various government schemes, and introducing new products related to warehousing and commodities, our Agri portfolio has achieved growth of 18%, which is the highest among all the portfolios. In the Commercial segment, we achieved a growth of 15% and are undergoing a transformation by embracing digital lending, revamping our sales structure to target new business opportunities and decentralising credit processing.

Growth through digitalisation

Our digital systems are helping us to scale up our business volume with ease and better control. We continue to add new features to our customer onboarding app DLite, with the app recording 4.28 Million downloads. During FY 23, our digital transactions grew by 29% and the share of digital transactions stands at 95%.

Our UPI platforms saw a significant uptick with transactions growing from 1361 Lakhs to 1966 Lakhs during FY23, reflecting an increasing preference of our customers to transact digitally. Our diverse pre-approved digital loan services include personal loans with two-minute disbursement in the DLite app, credit cards and buy now pay later service through Amazon India.

Furthermore, we have recruited Chief Digital Officer from the market and are exploring other digital solutions which shall support our growth and enhance customer experience.

Building a future-ready workforce

In an era of rapid technological advancements and evolving customer expectations, it is imperative to equip our workforce with the necessary skills and capabilities to navigate the ever-changing landscape. Our commitment to building a dynamic and future-ready workforce positions us to effectively respond to evolving market dynamics, deliver exceptional customer experiences, and drive sustainable growth in the years to come.

Our workforce remains highly motivated with each employee raking in a business of ₹ 18 Crore on average during FY 23. To better serve our customers, we have created a consumer banking vertical by merging personal banking liabilities and personal banking assets. A set of senior and experienced officers have already joined to head the CASA acquisition focusing on corporate salary accounts, government business, third-party products, etc. The structure is in line with large private sector banks having sizable CASA books.

Embracing sustainable growth

We understand that our responsibilities extend beyond financial performance and encompass the impact we have on the environment, society, and all stakeholders. By integrating ESG considerations into our business practices, we strive to mitigate risks, seize opportunities, and enhance our overall resilience.

Environmental stewardship, such as power generation & consumption using wind turbines and waste management programs ensures a reduced environmental footprint and a greener future for generations to come. Social responsibility remains at the core of our actions as we actively contribute to the communities we serve. Through our CSR initiatives spanning education, sanitation and healthcare, we promote the welfare of nearby communities.

Additionally, robust governance practices, including transparency, ethical conduct, and strong risk management, instil trust and confidence among our stakeholders. Therefore, we have aligned our ESG policy with global practices of UN SDGs for measuring, monitoring and reporting.

By aligning our business with ESG principles, we position ourselves for sustainable growth and forge stronger relationships with all our stakeholders.

In conclusion

We remain steadfast in our pursuit of growth, driven by innovation, digital transformation, and a strong focus on ESG principles. With the dedication and resilience of our talented team and your continued support, we are confident in our ability to shape a prosperous future and deliver sustainable value for all.

On behalf of everyone at Karur Vysya Bank, we thank the Central and State Governments, Regulators, our Board members, employees, shareholders and other stakeholders for being an integral part of our momentous journey.

Regards,

B. Ramesh Babu
Managing Director & CEO

Our Senior Management



B Ramesh Babu

Managing Director &
Chief Executive Officer



Natarajan J

President & Chief Operating Officer



Chandrasekaran R N

General Manager
Head - Corporate & Institutional Group



Immanuel Gnanaraj Daniel

General Manager
Human Resources



Murali L

General Manager
Head - Internal Audit



Srinivasan V

General Manager
Head - Credit Monitoring,
Legal & Recovery



Sekar S

General Manager
Chief Information Officer



Dolphy Jose

General Manager
Head - Consumer Banking



Ramshankar R

General Manager
Chief Financial Officer



Ramanjaneya Kumar RVS

General Manager
Head - Commercial Banking Group



Nitin Rangaswami A

General Manager
Chief Business Officer – NEO



Sudhakar K V S M

General Manager
Chief Compliance Officer



Shekhar Ramarajan

General Manager
Head - Retail Assets



Mahendran K

General Manager
Head - Precious Metals Division



Jatla Sivaramakrishna

General Manager
Chief Risk Officer



Nilanjan Datta

General Manager
Compliance

The driving force behind our success



In response to the dynamic business environment, we remain committed for continuous improvement to deliver and exceed customer expectations.

Central to our commitment for cultivating a future-ready, highly motivated workforce is the on-going investment in training and development programmes focussing on strengthening required competencies.

₹ 244.67 Lakh
Invested in people skill development

1,52,976-man hrs
Training during FY3

99.40%
Training coverage

Talent management

Talent management encompasses crucial aspects of attracting, retaining, internally grooming required talent for the bank to support the growing talent needs.

Training sessions are built with focus on different stage of employee life cycle.

- New Joiners – Programs focussed on early assimilation by providing Orientation, On the Job Training programs and coaching by senior leaders.
- Learning Reinforcement – Up skilling and Knowledge Updation programs and Test (Knowledge Updations Test) are conducted for different cohorts periodically.
- BM Ready Sessions – To identify and nurture Branch Manager Aspirants at early stage and provide necessary skills to ensure internal pipeline of branch managers.



- Talent Grooming – Partnership with Coursera.

Competency Assessments are done in association with industry leading partners, to identify potential employees for career elevation.

Individual Development Plans are provided to employees in executive level to ensure we partner with individuals in shaping their development journey.

On-going performance feedback & Support by managers to ensure employees meet their performance goals.



Learning and development

Our learning and development program, with a coverage rate of 103%, focuses on employee growth through training initiatives in KYC, AML, Compliance, and Product and Process updates. We partner with leading institutes and online course providers to offer diverse learning opportunities and groom potential officers for future leadership roles based on performance and aspiration.

E-learning initiatives

To ensure awareness and compliance, e-Learning programmes on mandatory and product related topics, cyber security sessions are assigned to all the employees.

The e-learning programmes conducted during the year 2022-2023 through 2 different channels;

EC-council

- 5,417 employees completed the cybersecurity programme on 'Phishing'. The e-learning programme was announced as part of the Cyber Jaagrookta Divas.
- 5,827 employees completed the programme on 'Fake App' and 'Impersonator'.

Digital Centre of Excellence

- 4,746 employees completed the e-learning programme on liability products
- 6,212 employees completed an e-learning programme on card fraud and security
- 5,908 employees completed Security the e-learning programme on ethics

Training programmes FY23

Programmes

	No. of Programmes	No. of Participants
Internal	564	6,264
Structured	132	7,339
External	121	418
Internal Flex	446	4,300



Training programs are also provided to employees in partnership with leading institutions like IIBF, NIBM, CAFRAL, CAB-RBI, IDRBT, ASCI, ICSI, RBI, IICAI and XLRI.

Webinars are hosted with Industry / Subject Matter Experts for different employee cohorts.



Employee engagement initiatives

- **Recognition programme**

  KVB Rathna – A platform for leaders to applaud and provide instant recognition to the deserving employees for their efforts.

- **Reward System**

  Branch Sales Reward system aimed to encourage and incentivise high performers at branches.

  Annual Incentives are paid to motivate High performers.

- **Talent Recognition**

  Platforms like e. Magazines, Annual Cultural Events provide opportunity to employees to showcase their talent.



Fostering diversity and inclusion

To help women colleagues balance their personal and professional responsibilities, 82% of the women transferred are provided with postings at the requested or local locations.

She Leads is a unique initiative focused on emphasising the significance of the role of our women colleagues at the office and at home.

As part of the initiative, all the male employees were invited to nominate women colleagues across different categories like Ms. Customer Service, Ms. Operations, Ms. Perfectionist and Ms Dependable and so on. The highest scorer in each category was recognised by the senior management team.

Diversity

We are committed to provide safe and respectful work environment for all our employees.

Our grievance redressal team ensures to provide resolutions with utmost sensitivity and confidentiality.

28%

women out of total employees

Metrics indicating progress made on gender diversity (%)

	FY 2021-22	FY 2022-23
Total Manpower	27.61	28.31
Total Recruitment	11.76	23.68
Hiring in Officer Grade from Campuses	N.A*	52.00
Promotions	11.30	14.73

*No campus hiring during the year

Earning trust every step of the way

At KVB, our customers are at the heart of everything we do. Our mission is to empower and serve the underserved population of our country by offering financial products and services that are affordable, accessible and tailored to their specific needs. Endeavouring to promote financial inclusion, we focus on building strong customer relationships and providing the best possible solutions to help our customers achieve their financial goals.



Our bank excels in providing an exceptional customer experience

Our Bank's legacy and robust technological infrastructure enable us to excel in providing an exceptional customer experience. We take great pride in our longstanding relationships with customers across the nation, who have trusted us for generations. These customers value the continuation of their banking relationship with us, and we consider them as family.

We set industry benchmarks by pioneering the implementation of an end-to-end digitized solution for loan approvals. We constantly refine the process for customer convenience.



Building enduring relationships with our customer-centric solutions

For over a century, our Bank has diligently built and nurtured long-standing relationships with our customers. With an extensive network of 799 branches spanning 19 states and 3 Union Territories, we offer multiple touchpoints for convenience, including branches, PoS terminals, ATMs and cash deposit machines. Serving nearly 8 million customers, our customer-centric approach has positioned us as an industry leader.

Demonstrating our commitment to financial inclusion, 54% of our branches are strategically located in rural and semi-urban areas, ensuring easy access to finance for all. As pioneers in technology-based services, we engage with local business communities to cater to their banking needs while offering innovative solutions. Our longstanding customers consider us their trusted partner, relying on our bank to meet their evolving banking requirements.



Improving accessibility and convenience

We prioritize accessibility and convenience to ensure a seamless banking experience for our customers. Our branches establish strong relationships with customers, providing them with a convenient and efficient way to bank.

Recognising the importance of convenience, we offer doorstep banking services to customers who are unable to access our branches due to various reasons. Our well-trained staff members are adept at delivering excellent customer service, and they are always willing to go the extra mile to help our customers.

We have a track record of serving customers for several decades, and we have gained their trust by offering a service capability that encompasses both digital and branch channels.

We are confident that our commitment to accessibility and convenience will continue to ensure a seamless banking experience for our customers.



Customer centric approach

Our vision entails embracing digital solutions across channels, such as cardless transactions. To meet diverse customer needs, we maintain a physical presence in semi-urban and urban centres. This customer-centric approach ensures seamless banking experiences and accessibility.



Complaints received and resolved during FY23

We value the feedback of our customers and recognise the importance of addressing customer complaints promptly and effectively. We strive to be agile, transparent and solution-oriented in resolving them. To encourage open communication and create strong relationships, we organise client meetings in our branches, divisional offices, and central office on a regular basis. This provides a forum for customers to share their ideas and for us to discover mutually suitable solutions.

Complaints received from our customers

Number of complaints pending at the beginning of the year	128
Number of complaints received during the year	4,430
Number of complaints disposed of during the year	4,303
Number of complaints pending at the end of the year	255#

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

We have implemented the following initiatives to enhance the customer experience

- KVB 'WhatsApp banking'
- New version of the AOS account opening application (E-KYC and E-Sign)
- TAB-based full-KYC implementation for DLite accounts
- E-receipt is enabled for online term deposits
- Re-KYC through the missed call facility
- Issuance of EMV Debit Cards (VISA) with Contactless features for usage in POS terminals.

Empowering our communities



We are deeply committed to the well-being and empowerment of the communities we serve. Through our Corporate Social Responsibility (CSR) initiatives, we strive to address pressing social concerns, focusing on healthcare, women's empowerment, education projects and promoting green and climate-resilient practices.

2.45 Lakh

Beneficiaries positively impacted by the Bank's CSR programmes

₹ 12.84 Crore

CSR spends for FY23

Provision of Battery powered buggies and RO water plants





The Bank has supported the Tirumala Tirupati Devasthanams (TTD) to transform Tirumala into a green town by providing 10 battery/ electric operated vehicles valued at ₹ 70 Lakhs to TTD, Tirumala and Sri Venkateswara Institute of Medical Sciences (SVIMS), Tirupati. This initiative will reduce the carbon footprints in the surrounding locations to a large extent.

Sri Venkateswara Institute of Medical Sciences (SVIMS) provides medical services to thousands of in-patients & OP cases on a daily basis and the numbers are increasing considerably. To meet the increasing demands of patients, the Bank provided the institute three RO purified drinking water plants and nine Water Dispenser Units at a cost of ₹ 30 Lakhs.



Green and Climate resilient village in Manavadi Village panchayat, Karur

With a vision to promote green cover and to develop a model farm for farmers, the Bank in association with Hand in Hand, India has adopted Manavadi Village Panchayat, Karur, to implement a project with holistic approach which integrates multiple components such as promoting green cover and plantation, effective use of solar power facilities and strengthening water structures and green skilling with a focus on promoting a green and climate resilient village at a project cost of ₹ 1.27 Crores.



Support to empower women by providing motorised push carts through Aavin

Bank has donated 33 battery operated pushcarts to women from underprivileged sections to market the ice cream and other dairy products of Aavin. Valued at ₹ 40.00 Lakhs, this is a CSR initiative of the bank to provide employment opportunities to women. The beneficiaries were identified in association with the Department of Women and Child Development and Department of Adi Dravidar and Tribal Welfare, Government of Tamilnadu and Aavin



Support towards construction of an integrated facility for Palliative and Geriatric Care Services

To meet the ever-increasing need for Palliative and Geriatric care services, Sneha Sandhya Age Care Foundation is establishing an integrated facility to deliver services to the patients with serious health-related suffering in Visakhapatnam. A multidisciplinary team comprising of doctors, nurses, social workers, volunteers and counsellors offer necessary medical, emotional and moral support for the one who are striving to survive. The bank has supported this initiative by funding a part of the project for the construction of a block and medical equipment worth ₹ 1.60 Crores.



Support to tribal community school students, Anaikatti Hills, Coimbatore

The project, in association with Tinkle Seva, comprises of multiple support by way of provision of safe drinking water, evening study centres, provision of nutritious snacks and furniture to School Students from the Tribal Community in Anaikatti.



Construction of classrooms block in Government High School, Somur, Karur

Bank has provided infrastructure support to the extent of ₹ 23 Lakhs to Government High School, Somur, Karur for constructing four classrooms which helps Government School students to access quality education. This will benefit 170 students directly this year and several hundreds of students in successive years.



Providing ambulance with first-aid equipment and wheelchairs to Srikalahastheeswara Swamy Vari Devasthanam, Srikalahasthi

Bank has donated an Ambulance worth of ₹ 10 Lakhs with first-aid equipment and wheelchairs to Srikalahastheeswara Swamy Vari Devasthanam, Srikalahasthi to respond any medical emergencies to sick or injured people and to get them to hospital.



Vocational training and education to young adults children with intellectual and developmental disability

Bank provided support to integrate persons with Intellectual & Developmental Disabilities with the mainstream community by providing an array of services duly supported with appropriate infrastructure and qualified personnel in association with Maithree an organisation endeavouring to provide a secure future for persons with special needs.



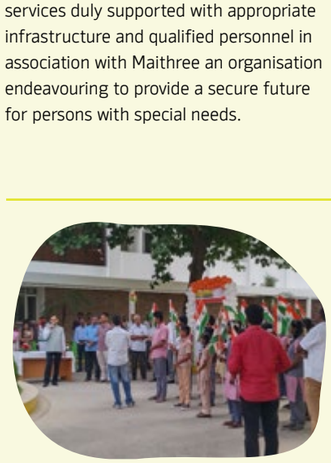
Support to weightlifting sportsperson

To promote sports and inspire the youth and redefine the people's view to take up Olympic sports, Bank supports Weightlifter L. Dhanush, son of a carpenter hailing from Tiruvallur, holding the national record in Snatch and Clean & Jerk in 49kg category. Bank provides support for holistic development of the sportsperson such as Equipment for training, Food, Nutrition, Physical check-up and an honorarium to his coach.



Financial literacy and cyber security awareness program

In line with Reserve Bank of India's emphasis on propagating financial literacy and cyber security measures, the Bank organized Financial Literacy Awareness campaign by way of street corner plays in 580 locations reaching out to 34000+ rural adult population across Tamilnadu. The contents of the plays sought to make the public understand basic financial concepts and gain knowledge required to make effective financial planning and avoid making poor financial decisions that can have serious impact on the financial well-being.



Har-Ghar-Tiranga campaign - celebrating 75 years of the Indian Independence

"Har Ghar Tiranga", a campaign under the aegis of Azadi Ka Amrit Mahotsav, was aimed to invoke the feeling of patriotism in the hearts of the people and to promote awareness about the Indian National Flag to the general public. National flags were provided free of cost to encourage citizens to hoist National Flag of India in their homes to mark 75th Independence Day, commemorate 75 years of independence and to pay tribute to freedom fighters.



Water on wheels-promoting easy mobility and storage of drinking water for rural people in Karur

Inhabitant of rural area of Karur district are getting drinking water only once in 7-10 days. Women wait near the water tanks to fill their buckets / drums with water and depend on the menfolk to carry the water to their homes. We have provided 112 numbers of rollable water barrels to the households of the interior villages in Karur.



Skill development training to rural women on tailoring, thread craft embroidery, Aari and Door Mat Weaving

To develop resilient women entrepreneurs from underprivileged, low income / unemployed sections from rural areas, Bank supported by imparting skill development training to 410 rural women on tailoring, thread craft embroidery, aari, door mat weaving through various NGOs.



My dream school - Modern education project in 15 rural government schools in Coimbatore

"My Dream School" project is to develop students holistically. This Modern education project is being implemented by Bank along with Aram Foundation in 15 rural schools with a budget of ₹ 59 Lakhs which benefits 6000+ students of underprivileged background. The holistic approach of the project will be child-centric and results in improvement of students in all aspects of their life. This project will address the knowledge gap that arised during the pandemic which had impacted the students in education and social development.



Limbs on wheels - Providing Prosthetic Limbs and care

KVB supported 200 beneficiaries across various rural villages in Tamil Nadu and Andhra Pradesh under the "LIMBS ON WHEELS" project of Inali Foundation with a budget of ₹ 26 Lakhs. Prosthetic limbs were provided to the physically challenged which would help them to perform basic actions like lifting items, eating, etc. A van equipped with all the required facilities to fit the arm in villages and other rural areas was deployed so that the benefit could reach even those who find it difficult to commute either due to lack of transportation or financial difficulties.



Supporting for the medical treatment of children with Cancer in different Government Hospitals in Tamil Nadu

The project KVB – AROH GIVING HOPE provides support of ₹ 25 Lakhs to crucial areas of Diagnostic and Treatment to children afflicted by cancer. The project ensures that no child leaves the hospital in the middle of treatment for lack of money. Initially 44 numbers of children have been identified to avail the benefits from various hospitals such as Institute of Child Health, Chennai, Kovai Medical Center and Hospital Medical College free ward, Coimbatore.



Empowering women dairy farmers for prospering their livelihoods

To enhance the livelihood of Women Dairy Farmers and to build up a community based economic enterprise in Kadavur block of Karur district, Bank has engaged with COODU Trust to educate and train 500 small and marginal women dairy farmers on the scientific rearing of dairy animals and effective marketing strategies with a budget of ₹ 24.75 Lakhs. The project will help the women farmers to scale up their livelihood and obtain benefits from convergence of activities through various Government programs.



Essential medical equipment to Government Hospital, Puducherry

Bank has provided five imported medical equipment to Indira Gandhi Medical College & Research Institute and Government General Hospital, Pondicherry costing ₹ 30 Lakhs. This equipment can diagnose various diseases including cancer, urinary tract infection, detection of inflammation of blood vessels and certain autoimmune diseases. This medical equipment with good lifespan, delivers results with high accuracy and has advanced features. By this project more number of underprivileged patients can be covered by the hospital in coming days.



Our environmental sustainability

We are steadfast in our commitment to environmental sustainability. With a strategic focus on energy conservation, we strive to align our offerings with broader sustainable objectives. We proactively pursue energy management initiatives and advocate for renewable energy integration. Our dedication to core sustainability endeavours remains unwavering, allowing us to make a powerful impact on the environment while maintaining a focus on our core strengths.

We have spent **₹ 40 Lakhs** for energy conservation measures and our consumption of renewable energy has increased in FY23.

We regard climate change mitigation and environmental conservation as essential elements of a sustainable business. This belief embodies our approach to the management of our resource footprint. We have given this endeavour a further inducement by ensuring multi-channel delivery through Net Banking, Phone Banking, and Mobile Banking

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

We have implemented:

- Digitisation of loan processing – from the application stage up to the documentation stage.
- Digital Current account (Paperless current account opening process with e-sign)
- Video KYC for remote customer onboarding.
- Digitisation of inter-office communication using the E-Memo application, thereby replacing the need for paper, and movement of paper-based documents

As a lender to the manufacturing sector, which forms a significant portion of our lending portfolio, we recognise the paramount importance of addressing climate change in all our lending decisions. We are proactively developing a robust strategy to incorporate climate change considerations as a fundamental criterion in our lending processes. Our foremost goal is to champion green economic activities by enhancing our product offerings and according to preference to financing sustainable initiatives. Embracing this proactive approach, we aim to make a significant positive environmental impact while supporting businesses dedicated to adopting eco-friendly practices. Through these efforts, we are committed to fostering a sustainable future for both our clients and the planet.

Reducing carbon footprint

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

- We have established an **850 KW** Wind Turbine Generator in Govindanagaram village, Theni District, Tamil Nadu, generating **13,69,932** units of clean power which is used for our Central Office in Karur and the Divisional Office in Chennai.
- To enhance energy efficiency, we implemented LED lighting upgrades across all premises and deployed Variant Refrigerant Flow AC units in back offices across various cities, resulting in significant electricity savings through energy conservation technology, with an investment of ₹40 Lakh on energy-efficient equipment procurement.
- Additionally, we have made strides in harnessing solar energy by installing solar panels and providing solar panel-operated streetlights, further contributing to our commitment to reducing our carbon footprint and promoting sustainable practices.

Climate strategy and mitigation

We put in place a holistic and long-term roadmap in our constant quest to mitigate climate risks and leverage opportunities arising out of a low-carbon transition. Key pillars of the strategy focus on:

Building resilience from climate risk

To strengthen our response to climate risk, we have developed a robust framework for assessing climate-related risks in our lending operations. We incorporate a climate lens into our business decisions to enhance the portfolio's resilience to diverse climate scenarios.

Sustainable operations

We are reducing our carbon footprint by adopting industry best practices and adhering to established sustainability standards, ensuring that our operations align with environmentally responsible practices.

Policy advocacy, climate literacy, and robust disclosures

Policy Advocacy and Climate Literacy:
We actively engage with stakeholders, including clients, peer banks, regulators, and governments, to accelerate the low-carbon transition. We promote climate literacy and advocate for policies that foster sustainable finance practices.

Robust Disclosures:
We prioritise transparency and accountability by participating in ESG-related frameworks and providing continuous reporting through initiatives like Business Responsibility and Sustainability Reporting. Our approach aligns with the RBI Discussion paper on Climate Risk and Sustainable Finance, adopting forward-looking methodologies for climate assessment and integration.

Marketing and Branding

With a sharp focus on authenticity and trustworthiness, our marketing efforts aim to cultivate a genuine brand image of the Bank. Through a strategic approach and well-defined branding channels, we have successfully enhanced our communication with stakeholders, fostering stronger connections and consistency.

During the year, we have used an ideal mix of media to ensure maximum visibility of the bank's brand and products. The main line as well as digital media were explored so that all segments of customers could be targeted. Geo-tagging and parameters including age, income, gender and so on were employed to reach our messages to the targeted group efficiently and cost-effectively. The social media handles of the bank were also used to promote products as well as push secure banking messages.





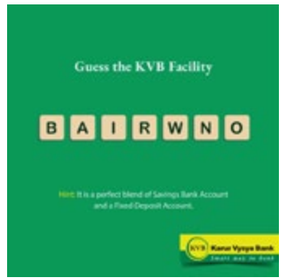




















Key highlights for FY23

- Innovative Skybus branding in newspapers showcased our milestone achievement of ₹ 1.25 Lakh Crore in total business.
- Consistent repeat ads in financial dailies encouraged the payment of GST and other taxes through our portal.
- Prominent magazines in Tamil, Telugu and Kannada highlighted our Term Deposit products with higher interest rates.
- A month-long radio campaign promoted our Agri Jewel Loan product across Tamil Nadu, Andhra Pradesh, and Telangana.
- Utilised television advertising on festival days to promote the Dlite app and Retail Loan products in Tamil Nadu, Andhra Pradesh, Telangana, and Karnataka.
- Achieved additional deliverables through co-sponsorship of highlighted programmes on television.
- Sponsored the music reality show Saregamapa on Zee Telugu for 4 months, including 16 episodes and a grand finale.
- Conducted branding campaigns at Chennai and Coimbatore airports to showcase MSME products, term deposit interest rates and tax payment facilities.
- Leveraged lift doors at all 32 stations of the Chennai Metro to highlight our competitive interest rates for term deposits.
- Continued exclusive branding at Karur Railway Station for the third year.
- Utilised Public Relations as a cost-effective medium to showcase major highlights and achievements of our Bank.
- Engaged social media platforms to systematically promote our products and services to our target audience and followers.

Followers as of March 2023

3,12,299
Facebook

16,424
Twitter

7,635
Instagram

20,823
LinkedIn

2,220
YouTube

3.59 Lakh +
Total followers across five social media handles

Awards and accolades

We stand adorned with a multitude of prestigious awards, illuminating the path of our exceptional strengths and achievements. From our tech-enabled ease of banking services to trailblazing transformative digital initiatives, and product quality management, our accolades resonate as a testament to our commitment to excellence.











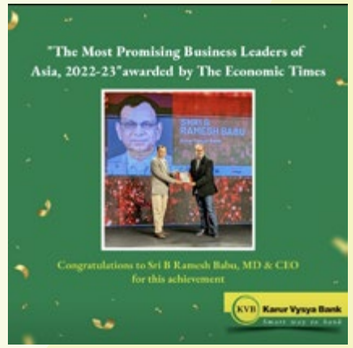
















For more details refer Pg. 76 of the Directors Report.

New branches



Vizianagaram - Fort, Andhra Pradesh



Kanigiri - Prakasam District, Andhra Pradesh



Tirupur Veerapandi Pirivu - Tamil Nadu



Tekkali, Srikakulam District, Andhra Pradesh



Dhone Branch - Nandyal District - Andhra Pradesh



Coimbatore Kanuvai, Tamil Nadu



Addanki - Andhra Pradesh



Kothavalasa, Vizianagaram District, Andhra Pradesh



Sunguvarchatram, Kancheepuram District, Tamil Nadu



Vadamalaipatti - Krishnagiri District - Tamil Nadu

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, Kochi
M/s Sundaram & Srinivasan, Chartered Accountants, Chennai

SECRETARIAL AUDITOR

S.A.E & Associates LLP
Company Secretaries, Chennai

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 -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.
Website: www.kfintech.com

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

LIST OF DEPUTY GENERAL MANAGER

R Venkatesan
B Ramkumar
D Akbar Dorai
S Giridharan
K Ravichandran
Abhishek Bedbak
S Ravi
S Vinoth Kumar
Malpani Bhavesh Hariprasad
D Sridhar
P Lakshmana Murthy
R Ganesan
P V Vijayakumar
S Saravanan
G Mohan Kumar
K P Muthu Kumar
G V Ramasamy
C Ramakrishna
Monica Sharma
V Murali
N Chakkaravarthy
B Venkata Kirankumar
Vippala Ramachandrareddy
S Shanmugavel
S Ramu
B Manivasagam
Venkateswarlu Mallineni
M A Manoj
T Aravindan
V Krishnan
M Hariharan
S Joseph Antony Arul Raj
S Hema
K Suryanarayana Murthy
K Satish Kumar
L Lakshmanan
D S Gokulchandar

Directors' Report

To the Members,

The Board of Directors of your Bank take great pleasure in presenting the 104th Annual Report on the business and operations of the Bank together with the audited accounts for the financial year ended March 31, 2023.

KEY PERFORMANCE INDICATORS

Your Bank delivered an impressive performance during the financial year 2022-23 deriving the benefits out of various initiatives taken during last few years. The high points of financial year 2022-23 are as below:

Particulars	March 31, 2023 (₹ in Crore)	March 31, 2022 (₹ in Crore)@
Deposits	76,637.59	68,486.01
Advances	64,168.09	56,876.10
Investments	19,411.72	17,755.08
Total Income	7,675.49	6,356.73
Total Expenditure	5,199.70	4,726.52
Operating Profit	2,475.79	1,630.21
Net NPA	468.15	1,260.79
Net Profit	**1,106.09**	**673.27**

@ Figures for the previous period have been re-grouped and re-classified in adherence to RBI circular on Presentation of financial statements and disclosures dated February 20, 2023 wherever necessary, to make them comparable with current period figures.

TOTAL BUSINESS

Your Bank's total business increased by ₹ 15,443.57 Crore and stood at ₹ 1,40,805.68 Crore as on March 31, 2023, registering a growth of 12.32% on ₹ 1,25,362.11 Crore as on March 31, 2022.

DEPOSITS

The Gross Deposits increased by ₹ 8,151.58 Crore and stood at ₹ 76,637.59 Crore as on March 31, 2023, registering a growth of 11.90% on ₹ 68,486.01 Crore as on March 31, 2022.

The Term Deposits increased by ₹ 6,606.30 Crore and stood to ₹ 51,188.66 Crore as on March 31, 2023, registering a growth of 14.82 % on ₹ 44,582.36 Crore as on March 31, 2022.

Your Bank's CASA balances increased by ₹ 1,545.28 Crore and stood at ₹ 25,448.93 Crore as on March 31, 2023, registering a growth of 6.46% on ₹ 23,903.65 Crore as on March 31, 2022. The CASA balance as on March 31, 2023 is constituted by Savings Bank deposits of ₹ 17,994.85 Crore and Other Demand Deposits of ₹ 7,454.08 Crore. The CASA ratio of the Bank as on March 31, 2023 stood at 33.21%.

ADVANCES

During the year, your Bank's credit portfolio increased by ₹ 7,291.99 Crore and stood at ₹ 64,168.09 Crore as on March 31, 2023, registering a growth of 12.82 % on ₹ 56,876.10 Crore as on March 31, 2022. The credit portfolio grew by 16% year on year before considering technical write-offs made during the year. Growth in Advances is majorly contributed by Agriculture, Retail and Commercial during the period under review along with cautious growth of 6.47% in the Corporate book. The details of the Advances portfolios for financial year 2022-23 and financial year 2021-22 along with their comparative growth is furnished in the table below:

CLASSIFICATION OF ADVANCES PORTFOLIO

Particulars	March 31, 2023 (₹ in Crore)	March 31, 2022 (₹ in Crore)	y-o-y Growth %
Agriculture	14,833.23	12,730.38	16.52
Retail (Personal Banking)	15,012.17	12,956.86	15.86
Commercial	20,980.02	18,656.41	12.46
Corporate	13,342.68	12,532.45	6.47
Total Advances*	**64,168.09**	**56,876.10**	**12.82**

* Total advances grew by 16 % (YOY) before considering technical write offs made during the year.

As on March 31, 2023, the Priority Sector Lending of your Bank stood at ₹ 26,959.64 Crore and constituted 46.30% of its Adjusted Net Bank Credit (ANBC) as against the statutory requirement of 40%

AGRICULTURE ADVANCES

Your Bank's average Agriculture Advances, in terms of RBI guidelines, stood at ₹ 11,229.55 Crore as on March 31, 2023, which constituted 20.20% of Average ANBC, as against the regulatory stipulation of 18%. Average Advances to Micro Enterprises and Weaker Sections stood at 7.94% and 12.41% on Average ANBC 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 a dedicated Vertical (Credit Monitoring and Recovery) that takes care of recovery. High value NPA accounts are taken care

Directors' Report

by eight Asset Recovery Branches spread across India for effective recovery. Your bank has also engaged recovery agencies to assist the Asset recovery Branches to reach the end customers and for continuous follow-up.

The Gross NPAs of your Bank downsized by ₹ 1,972.89 Crore and dropped to ₹ 1,458.15 Crore as on March 31, 2023, from the level of ₹ 3,431.04 Crore as on March 31, 2022. Correspondingly, Net NPA of your Bank downsized by ₹ 792.64 Crore and dropped to ₹ 468.15 Crore as on March 31, 2023 from the level of ₹ 1,260.79 Crore as on March 31, 2022. In terms of percentage, your Bank's Gross Non-Performing Assets (Gross NPA) and Net Non-Performing Assets (Net NPA) downsized at 2.27% and 0.74% as against 6.03% and 2.31% of the previous year respectively. Further, your Bank's SMA30+ levels has been well contained and confined to 0.56% as against 0.82% 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 92.14% 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.

Your bank has implemented several measures to minimize slippages and enhance recovery, including strengthening credit risk assessment processes, implementing proactive monitoring systems, offering timely restructuring options for stressed borrowers, collaborating with specialized recovery agencies, leveraging data analytics for early warning signals, and streamlining legal and recovery frameworks. These steps ensure proactive identification of potential defaults, prompt action for resolution, and efficient recovery processes, ultimately contributing to the reduction of slippages and improved recovery rates.

INVESTMENTS

Your Bank's investment portfolio increased by ₹ 1,656.64 Crore and stood at ₹ 19,411.72 Crore as on March 31, 2023, registering a growth of 9.33% on ₹ 17,755.08 Crore as on March 31, 2022. The average investment for the financial year 2022-23 stood at ₹ 18,966.08 Crore. The investment portfolio's composition is consistent with the Investment Policy of the Bank and lays stress on liquidity and regulatory management besides providing gains.

Interest income earned on investments during the financial year 2022-23 was ₹ 1,099.13 Crore as against ₹ 924.79 Crore in financial year 2021-22. Profit made on sale of investments was at ₹ 17.27 Crore for the fiscal 2022-23. With a view to prevent large volatility, Modified Duration of overall portfolio including Held to Maturity (HTM) was maintained at a lower level of 2.86 years. Liquidity position was maintained at comfortable levels throughout the financial year 2022-23.

FOREIGN EXCHANGE TRANSACTIONS

During the financial year 2022-23, Bank's merchant turnover stood at ₹ 23,345 Crore as compared to the previous financial year's level of ₹ 21,623 Crore. Banks Export credit was ₹ 1,270.50 Crore for the financial year 2022-23 as against ₹ 1,352.85 Crore of the previous financial year due to reduced demand from cotton export borrowers. Total Income earned through foreign exchange transactions was ₹ 65.12 Crore for the financial year 2022-23 as against ₹ 66.02 Crore for the previous financial year due to subdued revaluation gains on account of shrink in forward premiums. Exchange Profit of ₹ 33.82 Crore and Commission & others of ₹ 31.30 Crore forms part of total Income earned through foreign exchange transactions.

INCOME

Your Bank's Interest Income sizably increased by ₹ 928.88 Crore and reached ₹ 6,516.55 Crore for the financial year 2022-23, registering a growth of 16.62% on ₹ 5,587.67 Crore for the financial year 2021-22. Net Interest Income of your Bank increased by ₹ 633.44 Crore and reached to ₹ 3,348.81 Crore for financial year 2022-23, an increase of 23.33% on ₹ 2,715.37 Crore for the financial year 2021-22. The growth in Net Interest Income is in tandem with the topline growth in loan books of the Bank. Further, your Bank's Non-Interest Income increased by ₹ 389.88 Crore and reached ₹ 1,158.94 Crore for the financial year 2022-23, an increase of 51% on ₹ 769.06 Crore for the financial year 2021-22. The Yield on Advances and Investment stood at 8.93% and 5.80% respectively.

EXPENDITURE

Your Bank's Interest expenditure increased to ₹ 3,167.74 Crore during the financial year 2022-23, an increase of ₹ 295.44 Crore (10.29%), over the previous year Interest Expenditure of ₹ 2,872.30 Crore. The Operating expenses also increased to ₹ 2,031.96 Crore during the financial year 2022-23 from ₹ 1,854.22 Crore of the previous financial year in line with the business growth. Your Bank regularly monitored both its operating and establishment expenses during the year and tight controls were exercised on the expenditures.

Your Bank's Cost of Deposits eased to 4.27% as against 4.31% of the previous financial year. The Net Interest Margin (NIM) improved by 46 bps and stood at 4.18% over the previous year position of 3.72%, Cost of Deposits decreased by 4 bps while yield on Advances

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has improved by 37 bps and Investment by 39 bps. Thus, cost of funds was lower by 3 bps whereas yield improved by 42 bps, aiding the spread improving by 48 bps to 3.50%.

PROFIT

Your Bank's Operating Profit increased by ₹ 845.58 Crore and reached ₹ 2,475.79 Crore for the financial year 2022-23, registering a significant growth rate of 51.87% on ₹ 1,630.21 Crore for the financial year 2021-22.

The Net Profit of your Bank surpassed the historical milestone of ₹ 1,000 Crore and registered ₹ 1,106.09 Crore for the financial year 2022-23, a remarkable growth rate of 64.29% on ₹ 673.27 Crore for the financial year 2021-22.

APPROPRIATIONS

The Net Profit of ₹ 1,106.09 Crore along with ₹ 2.39 Crore brought forward from the previous financial year, aggregating to ₹ 1,108.49 Crore, was appropriated as follows:

Appropriation – Transfer to Reserves	Amount (₹ in Crore)
Statutory Reserve	276.60
Capital Reserve	-
Investment Fluctuation Reserve	-
Investment Reserve	6.68
Special Reserve	55.00
General Reserve	607.00
Balance carried to Balance Sheet (including Proposed Dividend of ₹ 160.41 Crore)	163.21

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 subject to compliance with the dividend pay-out ratio matrix prescribed as per extant guidelines issued by Reserve Bank of India. 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 ₹ 2/- per equity share of face value of ₹ 2/- each i.e., 100%, for the financial year 2022-23. Your Bank has notified closure of Register of Members and Share Transfer Books from Tuesday, August 08, 2023 to Wednesday, August 23, 2023 (both days inclusive) for determining the names of members eligible for dividend on Equity shares. 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 104th 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 ₹ 160.41 Crore has not been shown as an appropriation from the Profit and Loss account as of March 31, 2023 and correspondingly not reported under Other Liabilities and Provisions as at March 31, 2023 (is reported under balance of profit).

SHARE CAPITAL

The Authorised share capital of the Bank stood at ₹ 200 Crore divided into 100 Crore equity shares with a face value of ₹ 2/- each as on March 31, 2023. 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, Bank has allotted 20,41,791 Equity Shares of face value ₹ 2/- each to the employees who exercised their options under KVB ESOS 2011 Scheme and KVB ESOS 2018 Scheme during financial year 2022-23. Post allotment of the aforesaid equity shares, the Issued Share Capital increased from ₹ 160,13,55,212 to ₹ 160,54,38,794 comprising 80,27,19,397 equity shares with a face value ₹ 2/- each and the Paid-up Share Capital increased from ₹ 160,00,23,344 to ₹ 160,41,06,926 comprising 80,20,53,463 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 ₹ 8,584.05 Crore as on March 31, 2023 from ₹ 7,596.20 Crore of the previous financial year. The Market Capitalisation of the Bank stood at ₹ 8,370.96 Crore as on March 31, 2023.

EARNINGS PER SHARE/BOOK VALUE

Bank's Earnings Per Share (Basic) stood at ₹ 13.81 for the financial year 2022-23 as against ₹ 8.42 for the financial year 2021-22. The Book Value of shares was ₹ 105.03 per equity share of face value ₹ 2/- each (fully paid up) as on March 31, 2023 as against previous year position of ₹ 94.95.

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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 fourth coupon interest has been duly paid to the Debenture holders on March 12, 2023. Bank has not issued any Debt instruments during the year under review.

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+ (Stable)	Upgraded	November 30, 2022
	India Ratings & Research	IND A+/Stable	Affirmed	February 03, 2023
Certificate of Deposits Programme – ₹ 3,000 Crore	ICRA	[ICRA] A1 +	Reaffirmed	September 22, 2022
		[ICRA] A1 +	Reaffirmed	November 30,2022
		[ICRA] A1 +	Reaffirmed	December 29, 2022
		[ICRA] A1 +	Reaffirmed	March 31, 2023
	CRISIL	CRISIL A1 +	Reaffirmed	April 22, 2022
		CRISIL A1 +	Reaffirmed	June 22, 2022
		CRISIL A1 +	Reaffirmed	August 29, 2022
		CRISIL A1 +	Reaffirmed	October 28, 2022
		CRISIL A1 +	Reaffirmed	January 06, 2023
		CRISIL A1 +	Reaffirmed	March 09, 2023

As per ICRA ratings schedule: *ICRA A1+: 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.*

ICRA A+(Stable): Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

As per CRISIL ratings schedule: *CRISIL A1+: 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.*

As per India Ratings & Research schedule: *IND A+/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.*

CAPITAL ADEQUACY

The Bank's Capital Adequacy Ratio stood at 18.56% as on March 31, 2023, 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, 2023) 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, the Management Discussion and Analysis Report for the year is forming part of this Annual Report.

NETWORK OF BRANCHES

Whilst geographical presence of your Bank has been widening throughout the country year on year, the digital presence is spreading without any boundaries, which will provide improved access and proximity to the bank's services. The Digital Banking

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Unit is yet another recent initiative of your Bank that will not only enhance customer experience but also environment friendly which is a core focus area of the bank's ESG initiatives.

Your Bank has added Ten (10) Regular Branches, One (1) Retail Asset & Personal Banking Branch, Two (2) Asset Recovery Branches (ARBs) and Eleven (11) NEO Offices during the financial year 2022-23. Further, Consumer Banking Department was established during the year under review. The branch network including Corporate Business Units, Business Banking Units, Asset Recovery Branches, NEO and Precious Metal Division totals to 833 as on March 31, 2023, excluding three Extension Counters and five Satellite Offices.

During the year under review, your Bank has installed 88 new ATMs, 23 Bunch Note Recycler Machines (BNRM) and 14 Self Service Passbook Kiosks. As of March 31, 2023, 1,643 ATMs, 597 Bunch Note Recycler Machines (BNRM) and 192 Self-Service Passbook Kiosks are providing uninterrupted Banking services to customers.

Classification of branches and alternate channel



Metro	204
Urban	159
Semi Urban	307
Rural	129
Total	**799**



ATM	1,643
BNRM	597
Self Service Passbook Kiosks	192

No. of Transactions through alternate channels FY 2022-23(%)



ATM	40.66
BNRM (Dispense + Deposit)	17.80
E-Com	2.80
Point Of Sale (POS)	14.27
Internet Banking	7.79
Dlite Mobile banking	16.67
Total	**100.00**

CURRENCY CHEST

As on March 31, 2023, your Bank has eight Currency Chests across different locations in Tamil Nadu, Andhra Pradesh, Telangana and Karnataka to supply adequate cash to Branches & ATMs in its respective areas and the Clean Note Policy of RBI is being adhered to. Currency Chests also support the branches maintain cash within the retention limit for smooth operations. Your Bank also conducted soiled note exchange melas and distribution of coins through Currency Chest linked branches.

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 actively pursuing the agenda of Financial Inclusion with key interventions in offering appropriate financial products, using technology and financial literacy. Bank is providing various Business Correspondents (BCs) services & implementing comprehensive Financial Inclusion Program 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 147 Bank Mitras in rural villages, 3 Bank Mitras in urban locations including 39 Ultra Small Branches. The Bank Mitra use Micro ATM for providing the banking services to the customers.

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

Pradhan Mantri Jan Dhan Yojana (PMJDY):

Your Bank has opened 1,008 PMJDY accounts during the year under review. The balances outstanding in the PMJDY accounts as on March 31, 2023 was ₹ 19.57 Crore. The Bank has issued 1,008 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 5.39 Lakh transactions, amounting to ₹ 67.25 Crore during the year under report which includes of DBT/Old Age Pension/MGNREGS transactions.

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Micro credit (SHGS Bank linkage):

Your Bank is providing credit facilities to Self-Help Groups (SHG) / Joint Liability Groups (JLG) to meet the credit needs of the poor. As on March 31, 2023, the Bank has 6,564 JLG loans with outstanding of ₹ 27.65 Crore.

Financial literacy:

Financial Literacy campaigns 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 the financial year 2022-23, your Bank has conducted 85 financial literacy campaigns in Rural, Semi Urban/Urban areas.

In line with Reserve Bank of India's emphasis on propagating financial literacy and cyber security measures, the Bank organized Financial Literacy Awareness campaign by way of street corner plays in 580 locations reaching out to 34,000 rural adult population across Tamilnadu under CSR Activity.

TECHNOLOGY INITIATIVES

Your Bank is always inclined to plan and implement latest trends, technological advancements and innovations. Such long term projects are initially taken up as a study projects. Based on its technical feasibility, these study projects are converted to regular action plan projects to reap benefit to our customers. Presently, your bank is exploring adaption to, contactless / wearable payment solutions, digitalisation of back offices, virtual debit card.

DIGITAL TRANSFORMATION PROJECT

Web based online business loans:

Your bank has digitised its entire range of products in the Loan Portfolio viz. Retail, Commercial, and Agricultural Advances. 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 Business Rule Engine with underwriting models on an ongoing basis. Bank is poised to grow its market share by leveraging the digital capabilities and has 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. Your Bank has integrated its digital journeys with CERSAI portal for Registration of Security Interest (Land, Building).

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 and 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 34.77 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 and regularly upgrading the existing digital lending system to adhere the compliance norms and by adding functionalities for business growth.

INFORMATION SECURITY

The Board and Senior Management of your Bank have envisaged the Risk associated with the Cyber and Information Security in the modern world. They have established an Information Security Group headed by Chief Information Security Officer (CISO) who is specialised in Information and Cyber Security to protect the Bank's Information Assets.

Your Bank has approved Security Policies and procedures to protect the Information Assets in accordance with the determined risk profile of the assets. Your Bank understands the importance of Cyber Security and enhanced requirements in the connected world. Information Security function designs, develops, implements, maintains and monitors the Information Security Management System (ISMS), to handle the continuously evolving threat vectors.

Your Bank's Information & Cyber Security Framework is derived from ISO27001, Regulator Guidelines and Industrial Standards. The Policy and Procedure is designed not just to focus on CIA Triad viz Confidentiality, Integrity and Availability of Information; but also,

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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.
- Prevent IT Assets and Information System from Unauthorized Access.
- Protect the Data / IT Systems from Phishing, Ransomware, and other Malware, Security threats across using Cloud and integrated systems in multiple locations over the Internet and zero-day attacks.
- Ensuring the Data / IT Systems availability to the authorised users.

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 contributes equally to up skill the awareness of employees about new threats in the cyber security landscape.

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

CALL CENTRE

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

INBOUND CONTACT CENTRE:

Phone Banking – Customers contact the Phone Banking through various modes such as IVRS, Email & Chat to register their queries / requests related to banking services. Your Bank has a dedicated team assigned for the above channels to honour the customers' requirements in best in class service. **EFRM calling -** to verify the rightness of transactions of customers through outbound calls based on the data available from NPCI portal for fraud transaction monitoring. **Video–KYC –** This activity is performed inorder to convert Dlite accounts which are opened under Low KYC to Full KYC. **Mobile number change verification -** verification calls for the changes in registered Mobile number requested through Dlite & Internet Banking. **Door-step banking services feedback calls -** Calls are made to the customers to obtain their feedback on the services rendered to them through door step banking.

OUTBOUND CONTACT CENTRE:

At Outbound Contact Center an agent outcalls the customer on behalf of the Bank, for Sales / Service and collection activities. All the Tele Conversations are recorded for Quality and Monitoring Purposes. Activities undertaken are **Welcome Calling** for CASA and Newly Opened Loan accounts, **Tele Sales** to generate Revenue and to service our existing and potential customers. Your Bank has two types of Credit Cards viz., **Corporate and Retail Credit Cards** - For Customers who had availed Corporate Credit Card, the activities such as Welcome Calling, Statement Generation, Pre due, and Post due Collections calling are performed. **Tele Collections -** Calling is primarily done to remind Individual / Corporate customers of their Equated Monthly Instalments / Payments. Tele-collections for SMA 0 / 1 / 2 for CBD and SBG products are performed by Outbound Contact Centre. Reminder calling with Nominal intensity are practiced for ABG accounts. Based on the Unpaid Data spooled from the backend, two type of activities viz.,; a) PREDUE calling b) POSTDUE calling are performed. **PREDUE Calling** is initiated to remind customers of their due date and the EMI amount which is due to be paid. This calling helps the customer to ensure that the EMIs are serviced on time. **Post Due Date calling** is initiated to customers who have missed to pay their dues on the acceptable payment date. Payment Missed Data is spooled and segregated on the basis of (i) Severity of delinquency (ii) No of Days Past Due (iii) Track on repayment (iv) Relationship with bank & the available data base. **Centralised Collections –** Collections Data is analysed based on the risk pattern, and accounts are allocated to the field collections team. SMS / Email is initiated to Post due customers as reminder to pay their pending arrears. **ADHOC activities –** Apart from the above regular outbound activities, Adhoc calling request from different departments to outcall customers are also performed.

CHANGE IN NATURE OF BUSINESS

There was no change in the nature of business of the Bank during the financial year under review.

SYSTEM FOR INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

The Bank has strong and time-tested computerized solutions 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

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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, 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 separate report containing the salient features of their observations 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 not an exception to this. Bank has adopted a multi-layered risk management process to identify, assess, monitor and manage risks through the effective use of processes and information technology.

Objective of risk management of the Bank is to balance 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 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 optimal capital utilisation with a better risk-adjusted return. 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 in 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 overseeing 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 Committee 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 maintains different policies covering inter alia credit, credit risk rating, market, liquidity, treasury, operational risk, risk culture, strategic risk management, Reputational risk and integrated risk management functions and other risk related policies.

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 the 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 operations.

Bank is viewing risk management as a core competency and tries to ensure that the Bank takes only calculated risks, which it can understand, monitor, mitigate and control, thereby minimizing unexpected outcomes. All material risks of the Bank emerging in the course of its business are identified, assessed, monitored, managed and mitigated with the effective control measures in place.

Bank is well capitalized; CRAR stands at 18.56% as on March 31, 2023. Capital provides the required buffer to manage and meet any

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unexpected risks / losses that materialize in spite of prudent and timely risk management actions. In view of foregoing, apparently 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 SEBI LODR and SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended, your Bank has in place robust "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 made available on the website of the Bank. https://www.kvb.co.in/docs/whistle-blower-policy.pdf

Bank is encouraging the staff to share all kinds of unlawful/unethical instances/practices followed by any employees to take appropriate action upon review. Further, bank is ensuring that the details shared are kept confidential and protection of staff who blown the whistle.

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 in ordinary course of business and 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. Therefore, pursuant to Section 134(3)(h) of the Act Companies Act, 2013 with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no related party transactions to be reported under Section 188(1) of the Companies Act, 2013 and Form 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 is 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.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Pursuant to Section 186 (11) of the Companies Act, 2013, the provisions of Section 186 of the Companies Act, 2013, except sub-section (1), do not apply to a loan made, guarantee given or security provided or any investment made by a banking company in the ordinary course of business. Hence, the particulars of loan and guarantees as required under Section 134(3)(g) of the Companies Act, 2013 are not disclosed. The particulars of investments made by the Bank are disclosed in the Financial Statements as per the applicable provisions of the Banking Regulation Act, 1949.

AUDITORS

Statutory Auditors

In terms of Section 139 of the Companies Act, 2013 read with Section 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 104th Annual General Meeting (AGM), subject to the approval of Reserve Bank of India and shareholders of the Bank. The Bank has received consent from the Auditors on

Directors' Report

their reappointment and confirmation to the effect that they are not disqualified to be reappointed 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 reappointment 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 104th AGM till the conclusion of the next AGM. Fee payable to Statutory Auditors is proposed at ₹ 1,21,00,000 (Rupees One Crore Twenty One Lakh only) plus applicable taxes and out of pocket expenses with a cap of 10% of fees for the financial year 2023-24, subject to the approval of Reserve Bank of India 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 financial year 2022-23 and their Report forms part of this Annual Report. 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 financial year 2022-23.

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 Section 204 of the Companies Act, 2013 and Regulation 24A (1) of the SEBI LODR your Bank has appointed M/s S.A.E. & Associates LLP, Company Secretaries, Chennai to undertake the Secretarial Audit of the Bank for the financial year 2022-23. The Bank produced all necessary records to the Secretarial Auditors for smooth conduct of their Audit. The Secretarial Audit Report for the financial year 2022-23 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 financial year 2022-23.

Pursuant to regulation 24A (2) of the SEBI LODR 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)

As per RBI guidelines, Proforma IndAS statements have to be submitted on half-yearly basis and accordingly the same is submitted to RBI. During the current year, RBI has issued discussion paper on introduction of Expected Credit Loss Framework for provisioning by banks. Final guidelines are awaited. Further details are given in Schedule 18 – Notes to Account of the Balance Sheet.

COMPLIANCE WITH SECRETARIAL STANDARDS

During the financial year 2022-23, your Bank is in compliance with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

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 owns a 850 KW Wind Turbine Generator at Govindanagaram, Theni District in Tamil Nadu and the said Wind Turbine generated 13,69,932 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 implemented the following customer centric projects during the financial year 2022-23:

WhatsApp Banking – The Bank has enabled its customers, an additional service channel for catering to their non-financial services

Directors' Report

such as Balance enquiry, mini statement, Term / Recurring deposit interest rate enquiry, cheque book request, debit card blocking, net banking block / unblock.

Chat bot - "Kaaru" an interactive chat bot leveraging Artificial Intelligence and Machine Learning technologies has been hosted in our corporate web site to assist the customers with banking queries on 24 X 7 basis.

IRCTC integration in Dlite app.- Train ticket booking through direct account debit facility without involving payment gateway.

Face ID login, e-Deposit loan through Dlite app.- Customer can use face id to login in Dlite similar to fingerprint login. Further customer can avail deposit loan without visiting branches through Dlite app.

Bharat Bill payment system integration in Dlite App.- With BBPS implemented, customers have the convenience of payment by cataloguing various utility providers under one platform

Government business (GST and CBDT) payment through branch and Internet Banking - Payment of GST and CBDT enabled through internet banking facilitates customer to pay their taxes on time and to stay complied with Government norms.

Implementation of e-Mandate for debit cards - Customers can now provide e-Mandate / standing instruction on his/her Debit Card for regular/recurring payment transactions.

Card tokenisation as per regulatory guidelines - Tokenisation refers to replacement of actual card details with an alternate code called the "token", which shall be unique for a combination of card, token requestor and device. A tokenised card transaction is considered safer as the actual card details are not shared with the merchant (card not present transaction) during transaction processing.

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 OCCURRED 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 financial year 2022-23, 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

ANNUAL RETURN

The Annual Return for the financial year ended March 31, 2023, 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/annual-return/.

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

Bank has been filing cases in NCLT under IBC, 2016 as a part of its recovery mechanism and the status of the cases as at the end of the financial year 2022-23 is furnished as below:

S No	Particulars	No of cases	Book Balance ₹ in Crore	Status
01	Case filed by KVB against Corporate Debtors under IBC	2	401.24	Under Liquidation
02	Case filed against Individual Guarantors of Corporate Debtors	15	236.80	Filed and Pending

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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 Rule 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 SBEB & SE Regulations") 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 period under review, your Bank has granted 4,42,161 options under KVB-ESOS-2018 to Key Managerial Personnel (Managing Director & CEO and President & COO) of the Bank and Senior Management 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. As a part of their non-cash component of variable pay for the financial year 2020-21 in terms of compensation structure, your Bank has allotted 24,635 Equity Shares to Shri B Ramesh Babu, MD & CEO and 18,539 Equity Shares to Shri J Natarajan, President & COO, under KVB ESOS 2018 during the year under review. Further Bank has allotted 19,98,617 Equity Shares of face value ₹ 2 each to the employees who have exercised their options under KVB ESOS 2011 Scheme and KVB ESOS 2018 Scheme during the year under review.

Your Bank's Secretarial Auditors, M/s S.A.E. & Associates LLP, 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 Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), the 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)

The Articles of Association of the Bank drafted in 1916, provided for setting aside of one percent of the annual profits to a "Charity Account", which would be used to support the needy for their health and education requirements. The Bank continues with that tradition even today after 106 years in the modern avatar of 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 Companies (Corporate Social Responsibility Policy) Rules, 2014.

During the year under review, your bank had CSR budget of ₹ 11.58 Crore, against which the Bank spent ₹ 12.84 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, women empowerment and environment protection, as defined in Schedule VII of the Companies Act, 2013.

The brief outline of the CSR policy of the Bank, CSR spends and other mandatory disclosures are annexed to this Report as **Annexure – 3.**

Directors' Report

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.

In terms of Regulation 34(2)(f) of the SEBI LODR read with SEBI circular SEBI/HO/CFD/CMD-2/P/CIR/2021/562, the filing of BRSR shall be mandatory for the top 1000 listed companies (by market capitalisation) and accordingly Bank would file BRSR for financial year 2022-23. It is to be noted that your Bank has published business responsibility and sustainability report from the financial year 2021-22 itself on voluntary basis in order to adapt to the regulatory requirements and build transparency among our stakeholders.

The Business Responsibility & Sustainability Reporting (BRSR) of the Bank for the financial year 2022-23 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, Fifteen 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) of the Companies Act, 2013, Regulation 17(10) of SEBI LODR and other applicable regulations, Board has carried out annual evaluation of its own performance (Board as a whole), Committees of the Board, all its Directors including Non-Executive Chairperson and MD & CEO. The manner of evaluation conducted during the financial year 2022-23 is furnished in the Corporate Governance Report that forms part of this Annual Report.

BOARD OF DIRECTORS

The Board comprises of Nine 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, Banking, Economics, Finance, Law, MSME, Information Technology, Payment & Settlement Systems, 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 and subsequently appointed as Non-Executive Independent (Part-time) Chairperson with effect from July 25, 2022 with the approval of Reserve Bank of India. The said appointment was approved by the shareholders at the 103rd AGM held on August 03, 2022, for a period of three (3) years with effect from May 26, 2022, not liable to retire by rotation.

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. The said appointment was approved by the shareholders at the 103rd AGM held on August 03, 2022 for a period of three (3) years with effect from June 14, 2022, not liable to retire by rotation .

CA Chinnasamy Ganesan (DIN: 07615862), was co-opted as an Additional Director of the Bank under "Non-Executive Independent Director" category by the Board in its meeting held on April 25, 2023, subject to the approval of the Shareholders of the Bank. In terms of Regulation 17 (1C) of SEBI LODR, the listed entity shall ensure that approval of shareholders for appointment of a person on the Board of Directors at the next general meeting or within a time period of three (3) months from the date of appointment, whichever is earlier. Accordingly, the said appointment was approved by the shareholders through postal ballot having Remote e-Voting process on June 30, 2023, for a period of three (3) years with effect from April 25, 2023, not liable to retire by rotation.

Re-Appointment

Shri K G Mohan (DIN: 08367265) was re-appointed as an Additional Director of the Bank under Independent Category, for second term of three (3) years, w.e.f. October 12, 2022 in the Board Meeting held on September 22, 2022 subject to the approval of

Directors' Report

shareholders of the Bank. In terms of Regulation 17 (1C) of SEBI LODR, the listed entity shall ensure that approval of shareholders for reappointment of a person on the Board of Directors at the next general meeting or within a time period of three (3) months from the date of appointment, whichever is earlier. Accordingly, the said reappointment was approved by the shareholders through postal ballot having Remote e-Voting process on December 30, 2022, for a period of three (3) years with effect from October 12, 2022, not liable to retire by rotation.

Previously, Shri K G Mohan was co-opted as an Additional Director under Independent Category on February 01, 2020 and elected as Non-Executive Independent Director for a period from February 01, 2020 to October 11, 2022 for the first term in the 101st AGM of the Bank held on September 23, 2020.

Shri B Ramesh Babu (DIN: 06900325) was re-appointed as the Managing Director & CEO of the Bank, for the second term of three (3) years, with effect from July 29, 2023, subject to the approval of Reserve Bank of India and Shareholders of the Bank. The said reappointment was approved by the shareholders through postal ballot having Remote e-Voting process on June 30, 2023.

The Reserve Bank of India vide its letter dated July 14, 2023 approved the reappointment of Shri B Ramesh Babu, Managing Director and CEO of the Bank for second term of three years with a revised fixed pay of ₹ 1.80 Crore per annum with effect from July 29, 2023. The Variable pay shall be based on the achievement of performance parameters of the respective financial years subject to the approval of RBI.

Previously, Shri B Ramesh Babu was appointed as Managing Director & CEO of the Bank for a period of (3) three years from July 29, 2020 to July 28, 2023 for the first term in the 101st AGM of the Bank held on September 23, 2020.

Dr Harshavardhan R (DIN: 01675460) was re-appointed as Non-Executive Independent Director of the Bank in the Board Meeting held on May 15,2023, subject to the approval of shareholders of the Bank. The said reappointment was approved by the shareholders through postal ballot having Remote e-Voting process on June 30, 2023, for a period of Five (5) years with effect from July 30, 2023, not liable to retire by rotation.

Previously, Dr Harshavardhan R was co-opted as an Additional Director under Independent Category in the Board Meeting held on July 30, 2020 and elected as Non-Executive Independent Director for a period of three (3) years from July 30, 2020 to July 29, 2023 for the first term in the 101st AGM of the Bank held on September 23, 2020.

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

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. Independent Directors appointed during the year have qualified the online proficiency self-assessment test/have undertaken to comply with the requirements relating to passing of online proficiency self-assessment test for Independent Director's Databank, within the timelines prescribed.

Retirement by rotation

Shri R Ramkumar (DIN: 00275622), Non-Executive Non-Independent Director, retires by rotation at the ensuing 104th Annual General Meeting (AGM) and being eligible, offers himself for re-appointment in terms of Section 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 reappointment 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 seeking 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.

Dr V G Mohan Prasad (DIN: 00002802), Non-Executive Independent Director of the Bank, demitted offce 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.

Shri M K Venkatesan (DIN: 00032235) and Shri A K Praburaj (DIN:07004825), Non-Executive Non-Independent Directors of the Bank, demitted office at the close of office hours on December 08, 2022 consequent to completion of their eight years tenure in terms of Section 10A(2A)(1) of the Banking Regulation Act, 1949.

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CA K L Vijayalakshmi (DIN:07116809), Non-Executive Independent Director of the Bank demitted office on March 21, 2023 consequent to completion of her eight years tenure in terms of Section 10A(2A)(1) of the Banking Regulation Act, 1949.

Board placed on record its sincere appreciation for the valuable services rendered and contribution made by them during their tenure as Directors of the Bank.

Apart from the above, there were no changes in the Board of Directors of the Bank.

KEY MANAGERIAL PERSONNEL

There were no changes in the Key Managerial Personnels during the year under review.

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, 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 Directors, Whole Time Directors/ Chief Executive Officers/Material Risk Takers, Key Managerial Personnels, 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, 2013 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 LODR. Other details on the same are also covered in Corporate Governance Report forming part of Annual Report.

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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 S.A.E. & Associates LLP, Company Secretaries, confirming compliance to the conditions of Corporate Governance as stipulated under SEBI LODR is annexed to Corporate Governance Report which forms part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 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.

AWARDS AND ACCOLADES

Your Bank received the following awards during financial year 2022-23, majority of the same for implementation of innovative technologies:

S. No	Name of the Award	Awarded by
01	Best MSME Friendly Bank (Private Sector), 2021 – Runner up	Chamber of Indian Micro Small & Medium Enterprises
02	Best Innovative Bank (Private Sector) – Runner up	Chamber of Indian Micro Small & Medium Enterprises
03	Tech Enable Ease of Banking	Quantic India
04	APAC BFSI Innovation	Banking Frontiers
05	Banking RPA Integrator of the Year	Synnex Group & India Banking Summit
06	Data Centre Company of the Year	Synnex Group & India Banking Summit
07	Tech Enabled Ease of Banking Award	KRYPTON BFSI LEADERSHIP AWARDS
08	Bank with Best Technology Orientation - Economic Times Ascent	Asia Pacific HRM Congress Awards, 2021
09	Digital Bank - India BFSI Awards 2022	Governance Now
10	Digital Transformation of Bank	Sri Adhikari Brothers Group
11	Intelligent Automation (AL, ML, RPA)	CIO Crown
12	Design Management (Infrastructure Management)	UBS Forums
13	Innovation - New Initiatives (Infrastructure Management)	UBS Forums
14	CIO of the Year	UBS Forums
15	Digitalisation from Application to Disbursement won in the Best in Future of Digital Infrastructure	IDC future enterprise Awards
16	The Best Technology Bank of the Year (Winner)	IBA Awards
17	The Best Fintech collaboration (Runner-up)	IBA Awards
18	The Best AI ML adoption (Special Prize)	IBA Awards

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S. No	Name of the Award	Awarded by
19	The Best Digital Financial Inclusion (Special Prize)	IBA Awards
20	Best Use of Technology	Synnex Group & India Banking Summit
21	Business Transformation Awards 2022 for competitive edge with workforce transformation	Mint & Techcircle
22	Best bank for promoting social schemes	Chamber of Indian Micro Small & Medium Enterprises
23	Best Government Scheme Implementing Bank - Runner up	Chamber of Indian Micro Small & Medium Enterprises
24	Best Innovative Bank - Runner up	Chamber of Indian Micro Small & Medium Enterprises
25	Best CSR Initiative & Business Responsibility Bank - Runner Up	Chamber of Indian Micro Small & Medium Enterprises
26	Best Bank in implementation of COVID Scheme - Runner up	Chamber of Indian Micro Small & Medium Enterprises
27	Best Digital Customer Experience initiative of the year	ASSOCHAM - Financial Conclave 2023 & Excellence Award
28	Product Quality Management	Dun & Bradstreet - ESG Leadership Summit 2023
29	Best Technology Enabler of the Year – Winner	ASSOCHAM
30	Best SME lending – Runner-up	ASSOCHAM
31	Emerging Bullion Bank for the year 2022	India Gold Conference (IGC Excellence Award 2022)

ACKNOWLEDGEMENTS

The Board of Directors place on record their thankfulness to the Government of India, Reserve Bank of India, Securities Exchange Board of India (SEBI), Ministry of Corporate Affairsairs (MCA), National Stock Exchange of India Limited and BSE Limited, 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 expresses its sincere thanks to the Bank's valued shareholders, debenture holders 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 cooperation in the realisation of the corporate goals of the Bank in the years ahead.

For and on behalf of the Board of Directors

Place: Karur
Date: July 17, 2023

Dr Meena Hemchandra (DIN: 05337181)
Non-executive Independent (Part-time) Chairperson

B Ramesh Babu(DIN: 06900325)
Managing Director & CEO

Annexure I

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

To
The Members,
THE KARUR VYSYA BANK LIMITED
No.20, Erode Road, Vadivel Nagar,
L.N.S., Karur - 639002.

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**). 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, 2023 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, 2023 according to the provisions of:

(i) The Companies Act, 2013 ("**the Act**") and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment. The Bank does not have any Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) Securities And Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act (*Not applicable as the Bank is not registered as a Registrar to an issue and as a Share transfer agent*);

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

h) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time;

i) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 as amended from time to time; (*Not applicable to the Listed entity during the Review Period*).

(vi) 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 to the extent applicable and Master Circulars, Notifications and Guidelines and other directions pertaining to commercial banking issued by Reserve Bank of India (RBI) from time to time;

c) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

d) Securities and Exchange Board of India (Bankers to the Issue) Regulations, 1994 as amended from time to time;

Annexure I

e) Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 as amended from time to time (*Not applicable as the Listed Entity has not provided any services as Merchant Bankers during the Review Period*);

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

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

(ii) The Listing Agreements entered into by the Bank with National Stock Exchange of India Ltd.

During the period under review the Bank has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

As per the representation of the Bank, due to a technical glitch on MCA V3 portal, the Bank was unable to file e-forms for events that occurred during the period from February 18, 2023 to March 31, 2023 within the statutory timelines. The technical glitch was rectified recently after continuous follow-up with MCA. As on the date of signing of this report, the Bank has filed necessary e-forms for the events that occurred during the aforementioned period with the required additional filing fees.

We further report that

(i) The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. During the period under review

a) Shri N S Srinath, Non-Executive Independent Director and Chairman completed his tenure at the close of office hours on May 26, 2022

b) Dr. Meena Hemchandra was appointed as an additional director (Independent) with effect from May 26, 2022 and thereafter at the annual general meeting held on August 03, 2022 she was appointed as Non- Executive Independent Director for a period of 3 years with effect from May 26, 2022

c) Shri V G Mohan Prasad, Non-Executive Independent Director completed his tenure at the close of office hours on June 14, 2022

d) Shri Murali Ramaswami was appointed as an additional director (Independent) with effect from June 14, 2022 and thereafter at the annual general meeting held on August 03, 2022 he was appointed as Non- Executive Independent Director for a period of three (3) years with effect from June 14, 2022

e) Dr. Meena Hemchandra was appointed as Non-Executive (Part time) Chairperson with effect from July 25, 2022 on obtention of approval from RBI and the same was taken on record by the shareholders at the annual general meeting held on August 03, 2022

f) Shri R Ramkumar, Non-Executive Non-Independent Director retired by rotation at the annual general meeting held on August 03, 2022 and was re-appointed

g) Shri K G Mohan was re-appointed as an additional director (Independent) for second term of 3 years with effect from October 12, 2022 at the Board meeting and his re-appointment was subsequently approved by the shareholders by way of postal ballot voting on December 30, 2022

h) Shri M K Venkatesan, Non-Executive Non-Independent Director completed his tenure of 8 years at the close of office hours on December 08, 2022

i) Shri A K Praburaj, Non-Executive Non-Independent Director completed his tenure of 8 years at the close of office hours on December 08, 2022

j) Smt K L Vijayalakshmi, Non-Executive Independent Director completed her tenure at the close of office hours on March 21, 2023

The changes in the composition of the Board of Directors that took place during the period under review, as mentioned above, were carried out in compliance with the provisions of the Act.

(ii) Adequate notice is given to all Directors to schedule the Board Meetings; notice, 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 participation at the meeting. Decisions of the Board/Committee meetings are in consensus and results are recorded in minutes with suggestions / directions, if any, made in respect of any agenda item.

Annexure I

(iii) Based on the compliance system prevailing in the Bank, and after carrying out test checks of the relevant records and documents maintained by the Bank, we, further report that, there are adequate systems and processes commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

(iv) We further report that the Bank has responded to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found/deemed necessary.

We further report that during the audit period:

(i) The Bank had allotted 20,41,791 equity shares under KVB ESOS 2011 and KVB ESOS 2018 on various dates which includes 24,635 equity shares to Shri B Ramesh Babu, MD & CEO and 18,539 equity shares to Shri J Natarajan, President & COO

(ii) The Nomination and Remuneration committee in its meeting held on September 21, 2022 had granted 57,218 options at an exercise price of ₹ 85.70/- under KVB ESOS 2018 Scheme to Shri J Natarajan, President and COO, as part of non-cash component of variable pay for the financial year 2021-22.

(iii) In terms of the RBI approval vide letter DOR.GOV. No.S5795/08.41.001/2022-23 dated December 13, 2022, the Nomination and Remuneration Committee of the Bank in its Meeting held on December 29, 2022 has granted 59,075 options at an exercise price of ₹108.25 under KVB ESOS 2018 Scheme to Shri B Ramesh Babu, Managing Director & CEO of the Bank, as a part of non-cash component of variable pay for the financial year 2021-22.

(iv) The Bank has received renewal of authorisation from RBI for Import of gold/silver for the financial year 2023-24.

(v) The Bank has promptly paid the 4th annual 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, 2023

(vi) During the audit period, in one of the instances, RBI vide letter dated March 24, 2023 had issued a speaking order imposing penalty of ₹ 30 lakhs for failing to report 3 accounts as fraud to RBI. Intimation in this regard was submitted to Stock exchanges on 24th March 2023 and penalty was paid by the Bank on March 30, 2023.

For **S.A.E & Associates LLP**
Company Secretaries

Sri Vidhya Kumar, Partner
FCS. No. 11114, C.P. NO. 20181
UDIN: F011114E000627873

Place: Chennai
Date: July 17, 2023

Annexure to Secretarial Audit Report

To
The Members,
THE KARUR VYSYA BANK LIMITED
No.20, Erode Road, Vadivel Nagar,
L.N.S., Karur - 639002.

Our Secretarial Audit Report of even date is to be read along with this letter.

1. It is the Management's Responsibility to maintain secretarial records, and to devise proper systems to ensure compliance with the provisions of all applicable laws, rules regulations and standards and to ensure that the systems are adequate and operate effectively. Our examination was limited to the verification of procedures on test basis.

2. Our responsibility as the Secretarial Auditor is to express an opinion on these secretarial records, systems, standards, and procedures based on our audit.

3. 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.

4. We have not verified the correctness and appropriateness of financial records and books of accounts of the Bank.

5. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

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 **S.A.E & Associates LLP**
Company Secretaries

Place: Chennai
Date: July 17, 2023

Sri Vidhya Kumar, Partner
FCS. No. 11114, C.P. NO. 20181

Annexure II

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:

Sl No	Requirements	Disclosure	
I	The ratio of the remuneration of each director to the median remuneration of the employees of the financial year 2022-23	Dr Meena Hemchandra, Non-Executive Independent (Part-time) Chairperson	**1.25x**
		Shri N S Srinath*, Non-Executive Independent (Part-time) Chairman	**0.17x**
		Shri B Ramesh Babu, MD & CEO	**19.71x**
		Shri M V Srinivasamoorthi, Non-Executive Non-Independent Director	**0.95x**
		Dr K S Ravichandran, Non-Executive Independent Director	**0.95x**
		Shri R Ramkumar, Non-Executive Non-Independent Director	**0.95x**
		Shri K G Mohan, Non-Executive Independent Director	**0.95x**
		Dr Harshavardhan R, Non-Executive Independent Director	**0.95x**
		Shri Murali Ramaswami, Non-Executive Independent Director	**0.75x**
		Dr V G Mohan prasad*, Non-Executive Independent Director	**0.19x**
		Shri M K Venkatesan*, Non-Executive Non-Independent Director	**0.65x**
		Shri A K Praburaj*, Non-Executive Non-Independent Director	**0.65x**
		CA K L Vijayalakshmi*, Non-Executive Independent Director	**0.92x**
		* Demitted office during the FY 2022-23, consequent to completion of their tenure.	
II	The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year 2022-23	Shri B Ramesh Babu, MD & CEO	**29.07%**
		Shri N S Srinath and Dr Meena Hemchandra Non-executive Part-time Chairperson(s)	**15.36%**
		Shri J Natarajan, President & COO	**33.45%**
		Shri R Ramshankar GM & CFO	**-38.07%**
		Shri Srinivasa Rao Maddirala, Company Secretary	**43.60%**
III	The percentage increase in the median remuneration of employees in the financial year.	**9.66%**	
IV	The number of permanent employees on the rolls of the Bank	**7402**	
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;	1. Average remuneration increase for Non-Managerial Person is **2.27%** in the financial year 2022-23 In comparison to previous year figure of 4.65% the decrease is due to significant increase in number of employees recruited for frontline activities 2. The Average percentage increase in the remuneration paid to Managerial Person is **18.39%** 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.	

Annexure II

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

Four 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 financial year 2022-23 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.

NOTE:

a) 'x' denotes the median remuneration of the employees in the Financial Year.

b) Remuneration of MD & CEO and Non-Executive Independent (Part-time) Chairperson are as per the terms & conditions approved by the Reserve Bank of India and shareholders of the Bank.

c) Remuneration paid to CFO in financial year 2021-22 includes payments made to Mr. Mocherla Durga Ramesh Murthy General Manager who was CFO of the bank from April 01, 2021 to February 09, 2022 and subsequently to Mr. Ramshankar R, Deputy General Manager who became CFO effective from February 10, 2022.

d) There has been no increase in the Base Remuneration of MD & CEO and President & COO, however certain Perquisites value viz; ESOPs as part their variable pay of non-cash component's market value is considered in the calculation. The payment of upfront cash component of MD & CEO for the financial year 2021-22 and deferral cash component for the financial year 2020-21 pertaining to variable pay was also included in the calculation.

e) Remuneration received includes salary paid, taxable reimbursements, Bank Contribution towards pension, PF, and NPS and other taxable perquisites for the financial year 2022-23.

f) Shareholders of the Bank in the AGM held on August 03, 2022, have approved the payment of profit related compensation to all Non-Executive Directors [excluding Non-Executive (Part-Time) Chairperson], by way of fixed remuneration of 0.1% of the profit available for distribution subject to maximum of ₹ 10,00,000/- to each Directors per annum with effect from the financial year 2022-23, for a period of three (3) years. Profit related commission is paid during the financial year 2023-24 upon adoption of the financial results for the year 2022-23 and the amount is paid on pro-rata basis to the tenure in the Board with a maximum cap of ₹ 10,00,000/-. Dr Meena Hemchandra, Chairperson is entitled to Profit related commissions for the period as Non-Executive Independent Director.

Annexure III

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVTIES

1. Brief outline on CSR Policy of the Company

The CSR Mission statement of the Bank states - "To contribute to the social and economic development of the community and to establish itself as a responsible corporate citizen. KVB realizes that CSR of the Bank is not just compliance, but it is a strategic and wholesome approach towards the Planet, 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". The Bank is well involved in programmes of larger ramifications whereby its projects on education, skill development, environmental sustainability and healthcare contribute substantially for the betterment of society and the community.

2. Composition of CSR and ESG Committee

Sl. No.	Name of the Director (Sarvashri)	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.	B Ramesh Babu, Chairman of the Committee	Managing Director & Chief Executive Officer	4	4
2.	M V Srinivasamoorthi	Non-Executive Non-Independent Director	4	4
3.	Dr K S Ravichandran	Non-Executive Independent Director	4	4
4.	A K Praburaj*	Non-Executive Non-Independent Director	2	2
5.	R Ramkumar@	Non-Executive Non-Independent Director	1	1

*Member of the committee from August 30, 2022 to December 08, 2022

@Member of the committee till August 29, 2022

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

Composition of CSR and ESG Committee - https://www.kvb.co.in/CSR-ESG/

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

CSR Projects approved by the Board - https://www.kvb.co.in/docs/csr-annual-action-plan.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.

Even though Bank is not mandated to conduct 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 as the average CSR obligation of ₹ 10 crore or more in the immediately preceding 3 financial years is not met in the current financial year, as a good practice and as per KVB CSR Policy, the following projects which were implemented in the previous financial year are taken up for Impact Assessment:

i) Support of Medical Equipment to Sankara Eye Foundation
ii) Donation of Ambulance to Tamilnadu Health System Project
iii) Construction of School Block MHSS, Karur
iv) Construction of School Block , Morning Star School

Impact assessment reports on the projects are available at https://www.kvb.co.in/CSR-ESG/csr-impact-assessment/

Annexure III

5	(a)	Average net profit of the company as per section 135 (5)	:	**₹ 5,79,16,05,948.66**
	(b)	Two percent of average net profit of the company as per section 135(5)	:	**₹ 11,58,32,118.97**
	(c)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial year		**NIL**
	(d)	Amount required to be set off for the financial year, if any	:	**NIL**
	(e)	Total CSR obligation for the financial year [(b)+(c)-(d)]		**₹ 11,58,32,118.97**

Note:

The budget exceeded in the year financial year 2021-22 **₹ 4,468/-** has not been set off in the financial year 2022-23.

6	(a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).	**12,75,33,505.88**
	(b)	Amount spent in administrative overheads	**NIL**
	(c)	Amount spent on impact assessment, if applicable	**8,73,642.00**
	(d)	Total amount spent for the financial year [(a)+(b)+(c)]	**12,84,07,147.88**
	(e)	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 sub-section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
5,86,36,385.28	6,97,70,762.60	March 31, 2023	NA	NA	NA

(f) Excess amount for set-off, if any:

S. No	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	**11,58,32,118.97**
(ii)	Total amount spent for the Financial Year	**12,84,07,147.88**
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	**1,25,75,028.91**
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	**NIL**
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	**1,25,75,028.91**

Note:

(i)	The budget exceeded in the year financial year 2021-22	₹ 4,468.00
(ii)	The budget exceeded in the year financial year 2022-23	₹ 1,25,75,028.91
Total amount available for set off (i) + (ii)		**₹ 1,25,79,496.91**

Annexure III

7. 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 ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount spent in the 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 ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
1	2021-22	3,89,64,965.00	3,89,64,965.00	2,15,42,447.00	87,32,218.00#	28-Sep-22	86,90,300.00*	NIL
2	2020-21	6,36,61,729.00	66,78,585.00	30,68,000.00	7,37,295.00#	28-Sep-22	28,73,290.00*	NIL
3.	2019-20	-	-	-	-	-	-	-

Note:

Unspent amount of CSR budget of the financial year 2021-22, **₹ 87,32,218.00** and Unutilised amount of On-going CSR projects of the financial year 2020-21 **₹ 7,37,295.00** is transferred to Clean Ganga Fund on September 28, 2022.

*Unspent amount pertaining to On-going Projects.

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

No

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

The company have spent two per cent of the average net profit as per section 135 (5)

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

Business Responsibility & Sustainability Reporting



Annexure IV to Directors' Report

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

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	2022-23
10.	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange
11.	Paid-up Capital	₹160,41,06,926
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	on a Standalone basis

II. Products/services

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

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Banking and Financial Services	The Bank provides a wide range of banking and financial services including Retail Banking, Commercial Banking and Treasury Operations	100

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

S. No.	Product/Service	NIC Code	% of Total Turn over contributed
1	Banking Services	64191	100

Annexure IV

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	833	833
International	Not Applicable	Nil	Nil

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	22 (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?

Nil

c. A brief on types of customers:

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

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	EMPLOYEES					
1.	Permanent (D)	4953	3869	78.11	1084	21.89
2.	Other than Permanent (E)	362	284	78.45	78	21.55
3.	**Total employees (D + E)**	**5315**	**4153**	**78.14**	**1162**	**21.86**
	WORKERS					
4.	Permanent (F)	2449	1413	57.70	1036	42.30
5.	Other than Permanent (G)	-	-	-	-	-
6.	**Total workers (F + G)**	**2449**	**1413**	**57.70**	**1036**	**42.30**

b. Differently abled Employees and workers:

S. 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 differentlyabled employees (D + E)**	**6**	**5**	**83.33**	**1**	**16.67**

Annexure IV

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	DIFFERENTLY ABLED WORKERS					
4.	Permanent (F)	8	6	75.00	2	25.00
5.	Other than permanent (G)	-	-	-	-	-
6.	**Total differentlyabled 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*	8	1	12.50
Key Management Personnel*	4	0	0

*As Managing Director & CEO is one of the Key Managerial Personnel, he is included in both Board of Directors and Key Managerial Personnel count.

20. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2022- 23			FY 2021 - 22 (Turnover rate in previous FY)			FY 2020 - 21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	8.00%	10.68%	8.59%	9.35%	12.84%	10.13%	1.06%	11.82%	3.48%
Permanent Workers	0.21%	2.36%	1.12%	3.68%	4.52%	4.03%	3.30%	3.00%	3.18%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

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

S. 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

CSR Details

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

Yes

(ii) Turnover (in ₹): 76,75,48,67,675.09

(iii) Net worth (in ₹): 83,78,67,09,161.36

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VI. 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 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	NO	NA	NA	NA	NA	NA	NA
Investors (other than shareholders) - Debenture holders	Investor's grievances are redressed either directly by investors Relations cell of the bank or through Bank's Registrar and Transfer Agent, M/s. KFin Technologies Limited, Hyderabad. Complaints received on SCORES (a centralized web based complaint redress system of SEBI) are attended within timelines.	4	0	Resolved	4	0	Resolved
Shareholders	Investor's grievances are redressed either directly by investors Relations cell of the bank or through Bank's Registrar and Transfer Agent, M/s SKDC Consultants Ltd, Coimbatore. Complaints received on SCORES (a centralized web based complaint redress system of SEBI) are attended within timelines.	17	0	Resolved	27	0	Resolved
Employees and workers	Human rights grievances/ complaints are redressed by Internal Grievance Redressal Committee	8	Nil	Nil	33	0	Nil
Customers*	Yes (https://www.kvb.co.in/docs/grievance-redressal-policy.pdf)	3813	224	Nil	3245	94	Nil
Value Chain Partners	No	NA	NA	NA	NA	NA	NA
Other (please specify)*	Yes	617	31	Nil	1411	34	Nil

*Refer to Disclosure on Complaints in Annual Report.

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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

S. 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
1	Human rights practices	Risk	**Risk-** Non-adherence to parameters on human rights and practices such as fair working environment, equal opportunities, remuneration, and freedom of association will impact the performance of the bank on the social front from the employee's perspective.	Training and awareness of all the employees and workers and clauses on Human rights in stakeholder agreements and contracts. The Bank has effective grievance mechanism in place and conducts regular training programs on human rights for its employees.	**Negative-** Ineffective grievance redressal mechanism affects the bank's commitment towards human rights protection. This leads to a disorganized workforce and would increase the legal costs arising due to any employee dispute and negative financial impact on the bank.
2	Data privacy	Risk & Opportunity	**Risk-** Absence of data security systems could pose a threat to customer-centric sensitive data. The customer data privacy is the utmost priority of the Bank. The Bank operates and deals with a deluge of confidential client information and customer data for daily business transactions; hence, data breaches can significantly hamper the business continuity operations. **Opportunity-** Well-structured, efficient data and cyber security systems safeguard the privacy of customers and prevent fraud. Cyber-security protection ensures the continued privacy and security of business, while maintaining the availability, consistency of customer account data.	The Bank has defined Information Security & Cyber Security policies, which cover Data Privacy. The Customer's personal data shall be protected during the data processing, transit and storage. For each of these processes, the Bank ensures that it provides an adequate level of protection to the data.	**Positive-** Robust systems safeguard data and enhance digital transaction services while safeguarding the interests of customers, thereby improving the top-line growth. **Negative-** Inability to focus on data security issues would directly impact the business productivity and would result in loss of data.

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S. 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
3	Compliance	Risk	**Risk-** Risk of non-compliance exposes the organization to legal penalties and financial losses resulting from failure to comply with the industry laws and regulations.	Strong oversight over the bank's compliances on a regular basis. The bank has a compliance policy in place and adheres to all the applicable laws and regulations. The bank has code of conduct & ethics, anti-money laundering, whistle-blower, vigilance and fraud risk management policies to safeguard the interests of the investors and other stakeholders.	**Negative -**Non compliance would lead to loss of reputation and consequently affects the business activities. Banks who are compliant with the regulatory laws have a better ability to manage risks and build a better sense of fairness and loyalty among employees
4	Ethical behavior	Risk	**Risk-** Compromising ethical standards would highly impact the reputation and integrity of the organization. The investors could negatively respond to the firm's unethical behavior and could thereby influence their willingness to invest further. This could indirectly lead to lower productivity , increased attrition and challenges in recruitment.	Effective policies and mechanisms need to be in place to promote a culture of integrity and conduct as well as address the evolving risks and challenges. The bank has a code of ethics policy in place in order to ensure and maintain ethical practices at the workplace.	**Negative-** Unethical behavior could directly impact the reputation of the bank. It could also lead to loss of morale and employee productivity thereby affecting the topline growth of the organization.
5	Employee engagement & benefits	Risk & Opportunity	**Risk-** Absence of employee development programs and provision for employee benefits could directly affect the morale of employees thereby affecting their productivity. **Opportunities-** Structured employee development and engagement programs accelerate the work satisfaction of the Bank thereby enhancing the performance and bank's topline. An enhanced collaboration amongst the team members leads to better communication, trust, talent pipeline, understanding of company's goals and priorities and improved employee retention.	Various engagement programs and leadership talks have been carried out. The Bank Engagement Calendar is updated to celebrate various events and festivals with rewards for outstanding performance. L&D Page has a major boost in content with Blogs, Podcast, Knowledge Centre, Inspiring Stories, Videos, recommendations for Books, self-Nomination for courses. L&D page is accessible on mobile anywhere and anytime.	**Positive-** A strong workforce with higher engagement, retention rate and diversity brings new perspectives, experiences, and ideas, which enables innovation, enhances the performance and enables a positive culture in the organization creating conducive work environment. **Negative -** The inability to meet workforce expectations may result in adverse impact on workforce productivity, morale and the bank's growth plan in the long run.

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S. 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
6	Board diversity and independence	Risk & Opportunity	**Risk-** Absence of a diverse board could lead to a constrained exposure to a wide range of perspectives, robust discussions and enhanced understanding of evolving market conditions. Non-independence of the board tends to drift more towards the daily operations of the organization rather than towards the role of supervising management, participating in setting strategic directions, having an oversight and protecting the interest of all shareholders. **Opportunity-** Board diversity is imperative since it ensures the oversight of reputation risk. It also fosters independent decision making and mitigates unprecedented conflicts of interest	The bank has a corporate governance policy in place with board committees looking after the overall management and interests of all its stakeholders. It has 62.5% independent directors with 12.5% women directors on board.	**Positive-** Board diversity propels a holistic understanding and management of the business activities. Having an independent board focuses on the interests of all the stakeholders while enhancing efficient decision making. **Negative-** Inadequate composition of the board independence and diversity leads to a constrained perspective on strategy development and productivity of the organization.
7	Transparency, Accountability & reporting	Risk	**Risk-** Lack of transparency and accountability leads to unfair representation of the organization's performance and unprecedented consequences on the business activities. Absence of regular audits effect the integrity of the business practices and responsible governance. Having consistent and fair reporting practices enhance the confidence of the investors and other stakeholders towards the organization.	The bank has incorporated policies on corporate governance, fair disclosure on code of practices and processes, vigil mechanisms to safeguard and ensure fair business practices in the interests of the stakeholders.	**Negative-** Unfair business practices directly impact the organization's reputation and confidence amongst investors.

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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/ https://www.kvb.co.in/investor-corner/other-disclosures/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.	**P1** GRI Standard, UNGC, Corporate Governance Voluntary, Guidelines, 2009, Organization for Economic Co-operation and Development(OECD) Principles of Corporate Governance								
	P2 GRI Standard, ISO 14001								
	P3 GRI Standard ISO 45001, Universal Declaration of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, UN Guiding Principles on Business and Human Rights at Work								
	P4 -								
	P5 GRI Standard, Universal Declaration of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work								
	P6 GRI Standard, ISO 14001, PAS 2060:2014 ISO 45001, ISO22301, SASB, TCFD								
	P7 GRI Standard, UNGC, UN WEP principles								
	P8 GRI Standard, CSR disclosures pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules,2014, as amended								
	P9 GRI Standard, ISO 27001, ISO 27701, SASB								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	At KVB, we aspire to create sustainable value for our stakeholders by balancing growth and profitability. The bank is committed to enhancing the sustainability practices in a formalized 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 marginalized stakeholders. The Bank aims to expand product lines and make banking services available to every segment of the society. The Bank believes in up-skilling the work force for the holistic development of its employees and to align with the changing business environment. The Bank is committed towards reducing its carbon footprint and is progressing towards digitization through enhanced digital on-boarding of customers. The Bank showcases commitment to reduce energy consumption with transitioning towards alternative sources of energy to a greater extent. The Bank is committed to integrate and follow a structured roadmap for implementing multiple facets of ESG in the organization.									

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Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	• The Bank has adopted an ESG policy highlighting commitment towards adopting sustainable banking principles in its operations and lending processes • The Bank had bagged 2 MSME 'Banking Excellence' awards instituted by CIMSME, 2022 • The Bank was awarded 'Best MSME Friendly Bank' and 'Best Innovative Bank in the Private Sector', 2022. • The Bank was awarded 'Best Cloud Adoption' and 'Cyber Security Initiatives' by IBA • The Bank had exceeded the mandatory 2% spend on CSR Budget for the Financial Year 2022-23.								
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):** Environmental and social responsibility have always been central to KVB's corporate concept. The bank is taking a number of steps to incorporate ESG into its activities and policies. The bank has adopted the Business Responsibility and Sustainability Report (BRSR) framework for ESG disclosures in FY 2022 itself, one year ahead of the mandated reporting from FY 2023, as a first step towards transparency and to keep the bank ahead of the curve in terms of compliance with regulatory guidelines. In order to further enhance its policy framework by incorporating ESG principles and extending the extent of its application in its different business activities and decision-making processes, the bank has also hired an ESG consultant. While the bank has always placed a high priority on serving its customers and the community, the bank is now institutionalizing procedures to track and report numerous environmental data, including its own emissions and energy consumption. At KVB we believe that ESG is a journey that the bank has embarked upon and will continue to play an important role in achieving macroeconomic objectives on sustainability. The Bank believes in up-skilling the work force for the holistic development through various employee engagement programs and performance recognitions. The bank has undertaken several CSR initiatives with positive direct environmental impact.									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Shri K V S M Sudhakar 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.	Yes. The Bank has a specified committee named as Corporate Social Responsibility and Environmental, Social and Governance Committee (CSR&ESG) which decides on sustainability. The Corporate and Social Responsibility & ESG aspects are approved by the CSR & ESG committee. As part of the corporate governance the ESG is also monitored by the board.								

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10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
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								

		P1	P 2	P3	P 4	P 5	P6	P 7	P 8	P9
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.	Yes. The policies have been reviewed by CareEdge Advisory, Research and Training Limited. They have mapped the existing policies and procedures against the requirements of BRSR and accordingly suggested the improvements to bridge it with the BRSR requirements.								

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

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
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					

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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 Trasactions, 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 , Policy on e - waste Management .
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 Work-place ,
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.

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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 categorized 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 programmes held	Topics / principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	2	During the year, members of the board had attended Certification Programmes in IT & Cyber Security conducted by IDRBT and Programme on Governance and Assurance conducted by CAFRAL.	25.00%
Key Managerial Personnel	7	During the year KMPs had attended multiple training programmes and seminars conducted by various bodies covering key areas, including 50th National Convention of Company Secretaries, Amplifying Innovation in Banking, Certificate Course on Securities Laws, Online Certification Programme in IT and Cyber Security for Senior Management, Online Crash Course on ESG Analysis, Seminar on Governing the Governance-Religiously, FIBAC - 2022	100.00%
Employees other than BoD and KMPs	254	Keeping in mind large employee base with varied skill sets across different levels, the Bank had provided opportunities to employees to enhance their soft and technical skill levels. The trainings were comprehensive and covered a wide array of subjects, such as personality development and negotiation skills, understanding of credit assessment, compliances and regulatory guidelines, technical know-how on CRM software to product level trainings.	99.59%
Workers	53		94.32%

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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	**Amount (Name of theregulatory/ enforcement agencies/ judicial institutions In INR)**	**Amount (In INR)**	**Brief of the Case**	**Has an appeal been preferred? (Yes/No)**
Penalty/ Fine	1	RBI	30,00,000	RBI vide its speaking order dated 24.03.2023 had imposed a monetary penalty of Rs.30.00 lakh (Rupees Thirty lakh only) on account of the Bank failing to report three accounts as frauds to Reserve Bank of India within a week of the JLF decision. The penalty was paid by the Bank on 30.03.2023	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 established a number of policy tools that address its intolerance for bribery and corruption. The fundamentals of moral business practises are reiterated in the code of conduct and ethics for Board and Senior Management. The Bank has a separate Whistle-blower policy that gives staff the ability to voice issues and concerns, which helps to reinforce the vigilance surrounding this. The policy also ensures non-retaliation towards employee raising the complaint. The web-link for the policy can be accessed through the below mentioned link. https://www.kvb.co.in/regulatory-disclosures/fair-practices-banking-codes-overview/banking-codes-policies/

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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 2022-23 (Current Financial Year)	FY 2021-22 (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 2022-23 (Current Financial Year)		FY 2021-22 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil	Nil	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	Nil	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.

Not Applicable

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. The Bank has a policy on Code of Conduct & Ethics for Directors and Senior Management. The policy is hosted on the website of the bank as per the link provided below: https://www.kvb.co.in/docs/code-of-conduct-and-ethics-for-directors-and-senior-management.pdf

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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 Capex	As on 31st March 2023, 94% of the transactions are channeled digitally with a Y-o-Y growth of 41%. The average daily transactions are 74,500 through apps and 4.28 million app downloads for the said financial year. Digitization brings in efficiencies in the operations as well as results in enhanced reach to the customers.	As on 31st March 2022, 94% of the transactions are channeled digitally with a Y-o-Y growth of 51%. The average daily transactions are 80,000 through apps and 3.4 million app downloads for the said financial year. Digitization brings in efficiencies in the operations as well as results in enhanced reach to the customers.	Over the years the bank has been significantly boosting its investments in digitization of its processes as well as its products and services offerings. The number of app downloads has significantly increased by 25% Y-o-Y.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

   Yes

   b. If yes, what percentage of inputs were sourced sustainably?

   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 centralized procurement process, led by the Central Procurement Unit, the Bank strives to achieve greater transparency, compliance & adoption of environmental and best practices.

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 is disposed as per the E-Waste management policy of the bank at the end of life period

   (c) Hazardous waste - Not Applicable and

   (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

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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?**

No. The Bank is engaged in providing financial services and does not manufacture any such products.

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.
-	NA	NA	NA	NA	NA

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
NA	NA	NA

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 2022-23 Current Financial Year	FY 2021-22 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 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	Plastic waste generated from our office premises are minimal as the majority of the plastics used in our office premises including plastic bags, bottles are biodegradable in nature. The amount generated is negligible in terms of metric tonnes, hence it isn't relevant to our activities					
E-waste	Nil	Nil	2.50 tonnes	Nil	Nil	Nil
Hazardous waste	Our services do not involve producing or disposing hazardous waste of any kind. Hence this is not applicable in our industry.					
Other waste	Nil					

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	Not Applicable

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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)	Health Insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	3869	3868	99.97	3869	100	NA	NA	3868	99.97	-	-
Female	1084	1084	100	1084	100	1084	100	NA	NA	-	-
Total	**4953**	**4952**	**99.98**	**4953**	**100**	**1084**	**21.89**	**3868**	**78.09**	**-**	**-**
Other than Permanent employees											
Male	284	276	97.18	276	97.18	-	-	-	-	-	-
Female	78	78	100	78	100	-	-	-	-	-	-
Total	**362**	**354**	**97.79**	**354**	**97.79**	**-**	**-**	**-**	**-**	**-**	**-**

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

Category	Total (A)	Health Insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	1413	1413	100	1413	100	NA	NA	1413	100	-	-
Female	1036	1036	100	1036	100	1036	100	NA	NA	-	-
Total	**2449**	**2449**	**100**	**2449**	**100**	**1036**	**42.30**	**1413**	**57.70**	**-**	**-**
Other than Permanent employees											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2022-23			FY 2021-22		
	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/NPS	99.74	100	Y	99.79	100	Y
Gratuity	100	100	Y	100	100	Y
ESI	Nil	Nil	N.A	Nil	Nil	N.A
Others - Please specify	Nil	Nil	N.A	Nil	Nil	N.A

Annexure IV

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 /offices and braille keypads at ATMs

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 Other than Permanent Workers Permanent Employees Other than Permanent Employees	Yes, "KVB SAMADHAN" is a staff Grievance Redressal Mechanism introduced for redressing the grievances of both permanent and other than permanent employees and workers 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.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2022-23			FY 2021-22		
	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 Employee / 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	**4953**	**3357**	**67.78**	**4187**	**3590**	**85.74**
- Male	3869	2639	68.21	3266	2803	85.82
- Female	1084	718	66.24	921	787	85.45

Annexure IV

Category	FY 2022-23			FY 2021-22		
	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 Employee / 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 Workers	**2449**	**2423**	**98.94**	**2574**	**2496**	**96.97**
- Male	1413	1393	98.58	1487	1427	95.97
- Female	1036	1030	99.42	1087	1069	98.34

8. Details of training given to employees and workers:

Category	Total (A)	FY 2022-23				Total (D)	FY 2021-22			
		On Health and safety measures		On Skill upgradation			On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. F	% (F/D)
Employees										
Male	4153	130	3.13	4105	98.84	3262	6	0.18	1823.00	55.89
Female	1162	15	1.29	1122	96.56	921	0	0	519.00	56.35
Total	**5315**	**145**	**2.73**	**5227**	**98.34**	**4183**	**6**	**0.14**	**2342.00**	**55.99**
Workers										
Male	1413	6	0.42	1382	97.81	2012	0	0	851	42.30
Female	1036	2	0.19	927	89.48	1096	0	0	856	78.10
Total	**2449**	**8**	**0.33**	**2309**	**94.28**	**3108**	**0**	**0**	**1707**	**54.92**

9. Details of performance and career development reviews of employees and worker:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No.(B)	% (B/A)	Total (C)	No.(D)	% (D/C)
Employees						
Male	4153	3277	78.91	3802	3184	83.75
Female	1162	801	68.93	930	905	97.31
Total	**5315**	**4078**	**76.73**	**4732**	**4089**	**86.41**
Workers						
Male	1413	1388	98.23	1487	1467	98.66
Female	1036	938	90.54	1087	983	90.43
Total	**2449**	**2326**	**94.98**	**2574**	**2450**	**95.18**

Annexure IV

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?	KVB provides safe and hygienic working environment to all its employees in its Branches and Back offices and ensures the following working conditions for the welfare of employees: 1.Proper Cleanliness and hygiene, 2.Proper ventilation , temperature and humidity 3. Environment free from dust, noxious gas, fumes and other impurities 4. Adequate standard of humidification, artificially neutralising the humidity of the air, ventilation and cooling of the air in work place 5. Proper drinking water facility 6. Adequate standards to prevent over crowding and to provide sufficient space to employees / customers
b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?	
c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)	
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 2022-23	FY 2021-22
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:

The bank is committed to maintaining a safe, hygienic and healthy workplace. 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 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the endof year	Remarks	Filed during theyear	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	Nil	Nil	Nil	Nil
Health &Safety	Nil	Nil	Nil	Nil	Nil	Nil

Annexure IV

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	No assessment has been done by statutory authorities or third parties.
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.:

Not applicable

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

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners:

The Bank's agreements with its vendors contain specific clauses for the compliances of applicable statutory provisions relevant to the assignment. If any deviations are observed at a later date, the contract is terminated and the contractor shall be liable for appropriate action as per the agreed terms.

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 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

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?

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	The Bank has not undertaken any such assessments
Working Conditions	

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:

Currently, the Bank does not undertake any assessments of health and safety practices and working conditions of value chain partners

Annexure IV

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 and institution that are directly or indirectly impacted by the activities of the Bank are considered as stakeholders. Keeping this broad philosophy, the bank has identified the following list of key stakeholders. The bank always pursues its efforts in maintaining regular engagement with these stakeholders in building 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 & Marginalized 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 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 through out 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

Annexure IV

Stakeholder Group	Whether identified as Vulnerable & Marginalized 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
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	Yes, the Bank considers women, communities living 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, sanitization, 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 for decision making process. The feedback is a critical input in developing new product and services as well as enhancement of existing services.

Annexure IV

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:**

   Yes, the Bank has taken an approach to interact with stakeholders and to seek their inputs to improve its products and services. The Bank has conducted comprehensive exercise in collaboration with an ESG consultant to identify key priority areas covering environment, social, and governance topics.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups:**

   The Bank supports Government's endeavor 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 2022-23, 85 Financial Literacy campaigns were conducted with 141 Bank Mitras in rural villages. The Bank has taken various CSR initiatives benefitting vulnerable group at large including support to healthcare facilities for physically challenged by providing 200 prosthetic limbs and constructing ramp facility for easy access, supporting Young Adults and Children who are intellectually challenged by providing vocational training and education. Bank has provided holistic support to Children with Cancer and for Treatment for patients from marginalized group with advanced Cancer, Spine & Limb deformities and Burn Victims. Further Bank has also supported towards Construction of an Integrated Facility for Palliative and Geriatric care services to older people and provided essential medical equipment and instruments to Government Hospitals at various locations. In order to empower Rural Women from economically weaker sections, skill development training on Thread Craft Embroidery, aari and Tailoring and support to Women Dairy Farmers and Entrepreneurs were given for improving their livelihoods. Bank's activities for poor students in Government Schools includes Construction of Classroom Blocks, Sanitation Facilities, Provision of RO water plants, Furniture, and implementation of a holistic students Development program in 15 rural government schools.

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 2022-23			FY 2021-22		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	4953	2	0.04	4175	14	0.34
Other than permanent	362	0	0.00	8	0	0.00
Total Employees	**5315**	**2**	**0.04**	**4183**	**14**	**0.33**
Workers						
Permanent	2449	0	0.00	2574	0	0.00
Other than permanent	0	0	0.00	534	0	0.00
Total Workers	**2449**	**0**	**0.00**	**3108**	**0**	**0.00**

Annexure IV

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-23					FY 2021-22				
	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										
Permanent	80% of the total employees are covered under IBA pattern of pay structure and remaining 20% of employees covered under CTC pay structure and the same were much more than the minimum wages as prescribed by respective State government under Shops and Establishments Act/ Scheduled employment of respective state.									
Male										
Female										
Other than permanent										
Male										
Female										
Workers										
Permanent	100% of the total employees are covered under IBA pattern of pay structure and the same were much more than the minimum wages as prescribed by respective State government under Shops and Establishments Act/ Scheduled employment of respective state.									
Male										
Female										
Other than permanent										
Male										
Female										

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (in Rs.)	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)*	1	2,07,41,949	-	-
Key Managerial Personnel$	4	67,35,491	-	-
Employees other than BoD and KMP	4608	11,47,680	1286	10,97,761
Workers	1442	8,04,747	1074	8,54,251

*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):

Yes, Human rights grievances/complaints are redressed by Internal Grievance Redressal Committee. The purpose of the Committee is to prevent and provide redressal of complaints and for matters connected there with or incidental thereto.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues. :

Yes, the bank has Grievance redressal mechanism – SAMADHAN

Annexure IV

6. Number of Complaints on the following made by employees and workers:

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	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 Harass-ment	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):

Yes

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	Nil
Sexual harassment	Nil
Discrimination at workplace	Nil
Wages	Nil
Others – please specify	Nil

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. :

The Prevention of Sexual Harassment (POSH) policy is in accordance with the prevention, prohibition and redressal act, 2013- Internal Complaints Committee Constituted – All grievances related to sexual harassment at work place will be covered under Sexual Harassment Policy.

2. Details of the scope and coverage of any Human rights due-diligence conducted. :

"KVB SAMADHAN " – Staff Grievance Redressal Mechanism – All grievances relating to Working Conditions, Work assignment, salary payment, increment, leave, allotment of quarters, women employee facing sexual discrimination at work place and non-extension of benefits as per rules. The bank regularly sensitizes its employees through various training programmes as well.

Annexure IV

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:**

Not Applicable

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 2022-23	FY 2021-22
Total electricity consumption (A)	85992.74	84198.14
Total fuel consumption (B)	5741.27	4497.31
Energy consumption through other sources (C)	4119.05	3986.05
Total energy consumption (A+B+C)	**95853.06**	**92681.50**
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	12.49	14.58
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.

No

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 2022-23	FY 2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Ground water	-	-
(iii) Third party water	-	-

Annexure IV

Parameter	FY 2022-23	FY 2021-22
(iv) Seawater / desalinated water	-	-
(v) Others	3,645.12	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	**3,645.12**	**-**
Total volume of water consumption (in kilolitres)	**3,645.12**	**-**
Water intensity per rupee of turnover (Water consumed / turnover)	0.47	-
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.

No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

No. The Bank does not have in place a Zero Liquid Discharge mechanism at present.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23	FY 2021-22
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.

No

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	425.43	303.01
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	18870.63	18476.81
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO2 equivalent	2.51	2.95
Total Scope 1 and Scope 2 emission in-tensity (optional) – the relevant metric may be 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.

No

Annexure IV

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes. Bank owns a 850 KW Wind Turbine Generator at Govindanagaram, Theni District, Tamil Nadu. The Bank is utilizing the power generated by Wind Turbine Generator for its Registered & Central Office at Karur and also premises of Divisional Office at Chennai. Also, 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 2022-23	FY 2021-22
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	Approximately 2.50 tonnes of e-waste was generated and disposed off. Plastic bags/ bottles usage is very minimal and the waste is disposed by segregating as per Municipality norms (Biogradable/non-bio degradable).	-
E-waste **(B)**		
Bio-medical waste **(C)**		
Construction and demolition waste **(D)**		
Battery waste **(E)**	We do not produce or dispose of any kind of biomedical, construction debris or radioactive waste. Hence it is not applicable.	
Radioactive waste **(F)**		
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)	**2.5 tonnes**	
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	Nil	
(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	Our waste generation is minimal and consequently there is no requirement of incineration or landfilling activities. All obsolete IT hardware items are sold to the vendors who are certified for E-waste management under Govt. of India. 2.5 tonnes of e-waste were safely disposed during FY 2022 23.	
(ii) Landfilling		
(iii) Other disposal operations		
Total	**2.5 tonnes**	

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.

No

Annexure IV

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 upgradation/replacement of existing components like computers, modems, printers, UPS 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 obsolete items.

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:

S. 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
Not applicable, None of our Branches / offices falls under this zone			

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 ofproject	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not applicable					

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, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S. 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
Not applicable				

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 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
From renewable sources		
Total electricity consumption **(A)**	4119.05	3986.05
Total fuel consumption **(B)**	-	-
Energy consumption through other sources **(C)**	-	-
Total energy consumed from renewable sources (A+B+C)	**4119.05**	**3986.05**
From non-renewable sources		
Total electricity consumption **(D)**	85992.74	84198.14

Annexure IV

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total fuel consumption **(E)**	5741.27	4497.31
Energy consumption through other sources **(F)**	-	-
Total energy consumed from non-renewable sources (D+E+F)	**91734.01**	**88695.45**

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.

No

2. Provide the following details related to water discharged:

Parameter	FY2022-23	FY 2021-22
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water		
- 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	The water discharged from the premises is connected to the Municipal Sewage system and treated further.	
- 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 kiloliters)		

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.

No

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: Not applicable

Annexure IV

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kiloliters)		
(i) Surface water	-	-
(ii) Ground water	-	-
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others	3,645.12	-
Total volume of water withdrawal (in kilolitres)	**3,645.12**	**-**
Total volume of water consumption (in kilolitres)	**3,645.12**	**-**
Water intensity per rupee of turnover (Water consumed / turnover)	0.47	-
Water intensity (optional) – the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kiloliters)		
(i) Into Surface water		
- No treatment		
- Withtreatment – please specify level of treatment		
(ii) Into Ground water		
- No treatment		
- Withtreatment – please specify level of treatment		
(iii) Into Seawater		
- No treatment		
- Withtreatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- Withtreatment – please specify level of treatment		
(v) Others		
- No treatment		
- Withtreatment – please specify level of treatment		
Total water discharged (in kiloliters)		

The water discharged from the premises is connected to the Municipal Sewage system and treated further.

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.

No

Annexure IV

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	'The Greenhouse Gas Protocol – GHG In the context of Climate Change, we at KVB not only want to ensure a healthy planet but also accomplish a fair and just transition. At KVB, we believe that engaging with and empowering ourselves and our clients to reduce their GHG footprint can be an important part of our contribution. It is our Social Responsibility to reduce the GHG emission from our own operations and more importantly to engage with our clients to reduce their GHG footprint through the activities financed by us. We are keenly aware of the scale of efforts required to achieve and reversing global warming through reaching a net zero level of Green House Gas (GHG) emissions by 2050 in line with the objectives of the Paris Agreement. We are also very well aware of the Net Zero Banking Alliance (NZBA) representing global banking assets and membership requires that Banks commit to transitioning the emissions from their lending and investment portfolios to align with a net-zero pathway. The process of assessing and setting targets for financed emissions is far from simple. It involves multiple complexities arising from differences between sectors, geographic variation, shifting counterparty plans, changing industry standards, and a nascent and rapidly evolving data environment, to name a few forces. KVB plans to focus on tracking Scope 3 emissions in future.	
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.

No

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:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
Not Applicable			

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link. :

Yes, 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 IV

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.

S. 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
7	International Chamber of Commerce (ICC)	National
8	The Madras Chamber of Commerce & Industry (MCCI)	State
9	Indian Institute of Banking & Finance (IIBF)	National

2. **Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of authority	Brief of the case	Corrective action taken
Not Applicable		

Leadership Indicators

1. **Details of public policy positions advocated by the entity:**

	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					

Annexure IV

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 ongoing	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					
2						

3. Describe the mechanisms to receive and redress grievances of the community.

The Bank has in a place a whistle blower mechanism which is applicable to all its internal and external stakeholders.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Parameter	FY 2022-23	FY 2021-22
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	NIL	NIL	NIL
2	NIL	NIL	NIL

Annexure IV

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized / vulnerable groups?

No

(B) From which marginalized /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				

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 marginalized groups
1	Maintenance for Walk 'n' Jog and Installation of RO plant.	73000+	-
2	Provision of ramp and covering open places to ensure the saftey of differently challenged children	30 Intellectually and Differently Challenged Student	100%
3	Provision of Desk and Benches to Schools Students	360 School Students	35%
4	Provision of Uniform, mat & pillow to poor girl school students of Sevalayam School	150 Girl Students	100%
5	Village level awareness program by folk artists for Har Ghar Tiranga Campaign - Celebrating 75 years of Indian Independence	25700+	-
6	Provision of RO Plant to Ramakrishna Mission Vidyalaya, Coimbatore	6980 School Students	30%
7	Limbs on Wheels - Providing Prosthetic Limbs and care	200 Physically Challenged People	100%
8	Donation for Treatment of cancer Patients (Financially backward)	15 Poor Cancer Patients	100%
9	Treatment of Spine & Limb deformities	12 Patients	100%
10	Holistic support to the Children with Cancer in South India	44 Cancer affected Children	100%
11	Reconstructive Surgery for Trauma care patients	19 Patients	100%
12	Reconstruction surgery for burn victims of economically weaker sections	21 Patients	100%
13	Providing essential medical equipment & instruments to Aravakurichi Hospital	80,510+ Patients	100%

Annexure IV

Sl. No	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
14	Karur Texcity CASI monthly medical camp Activity	5141 Patients	100%
15	Support for provision of RO water treatment plant in 2 Govt. Schools	950 School Students	50%
16	My Dream School - Modern education project in 15 rural government schools	6,000 plus School Students	75%
17	Vocational Training to Young Adults with Intellectual and Developmental Disabilities & education to children with Intellectual and Developmental Disability	156 Children with Intellectual and Developmental Disability	50%
18	Support to Tribal Community School Students, Anaikatti Hills, Coimbatore	403 Tribal School Students	100%
19	Provision of students furniture for 3 Govt. School Students, Karur	350 School Students	80%
20	Empowering the under privileged through education	75 School and College Students	80%
21	Education support to empower students	23 Meritorious College Students	60%
22	Cyber Security awareness program	5870+	-
23	Financial Literacy awareness program	34000+	-
24	Skill Development training to rural women on Thread craft embroidery, aari & tailoring	210 Women	100%
25	Skill development training to rural women on Tailoring and Aari	60 Women	100%
26	Door Mat training Weaving Training to rural women, Kodumudi	90 Women	100%
27	Livelihood promotion for women - providing tailoring training and machines	50 Women	100%
28	Construction of 4 class room block in Government High School, Somur in association with Round Table, Karur - 138	170 School Students	60%
29	Empowering women dairy farmers for prospering their livelihoods	500 Women	100%
30	Water on Wheels-Promoting easy mobility and storage of drinking water for Rural People in Karur.	112 Villagers	100%
31	Support to empower women by providing 33 motorized push carts through AAVIN	33 Women	100%
32	Support to Weightlifting Sportsperson	02 (01 School Student and his Weightlifting Coach)	100%
33	Green & Climate Resilient Village in Manavadi Village Panchayat	4109 Villagers	70%

Apart from the above, Ten (10) other Projects implemented under KVB CSR Policy's key focus areas such as Environmental Protection, Sanitation and Health Care activities which benefits the society at large eventually covering vast beneficiaries could not be quantified in numbers.

Annexure IV

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 put in place a customer service support for receiving and responding to complaints and feedback. They can also post the complaints on the bank website, through email and represent it to the branch manager of the branch.

The bank has a Grievance redressal policy and the complaints are addressed as per the policy. The policy is hosted on the website of the bank - https://www.kvb.co.in/regulatory-disclosures/fair-practices-banking-codes-overview/banking-codes-policies/

The bank obtains feedback for understanding the level of satisfaction attained by the customer.

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 to our products and services
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

	FY 2022-23			FY 2021-22		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
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	1	0	Nil	2	0	Nil
Other	4429	254	Nil	4654	128	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 on cyber security. The bank is certified ISO/IEC 27001 by M/s TUV SUD, which is the international standard that is recognized globally for managing risks to the Information Security. Bank has invested in strong technical and administrative controls to proactively prevent, detect, and timely contain and respond any suspicious activity. 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/

Annexure IV

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:

Customers are informed about safe and responsible usage of products and/or services through social media channels website displays and 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):

Yes, the Bank operates in a highly customer-focused sector, product-related transparency and communications are of highest priority to us. As per the guidelines of the Reserve Bank of India, the Bank provides transparent information on its products through its website (www.kvb.co.in) and through its branches. The details of product features, service charges fees applicable and Interest rates are published and updated on the website as and when there are changes. SMS alerts are sent to customers when any charges or fees are triggered or levied to their account. No. We have not carried out survey with regard to consumer satisfaction relating to the major products / services of the bank.

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

Global economy

The global economy exhibited signs of recovery from the pandemic, as a result of policy stimulus and widespread vaccination coverage during the first half of calendar year 2022. However, instability emerged with the onset of the Russia-Ukraine war and this conflict not only hindered the ongoing recovery but also led to a significant increase in inflationary pressures. Although the commodity prices - which experienced a sharp increase following Russia's invasion of Ukraine - have now stabilised, the geopolitical tensions remain high which would exert upward pressure on inflation.

The global growth rate during calendar year 2022 decelerated to 3.40%. According to the International Monetary Fund (IMF), global inflation rose significantly from 4.70% in calendar year 2021 to 8.70% in calendar year 2022, thereby exceeding the targeted inflation rates in most of the countries throughout the year. Central banks across the world responded with policy tightening measures to curb runaway inflation and this resulted in tighter financial conditions. The policymakers needed to do a delicate balancing act, in order to enhance prospects and also to mitigate potential risks.

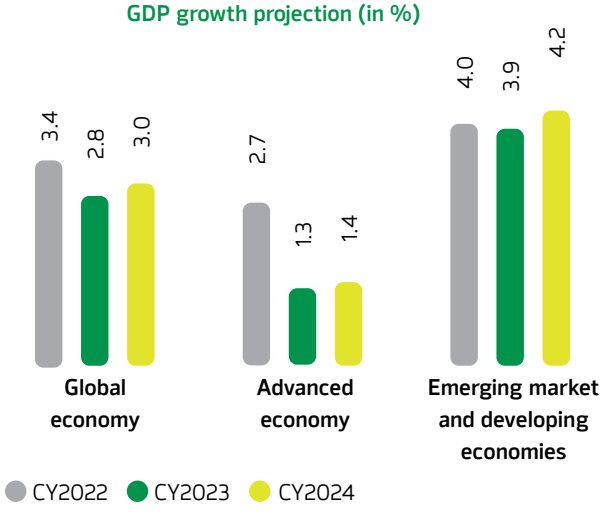
Amidst the persistent challenges such as high – but gradually stabilising – inflation, tighter financial conditions and ongoing geopolitical conflicts, the global economy in the second quarter of 2023 has managed to maintain the momentum gained in the previous quarter. The global policy measures, improvements in supply chains and resurgence in demand for contact-intensive services have contributed to the buoyancy in the global economy.

Outlook

Global economic growth is anticipated to remain under pressure throughout calendar year 2023 and may continue to exhibit restrained growth in the medium term. According to the IMF's World Economic Outlook (WEO) report published in April 2023, global growth is expected to decline from 3.40% in calendar year 2022 to 2.80% in calendar year 2023. Subsequently, the medium-term projection indicates that growth is expected to stabilise at approximately 3.00% in calendar year 2024. However, the progress is expected to be gradual, influenced by persistent and heightened upward pressures that pose challenges to a swift recovery.

While global headline inflation is projected to decrease from 8.70% in calendar year 2022 to 7.00% in calendar year 2023 due to lower commodity prices, the underlying or core inflation is expected to decline at a slower pace only. Additional adverse events such as elevated inflation, more stringent policies, financial strain, heightened weaknesses in major economies or escalation in geopolitical tensions have the potential to push the global economy into a recession.

GDP growth projection (in %)



Source: World Economic Outlook, IMF (April 2023)

Indian economy

The Indian economy exhibited resilience and managed to achieve a full recovery in financial year 2023, surpassing the performance of many other nations and is now focused to regain its pre-pandemic growth trajectory. The growth has been contributed by a recovery in India's discretionary spending aided by the festival season, restoration of consumer confidence and the government's focus on capital expenditure (capex).

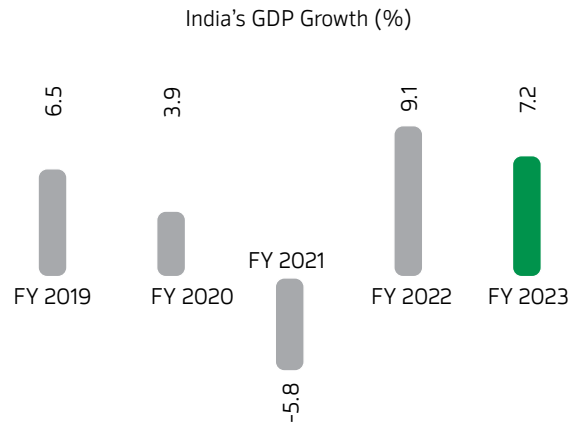
According to the data from the National Statistical Office (NSO), the projected real GDP growth rate for financial year 2022-2023 is 7.20%, which exceeds the earlier estimate of 7.00%, as stated in the second advance estimates.

Inflation in India witnessed a significant increase during calendar year 2022-2023, primarily driven by global supply shocks and higher input costs. In April 2022, inflation reached its peak at 7.80%. However, as a result of targeted supply management measures implemented by the Government and successive hikes in the policy REPO rate by the Reserve Bank, inflation gradually moderated to 4.81% in June 2023.

India experienced significant growth of approximately 7.00% in its merchandise exports compared to the previous years' level. The country also witnessed a shift from being a net importer to an exporter in certain sectors and the service exports demonstrated robust growth, with a notable increase of 27.90% during the year. Also, agriculture and allied activities showcased their resilience during financial year 2022-2023, with significant growth of 3.30% in Gross Value Added (GVA).

Management Discussion and Analysis

Real GDP Growth %



(Source – National Statistical Office, NSO)

Outlook

India's economic activity has demonstrated resilience in the face of global challenges, primarily due to a favourable domestic policy environment and the Government's persistent focus on implementing structural reforms. The projected real GDP growth for financial year 2023-2024 is expected to reach 6.50%, supported by lower global commodity and food prices, as well as the recovery from contact-intensive services.

Moreover, the Government's sustained focus on Capex, double-digit credit growth and increasing optimism among businesses and consumers are expected to drive economic growth in the foreseeable future. The inflation outlook is characterised from the uncertainties arising out of persistent geopolitical tensions and upward pressures on commodity prices. Assuming a normal monsoon, the Consumer Price Index (CPI) inflation is projected to reach 5.10% for financial year 2024.

Indian banking industry

Despite global headwinds, India's banking system has historically been one of the most stable in the world. Capital base of Indian banks have shown a healthy trend with the capital to risk-weighted assets ratio (CRAR) and the common equity tier 1 (CET1) capital ratio at historical highs of 17.10% and 13.90%, respectively, in March 2023. Banks have steadily enhanced their Returns on Assets (RoA) and Returns on Equity (RoE).

Non-Performing Assets of SCB's have reduced and GNPA ratio fell to a 10-year low of 3.90% in March 2023 and the net Non-Performing Assets (NNPA) ratio declined to 1.00%. The Provision Coverage Ratio (PCR) rose to 74.00%. For the nation's unbanked citizens, the Government has continually worked to foster financial inclusion.

According to the Reserve Bank of India (RBI), bank credit increased by 15.00% year-on-year (YoY) in financial year 2022–2023 compared to 9.60% YoY in financial year 2021–2022. In financial year 2022-2023, bank deposits increased by 9.60% YoY compared to 8.90% YoY in the previous fiscal year (financial year 2021-2022). The sustained improvements in asset quality and profitability have led to the strengthening of Indian bank balance sheets on the back of the economic recovery.

The digital lending environment in India has recently risen sharply, particularly in the aftermath of the pandemic outbreak. Banks and NBFCs are increasingly lending either directly through their own digital platforms or through arrangements with Fintechs.

Government initiatives

Budget 2023-24 key announcements

Introduction of a revised credit guarantee scheme

The Budget 2023 introduced a revitalised credit guarantee scheme, injecting approximately ₹ 9,000 Crore into the corpus of the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). This initiative aims to provide enhanced access to collateral-free loans for MSMEs and the scheme is expected to facilitate new collateral-free guaranteed financing of up to ₹ 2 Lakh Crore.

Financial support for digital payments

Digital payment has bolstered the income of small businesses and street vendors in the country, enabling fast and secure bank-to-bank transactions even for small amounts. The Union Budget assured continuous financial support for the digital public infrastructure in financial year 2023-2024.

Simplification of the KYC process

The streamlining of the KYC procedure could lead banks to adopt the new simplified approach. The adoption of a 'risk-based' approach - rather than a 'one size fits all' approach - will simplify the KYC process. Moreover, financial sector regulators will be encouraged to develop a KYC system that is fully adaptable to meet the requirements of Digital India.

Management Discussion and Analysis

Central data processing centre

Since the country is moving towards digitalisation, the centralization of data management has become critical. As a result, the Finance Minister recommended setting up a central processing arrangement with field offices under the Companies Act to allow the companies to respond faster through centralised form handling.

The Budget for financial year 2023-2024 has put forth a proposal to create a national financial information registry to serve as a centralised repository for financial and related data. This initiative aims to improve seamless access to credit, promote financial inclusion and contribute to overall financial stability.

Interest Subvention

Government has relaunched interest subvention for farmers (1.50% for the financial years 2022-2023 and 2023-2024).

Regulatory measures by RBI

Policy Tightening

The Monetary Policy Committee (MPC) of RBI increased the policy repo rate by 250 bps during financial year 2022-2023 from 4.00% to 6.50%. The policy rates have been maintained without any change up to the meeting held during June 2023.

Central Bank Digital Currency (CBDC) operationalization

The launch of the CBDC pilot features the e₹-R (Retail) to test Person-to-Person (P2P) and Person-to-Merchant (P2M) payments in real-time, and the e₹-W (Wholesale) to test secondary market transactions in government securities.

Rise of RegTech: Launch of DAKSH by RBI

DAKSH is a web-based end-to-end workflow platform used by RBI for monitoring compliance requirements in Supervised Entities (SE). The Regulator also migrated its payments fraud reporting module to DAKSH effective from 01st January 2023, as an extension of the Central Payments Fraud Information Registry (CPFIR) launched during the year 2020.

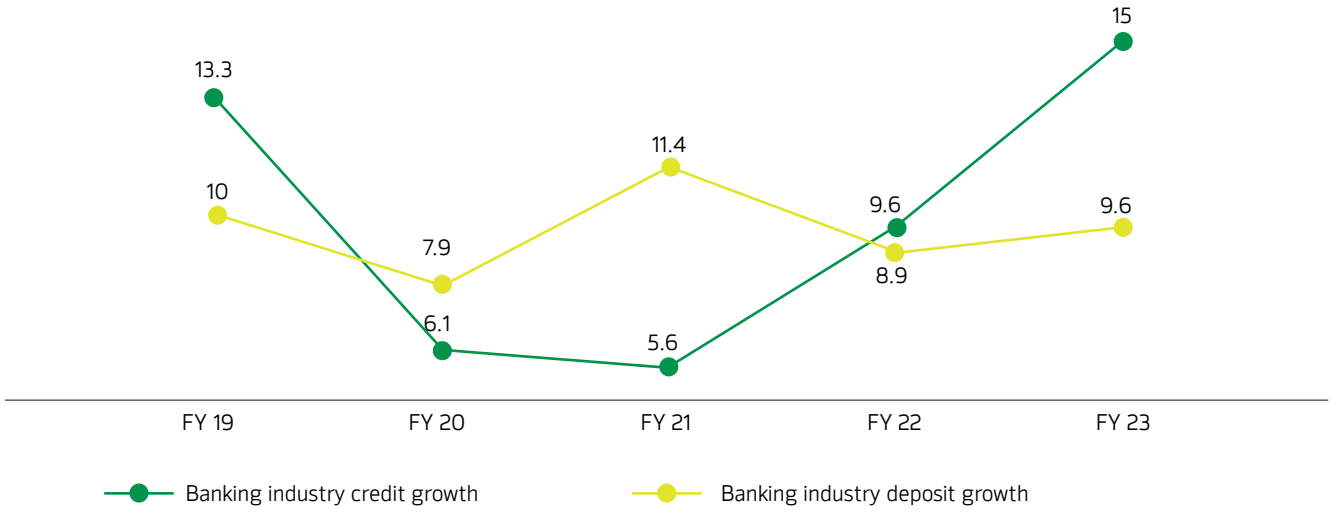
Initiatives for financial inclusion

RBI advised the Banks to roll out Digital Banking Units (DBUs) to provide end-to-end digital processing of small ticket Retail and MSME loans, in its nationwide push for financial inclusion.

Payments infrastructure transparency

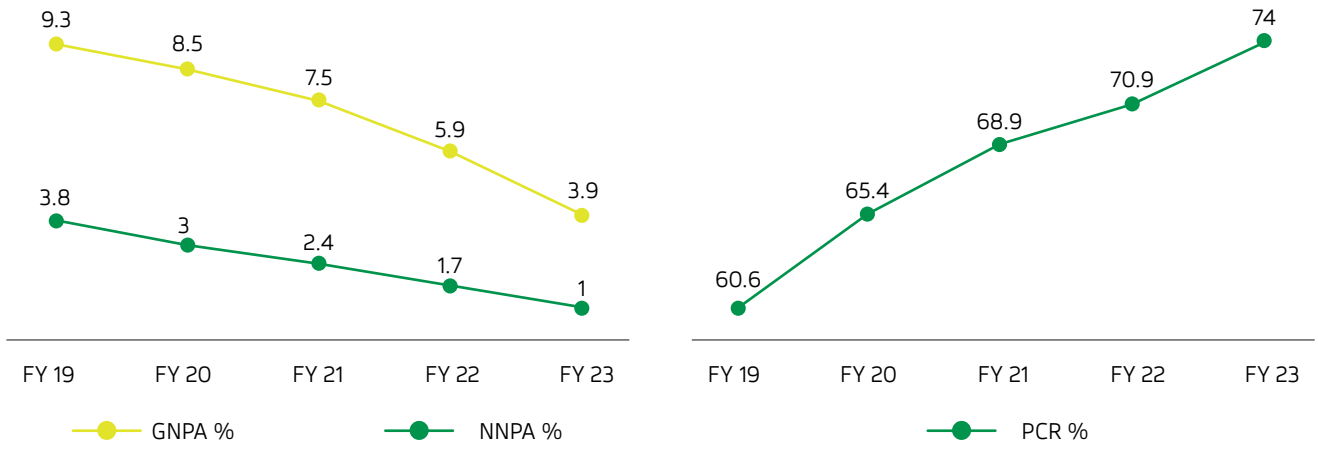
The Reserve Bank of India launched its Payments Vision 2025, an ambitious and progressive plan with a vision of e-Payments for Everyone, Everywhere, and Every Time.

To bolster India's digital payment ecosystem, the Reserve Bank of India and the Monetary Authority of Singapore joined hands to introduce the Linking of UPI (Unified Payments Interface) of India with PayNow of Singapore. Through the integration of UPI and PayNow, users of both payment systems will be able to swiftly, securely and affordably send money across borders using their respective mobile applications.



Management Discussion and Analysis

Banking System: Improvement in Asset quality and strengthening of balance sheet



Source: RBI's Financial Stability Reports

Growth drivers

Strong economic growth

The Indian economy is predicted to grow rapidly in the ensuing years, fuelled by increased consumption and investment. This will result in an increase in credit demand from businesses and households. The banking industry will benefit from the growing demand for financial services in the future.

Favourable Industry Indicators

The credit growth has picked up since the last financial year and the momentum is expected to be sustained in the medium term. The Asset Quality of most of the Banks has improved and the credit cost for the Banks has softened. Banks have also augmented their CAR levels and an overall positive sentiment prevails across the industry.

Digitalisation

The banking industry has seen a transition from traditional banking to digital banking during the last few years. The Indian banking industry is undergoing a rapid digital transformation, which is making it easier for customers to access banking services and products. The development of Fintech, improvements in mobile and internet access, market-based financial intermediation and IT breakthroughs are contributing to the transformation. This will lead to an increase in the number of customers using banking services and products which would further support the banking sector.

Outlook

The banking system in India is expected to maintain a stable outlook, supported by the robust fundamentals of the domestic economy. Moreover, the strengthening of balance sheets by the Banks, a positive surge in credit demand and comfortable asset quality levels will aid in improving the key financial metrics of the Banks.

The average Net Interest Margin (NIM) of the Indian banking sector is anticipated to undergo a slight contraction in line with the gradual normalisation of deposit rates in financial year 2024. The asset quality is expected to remain stable, with Non-Performing Assets (NPA) ratios experiencing a modest decline due to recovery and write-off of legacy loans.

As pandemic-related forbearance measures continue to unwind in financial year 2023-2024, there is room to accommodate risks and banks seem to be in a favourable position to support sustained credit growth.

Management Discussion and Analysis

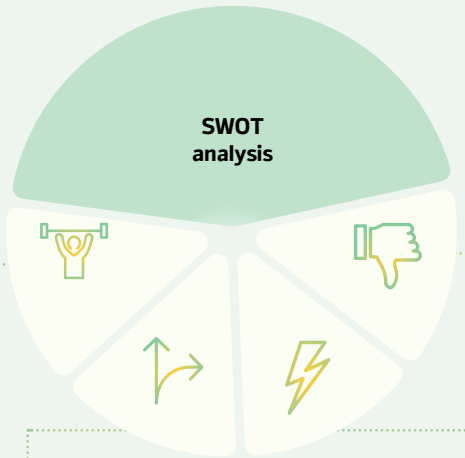
Corporate overview

Karur Vysya Bank has a rich banking tradition for over a century and was founded in the year 1916 by Shri M. A. Venkatarama Chettiar and Shri Athi Krishna Chettiar, to meet the financial needs of merchants and agriculturists. Headquartered in Karur, Tamil Nadu, the Bank's network is spread over 799 branches and 2,240 ATMs/BNRMs in India.

The Bank has a rich legacy of strong financial performance, consistent profitability and a high commitment to customer service. The Bank has grown as a financial conglomerate over the years with its operations spanning across various verticals like Treasury, Corporate/Wholesale banking, Commercial, Agriculture, Retail banking and is a forerunner in harnessing technology for its customers.

799
Branches

2,240
ATMs/BNRMs



Strengths

- Low cost and stable deposit franchise
- Good brand recall and reputation
- Extensive branch network in South India
- Experienced and well-trained staff
- Strong financial performance
- Dedicated customer focus
- Diversified business segments

Weaknesses

- Regional concentration
- Lower presence in the Retail segment
- Low visibility beyond South and West markets

Opportunities

- Resilient domestic growth
- Early bird adaptor of Digital banking
- Expansion into new markets and opportunities for rural growth
- Scaling up of business through alternate channels
- Untapped existing liability base for cross selling

Threats

- Rising competition from bigger banks in the hinterland
- Contraction in NIMs may throw challenges in improving operational efficiency
- Exposed to negative economic, political and social developments in Southern Region
- Data breaches

Management Discussion and Analysis

Mitigations for Weaknesses and Threats

Regional concentration & Low visibility beyond South and West markets

Bank will improve the digital penetration, increase the non-branch distribution channels and focus on lending through partnerships for acquiring customers in those markets. Bank is also mulling to improve its presence beyond these markets in potential centres and leveraging its presence in the niche markets to derive maximum advantage.

Bank has initiated improvements in the digital penetration and Co-lending through NBFC/Fintechs is helping the Bank in increasing its foot-print in other geographies where Bank's network is not deep.

Lower presence in the Retail segment

Bank has already opened an exclusive retail asset branch to grow the retail assets especially housing loans. Moreover, the Bank is also beefing up the non-branch distribution models (DSA, DST, FOS) to increase the sourcing of retail loan products. Furthermore, the Bank is also in the process of setting up Retail Assets Centres for faster processing of retail loans and improve the customer experience. Bank expects that the aforementioned measures would improve the Bank's presence in Retail segment.

Bank has also put in place an exclusive Sales Vertical for accelerated acquisition of NTB customers under Liabilities segment through ramp up of the Feet on Street (FOS). Bank has adopted a segmented approach through exclusive sales teams focussing on mass segment, HNIs, NRIs, Salary segment, Trade & Forex customers etc., Bank is also in the process of forging alliances through Corporate BC model to tap the hitherto untapped potential centres in Tamil Nadu, Andhra Pradesh, Telengana and Karnataka.

Rising competition from bigger banks in the hinterland

The Bank has a strong understanding of small & medium customers and has invested years of relationship and experience in offering appropriate and optimum banking solutions to these entities.

Bank is bracing itself to face the competition by benchmarking its products and pricing in line with the competition. Further, more focus will be directed towards retention of Existing-to-Bank (ETB) clients through roll-out of appropriate strategies by improving Products Per Customer and loyalty programmes.

Bank is adopting an omni-channel approach to improve the experience of its clients and to attract new clientele. Bank is enhancing its digital capabilities and continues to focus on improving the customer experience across all channels on an on-going basis by focusing on ease of banking with us.

Contraction in NIMs may throw challenges in improving operational efficiency

NIM stands at a comfortable level of 4.18% as at 31st March 2023. It is likely to contract in the current year on account of increase in costs of deposits. It may have a bearing on the NIM and to compensate the same, Bank is focusing on improving CASA deposits through separate acquisition team to penetrate corporate salary segments, TASC segment and Government Business segment. The credit verticals would also focus on high yielding assets without compromising on asset quality.

Exposed to negative economic, political and social developments in Southern Region

Bank continuously watches and assesses the potential risks arising due to socio-economic-political developments in Southern Region and works out appropriate mitigation measures, proactively.

Data breaches

Bank has implemented a number of mitigating controls to prevent or detect this threat. These controls include inter-alia, the following:

- Perimeter security controls such as network firewalls, web application firewalls, network intrusion prevention, network segregation and network behaviour analysis and anomaly detection systems.
- Privileged access management control with multi-factor authentication.
- Host based intrusion prevention systems to automatically detect and prevent known vulnerabilities.
- Data protection strategy comprising automated data classification and prevention of leakage of sensitive information.
- 24x7 security monitoring control to identify unusual security events in the Bank's IT environment; and take timely incident response actions.
- Periodic Management and Board oversight to review the control effectiveness and strengthen the controls.

Management Discussion and Analysis

Financial performance

KVB continued its robust performance during financial year 2022-2023 and comfortably strode past the Net Profit mark of ₹ 1,000 Crore, the highest ever post-tax profits in its history. The Bank reported a sustained and resilient performance in almost all the critical parameters and the total business moved to ₹ 1,40,806 Crore, a topline growth of 12.00% over financial year 2021-2022.

	FY 2021-22	FY 2022-23	% Change
Net Interest Income (1)	2,715	3,349	23
Other Income (2)	769	1,159	51
Total Income (1+2)#	3,484	4,508	29
Net Income from Advances and Others	2,498	3,313	32
Net Income from Treasury Operations	986	1,195	21
Operating Expenses	1,854	2,032	10
Operating Profit	1,630	2,476	52
Provisions	699	1,039	49
Profit Before Tax	931	1,437	54
Tax (net of DTA/DTL)	258	331	28
Net Profit	673	1,106	64

#Total Income is the sum of Net Interest Income and Other Income.

The Bank continued its focus on three major parameters - Growth, Profitability and Asset quality.

The growth in Total Income was contributed by decent increase in both the Net Interest Income and also the Other income. Bank significantly improved its performance under key metrics such as Return on Assets 1.27% (0.86% in financial year 2021-2022), Return on Equity to 13.13% (8.86% in financial year 2021-2022), Net Interest Margin 4.18% (3.72% in financial year 2021-2022) and reduced its Cost to Income Ratio to 45.08% (53.20% in financial year 2021-2022).

Asset quality

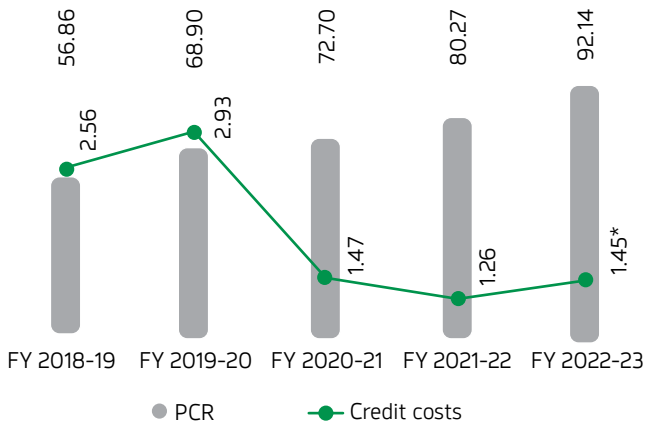
Bank has successfully maintained robust asset quality, underpinned by several key factors including portfolio diversification, rigorous credit approval processes, regular post-disbursement monitoring, remedial actions and enhanced recovery measures. These strategic measures have enabled the Bank to effectively manage risks and uphold a strong asset portfolio.

Bank also has dedicated Asset Recovery Branches (ARBs) for expediting recovery, in addition to recovery through Branch channels and Divisional Offices. Apart from monitoring the Early Warning Signals, Bank also verifies the RBI's CFR Portal and CRILC portal to check inclusion of any of Bank's 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 monitored on daily basis.

The Bank's consistent efforts to curtail slippages, including the establishment of specialised collection teams, effective monitoring and data-driven analysis have significantly strengthened its ability to maintain a healthy asset portfolio. There is a notable downward trend in the Gross Non-Performing Assets (GNPAs) and Net Non-Performing Assets (NNPAs) of the Bank and the SMA 30+ stood at 0.56% of the Advances portfolio as of 31st March 2023.

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
GNPA (%)	8.87	8.78	7.94	6.03	2.27
NNPA (%)	5.03	3.96	3.45	2.30	0.74
PCR (%)	56.86	68.90	72.70	80.27	92.14

Management Discussion and Analysis



* Credit Cost has marginally increased during financial year 2023 as the Bank made certain prudent provisions

Balance sheet parameters

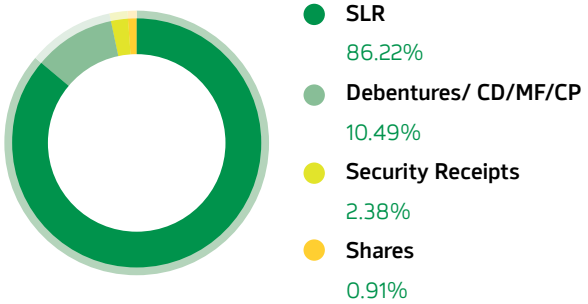
The Advances (before technical write-off) of the Bank grew by 16.00% YOY and the growth was equally contributed by all the credit verticals. Bank has proposed to impart special focus on growing its Retail segment and also small-ticket commercial advances, by establishing specialised units for the same.

₹ in Crore

Vertical	FY 2021-22	FY 2022-23	% Change
Commercial	18,656	21,445	15.00
Retail (Personal Banking)	12,957	15,054	16.00
Corporate	12,533	14,563	16.00
Agriculture	12,730	14,969	18.00
Advances (before Tech. W/off)	56,876	66,031	16.00

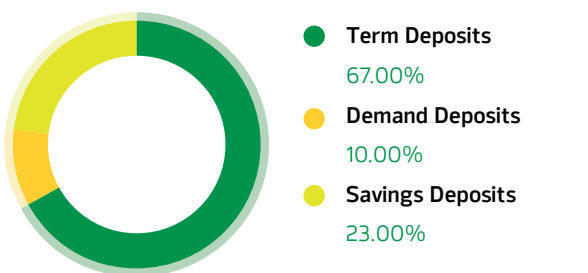
Investment composition

The Investment portfolio of the Bank increased to ₹ 19,411 Crore during the year, a growth of about 9.00%. The Yield on Investments grew by about 39 BPS over financial year 2021-2022 and the average duration of the portfolio is less than 3 years.



Deposit mix

The liability franchise of the Bank grew by 12.00% during the year, majorly attributed by growth in Term Deposits by 15.00% (YOY). The growth in Demand Deposits and Savings Bank Deposits stood at 8.00% and 6.00% respectively, despite partial conversion to Term Deposits. The deposits portfolio of the Bank is granular and predominantly retail deposits.

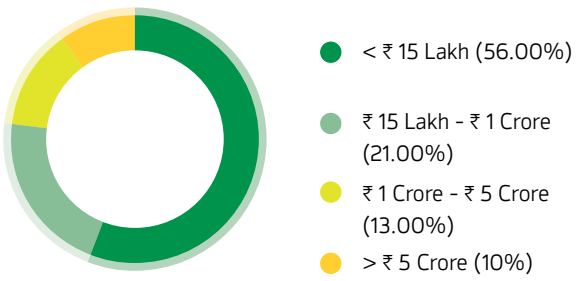


Management Discussion and Analysis

₹ in Crore

	FY 2021-22	FY 2022-23	% Change
Demand deposit	6,921	7,454	8.00
Saving deposit	16,983	17,995	6.00
CASA	23,904	25,449	6.00
CASA (%)	35	33	(6.00)#
Term deposit	44,582	51,189	15.00
Total deposit	**68,486**	**76,638**	**12.00**

the reduction in share of CASA out of Total deposits is due to increase in term deposits, notwithstanding the growth in CASA figures during the financial year 2022-2023.



90% of term deposits are < ₹ 5 Crore

Capital management

The Bank's capital position continues to be strong and the overall capital adequacy of the Bank stood at 18.56%, well above the minimum requirement of 11.50% stipulated by RBI. The Risk Weighted Assets (RWA) to Total Assets moved to 54% as at the end of financial year 2022-2023.

Financial and operating ratios

During the year, the key parameters such as Return on Assets, Return on Equity and Basic Earnings per Share improved significantly, on account of sustained performance in three parameters viz., Growth, Asset quality and Profitability.

	FY 2021-22	FY 2022-23	% Change
Return on asset (%)	0.86	1.27	48
Return on equity (%)	8.86	13.13	48
EPS (₹)	8.42	13.81	64

	FY 2021-22	FY 2022-23
Book value (₹)	94.95	105.03
Cost of deposits (%)	4.31	4.27
Yield on Advances (%)	8.56	8.93
Yield on Funds (%)	7.39	7.81
Cost of Funds (%)	4.33	4.30
Net Interest Margin (%)	3.72	4.18
Cost to Income (%)	53.20	45.08

Details of change in return on Net worth as compared to the immediately previous financial year and reasons thereof

The Return on Networth / Return on Equity grew from 8.86% as on 31st March 2022 to 13.13% as on 31st March 2023, owing to growth in Net Profits.

Reasons for significant changes (i.e. change of 25% or more as compared to the immediate previous financial year) in key financial ratios

The Operating Profits of the Bank for the financial year 2022-2023 has improved by 52% to ₹ 2,476 Crore from the previous year figure of ₹ 1,630 Crore and the Net Profits for the Financial Year 2022-2023 has increased by 64% to ₹ 1,106 Crore from ₹ 673 Crore registered during the previous financial year 2021-2022, due to higher business volumes and better margins. Hence, the growth is reflected in the Return on Assets (ROA), Return on Equity (ROE) and Earnings Per Share (EPS).

Outlook

The bank expects to sustain the growth momentum demonstrated during financial year 2022-2023 with specific focus on growing the overall business, improving profitability and maintaining asset quality. The Bank will achieve this by increasing the liabilities franchise, strengthening the 'Feet-on-Street' model, expanding the branch network in unexplored areas of West and South India, establishing dedicated branches for retail/home loans and enlarging the scope of co-lending/co-origination arrangements with NBFCs/Fintechs.

The bank will focus on increasing the avenues of fee/other income, increasing its lending to high-yielding assets and tracking cost optimisation for augmenting profits.

The bank also expects to continue the decent recovery performance made during the past years and to further downsize the GNPA/NNPA levels. Bank will prioritise to close the NPAs through OTS and also leverage the framework recently introduced by RBI for compromise settlements and technical write-offs. Bank has also been continuously strengthening its underwriting metrics to ensure a high-quality credit portfolio and the overall prospects for financial year 2023-2024 appears to be buoyant.

Management Discussion and Analysis

Review of business verticals

Commercial Banking Group (CBG)

The Bank has always envisioned MSME advances as its strategic priority, given the conversance in understanding the needs of small businesses. The commercial business segment witnessed a 15% growth over the previous year, reaching an overall portfolio size of ₹ 21,445 Crore as of March 31, 2023. Commercial Banking accounted for about 33% of the Bank's advances.

During financial year 2022-2023, CBG enhanced the Limits of the Small Business Group (SBG) segment from ₹ 2.00 Crore to ₹ 5.00 Crore to enlarge the business scope for the Branch channel. The credit processing has been decentralised to Divisional Office and CBG Clusters, to improve TAT and the Vertical imparted SME Business specific training to Strategic Branch Heads, Divisional Office team and Relationship Managers (RMs) at Business Banking Units (BBUs).

CBG formed a non-branch channel viz., KVB – SMART (Small and Medium Acquisition and Relationship Team) to source commercial business through Relationship Managers (RM's) under the Feet-on-Street model. Initially, KVB–SMART will function at Bangalore, Coimbatore, Chennai, Hyderabad and Madurai locations and will be subsequently expanded to other locations. CBG has been fully leveraging the digital capabilities of the Bank for improving TAT and also to enrich the customer experience.

Key highlights during Financial Year 23

- Introduced Drop-Line Overdraft (DLOD) to the customers wishing to diminish the overdraft balances or reduce the overdraft facilities within a stipulated timeline.
- Average ticket size of CBG portfolio granulated further to ₹ 36.50 Lakh as against ₹ 39.30 Lakh last year.
- As part of digital transformation, CERSAI API integration with LOS has been rolled out for SBG and BBU proposals.
- Deepened the tie-ups with NBFCs for co-lending.

Outlook

Bank expects the commercial advances to grow more than 15% in financial year 2024 by capitalising on the newly introduced sourcing channels viz., KVB – SMART, SBG RM Sales channels and also the BBUs and Clusters. With the best-in-the-class digital underwriting processes, we plan to offer pre-approved Business Term Loans for existing Current Accounts customers.

Consumer Banking Department (CBD)

In its quest to bring about accelerated growth in the Retail Business of the Bank, the Personal Banking vertical was revamped by merging the erstwhile Personal Banking Liabilities Group and Personal Banking Assets Group into a single Vertical viz., Consumer Banking Department. This revamp has given a fillip to the Retail Business of the Bank on the back of better synergies and this unified approach will enhance the stickiness of the customers with the Bank and also improve the customer experience across branch and digital channels.

Retail Assets

The Retail Loan portfolio of the Bank grew by about 16% during the year with net increase of about ₹ 2,097 Crore. The Retail Advances portfolio of the Bank reached ₹ 15,054 Crore, constituting about 23% of the Bank's total advances. The growth is the result of dedicated tracking of efficiency ratios and productivity metrics across different products. The consumer lending policies of the Bank have been benchmarked with the industry, by making suitable changes in line with the risk appetite of the Bank to improve business.

The Retail Assets team has partnered with an NBFC for co-lending in checkout finance (BNPL Loans) on the Amazon platform and is also engaging with various fintech/NBFCs for different consumer lending products and Credit Card segments to drive growth.

The following table will illustrate the performance of key products in Retail Assets during the year:

₹ in Crore

Product	Portfolio Size	Growth over FY22 (%)
Housing Loans	6,494	12
LAP	2,351	29
Gold Loans	2,101	14
Other Loans	2,479	34

Consumer Banking Department (Assets) forayed into the retail credit card business during the previous year and has consciously maintained a muted growth target, given its unsecured nature and Bank's limited experience in this segment. Presently, retail credit cards are issued to Existing to Bank (ETB) customers only based on their relationship and Bank's internal policies. However, the Vertical has sensed potential in this segment as the credit card penetration

Management Discussion and Analysis

is currently only in single digit in the country and intends to grow the credit card business in the coming years, primarily through partnerships (co-brands) and secured cards.

CBD (A) has also been offering Pre-approved Personal Loans to ETB customers where the selected customers can avail the disbursement in a couple of minutes with an end-to-end digital process and minimal documentation.

Key highlights during Financial Year 2022-2023

- CBD (A) has enlarged the distribution footprint by increasing the Direct Selling Agents (DSAs) and Direct Sales Teams (DSTs).
- Dedicated branch for sourcing retail loans – especially Home Loans – was opened during the year.
- Product offerings have been benchmarked with industry/peers to make them more competitive and relevant.

Outlook

The future plans of the Vertical are to expand open market sourcing channels by creating a separate distribution team for adding New To Bank (NTB) customers and setting up Retail Asset Centres for faster processing of loans. The Vertical will continue to focus on automated top-up programs, pre-approved and pre-qualified loans and credit card cross-sell and up-sell to ETB customers.

Retail Liabilities

Consumer Banking Department (Liabilities) has put in place exclusive sales teams to focus on NTB acquisitions. Concurrently, steps were taken to strengthen the Branch franchise for deepening the ETB relationships by addressing the needs of the customers.

The Vertical has also put in place an exclusive Government and Institutional Business team to focus on high-value CASA and term deposit segments. The Vertical has also been strengthening the product support functions to launch new products and tweak existing products, in order to make them competitive and meet the expectations of the customers.

Key highlights during Financial Year 2022-23

- Surpassed ₹ 75,000 Crore mark in Total Deposits, ₹ 50,000 Crore level in Term Deposits and ₹ 25,000 Crore in CASA Deposits.
- NTB incremental growth in Savings Accounts (SA) and Current Accounts (CA) was ₹ 1,067 Crore and ₹ 590 Crore respectively.
- Bank has built its own Payment Gateway and integration of UPI platform with the Payment Gateway is in process.
- The UPI-QR for merchants has been moved to live, which will help the Bank to onboard more merchants and also increase the UPI transaction in the acquirer side.

Digital push

Unified Payments Interface (UPI)

In terms of UPI transactions, Bank has surpassed a new benchmark of ₹ 1.90 Lakh Crore transaction value during financial year 2022-2023.

Point of Sale (PoS)

The income earned from POS business was ₹ 38.36 Crore and float income out of the accounts mapped to POS is estimated at ₹ 37.74 Crore during financial year 2022-2023.

FASTag

Bank has issued more than 5 Lakh FASTags since inception of the technology. The Income earned for financial year 2022-2023 stood at ₹ 7.76 Crore and the float funds of over ₹ 25 Crore is available with the Bank through FASTag float balances and security deposits.

Debit Cards

On the card front, Bank has issued 4,97,231 debit cards during financial year 2022-2023. During the year, 863.98 Lakh transactions amounting to ₹ 34,331.76 Crore were carried out through the debit cards issued by the Bank.

Demat Services

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

Government-sponsored and pension schemes

We offer various government-sponsored schemes (from Pension schemes to Insurance schemes) to cater to the needs of a wide range of people for social security.

Management Discussion and Analysis

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. This insurance scheme is available to people in the age group of 18 to 50 years (life cover-up to age 55) having a savings bank account and who give their consent to join and enable auto-debit. We have enrolled 81,755 customers under PMJJBY during financial year 2022-2023.

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 is available at a highly affordable premium of just ₹20/- 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 1,43,183 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 1,261 customers under this scheme during financial year 2022-2023.

Sovereign Gold Bond Scheme (SGB)

Sovereign Gold Bond (SGB) is a government security denominated in grams of gold. It 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 RBI on behalf of the Government of India. Bank has sourced 30,849 grams of gold amounting to ₹ 16.50 Crore in 4 tranches with 855 applications.

National Pension System (NPS)

National Pension System (NPS) is a pension cum investment scheme launched by the 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 returns. 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. Bank is providing online NPS account openings through K-fintech (CRA) and has covered 715 customers as on March 31, 2023.

Outlook

Bank is all set to beef up its distribution model for accelerated NTB acquisition through exclusive Sales Vertical, Government & Institutional Business Vertical, alliances with Fintechs and partnering with Corporate Business Correspondents to penetrate areas where bank has a low presence. Bank is also aiming to bring about accelerated CASA growth and enhanced fee income through the distribution of third-party products.

Bank is in the process of putting in place a Relationship Management architecture for institutionalising continuous relationship management, right from on-boarding of the customer. To ensure retention of valued customers, Bank is focussing on cross-sell/up-sell through its bouquet of products across deposit, credit and investment. The products per customer is expected to improve through deepening of relationships in ETB Books, leveraging analytics-driven data and cross-vertical co-ordination.

Corporate and Institutional Group (CIG)

CIG portfolio accounts for 22% of the Bank's total advances and has witnessed a growth of about 16% during the year. The growth in the CIG books can be attributed to the acquisition of new customers and the identification of borrowers pursuing capital expenditure plans, benefiting from improved cash flow availability and the ability to finance their expansion initiatives.

During financial year 2022-2023, the Vertical focused on sourcing fresh exposures with ticket size of less than ₹ 125 Crore, in order to granulize the portfolio. CIG focused more on emerging mid-corporate segments for fresh exposures and further, the asset quality of the portfolio has notably improved by maintaining the SMAs and minimal account slippages.

Key highlights during Financial Year 2022-2023

- Corporate portfolio grew to ₹ 14,563 Crore.
- Granular average ticket size of about ₹ 37 Crore.
- Supported the borrowers for their expansion plans/capacity additions in Manufacturing, Textile, NBFC, Automobiles and Renewable Energy.

Outlook

CIG follows a cautious approach for funding to the corporate segment, focusing primarily on rated corporates with minimum investment rating grade. The Vertical is looking to build the

Management Discussion and Analysis

portfolio by onboarding Loans and advances within a range of ₹ 25 Crore to ₹ 100 Crore and is identifying a value chain to participate in funding the forward/backward integration. The Government's "Make in India" programme would push the share of manufacturing in GDP and create more demand for bank credit and CIG will tap the emerging opportunities.

With technology playing a vital role and providing numerous opportunities for business growth, CIG is exploring the usage of tech platforms for the cash flow management of corporates through integration with Transaction Banking Group (TBG). The Vertical is also keeping a continuous vigil on the asset quality of the portfolio and will continue to weed out the stressed assets.

Agriculture Banking Group (ABG)

Agriculture credit remains a crucial pillar of the Indian economy and serves as the primary source of livelihood for a majority of people residing in rural areas. To ensure a sustainable increase in farmers' income, it is imperative to adopt a farmer-centric approach with a strong emphasis on agriculture and farmers' welfare.

The ABG loan books grew to ₹ 14,969 Crore during FY 2023, demonstrating 18% growth over previous year on the back of decent disbursements by way of CC and Shortterm loans to Agriculture and Allied activities and also through customized & innovative disbursement to farming community. ABG constitutes to about 22% of the Bank's total advances.

Bank achieved all the targets and sub-targets under Priority Sector Lending for all the quarters of financial year 2023. Further, the Vertical is actively participating in financial inclusion through strategic interventions, leveraging technology, and promoting financial literacy. ABG has successfully reached out to the underprivileged segments of society, bridging the gap and empowering communities with financial access.

Key highlights during Financial Year 2022-2023

- To diversify lending from Agri Gold loans, ABG has launched multiple products covering areas such as Micro finance (through partnerships), Agri Infrastructure, Agri Corporates etc.
- Vertical has embarked LOS journey for processing Warehouse Receipts Loans (farmers & traders), KCC Green Card and Joint Liability Groups (JLGs).
- Migration of Green card (KCC) renewal from manual to LOS platform.

Outlook

The performance of the Agriculture and Allied sector in the country has been resilient over the several years and it is expected to grow at a good pace. Ambitious efforts of Government and Regulators to increase the Institutional credit towards Agricultural Sector in recent years resulted in positive outcome.

Futurist areas with scope for credit lending includes viz., lending to Infrastructure facilities, fin-tech, on-lending to agriculture and lending to group/clusters (FPO/FPC's & JLGs.)

To align with the trend and to increase and diversify the agriculture portfolio, ABG has proposed to implement certain enablers viz. Fin-tech tie ups, financing Farmers' Producer Organisation (FPOs) and Farmers' Producer Companies (FPCs), digitalization of credit proposal processing to reduce TAT etc.

NEO

Upon inception of business four years ago, NEO devised a strategy centred around onboarding New to Bank customers, creating a quality book of HNI clients contributing to healthy yield through standalone non-branch distribution channels. To achieve this vision and establish a substantial book, NEO diligently built a robust and dependable framework. This framework rendered expected results during financial year 2022-2023, setting a solid foundation for the years to come.

NEO has expanded to new locations by employing a test-and-grow approach to explore and capitalise on potential markets. This expansion plan encompassed both metro cities and select Tier-2 cities, leveraging the opportunities presented by promising markets in respective states. By introducing the Branch Business model, NEO established a notable presence in Hyderabad and Bangalore, primarily focusing on the Home Loan product segment and providing personalised services through retail channels.

Furthermore, NEO emphasised on creating a strong partnership network to support book growth across various products managed through tie-ups. Collaboration with the partners allowed the Vertical to forge synergies, resulting in mutually beneficial growth, while maintaining high yields and a healthy book. Notably, co-lending tie-ups in the B2C space significantly enhanced customer onboarding, yields and growth in advance books. Additionally, NEO's tie-ups in the leasing sector provided an opportunity to serve large corporate clients with zero delinquencies and substantially higher yields.

Management Discussion and Analysis

Key highlights during Financial Year 2022-2023

- The incremental growth in loan books was about 73% and the portfolio reached ₹ 4,414 Crore. The loans sourced by NEO are included in the figures of CBG and CBD (A) Verticals, depending on the nature of loan.
- Expanded into new locations such as Kolkata, Indore and Jaipur.
- Significant insurance penetration has helped in maintaining high Product per Customer and growth in Other income.

Outlook:

NEO has planned to grow through geographical expansion, partnerships for Co-lending, Business Correspondent models and increasing Branch Channel Business. Locations in West Bengal, Uttar Pradesh, Madhya Pradesh, Rajasthan and Punjab would generate significant business during financial year 2023-2024. Setting up separate divisions for unsecured businesses will help in balancing portfolios, maintain high yields and to enter new segments with innovative products specific to markets.

Transaction Banking Group (TBG)

The Transaction Banking Group (TBG) specializes in Cash Management Services (CMS), providing collection and payment products for corporates of all sizes. Our electronic platform supports Virtual Accounts and bulk payments, streamlining financial operations.

TBG's comprehensive Supply Chain Finance programs cater to working capital needs within the supply chain, benefiting businesses across industries. We've formed strategic partnerships with top FinTech companies, expanding our reach and offering innovative financial services. Additionally, we are active in all three RBI licensed "TReDS platforms," reinforcing our commitment to excellence.

Key highlights during financial year 2022-2023

- The supply chain portfolio grew to ₹ 724.22 Crore as of March 31, 2023, a growth of 31.52% over financial year 2021-2022. The loans sourced by TBG are included in the figures of CBG and CIG Verticals, depending on the nature of loan.
- TBG has established relationships with several highly-rated companies to provide funding for their supply chain partners through dealer and vendor funding programs.
- Under Supply Chain Finance (SCF), electric vehicle funding has gained traction in both two-wheeler and four-wheeler segments.
- CMS products supported in sourcing Government accounts including those of state owned corporations / federations.

Outlook

Supply Chain Finance has become a popular financial solution, aiding companies in optimizing cash flows and fortifying supply chains. Embracing digital technology, TBG aims to leverage the partnerships with Fintechs to harness advancements and drive business growth. Additionally, TBG plans to expand the supply chain finance portfolio into various sectors like Agro Chemical, Agri Equipment, Chemicals, and Construction equipment.

Precious Metal Division (PMD)

Precious Metal Division (PMD) has witnessed a decent growth in bullion business turnover during financial year 2022-2023 and has been extending services in several states across India. PMD has specialised skillsets with adequate experience in handling bullion customers and the Vertical has also put in place robust system for managing the business.

With the increase in client base, demography and business turnover, PMD has generated positive revenues consistently during the last two years of full-fledged operations. The Bank is now recognised across India as one of reliable supplier amongst other Bullion Banks.

Key highlights during financial year 2023

- Bank has been conferred with the award of "Best Emerging Bullion Bank" at the India Gold Conference held at Chennai.
- Bank is the first to import gold under the new revised IGCR rule.
- Bank has started offering Gold to our clients holding Tariff Rate Quota (TRQ) for the import of Gold under the Comprehensive Economic Partnership Agreement (CEPA) signed between India and UAE government.

Outlook

Bank has good growth potential being a new entrant to this business, with an experienced team covering markets across the country and the USP of the Bank will be the strong business relationships

Management Discussion and Analysis

developed with the clients. PMD has been focusing on increasing the consignment supplies, market penetration, enhance customer base and turnover and to offer products to suit client needs within the regulatory framework.

Treasury

The scope of the Treasury Department encompasses a wide range of activities including investments in Central and State Government securities, Debt instruments of Banks, financial institutions, insurance companies, Certificate of Deposits, Equity Shares, Mutual Funds, Derivatives, Forex etc., The Vertical has understood the close connection between the business strategy and the goals of the organisation and ensures optimum performance consistent with the risks associated in the activities.

In the rising yield scenario, during the last financial year, a lower duration/minimal holding in the AFS portfolio enabled the Bank to manage interest rate volatility effectively. Further, there was no incremental growth in the provision for the depreciation of Investments.

Key highlights during financial year 2022-2023

- The investment portfolio of the Bank increased to ₹ 19,411 Crore, a YOY growth of 9.33%.
- The interest earned from the investments and portfolio yield increased decently during the year.
- Vertical explored investments in new products such as Liquid MF's, which gave higher returns.

Outlook

The low-duration strategy adopted by the Bank will ensure effective re-pricing of maturity investments, which will substantially increase the interest accruals during the next year. Also, the hike in short-term interest rates will generate decent returns on low-duration papers.

The broad scope of the Vertical includes deepening the relationship with Exporters/Importers Associations for lead generation, to offer forex products and solutions to ETB customers who presently do not route forex transactions through the Bank and also to explore opening of exclusive forex branches in major forex locations.

Collections

Protecting asset quality is of utmost importance for the Bank, in order to maintain financial stability and maximize profitability. Bank has implemented several measures to minimize slippages and enhance recovery, including implementation of proactive monitoring systems, offering timely restructuring options for stressed borrowers, collaborating with specialized recovery agencies, leveraging data analytics for Early Warning Signals and streamlining legal & recovery frameworks.

To have effective tracking of recovery position and to accelerate the recovery process, Bank has started systemization of recovery process through third party vendors. This has systemized the processing of data right from the day of stress in the account until upgradation/closure of the account and ensures proactive identification of potential defaults, prompt action for resolution and efficient recovery processes, thereby ultimately contributing to the reduction of slippages and improved recovery rates.

Key highlights during financial year 2022-2023

- The integration of technology has been extended to operational aspects as well, resulting in the migration of numerous task-specific technological platforms.
- Several new IT initiatives have been implemented to enhance the monitoring of legal cases in stressed accounts, with an aim to bolster the transparency & efficiency of the recovery process.

Outlook

In order to address the challenges posed by NPAs and to enhance the recovery process, it is imperative for the Bank to prioritize and focus on (a) strengthening NPA Prevention (b) accelerating NPA Recovery (c) proactive restructuring and rehabilitation (d) strengthening Legal & Recovery Frameworks through systemization and (e) focus on Data Analytics & Technology.

By placing a strong focus on these areas related to collections and recovery, the Bank can mitigate risks and enhance overall asset quality. Additionally, the Bank can reinforce its reputation as a proactive and reliable institution in managing NPAs and supporting borrowers in distress.

Management Discussion and Analysis

Going forward, Bank will focus on the following aspects, to improve collections:

- Enhanced communication with customers through personalized reminders, clear payment instructions and proactive follow-ups to address concerns.
- Implementing streamlined collection processes, leveraging automation and digital channels for efficient payment tracking and reminders.
- Providing on-going training to the recovery team on negotiation skills, customer empathy and effective dispute resolution to enhance their performance.
- Collaborating with the Credit verticals and collections team to align efforts, share customer insights and prevent future delinquencies through proactive account management.
- Regularly reviewing the collection performance, analysing trends and making necessary adjustments to optimize collection strategies and outcomes.

Marketing and branding

Top of mind recall is required for sustained growth of any business. This can be ensured only by way of constant presence and promotion in the various media. Though the 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. Bank has been positioning itself as a tech-savvy bank offering the best of digital products and services while at the same time standing firm on its traditional values of customer service. The Bank's DLite app and digital retail and corporate loans process flow are the best in class. 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, Bank uses its social media handles to exclusively market the products with regular posts on almost a daily basis. Also the products are marketed through digital channels. MSME is another area of business that is promoted extensively by the Bank. (Read more on page 54)

Customer Service

Bank has a strong reputation for personalized customer service since its inception. The following measures have been implemented to enhance the customer experience and improve customer service:

- Integrated the Bank's net banking channel with Central Government's direct & indirect tax portals.
- Introduced WhatsApp banking and Re-KYC through Missed call facility.
- Enabled international (Singapore) UPI transactions (P2M) as per NPCI guidelines.

Review of operations verticals

Data centre – DRS functions

Bank has a Board approved Business Continuity and Disaster Recovery (BC & DR) Policy to provide uninterrupted banking service to customers. Both the Data Centre (DC) and Disaster Recovery Site (DRS) are equipped with latest infrastructure and are located in a different seismic zone. Bank has been maintaining a standby setup for all critical applications in DRS and the Bank can continue the business even in case of any disaster at either Data Centre / Disaster Recovery Site without any interruption to its customers.

Transformation of DC is one of the most important processes being undertaken by the Bank and the same is an ongoing process. Bank has implemented several new initiatives by leveraging new technologies including virtualisation, Cloud computing, image processing, Artificial intelligence, Open–API, ekyc, 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.

Bank has divided the entire IT team into three main pillars: IT Management, IT Application, and Technology to enhance project governance and professionalism. The Technology pillar oversees the Data Centre and Disaster Recovery Site, which are responsible for managing the technology infrastructure of the Bank.

The Data Centre's primary responsibility is to ensure application uptime and end-user availability, while the Disaster Recovery Site is dedicated to ensuring business continuity in the event of any unforeseen circumstances. Bank conducts regular Disaster Recovery drills to ensure its readiness for maintaining uninterrupted business operations.

Key highlights of financial year 2022-2023

- **Backup solution:** Replaced the conventional tape backup with a disk-based backup solution for rapid data recovery, ensuring business continuity during emergencies.
- **East-West network connectivity:** Sophisticated state of the art network connectivity between Data Centre (DC) and Disaster Recovery Site (DRS) to facilitate faster and more efficient data transfer.

Management Discussion and Analysis

- **SDWAN implementation:** Bank has deployed SDWAN technology to reduce overhead costs and improve network performance to offer better visibility and control over data transfer between locations.
- **Network monitoring:** A real-time network monitoring tool was implemented for enhancing the visibility of network bandwidth utilisation.
- **Application modernisation:** During the year, Bank has upgraded the platform infrastructure. The IMPS platform was specifically enhanced to be more scalable, secure, and future-ready, utilising customisable API-based XML messaging for faster modifications and introduction of new features.

Security related implementation and upgradation

The Bank has fortified its defence against security breaches, safeguard customer data, and maintain trust in the digital banking ecosystem by implementing the following security measures

- **Network HSM module upgrade:** The Bank has replaced old network Hardware Security Modules (HSM) with the latest modules to ensure the highest level of security. The new modules securely store cryptographic keys in hardware, providing a secure crypto foundation.
- **Data classification tool:** During the year, Bank has implemented a data classification tool to facilitate the identification and classification of data. This allows the bank to apply appropriate security controls based on data sensitivity.
- **Network behaviour analyser:** Introduced a network behaviour analyser tool to detect anomalies in network behaviour. This proactive approach enables prompt response and notifies security teams about potential security threats.
- **Extended detection and response (XDR):** Implemented an XDR solution to bolster threat detection capabilities and provide comprehensive protection against cyber-attacks, unauthorised access and misuse.
- **Vulnerability assessment tools:** The Bank assesses risks from both internal and external perspectives by utilising necessary vulnerability assessment tools. This provides comprehensive insights into cyber exposure, including vulnerabilities, misconfigurations, and other potential security threats.

Technology transforming the DC function

- **Application monitoring:** The Bank implemented an AI and ML-powered monitoring tool for critical applications to detect anomalies, rectify issues proactively and optimise resource capacity planning.
- **Hyperconverged infrastructure (HCI):** Migrated major workloads to HCI for simplified management, scalability, reliability, improved performance, agility and cost savings. Bank enabled encryption for data at rest and in transit and leverages the capacity dashboard to monitor CPU, Memory and Storage Performance.
- **Automation with bots:** Introduced bots to automate routine and mundane activities at the Data Centre, improving efficiency and reducing manual effort.

Outlook

Going forward, Bank will explore implementing data warehouse and visualisation tools along with automation for resource provisioning, data replication tool and code versioning tool. Bank will also use IoT devices for monitoring, analytical dashboard and integrating social media with call centres and chatbots. These advancements in technology will streamline the data management processes, improve decision-making capabilities through enhanced data visualisation, automate resource allocation and ensure data integrity.

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 / RM ALM Committee.

Governance - Board of Directors

The Board focuses on:

- Approving and reviewing our Risk Management Framework and policies annually.
- Assessing the effectiveness of the risk mitigation plan implemented by RMD.
- Providing strategic guidance on various initiatives undertaken / to be undertaken by our Bank towards the management and mitigation of various risks.
- Providing appropriate delegation to Top Management for planning and implementation of the Risk Management measures.

Management Discussion and Analysis

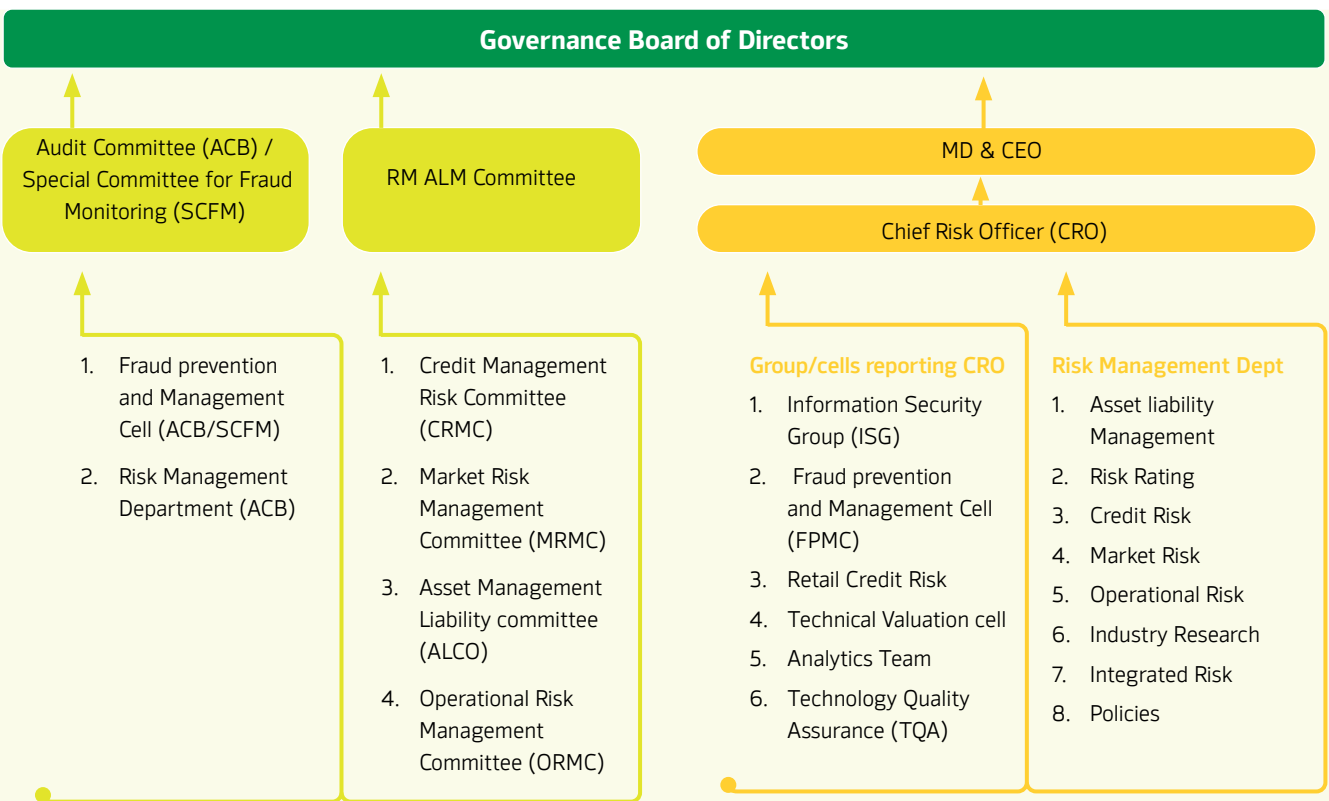
Risk Management and Asset Liability Management Committee, a committee of the Board, plays a supportive role to the Board, by carrying out inter alia the following functions:

- Review and oversee the development and implementation of the risk management framework, risk assessment methodologies/ processes and tools, including monitoring and reporting etc.
- Assessing future changes and threats and prioritising appropriate action.
- Setting and defining the Risk appetite of the Bank.
- Recommend suitable controls/mitigations for managing different risks.

Well-experienced risk management team with decades of relevant industry experience in varied segments of relevance to the bank and knowledge in various areas, handling 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.



Management Discussion and Analysis

Risk culture for 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; Percolation of guidelines, regulations across the organisation alongside assessing its compliance.
- Encouragement for the reporting of risk events, including near misses, so that appropriate lessons could be drawn from them.
- Simplicity in processes which can be clearly understood by all the stakeholders and not to engage in any complex structural products/ business / activities; Excessive risk taking is not acceptable, even if it results in any benefit for 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.

Bank has a dedicated Fraud Prevention and Management Cell (FPMC) for managing fraud risks and is 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. Our Bank has installed specialised applications to fetch different EWS in an orderly manner. Online transactions are also monitored by specialised computer applications and processed until the logical end.

Red Flagged Accounts (RFA): Loan Accounts that exhibit a number of EWS are being red flagged and studied in detail for a period of six months, and appropriate decisions shall be taken, either to lift the account from RFA or to declare the account as fraud basis the performance. Bank follows the regulatory guidelines scrupulously in these matters.

Risk and Control Self-Assessment (RCSA): RCSA is a proactive tool in identifying lacuna, if any, in different products, processes, business activities, support functions, and operational units of our Bank. Different 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 a recurrence.

Key Risk Indicators – KRIs under key business and support functions are being 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, processes and outsourcing activities both financial and non-financial, the embedded options or enhancements of the existing products critically, by the designated committees of Executives drawn from business, technology, operations, risk, legal, audit and compliance functions before it is offered to the public to avoid systemic lacuna, if any.

Branches / Operating units are subject to several audits, and periodic visits of branches/ operating units by Divisional Heads, Divisional Operating Officers, and Central Office personnel for effective monitoring and continuous surveillance of all operations.

Management Discussion and Analysis

During financial year 2022-2023, Bank has reported 33 frauds amounting to ₹ 356.35 Crore. Of these, 24 are Credit-related frauds amounting to ₹ 356.26 Crore (93.27% of the amount falls under Consortium/Multiple Banking Arrangement) pertaining to corporate exposure. The major exposures i.e. ₹ 216.89 Crore were classified as NPA before September 2019 and the remaining before March 2022. There were 9 Operations related frauds amounting to ₹ 0.09 Crore.

The Bank also has a Fraud Risk Management Policy and standard operating procedures (a) to detect, control, monitor and report frauds to top management, regulator and other law enforcement agencies, (b) to 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 are provided by the Board and committees of the Board.

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 financial year 2022-2023, Bank has reported 1,996 cases of payments frauds involving an amount of ₹ 159.51 Lakh to RBI through Electronic Data Submission Portal (EDSP)/DAKSH. Mostly Phishing/Vishing types 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.

The 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 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 bureau report checks, verification of account statements, GST data, 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 for proposals processed through LOS is arrived using a predefined Business Rule Engine (BRE) concept and is made as a pre-sanction exercise. In addition to the LOS rating, rating is undertaken in CRISIL ICON models and portfolio monitoring by appropriate applications.

Management Discussion and Analysis

Risks	Mitigation Steps
Credit Risk Macro factors including slowdown in major economies, geo political 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 supported by well-defined policies, caps on exposures to various industries, single and group borrowers, sensitive sectors, etc. • Appropriate credit underwriting standards, risk mitigation processes, post-disbursement monitoring, strong collection and recovery mechanism via call Centres 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 periodically. • Analytics team provides comprehensive reports with analysis and inferences to the top management, for taking appropriate policy and business decisions. • Divisional credit risk officers are placed in each divisional office to get a ground zero perspective of credit proposals. • Internal credit risk rating of proposals is mandatory for sanction of credit facilities with hurdle rating grades for new and take over exposures. Bank has deployed CRISIL ICON models and other models for rating our borrowers. • 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. Periodic product and portfolio reviews facilitate course corrections and product / process flow changes. **Digitisation of credit underwriting:** 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. • periodical review of performance of digital portfolio, both retail and commercial for initiating course corrective measures.

Management Discussion and Analysis

Risks	Mitigation Steps
	Other measures • Credit and risk related policies are drafted, and reviewed periodically as per the Bank's requirements within the ambit of regulations. • Comprehensive delegation of powers for various authorities with inbuilt matrix both for risk and non – risk deviations; spread policy takes care of the pricing mapped to scores / rating grades based on components such as Credit risk premium, business strategy premium, tenor premium. • 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 Centres 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 implemented. • RAROC (Risk Adjusted Return on Capital), as one of the performance measures towards business and profit optimisation has been in the process of implementation. • Bank's Model Risk Management Framework enables Bank to assess, measure, monitor and mitigate Model Risk. • Bank is also monitoring developments in neighboring/other countries to do required changes in the strategies / business activities pro-actively. • Bank has formulated ESG Policy for managing Climate Risk and caring for the Environment, Low-Carbon Transition, and Sustainable Operations.
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.	• Market Risk is managed through well-defined Board-approved Policies that caps risk in different trading desks or various securities through trading risk limits / triggers for effective and judicious management of investment funds. • Bank's investment portfolio majorly consists of Central and State Government Securities. • Bank has established an independent mid office as a risk control unit reporting to Chief Risk Officer, for Treasury and PMD activities. • Mid-Office monitors treasury operations from market and operational risk perspective and reports directly to RMD Central office. • Policies are in place for conduct of business exposed to market risk and liquidity risk with appropriate risk limits, stop loss limits etc. for effective management of all market related risks. • 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 market risk. Currently, capital charge for market risk is computed under the Standardised Duration Approach.

Management Discussion and Analysis

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. • ALM of the Bank aims to strengthen the Balance sheet by pro-actively reviewing the market dynamics, capturing the signals emanating therefrom and ensuring value creation while conforming to the regulatory requirements. • Bank conducts various studies to assess the behavioural pattern of non-contractual assets and liabilities and embedded options available to customers. These results are being used in mapping and managing maturity gaps. • Our Bank's Asset Liability Committee (ALCO) is reviewing pricing of assets and liabilities on a monthly and even at early frequencies depending on the requirements, monitoring adherence to liquidity risk and interest rate risk limits. • While the maturity gap and stock ratio limits helps to identify liquidity risk, assessment of impact on the net interest income and economic value of equity helps to assess interest rate risk. This is complemented by stress testing frame work covering both liquidity and interest rate risk. • 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. • Net Stable Funding Ratio (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 ALCO and Board as a forward looking measure. • Country risk and Counter-party (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 developed and implemented an operational risk management framework that is fully integrated into the Bank's overall risk management system. Bank has put in place processes, systems and procedures to actively manage and mitigate operational risks and to optimise resources not only to protect the interests of the Bank but also to ensure return commensurate with the risk profile adopted. • Bank has a well-established internal control system, Books of instructions, internal circulars on policy matters and procedures, guidelines which include segregation of duties and 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 and 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.

Management Discussion and Analysis

Risks	Mitigation Steps
	• Risk and control Self-Assessment exercise and Key Risk Indicators are in place as additional measures to improve the existing systems and controls. • Bank has a Business Continuity and Disaster Recovery (BCP and 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. • In order to ensure adequate and timely identification, measurement, monitoring, control and mitigation of reputation risk posed, a board approved reputation risk management policy is put in place. • 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. • Special attention has been paid to the Whistle Blower Mechanism in the Bank and the staffs are encouraged to use the same to flag any issues/irregularities, including Operational Risk Events or Frauds when comes to their knowledge. • Gap analysis, root cause analysis is done to identify the critical factors contributing for the frauds and implement additional safe guards wherever required, to avoid recurrences of similar type of frauds. Many controls, change in processes, systems and products have been recommended and implemented to ensure systems and procedures are meeting the requirements.
Integrated risk management framework	• The objective of integrated risk management is to measure and manage risk and capital across a range of diverse business activities on a holistic basis in a centralized environment with the responsibility of identifying, measuring, monitoring and mitigating the risks in various functions. • Integrated risk management encompasses not only the Pillar I risks, but also Pillar II risks. The Bank has a separate ICAAP Policy to guide the entire process of preparation of ICAAP document annually to understand the present position as well as the future course of movements in business, risk weighted assets and capital in line with the projections.

Management Discussion and Analysis

Risks	Mitigation Steps
	• The advent of Basel III and the emphasis placed on the quality of capital, Bank shall strive to focus on common equity as a primary source of capital. Raising resources in form of Additional Tier I and Tier II shall also engage Bank's attention duly weighing the merits and related costs involved. • Integration of risk is also due to the interwoven nature of risks. There is a component of credit risk in Market risk and operational risk is existing on both credit and market risks. The impact of pillar II risks on the Pillar I risks cannot also be discounted. Operational risk is an all pervading factor in the banking business and is present in every activity undertaken by the Bank. Hence management of risk requires a well conceptualized integrated risk management. • Bank is following currently the basic approaches for capital computation in lines with regulatory guidelines.

Commodity Price Risks, Foreign Exchange Risks and hedging activities

Bank has Market Risk Management Policy, Integrated Treasury Policy and Precious Metals Division Policy approved by the Board specifying a risk control framework for undertaking any Commodity price risk and Foreign exchange risk. The Board of the Bank has defined the overall Net Overnight Open Position (NOOP) Limit, Stop Loss Limit, Aggregate Gap limit (AGL), and Value at Risk (VaR) limit to manage foreign exchange risk within its risk control framework. The Bank's policy stipulated margins for lending against commodities and has put in place a system of monitoring margins available / required with respect to ongoing commodity prices.

Bank is authorised by the Reserve Bank of India to import gold and silver. The bank imports Gold and silver on a consignment basis and sales are covered on back to back basis. Bank uses Forwards and Forex Swaps for hedging its currency and interest rate risk for its Foreign currency balance sheet items, customer cover, and for proprietary trading, within overall risk limits and control framework. The management of these products and businesses is governed by Board approved Policies of the Bank.

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 and supported by an independent risk management function which monitors and takes corrective action so that the Bank operates within its risk appetite. The risk management function attempts to anticipate vulnerabilities through quantitative or qualitative examination of the embedded risks in various activities. The Bank continues to focus on refining and improving its risk management systems. In addition to ensuring compliance with regulatory requirements, the Bank has developed robust internal systems for assessing capital requirements keeping in view the business objectives.

The Board of Directors (BOD) approves the strategies and policies for Risk Management, based on recommendations of the RM & ALM Committee of the Board set up to focus upon risk management issues. The RM & ALM Committee of the Board reviews various aspects of risk arising from the businesses undertaken by the Bank. Operating level risk committees comprising of senior management viz. Asset Liability Management Committee (ALCO), the Operational Risk Management Committee (ORMC), Market Risk Management Committee (MRMC) and the Credit Risk Management Committee (CRMC) oversee specific risk areas. These committees in turn provide inputs for review by the RM & ALM Committee of the Board.

Board Committees

Risk Management and Asset Liability Management Committee (RM & ALM)

This Committee shall put in place explicit procedures as per regulatory guidelines for managing enterprise-wide risk that the Bank is exposed. The Committee reviews and approves the development and implementation of risk assessment methodologies and tools, including assessments, reporting etc., foresee future changes and threats and prioritise action steps, monitor and oversee the implementation of the Risk Management Framework in the Bank etc.

Management Discussion and Analysis

The RM & ALM Committee shall recommend the policies to Board, strategy and methods for risk management, by evaluating the overall risks faced by the Bank in determining the acceptable level of risks. The committee inter-alia looks into the following aspects:

- Effectiveness of overall risk management framework in meeting sound corporate governance principles and identifying, managing and monitoring the key risks of the Bank.
- Oversee and monitor the Bank's compliance with regulatory requirements.
- Oversee functions of Credit Risk Management Committee (CRMC), Market Risk Management Committee (MRMC), Asset Liability Management Committee (ALCO) and Operational Risk Management Committee (ORMC).
- Reviewing and recommending the Internal Capital Adequacy Assessment Process (ICAAP) to Board.
- Discussion with CRO for ensuring the independence of risk functions.

The Committee ensures 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, RM & ALM Committee is headed by non – executive member from the Board of the Bank.

Executive Level Committees:

Organisational setup and responsibilities of Executive level Management committees in implementing Board approved strategies and policies are as under.

Sl. No.	Committee	Focus Area	Chairman	Key Functions/ Responsibilities
1	Asset Liability Management Committee (ALCO)	All aspects of Asset Liability Management, Monitoring, Control, Interest rate review etc.	President and Chief Operating Officer	• Study all ALM related statements prescribed by RBI. • Provides framework for management of liquidity risk and interest rate risk. • Pricing for both deposits and advances. • Decide on the desired mix of incremental assets and liabilities. • Decide on the desired maturity profile of the incremental assets and liabilities and Contingency Funding plan. • Determine the structure, responsibilities and controls for managing liquidity risk and for overseeing the liquidity positions. • Develop a view on future direction of interest rate movements and decide on funding mixes between fixed vs floating rate funds, wholesale vs retail deposits, money market vs capital market funding, domestic vs foreign currency funding, etc. • Any other matters related to market risk and liquidity risk.

Management Discussion and Analysis

Sl. No.	Committee	Focus Area	Chairman	Key Functions/ Responsibilities
2	Credit Risk Management Committee (CRMC)	All aspects of Credit Risk Management, Monitoring and Control	MD and CEO	• Recommend and review of Credit Policy, internal rating policy and other credit risk related policies. • Recommend for introduction of new internal rating models / score cards and review. • Review of exposures to various industries – exposure ceiling vis-à-vis actual. • Review of Stress Tests conducted on CRAR under different scenarios. • Discuss regulatory guidelines and the actions taken. • Peruse Credit related frauds and suggest mitigation measures. • Study concentration in advances portfolio. • Any other matters related to Credit risk.
3	Market Risk Management Committee (MRMC)	Aspects of Market Risk Management, Monitoring and Control.	Chief Financial Officer	• Setting guidelines for market risk measurement, management and reporting. • Ensuring that market risk management processes (including people, systems, operations, limits and controls) satisfy bank's Policy. • Reviewing and recommending market risk limits, including triggers or stop-losses for traded and accrual portfolios. • Monitoring of measuring and controlling mechanism for interest rate risk, Equity price risk and forex risk.
4	Operational Risk Management Committee (ORMC)	All aspects of Operational Risk Management, Monitoring and Control.	President and Chief Operating Officer	• Implement and monitor the Operational Risk Management Framework approved by the Board. • Develop policies, processes and procedures for managing various Operational Risk aspects in Bank's material products, activities, processes and systems. • Review and recommend the development and implementation of Operational Risk methodologies. • Review of Key Risk Indicators (KRI) and Risk and Control Self - Assessment (RCSA) are undertaken. • Perusal of frauds including cyber frauds, near miss events and related matters. • Discuss and study the impact of Loss data collected. • Any other matters related to Operational risk.

Management Discussion and Analysis

Human Capital

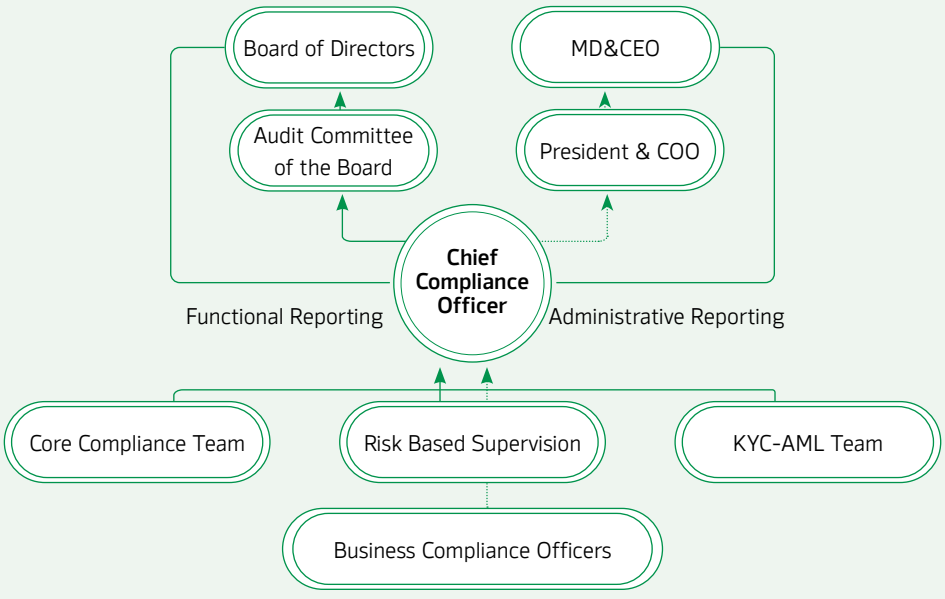
The human resource of the bank is instrumental in driving its success and acts as the primary distinguishing factor in a highly competitive sector. The bank is dedicated to creating a work environment that fosters growth for its employees and has implemented transparent and well-defined policies and practices that promote meritocracy in staff augmentation, deployment, and development. Furthermore, the bank has been consistently modernising its people and processes to enhance convenience for employees and ensure the efficiency of these processes.

(For more details, read page 42 of this report.)

Compliance

The bank has a transparent and comprehensive Compliance Policy and a robust KYC/AML/CFT Policy, duly approved by the Board and the same is subject to an annual review. Compliance, to us, is non-negotiable. The Compliance Department independently tracks, monitors, assesses and ensures that the bank meets regulatory guidelines and internal standards. The team works closely with the Compliance Coordinators of business/support teams and Divisional Offices. The Compliance Department is headed by the Chief Compliance Officer (CCO), who assists the Board, the Audit Committee of the Board and the Leadership Team in managing the compliance risk i.e. 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 Bank`s activities.

Department Structure



The Compliance team remains up to date with regulatory developments and acts swiftly to ensure timely adherence to guidelines by the respective business/support teams. It also participates in industry working groups that discuss evolving regulatory requirements. It imparts training on matters related to compliance to employees on an ongoing basis. The CCO is a member of various executive committees for the exchange of information. The Compliance team 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.

Management Discussion and Analysis

Strong governance oversight

- Process to ensure implementation of new regulations.
- Risk Assessment results - gaps in controls.
- Reporting of Compliance Breaches.
- Defining ownership/responsibility.
- Approach for fixing staff accountability on compliance failures.

Good compliance culture

- Issuance of E-services/advisories.
- Providing training online / Classroom.
- Giving guidance and views through interactions and discussions etc.,

Comprehensive risk management practices through

- Compliance Risk Assessment.
- Robust ML-TF Risk Assessment.
- Key Compliance Indicators.
- Mystery Shopping Framework.

Information security group

The Board and Senior Management of your Bank have envisaged the risks associated with adoption of Information Technology and Digital Transformation initiatives to enhance customer service.

Your Bank has established an Information Security Group headed by Chief Information Security Officer (CISO) which is specialised in Information and Cyber Security risk management to protect the Bank's Information Assets.

Your Bank has understood the importance of Cyber Security and the enhanced control requirements in the connected world. In order to protect the Information Assets in accordance with the determined risk profile of the assets, your Bank has approved appropriate policies and procedures in line with global standards and regulatory guidelines.

The Information Security Group designs, develops, implements, maintains and monitors the Information Security Management System (ISMS) comprising these policies and procedures, systems and processes with the objective of prompt detection, prevention and response to the continuously evolving cyber security threats.

Your Bank's ISMS reinforces not only the Confidentiality, Integrity and Availability of information; but also other security principles such as Authenticity, Non-Repudiation and Accountability. Thus, your Bank's ISMS ensures the following objectives:

- Safety and privacy of sensitive customer and Bank information.
- Prevent IT Assets and Information System from Unauthorized Access.
- Protect the Data / IT Systems from threats such as Phishing, Ransomware and other malware, malicious actors targeting cloud services and integrated systems in multiple locations over the Internet and zero-day attacks.
- Timely availability of Data / IT Systems to the authorised users.

Your Bank has established a fully functional state-of-the-art Security Operations Centre (SOC) to monitor the Bank's IT environment on a 24x7x365 basis, to protect the Bank's Information from undesirable events. Your Bank has also invested in Artificial Intelligence & Machine Learning (AI & ML) based monitoring and defence systems to safeguard the Information. Apart from technology tools and solutions, your Bank contributes equally to upskill the awareness of employees about new cyber threats in the technology landscape.

Your Bank is compliant with ISO/IEC 27001, which is the international standard for Information Security, duly certified by M/s TUV SUD since 2018.

Key initiatives undertaken during Financial Year 2022-23

- As part of data protection strategy, your Bank has implemented a data classification solution.
- Continuous efforts are made to redefine the ISMS to match the latest security trends and requirements.
- In order to measure the overall effectiveness of security posture and continuous improvement, your Bank has defined Key Risk Indicators for regular review by the Board and Top Management.
- Providing cyber security awareness on cyber fraud risks to the customers via regular email and SMS based advisories and alerts.
- Enabling the Brand Indicator and Message Identification [BIMI] feature for the Bank's email Messages to Customers.

Management Discussion and Analysis

Outlook

- In pursuit of taking proactive measures in threat handling and response, a leading XDR solution (Extended Detection and Response) is being onboarded.
- Continuous enhancement of data security measures including Information/Data Rights Management.
- Enabling the Brand Identification for the Bank's SMS Messages to Customers.

Internal control systems and their adequacy

Inspection and Audit (IAD) has put in place an independent inspection and audit mechanism cutting across various functions, processes and products of the bank to ensure adequate internal control in the day-to-day functioning, in line with Regulatory and Internal guidelines. The audit functionary is reporting to MD & CEO. The Audit Committee of the Board continuously provides macro-level guidance to the Inspection and Audit Department (IAD) and also periodically reviews its functioning. It also has an Internal Audit Policy approved by the Board. IAD is equipped with adequate skilled manpower and technical support to ensure effective audit process. Audit functions also support its efforts in fostering asset quality.

Risk Based Internal Audit (RBIA) as envisaged under Risk Based Supervision of the regulator is one of the major activities undertaken by IAD. It covers Branches/Business Units (BUs) and other Back Offices (BOs). RBIA focuses on the assessment and measuring of risks on the basis of inherent business risks and control gaps in major areas like Credit, Operations and Market risks. RBIA also identifies triggers/early detection of alerts, enforceability of loan documents and monitors security/charges created in favour of the Bank. At the most possible ways, the Vertical is utilising the Technical services (IT, Analytics etc) for the purpose of the audit program. In the entire RBIA process, right from the identification of branches/ business units to be inspected, inspection/audit process, follow up & compliance, arriving risk categorisation and upto review placed to ACB, it makes effective use of the analytic and technical capabilities of the Bank. It has conducted the RBIA of all the branches and BUs and BOs identified as eligible for financial year 2022-2023. IAD is also ensuring the genuineness of compliance submitted by the branches for RBIA report by conducting Compliance Audit at the branches by a separate team.

The bank has 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. The off-site audit mechanism and monitoring process is being explored and enhanced, with the objective to complete the activities on a near real-time basis. Selective post-sanction activities are being monitored on a continuous basis through RADAR (Real-time Automated Data Audit and Resolution) platform and audit preparedness has been given due importance. This helps in reducing the credit risk to the bank and will also be helpful in reducing the number of remarks in RBIA. The "First Time Right" approach is being insisted on at all levels to ensure that the actions/process carried out by the respective team shall be in full and complete without gaps. This has considerably reduced TAT for file closure and also improved compliance culture at BUs.

The concurrent audit covers Branches, Business Units and other Back Offices. Service of experienced external auditors is used for conducting concurrent audits as per the Auditor Appointment policy of the bank approved by the Board. During financial year 2022-2023, 154 branches were covered under Concurrent Audit. Besides this all Corporate Business Units (CBU), all Business Banking Units (BBU), Treasury, TBG etc & Centralised units like COC, CFPC, EMC, Tax cell, Demat Cell etc were also subjected to Concurrent Audit. Credit Audit is carried out for large credit exposures as part of the loan review mechanism stipulated as per regulatory requirements. IAD has a system of re-appraisal of jewels pledged under the Jewel Loan portfolio at least once a year covering all jewel loan lending branches. During financial year 2022-2023, 858 re-appraisals including surprise re-appraisal were conducted. Further, during RBIA inspection, the purity of jewels is verified on a random basis. As a part of preventive measure, the bank is conducting Jewel Loan Mystery Shopping.

SWIFT audit, transaction monitoring, Gold Loan monitoring, selected GL heads monitoring, spurt in business etc. are brought under off-site surveillance. Surprise verification, Re-appraisal of Jewel Loans etc., was initiated from the triggers received from off-site surveillance. These initiatives helped the bank in restricting frauds/attempted frauds. IAD undertakes audits of co-lending activities, pool buyouts, Management audits of central office verticals/business units, inspection of currency chests in line with RBI guidelines. Special audits like NPA audits as per regulatory requirements are taken through external auditors.

During the year, Bank has conducted Process Audit on selected processes for examining their effectiveness and efficiency. Examination of business and operational key risks, controls established to mitigate those risks, including compliance with regulations and established policy, and procedures have been carried out in this activity. The audit is conducted to provide an insight on both the design and control effectiveness of the process.

Management Discussion and Analysis

Bank is having Board approved IS Audit Policy which was reviewed during financial year 2022-2023. Macro-level guidance for IS audit is provided by the IT Strategy and Digital Transaction Monitoring Committee of the Board and the Audit Committee of the Board. Information System Audit is conducted once in a year covering critical applications, Technical Centres and back offices. During financial year 2022-2023, we have conducted IS audits across 477 branches, 30 offices and 18 other specialised audits. IAD has a team of qualified executives/ officers to conduct/manage various IS audits, VAPT, Continuous IS Audit of Data Centers, DRS, Alternative Channel Cells and vendor audit etc. External expertise, preferably through Cert-in empanelled firms, is utilised for the audit, wherever required.

Key highlights of Financial Year 2022-2023

- RBIA for 477 branches and all other Business Units identified for inspection for the financial year 2022-2023 is completed. RBIA reports of all 477 branches were closed and risk rating was also finalised. Improvement has been brought in audit report closure and overall branch risk rating.
- Implementation of Tamper Proof cover for Title documents.
- Identifying Critical/unique risks and sharing the same with stakeholders for mitigation.
- Introduction of Mystery Shopping and Offsite Jewel Image Verification.
- Conducted Study on repeated audit remarks – Initiating action to address the root cause.
- IS audit - Risk assessment methodology for Applications, Technical Centres and Vendors was defined.
- Concurrent Audit, covering 52.70% of the total deposit and 65.94% of the total advance of the Bank business.
- Offsite surveillance areas strengthened by including new areas under near real-time monitoring.
- To reduce credit risk and improve compliance culture, "RADAR monitoring" was implemented covering selected areas.

Outlook

- IAD has proposed new initiatives for continuous near real-time audit and risk evaluation. IAD will use digital data for 100% coverage under continuous offsite audit.
- The audit will focus both ex post (After the event) and ex ante (Before the event) and encourage "First Time Approach" and "Rapid Response" to mitigate the risk.
- IAD will leverage technology at all levels of audit function to enhance the coverage of off-site surveillance and off-site audit tools.
- Analytic inputs will be used as a tool and the audit program (Selection, audit, Follow-up, Review) will be system driven.
- IAD will carry out more process audits to ensure proper system behaviour and adequacy of controls to be put in place.
- The focus of RBIA shall be on picking up triggers of risk, EWS, Gaps in controls and processes, identifying operational risk etc.
- Collaborating with Risk, Compliance and Business Verticals to give assurance to management that adequate control is in place in the banking environment.

Medium and long-term strategy of the bank

While discussing the bank's strategy not only for the current financial year but also the next five years, the Bank is clear that it needs:

1. To put the customer at the centre of any decision.
2. A wide offerings basket across different segments.
3. To become more digital.
4. To grow our presence in the underpenetrated markets given the advantage of having 54% of our branches in semi-urban and rural areas.

Management Discussion and Analysis

The bank will pursue its strategy by utilising the following means:



People

- Nurturing in house talent.
- Induct fresh talent, where required, to complement in house capacity.
- Continuous capacity building of human resources in specialised areas such as Credit, Treasury, Forex, Risk Management, Collections and Recovery.
- Digital enablers to sales force at the field level.
- Talent acquisition through lateral hires wherever required.
- Talent management through appropriate retention measures.



Processes

- Digital adoption of processes to ensure that entire customer journey is through technology for delivering seamless personalised customer centric experience with minimum lead time.
- Improved decision making and operational excellence by leveraging data, business intelligence and advanced analytics.
- Study the changes in consumption patterns of customers, with customisation of financial products to suit the requirement of every profession/segment dominant in our command area.
- Adoption of technologies including Robotic Process Automation and Artificial Intelligence.



Practices

- Strong Governance and oversight.
- Developing a good compliance culture.
- Zero tolerance for non-adherence to process and compliance.
- Comprehensive risk management practices.
- Concentrating on Niche areas for growth.
- Focussing more in the southern states of Tamilnadu, Telangana and Andhra Pradesh for improvement in market share.



Planning

- Optimise use of financial resources.
- Improved efficiency of capital deployment.
- Ensuring adequate funding at competitive rates.



Partnerships

- Co-lending partnerships with NBFCs.
- Fintech partnerships for sourcing to provide customers with delightful experience across multiple channels.
- Meeting entire financial requirements of customers by having all the required tie ups and ensure one stop solution for all our customers.

Management Discussion and Analysis

The Bank's strategy is to deliver consistent financial performance, by providing superior services to the targeted group. The Bank will:

1. Offer our clients financial solutions/ products/ services, with continuous focus on southern and western markets and target retail and commercial business customers.

2. Provide efficient and competitive services leveraging digital channels with a focus to improve the market share of the Bank and follow policies to attract young customers and to sustain the granular growth by optimising the balance sheet, improving CASA to 40%, and improve ROA to 1.50%.

Disclosure of Accounting Treatment

The financial statements are prepared on a going concern concept, on a 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 the Banking Regulation Act, 1949. Accounting Policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

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 the 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 a set of rules, practices and processes on which an entity is directed and controlled. It places a framework for effective management, conduct business in an ethical and responsible manner, greater transparency, timely financial reporting, compliance and controls in place so that the interests of all stakeholders (shareholders, debenture holders, depositors, customers, employees, suppliers, community, etc.,) are safeguarded.

Banks play a vital role in the economy by intermediating funds from savers and depositors to activities that support enterprise and help to drive economic growth. A well-defined framework of corporate governance is very important for proper functioning of the banking sector and the economy as a whole.

Corporate Governance



Your Bank is committed towards achieving the highest standards of Corporate Governance by adhering to the guidelines issued by the regulators from time to time. The Board of Directors of your Bank oversees the functioning of the Bank and ensures the effective management, complete transparency, integrity & fairness, disclosures & compliance, accountability and responsibility towards the depositors & other 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 achieving the highest standards of Corporate Governance, the Board of directors of your Bank has implemented best practices in Corporate Governance by framing the "Corporate Governance Policy". The Policy was framed taking into account the relevant statutory provisions under the Banking Regulation Act, 1949, the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR'), circulars and other guidelines issued by the regulators from time to time. The Corporate Governance Policy is also available at the website of the Bank at https://www.kvb.co.in/docs/corporate-governance-policy.pdf.

BOARD COMPOSITION

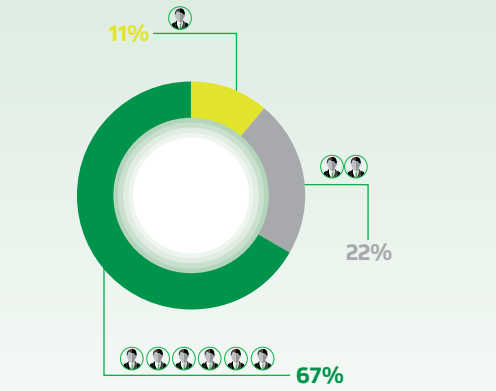
The Board of the Bank is governed and constituted in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder, provisions of Section 10A(2) of the Banking Regulation Act, 1949, SEBI LODR, the Articles of Association of the Bank, the extant guidelines issued by the Regulators from time to time in accordance with the best practices in Corporate Governance.

Board has Nine Directors as on the date of report, with a balanced combination of Six Non-Executive Independent Directors (including One Woman Non-Executive Independent (Part-time) Chairperson), One Executive Director (MD &CEO) and Two Non-Executive Non-Independent Directors with diverse skills relevant for the Banking Business in tune with Board Diversity policy of the Bank. Independent Directors constitute more than Sixty Five percentage of Board's total strength.

Board of the Bank is chaired by Dr Meena Hemchandra, Non-Executive (Part-time) Chairperson, who is an Independent Director.

Corporate Governance Report

Composition of Board (As on Date)



60 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 year –
1-5 years –
>5 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, differences in thought 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
Any other field of expertise as deemed appropriate for the Bank's business from time to time			

Corporate Governance Report

The details of core skills/expertise/competence and directorship in other companies possessed by the Board of Directors of the Bank as on this date of report:

Dr Meena Hemchandra[1]

Non-Executive Independent (Part-time) Chairperson

- Economics
- Banking
- Agricultural and Rural Economy
- Finance
- Business Management
- Treasury Operations
- Payments & Settlements System
- Information Technology
- Cyber Security
- Risk Management
- Supervision
- Business Analytics

Shri B Ramesh Babu

Managing Director and Chief Executive Officer

- Accountancy
- Banking
- Human Resources
- Payments & Settlements System
- Strategic Planning
- Treasury Operations

Shri M V Srinivasamoorthi

Non-Executive Non-Independent Director (Promoter)

- Business Management
- MSME

Dr K S Ravichandran

Non-Executive Independent Director

- Accountancy
- Audit
- Credit Recovery
- Governance
- Law
- MSME

Shri R Ramkumar

Non-Executive Non-Independent Director (Promoter Group)

- Business Management
- Finance
- Human Resources

Corporate Governance Report

Shri K G Mohan Non-Executive Independent Director	Business Management	Cyber Security	Information Technology	MSME		
Dr Harshavardhan R[2] Non-Executive Independent Director	Strategic planning	Risk Management	Business Management	Payments & Settlements System		
Shri Murali Ramaswami[3] Non-Executive Independent Director	Banking	Credit	Finance	Accountancy	Marketing	Payments & Settlements System
	Treasury Operations	Information Technology				
CA Chinnasamy Ganesan[4] Non-Executive Independent Director	Accountancy	Finance	Information Technology	Cyber Security	Audit	Taxation

[1] Having a Directorship and is a member of Committee in one Unlisted Public Limited Company in addition to this Bank.

[2] Having a Directorship and is a member of Committee in one Unlisted Public Limited Company in addition to this Bank.

[3] Having a Directorship in a Listed Company - Can Fin Homes Limited and is member & chairman of a Committee of the Company in addition to this Bank.

[4] CA Chinnasamy Ganesan is co-opted as an Additional Director of the Bank on April 25, 2023. Subsequently, he was appointed as Non-Executive Independent Director w.e.f. April 25, 2023 by shareholders vide Postal Ballot resolution passed on June 30, 2023. He has Directorship in a Debt Listed Company - Belstar Microfinance Limited and member of two Committees & Chairman of one Committee of the Company in addition to this Bank.

None of the Directors are member of more than ten Board level Committees and Chairman of more than five Committees across all listed and unlisted public limited Companies. For the purpose of considering the limit of Membership and Chairpersonship in the listed and unlisted Public Limited Companies, Audit/Stakeholder Relationship Committee, have been considered as per Regulation 26(1)(b) of SEBI LODR.

Corporate Governance Report

PROFILE OF BOARD OF DIRECTORS



Dr Meena Hemchandra
DIN: 05337181
Non-Executive Independent (Part-time) Chairperson

Qualification:	Experience:	Sectorial Representation on the Board:
M.A., (Economics), Ph.D.,(Economics), EDP on Advanced Risk Management for Leadership Roles - Wharton (USA), CFA (India), C.A.I.I.B.,	Career Central Banker with four decades of Experience & Retired Executive Director of RBI	Economics, Banking, Agricultural and Rural Economy, Finance, Business Management, Treasury Operations, Payments & Settlements System, Information Technology, Cyber Security, Risk Management, Supervision and Business Analytics ("Majority Sector")
Date of Appointment:	**Tenure on Board:**	**No of Shares held:**
26.05.2022	> 1 Year	2,500

Dr Meena Hemchandra is a career central banker with Four decades 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 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).

She was appointed as Non-Executive Independent (Part-time) Chairperson of the Bank for a period of three (3) years from the date of taking charge as approved by Reserve Bank of India. She had taken charge on July 25, 2022.

Corporate Governance Report



Shri B Ramesh Babu
DIN: 06900325
Managing Director and Chief Executive Officer

Qualification:	Experience:	Sectorial Representation on the Board:
M. Com., (with specialization in Banking); C.A.I.I.B., Diploma in International Factoring by Factors Chain International, Netherlands.	An astute Banker with four decades of all-round experience	Accountancy, Banking, Human Resources, Payments & settlements systems, Strategic Planning and Treasury Operations ("Majority Sector")
Date of Appointment:	**Tenure on Board:**	**No of Shares held:**
29.07.2020	~3 Years	38,635

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 painpoints 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 V Srinivasamoorthi
DIN: 00694618
Non-Executive Non-Independent Director

Qualification:	Experience:	Sectorial Representation on the Board:
B.Sc., (Chemistry)	More than three decades of experience in Export of Garments	Business Management and MSME ("Majority Sector")
Date of Appointment:	**Tenure on Board:**	**No of Shares held:**
27.08.2015	> 7.5 Years	2,28,980

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.

Corporate Governance Report



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

Qualification:	Experience:	Sectorial Representation on the Board:
M.Com., F.C.S., L.L.B., Ph.d., Diploma in Electronics & Radio Communication Engineering, and Diploma in Technology	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.,	Accountancy, Audit, Credit Recovery, Governance, Law and MSME ("Majority Sector")
Date of Appointment:	**Tenure on Board:**	**No of Shares held:**
26.05.2016	> 7 Years	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 11 books and addressed in more than 500 seminars, workshops and conferences.

He has addressed many seminars/conferences with respect to MSME related issues. He was special panel speaker for ASSOCHAM's conference on "Tamil Nadu: Towards a Trillion Dollar Economy by 2030 - Evolving an Enabling Ecosystem" related to importance of MSMEs in ESG value chain. He is actively involved in MSME business advisory. He has made several representations to the MSME Secretary on behalf of Government of Karnataka with respect to MSME related issues.



Shri R Ramkumar
DIN: 00275622
Non-Executive
Non-Independent Director

Qualification:	Experience:	Sectorial Representation on the Board:
B.C.S., M.B.A (Human Resources)	Having more than a decade of experience in Textile Business and also has a business interest in certain finance firms	Business Management, Finance and Human Resources ("Minority Sector")
Date of Appointment:	**Tenure on Board:**	**No of Shares held:**
25.06.2018	> 5 Years	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:	Experience:	Sectorial Representation on the Board:
B.Tech (Chemical Engineering) - IIT Madras, Post Graduate Diploma in Industrial Engineering.	More than four decades of corporate working experience with large multinationals as well as independent technology professional post retirement	Business Management, Cyber Security, Information Technology and MSME ("Majority Sector")
Date of Appointment:	**Tenure on Board:**	**No of Shares held:**
01.02.2020	> 3 Years	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 and Mentoring technology teams to enhance their impact.

He has experience in providing advisory to MSME registered entities in Information Technology space. As an IT consultant, he regularly deals with technology related issues in MSME sector.



Dr Harshavardhan R
DIN: 01675460
Non-Executive
Independent Director

Qualification:	Experience:	Sectorial Representation on the Board:
B.E., (Mechanical Engineering), M.B.A., - IIM Kolkata, M.S. (Quantitative Finance), Ph.D., (Business Economics & Strategy).	Around three decades of experience in Management Consultancy	Strategic Planning, Risk Management, Business Management and Payments & settlements systems ("Majority Sector")
Date of Appointment:	**Tenure on Board:**	**No of Shares held:**
30.07.2020	~ 3 Years	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

Corporate Governance Report

and wealth management, insurance, asset management and so on, 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 agriecosystem.

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.



Shri Murali Ramaswami
DIN: 08659944
Non-Executive
Independent Director

Qualification:	Experience:	Sectorial Representation on the Board:
B.Com., M.B.A., AICWA., C.A.I.I.B., DBF(ICFAI)	Seasoned banker having wide experience for more than three decades	Banking, Credit, Finance, Accountancy, Marketing, Payments & Settlements System, Information Technology and Treasury Operations ("Majority Sector")
Date of Appointment:	**Tenure on Board:**	**No of Shares held:**
14.06.2022	>1 Year	2,600

Shri Murali Ramaswami is a seasoned banker having wide experience for more than Three decades. 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. Further, he was an Independent Director in Deccan Finance Limited and presently, he is an Additional Director (under Independent) in Can Fin Homes 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.

Corporate Governance Report



CA Chinnasamy Ganesan
DIN: 07615862
Non-Executive
Independent Director

Qualification:	Experience:	Sectorial Representation on the Board:
B.Com., FCA., DISA (ICAI)	More than three decades of experience in the area of audit.	Accountancy, Finance, Information Technology, Cyber Security, Audit and Taxation ("Majority Sector")

Date of Appointment:	Tenure on Board:	No of Shares held:
25.04.2023	<1 Year	2,500

CA Chinnasamy Ganesan is a Chartered Accountant having more than three decades of experience in the area of audit. He handled Indian and multi-national clients in automotive, auto ancillary, IT/ ITES, BPOs, KPOs, telecom, industrial markets, consumer markets, pharma/ healthcare, transport/ logistics, shipping management, BSRE, oil and gas, plantation, banking, financial services and insurance sector. He was the lead partner for many Indian and multi-national companies and carried out audits, advisory on international financial reporting, taxation, due diligence and other assurance services.

He has more than 25 years of extensive knowledge and experience in carrying out bank audit and in training bank officials in financial reporting. He specialises in Financial Reporting (including Ind AS, IFRS and US GAAP), Company law matters, audit and taxation and was conferred Honorary Doctorate ("honoris causa") in International Financial Reporting Standards for his extensive contribution to Ind AS and IFRS by a renowned foreign university

He is an active resource person for Regional Training Institute of Comptroller and Auditor General of India, Staff training college of Indian Bank, Indian Overseas Bank, Reserve Bank of India and several other banks. He was an Independent Director in board of directors of RailTel Corporation of India Limited, a Mini-Ratna Public sector undertaking under the Ministry of Railways. He is also a Non-Executive Independent Director of Belstar Microfinance Limited.

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

Pursuant to 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, all Independent Directors of the Bank have submitted the declaration that they have met the criteria of Independence. Based on the declaration received from the Independent Directors, the Board of Directors have assessed and confirmed that they are independent of the management & 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) Rules, 2014, 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.

Dr Meena Hemchandra, Dr K S Ravichandran, Shri K G Mohan, Dr Harshavardhan R and CA Chinnasamy Ganesan, 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

A formal letter of appointment is issued by the Bank to the newly appointed Director containing, inter alia, 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 familiarisation programmes intend to provide an introductory orientation to the newly inducted Directors to enable them to familiarise the functioning of the Bank so as to gain a clear

Corporate Governance Report

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 FICCI, IDRBT, CAFRAL and other reputed institutions.

Further, newly inducted Independent Directors were familiarised with policies and procedures of the Bank. During the financial year 2022-23, Independent Directors have attended 32 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/docs/disclosure-on-familiarisation-programmes-for-board-of-directors.pdf

RESIGNATION OF INDEPENDENT DIRECTOR

None of the Independent Directors resigned during the financial year 2022-23.

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 LODR, Bank had undertaken Directors and Officers insurance ('D & O insurance') for all its Directors, including Independent Directors, for a quantum and risks as determined by the Board of Directors of the Bank from time to time.

BOARD PROCEDURE

The meeting of the Board and its Committee are scheduled well in advance and the information including date, time and place of the meetings are 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 provide any explanations related to the Notes and seek feedback from the Board if any. On every Board Meeting, Board is briefly informed about recent activity, initiatives, key events, etc., in the Bank and Chairperson of the respective Committees of the Board also present a verbal summary of key points discussed at the Committee Meetings. Further, video conferencing facility is also 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, governance and cordial environment in the Board.

In case of exigency or urgency of matters, Board and its Committee also pass the resolutions by circulation. 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.

BOARD MEETINGS

During the financial year 2022-23, 15 Board Meetings were held and the maximum time gap between any two meetings was not more than 120 days. The dates of the meetings are mentioned below:

27/04/2022	20/05/2022	26/05/2022	14/06/2022	04/07/2022	25/07/2022	29/08/2022	22/09/2022
21/10/2022	22/11/2022	08/12/2022	07/01/2023	23/01/2023	18/02/2023	15/03/2023	

Corporate Governance Report

The details of attendance of each Director at the Board meetings held during the period 01st April 2022 to 31st March 2023 are mentioned below along with Attendance details at last AGM of the Bank held through VC/OAVM:

Name of the Director Sarvashri	Category	No of Meetings during his/ her tenure		Attendance at last AGM (03.08.2022)
		Attended / Conducted	% of Attendance	
Dr Meena Hemchandra	Non-Executive Independent (Part-time) Chairperson	12/12	100	Yes
B Ramesh Babu	Managing Director & Chief Executive Officer	15/15	100	Yes
M V Srinivasamoorthi	Non-Executive Non-Independent Director	14/15	93	Yes
Dr K S Ravichandran	Non-Executive Independent Director	14/15	93	Yes
R Ramkumar	Non-Executive Non-Independent Director	15/15	100	Yes
K G Mohan	Non-Executive Independent Director	14/15	93	Yes
Dr Harshavardhan R	Non-Executive Independent Director	15/15	100	Yes
Murali Ramaswami	Non-Executive Independent Director	11/11	100	Yes
N S Srinath [1]	Non-Executive Independent (Part-time) Chairman	3/3	100	NA
Dr V G Mohan Prasad [2]	Non-Executive Independent Director	4/4	100	NA
M K Venkatesan[3]	Non-Executive Non-Independent Director	11/11	100	Yes
A K Praburaj[3]	Non-Executive Non-Independent Director	11/11	100	Yes
CA K L Vijayalakshmi[4]	Non-Executive Independent Director	15/15	100	Yes

[1] Shri N S Srinath, Non-Executive Independent (Part-time) Chairman of the Bank demitted office at the close of office hours on 26th May 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 14th June 2022, consequent to completion of his tenure.

[3] Shri M K Venkatesan and Shri A K Praburaj, Non-Executive Non-Independent Directors of the Bank demitted office at the close of office hours on 08th December 2022, consequent to completion of their tenure.

[4] CA K L Vijayalakshmi, Non-Executive Independent Director of the Bank demitted office at the close of office hours on 21st March 2023, consequent to completion of her tenure.

Shri Srinivasa Rao Maddirala, Company Secretary & Deputy General Manager acts as the Secretary to the Board and all its Committees.

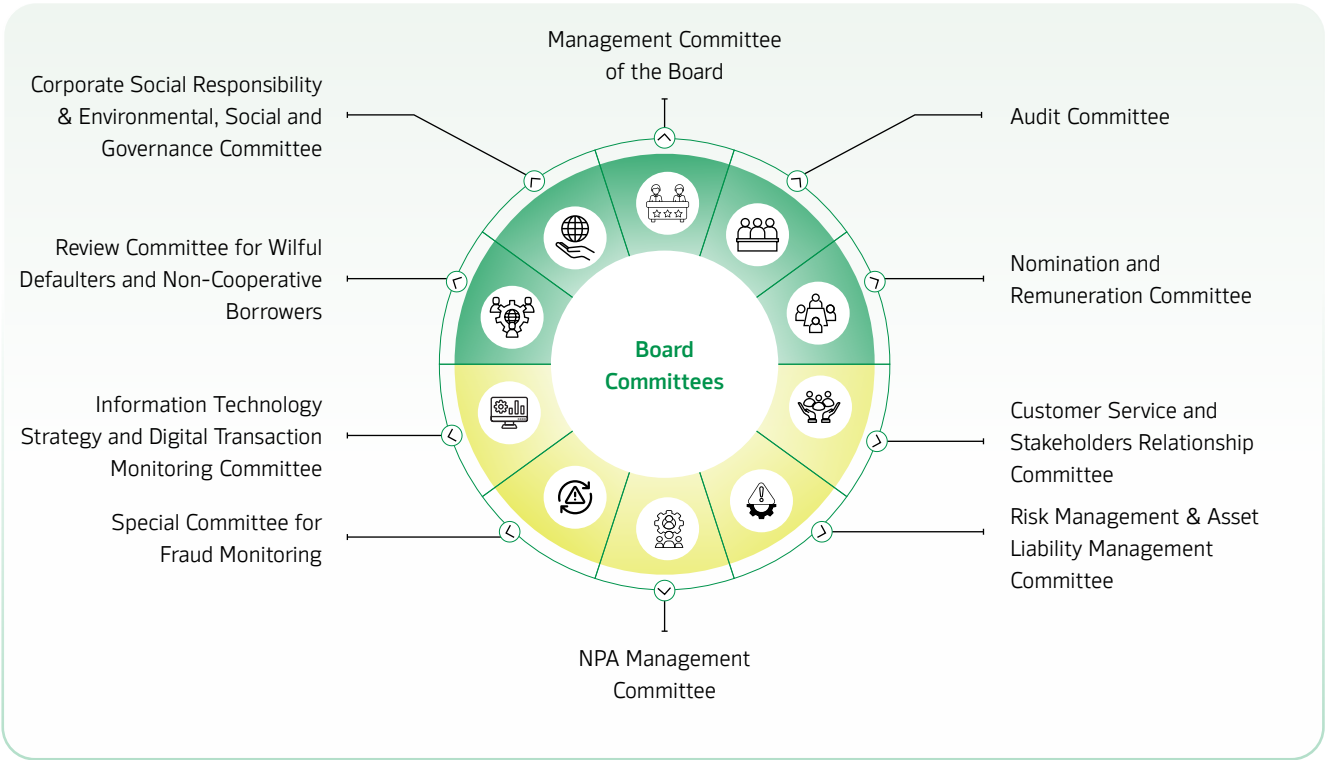
COMMITTEES OF THE BOARD

Board level Committees are usually formed as per the relevant regulatory guidelines and business requirement in order to improve the board effectiveness and impart special attention in areas where more focus 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 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 from each other and are provided with sufficient authority, as also 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 review or approval.

Corporate Governance Report

Board has constituted and functioned with 10 Committees as on March 31, 2023 namely as under:



1. Management Committee of the Board (MCB)

Management Committee of the Board is a non-statutory Board level 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 2022-23, Management of Committee of the Board met 10 times and the date of the meetings are mentioned below:

11/05/2022	22/06/2022	08/08/2022	20/09/2022	27/10/2022	28/11/2022	21/12/2022
06/02/2023	27/02/2023	20/03/2023				

Corporate Governance Report

The details of attendance of each Director at the meetings held during the period from 01st April 2022 to 31st March 2023 are mentioned below:

Name of the Director Sarvashri	No of Meetings during his/her tenure Attended / Conducted	% of Attendance
B Ramesh Babu Chairman of the Committee	10/10	100
R Ramkumar	10/10	100
K G Mohan*	0/0	NA
Dr Harshavardhan R	10/10	100
N S Srinath#	1/1	100
M K Venkatesan$	6/6	100
Murali Ramaswami@	7/7	100

* Member of the Committee from 22.03.2023

Member of the Committee till 26.05.2022

$ Member of the Committee till 08.12.2022

@ Member of the Committee from 30.08.2022 till 21.03.2023

Composition of Management Committee of the Board (MCB) as on March 31, 2023



Non-Executive Independent Directors	50% (2)
Non-Executive Non-Independent Director	25% (1)
Executive Director (MD&CEO)	25% (1)

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 a 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; and
    - 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.

Corporate Governance Report

- 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 form 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. To review the Policies related to the committee and recommend to the Board for approval.
14. Any other matter referred by the Board.

2. Audit Committee of the Board (ACB)

Audit Committee of the Board (ACB) is one of the key statutory committees and 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.

As on March 31, 2023, ACB is chaired by an Independent Director. All the members are financially literate and have adequate knowledge in accounting and financial management. The Chairperson of the ACB was present at the last Annual General Meeting.

During the financial year 2022-23, 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:

19/04/2022	20/05/2022	30/05/2022	02/07/2022	25/07/2022	19/08/2022	19/09/2022
21/10/2022	24/11/2022	15/12/2022	23/01/2023	13/02/2023	09/03/2023	20/03/2023

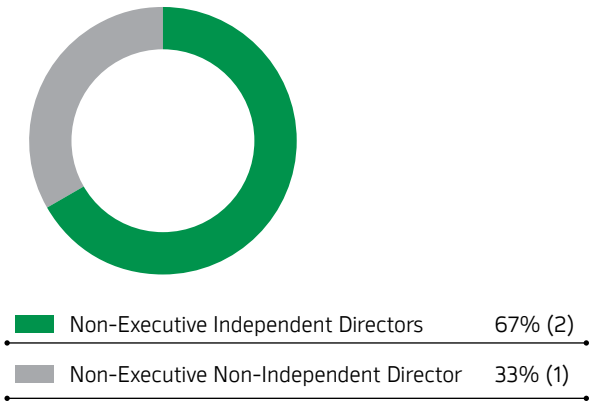
The details of attendance of each Director at the meetings held during the period from 01st April 2022 to 31st March 2023 are mentioned below:

Name of the Director Sarvashri	No of Meetings during his/ her tenure Attended/Conducted	% of Attendance
Murali Ramaswami* Chairman of the Committee	8/8	100
M V Srinivasamoorthi#	8/8	100
Dr Harshavardhan R $	14/14	100
Dr V G Mohan Prasad @	2/3	67
A K Praburaj ^	6/6	100
CA K L Vijayalakshmi&	14/14	100

* Member of the Committee from 30.08.2022 and Chairman of the Committee from 22.03.2023
# Member of the Committee from 30.08.2022
$ Member of the Committee from 01.04.2022
@ Member of the Committee till 14.06.2022
^ Member of the Committee till 29.08.2022
& Member and Chairperson of the Committee till 21.03.2023

Corporate Governance Report

Composition of Audit Committee of the Board (ACB) as on March 31, 2023



The terms of reference of the Committee, inter-alia, include 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 subsection 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 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;

Corporate Governance Report

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. To review the polices related to Committee and recommend to the Board for approval.
28. Performing any other functions, duty as stipulated by the Companies Act, 2013, Reserve Bank of India, SEBI LODR, SEBI PIT Regulations and any other regulatory authority or under any applicable laws as prescribed from time to time.

3. Nomination and Remuneration Committee (NRC)

Pursuant to the provisions of the Companies Act, 2013, SEBI LODR and the extant guidelines of Reserve Bank of India, your Bank has constituted Board level Nomination & Remuneration Committee (NRC) which, inter alia, deals with the matters relating to appointments on the Board and Senior Management, performance appraisal and compensation related matters of the Bank.

NRC has 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, qualification, experience, track record, integrity, etc., and various circulars instructions and guidelines issued by Reserve Bank of India from time to time.

NRC is also reviewing and assessing the composition mix and performance of the Board as well as identifying appropriately qualified persons to confirm Board Diversity.

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 2022-23, Nomination and Remuneration Committee met 7 times and the date of the meetings are mentioned below:

19/05/2022	26/05/2022	13/06/2022	21/09/2022
29/12/2022	21/01/2023	01/03/2023	

Corporate Governance Report

The details of attendance of each Director at the meetings held during the period from 01st April 2022 to 31st March 2023 are mentioned below:

Name of the Director Sarvashri	No of Meetings during his/her tenure Attended / Conducted	% of Attendance
Dr K S Ravichandran Chairman of the Committee	7/7	100
Dr Meena Hemchandra *	4/4	100
M V Srinivasamoorthi#	3/3	100
K G Mohan $	5/5	100
N S Srinath @	2/2	100
M K Venkatesan ^	4/4	100

* Member of the Committee from 30.08.2022

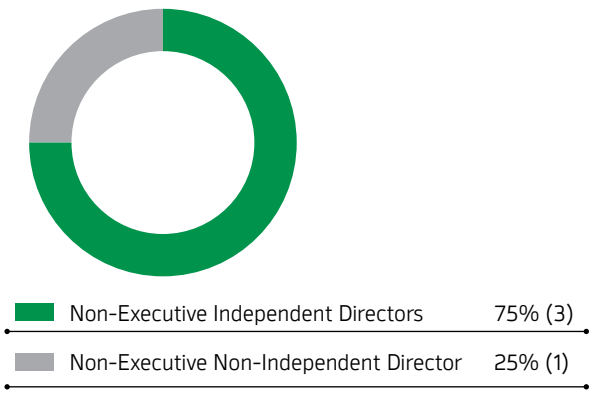
Member of the Committee from 09.12.2022

$ Member of the Committee from 27.05.2022

@ Member of the Committee till 26.05.2022

^ Member of the Committee till 08.12.2022

Composition of Nomination and Remuneration Committee (NRC) as on March 31, 2023



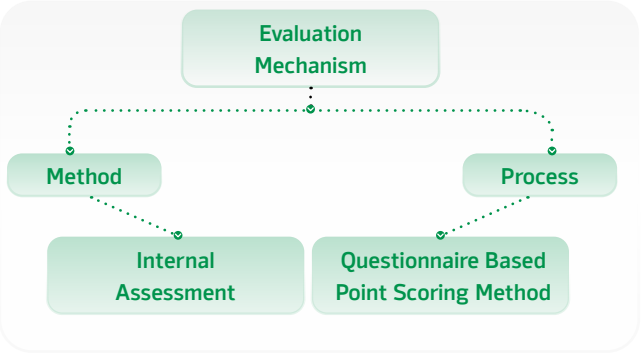
The terms of reference of the Committee, inter-alia, include the following:

1. To formulate criteria for determining qualifications, positive attributes and independence of a director, in terms of fit and proper criteria issued by the RBI from time to time.
2. To devise/review a Policy on Appointment and Succession Planning for Directors and Senior Management.
3. To devise/review a policy on Board Diversity.
4. To formulate/review criteria for evaluation of performance of Chairman, Independent Directors, Board of Directors, Committees of Board.
5. 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.
6. 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.
7. To formulate the criteria for variable pay and fix the thresholds for applying malus & clawback on the grant of variable pay payable to MD & CEO/ WTD.
8. To also review and recommend to the board, all remuneration, in whatever form, payable to Directors & senior management.
9. To consider grant of stock options to employees, administer and supervise the Employee Stock Option Plans in conformity with statutory provisions and guidelines.
10. To provide inputs, if required, 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.
11. To review the polices related to Committee and recommend to the Board for approval.
12. 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.

Corporate Governance Report

Evaluation of Board's Performance

Particulars	Category	Disclosures
Evaluation of	Board as a whole Board Committees Chairperson MD & CEO Non - Executive Directors including Independent Directors	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 based on questionnaire.



Evaluation Criteria

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.

Category	Criteria
Board	Criteria, inter-alia, includes such as composition, structure, effectiveness of board processes, familiarisation & training programs, information and functioning, management relations, strategy, risk management, inputs from the directors, etc.,
Board's Committee	Criteria, inter-alia, includes such as composition, effectiveness, periodicity of meetings, function and duties, management relations, committee meetings and procedures, inputs from the minutes of committee meeting and chairperson of the respective committee, etc.,
Chairperson	Criteria, inter-alia, includes such personal attributes, leadership qualities, ability to synthesise discussion, management of balance between stakeholders, maintenance of good working relationship and communication within the Board and among senior management, promoting sense of participation among the members and implementing best Corporate Governance practices, etc.,
MD & CEO	Criteria, inter-alia, includes 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.,
Non – Executive Non Independent Directors	Criteria, inter-alia, includes such as attendance and participation at the Board, knowledge and expertise, management of relationship with stakeholders, integrity and maintenance of confidentiality, personal attributes, etc.,
Non – Executive Independent Directors	Criteria, inter-alia, includes such as participation in ID meeting, expression of independent views and judgement, independence from the management in addition to the above Criteria formulated to Non – Executive Non Independent Directors

The Board of Directors in their meeting held on April 25, 2023 have carried out the annual evaluation on the performance of Board, its Committees, Chairperson, Managing Director & CEO and Non - Executive Directors including 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.

Board acknowledges that Independent Directors are having diversified expertise with competence and integrity and who express their opinions freely as well as exercise their own judgements.

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 viz., Members awareness about on the press release, market information about the company and more focus on succession planning for employees who holding key positions.



Corporate Governance Report

2. Previous year's observations and actions taken: Previous year's observations were 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.

   Actions taken: In order to standardise the Data presented to the Board, Bank has implemented the specific format based presentation. Bank has initiated steps to provide training program for directors from reputed institutions. As a part continuous improvements to risk management framework bank has implemented changes in line with the current market environment.

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.

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.

Further, 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 and 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 investors.

In line with the above regulatory provisions, Bank has constituted a Customer Service and Stakeholders' Relationship Committee ("CS&SRC"). The Committee is chaired by a Non-Executive Director and the Chairman of the CS&SRC was present at the last Annual General Meeting.

During the financial year 2022-23, the Committee met 2 times and the date of the meetings are mentioned below:

18/08/2022	13/03/2023

The details of attendance of each Director at the meetings held during the period from 01st April 2022 to 31st March 2023 are mentioned below:

Name of the Director Sarvashri	No of Meetings during his/her tenure	% of Attendance
	Attended / Conducted	
Dr Meena Hemchandra * Chairperson of the Committee	1/1	100
B Ramesh Babu	2/2	100
R Ramkumar#	2/2	100
K G Mohan$	1/1	100
Dr V G Mohan Prasad ^	0/0	NA
M K Venkatesan [1]	1/1	100
A K Praburaj [2]	0/0	NA
CA K L Vijayalakshmi [3]	1/1	100

* Member and Chairperson of the Committee from 09.12.2022

Member of the Committee till 29.08.2022 and from 09.12.2022

$ Member of the Committee from 30.08.2022

^ Member and Chairman of the Committee till 14.06.2022

[1] Member and Chairman of the Committee from 15.06.2022 till 08.12.2022

[2] Member of the Committee from 30.08.2022 till 08.12.2022

[3] Member of the Committee till 29.08.2022

Shri Srinivasa Rao Maddirala, Company Secretary & Deputy General Manager, is the Compliance Officer in terms of Regulation 6 of the SEBI LODR.

Corporate Governance Report

Composition of Customer Service and Stakeholders Relationship Committee (CS & SRC) as on March 31, 2023



Non-Executive Independent Directors	50% (2)
Non-Executive Non-Independent Director	25% (1)
Executive Director (MD&CEO)	25% (1)

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

1. Formulating comprehensive Deposit Policy, incorporating the issues such as the treatment of death of a depositor (for operations of his account), the product approval process, annual survey of depositor satisfaction and the triennial audit of such services;
2. The Committee shall also examine any other issues which have a bearing on the quality of customer service rendered by the Bank;
3. To review the actions taken/ being taken by the Bank to standardize the delivery of customer service;
4. To review the results of the surveys conducted that provide quantitative and qualitative feedback from customers' experience of the service rendered by the bank;
5. Review the awards given by the Banking Ombudsman in respect of complaint filed by any customer with the Ombudsman and also to review awards remaining unimplemented for more than three months with the reason(s) thereof;
6. 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.
7. Further, with a view to enhancing the effectiveness of the Customer Service Committee, banks should also:
   a) place all the awards given by the Banking Ombudsman before the Customer Service Committee to enable them to address issues of systemic deficiencies existing in banks, if any, brought out by the awards;
   b) place all the awards remaining unimplemented for more than three months with the reasons therefor before the Customer Service Committee to enable the Customer Service Committee to report to the Board such delays in implementation without valid reasons and for initiating necessary remedial action; and
8. To review and monitor 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 / statutory notice by the shareholders of the Bank, transfer or transmission of shares, issue of duplicate share certificate, splitting or consolidation, dematerialisation, rematerialisation, transmission of securities etc. The 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.
9. To review the adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent to its shareholders;
10. Review of measures taken for effective exercise of voting rights by the shareholders and recommend measures for overall improvement in the quality of investor services.
11. To review various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants along with compliances with respect to IEPF etc.
12. To review the polices related to Committee and recommend to the Board for approval.
13. To consider and review such other matters, as the Committee may deem fit, from time to time.

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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.

Details of investor complaints received and resolved during financial year 2022-23:

Opening as on April 01, 2022	Received during the year	Resolved during the year	Closing as on March 31, 2023
-	21	21	-

All the complaints were redressed within the prescribed time line and the communication of the same was duly forwarded to the shareholders.

5. Risk Management and Asset Liability Management Committee (RM & ALM)

Pursuant to the guidelines of RBI on Risk Management Systems and SEBI LODR, your Bank has formed Risk Management and Asset Liability Management Committee (RM & ALM). The Committee, inter alia, reviews the Bank's risk management framework and ensures effective implementation of the risk management strategies 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 2022-23, the Committee met 4 times and the date of the meetings are mentioned below:

24/06/2022	22/08/2022
21/11/2022	13/03/2023

The details of attendance of each Director at the meetings held during the period from 01st April 2022 to 31st March 2023 are mentioned below:

Name of the Director Sarvashri	No of Meetings during his/her tenure Attended / Conducted	% of Attendance
Dr Harshavardhan R Chairman of the Committee	4/4	100
Dr Meena Hemchandra *	2/2	100
B Ramesh Babu	4/4	100
R Ramkumar *	2/2	100
M K Venkatesan $	2/2	100
K S Ravichandran $	2/2	100

* Member of the Committee from 30.08.2022

$ Member of the Committee till 29.08.2022

Composition of Risk Management and Asset Liability Management Committee (RM & ALM) as on March 31, 2023



Non-Executive Independent Directors	50% (2)
Non-Executive Non-Independent Director	25% (1)
Executive Director (MD&CEO)	25% (1)

Corporate Governance Report

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

1. To review foresee future changes and threats and prioritize 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
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;
8. To review Cyber Security of the Bank on a regular basis;
9. To review the Asset Liability Management (ALM) of the Bank on a regular basis;
10. To advise the Board on all risk matters;
11. To consider any major regulatory issues that may have a bearing on the risk profile and risk appetite of the Bank;
12. 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.
13. 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;
14. To exercise oversight over the risk management function of the Bank;
15. 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;
16. To provide guidance and inputs to the Board and the Management on the hiring and reporting structure of the 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; and
17. 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.
18. To review the Policies related to the committee and recommend to the Board for approval.
19. 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.
20. 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

Your Bank has constituted NPA Management Committee to monitor stressed assets, 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. The Committee is headed by a Non-Executive Independent Director.

During the financial year 2022-23, the Committee met 4 times and the date of the meetings are mentioned below:

20/06/2022	22/08/2022
07/12/2022	10/03/2023

Corporate Governance Report

The details of attendance of each Director at the meetings held during the period from 01st April 2022 to 31st March 2023 are mentioned below:

Name of the Director Sarvashri	No of Meetings during his/her tenure Attended/Conducted	% of Attendance
Dr K S Ravichandran Chairman of the Committee	4/4	100
Dr Meena Hemchandra*	0/0	NA
B Ramesh Babu	4/4	100
M V Srinivasamoorthi $	2/2	100
A K Praburaj @	1/1	100
CA K L Vijayalakshmi ^	4/4	100

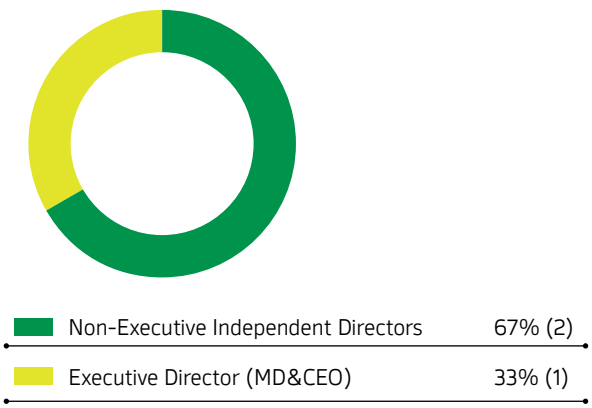
* Member of the Committee from 22.03.2023

$ Member of the Committee till 29.08.2022

@ Member of the Committee from 30.08.2022 till 08.12.2022

^ Member of the Committee till 21.03.2023

Composition of NPA Management Committee as on March 31, 2023



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

1. Periodical review of the large corporate loans and advances appearing in SMA lists
2. Periodical review of Non-performing Assets of large value (₹ 2.5 Cr 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 approve compromise, restructuring, rescheduling or one time settlement proposals as per the delegation of powers.
5. To review the progress of recovery and monitor the process of recovery mechanism of the Bank.
6. To review the status of SARFAESI compliance for every six months.
7. To review the trends of NPAs in the industry and direct the recovery measures
8. To review the suits filed cases of large value (₹ 2.5 Crore and above)
9. To review the statuses on technical write off accounts.
10. To review the polices related to the Committee and recommend to the Board for approval
11. 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 has advised to constitute a 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.

In view of the above regulatory guidelines, your Bank has constituted a Board level Special Committee for Fraud Monitoring (SCFM) 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 the RBI guidelines, the Committee should consist of five members of which include Managing Director, Two members from ACB and Two other members from the Board excluding RBI nominee, if any. The Committee is headed by MD & CEO of the Bank.

During the financial year 2022-23, the Committee met 3 times and the date of the meetings are mentioned below:

22/06/2022	27/10/2022	06/02/2023

Corporate Governance Report

The details of attendance of each Director at the meetings held during the period from 01st April 2022 to 31st March 2023 are mentioned below:

Name of the Director Sarvashri	No of Meetings during his/her tenure Attended / Conducted	% of Attendance
B Ramesh Babu Chairman of the Committee	3/3	100
M V Srinivasamoorthi	3/3	100
R Ramkumar*	2/2	100
K G Mohan	3/3	100
Murali Ramaswami@	0/0	NA
Dr V G Mohan Prasad$	0/0	NA
A K Praburaj^	1/1	100
CA K L Vijayalakshmi#	3/3	100

* Member of the Committee from 30.08.2022

@ Member of the Committee from 22.03.2023

$ Member of the Committee till 14.06.2022

^Member of the Committee till 29.08.2022

Member of the Committee from 15.06.2022 till 21.03.2023

Composition of Special Committee for Fraud Monitoring (SCFM) as on March 31, 2023



Non-Executive Independent Directors	40% (2)
Non-Executive 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, reporting to top management of the bank and RBI;
3. Monitor progress of Central Bureau of Investigation / Police Investigation, and recovery position on quarterly basis or during the next meeting;
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.
7. Put in place a system of internal vigilance mechanism as per the guidelines.
8. The Committee is also entrusted with responsibility of monitoring the cyber and electronic Banking frauds as per extant guidelines.
9. 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.
10. To review the polices related to the Committee and recommend to the Board for approval.
11. To review the meetings of Executive Level Committees aligned to SCFM (FMG, FRMC).

8. Information Technology Strategy and Digital Transaction Monitoring Committee (ITS & DTMC)

Your Bank has formed Information Technology Strategy and Digital Transaction Monitoring Committee (ITS & DTMC) pursuant to guidelines/circulars issued by RBI. The Committee, inter-alia, ensures that the Bank is appropriately placed in a rapidly changing technological environment and adopted the right technology at the right time to ensure continued competitiveness, safety, security, encouraging of digital transactions in line with national objectives, formulation of IT strategies and review IT investments.

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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 2022-23, the Committee met 4 times and the date of the meetings are mentioned below:

21/04/2022	17/08/2022
16/12/2022	14/03/2023

The details of attendance of each Director at the meetings held during the period from 01st April 2022 to 31st March 2023 are mentioned below:

Name of the Director Sarvashri	No of Meetings during his/her tenure	% of Attendance
	Attended / Conducted	
K G Mohan Chairman of the Committee	4/4	100
Dr Meena Hemchandra*	2/2	100
B Ramesh Babu	4/4	100
M V Srinivasamoorthi@	2/2	100
A K Praburaj $	2/2	100
Dr Harshavardhan R @	2/2	100

* Member of the Committee from 30.08.2022

@ Member of the Committee till 29.08.2022

$ Member of the Committee till 08.12.2022

Composition of Information Technology Strategy and Digital Transaction Monitoring Committee (ITS & DTMC) as on March 31, 2023



Non-Executive Independent Directors	67% (2)
Executive Director (MD&CEO)	33% (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;

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17. Reviewing the Minutes of Executive Level Committees "Technology (IT Steering)" and Convener Department "Information & Technology Department (ITD)"; and "Information Security (IS)" and Convener Department "Information Security Group (ISG)"; and

18. To review the polices related to the Committee and recommend to the Board for approval.

19. 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 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 2022-23, one meeting was held on 21/12/2022.

The details of attendance of each Director at the meetings held during the period from 01st April 2022 to 31st March 2023 are mentioned below:

Name of the Director Sarvashri	No of Meetings during his/her tenure Attended / Conducted	% of Attendance
B Ramesh Babu Chairman of the Committee	1/1	100
Dr K S Ravichandran*	1/1	100
Murali Ramaswami@	1/1	100
N S Srinath$	0/0	NA
CA K L Vijayalakshmi #	0/0	NA

* Member of the Committee from 27.05.2022

@ Member of the Committee from 30.08.2022

$ Member and Chairman of the Committee till 26.05.2022

Member of the Committee till 29.08.2022

Composition of Review Committee for Wilful Defaulters and Non-Cooperative Borrowers (RCWD & NCB) as on March 31, 2023



Non-Executive 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 executive committee for Classification of borrowers as "Non-Cooperative Borrowers" or "Wilful Defaulters";

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

10. Corporate Social Responsibility & Environmental, Social and Governance Committee (CSR & ESG)

Corporate Social Responsibility (CSR) Committee has constituted, in accordance with the terms of Section 135 of the Companies Act, 2013 and rules made there under. Your Bank has in place Board approved CSR Policy recommended by CSR Committee. 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. In tune with CSR policy, your Bank has been supporting various projects and causes that seek to improve the economic and social wellbeing of the community at large. 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.

Further, Board of Directors in its meeting held on 22.11.2022, in order to have an effective governance mechanism, and to oversee the development & implementation of the Bank's ESG framework, the existing CSR Committee was rechristened as Corporate Social Responsibility & Environmental, Social and Governance Committee (CSR & ESG).

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During the financial year 2022-23, the Committee met 4 times and the date of the meetings are mentioned below:

02/07/2022	08/10/2022
28/11/2022	04/02/2023

The details of attendance of each Director at the meetings held during the period from 01st April 2022 to 31st March 2023 are mentioned below:

Name of the Director Sarvashri	No of Meetings during his/her tenure Attended / Conducted	% of Attendance
B Ramesh Babu Chairman of the Committee	4/4	100
M V Srinivasamoorthi	4/4	100
Dr K S Ravichandran	4/4	100
A K Praburaj*	2/2	100
R Ramkumar@	1/1	100

* Member of the Committee from 30.08.2022 till 08.12.2022

@ Member of the Committee till 29.08.2022

Composition of Corporate Social Responsibility & Environmental, Social and Governance Committee (CSR & ESG) as on March 31, 2023



Non-Executive Independent Director	34% (1)
Non-Executive Non-Independent Director	33% (1)
Executive Director (MD&CEO)	33% (1)

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

1. Formulate and recommend to the Board of Directors a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Bank. Further review of Policy from time to time.
2. To provide perspective and guidance to the Board of Directors on matters relating to CSR.
3. To provide guiding principles for selection, implementation and monitoring of projects.
4. Formulation of the Annual Action Plan ("AAP") & recommend to Board.
5. To review the Annual Action Plan implementation & revision, if required.
6. To recommend the amount to be spent on the CSR activities.
7. To periodically review the effectiveness of CSR spends.
8. To ensure that CSR Activities are undertaken directly or through registered Implementation Agencies who meet the eligibility criteria prescribed under the CSR Policy Rules.
9. To review the impact assessment report & internal audit reports.
10. To review Certification by the Chief Financial Officer (CFO) or the person responsible for financial management regarding the utilisation of the CSR Expenditure / payments.
11. To review the Disclosures of the Bank's CSR activities stipulated in applicable CSR laws and rules.
12. To Review implementation of the CSR Policy and AAP, such that the CSR Project(s) / Program(s) that are being proposed to be undertaken are aligned to the Bank's social, environmental and economic activities to the extent possible.
13. To Formulate and recommend to the Board of Directors an ESG Policy. Further review of Policy from time to time.
14. To oversee the development and implementation of the Bank's ESG framework.
15. To provide strategic direction to the Bank's ESG performance taking into consideration the relevant risks and opportunities.
16. To oversee compliance with ESG regulations applicable to the Bank.

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17. To monitor progress on the ESG framework implementation from time to time.

18. To oversee reporting and disclosure of the ESG performance in accordance with appropriate regulations and standards.

19. To review periodic reports placed before the Committee regarding the activities undertaken in both CSR & ESG.

SEPARATE MEETINGS OF THE INDEPENDENT DIRECTORS

Independent Directors Meeting was held on March 27, 2023 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; skillset, personal attributes, integrity and ethics, preparedness, 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.

SENIOR MANAGEMENT

Particulars of senior management of the Bank as on March 31, 2023:

Name	Designation	Position
Srinivasan V	General Manager	Head - Credit Monitoring, Legal & Recoveries
Sekar S	General Manager	Chief Information Officer / Head - IT Operations
Saravanun C	General Manager	Head - IT Applications
Dolphy Jose	General Manager	Head - Consumer Banking
Sudhakar K V S M	General Manager	Chief Compliance Officer
Shekhar Ramarajan	General Manager	Head - Retail Assets
Mahendran K	General Manager	Head - Precious Metals Division
Chandrasekaran R N	General Manager	Head - Corporate & Institutional Group
Anburaj V	General Manager	Head - Commercial Banking Group
Immanuel Gnanaraj Daniel	General Manager	Head - Human Resources
Murali L	General Manager	Head of Internal Audit
Ramshankar R	General Manager	Chief Financial Officer
S Kalyanram	General Manager	Chief Risk Officer
Venkatesan R	Deputy General Manager	Head - Operations
Srinivasarao Maddirala	Deputy General Manager	Company Secretary / Head- Investor Relations Cell
Gokulchandar D S	Deputy General Manager	Chief Information Security Officer
Rajesh E T	Assistant General Manager	Chief Vigilance Officer

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Changes in Senior Management during the financial year 2022-23:

Employee Name	Designation	Last Position Held	Remarks
Saravanun C	General Manager	Head - PBLG	Transferred to Central Office (ITD) as Head - IT Applications on 18.04.2022
Jarard Thomas	General Manager	Head - Internal Audit	Retired on 31.05.2022
Murali L	Deputy General Manager	DGM - HRD	Promoted & Transferred to Central Office (IAD) and took charge as Head - Internal Audit from 01.06.2022
Dolphy Jose	General Manager	NEO Chief Business Officer	Transferred to Consumer Banking Department as Head - Consumer Banking on 04.07.2022
Sairaj G R	General Manager	Head Retail Advances	Resigned for Personal reasons and relinquished the role on 01.07.2022
Shekhar Ramarajan	Chief Risk Officer	Chief Risk Officer	Transferred to Consumer Banking Department as Head - Retail Assets on 01.09.2022
S Kalyanram	General Manager	Chief Risk Officer	Joined as General Manager on 22.08.2022 and took charge as Chief Risk Officer from 01.09.2022
Thathai Narayan Seetharaman	General Manager	Head - Treasury	Retired on 30.11.2022

COMPENSATION POLICY

The Bank has in place a Comprehensive Compensation Policy in tune with the objectives as described in the Companies Act, 2013, RBI guidelines and the SEBI LODR, as amended from time to time. The Compensation Policy of the Bank covers the compensation payable to all 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 has fixed and variable components. The Variable pay is payable on the basis of achievement of performance criteria, consisting the qualitative and quantitative parameters applied by Nomination and Remuneration Committee, Variable pay as subject to malus and claw back, shall be in the form of cash and non-cash component, the non-cash component shall be in the form of share-linked instruments.

The Bank is also 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 ₹ 75,000/- and ₹ 50,000/- per meeting are paid to Non-Executive Directors for attending the Board and Board Level Committees respectively. Shareholders of the Bank in the AGM held on August 03, 2022, have approved the payment of profit related compensation to all Non-Executive Directors [excluding Non-Executive (Part-Time) Chairperson], by way of fixed remuneration of 0.1% of the profit available for distribution subject to maximum of ₹ 10,00,000/- to each Directors per annum with effect from the financial year 2022-23, for a period of three (3) years. Part-time (Non-Executive) Chairperson is entitled for a fixed remuneration-honorarium, as approved by Reserve Bank of India and Shareholders of the Bank. 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 and profit related commission.

Remuneration paid to the Non-Executive Directors for the financial year 2022-23 is mentioned below:

Name of the Director Sarvashri	Amount (₹ in Lakhs)	
	Sitting Fees	Profit Related Commission#
Dr Meena Hemchandra, Chairperson	14.00	0.85
M V Srinivasamoorthi	21.30	10.00
Dr K S Ravichandran	22.30	10.00
R Ramkumar	19.55	10.00
K G Mohan	19.80	10.00
Dr Harshavardhan R	26.25	10.00
Murali Ramaswami	16.75	7.97
N S Srinath *	3.40	NA
Dr V G Mohan Prasad *	5.95	2.05
M K Venkatesan *	14.40	6.90
A K Praburaj *	13.90	6.90
CA K L Vijayalakshmi *	24.05	9.73

* Demitted office during the FY 2022-23, consequent to completion of their tenure.

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#Profit related commission is paid during the financial year 2023-24 upon adoption of the financial results for the year 2022-23 and the amount is paid on pro-rata basis to the tenure in the Board with a maximum cap of ₹ 10.00 Lakhs. Dr Meena Hemchandra, Chairperson is entitled to Profit related commissions for the period as Non-Executive Independent Director.

Remuneration to Non-Executive Independent (Part-time) Chairperson

Dr Meena Hemchandra, Non-Executive Independent (Part-time) Chairperson was paid ₹ 12,33,870.96/- as remuneration for the financial year 2022-23, which is other than payment of Sitting Fees for attending the Board/Committee Meetings. Shri N S Srinath Ex- Non-Executive Independent (Part-time) Chairman was paid 1,83,870/- as remuneration for the financial year 2022-23.

Remuneration to Executive Director (Managing Director & CEO)

Compensation structure of Shri B Ramesh Babu, MD & CEO of the Bank, consist of both fixed pay and variable pay with deferral arrangements in tune with RBI guidelines on Compensation policy. In terms of Compensation policy, MD & CEO is one of the Material Risk Takers. During the financial year, Managing Director & CEO was paid a sum of ₹ 1,44,36,142 /- as fixed pay for the financial year 2022-23. With respect to variable pay, RBI vide its letter dated December 13, 2022 has approved a quantum of ₹ 1,27,89,850/- as variable pay for the performance period financial year 2021-22, of which ₹ 63,94,925/- is cash component and ₹ 63,94,925/- is non-cash component. During the financial year 2022-23, a sum of ₹ 31,97,462/- is paid as upfront cash component while remaining cash component is deferred over a period of three years and 59,075 options were granted under KVB ESOS 2018 Scheme as non-cash component with a deferral vesting period of three years. Further during the year, 24,635 shares were allotted consequent to vesting of stock options granted under deferral arrangement and deferral cash component of ₹ 5,50,000/- was also paid pertaining to variable pay of performance period financial year 2020-21.

After publishing the annual financial results for the financial year 2022-23, the Nomination and Remuneration Committee has critically assessed his performance in financial parameters. The said assessment is based on the Parameters & sub-parameters consisting of the qualitative and quantitative criteria. Further, based on the recommendations of Nomination and Remuneration Committee, Board in its meeting held on June 13, 2023 has evaluated the said assessment and approved the variable pay to MD & CEO for the financial year 2022-23 in term of his compensation structure. The said variable pay component of MD & CEO for financial year 2022-23 was recommended by the Board to RBI for its approval in terms of Section 35B of the Banking Regulation Act, 1949.

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
103rd	2021-22	The Karur Vysya Bank Limited, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur- 639002. (through Video Conferencing)	Wednesday, August 03, 2022, 11.00 a.m. IST
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

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(b) Whether any special resolutions passed in the previous three Annual General Meetings (AGM)	Yes. 1. At the 103rd AGM held on 03rd August 2022, two special resolutions were passed, viz., a) To appoint Dr Meena Hemchandra (DIN: 05337181) as Non-Executive Independent Director b) To appoint Shri Murali Ramaswami (DIN: 08659944) as Non-Executive Independent Director 2. No Special Resolutions were passed in the 102nd AGM held on 11th August 2021. 3. No Special Resolutions were passed in the 101st AGM held on 23rd September 2020.
(c) Whether any special resolution passed last year through postal ballot-details of voting pattern	Yes. During the financial year 2022-23, one special resolution was passed on December 30, 2022 with requisite majority vide Postal Ballot Notice dated November 22, 2022 as details below: **Description of the Resolution:** To approve the re-appointment of Shri K G Mohan (DIN: 08367265), as Non- Executive Independent Director of the Bank, for second term

No. of Votes – Favour	% of Votes - Favour	No. of Votes – Against	% of Votes - Against
35,28,28,056	87.74	4,93,12,893	12.26

	The aforementioned Postal Ballot was conducted through the Remote e-Voting process in accordance with the circulars issued by Ministry of Corporate Affairs, provisions of the Companies Act, 2013 and other applicable laws.
(d) Person who conducted the postal ballot exercise	Shri R K Bapulal (FCS No. 5893 CP No.3842), M/s Bapulal Yasar & Associates, Company Secretaries
(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/investor-corner/ 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 Business Standard, Business Line (English) and Dinamalar (Tamil - regional language) newspapers, 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 conducts con-call meeting with Institutional Investors/ Analysts every quarter, after declaration of financial results. Apart from the quarterly meeting, Bank also participates in Institutional Investors/ Analysts meet on event basis. The Schedule of Meeting and Investors Presentation/Transcript/Audio Recordings/Outcome of the meeting are promptly forwarded to the stock exchanges as well simultaneously displayed on the Bank's website in terms of SEBI LODR.

As a part of voluntary initiative, Bank has been sending an email to all shareholders who registered their mail id with Bank's RTA/ Depository Participant about the financial results of the Bank on every quarter.

Financial Calendar for the results during the financial year 2022-23:

FY 2022-23	Date of Approval
For the Q1 ended 30.06.2022	25.07.2022
For the Q2 ended 30.09.2022	21.10.2022
For the Q3 ended 31.12.2022	23.01.2023
For the Q4 ended 31.03.2023	15.05.2023

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GENERAL SHAREHOLDER INFORMATION

104th Annual General Meeting	Date: August 23, 2023
	Day: Wednesday
	Time: 11.00 AM IST
	Venue: Through Video Conferencing("VC")/Other Audio Visual Means ("OAVM")
Financial Year	01st April 2022 to 31st March 2023
Date of the Book Closure	From August 08, 2023 to August 23, 2023
Dividend Payment Date	On or after August 24, 2023
Listing on Stock Exchanges	Equity Shares and Debt Instrument of the Bank 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 Equity Shares and Debt Instrument 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. Pursuant to Regulation 40(1) of the SEBI LODR, with effect from April 1, 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 Company Secretary. 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.

Corporate Governance Report

Debenture Trustees for the Bank's Basel III, unsecured, Non-Convertible, redeemable, Tier II Bonds (Debt Instrument)	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

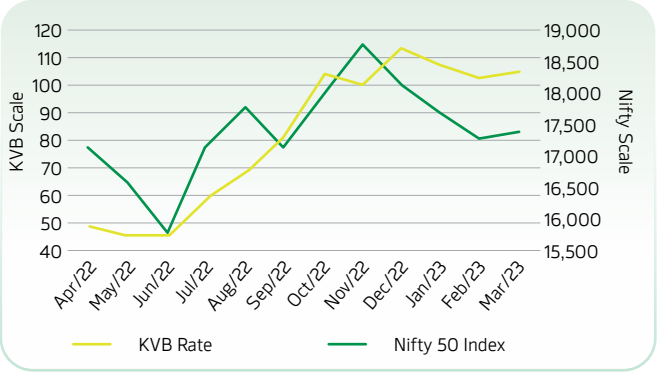
Stock Market Price Data

The monthly high and low prices of the Bank's shares traded on the National Stock Exchange of India Limited (NSE) are mentioned below:

Period	High	Low
Apr-22	54.30	46.30
May-22	49.05	41.75
Jun-22	50.20	43.00
Jul-22	60.25	43.70
Aug-22	71.40	57.05
Sep-22	101.70	67.35
Oct-22	104.75	78.40
Nov-22	106.00	93.40
Dec-22	116.20	94.15
Jan-23	115.65	101.25
Feb-23	111.15	95.20
Mar-23	105.90	92.70

The Bank's equity share touched a high of ₹ 116.20 in December 2022 and low of ₹ 41.75 in May 2022.

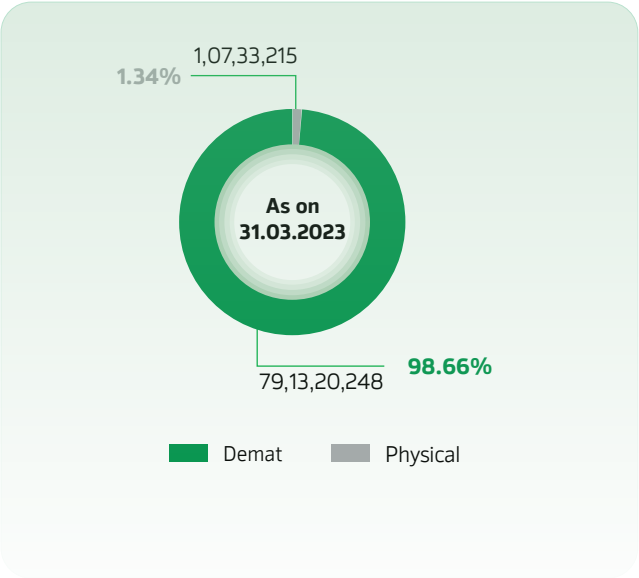
The performance of the Bank's Equity Shares as compared with NSE Nifty 50 Index during the period from 01.04.2022 to 31.03.2023:



Corporate Governance Report

Dematerialization 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 2022-23 have been paid to NSDL and CDSL.



Out of 79,13,20,248 shares which are held in Demat Mode, 69,44,32,452 are held NSDL and 9,68,87,796 are held in CDSL.

The Shareholders of the Bank who have not dematerialized their share may approach any of the Depository Participants of NSDL or CDSL for Dematerialization. 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 dematerialized 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.

Reconciliation of Share Capital Audit

Pursuant to 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. The Audit report 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, 2023

Sr. No	Particulars	No. of Shareholders	No. of Shares	% of Holding
A.	**PROMOTERS**			
1.	Promoters & Promoters Group	34	17989012	2.24
B.	**PUBLIC - Institutions**			
2.	Financial Institutions & Banks	4	19582	0.00
3.	Mutual Funds	17	212432956	26.49
4.	Insurance Companies	10	23355304	2.91
5.	Foreign Financial Institutions/ Banks	2	830	-
6.	Foreign Portfolio Investors	218	143833800	17.93
7.	Alternate Investment Funds	12	11059178	1.38
8	NBFCs registered with RBI	1	185786	0.02
C.	**PUBLIC - Non-Institutions/ Individuals/ Others**			
9.	Bodies Corporate	659	19747911	2.46
10.	Bodies Corporate-LLP	51	995078	0.12
11.	Non-Resident Indians	2924	8659939	1.08
12.	Clearing Members	38	141018	0.02
13.	Hindu Undivided Families	2305	9623969	1.20
14.	Trusts	8	47388	0.00
15.	Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee','beneficiary', or 'author of the trust''	1	1851554	0.23

Corporate Governance Report

Sr. No	Particulars	No. of Shareholders	No. of Shares	% of Holding
16.	Relatives of promoters (other than 'immediate relatives' of promoters disclosed under 'Promoter and Promoter Group' category)	2	22194	-
17.	Directors and their relatives (excluding Independent Directors and nominee Directors)	2	158284	0.02
18.	Key Managerial Personnel	3	96104	0.01
19.	Other Directors & Relatives	5	13348	0.00
20.	Resident Individuals	202890	350693218	43.72
21.	Unclaimed Suspense Account	1	52017	0.00
22.	IEPF	1	1074993	0.13
	Total (A+B+C)	**209188**	**802053463**	**100.00**

List of Shareholders holding more than 1% shares in the Bank as on March 31, 2023

Sr. No	Particulars	No. of Shares	% of Holding
1	HDFC TRUSTEE COMPANY LTD - A/C (VARIOUS FUNDS)	35888470	4.47
2	HSBC MUTUAL FUND (VARIOUS FUNDS)	30955900	3.86
3	FRANKLIN TEMPLETON MUTUAL FUND (VARIOUS FUNDS)	30279358	3.78
4	NIPPON LIFE INDIA TRUSTEE LTD-A/C (VARIOUS FUNDS)	25197158	3.14
5	ICICI PRUDENTIAL MUTUAL FUND (VARIOUS FUNDS)	23723686	2.96
6	REKHA RAKESH JHUNJHUNWALA	23151719	2.89
7	UTI MUTUAL FUND (VARIOUS FUNDS)	22780429	2.84
8	SBI MUTUAL FUND (VARIOUS FUNDS)	18018378	2.25
9	RAKESH JHUNJHUNWALA	14800000	1.85
10	TATA MUTUAL FUND (VARIOUS FUNDS)	13744508	1.71
11	MUKUL MAHAVIR AGRAWAL	8500000	1.06
12	ABU DHABI INVESTMENT AUTHORITY (VARIOUS FUNDS)	8304862	1.04
13	ACACIA PARTNERS, LP	8022378	1.00
	Total	**263366846**	**32.84**

Distribution of shareholding as on March 31, 2023

Sr. No	Shareholding of Shares	Number of Shareholders	% of Total Shareholders	Shares	% of Total Share Capital
1	1 to 500	167631	77.3823	17322085	2.1597
2	501 to 1000	16115	7.4391	12219189	1.5235
3	1001 to 2000	12050	5.5626	17739603	2.2118
4	2001 to 3000	6238	2.8796	15797679	1.9697
5	3001 to 4000	3140	1.4495	10990092	1.3702
6	4001 to 5000	1914	0.8835	8770365	1.0935
7	5001 to 10000	4563	2.1064	32357981	4.0344
8	10001 & above	4976	2.297	686856469	85.6372
	Total	**216627**	**100**	**802053463**	**100**

Disclosures

During the financial year ended 31st March 2023:

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 Sec 188 of the Companies Act, 2013. The Bank has not entered into any materially significant related party transactions which could lead to a potential conflict with the interests of the Bank. Omni Bus approval from the Audit Committee has been obtained for the transactions which are of repetitive nature and the said transactions with related parties were

Corporate Governance Report

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 2022-23 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; 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 ₹ 1,87,200/-, pertaining to the deficiencies found in soiled notes remittance by our currency chests to the central bank, exchange facility of mutilated notes in Branch and cash out in ATMs.

During the year under review, Reserve Bank of India had imposed a monetary penalty of ₹ 30.00 Lakh (Rupees Thirty Lakh only) for non-compliance with certain provisions of directions issued by RBI on 'Reserve Bank of India (Frauds - Classification and reporting by commercial banks and select FIs) directions 2016'.

d) Code of Conduct:

Pursuant to 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:

Bank has a Zero Tolerance Policy on Prevention of Sexual Harassment (PoSH) at workplace. All employees are educated and sensitized on PoSH at workplace. In case of any query or grievance, employee can raise the same through a ticketing system which will be responded on priority and with full confidentiality. We have an Internal Complaints Committee which addresses all queries received in this regard.

Number of complaints filed during the FY 2022-23	Number of complaints disposed-off during the FY 2022-23	Number of complaints pending at the end of FY 2022-23
Nil	NA	Nil

g) Whistle Blower Policy:

In compliance with RBI Guidelines, provisions of the Companies Act, 2013, the SEBI LODR and SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended, your Bank has in place robust "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. Bank is encouraging the staff to share all kind of unlawful/ unethical instances/practices followed by any employees to take appropriate action for review. Further bank is ensuring that the details shared are kept confidential and protection of staff who blown the whistle. 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

Corporate Governance Report

833 Branches (including Asset Recovery Branches, Corporate Business Units, Business Banking Units, NEO, Precious Metal Division and excluding three Extension Counters and five Satellite Offices), 1,643 ATMs, 597 Bunch Note Recycler Machines (BNRM) and 192 Self-Service Passbook Kiosks as on 31st March 2023.

j) Disclosure on Commodity Price Risks and Foreign Exchange Risks and hedging activities:

Bank has Market Risk Management Policy, 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 manage Foreign exchange risk within its risk control framework. The Bank's policy stipulated margins for lending against commodities and has put in place a system of monitoring margins available / required with respect to on-going commodity prices.

Bank is authorized by Reserve Bank of India to import gold and silver. Bank imports Gold and silver on consignment basis and sales are being covered on back to back basis.

Bank uses Forwards & Forex Swaps for hedging its currency and interest rate risk for its Foreign currency balance sheet items, customer cover, and for proprietary trading, within overall risk limits 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) 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/investor-corner/ which is accessible to the public. The results are published in Two English Newspaper having wide circulation in India and a Tamil Newspaper having wide circulation in Tamil Nadu. Further, Bank has been sending an email to all shareholders who registered their mail id with Bank's RTA/Depository Participant about the financial results of the Bank on every quarter. 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

In terms of RBI Guidelines, Bank has separated the post of Chairperson and the MD & CEO. Dr Meena Hemchandra, Non-Executive Independent Director, is the Part-time Chairperson of the Bank and Shri B Ramesh Babu, is the MD & CEO of the Bank.

5) Reporting of Internal Auditor:

In terms of RBI Guidelines, the Head of Internal Audit will report to MD & CEO and Audit Committee of the Board shall be reviewing the performance.

Audit Committee shall meet the Head of Internal Audit once in a quarter without the presence of the Senior Management, including the MD & CEO.

m) Disclosure on political contributions:

During the financial year 2022-23, Bank has not made any political contribution.

n) Certificate under Regulation 34(3) of SEBI LODR:

Pursuant to the Regulation 34(3) read with Schedule V of the SEBI LODR, a certificate has been obtained from S.A.E & Associates LLP, Company Secretaries confirming that none of the Directors on the Board of the Bank as on 31st March, 2023 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.

Corporate Governance Report

o) 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.

p) 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. Further, there was no non-audit fees paid to Statutory Auditors for the FY 2022-23.

Particulars	FY 2022-23 (₹ in Lakhs)
Audit fees/ Statutory certificates	351.76
Reimbursement of expenses	12.68
Total	**364.44**

q) Details of utilization 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.

r) 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/.

s) 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 Crores	[ICRA] A1+
CRISIL	Certificate of Deposits Programme – ₹ 3000 Crores	CRISIL A1+
India Ratings & Research	Basel III Tier II Bonds – Issue of ₹ 1,200 Crores where ₹ 487 Crores was utilized	IND A+/ Stable
ICRA	Basel III Tier II Bonds – Issue of ₹ 1,200 Crores where ₹ 487 Crores was utilized	[ICRA] A+ (Stable)

During the financial year 2022-23, ICRA has upgraded the rating for Debt Instrument (Basel III Tier II Bonds) from [ICRA] A (Positive) to [ICRA]A+ (Stable). Other than the same, there is no change /revision in Credit Ratings for Debt Instrument and Certificate of Deposit Programme. More details on the Credit Ratings are disclosed in the Directors' Report which forms of this Annual Report.

t) 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 S.A.E & Associates LLP, Company Secretaries and forms part of this Report. It may be noted that the certificate confirms that the Bank has complied with the conditions of Corporate Governance as prescribed under SEBI LODR.

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. In terms of the PIT regulations and Bank's Internal Code, Structured Digital Database is in place. 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:

Corporate Governance Report

Particulars on Trading Window Closure	
Period	**Purpose**
01st April 2022 to 22nd May 2022	Declaration of Audited Financial Results of the Bank for the quarter and Year ended March 2022
01st July 2022 to 27th July 2022	Declaration of Un-Audited Financial Results of the Bank for the quarter ended June 2022
01st October 2022 to 23 rd October 2022	Declaration of Un-Audited Financial Results of the Bank for the quarter and half year ended September 2022
01st January 2023 to 25th January 2023	Declaration of Un-Audited Financial Results of the Bank for the quarter and nine month ended December 2022
01st April 2023 to 17th May 2023	Declaration of Audited Financial Results of the Bank for the quarter and Year ended March 2023

Dividend

The Board of Directors of the Bank in its meeting held on 15th May 2023 has recommended dividend of ₹ 2 per equity share on the face value of ₹ 2/- each (i.e., 100%) for the financial year ended 31st March 2023, subject to the approval of regulatory authorities, if any and shareholders at the 104th 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 Circulars dated 03.11.2021, 14.12.2021 and 16.03.2023 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, Contact details, 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 October 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 dematerialization 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. All physical security holders who are yet to link the PAN with Aadhaar number are requested to get the same done. 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, shall also be frozen.

In line with the above circular, 6606 folios were found to be non-compliant to KYC requirement and reminder letters were sent to those shareholders who are non-compliant to KYC requirement along with prescribed forms during March 2022 and May 2023. As on date, 6060 folios were non-compliant to KYC requirement and 546 folios were updated with KYC/ Dematerialisation. 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/. Bank would ensure/explore other means to reach shareholders in this regard.

Disclosure of details of Unclaimed Shares Suspense Account under Regulation 39(4) of SEBI LODR

Sr. No	Particulars	Number of shareholders	No. of shares
1	Aggregate number of shareholders and the outstanding shares as on 01st April 2022	792	52,017
2	Less: No. of shares transferred to the IEPF authority in terms of Section 124(6) of the Companies Act, 2013	-	-
3	Aggregate number of shareholders and the outstanding shares as on 31st March 2023	792	52,017

The voting rights on the above mentioned 52,017 shares shall remain frozen till the rightful owner of such shares claims the same.

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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 ₹ 60,35,354/- for the financial year 2014-15 has been transferred to IEPF Authority during September 2022.

The following table gives the unclaimed amount from the year 2015-16 with the position as on 31st March 2023 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			
2015-16 Interim Dividend *	51,26,610.00	28.03.2016	27.04.2023
2015-16 Final Dividend	21,77,612.00	22.07.2016	21.08.2023
2016-17	64,34,831.00	24.07.2017	23.08.2024
2017-18	20,58,864.00	10.08.2018	09.09.2025
2018-19	20,87,566.20	19.07.2019	18.08.2026
2019-20	Dividend was not declared as per the RBI circular dated April 17, 2020		
2020-21	24,72,499.50	11.08.2021	12.09.2028
2021-22	74,22,327.80	03.08.2022	02.09.2029
Unclaimed Refund Orders & Fractional Warrants of Bonus Issue			
Rights 2017 Refund Order	5,34,205.00	22.11.2017	21.12.2024
Bonus 2018 Fractional Warrant	1,56,263.96	27.09.2018	26.10.2025
Unclaimed Debenture Interest Warrant			
2021-22 Debenture Interest Warrant	83,650	12.03.2022	10.04.2029

* The Unclaimed Dividend amount for the Financial Year 2015-16 Interim Dividend was transferred to IEPF during the month of May 2023.

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/investor-corner/.

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

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, 91,584 shares in respect of which unclaimed/unpaid dividends were not claimed from financial year 2014-15 for seven consecutive years were transferred to IEPF Authority during September 2022 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 www.kvb.co.in/investor-corner/.

Corporate Governance Report

Efforts taken towards unclaimed dividends

- Bank is sending individual reminder letters to the relevant shareholders at regular intervals with respect to encashing of unclaimed dividend.
- 400 letters were sent to shareholders whose shares were liable to be transferred to IEPF Authority during the month of September 2022. Out of which, 228 letters were returned due to non-availability of shareholders at the registered address.
- Public notice/Advertisement on transfer of unclaimed dividends/shares to IEPF is issued in Business Standard for all India Circulation and Dinamalar in Trichy Edition covering Karur. List of shareholders whose shares are liable to be transferred to IEPF and Folio No./Demat account wise unclaimed dividends are uploaded in Bank's website at https://www.kvb.co.in/investor-corner/
- Initiatives taken for reaching out 500+ shareholders through divisional offices/branches for claiming of dividends. However, the claim ratio was very minimal at around 3%. In most of the cases, the bank officials could not contact the shareholders, since the shareholders did not reside in the registered address and there was no mobile no./e-Mail id in their folio.

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 Mr 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 favor 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

Corporate Governance Report

Disclosure of certain types of agreements binding listed entities

The Bank has not received any intimation under clause 5A of paragraph A of Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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, 2023.

Place: Karur
Date: July 17, 2023

B Ramesh Babu
Managing Director & Chief Executive Officer

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 for the year ended 31st March 2023 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 period 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 31st March 2023 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 31st March 2023 as compared to those followed for the year ended 31st March 2022, except regrouping of interest accrued but not due on deposits and advances and he 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 15, 2023

Certificate of Compliance of conditions of Corporate Governance

To
The Members
THE KARUR VYSYA BANK LIMITED
No.20, Erode Road, Vadivel Nagar,
L.N.S., Karur - 639002

We, S.A.E & Associates LLP, Company Secretaries have examined the compliance of conditions of Corporate Governance by The **Karur Vysya Bank Limited** ("the Bank"), having CIN L65110TN1916PLC001295 and registered office at No.20, Erode Road, Vadivel Nagar, L.N.S., Karur 639002, for the financial year ended on March 31, 2023 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).

MANAGEMENT'S RESPONSIBILITY:

The compliance of conditions of Corporate Governance is the responsibility of the management. This responsibility includes design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of Corporate Governance as stipulated in LODR.

AUDITOR'S RESPONSIBILITY:

- Our responsibility is limited to a review of the procedures and implementation thereof, adopted by the Bank for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.
- We have examined the records and documents of the Bank, to the extent relevant, for the purpose of providing reasonable assurance on compliance with Corporate Governance requirements by the Bank.

OPINION:

- To the best of our information and based on our examination of the relevant records and the explanations given to us and the representations provided by the directors and the management, we certify that the Bank has complied with the conditions of corporate governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the LODR, during the financial year ended 31st March 2023.
- We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S.A.E & Associates LLP**
Company Secretaries

Sri Vidhya Kumar, Partner
FCS. No. 11114, C.P. NO. 20181
UDIN: F011114E000627851

Place: Chennai
Date: July 17, 2023

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)

To
The Members,
THE KARUR VYSYA BANK LIMITED
No.20, Erode Road, Vadivel Nagar,
L.N.S., Karur - 639002.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of The Karur Vysya Bank Limited having CIN L65110TN1916PLC001295 and registered office at No.20, Erode Road, Vadivel Nagar, L.N.S., Karur 639002 (hereinafter referred to as 'the Bank'), produced before us by the Bank 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.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) 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 as on the financial year ended 31st March 2023 have been debarred or disqualified from being appointed or continuing as Directors of Bank by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority viz., Reserve Bank of India.

Sr. No	Name of Director	DIN	Date of appointment in the Bank
1	Dr Meena Hemchandra	05337181	26-May-2022
2	Mr B Ramesh Babu	06900325	29-July-2020
3	Mr M V Srinivasamoorthi	00694618	27-Aug-2015
4	Dr K S Ravichandran	00002713	26-May-2016
5	Mr R Ram Kumar	00275622	25-Jun-2018
6	Mr K G Mohan	08367265	01-Feb-2020
7	Dr R Harshavardhan	01675460	30-Jul-2020
8	Mr Murali Ramaswami	08659944	14-Jun-2022

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 based on our verification of the records and disclosures. 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.

For **S.A.E & Associates LLP**
Company Secretaries

Sri Vidhya Kumar, Partner
FCS. No. 11114, C.P. NO. 20181
UDIN: F011114E000627840

Place: Chennai
Date: July 17, 2023



Financial Statements

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 31 March 2023, 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) 864 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 19 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 in the manner so required for banking companies 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 31 March 2023, 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 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 19 below is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, and based on the consideration of the reports of the statutory branch auditors as referred to paragraph 19 below, were of most significance in our audit of the financial statements for the financial year ended 31 March 2023. 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.

5. 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 judgment involved

Key Audit Matter

Identification of Non-Performing Assets ("NPA"), restructured advances, and provisions on advances are made in accordance with norms, circulars and directions issued by Reserve Bank of India on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances from time to time, which also requires management's assessment as well as significant judgements and estimates associated with assessed

Independent Auditors' Report

significant risk of mis-statement.

Since the identification of NPAs, restructured advances and provisioning on advances require a high level of estimation/judgement and given its significance to the overall audit due to stakeholder and regulatory focus as well as being a significant area, we have ascertained this as a key audit matter.

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 / restructured accounts, and Valuation of Security for such accounts along with basis and rationale for various other management information.

We have read the Bank's policies for NPA, Restructured Advances identification and provisioning on advances and assessing compliance with the IRAC & other RBI norms.

We have evaluated details for a sample of exposures for identification of NPA, restructured advances and calculation of provision on advances including valuation of primary and collaterals as at 31 March 2023 involving certain degree of estimation.

We have evaluated 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'.

We have also assessed disclosure requirements for classification and provisioning of NPAs, restructured & other advances 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 Information Technology environment of the Bank is complex. 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. 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 is identified as a key audit matter because of high level of automation, significant number of systems being used and complexity of the IT infrastructure and its impact on the financial reporting system since 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 controls embedded within these systems which link the technology-enabled business processes. Our further audit procedures included:

Independent Auditors' Report

- Assessing the governance and higher-level controls across the IT Environment, including those regarding policy design, review and awareness, and IT Risk Management practices;
- Evaluation and understanding the IT systems being used by the Bank for its Core Banking and other operations.
- Assessing operative effectiveness of key controls within various business processes. It included testing of integrity of system interfaces, completeness and accuracy of the data, system reconciliation controls and automated calculations.
- Design and operating effectiveness testing of controls across the User Access Management, 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

The Bank assesses the need to make a provision or disclose a contingency on a case-to-case basis considering the underlying facts of each matter and the level of probability of outflow of economic resources.

Accordingly, this matter has been identified as a key audit matter due to the significant level of management judgment and assumptions to determine the possible outcome of disputes that is fundamentally required in the estimation of provision for taxes (or write back), wherein factors like uncertain tax positions and interpretation of various rules and law are also considered.

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 bank's controls over, assessment of uncertain tax positions for likely outcome that result in decision for provision for taxation / disclosure of contingencies.

We have obtained details of ongoing & open tax assessments and demands by the authorities from the management of the bank.

We discussed with appropriate senior management personnel, perused the opinion given by tax specialists, evaluated the management's underlying key assumptions in estimating the tax provisions / need for disclosure of contingent liability 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. We also obtained necessary representation from the bank's management with regard to the provisioning and disclosures in respect of the claims and litigations.

Information Other than the Financial Statements and Auditors' Report thereon

6. 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.

Independent Auditors' Report

7. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

8. 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.

9. 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

10. 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 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 judgments 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.

11. 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.

12. The Board of Directors is also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

13. 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.

14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls 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

Independent Auditors' Report

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.

15. 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.

16. 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.

17. 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.

18. 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 31 March 2023 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

19. We did not audit the financial statements / information of 864 domestic branches including processing centres included in the financial statements of the Bank whose financial statements / financial information reflects total assets of ₹ 70,095.34 crore at 31 March 2023 and total revenue of ₹ 6264.74 crore for the year ended on that date, as considered in the financial statements. These branches and processing centres cover 72% of advances, 92% of deposits, 57% of Non-performing assets as on 31st March 2023 and 83% of revenue for the year ended 31st March 2023. 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.

20. 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

21. 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.

Independent Auditors' Report

22. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949 and communication received by the Bank from Reserve Bank of India, and on the consideration of the reports of the statutory branch auditors as referred in paragraph 19 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.

23. 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.

24. 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 19 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 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 inconsistent 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 31st March 2023 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 31 March 2023 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 14.11 & 14.14 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 4.1(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 31 March 2023;

        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

Independent Auditors' Report

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:

(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.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Bank only w.e.f. 01 April 2023, reporting under this clause is not applicable.

For **Sundaram & Srinivasan,**
Chartered Accountants
FRN: 004207S

P. Menakshi Sundaram
Partner
M. No. 217914
UDIN: 23217914BGWPCS1999

Place : Karur
Date : 15 May 2023

For **R.G.N. Price & Co.,**
Chartered Accountants
FRN: 002785S

Sriraam Alevoor M
Partner
M. No. 221354
UDIN:23221354BGXJKQ3524

Place : Karur
Date : 15 May 2023

Annexure "A"

To the Independent Auditor's Report

(Referred to in paragraph 24(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 31 March 2023 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 31 March 2023, 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 864 branches including processing centres 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 **Sundaram & Srinivasan,**
Chartered Accountants
FRN: 004207S

P. Menakshi Sundaram
Partner
M. No. 217914
UDIN: 23217914BGWPCS1999

Place : Karur
Date : 15 May 2023

For **R.G.N. Price & Co.,**
Chartered Accountants
FRN: 002785S

Sriraam Alevoor M
Partner
M. No. 221354
UDIN:23221354BGXJKQ3524

Place : Karur
Date : 15 May 2023

Balance Sheet

as at March 31, 2023

(₹ 000's omitted)

	SCHEDULE	AS AT 31.03.2023	AS AT 31.03.2022
CAPITAL & LIABILITIES			
Capital	1	160 41 07	160 00 23
Reserves & Surplus	2	8423 64 29	7436 19 70
Deposits	3	76637 58 31	68486 00 56
Borrowings	4	1432 01 20	1339 09 31
Other Liabilities and Provisions	5	3525 77 48	2650 02 40
TOTAL		**90179 42 35**	**80071 32 20**
ASSETS			
Cash and Balances with Reserve Bank of India	6	4279 47 96	3594 26 16
Balances with Banks and Money at call and short notice	7	415 64 91	1331 91 07
Investments	8	18808 32 36	17216 06 42
Advances	9	63134 14 09	54661 20 19
Fixed Assets	10	435 04 10	478 48 76
Other Assets	11	3106 78 93	2789 39 60
TOTAL		**90179 42 35**	**80071 32 20**
Contingent Liabilities	12	10404 76 86	9260 33 54
Bills for collection		2795 98 86	2329 80 36
Significant Accounting Policies	17		
Notes on Accounts	18		

The schedules referred to above form an integral part of Balance Sheet.

DR.MEENA HEMCHANDRA
NON-EXECUTIVE INDEPENDENT (PART-TIME) CHAIRPERSON

MURALI RAMASWAMI
AUDIT COMMITTEE CHAIRMAN

B.RAMESH BABU
MANAGING DIRECTOR & C E O

J.NATARAJAN
PRESIDENT & COO

R. RAMSHANKAR
CHIEF FINANCIAL OFFICER

M.SRINIVASA RAO
COMPANY SECRETARY

As per our report of even date

For **R.G.N. Price & Co.,**
Chartered Accountants
FRN: 002785S

Sriraam Alevoor M
Partner
M. No. 221354

For **Sundaram & Srinivasan**
Chartered Accountants
FRN:004207S

P. Menakshi Sundaram
Partner
M. No. 217914

Place : Karur
Date : 15th May 2023

Profit and Loss Account

for the year ended March 31, 2023

(₹ 000's omitted)

	SCHEDULE	Year Ended 31.03.2023	Year Ended 31.03.2022
I INCOME			
Interest earned	13	6516 54 96	5587 67 37
Other Income	14	1158 93 71	769 05 35
TOTAL		**7675 48 67**	**6356 72 72**
II EXPENDITURE			
Interest expended	15	3167 73 83	2872 29 67
Operating expenses	16	2031 96 29	1854 21 98
Provisions and Contingencies		1369 69 37	956 94 34
TOTAL		**6569 39 49**	**5683 45 99**
III PROFIT			
Net Profit (before exceptional item)		1106 09 18	673 26 73
Net Profit		1106 09 18	673 26 73
Profit brought forward from previous year		130 41 50	41 03 07
TOTAL		**1236 50 68**	**714 29 80**
IV APPROPRIATIONS			
Transfer to Statutory Reserve		276 60 00	168 40 00
Transfer to Capital Reserve		Nil	15 51 70
Transfer to Revenue & Other Reserves		607 00 00	320 00 00
Transfer to Investment Reserve		6 68 00	Nil
Transfer to Investment Fluctuation Reserve		Nil	Nil
Transfer to Special Reserve U/s 36(1)(viii) of IT Act, 1961		55 00 00	40 00 00
Dividend (paid for the financial year 2021-22)		128 01 82	39 96 61
		1073 29 82	**583 88 31**
Balance carried over to balance sheet		163 20 86	130 41 49
TOTAL		**1236 50 68**	**714 29 80**
Basic Earnings Per Share	(in ₹)	13.81	8.42
Diluted Earnings Per Share	(in ₹)	13.78	8.41

The schedules referred to above form an integral part of Profit and Loss account

DR.MEENA HEMCHANDRA
NON-EXECUTIVE INDEPENDENT (PART-TIME) CHAIRPERSON

MURALI RAMASWAMI
AUDIT COMMITTEE CHAIRMAN

B.RAMESH BABU
MANAGING DIRECTOR & C E O

J.NATARAJAN
PRESIDENT & COO

R. RAMSHANKAR
CHIEF FINANCIAL OFFICER

M.SRINIVASA RAO
COMPANY SECRETARY

As per our report of even date

For **R.G.N. Price & Co.,**
Chartered Accountants
FRN: 002785S

Sriraam Alevoor M
Partner
M. No. 221354

For **Sundaram & Srinivasan**
Chartered Accountants
FRN:004207S

P. Menakshi Sundaram
Partner
M. No. 217914

Place : Karur
Date : 15th May 2023

Schedules

SCHEDULE 1 - CAPITAL

(₹ 000's omitted)

	AS AT 31.03.2023	AS AT 31.03.2022
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:		
80,06,77,606 / (79,99,87,642) Equity Shares of ₹ 2/- each	160 13 55	159 99 75
Add: 20,41,791 / (6,89,964) Equity shares of ₹ 2/- each under ESOS 2011 & 2018 allotted	40 84	13 80
	160 54 39	**160 13 55**
Subscribed & Paid up Capital:		
80,00,11,672 / (79,93,20,719) Equity Shares of ₹ 2/- each	160 00 23	159 86 41
Add: Nil / (989) Equity shares of ₹ 2/- each kept in abeyance is allotted	Nil	2
Add:20,41,791 / (6,89,964) Equity shares of ₹ 2/- each under ESOS 2011 & 2018 allotted	40 84	13 80
TOTAL	**160 41 07**	**160 00 23**

SCHEDULE 2 - RESERVES AND SURPLUS

(₹ 000's omitted)

	AS AT 31.03.2023	AS AT 31.03.2022
I Statutory Reserve		
Opening Balance	2025 39 31	1856 99 31
Add: Addition during the year	276 60 00	168 40 00
TOTAL	**2301 99 31**	**2025 39 31**
II Capital Reserve		
Opening Balance	435 74 54	420 22 84
Add: Addition during the year	Nil	15 51 70
TOTAL	**435 74 54**	**435 74 54**
III Share Premium		
Opening Balance	2067 96 41	2065 43 22
Add: Additions during the year	**7 67 22**	**2 53 19**
TOTAL	**2075 63 63**	**2067 96 41**
IV Revenue and Other Reserves		
a) General Reserve		
Opening Balance	2247 95 17	1927 66 34
Add: Addition during the year	607 00 00	320 00 00
Add: Lapsed ESOS reserve transferred	8 26	28 83
TOTAL	**2855 03 43**	**2247 95 17**
b) Investment Reserve		
Opening Balance	53 34 00	53 34 00
Add: Addition during the year	6 68 00	Nil
Less: Deduction during the year	Nil	Nil
TOTAL	**60 02 00**	**53 34 00**

Schedules

SCHEDULE 2 - RESERVES AND SURPLUS (Contd..)

(₹ 000's omitted)

	AS AT 31.03.2023	AS AT 31.03.2022
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**
d) Special Reserve U/s 36(1) (viii) of Income Tax Act, 1961		
Opening Balance	400 00 00	360 00 00
Add: Addition during the year	55 00 00	40 00 00
TOTAL	**455 00 00**	**400 00 00**
e) Employee Stock Option		
Opening Balance	63 17	43 15
Add: Addition during the year	1 70 01	48 85
Less: Lapsed ESOS transferred to General Reserve	(8 26)	(28 83)
TOTAL	**2 24 92**	**63 17**
V Balance in Profit and Loss account	**163 20 86**	**130 41 50**
TOTAL I, II, III, IV & V	**8423 64 29**	**7436 19 70**

SCHEDULE 3 - DEPOSITS

(₹ 000's omitted)

	AS AT 31.03.2023	AS AT 31.03.2022
A I. Demand Deposits :		
i) From Banks	3 10 73	2 24 57
ii) From Others	7450 96 91	6918 69 73
TOTAL	**7454 07 64**	**6920 94 30**
II. Savings Bank Deposits	17994 85 04	16982 70 85
III. Term Deposits		
i) From Banks	200 25 00	250 76 20
ii) From Others	50988 40 63	44331 59 21
TOTAL	**51188 65 63**	**44582 35 41**
TOTAL I, II & III	**76637 58 31**	**68486 00 56**
B Deposits of Branches :		
i) In India	76637 58 31	68486 00 56
ii) Outside India	Nil	Nil
TOTAL	**76637 58 31**	**68486 00 56**

Schedules

SCHEDULE 4 - BORROWINGS

(₹ 000's omitted)

	AS AT 31.03.2023	AS AT 31.03.2022
I Borrowings in India		
i) Reserve Bank of India	Nil	Nil
ii) Other Banks	Nil	Nil
iii) Other Institutions and Agencies	484 18 30	262 87 00
iv) Subordinated debt - bonds	487 00 00	487 00 00
TOTAL	**971 18 30**	**749 87 00**
II Borrowings outside India	**460 82 90**	**589 22 31**
TOTAL I & II	**1432 01 20**	**1339 09 31**
Secured Borrowings included in I and II above	459 35 12	589 22 31

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ 000's omitted)

	AS AT 31.03.2023	AS AT 31.03.2022
I Bills Payable	639 95 08	363 31 50
II Inter Office Adjustments (Net)	Nil	Nil
III Interest Accrued	417 99 90	336 37 76
IV Deferred Tax (Net)	Nil	Nil
V Other liabilities (including provisions)	2467 82 50	1950 33 14
TOTAL	**3525 77 48**	**2650 02 40**

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ 000's omitted)

	AS AT 31.03.2023	AS AT 31.03.2022
I Cash in Hand (Including Foreign Currency Notes)	698 25 34	695 98 19
II Balances with Reserve Bank of India		
(a) in Current Account	3381 22 62	2898 27 97
(b) in Other Accounts	200 00 00	Nil
TOTAL	**4279 47 96**	**3594 26 16**

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE

(₹ 000's omitted)

	AS AT 31.03.2023	AS AT 31.03.2022
I In India		
i) Balances with Banks :		
(a) In Current Accounts	16 20 55	22 83 55
(b) In Other Deposit Accounts	47 72	46 32
ii) Money at Call and Short Notice		
(a) With Banks	Nil	Nil
(b) With Other Institutions	Nil	Nil
TOTAL	**16 68 27**	**23 29 87**

Schedules

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE (Contd..)

(₹ 000's omitted)

		AS AT 31.03.2023	AS AT 31.03.2022
II	**Outside India**		
	(a) In Current Accounts	28 90 46	36 71 95
	(b) In Other Deposit Accounts	370 06 18	1271 89 25
	(c) Money at call and short notice	Nil	Nil
TOTAL		**398 96 64**	**1308 61 20**
TOTAL I & II		**415 64 91**	**1331 91 07**

SCHEDULE 8 - INVESTMENTS

(₹ 000's omitted)

		AS AT 31.03.2023	AS AT 31.03.2022
I	Investments in India	19411 42 28	17754 80 39
	Less : Provision for Investment Depreciation & NPI	(603 39 37)	(539 01 19)
TOTAL		**18808 02 91**	**17215 79 20**
	Break-up		
	i) Government Securities	16734 71 35	15375 06 47
	ii) Other Approved Securities	Nil	Nil
	iii) Shares	104 94 37	102 03 05
	iv) Debentures and Bonds	1389 64 31	1464 81 76
	v) Subsidiaries and Joint Ventures	Nil	Nil
	vi) Others (includes Security Receipts and Mutual Funds)	578 72 88	273 87 92
		18808 02 91	**17215 79 20**
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)	29 45	27 22
		29 45	**27 22**
TOTAL I & II		**18808 32 36**	**17216 06 42**

SCHEDULE 9 - ADVANCES (Net of Provisions)

(₹ 000's omitted)

		AS AT 31.03.2023	AS AT 31.03.2022
A	i) Bills purchased and discounted	1651 11 69	1346 05 28
	ii) Cash Credits, Overdrafts and Loans repayable on demand	32257 92 10	28509 72 51
	iii) Term Loans	29225 10 30	24805 42 40
TOTAL		**63134 14 09**	**54661 20 19**
B	i) Secured by tangible assets	59674 30 65	51317 09 44
	ii) Covered by Bank / Government guarantees	2384 64 89	2497 06 99
	iii) Unsecured	1075 18 55	847 03 76
TOTAL		**63134 14 09**	**54661 20 19**

Schedules

SCHEDULE 9 - ADVANCES (Net of Provisions) (Contd..)

(₹ 000's omitted)

		AS AT 31.03.2023	AS AT 31.03.2022
C I	Advances in India		
	i) Priority Sector	26437 53 75	25533 97 27
	ii) Public Sector	1170 96 54	1248 69 50
	iii) Banks	Nil	Nil
	iv) Others	35525 63 80	27878 53 42
TOTAL		**63134 14 09**	**54661 20 19**
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		**63134 14 09**	**54661 20 19**

SCHEDULE 10 - FIXED ASSETS

(₹ 000's omitted)

		AS AT 31.03.2023	AS AT 31.03.2022
I	**Premises :**		
	At cost as on 31st March of the preceding year	318 19 73	306 83 92
	Add : Addition during the year	14 47	11 35 81
		318 34 20	**318 19 73**
	Less: Deduction during the year	(30 91 44)	Nil
		287 42 76	**318 19 73**
	Less : Depreciation to date	(88 11 76)	(84 95 63)
TOTAL		**199 31 00**	**233 24 10**
II	Premises under construction	96 37	10 88 75
III	Capital Work-in-Progress	16 45 55	3 97 51
IV	Other Fixed Assets (including Furniture & Fixtures) :		
	At cost as on 31st March of the preceding year	1322 42 91	1269 44 38
	Add : Addition during the year	87 13 95	54 10 46
		1409 56 86	**1323 54 84**
	Less: Deduction during the year	(48 94)	(1 11 93)
		1409 07 92	**1322 42 91**
	Less : Depreciation to date	1190 76 74	1092 04 51
		218 31 18	**230 38 40**
TOTAL I, II, III & IV		**435 04 10**	**478 48 76**

Schedules

SCHEDULE 11 - OTHER ASSETS

(₹ 000's omitted)

		AS AT 31.03.2023	AS AT 31.03.2022
I	Inter Office Adjustments (Net)	33 60 96	222 45 71
II	Interest Accrued	1171 09 73	964 76 14
III	Tax paid in advance / Tax deducted at source (Net)	Nil	Nil
IV	Stationery and Stamps	2 98 91	3 55 67
V	Non Banking Assets acquired in satisfaction of claims	37 88 09	Nil
VI	Others	1861 21 24	1598 62 08
TOTAL		**3106 78 93**	**2789 39 60**

SCHEDULE 12 - CONTINGENT LIABILITIES

(₹ 000's omitted)

		AS AT 31.03.2023	AS AT 31.03.2022
I	Claims against the Bank not acknowledged as debts	49 63 72	169 58 27
II	Liability for party paid investments	Nil	Nil
III	Liability on account of outstanding forward exchange contracts	5736 44 97	4651 62 56
IV	Guarantees given on behalf of constituents		
	(a) In India	2490 61 43	2247 18 84
	(b) Outside India	Nil	Nil
V	Acceptances, Endorsements and other Obligations	1250 20 38	955 17 24
VI	Other items for which the Bank is contingently liable@	877 86 36	1236 76 63
TOTAL		**10404 76 86**	**9260 33 54**

@ Includes transfer to DEAF of ₹ 210 59 21 (Previous year of ₹ 181 06 79)

SCHEDULE 13 - INTEREST EARNED

(₹ 000's omitted)

		Year Ended 31.03.2023	Year Ended 31.03.2022
I	Interest / discount on advances/bills	5326 94 26	4525 48 35
II	Income on Investments	1099 13 28	924 78 16
III	Interest on balances with Reserve Bank of India & other inter-bank funds	82 60 06	134 33 27
IV	Others	7 87 36	3 07 59
TOTAL		**6516 54 96**	**5587 67 37**

SCHEDULE 14 - OTHER INCOME

(₹ 000's omitted)

		AS AT 31.03.2023	AS AT 31.03.2022
I	Commission, Exchange and Brokerage	747 31 10	633 97 23
II	Profit on sale of investments	17 87 59	59 50 84
	Less: Loss on sale of investments	(61 01)	(2 54 80)
	Less: Depreciation on investments	11 88 54	(107 13 58)

Schedules

SCHEDULE 14 - OTHER INCOME (Contd..)

(₹ 000's omitted)

		AS AT 31.03.2023	AS AT 31.03.2022
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 03 63	1 10 31
	Less: Loss on sale of land, buildings and other assets	Nil	Nil
V	Profit on exchange transactions	34 45 94	37 57 16
	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	Recovery from Technically written off accounts	208 40 17	6 78 55
VIII	Miscellaneous Income	138 57 75	139 79 64
TOTAL		**1158 93 71**	**769 05 35**

SCHEDULE 15 - INTEREST EXPENDED

(₹ 000's omitted)

		AS AT 31.03.2023	AS AT 31.03.2022
I	Interest on Deposits	3066 72 56	2780 19 69
II	Interest on Reserve Bank of India / Inter-bank borrowings	58 34 31	58 19 65
III	Others	42 66 96	33 90 33
TOTAL		**3167 73 83**	**2872 29 67**

SCHEDULE 16 - OPERATING EXPENSES

(₹ 000's omitted)

		AS AT 31.03.2023	AS AT 31.03.2022
I	Payments to and Provisions for employees	1005 96 41	945 02 68
II	Rent, Taxes and Lighting	198 07 81	179 72 73
III	Printing and Stationery	12 81 03	13 28 45
IV	Advertisement and Publicity	12 85 98	9 89 52
V	Depreciation on bank's property	105 66 45	119 17 94
VI	Directors' fees, allowances and expenses	3 08 09	1 96 81
VII	Auditors' fees and expenses (including branch auditors)	3 65 65	2 52 50
VIII	Law Charges	3 50 75	6 43 92
IX	Postages, Telegrams, Telephones, etc.	22 13 15	25 29 03
X	Repairs and Maintenance	90 08 39	74 27 17
XI	Insurance	96 39 91	89 94 85
XII	Other Expenditure	477 72 67	386 66 38
TOTAL		**2031 96 29**	**1854 21 98**

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 recognized on accrual basis. Interest income on non-performing advances (NPA)/ investments (NPI), income from funded interest term loan accounts (FITL) are recognized 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 and commission received on Government agency business 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.

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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 categorized into three categories –

(i) Held to Maturity (HTM), (ii) Held for Trading (HFT) and (iii) Available for Sale (AFS) with 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 amortized over the remaining maturity of the security on a straight line basis. Such amortisation of premium is adjusted against interest income under the head Income on Investments under Schedule 13 in Profit and Loss account. As per the RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity. Any diminution other than temporary, in the value of investments in HTM category is provided for.

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 under the head Other Income. 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/FBIL 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.

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Non Performing Investments are identified and valued based on RBI guidelines.

Investment in Security Receipts which are not redeemed as at the end of the resolution period (i.e. five years or eight years as the case may be) shall be treated as loss asset in the books and provided for.

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 categorized under HFT category. These positions are marked–to-market along with other securities under 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/ suspense account. Interest on non-performing advances is transferred to an unrealized interest account and not recognized 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 equipments and software, are depreciated under SLM at the rate of 33.33% as per RBI guidelines) has

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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	SLM
Safe Deposit Lockers, Safe / Strong Room Door / Cage, Wind Mill	15	
c. FURNITURE & FIXTURES		
Furniture & Fixtures at bank premises (owned)	10	
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	

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

As 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 the 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 and Borrowings 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 recognized 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

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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 recognized in the period in which the employee renders the related service. The Bank recognizes 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.

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 recognized 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 recognized 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 re-measurements 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 recognized 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.

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Other Long Term Employee Benefits

Compensated absences, comprising of Medical Leave and Privilege Leave are recognized 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 31st March 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 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 1st April 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 to 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 re-measured 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.

* Retail banking shall be sub-divided into (i) Digital Banking and (ii) Other Retail Banking segments. The business involving digital banking products acquired by Digital Banking Units (DBUs) or existing digital banking products would qualify to be clubbed under 'Digital Banking' Segment.

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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 recognizes timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets are recognized in the books of account to the extent of their future reversibility. Deferred Tax Liabilities are recognized fully in the year of accrual.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

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.

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 recognized nor disclosed in the financial statements since this may result in the recognition of income that may never be realized.

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).

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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

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SCHEDULE 18 – NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2023

The schedule provides disclosure for the year ended 31st March 2023 (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

a. Composition of Regulatory Capital

(Rupees in crore)

SN	Particulars	AS AT 31.03.2023	AS AT 31.03.2022
1	Common Equity Tier 1 capital (CET 1)	8,241.54	7,287.38
2	Additional Tier 1 capital	Nil	Nil
3	Tier 1 capital (1+2)	8,241.54	7,287.38
4	Tier 2 capital	868.42	820.24
5	Total capital (3+4)	9,109.96	8,107.62
6	Total Risk Weighted Assets (RWAs)	49084.23	42,212.08
7	Common Equity Tier 1 capital ratio (%)	16.79	17.27
8	Tier 1 capital ratio (%)	16.79	17.27
9	Tier 2 capital ratio (%)	1.77	1.94
10	Total Capital ratio (CRAR) (%)	18.56	19.21
11	Leverage Ratio (Basel III) (%)	8.70	8.78
12	Percentage of the shareholding of a) Government of India b) State Government c) Sponsor Banks	Nil	
13	Amount of equity capital raised during the year *	0.41	0.14
14	Amount of non-equity Tier 1 capital raised during the year of which (Basel II or Basel III compliant) - PNCPS - PDI	Nil	
15	Amount of Tier 2 capital raised during the year of which (Basel II or Basel III compliant) - Debt capital instruments - Preference share capital instruments - Perpetual cumulative preference shares (PCPS) - Redeemable non-cumulative preference shares (RNCPS) - Redeemable cumulative preference shares (RCPS)	Nil	

* - includes 2041791 shares (43174 shares under ESOS on compensation of key managerial personnel) of face value ₹ 2/- each allotted to employees under ESOS during the year ended 31.03.2023 (689964 shares of face value of ₹ 2/- each allotted to employees under ESOS during the previous year).

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b. Draw down from Reserves

During the year, there has been no draw down from the reserves to the Profit & Loss account.

Basel III disclosures

In accordance with RBI circular DOR.CAP.REC.3/21.06.201/2022-23 dated 01st April 2022, read together with RBI circular DBR. No.BP.BC.1/21.06.201/2015-16 dated 1st July 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 31st March 2023, 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:

(₹ crore)

SN	Particulars	As at Mar. 31, 2023	As at Mar. 31, 2022
1	Basel III compliant Tier II Bonds	487.00	487.00
	TOTAL	**487.00**	**487.00**

1.2 Proposed Dividend

The Board of Directors have recommended a dividend of 100% i.e. ₹ 2.00 per equity share of ₹ 2.00 each for the year 2022-23 (Previous year 80%-₹ 1.60 per equity share), 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 30th March 2016, the proposed dividend amounting to ₹ 160.41 crore (₹ 128.01 crore during the previous year) has not been shown as an appropriation from the Profit and Loss account for the year ended 31st March 2023 and correspondingly not reported under Other Liabilities and Provisions as at 31st March 2023. 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

(₹ crore)

Particulars	Deposits		Gross Advances		Gross Investments		Borrowings		Foreign Currency Assets		Foreign Currency Liabilities	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
1 day	211.69	141.49	2463.13	2,076.51	1870.20	2,042.29	1.48	Nil	54.90	61.37	110.29	149.23
2 to 7 days	1,150.71	1,271.66	420.59	473.10	1,027.60	1,077.66	Nil	2.33	48.71	13.45	5.44	6.05
8 to 14 days	1,251.55	930.48	448.45	487.88	1,009.76	1,011.55	Nil	7.48	172.37	186.82	15.32	8.63
15 to 30 days	1,561.77	1,318.24	1,244.10	1,421.88	516.74	398.54	74.50	124.94	136.67	116.83	63.65	134.26
31 days to 2 months	2,128.93	1,837.09	1,917.54	2,011.68	788.57	592.55	80.11	88.20	193.77	175.21	83.32	102.18
Over 2 months and to 3 months	2,090.53	1,937.22	3,071.28	2,432.24	942.27	556.85	76.29	78.37	132.82	658.00	92.99	92.47
Over 3 months and up to 6 months	5,556.76	5,466.60	6,963.75	6,652.45	1,547.29	1,440.79	230.36	287.90	165.15	847.11	286.84	344.72
Over 6 months and up to 1 year	9,740.82	11,734.91	8,894.78	6,962.66	2,899.10	2,729.95	19.73	5.39	4.37	15.86	183.89	158.03

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(₹ crore)

Particulars	Deposits		Gross Advances		Gross Investments		Borrowings		Foreign Currency Assets		Foreign Currency Liabilities	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Over 1 year and up to 3 years	19,938.93	17,838.54	22,202.59	19,517.45	5,346.21	4,540.64	462.54	257.48	18.52	17.92	236.98	137.83
Over 3 years and up to 5 years	12,801.40	13,103.18	4,871.88	5,178.54	1,709.61	1,739.09	Nil	Nil	18.18	38.75	379.61	66.74
Over 5 years	20,204.49	12,906.59	11,670.00	9,661.71	1,754.85	1,625.63	487.00	487.00	100.44	65.08	0.22	Nil
Total	**76,637.58**	**68,486.00**	**64,168.09**	**56,876.10**	**19,412.19**	**17,755.54**	**1,432.01**	**1,339.09**	**1,045.90**	**2,196.40**	**1458.55**	**1,200.14**

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 statutory central 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 1st January 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%.

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 2022-23 (as well as 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.

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ii. Quantitative disclosure

The following table sets forth the daily average of un-weighted and weighted values for all the quarters in FY 2022-23

(₹ crore)

Particulars	Quarter ended March 31, 2023		Quarter ended December 31, 2022		Quarter ended September 30, 2022		Quarter ended June 30, 2022		Quarter ended March 31, 2022	
	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)		16,975.30		16,579.40		16,100.94		15,400.38		15,214.45
Cash Outflows										
2 Retail deposits and deposits from small business customers, of which:	52,093.55	4,038.01	50,534.33	3,901.75	49,313.40	3,792.65	48,495.86	3,715.86	47,900.21	3,662.52
(i) Stable deposits	23,426.85	1,171.34	23,033.67	1,151.68	22,773.72	1,138.68	22,674.54	1,133.73	22,550.00	1,127.50
(ii) Less stable deposits	28,666.70	2,866.67	27,500.66	2,750.07	26,539.68	2,653.97	25,821.32	2,582.13	25,350.21	2,535.02
3 Unsecured wholesale funding, of which:	9,182.55	2,637.26	8,913.68	2,359.85	9,010.45	2,522.40	8,111.19	1,959.65	7,682.52	1,737.63
(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)	9,182.55	2,637.26	8,913.68	2,359.85	9,010.45	2,522.40	8,111.19	1,959.65	7,682.52	1,737.63
(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	6,254.95	1,247.68	6,183.47	1,176.70	5,479.13	1,099.31	5,109.14	1,045.88	4,975.67	930.67
(i) Outflows related to derivative exposures and other collateral requirements	36.13	36.13	51.67	51.67	36.95	36.95	18.49	18.49	15.93	15.93
(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	6,218.82	1,211.55	6,131.80	1,125.03	5,442.18	1,062.36	5,090.65	1,027.39	4,959.74	914.74
6 Other contractual funding obligations	42.85	42.85	20.30	20.30	16.72	16.72	16.84	16.84	34.01	34.01
7 Other contingent funding obligations	39.55	1.19	44.41	1.33	38.56	1.16	38.54	1.16	37.48	1.12
8 Total Cash Outflows		**7,966.99**		**7,459.93**		**7,432.24**		**6,739.39**		**6,365.95**
Cash Inflows										
9 Secured lending (e.g. reverse repos)	36.50	0.00	31.46	0.00	20.19	0.00	576.95	0.00	605.91	0.00
10 Inflows from fully performing exposures	2,306.16	1,348.40	2,015.71	1,080.89	1,835.45	972.25	1682.85	907.41	1,747.24	941.12
11 Other cash inflows	36.76	36.76	51.42	51.42	39.55	39.55	26.53	26.53	26.23	26.23
12 Total Cash Inflows	**2,379.42**	**1,385.16**	**2,098.59**	**1,132.31**	**1,895.19**	**1,011.80**	**2,286.33**	**933.94**	**2,379.38**	**967.35**
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13 TOTAL HQLA		**16,975.30**		**16,579.40**		**16,100.94**		**15,400.38**		**15,214.45**
14 Total Net Cash Outflows (8-12)		**6,581.83**		**6,327.62**		**6,420.44**		**5,805.45**		**5,398.60**
15 Liquidity Coverage Ratio (%)		**257.91%**		**262.02%**		**250.78%**		**265.27%**		**281.82%**

Note – LCR data has been calculated based on simple average of all daily observations over the previous quarter. The above data has been furnished by the management and have been relied upon by the auditors.

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The following table sets forth the daily average of un-weighted and weighted values for all the quarters in FY 2021-22

(₹ 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
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**
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 all daily observations over the previous quarter. The above data has been furnished by the management and have been relied upon by the auditors.

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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, securitization 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;
- Short-term (maturing in less than one year) deposits provided by retail customers and funding provided by small business customers are behaviorally 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 securitized 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.

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Quantitative disclosure - The following table sets out the details of NSFR of the Bank

(₹ crore)

Particulars		As on 31.03.2023					As on 31.12.2022				
		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)	**8,423.24**	**-**	**-**	**487.00**	**8,910.24**	**7,704.38**	**-**	**-**	**487.00**	**8,191.38**
2	Regulatory capital	8,423.24	-	-	-	8,423.24	7,704.38	-	-	-	7,704.38
3	Other capital instruments	-	-	-	487.00	487.00	-	-	-	487.00	487.00
4	Retail deposits and deposits from small business customers (5+6)	**-**	**-**	**44,225.31**	**-**	**40,897.24**	**-**	**-**	**46,259.20**	**-**	**42,741.40**
5	Stable deposits	-	-	21,889.22	-	20,794.76	-	-	22,162.30	-	21,054.19
6	Less stable deposits	-	-	22,336.09	-	20,102.48	-	-	24,096.90	-	21,687.21
7	Wholesale funding (8+9)	**2,747.39**	**7,439.73**	**5,382.71**	**21,616.00**	**25,580.46**	**3,927.72**	**5,779.52**	**4,147.90**	**17,583.52**	**21,898.63**
8	Operational deposits	-	-	-	-	-	-	-	-	-	-
9	Other wholesale funding	2,747.39	7,439.73	5,382.71	21,616.00	25,580.46	3,927.72	5,779.52	4,147.90	17,583.52	21,898.63
10	Other liabilities (11+12)	**2,325.54**	**-**	**-**	**-**	**-**	**4,937.13**	**-**	**-**	**-**	**-**
11	NSFR derivative liabilities		-	-	-			-	-	-	
12	All other liabilities and equity not included in the above categories	2,325.54	-	-	-	-	4,937.13	-	-	-	-
13	**Total ASF (1+4+7+10)**					**75,387.94**					**72,831.41**
RSF Item											
14	Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	-					-
15	Deposits held at other financial institutions for operational purposes	-	-	-	-	-	-	791.78	-	-	791.78
16	Performing loans and securities (17+18+19+21+23)	**35.05**	**12,539.69**	**8,602.08**	**44,752.56**	**48,536.38**	**29.11**	**22,999.98**	**11,165.61**	**28,189.06**	**40,688.80**
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	155.90	67.92	3,402.40	3,459.75	-	562.51	117.57	3,093.01	3,236.17
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:	-	11,848.72	7,446.87	34,193.58	38,400.30	-	20,821.50	10,942.21	18,563.46	31,071.38
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	1,021.29	292.02	3,271.27	2,126.33	-	1,837.35	223.91	3,510.97	3,312.76
21	Performing residential mortgages, of which:	-	1.78	511.83	5,942.56	4,505.87	-	1.96	5.87	5,310.30	3,603.58
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	5,050.60	3,939.54	-	1.94	5.80	4,570.43	2,974.65
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	35.05	533.29	575.46	1,214.02	2,170.46	29.11	1,614.01	99.96	1,222.29	2,777.67

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(₹ crore)

	Particulars	As on 31.03.2023					As on 31.12.2022				
		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	
24	**Other assets (25+26+27+28+29)**	**25,697.32**	**-**	**-**	**-**	**6,081.23**	**25,611.98**	**-**	**-**	**-**	**7,049.54**
25	Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	348.55	-	-	-	296.27	348.42	-	-	-	296.16
27	NSFR derivative assets	4.93	-	-	-	4.93	0.72	-	-	-	0.72
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-	-	-	-	-	-
29	All other assets not included in the above categories	25,343.84				5,780.03	25,262.84	-	-	-	6,752.66
30	Off-balance sheet items	5,324.16	-	-	-	266.21	5,325.13	-	-	-	266.26
31	**Total RSF**					**54,883.82**					**48,796.39**
32	**NSFR (%)**					**137.36%**					**149.26%**

(₹ crore)

	Particulars	As on 30.09.2022					As on 30.06.2022				
		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)	**7,948.84**	**-**	**-**	**487.00**	**8,435.84**	**7,825.26**	**-**	**-**	**487.00**	**8,312.26**
2	Regulatory capital	7,948.84	-	-	-	7,948.84	7,825.26	-	-	-	7,825.26
3	Other capital instruments	-	-	-	487.00	487.00	-	-	-	487.00	487.00
4	Retail deposits and deposits from small business customers (5+6)	**-**	**-**	**47,700.98**	**-**	**44,056.56**	**-**	**-**	**46,583.69**	**-**	**43,033.92**
5	Stable deposits	-	-	22,513.37	-	21,387.71	-	-	22,172.03	-	21,063.43
6	Less stable deposits	-	-	25,187.61	-	22,668.85	-	-	24,411.66	-	21,970.49
7	Wholesale funding (8+9)	**1,898.31**	**4,857.81**	**9,509.73**	**13,700.16**	**18,642.79**	**2,048.08**	**4,495.64**	**6,360.77**	**13,770.35**	**18,720.66**
8	Operational deposits	-	-	-	-	-	-	-	-	-	-
9	Other wholesale funding	1,898.31	4,857.81	9,509.73	13,700.16	18,642.79	2,048.08	4,495.64	6,360.77	13,770.35	18,720.66
10	Other liabilities (11+12)	**3,377.94**	**175.50**	**-**	**-**	**-**	**4,874.42**	**-**	**-**	**-**	**-**
11	NSFR derivative liabilities		-	-	-			-	-	-	
12	All other liabilities and equity not included in the above categories	3,377.94	175.50	-	-	**-**	4,874.42	-	-	-	-
13	**Total ASF (1+4+7+10)**					**71,135.19**					**70,066.84**
RSF Item											
14	Total NSFR high-quality liquid assets (HQLA)					-					-
15	Deposits held at other financial institutions for operational purposes	-	1,180.26	-	-	1,180.26	-	1,611.29	-	-	1,611.29
16	Performing loans and securities (17+18+19+21+23)	**40.32**	**12,961.62**	**7,300.85**	**41,356.45**	**44,803.68**	**29.37**	**12,026.44**	**7,386.63**	**39,629.11**	**42,777.41**
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	142.49	114.98	3,271.56	3,350.42	-	169.49	28.68	3,010.23	3,050.00

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(₹ crore)

	Particulars	As on 30.09.2022					As on 30.06.2022				
		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	
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:	-	12,466.98	6,347.53	31,573.03	35,571.83	-	11,140.56	7,222.53	29,973.42	33,962.07
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	1,312.48	146.33	3,967.34	3,308.18	-	1,102.60	279.41	4,143.90	3,384.54
21	Performing residential mortgages, of which:	-	2.15	5.63	5,283.52	3,600.07	-	1.97	5.78	4,808.32	3,258.43
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	2.14	5.56	4,474.06	2,911.99	-	1.97	5.78	4,162.57	2,709.55
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	40.32	350.00	832.71	1,228.34	2,281.36	29.37	714.42	129.64	1,837.14	2,506.91
24	Other assets (25+26+27+28+29)	**25,453.03**	**297.54**	**-**	**-**	**6,520.71**	**25,759.66**	**-**	**-**	**-**	**7,186.48**
25	Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	347.94	-	-	-	295.75	349.44	-	-	-	297.02
27	NSFR derivative assets	3.43	-	-	-	3.43	4.81	-	-	-	7.48
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-	-	-	-	-	-
29	All other assets not included in the above categories	25,101.66	297.54	-	-	6,221.53	25,405.41	-	-	-	6,881.98
30	Off-balance sheet items	4,996.68	-	-	-	249.83	5,152.91	-	-	-	257.65
31	**Total RSF**					**52,754.48**					**51,832.83**
32	**NSFR (%)**					**134.84%**					**135.18%**

(₹ 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**	**-**	**-**	**487.00**	**8,083.20**	**7,379.73**	**-**	**-**	**487.00**	**7,866.73**
2	Regulatory capital	7,596.20	-	-	-	7,596.20	7,379.73	-	-	-	7,379.73
3	Other capital instruments	-	-	-	487.00	487.00	-	-	-	487.00	487.00
4	Retail deposits and deposits from small business customers (5+6)	**-**	**-**	**45,544.55**	**-**	**42,108.98**	**-**	**-**	**45,547.66**	**-**	**42,100.17**
5	Stable deposits	-	-	22,377.76	-	21,258.87	-	-	22,145.56	-	21,038.28
6	Less stable deposits	-	-	23,166.79	-	20,850.11	-	-	23,402.10	-	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**

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(₹ 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	
8	Operational deposits	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	5,145.50	-	-	-	-
11	NSFR derivative liabilities		-	-	-			-	-	-	
12	All other liabilities and equity not included in the above categories	5,187.15	-	-	-	-	5,145.50	-	-	-	-
13	**Total ASF (1+4+7+10)**					**67,446.04**					**65,807.73**
	RSF Item										
14	Total NSFR high-quality liquid assets (HQLA)					-					-
15	Deposits held at other financial institutions for operational purposes	-	1,294.73	-	-	1,294.73	-	1,616.33	-	-	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**
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	106.79	104.82	2,476.84	2,545.27	-	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:	-	10,980.00	5,927.42	29,862.11	33,307.69	-	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	-	1,067.52	27.41	4,377.74	3,393.00	-	1,017.10	39.32	3,578.16	2,854.01
21	Performing residential mortgages, of which:	-	2.05	5.76	4,644.74	3,137.90	-	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	-	2.03	5.71	4,070.12	2,649.45	-	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**	**-**	**-**	**-**	**7,920.66**	**25,525.32**	**-**	**-**	**-**	**7,577.16**
25	Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	363.21	-	-	-	308.73	367.46	-	-	-	312.34
27	NSFR derivative assets	7.48	-	-	-	7.48	9.78	-	-	-	9.78
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-	-	-	-	-	-
29	All other assets not included in the above categories	25,452.97				7,604.45	25,148.08	-	-	-	7,255.04
30	Off-balance sheet items	4,464.71	-	-	-	223.24	4,430.47	-	-	-	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

(₹ crore)

Particulars	Investments in India							Investments outside India				
	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	Total Investments
						As on 31.03.2023						
Held to Maturity (HTM)												
Gross	16,005.10	0.00	7.34	23.31	0.00	0.00	16,035.75	0.00	0.00	0.00	0.00	16,035.75
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	16,005.10	0.00	7.34	23.31	0.00	0.00	16,035.75	0.00	0.00	0.00	0.00	16,035.75
Available for Sale (AFS)												
Gross	732.46	0.00	169.82	1,432.59	0.00	1,040.81	3,375.68	0.00	0.00	0.29	0.29	3,375.97
Less: Provision for depreciation and NPI	2.85	0.00	72.22	66.25	0.00	462.08	603.40	0.00	0.00	0.00	0.00	603.40
Net	729.61	0.00	97.60	1,366.34	0.00	578.73	2,772.28	0.00	0.00	0.29	0.29	2,772.57
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	16,737.56	0.00	177.16	1,455.90	0.00	1,040.81	19,411.43	0.00	0.00	0.29	0.29	19,411.72
Less: Provision for NPI	0.00	0.00	61.92	33.90	0.00	107.53	203.35	0.00	0.00	0.00	0.00	203.35
Less: Provision for depreciation	2.85	0.00	10.30	32.35	0.00	354.55	400.05	0.00	0.00	0.00	0.00	400.05
Net	16,734.71	0.00	104.94	1,389.65	0.00	578.73	18,808.03	0.00	0.00	0.29	0.29	18,808.32

(₹ crore)

Particulars	Investments in India							Investments outside India				
	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	Total Investments
						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 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

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3.2 Movement of provision for Depreciation and Investment Fluctuation Reserve (IFR)

(₹ crore)

Particulars	2022-23	2021-22
(1) Depreciation on investments		
i. Opening balance	411.94	310.01
ii. Add: Provisions made during the year	37.09	107.13
iii. Less: Write-off/ write-back of excess provisions during the year	48.98	5.20
iv. Closing balance	400.05	411.94
(2) Provision for Non-Performing Investments		
iv. Opening balance	127.08	136.52
v. Add: Provisions made during the year	116.86	0.47
vi. Less: Write-off/ write-back of excess provisions during the year	40.59	9.91
iv. Closing balance	203.35	127.08
(3) Investment Fluctuation Reserve (IFR)		
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
(4) Closing balance in IFR as a % of closing balance of investments in AFS and HFT/current category	2.21%	2.56%

3.3 Sale and transfers to / from Held to Maturity (HTM) Category

During the year (as well as during the previous 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 SLR investments held in HTM category as on 31st March 2023 is ₹ 15,628.11 crore and ₹ 16,005.10 crore respectively (₹ 14,726.40 crore and ₹ 14,796.08 crore respectively during the previous year), and shows a mark to market depreciation of ₹ 376.99 crore (mark to market depreciation of ₹ 69.68 crore during the previous year).

During the financial year, no shifting was undertaken in Government securities from HTM to AFS category (₹ 919.61 crore during the previous year) and from AFS to HTM category (₹ 755.72 crore during the previous year). However, the bank has undertaken mandatory shifting of Investments held in Alternative Investment Fund (AIFs) amounting to ₹ 2.11 crore (Nil during the previous year) from HTM to AFS category during the first quarter of the F.Y. as per RBI guidelines. Depreciation required to be provided on account of shifting of securities during the current year was Nil (₹ 5.21 crore during the previous year).

3.4 Non-SLR Investment Portfolio

i) Non performing Non-SLR investments

(₹ crore)

Particulars	2022-23	2021-22
Opening balance	**137.00**	**138.03**
Additions during the year	120.72	13.67
Reductions during the year	41.02	14.70
Closing balance	**216.70**	**137.00**
Total provisions held	203.35	127.08

Schedules

ii) Issuer composition of Non-SLR investments

(₹ 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, 2023						
i	PSUs	678.67	347.82		Nil	Nil
ii	FIs	931.94	327.71		7.73	7.73
iii	Banks	325.58	318.92		Nil	Nil
iv	Private Corporates	174.05	41.50		14.50	19.50
v	Subsidiaries / Joint Ventures	Nil	Nil		Nil	Nil
vi	Others *	563.91	462.08		107.53	462.08
Sub Total		**2,674.15**	**1,498.03**		**129.76**	**489.31**
Less: Provision for depreciation on investments		397.20				
Less: Provision for non performing investments		203.35				
Total		**2,073.60**	**1,498.03**		**129.76**	**489.31**
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**

* 1. Amounts reported under columns 4, 5, 6 and 7 above are not mutually exclusive; 2. Others include Security Receipts of ₹ 462.08 crore and units of Mutual Funds of ₹ 101.83 crore (Previous Year ₹ 540.39 crore and ₹ 125.00 crore respectively)

3.5 Repo Transactions (in face value terms)

(₹ crore)

Particulars	Outstanding during FY						Outstanding as on	
	Minimum		Maximum		Daily Average			
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	Mar. 31, 2023	Mar. 31, 2022
1. Securities sold under RBI Repo								
a. Government Securities	6.26	25.30	51.19	89.90	0.16	0.73	Nil	Nil
b. Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2. Securities purchased under RBI Reverse Repo								
a. Government Securities	111.78	45.84	1670.79	1962.76	138.12	744.38	Nil	Nil
b. Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Schedules

(₹ crore)

Particulars	Outstanding during FY						Outstanding as on	
	Minimum		Maximum		Daily Average			
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	Mar. 31, 2023	Mar. 31, 2022
3. Securities sold under Market Repo								
a. Government Securities	1.00	1.00	1420.00	1352.00	453.64	356.82	Nil	Nil
b. Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4. Securities purchased under Market Reverse Repo								
a. Government Securities	30.00	Nil	585.00	Nil	2.96	Nil	Nil	Nil
b. Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5. Securities sold under Tri–Party Repo								
a. Government Securities	4.95	8.58	871.86	1217.14	22.25	111.02	Nil	Nil
b. Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6. Securities purchased under Tri–Party Reverse Repo								
a. Government Securities	7.80	50.00	608.70	99.00	20.77	2.28	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 ₹ Nil on sale of securities from HTM category (₹ 27.65 crore during the previous year). As per RBI guidelines, an amount of ₹ Nil (after netting of taxes and transfer to Statutory Reserve) is transferred to Capital Reserve for the year ended 31.03.2023 (₹ 15.52 crore during the previous year).

3.7 SLR investments under HTM category

The percentage of SLR investment under HTM category as on 31st March 2023 was 20.64% of Demand and Time Liability of the Bank (previous year 21.37%) which is within permissible limit as per RBI guidelines. The market and book value of investments held in HTM category as on 31st March 2023 is ₹ 15,628.11 crore and ₹ 16,005.10 crore respectively (₹ 14,726.40 crore and ₹ 14,796.08 crore respectively during the previous year), and shows a mark to market depreciation of ₹ 376.99 crore (mark to market depreciation of ₹ 69.68 crore during the previous year).

3.8 Interest income on investment is net of amortization expenses of ₹ 107.57 crore (₹ 135.74 crore during previous year).

4. Advances and Asset Quality

4.1 Classification of advances and provisions held

(₹ crore)

Particulars	As on 31.03.2023						As on 31.03.2022					
	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 Non Performing Advances (NPAs)												
Opening Balance	53,445.06	596.31	2,110.85	723.88	**3,431.04**	**56,876.10**	48,021.34	832.48	2,780.61	529.78	**4,142.87**	**52,164.21**
Add: Additions during the year					479.24	479.24					842.73	842.73
Less: Reductions during the year*					2,452.13	2,452.13					1,554.56	1,554.56
Closing Balance	62,709.94	318.60	884.53	255.02	**1,458.15**	**64,168.09**	53,445.06	596.31	2,110.85	723.88	**3,431.04**	**56,876.10**
*Reductions in Gross NPAs due to :					2,452.13	2,452.13					1,554.56	1,554.56
i. Upgradation					55.81	55.81					102.13	102.13
ii. Recoveries (excluding recoveries from upgraded accounts)					504.33	504.33					573.76	573.76
iii. Technical/ Prudential Write-offs					1,884.18	1,884.18					816.31	816.31
iv. Write-offs other than those under (iii) above					7.81	7.81					62.36	62.36
b. Provisions (excluding Floating provisions)												
Opening 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**
Add: Fresh provisions made during the year					979.82	979.82					864.68	864.68
Less: Excess provision reversed/write-off loans					2,154.82	2,154.82					1,098.50	1,098.50
Closing balance	239.65	83.93	618.05	254.81	**956.79**	**1,196.44**	205.14	167.18	1,240.94	723.67	**2,131.79**	**2,336.93**
c. Net NPAs												
Opening balance		429.13	867.64	Nil	**1,260.79**			704.55	1059.27	Nil	**1,719.39**	
Add: Fresh additions during the year					-512.30*						-39.14*	
Less: Reductions during the year					280.34						419.46	
Closing balance		234.67	263.84	Nil	**468.15~**			429.13	867.64	Nil	**1,260.79~**	
d. Floating provisions												
Opening Balance						**0.00**						**9.69**
Add: Additional provisions made during the year						Nil						Nil
Less: Amount drawn down during the year						Nil						9.69
Closing balance						**0.00**						**0.00**
e. Technical / Prudential Write-offs (TWO) and the recoveries made there on												
Opening balance						**2,960.60**						**2,155.78**
Add : TWO during the year						1,884.18						816.31
Less: Recoveries in previous TWO accounts during the year						348.88						11.49
Closing Balance						**4,495.90**						**2,960.60**

* Addition to provision is more than addition to GNPA;

~ Net of other provisions, claims received/settled amounting to ₹ 30.36 crore (₹ 38.46 crore during previous year).

Schedules

4.1.1 Gross and Net NPA Ratios

Ratios	2022-23	2021-22
Gross NPA to Gross Advances (%)	2.27	6.03
Net NPA to Net Advances (%)	0.74	2.31
Provision coverage ratio (%)	92.14	80.27

4.2 Sector-wise Advances and Gross NPAs

(₹ crore)

SN	Sector	As on Mar. 31, 2023			As on Mar. 31, 2022		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	**Priority Sector**						
1	Agriculture and allied activities of which:	11,474.17	107.52	0.94	10,456.11	353.11	3.38
a	Food and cash crops	7,252.07	41.18	0.57	9,752.94	57.19	0.59
b	Allied activities	1,740.23	16.45	0.95	137.59	26.19	19.03
c	Other direct finance to agri	1,617.47	28.91	1.79	260.01	126.91	48.81
2	Industries eligible under priority sector of which:	9,169.44	235.81	2.57	8,878.30	178.86	2.01
a	Food processing others	1,432.67	20.68	1.44	1,450.61	20.90	1.44
b	Textiles	3,538.52	53.42	1.51	3,240.26	43.91	1.36
3	Services of which:	5,303.07	112.18	2.12	5,041.49	142.78	2.83
a	Wholesale and retail trade	4,354.82	88.97	2.04	4,033.71	113.66	2.82
4	Personal Loans of which:	1,012.96	83.95	8.29	1 ,333.45	90.75	6.81
a	Housing loans other than staff	907.20	42.34	4.67	1,197.72	43.14	3.60
	Subtotal (A)	**26,959.64**	**539.46**	**2.00**	**25,709.35**	**765.50**	**2.98**
B	**Non Priority Sector**						
1	Agriculture and allied activities of which:	3,469.41	2.89	0.08	2,481.32	17.87	0.72
a	Food and cash crops	2,039.35	2.26	0.11	2,428.95	6.53	0.27
b	Allied activities	535.47	0.11	0.02	14.78	0.01	0.07
c	Other direct finance to agri	683.77	0.20	0.03	21.03	0.49	2.33
2	Industry of which:	6,866.59	200.51	2.92	6,204.31	1,165.64	18.79
a	Infrastructure	2,136.56	20.48	0.96	1,809.08	230.57	12.75
b	Textile	1,071.86	70.96	6.62	1,004.03	178.07	17.74
c	Gems&Jewellery	877.99	2.87	0.33	979.66	86.80	8.86
3	Services of which:	13,433.97	464.16	3.46	12,236.90	1,236.77	10.11
a	Wholesale and retail trade	3,977.71	261.48	6.57	4,263.74	848.09	19.89
b	Real estate renting and business activities	4,440.17	98.94	2.23	3,927.47	228.78	5.83
c	Financial intermediation	3,196.29	1.17	0.04	2,645.33	2.07	0.08
4	Personal Loans of which:	13,438.48	251.13	1.87	10,244.22	245.26	2.39
a	Housing loans other than staff	4,804.64	114.82	2.39	3,923.46	118.01	3.01
b	Personal loan others	4,831.54	77.84	1.61	3,509.01	41.22	1.17
c	Personal Vehicle loans	1,107.90	46.82	4.23	1,077.63	47.93	4.45
	Subtotal (B)	**37,208.45**	**918.69**	**2.47**	**31,166.75**	**2,665.54**	**8.55**
	Total (A+B)	**64,168.09**	**1,458.15**	**2.27**	**56,876.10**	**3,431.04**	**6.03**

The above data has been furnished by the management and have been relied upon by the auditors.

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4.3 Overseas Asset, NPAs and Revenue

(₹ crore)

Particulars	2022-23	2021-22
Total Assets	399.26	1,308.89
Total NPAs	Nil	Nil
Total Revenue	20.64	6.67

4.4 Particulars of Resolution Plan

a. Details of stressed asset accounts covered under RP are as under:

(₹ crore)

Particulars	Mar. 31, 2023		Mar. 31, 2022	
	No	Amount*	No.	Amount*
Accounts covered under RP#	6	378.94	8	601.34
of above, accounts where RP –				
a. implemented	Nil	Nil	Nil	Nil
b. implementation period is yet to be completed	Nil	Nil	Nil	Nil
c. not implemented within stipulated timelines	5	335.25	7	552.90
d. not applicable (account under CIRP/NCLT)	1	43.69	1	48.44

As on 31st March 2023, for above accounts bank holds provision of ₹ 24.95 crore and ₹ 307.65 crore were Technically written off.

* Amount includes outstanding of Fund and Non Fund limits.

Also includes Technically written off accounts.

Disclosures in respect of accounts where the resolution period was extended during the year ended 31st March 2021 (as per RBI circular DOR.No.BP.BC.72/21.04.048/2019-20 dated 23rd May 2020 and DOR.No.BP.BC.62/21.04.048/2020-21 dated 17th April 2020):

Particulars #	Mar. 31, 2023	Mar. 31, 2022
No. of accounts in respect of which resolution period was extended	2	2
Amount outstanding as on 31st March (₹ Crore)	167.84	176.55

#These accounts are Technically written off accounts

b. 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 6th August 2020 (Resolution Framework 1.0) and 2. DOR.STR.REC.11/21.04.048/2021-22 dated 5th May 2021 (Resolution Framework 2.0) "Covid-19 Related Stress of Individuals and Small businesses")

Position for the half-year ended 30th September 2022

(₹ 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 (31.03.2022)	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 (30.09.2022)
	A	B	C	D	E
Personal Loans	616.35	35.02	-	72.16	509.17
Corporate persons*	291.76	6.20	-	27.59	257.97
Of which MSMEs	-	-	-	-	-
Others	53.50	0.19	-	6.40	46.91
Total	**961.61**	**41.41**	**-**	**106.15**	**814.05**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

[1] Represents Net Movement in Balances

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Position for the half-year ended 31st March 2023

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 (30.09.2022)	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 (31.03.2023)
	A	B	C	D	E
Personal Loans	509.17	19.70	-	48.68	440.79
Corporate persons*	257.97	79.81	-	14.43	163.73
Of which MSMEs	-	-	-	-	-
Others	46.91	0.17	-	7.87	38.87
Total	**814.05**	**99.68**	**-**	**70.98**	**643.39**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

[1] Represents Net Movement in Balances

c. 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 31st March 2023 (as well as on 31st March 2022).

4.5 a. Disclosure on restructured accounts

(₹ crore)

Particulars		Agriculture and allied activities		Corporate (excluding MSME)		MSME		Retail (excl. agriculture & MSME)		Total *	
		22-23	21-22	22-23	21-22	22-23	21-22	22-23	21-22	22-23	21-22
Standard	No. of borrowers	2	2	2	4	215	287	2259	2929	2478	3222
	Gross Amount	0.08	0.13	35.56	47.97	479.03	752.33	461.55	831.83	976.22	1632.26
	Provisions held	0.01	0.01	3.56	4.81	40.90	63.36	46.13	83.36	90.6	151.54
Sub-standard	No. of borrowers	0	0	1	0	27	34	160	121	188	155
	Gross Amount	0	0.00	6.04	0.00	63.44	73.48	36.72	30.31	106.2	103.79
	Provisions held	0	0.00	2.12	0.00	24.85	13.68	8.98	4.87	35.95	18.55
Doubtful	No. of borrowers	1	3	1	1	53	33	149	23	204	60
	Gross Amount	0.43	6.07	17.41	19.05	180.25	138.25	34.11	2.36	232.2	165.73
	Provisions held	0.43	6.06	17.41	8.80	115.71	84.56	15.15	1.07	148.7	100.49
Loss	No. of borrowers	3	2	1	2	11	4	273	177	288	185
	Gross Amount	0.03	0.02	7.9	10.64	4.83	3.58	15.05	36.42	27.81	50.66
	Provisions held	0.02	0.02	7.9	10.64	4.82	3.58	14.92	36.40	27.66	50.64
Total	No. of borrowers	6	7	5	7	306	358	2841	3250	3158	3622
	Gross Amount	0.54	6.22	66.91	77.66	727.55	967.64	547.43	900.92	1342.43	1952.44
	Provisions held	0.46	6.09	30.99	24.25	186.28	165.18	85.18	125.70	302.91	321.22

Note: The above disclosure includes accounts restructured under Covid-19 Resolution Framework 1.0 and 2.0.

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b. Restructuring of MSME Accounts

As per guidelines issued by RBI vide circulars DOR.No.BP.BC/4/21.04.048/2020-21 dated 6th August 2020 and DOR.No.BP.BC.34/21.04.048/2019-20 dated 11th February 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)
Mar. 31, 2023	169	270.18
Mar. 31, 2022	194	437.64

4.6 Divergence in asset classification and provisioning

No disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's supervisory process for the year ended March 31, 2022, based on the conditions mentioned in RBI circular No. RBI/2022-23/130 DOR.ACC.REC.No.74/21.04.018/2022-23 dated October 11, 2022.

4.7 Transfer of loan exposure

a. Details of loans not in default acquired through assignment during the year

(₹ crore)

Particulars	Acquired from			
	SCBs, RRBs, UCBs, StCBs, DCCBs, AIFIs, SFBs and NBFCs (incl. HFCs)		ARCs	
	2022-23	2021-22	2022-23	2021-22
Aggregate principal outstanding of loans acquired	764.78	253.14		
Aggregate consideration paid	688.30	247.80		
Weighted average residual tenor of loans acquired	Ranging between 17.76 to 167.46 months	Secured LAP - 91 months Machinery loans - 38 months Jewel loans - 16.56 months		
Coverage of tangible security	Ranging between 149% to 285%	Secured LAP - 270.75% Machinery loans - 155.10% Jewel loans - 100%	Nil	Nil
Retention of beneficial economic interest by the transferor	10%	10%		
Rating wise distribution of loans acquired	Not applicable*	Not applicable*		

* Loans acquired are under non-corporate category

b. Details of loans in default transferred during the year

(₹ crore)

Particulars	To ARCs		To Permitted transferees		To other transferees	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
No. of accounts	1	73				
Aggregate principal outstanding of loans transferred	1.05	150.95				
Weighted average residual tenor of the loans transferred	0	0	Nil	Nil	Nil	Nil
Net book value of loans transferred (at the time of transfer)	0	0				

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(₹ crore)

Particulars	To ARCs		To Permitted transferees		To other transferees	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Aggregate consideration	1.00	105.86				
Additional consideration realized in respect of accounts transferred in earlier years	0	0			Nil	
Excess provisions were reversed to the Profit & Loss Account on account of sale of NPAs.	1.00	105.86				

c. The Bank has neither transferred any stressed (SMA) loans and loans not in default during FY 2022-23; nor has acquired any stressed loans / loans classified as NPA acquired during the period 23 (also during previous year).

4.8 Provision towards frauds

(₹ crore)

SN	Particulars	2022-23	2021-22
A	Number of frauds reported during the year	33	44
B	Amount involved	356.35	653.50
C	Amount recovered / adjusted	29.89#	12.17#
D	Amount of interest reversal on NPA	Nil	Nil
E	Balance outstanding as on 31st March (Refer note below)	326.46~	641.33~
F	Provisions held in respect of item 'E' above	3.94	40.56
G	Quantum of un-amortised provision, if any, debited to 'Other Reserves' at the end of the year	Nil	Nil

Note –

includes amount of ₹ 0.50 crore (₹ 11.59 crore for previous year) recovered and kept in sundries account.

~ includes interest suspense of ₹ 36.23 crores (3.62 crore for Previous year) and technically written off accounts of ₹ 197.66 crores (₹ 525.19 crore. for previous year).

4.9 Disclosure of material items as required under RBI Circular DOR.ACC.REC.No.91/21.04.018/2022-23 dated 13th December 2022

(₹ crore)

Particulars	2022-23	2021-22
Total Income	7675.49	6356.73
1% of the above	76.75	63.57
Items under 'Miscellaneous Income' under Schedule 14- other Income exceeding 1% of total income		
a). Recovery from Written off accounts	208.40	6.79
Items under 'Other Expenditure' under Schedule 16 – Operating expenses exceeding 1% of total income	Nil	Nil
Total Assets	90179.42	80071.32
1% of the above	901.79	800.71
Items under Schedule 5(IV)- Other Liabilities and Provisions-"Others (including provisions)" exceeding 1% of total assets	Nil	Nil
Items under Schedule 11(VI) – Other Assets- "Others" exceeding 1% of total assets	Nil	Nil

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5. Exposures

5.1 Exposure to Real Estate Sector

(₹ crore)

Category	2022-23	2021-22
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	6,499.68	5,999.38
(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.)	3,825.76	3,534.70
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
a. Residential,	Nil	Nil
b. Commercial Real Estate.	Nil	Nil
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	809.54	507.54
Total Exposure to Real Estate Sector	**11,134.98**	**10,041.62**

5.2 Exposure to Capital Market

(₹ crore)

Particulars	2022-23	2021-22
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;	138.27	145.25
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;	Nil	Nil
3. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0.20	0.22
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;	100.84	55.83
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	**239.31**	**201.30**

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5.3 Risk Category wise Country Exposure

(₹ crore)

Particulars	2022-23		2021-22	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	376.28		638.79	
Low	240.24		1,051.38	
Moderately Low	115.35		2.71	
Moderate	2.82		4.99	
Moderately High	Nil	Nil	2.83	Nil
High	4.67		Nil	
Very High	0.24		Nil	
Restricted	Nil		Nil	
Off-credit	Nil		Nil	
Total	**739.60**	**Nil**	**1,700.70**	**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 (same for previous year).

5.4 Unsecured Advances

(₹ crore)

Particulars	As on March 31	
	2023	2022
Total Unsecured advances of the Bank (Gross)	1,238.73	1,010.61
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:

(₹ crore)

Particulars	2022-23	2021-22
TReDS	103.00	359.50
Factoring	154.53	172.20
Total	**257.53**	**531.70**

5.6 Intra Group Exposures - The bank has no intra group exposures on 31.03.2023 and 31.03.2022

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.

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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 ₹ 6.99 crore as on 31.03.2023 (Previous year ₹ 5.51 crore) towards UFCE of its clients.

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 (not exceeded the same for previous year) other than food credit.

6. Concentration of business

(₹ crore)

Particulars	2022-23	2021-22
a. Concentration of Deposits		
Total deposits of Twenty Largest Deposits	6,318.10	3,153.98
% of above to Total Deposits	8.24%	4.61%
b. Concentration of Advances		
Total Advances to Twenty Largest Borrowers	3,838.80	3,542.33
% of above to Total Advances	4.74%	5.11%
c. Concentration of Exposures		
Total Exposures to Twenty Largest Borrowers / Customers	4,204.89	3,908.85
% of above to Total Exposure	5.09%	5.51%
d. Concentration of NPAs		
Total Exposure to top twenty NPA Accounts	337.27	1,190.32
% of above to total Gross NPAs	23.13%	34.69%

The above data has been furnished by the management and have been relied upon by the auditors.

7. Derivatives

(₹ crore)

Particulars	Mar. 31, 2023	Mar. 31, 2022
7.1 Forward Rate Agreement/Interest Rate Swap		
1. The notional principal of swap agreements	Nil	Nil
2. Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements		
3. Collateral required by the bank upon entering into swaps		
4. Concentration of credit risk arising from the swaps		
5. The fair value of the swap book		
7.2 Exchange Traded Interest Rate Derivatives		
1. Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument wise)	Nil	Nil
2. Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2023 (instrument wise)		
3. Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise)		
4. Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise)		

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7.3 Disclosures on risk exposure in derivatives

Qualitative Disclosure

Structure, Organisation, Scope, Nature of risk management in derivatives

Dealing in derivatives is centralized 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.

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 Integrated Treasury 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.

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Quantitative Disclosure

(₹ crore)

Particulars	Mar. 31, 2023		Mar. 31, 2022	
	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)				
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 (also no derivative transactions undertaken during previous year), other than Forward Forex Contracts. Bank does not have any open position in the Derivative instruments in trading book as on 31st March 2023 (also as on 31st March 2022).

7.4 Credit default swaps

The bank has not undertaken any Credit Default Swaps during FY 2022-23 and FY 2021-22.

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 2022-23 and FY 2021-22.

(₹ crore)

SN	Particulars	2022-23		2021-22	
		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		Nil		Nil
	a) Off-balance sheet exposures				
	i. First Loss				
	ii. Others				
	b) On-balance sheet exposures				
	i. First Loss				
	ii. Others				

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(₹ crore)

SN	Particulars	2022-23		2021-22	
		Number	Amount	Number	Amount
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		
5	Sale consideration received for the securitized assets and gain/loss on sale on account of securitization				
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

(₹ crore)

Particulars	2022-23	2021-22
i. Backed by NPAs sold by the bank as underlying	462.08	540.39
ii. Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	Nil	Nil
Total	**462.08**	**540.39**

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b. Recovery ratings assigned for Security Receipts

(₹ crore)

Rating Scale	Book Value	
	2022-23	2021-22
R1	105.15	79.05
RR1	21.25	171.84
RR2	68.84	Nil
RR3	Nil	13.23
RR4	159.31	9.24
NR4	Nil	0.76
NR5	Nil	158.76
NR6	Nil	4.66
Unrated* (Rating Withdrawn)	107.53	102.85
Total	**462.08**	**540.39**

* As per RBI guidelines, rating is not applicable after eight years.

c. Age wise classification of Security Receipts

(₹ crore)

Particulars	SRs issued					
	Within past 5 years		More than 5 years ago but within past 8 years		More than 8 years ago *	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
1 Book value of SRs backed by NPAs sold by the bank as underlying	156.66	212.03	197.89	225.51	107.53	102.85
Provision held	156.66	194.01	197.89	94.65	107.53	102.85
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	156.66	212.03	197.89	225.51	107.53	102.85
Total provision held against above	156.66	194.01	197.89	94.65	107.53	102.85
Net Book Value	**Nil**	**18.02**	**Nil**	**130.86**	**Nil**	**Nil**

*SRs ageing more than 8 years have been classified as loss assets in investment books

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 31st March 2023 and 31st March 2022.

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.

(₹ crore)

Particulars	2022-23	2021-22
Opening balance	181.07	151.03
Add : Amounts transferred during the year	33.26	32.81
Less : Amounts reimbursed towards claims paid	3.74	2.77
Closing balance	**210.59**	**181.07**

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11. Disclosure on complaints

a) Disclosure on complaints received from customers and Banking Ombudsman (OBO)

SN	Particulars	2022-23	2021-22
A.	Complaints received by the bank from its customers		
1	Number of complaints pending at beginning of the year	128	40
2	Number of complaints received during the year	4430	4656
3	Number of complaints disposed during the year	4303	4568
3.1	Of which, number of complaints rejected by the bank	926	828
4	Number of complaints pending at the end of the year	255	128
B.	Maintainable complaints received by the bank from OBOs		
5	Number of maintainable complaints received by the bank from OBOs	369*	502
5.1	Of 5, number of complaints resolved in favour of the bank by BOs	144	492
5.2	Of 5, number of complaints resolved through conciliation / mediation / advisories issued by BOs	225*	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.

* One complaint received and the same was reported in the previous FY 21-22 but the said complaint was resolved by RBI on 11.04.2022 and advised us to include the same as maintainable complaint for FY 22-23.

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
		2022-23			
Loans and advances	69	1990	-7.48	176	38
Internet/Mobile/ Electronic Banking	21	1029	0.59	53	0
ATM/Debit cards	3	159	-45.17	2	0
Levy of charges without prior notice/excessive charges/foreclosure charges	4	105	81.03	6	2
Account opening/ Difficulty in operation of accounts	5	102	-28.67	2	0
Others	26	1045	5.44	16	0
Total	**128**	**4430**	**-4.85**	**255**	**40**

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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	2151	376.94	69	12
Internet/Mobile/ Electronic Banking	18	1023	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**	**4656**	**131.07**	**128**	**19**

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.

12. Disclosure of penalties imposed by RBI

During the year RBI has levied the following penalties –

1. ₹ 157,200/- emanating out of deficiencies found while processing the currency notes remitted by the Bank, ₹ 10,000/- for the deficiencies found in the branch incognito visit by RBI and ₹ 20,000/- for the deficiencies found in the ATM cash outs (Previous year ₹ 73,250/-).

2. ₹ 30 Lakhs for non-compliance with certain provisions of the RBI directions 2016 on 'Frauds – classification and reporting by commercial Banks and FIs (Previous year ₹ 1 crore).

13. Disclosures on Remuneration

Qualitative Disclosure

a. Information relating to the composition and mandate of the Nomination and Remuneration Committee (NRC)

As on 31st March 2023, the Nomination & Remuneration Committee (NRC) of the Board consists of four Directors, out of which three 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 Nomination and Remuneration Committee 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 policy on Board Diversity, and policy on Appointment and Succession Planning for Directors.

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.

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g. To formulate the criteria for variable pay and fix the thresholds for applying malus & clawback on the grant of variable pay payable to MD & CEO/ WTD.

h. To consider grant of stock options to employees, administer and supervise the Employee Stock Option Plans in conformity with statutory provisions and guidelines.

i. To provide inputs, if required, 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.

j. 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 Board approved Compensation Policy in terms of the RBI guidelines, provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ('SEBI LODR'). 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. Nomination and Remuneration Committee (NRC) of the Bank oversees the framing, review and implementation of compensation policy on behalf of the Board of Directors. 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.

In terms of RBI Guidelines and Compensation Policy of the Bank the position of Managing Director & CEO and President & COO are identified as Material Risk Taker (MRT). The compensation payable to MRTs is divided into fixed and variable components. Non-Executive Directors/ Independent Directors are paid sitting Fees for attending Board/ Committee meetings. Part-time (Non-Executive) Chairperson is entitled for honorarium, as approved by Reserve Bank of India and Shareholders of the Bank. In terms of RBI Circulars and as approved by the shareholders in 103rd Annual General Meeting, Non-Executive Directors of the Bank including Independent directors (Other than Non-Executive (Part-time) Chairperson) are eligible for profit related compensation to the tune 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. The fee payable shall be in proportion to the tenure of the Directors on the Board during the year.

Remuneration to employees (other than 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 organization so as to adequately recognize 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 MRTs 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. Risk measures

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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 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 KVB Officer Employees, Conduct Regulations and Discipline & Appeal Regulations, and also Malus / Claw back clauses in the employment contracts wherever applicable and continuous monitoring / auditing etc) to ensure risk mitigation and prevention.

Board of Directors of the Bank through 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, performance parameters under financial and non-financial areas of operations are assessed. 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 & CEO/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-clawback norms.

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f. Description of the different forms of variable remuneration (i.e. cash and types of share-linked instruments) that the bank utilizes 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	2022-23	2021-22
a) Number of meetings held by the Nomination & Remuneration Committee during the financial year and remuneration paid to its members.	7 Meetings and remuneration of ₹ 12.05 Lakh	9 Meetings and remuneration of ₹ 11.55 Lakh
b) Number of employees having received a variable remuneration award during the financial year (see note 'a' below)	2	2
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 - ₹ 42,97,462/- b. Non-Cash -2,08,829 ESOPs	a. Cash - ₹ 16,50,000/- b. Non-Cash -1,35,710 ESOPs
f) Total amount of deferred remuneration paid out in the financial year	a. Cash - ₹ 5,50,000/-b. Non-Cash -43,174 ESOPs	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 ₹ 2,08,88,042/- 2. Variable Pay ₹ 1,87,69,850/-	1. Fixed Pay ₹ 2,04,81,284/-2. Variable Pay ₹ 1,01,66,667/-
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

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Particulars		2022-23	2021-22
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	₹ 10,34,480	₹ 10,21,705
	Deviation of the pay*	20.05X	15.73X

* - 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 remuneration paid to MD&CEO during the FY 2022-23 has been considered and the increase compared to previous FY 2021-22 is because of variable pay payments i.e. cash component of FY 21-22, deferral cash component of FY 20-21, Exercise of non-cash component of variable pay (ESOS) pertaining to FY 21-22 and perquisites as per Income Tax act,1961.

Note – a. Details of fixed remuneration paid:

SN	Name	Period	Designation	Amount (₹)
1	Mr. B. Ramesh Babu	2022-23	MD & CEO (MRT)	1,44,36,142
2	Mr. J. Natarajan	2022-23	President & COO (MRT)	64,51,900
Total				**2,08,88,042**
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**

includes perquisites worked out as per Income Tax Rules, 1962.

b. Details of Variable Pay pertaining to FY 2021-22 granted during the FY 2022-23:

SN	Name	Variable Pay (₹)	Cash (₹)	Share linked remuneration (ESOPs)
1	Mr. B. Ramesh Babu, MD&CEO (MRT)	1,27,89,850	63,94,925 (Upfront 31.97 Lacs + 10.65 Lacs each deferred over a period of 3 years)	59,075 options to be vested in the ratio of 33:33:34
2	Mr. J. Natarajan, President & COO (MRT)	59,80,000	10,76,400 (Upfront)	57,218 options to be vested in the ratio of 33:33:34
	Total	**1,87,69,850**		

a. RBI vide letter dated 13th December, 2022 has approved variable pay to Mr. B Ramesh Babu, MD & CEO for performance period FY 2021-22, which was paid during the year ended 31st , March 2023.

b. Position of MD & CEO and President & COO are identified as Material Risk Takers by the Bank.

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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 31 March, 2023 is set out below:

Particulars	Status of options granted during			
	FY 2018-19	FY 2020-21	FY 2021-22	FY 2022-23
	KVB-ESOS 2011 SCHEME			
Outstanding at the beginning of the year i.e. as on 01.04.2022	1,91,551	35,80,512	Nil	Nil
Granted during the year (Note 3)	Nil	Nil	Nil	Nil
Vested during the year (Note 1)	Nil	8,26,906	Nil	Nil
Exercised during the year	35,600	10,41,219	Nil	Nil
Lapsed/ forfeited/ cancelled (Nos.) (Note 2)	96,631	4,08,655	Nil	Nil
Outstanding as on March 31, 2023	**59,320**	**21,30,638**	**Nil**	**Nil**
	KVB-ESOS 2018 SCHEME			
Outstanding at the beginning of the year i.e. as on 01.04.2022	Nil	21,01,080	1,35,710	Nil
Granted during the year (Note 3)	Nil	Nil	Nil	4,42,161
Vested during the year (Note 1)	Nil	7,64,227	43,174	Nil
Exercised during the year	Nil	9,34,031	43,174	Nil
Lapsed/ forfeited/ cancelled (Nos.) (Note 2)	Nil	86,800	Nil	Nil
Outstanding as on March 31, 2023	**Nil**	**10,80,249**	**92,536**	**4,42,161**

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.

2. Consequent to the performance assessment for FY 2021-22 and on the basis of eligibility conditions during the year, 5,92,086 options (ESOS 2011 scheme – 5,05,286 options and ESOS 2018 scheme –86,800 options) were lapsed, and the said options were added back to the Employee Stock Option pools (1,04,25,254 options lapsed during the previous year).

3. The Bank has granted 1,16,293 options of face value ₹ 2/- each to Material Risk Takers (MRTs) - MD & CEO and President & COO under KVB ESOS 2018 scheme during the year(1,35,710 options during the previous 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 2021-22. The vesting period shall be under deferral arrangement of three years from the date of grant.

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14. Other Disclosures

14.1 Business Ratios

Particulars	2022-23	2021-22
1. Interest Income as a percentage to Working Funds (%)	7.49	7.12
2. Non-interest income as a percentage to Working Funds (%)	1.33	0.98
3. Cost of Deposits (%)	4.27	4.31
4. Net Interest Margin (%)	4.18	3.72
5. Operating Profit as a percentage to Working Funds (%)	2.85	2.08
6. Return on Assets (%)	1.27	0.86
7. Business (Deposits plus Advances) per employee (₹ crore)	18.14	17.16
8. Profit per employee (₹ lakh)	14.25	9.22

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

(₹ crore)

SN	Fee/Remuneration from sale of	2022-23*	2021-22*
1	Life Insurance Products	23.50	16.88
2	Non-Life Insurance Products	6.82	6.16
3	Health Insurance Products	4.08	3.29
	Total	**34.40**	**26.33**

* exclusive of GST.

14.3 Income from marketing and distribution

(₹ crore)

SN	Fee/Remuneration from sale of	2022-23	2021-22
A	**Mutual fund products**	**1.12**	**0.99**
	Total (A)	**1.12**	**0.99**
B	**Other products**		
1	Demat & Trading	1.10	1.08
2	Co-branded Credit Card	0.51	0.71
3	PMJJBY Scheme	0.01	0.26
4	Sovereign Gold Bond Scheme	0.16	0.29
5	Atal Pension Yojana	0.07	0.01
6	National Pension Scheme	0.09	0.01
	Total (B)	**1.94**	**2.36**
	Total (A+B)	**3.06**	**3.35**

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14.4 Priority Sector Lending Certificates sold/purchased during the year

(₹ crore)

Particulars	2022-23	2021-22
PSLC purchased during the year		
1. Agriculture		
2. SF/MF	Nil	Nil
3. Micro Finance		
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

(₹ crore)

Provision for	2022-23	2021-22
Standard Assets	34.51	16.99
Bad & Doubtful Debts	717.00	634.85
Non Performing Investments	102.38	(5.89)
Fraud (other than advances)	(0.04)	0.14
COVID-19 Relief Package	Nil	Nil
Restructured accounts including COVID-19 restructuring, Food Credit	(51.63)	30.01
Additional provision for accounts covered under Resolution Plan	(17.84)	42.79
Unhedged Foreign Currency Exposure	1.48	0.10
Other Provisions	253.06	(19.70)
Income Tax	375.18	280.23
Deferred Tax (Net)	(44.41)	(22.58)
Total	**1,369.69**	**956.94**

14.5.1 Movement of Floating Provision/Counter Cyclical Buffer

(₹ crore)

Particulars	2022-23	2021-22
Floating Provision at the beginning of the year	Nil	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	Nil	9.69
Floating Provision at the end of the year	Nil	Nil

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14.5.2 Provisions on Standard Assets, Food Credit

(₹ crore)

Provisions for	2022-23	2021-22
1. Standard Assets	239.65	205.14
2. Food Credit (Punjab State Government) *	5.85	6.24

* Provision @ 5% of outstanding food credit availed by Punjab State Government, vide RBI circular DBR.BP.No.3992/21.04.048/2016-17 dated 03rd Oct 2016.

14.6 Status with regard to IndAS 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 18th January 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 11th February 2016, advised SCBs to follow IndAS from 1st April 2018, subject to guidelines / directions to be issued in this regard.

RBI initially deferred IndAS implementation by SCBs to 1st April 2019; subsequently, vide circular DBR.BP.BC.No.29/21.07.001/2018-19 dated 22nd March 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 2022-23.

In compliance to the RBI circular dated 11th February 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 30th September 2022 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. Based on the Discussion Paper on Introduction of Expected Credit Loss Framework for Provisioning by Banks issued by Reserve Bank of India, the bank is in the process of evaluating and reviewing the same.

14.7 DICGC Insurance Premium paid

(₹ crore)

SN	Particulars	2022-23	2021-22
1	Amount of DICGC insurance premium paid	100.78	91.47
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 11th November 2020 was quantified on 26th August 2021; the Bank opted to amortize the additional liability of ₹ 80.26 crore based on actuarial valuation during the three quarters of financial year 2021-22 equally, and the same has been accordingly expensed to Profit & Loss account in the previous financial year 2021-22 itself.

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:

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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 31st March 2023.

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).

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 27th April 2010, employees who have joined on or after 1st April 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

Particulars	Gratuity		Pension	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Discount Rate (%)	7.52	7.31	7.53	7.40
Salary escalation rate (%)	5.00	5.00	5.00	5.00
Attrition rate (%)	*	~	0.50	0.50
Expected rate of return on Plan Assets (%)	7.52	7.31	7.53	7.40

* Attrition rate for FY 2022-23 – 0.50% for those under defined benefit pension option and 5.94% for others.

~ Attrition rate for FY 2021-22 - 0.50% for those under defined benefit pension option and 2.40% for others.

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Expenses recognized in Profit and Loss Account

(₹ crore)

Particulars	Gratuity		Pension	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Current Service Cost	15.47	15.77	26.51	24.64
Past Service Cost	Nil	Nil	Nil	75.06
Interest cost on benefit obligation	19.69	18.37	58.76	53.48
Expected return on plan assets	(19.97)	(15.59)	(61.95)	(52.16)
Net Actuarial (gain) / loss recognised in the year	12.05	(5.01)	65.90	5.40
Expenses recognised in Profit & Loss A/c.	27.24	13.54	89.22	106.42

Changes in the present value of the defined benefit obligation

(₹ crore)

Particulars	Gratuity		Pension	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Present value of obligation at the beginning of the year	269.36	263.97	793.99	768.40
Current Service Cost	15.47	15.77	26.51	24.64
Past Service Cost	Nil	Nil	Nil	75.06
Interest Cost	19.69	18.37	58.76	53.48
Net actuarial (gain) / loss on obligation	11.24	(1.05)	55.76	8.07
Benefits Paid	(25.86)	(27.70)	(100.77)	(135.66)
Present value of the obligation at the end of the year	289.90	269.36	834.25	793.99

Change in the fair value of plan assets

(₹ crore)

Particulars	Gratuity		Pension	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Fair value of plan assets at the beginning of the year	273.22	223.96	837.20	749.38
Expected Return on plan assets	19.97	15.59	61.95	52.16
Contribution by employer	12.67	57.41	17.39	168.65
Benefits Paid	(25.86)	(27.69)	(100.77)	(135.66)
Actuarial gain / (loss)	(0.81)	3.95	(10.14)	2.67
Fair value of plan assets at the end of the year	279.19	273.22	805.62	837.20

Investment details of plan assets

Particulars (details in % terms)	Gratuity		Pension	
	Mar. 31, 2023	Mar. 31, 2022	Mar. 31, 2023	Mar. 31, 2022
LIC Managed Fund	95.86	95.05	87.48	87.04
Government Securities	3.22	3.79	3.60	4.88
Bonds, debentures and other fixed income instruments	0.70	0.71	0.38	0.36
Money Market Instruments	Nil	Nil	Nil	Nil
Equity Shares	Nil	Nil	Nil	Nil
Others	0.22	0.45	8.54	7.72
Total	**100.00**	**100.00**	**100.00**	**100.00**

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Experience adjustments

(₹ crore)

Particulars	Gratuity					Pension				
	Year ended 31st March					Year ended 31st March				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
Defined Benefit Obligation	289.90	269.36	263.97	201.99	168.05	834.25	793.99	768.40	625.13	533.58
Plan Assets	279.19	273.22	223.96	202.02	168.06	805.62	837.20	749.38	626.36	533.59
Surplus / (Deficit)	(10.71)	3.86	(40.01)	0.03	0.01	(28.63)	43.21	(19.02)	1.23	0.01
Experience Adjustments on Plan Liabilities	3.07	5.34	63.70	5.11	7.38	67.11	60.86	178.47	90.76	105.33
Experience Adjustments on Plan Assets	(0.80)	3.95	(0.04)	0.31	(1.03)	(10.14)	2.67	(3.15)	(2.70)	(16.46)

Compensated absences

The employees of the Bank are entitled to compensated absences. The employees can carry forward a portion of the unutilized accrued compensated absences and utilize 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.

(₹ crore)

Particulars	Privilege leave		Medical leave	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Total Actuarial Liability	169.29	170.88	48.84	50.10
Assumptions				
Discount rate (%)	7.52	7.31	7.52	7.31
Salary escalation rate (%)	5.00	5.00	5.00	5.00
Attrition rate (%)	*	~	*	~

* Attrition rate for FY 2022-23 – 0.50% for those under defined benefit pension option and 5.94% for others.

~ Attrition rate for FY 2021-22 - 0.50% for those under defined benefit pension option and 2.40% 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 includes all advances to trusts, partnership firms, companies, and statutory bodies, which are not included under Retail Banking.

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Revenue comprises of interest and fees / charges earned from such clients and expenses are those incurred on interest towards funds utilized and other allocated overheads.

3. Retail banking comprises of lending of funds and other banking services to any legal person including small business customers, on the basis of the borrower, nature of the product, granularity of the exposure and quantum thereof.

   Revenue comprises of interest and fees / charges earned from such clients and expenses are those incurred on interest towards funds utilized 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.

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

(₹ crore)

SN	Particulars	2022-23 (Audited)	2021-22 (Audited)
a	**Segment Revenue**		
	1. Treasury	1,246.80	1,018.25
	2. Corporate/Wholesale Banking	1,576.07	1,373.51
	3. Retail Banking	4,803.25	3,928.71
	4. Other Banking	49.37	36.26
	Total	**7,675.49**	**6,356.73**
b	**Segment Results**		
	1. Treasury	415.38	217.90
	2. Corporate/Wholesale Banking	550.97	408.10
	3. Retail Banking	1,717.85	1,209.74
	4. Other Banking	37.34	26.61
	Total	**2,721.54**	**1,862.35**
c	Unallocated Income/Expenses	245.75	232.14
d	**Operating Profit**	**2,475.79**	**1,630.21**
e	Tax expense	330.77	257.65
f	Other Provisions	1,038.93	699.29
g	Exceptional Item	Nil	Nil
h	Net Profit	1,106.09	673.27
i	Other Information		
j	Segment Assets		
	1. Treasury	19,378.86	18,488.42
	2. Corporate/Wholesale Banking	13,879.59	13,836.03
	3. Retail Banking	49,254.55	40,825.17
	4. Other Banking Operations	Nil	Nil
	5. Unallocated	7,666.42	6,921.70
	Total Segment Assets	**90,179.42**	**80,071.32**

Schedules

(₹ crore)

SN	Particulars	2022-23 (Audited)	2021-22 (Audited)
k	**Segment Liabilities**		
	1. Treasury	17,692.06	17,380.54
	2. Corporate/Wholesale Banking	12,526.71	12,378.55
	3. Retail Banking	44,458.01	36,526.76
	4. Other Banking	Nil	Nil
	5. Unallocated	6,918.59	6,189.28
	Total (a)	**81,595.37**	**72,475.13**
l	**Capital Employed (Segment Assets-Segment Liabilities)**		
	1. Treasury	1,686.80	1,107.88
	2. Corporate/Wholesale Banking	1,352.88	1,457.88
	3. Retail Banking	4,796.54	4,298.41
	4. Other Banking	Nil	Nil
	5. Unallocated	747.83	732.42
	Total (b)	**8,584.05**	**7,596.20**
	Total Segment Liabilities (a+b)	**90,179.42**	**80,071.32**

RBI, vide circular dated 7th April 2022 on establishment of Digital Banking Units (DBUs), has prescribed that reporting of Digital Banking Segment has to be made as a sub-segment of Retail Banking Segment under Accounting Standard 17 – Segment Reporting. The Bank does not have any DBUs, hence no digital banking segment disclosures have been made for the year ended 31st March 2023.

Part 2 : Geographic segments

Geographical segment consists only of domestic segment (also for previous year), 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 (₹)	
			2023	2022
Name of KMP : Shri. B. Ramesh Babu	MD & CEO	Remuneration	2,07,41,949	1,56,59,235
Relatives of KMP	1. B. Sujatha; 2. B. Nirmala; 3. B. Saketh; 4. B. Sravya; 5. B. Rajesh Babu			

Schedules

(₹ crore)

Items/ Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Total	
Mar. 31	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Borrowings							Nil	Nil			Nil	Nil
Deposit							0.30	0.03			0.30	0.03
Placement of deposits							(maximum during the year 0.38)	(maximum during the year 0.11)				
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							0.02	0.0005			0.02	0.0005
Interest received												
Rendering of services							Nil	Nil			Nil	Nil
Receiving of services												
Management contracts												

g. Earnings per Share (AS-20)

SN	Particulars	2022-23	2021-22
1.	**Computation of Basic EPS (before and after Extraordinary items)**		
1	Net Profit (₹ Crore)	1106.09	673.27
2	Weighted number of shares	80,06,88,243	79,94,33,213
3	Basic EPS (1/2) (₹)	13.81	8.42
4	Nominal Value per share (₹)	2.00	2.00
2.	**Computation of Diluted EPS (before and after Extraordinary items)**		
1	Net Profit (₹ Crore)	1106.09	673.27
2	Weighted number of shares (including Potential Equity Shares)	80,29,63,908	80,03,78,979
3	Diluted EPS (1/2) (₹)	13.78	8.41
4	Nominal Value per share (₹)	2.00	2.00

Note – There are no extraordinary items recognised in the profit and loss account during FY 2022-23 and FY 2021-22; accordingly, EPS is disclosed as above.

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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 31st March 2023 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:

(₹ crore)

Particulars	2022-23	2021-22
Deferred Tax Liabilities		
1. Depreciation on Fixed Asset	3.90	5.02
2. Special Reserve u/s 36(1)(viii) of the Income Tax Act,1961	114.51	100.67
TOTAL	**118.41**	**105.69**
Deferred Tax Assets		
1. Provision for Standard Assets	60.32	51.63
2. Provision for Leave Encashment	42.61	43.01
3. Provision for Restructured Assets	22.86	35.76
4. Others	97.03	35.29
TOTAL	**222.82**	**165.69**

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. (not applicable for previous year also)

j. Discontinuing operations (AS-24)

The Bank has not discontinued any of its operations. Hence reporting under AS-24 is not applicable (not applicable for previous year also).

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 31st March 2023 requiring recognition in terms of Accounting Standard 28 (also as at 31st March 2022).

14.10 Letter of Comfort (LOCs)

(₹ crore)

Particulars	2022-23	2021-22
Letter of Comfort issued during the year	Nil	Nil
Outstanding Letter of Comfort as on 31st March		

Schedules

14.11 The Bank has deposited an amount of ₹ 563.54 crore (₹ 448.18 crore during the previous year) 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 ₹ 60,35,354/- (₹ 41,86,013/- of previous year) for the FY 2014-15 and 91,584 shares(1,01,333 shares for previous year) of face value ₹ 2/- each, in respect of which the dividends remain unclaimed from FY 2014-15 for the last seven consecutive years, were transferred to the IEPF during the year ended 31st March 2023 within the timelines.

14.13 Corporate Social Responsibility (CSR)

The bank has incurred an expenditure of ₹ 5.86 crore towards CSR and has also provided ₹ 6.98 crore during the year for various future projects and its appropriateness for spending / coverage under CSR (Previous year ₹ 7.59 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 recognized 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.)

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14.15 Inter-branch transactions

Inter Branch/Office accounts reconciliation has been completed upto 31st March 2023 and all the inter branch entries have been reconciled upto 31st March 2023.

14.16 Balancing of books

The books of accounts have been balanced and tallied in all branches of the Bank as on 31st March 2023 (also as on 31st March 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. Note on Disclosure related to Interest Accrued but Not Due

Based on RBI Master Direction on financial statements – Presentation and Disclosures issued on August 30, 2021 (Updated as on February 20, 2023), Interest accrued but not due on advances and deposits have been reclassified under Other Assets (Schedule 11 - Notes to Accounts to the financial statements) and Other Liabilities and Provisions (Schedule 5 - Notes to Accounts to the financial statements). Though, there is no change in the Net Profit / Loss for the previous periods, the figures have been reclassified as appropriate to make them comparable with the figures of the current period.

17. Figures of the previous year have been regrouped/rearranged/reclassified wherever necessary

DR.MEENA HEMCHANDRA	**MURALI RAMASWAMI**	**B.RAMESH BABU**	**J.NATARAJAN**	**R. RAMSHANKAR**
NON-EXECUTIVE INDEPENDENT (PART-TIME) CHAIRPERSON	AUDIT COMMITTEE CHAIRMAN	MANAGING DIRECTOR & C E O	PRESIDENT & COO	CHIEF FINANCIAL OFFICER

M.SRINIVASA RAO
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
Sriraam Alevoor M	**P. Menakshi Sundaram**
Partner	Partner
M. No. 221354	M. No. 217914

Place : Karur
Date : 15th May 2023

Cash Flow Statement

for the year ended 31st march 2023

(₹ 000's omitted)

Particulars	Year ended 31.03.2023 (Audited)	Year ended 31.03.2022 (Audited)
Cash flow from/(used in) operating activities		
Net Profit as per Profit and Loss account	**11060918**	**6732674**
Adjustments for		
Depreciation on Bank's property	1056645	1191794
Interest paid on TIER II bonds	581965	581965
Provisions for other contingencies	1850318	533405
Provision for taxes	3307747	2576533
Provision for depreciation on investment	(118854)	1071358
Provision for standard assets	345083	169903
Provision for bad and doubtful debts	7169976	6348465
Provision for non performing investments	1023811	(58872)
Provision for compensated absences	58800	20800
Amortization of premium paid on Held to Maturity (HTM) investments	1075714	1357406
Provision for employees stock option plan / scheme	17002	4884
(Profit) /Loss on sale of fixed assets (net)	(10363)	(11031)
Operating profit before working capital changes	**27418762**	**20519284**
Adjustments for working capital changes		
(Increase) / Decrease in investments (excluding HTM investments)	(5813016)	1021292
(Increase) / Decrease in advances	(91812645)	(55868220)
(Increase) / Decrease in other assets	(8975789)	(13473481)
Increase / (Decrease) in deposits	81515775	54083232
Increase / (Decrease) in borrowings	929190	(11891960)
Increase / (Decrease) in other liabilities and provisions	6859868	5414780
	10122145	**(195073)**
Direct taxes paid	2050000	3150000
Net cash flow from / (used in) operating activities	**12172145**	**2954927**

Cash Flow Statement

for the year ended 31st march 2023

(₹ 000's omitted)

Particulars	Year ended 31.03.2023 (Audited)	Year ended 31.03.2022 (Audited)
Cash flow from investing activities		
Purchase of fixed assets	(622179)	(586073)
(Increase)/Decrease in HTM investments	(12090250)	(15362572)
Sale of fixed assets / other assets	10363	11031
Net cash flow from / (used in) investing activities	**(12702066)**	**(15937614)**
Cash flow from financing activities		
Proceeds from issue of share capital	4084	1382
Proceeds from share premium	76722	25319
Increase/(Decrease) in tier II bonds	-	-
Interest paid on tier II bonds	(581965)	(581965)
Dividend paid (including tax on dividend)	(1279358)	(403714)
Net cash flow from / (used in) financing activities	**(1780517)**	**(958978)**
Net Increase / (decrease) in cash & cash equivalents	**(2310438)**	**(13941665)**
Cash and cash equivalents at the beginning of the year	**49261723**	**63203388**
Cash and cash equivalents at the end of the year	**46951285**	**49261723**

The above Cash Flow Statement is based on indirect method

DR.MEENA HEMCHANDRA
NON-EXECUTIVE INDEPENDENT (PART-TIME) CHAIRPERSON

MURALI RAMASWAMI
AUDIT COMMITTEE CHAIRMAN

B.RAMESH BABU
MANAGING DIRECTOR & C E O

J.NATARAJAN
PRESIDENT & COO

R. RAMSHANKAR
CHIEF FINANCIAL OFFICER

M.SRINIVASA RAO
COMPANY SECRETARY

As per our report of even date

For **R.G.N. Price & Co.,**
Chartered Accountants
FRN: 002785S

Sriraam Alevoor M
Partner
M. No. 221354

For **Sundaram & Srinivasan**
Chartered Accountants
FRN:004207S

P. Menakshi Sundaram
Partner
M. No. 217914

Place : Karur
Date : 15th May 2023

Basel Pillar III Disclosures

BASEL PILLAR III DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (31.03.2023)

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 31.03.2023, 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 ongoing 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 materialize, 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 formalized and implemented a comprehensive Internal Capital Adequacy Assessment Process (ICAAP). The Bank's ICAAP covers the process for assessment of the adequacy of capital to support current and 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

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for implementing the New Capital Adequacy Framework under Basel III, the Bank has successfully migrated to the framework from April 1, 2013.

In accordance with the RBI's requirement, the Bank has continued to adopt Standardized Approach (SA) for Credit Risk and Basic Indicator Approach (BIA) for Operational Risk to compute capital as on 31.03.2023. Besides this, the Bank continues to apply the Standardized Duration Approach (SDA) for computing capital requirement for Market Risk. RBI has prescribed banks to maintain a minimum CRAR of 11.50% with regard to credit risk, market risk and operational risk as on 31.03.2023. Bank has followed extant RBI guidelines to arrive at the eligible capital, risk weighted assets and CRAR.

2.2 CAPITAL ADEQUACY AS ON 31.03.2023

The total Capital to Risk Weighted Assets Ratio (CRAR) as per Basel III guidelines works to 18.56% as on 31.03.2023. Tier 1 CRAR stands at 16.79%.

Equity Capital

Bank has an authorized share capital of ₹ 2000 million comprising of 100,00,00,000 equity shares of ₹ 2/- each. As on 31.03.2023 the Bank has Subscribed and Paid-up capital of ₹ 1604 million constituting 80,20,53,463 shares of ₹ 2/- each.

Tier 2 bonds

Details of Basel III compliant subordinated debt instruments issued and outstanding as on 31.03.2023 are as under:

(₹ in million)

Issue Series	Deemed Date of Allotment	Coupon Rate (% p.a.)	Tenor (in Months)	Amount as on 31.03.2023
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 Standardized Approach	**47,348**
- Securitization exposures	-
2. Capital requirement for Market Risk	
Standardized Duration Approach	**1,867**
o Interest Rate Risk	717
o Foreign Exchange Risk (Including gold)	52
o Equity Risk	1,098
3. Capital requirement for Operational Risk	
Basic Indicator Approach	**7,231**
Total capital requirements at 11.50% (1 + 2 + 3)	**56,446**

CET1, Tier 1, Tier 2 and CRAR

(₹ in million)

1. Tier 1 capital	
1.1 Paid-up share capital	1,604
1.2 Reserves	81,284
1.3 Gross Tier 1 capital (1.1 + 1.2)	**82,888**
1.4 Deductions	473
1.5 Total Tier 1 capital (1.3 - 1.4)	**82,415**
2. Tier 2 capital	
2.1 Subordinated Debt	4,870

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	(₹ in million)
2.2 General Provisions and Revaluation Reserves	2,396
2.3 Investment Reserve & Investment Fluctuation Reserves	1,348
2.4 Unhedged Foreign currency exposure	70
2.5 Gross Tier 2 capital (2.1 + 2.2 + 2.3 + 2.4)	**8,684**
2.6 Deductions	-
2.7 Total Tier 2 capital (2.4 - 2.5)	**8,684**
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
4. Subordinated debt eligible for inclusion in Tier 2 capital	-
4.1 Total amount outstanding	-
4.2 Of which amount raised during the current year	-
4.3 Amount eligible to be reckoned as capital funds	-
5. Other deductions from capital	-
6. Total eligible capital (1.5 + 2.7 - 5)	91,099
7. CET 1 Ratio (%)	16.79%
8. Tier 1 Ratio (%)	16.79%
9. Tier 2 Ratio (%)	1.77%
10. Total CRAR (Basel III) (%)	18.56%

3. RISK EXPOSURE AND ASSESSMENT

The Bank is exposed to various types of risk such as Credit, Market, Operational, Liquidity, Interest Rate, Concentration, 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.

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3.2 Executive Level Committees

At executive management level, the organizational responsibilities for implementing and monitoring Board approved strategies and policies and adhering to prescribed tolerance limits etc. are as under:

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.

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 Standardized 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 optimize the risk reward ratio.

There is a clearly articulated definition of acceptable credit risk, based upon:

- Identification of target markets/segments
- Establishing of characteristics of desirable customers within the target market
- Assessing whether adequate resources are available to support the business
- Ensuring that all 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

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- Approval process with delegated authorities
- Asset quality and risk rating system and its verification
- Effective loan disbursement mechanism to minimize 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 at the following 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
- Digital underwriting process for retail loans

The Bank relies upon formal and conventional credit risk assessment, viz. –

- The ability and willingness of borrowers to repay.
- Dependence primarily on cash flows for repayment with security taken to provide a secondary source of repayment.
- Quality of data and analysis thereof forms the basis of assessment and not external reputation or unsubstantiated beliefs.
- Rational assessment of probability of default and assessment of 'Worst Case Scenario'.
- Transparency and communication of all relevant facts (negative as well as positive) necessary for making an informed credit decision.
- Documentation of all assessment, rationale and decisions.
- Know Your Customers 'KYC' forms the bedrock of initiating and sustaining any relationship.

4.2 Total gross credit risk exposure

(₹ in million)

Category : Domestic	Amount
Fund based	709,889
Non fund based	36,403
Total	**746,292**

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	95,779	3,508	MAHARASHTRA	76,614	1,629
BIHAR	124		ORISSA	1,277	215
CHANDIGARH	665	82	PONDICHERRY	4,946	215
CHHATTISGARH	85	5	PUNJAB	787	21
DELHI	12,507	2,749	RAJASTHAN	658	8
GOA	429	12	TAMILNADU	316,157	16,012
GUJARAT	14,561	4,347	TELANGANA	55,118	4,846
HARYANA	4,074	523	UTTARAKHAND	153	

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(₹ in million)

STATE	FUND BASED	NON FUND BASED	STATE	FUND BASED	NON FUND BASED
JHARKHAND	133	4	UTTAR PRADESH	1,674	274
KARNATAKA	37,818	956	WEST BENGAL	4,397	757
KERALA	12,564	153	**TOTAL**	**641,681**	**36,403**
MADHYA PRADESH	1,161	87			

4.4 Industry wise distribution of exposures

(₹ in million)

Industry	Fund Based	Non-Fund Based
MINING & QUARRYING	6,587	802
FOOD PROCESSING	20,052	2,368
BEVERAGES & TOBACCO	3,352	30
TEXTILES	52,311	1,831
LEATHER AND LEATHER PRODUCTS	892	12
WOOD AND WOOD PRODUCTS	3,306	1,556
PAPER AND PAPER PRODUCTS	4,375	1,841
PETROLEUM, COAL PRODUCTS AND NUCLEAR FUELS	665	4
CHEMICALS AND CHEMICAL PRODUCTS	5,668	112
RUBBER, PLASTIC AND THEIR PRODUCTS	3,362	74
GLASS & GLASSWARE	347	15
CEMENT & CEMENT PRODUCTS	1,694	111
BASIC METAL AND METAL PRODUCTS	12,564	3,023
ALL ENGINEERING	8,952	2,676
VEHICLES, VEHICLE PARTS AND TRANSPORT EQUIPMENT	1,983	51
GEMS AND JEWELLERY	12,762	386
CONSTRUCTION	8,227	2,807
INFRASTRUCTURE	29,911	5,434
OTHER INDUSTRIES	3,153	105
OTHERS	529,726	13,165
TOTAL	**709,889**	**36,403**

4.5 Exposure to Industries in excess of 5% of total exposure

(₹ in million)

Industry	Fund based Facilities	Non-Fund based Facilities
TEXTILES	52,311	1,831
Total	**52,311**	**1,831**

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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		6,983	1,841	3,847	18,702	24,631	-	-	4,801	60,805
2-7 Days		-	603		10,108	4,206	-	-	600	15,517
8-14 Days		-	643	-	10,098	4,484	-	-	600	15,825
15-30 Days		-	1,303	-	5,167	12,441	-	-	-	18,911
31 Days & upto 2 Months		-	1,739		7,886	19,175	-	-	-	28,800
Over	Upto									
2 Months	3 Months	-	1,531		9,423	30,713	-	-	-	41,667
3 Months	6 Months	-	3,650	-	15,473	69,637	-	-	-	88,760
6 Months	1 Year	-	6,052	-	28,991	88,948	-	-	-	123,991
1 Year	3 Years	-	10,864	16	53,462	222,026	-	-	-	286,368
3 Years	5 Years	-	4,003	-	17,096	45,533	3,186	-	-	69,818
Over 5 Years		-	3,582	-	15,381	105,305	13,563	4,350	16,994	159,175
Total		**6,983**	**35,811**	**3,863**	**191,787**	**627,099**	**16,749**	**4,350**	**22,995**	

* As per ALM Guidelines

4.7 Non Performing Advances , Investments and Provisions

(₹ in million)

Particulars		Amount
a)	Gross NPA	
i.	Substandard	3,186
ii.	Doubtful 1	4,227
iii.	Doubtful 2	3,035
iv.	Doubtful 3	1,583
v.	Loss	2,550
Total		**14,581**
b)	Net NPA	4,682
c)	NPA Ratios	
i.	Gross NPAs to Gross Advances (%)	2.27%
ii.	Net NPAs to Net Advances (%)	0.74%
d)	Movement of NPA (Gross)	
i.	Opening balance 01.04.2022	34,310
ii.	Additions during the period	4,792
iii.	Reductions during the period	24,521
iv.	Closing balance 31.03.2023	14,581

e) Movement of provisions for NPA	Specific Provision	General Provision
i. Opening balance as on 01.04.2022	21,318	-
ii. Provision made during the period	9,798	-
iii. Write-off / write-back of excess provisions	21,548	-
iv. Closing balance 31.03.2023	9,568	-

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	9
ii.	Recoveries that have been booked directly to the income statement	2,084
g)	Amount of Non-Performing Investments	2,167
h)	Amount of provisions held for Non-Performing Investments	2,033

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(₹ in million)

Particulars		Amount
i)	Movement of Provision for depreciation on investments	
i.	Opening balance as on 01.04.2022	4,119
ii.	Add - Provision made during the period	371
iii.	Less - Write-off/ write-back of excess provision during the year (including depreciation utilized on the sale of securities)	490
iv.	**Closing balance as on 31.03.2023**	**4,000**

4.8 Major Industry break up of NPA

(₹ in million)

Industry	Gross NPA	Specific Provision	Write Off during the current period
MINING & QUARRYING	107	41	-
FOOD PROCESSING	389	128	433
BEVERAGES & TOBACCO (EXCLUDING TEA & COFFEE)	10	5	14
TEXTILES	1,244	698	1,134
LEATHER AND LEATHER PRODUCTS	137	123	51
WOOD AND WOOD PRODUCTS	124	52	844
PAPER AND PAPER PRODUCTS	47	32	252
PETROLEUM	-	-	-
CHEMICALS AND CHEMICAL PRODUCTS	59	42	479
RUBBER, PLASTIC AND THEIR PRODUCTS	221	113	2,672
GLASS & GLASSWARE	3	1	-
CEMENT & CEMENT PRODUCTS	218	161	341
BASIC METAL AND METAL PRODUCTS	1,115	863	710
ALL ENGINEERING	35	23	148
VEHICLES, VEHICLE PARTS AND TRANSPORT EQUIP.	45	24	100
GEMS AND JEWELLERY	129	95	721
CONSTRUCTION	129	68	2
INFRASTRUCTURE	272	152	914
OTHER INDUSTRIES	72	59	-
TOTAL	**4,356**	**2,680**	**8,815**

4.9 Geographical distribution of NPA and Provision

(₹ in million)

Geography	Gross NPA	Specific Provision
Domestic	14,581	9,568
Overseas	-	-
Total	**14,581**	**9,568**

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5. CREDIT RISK: DISCLOSURES FOR PORTFOLIO SUBJECT TO THE STANDARDIZED APPROACH (DF 4)

5 (a). The Bank has used the ratings of the following domestic external Credit Rating Agencies (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. Acuite 6. Infomerics 7. SMERA

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 recognized Credit Risk Mitigants.
- Bank has used only solicited rating from the recognized 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 standardized approach, amount of the Bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted as on 31.03.2023 are as follows:

(₹ in million)

SN	Risk Weight	Fund Based	Non Fund Based	Total Exposure
1	Below 100%	479,199	11,714	490,913
2	100%	169,779	17,020	186,799
3	More than 100%	48,226	3,452	51,678
4	Deducted	-	-	-
	Total	**697,204**	**32,186**	**729,390**

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6. CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDIZED 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 utilized 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 recognized exchange
   c) Classified as senior debt
   d) All rated issues of the same seniority by the issuing Bank are rated at least BBB(-) or A3 by a chosen 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.

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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	870,591	183,210	687,380
2	Non funded credit exposure	40,048	6,763	33,285
3	Securitization exposures – On balance sheet	13,297	3,474	9,823
4	Securitization exposures – Off balance sheet	-	-	-
	TOTAL	**923,936**	**193,447**	**730,488**

B. Credit risk exposure covered by guarantees / credit derivative (specifically permitted by RBI)

(₹ in million)

SN	Type of exposure	Credit equivalent of gross exposure	Amount of guarantee (Credit equivalent)
1	Funded credit exposure	-	-
2	Non funded credit exposure	-	-
3	Securitization exposures – On balance sheet	-	-
4	Securitization exposures – Off balance sheet	-	-
	TOTAL	**-**	**-**

7. SECURITIZATION EXPOSURES (DF 6)

7.1 General disclosures on securitization exposures of the Bank (including accounting for securitization activities)

a. Objectives of securitization activities of the Bank (including the extent to which these activities transfer credit risk of the underlying securitized exposures away from the Bank to other entities and nature of other risks inherent in securitized 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 securitization 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 securitization 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.

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✓ **Prepayment risk:** Risk arising due to prepayment of dues by obligors in the assigned pool either in part or full.

Changes in credit and market risk of securitization 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 securitization exposures

The Bank has not originated any securitization 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 securitization exposures retained or purchased during the FY 2022-23:

(₹ in million)

Exposure type	Amount
Fund based	6,883
Loan against property	3,074
Mixed loans*	3,809
Non Fund based	-
Total	**6,883**

* Mixed loans include Machinery loans, jewel loans, personal loans etc.

8. MARKET RISK IN TRADING BOOK (DF 7)

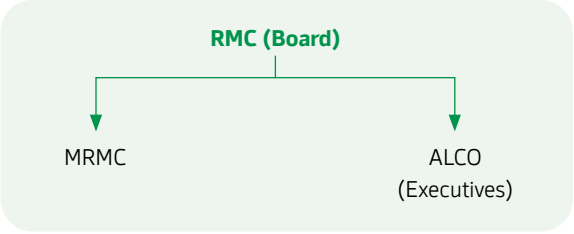
Market risk refers to the uncertainty of future earnings resulting from changes in interest rates, foreign exchange rates, market prices and volatilities. The Bank assumes market risk in its lending and deposit taking businesses and in its investment activities, including position taking and trading. 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 Standardized 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 organization of the market risk management function:



Strategies and processes:

To comply with the regulatory guidelines and to have independent control groups there is clear functional separation of:

- Trading (Front office)
- Monitoring and control (Middle office) and
- Settlements (Back office)

The strategy/guidelines for controlling market risk include:

- Direct involvement of experienced line management
- Stringent controls and limits
- Strict segregation of front, middle and back office duties
- Comprehensive periodical reporting of positions
- Regular independent reviews of all controls and limits
- Rigorous testing and auditing of all pricing, trading and risk management

The scope and nature of risk reporting and measurement systems:

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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	717
2	Foreign Exchange Risk (including gold/bullion)	52
3	Equity Risk	1,098
	Capital requirement for Market Risk (1 + 2 + 3)	**1,867**

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 31.03.2023 is ₹ 7,231 million.

10. INTEREST RATE RISK IN BANKING BOOK (DF 9)

Interest Rate Risk in the Banking Book (IRRBB)

Interest rate risk is the potential change in Net Interest Income (NII) or Economic Value of Equity (Balance Sheet impact), caused by unexpected changes in market interest rates. Since NII or Net Interest Margin (NIM) of Bank is dependent on the movements of interest rates, any mismatches or gaps in the cash-flows on re-pricing dates exposes Bank's NII or NIM to interest rate risk. 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:

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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 = ₹ (*)	100 bps	200 bps
Impact on NII	1,287	2,573
Impact on economic value of equity	2,283	4,567

* No major exposure in foreign currencies

11. GENERAL DISCLOSURES FOR EXPOSURES RELATED TO COUNTER PARTY CREDIT RISK (DF 10)

Counterparty exposure

Counterparty credit risk in case of derivative contracts arises from the forward contracts. The subsequent credit risk exposures depend on the value of underlying market factors (e.g., interest rates and foreign exchange rates), which can be volatile and uncertain in nature. The Bank does not enter into derivative transactions other than forward transactions.

Credit limits

The credit limit for counterparty bank is fixed based on their financial performance as per the latest audited financials. Various financial parameters such as Capital, 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.

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Credit exposure

(₹ in million)

	Notional Amount	Gross positive fair value of the contracts	Potential Future Exposure	Total Credit Exposure
Forward contracts	57,364	282	1,345	1,627

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)	22,360
2	Retained earnings	28
3	Accumulated other comprehensive income (other reserves)	60,500
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**	82,888
CET 1 capital : regulatory adjustments		
7	Prudential valuation adjustments	-
8	Goodwill (net of related tax liability)	-
9	Intangibles (net of related tax liability)	450
10	Deferred tax assets	-
11	Cash-flow hedge reserve	-
12	Shortfall of provisions to expected losses	-
13	Securitization gain on sale	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-
15	Defined-benefit pension fund net assets	-
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)	-
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	-
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**	473
29	**Common Equity Tier1 capital**	82,415

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(₹ in million)

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)**	82,415
Tier 2 capital instruments and provisions		
46	Directly issued qualifying Tier2 instruments plus related stock surplus	-
47	Directly issued capital instruments subject to phase out from Tier 2	4,870
48	Tier2 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 Tier2)	-
49	of which: instruments issued by subsidiaries subject to phase out	-
50	Other Reserves and Provisions	3,814
51	**Tier 2 capital before regulatory adjustments**	8,684
Tier 2 capital : regulatory adjustments		
52	Investments in own Tier2 instruments	-
53	Reciprocal cross-holdings in Tier2 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	-

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(₹ in million)

56b	Short fall in the Tier2 capital of majority owned financial entities which have not been consolidated with the bank	-
57	**Total regulatory adjustments to Tier2 capital**	**-**
58	**Tier 2 capital (T2)**	**8,684**
59	**Total capital (TC = T1 + Admissible T2) (45+58)**	**91,099**
60	**Total risk weighted assets (60a+60b+60c)**	**490,842**
60a	**Total credit risk weighted assets**	**411,725**
60b	**Total market risk weighted assets**	**16,241**
60c	**Total operational risk weighted assets**	**62,876**
Capital ratios and buffers		
61	**Common Equity Tier1 (as a percentage of risk weighted assets)**	**16.79%**
62	**Tier1 (as a percentage of risk weighted assets)**	**16.79%**
63	**Total capital (as a percentage of risk weighted assets)**	**18.56%**
64	**Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus counter cyclical buffer requirements plus higher of G-SIB & D-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 Tier1 available to meet buffers (as a percentage of RWAs)**	**8.79%**
National minima (if different from Basel III)		
69	National Common Equity Tier1 minimum ratio (if different from Basel III minimum)	8.00%
70	National Tier1 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)	-
Applicable caps on the inclusion of provisions in Tier2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	2,396
77	Cap on inclusion of provisions in Tier 2 under standardized approach	-
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2023)		
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)	-

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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	-
	Total as indicated in row 10	-
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	2,396
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	2,396

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 recognized in regulatory capital (₹ in million), as of 31.03.2023	4,870
9	Par value of instrument (₹ in million)	0.1
10	Accounting classification	Liability – other borrowings
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

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SN	Particulars	Tier 2 bonds
22	Existence of step up or other incentive to redeem	No
23	Noncumulative 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	12th March 2019
	Maturity	12th June 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)

Quantitative Disclosures:

a) Information relating to the composition and mandate of the Nomination and Remuneration Committee (NRC)

As on 31st March 2023, the Nomination & Remuneration Committee (NRC) of the Board consists of four Directors, out of which three 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 Nomination & Remuneration Committee includes:

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 policy on Board Diversity and policy on Appointment and Succession Planning for Directors;
3. To formulate/review criteria for evaluation of performance of Chairman, Independent Directors, Board of Directors, Committees of Board.

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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 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 formulate the criteria for variable pay and fix the thresholds for applying malus & clawback on the grant of variable pay payable to MD & CEO / WTD;

8. To consider grant of stock options to employees, administer and supervise the Employee Stock Option Plans in conformity with statutory provisions and guidelines;

9. To provide inputs, if required, 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.

10. 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 Board approved Compensation Policy in terms of the RBI guidelines, provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ('SEBI LODR'). 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. Nomination and Remuneration Committee (NRC) of the Bank oversees the framing, review and implementation of compensation policy on behalf of the Board of Directors. 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.

In terms of RBI Guidelines and Compensation Policy of the Bank the position of Managing Director & CEO and President & COO are identified as Material Risk Taker (MRT). The compensation payable to MRTs is divided into fixed and variable components. Non-Executive Directors/ Independent Directors are paid sitting Fees for Qualitative Disclosure attending Board/ Committee meetings. Part-time (Non-Executive) Chairperson is entitled for honorarium, as approved by Reserve Bank of India and Shareholders of the Bank. In terms of RBI Circulars and as approved by the shareholders in 103rd Annual General Meeting, Non-Executive Directors of the Bank including Independent directors (Other than Non-Executive (Part-time) Chairperson) are eligible for profit related compensation to the tune 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. The fee payable shall be in proportion to the tenure of the Directors on the Board during the year.

Remuneration to employees (other than 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 organization so as to adequately recognize 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

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- 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 MRTs 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. Risk 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 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 KVB Officer Employees, Conduct Regulations and Discipline & Appeal Regulations, and also Malus / Claw back clauses in the employment contracts wherever applicable and continuous monitoring / auditing etc) to ensure risk mitigation and prevention.

Board of Directors of the Bank through 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, performance parameters under financial and non-financial areas of operations are assessed. 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 & CEO/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

Basel Pillar III Disclosures

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 utilizes 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	2022-23	2021-22
a) Number of meetings held by the Nomination & Remuneration Committee during the financial year and remuneration paid to its members.	7 Meetings and remuneration of ₹ 12.05 Lakh	9 Meetings and remuneration of ₹ 11.55 Lakh
b) Number of employees having received a variable remuneration award during the financial year (see note 'a' below)	2	2
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-₹ 42,97,462/- Non-Cash (ESOPs): 2,08,829 Options	Cash-₹ 16,50,000/- Non-Cash (ESOPs): 1,35,710 Options
f) Total amount of deferred remuneration paid out in the financial year	Cash-₹ 5,50,000/- Non-Cash (ESOPs): 43,174 Options	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 ₹ 2,08,88,042/- 2. Variable Pay ₹ 1,87,69,850/-	1. Fixed Pay ₹ 2,04,81,284/- 2. Variable Pay ₹ 1,01,66,667/-

Basel Pillar III Disclosures

Particulars		2022-23	2021-22
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	₹ 10,34,480/-	₹ 10,21,705/-
	Deviation of the pay*	20.05X	15.73X

Deviation from Mean Pay of the Bank, in respect of MD &CEO compensation has seen a significant change due to the following reasons:

The remuneration paid to MD&CEO during the FY 2022-23 has been considered and the increase compared to previous FY 2021-22 is because of variable pay payments i.e. cash component of FY 21-22, deferral cash component of FY 20-21, Exercise of non-cash component of variable pay (ESOS) pertaining to FY 21-22 and perquisites as per Income Tax act,1961.

Note - Details of fixed remuneration paid:

SN	Name	Period	Designation	Amount (₹)
1	Mr. B. Ramesh Babu	2022-23	MD & CEO (MRT)	1,44,36,142/-
2	Mr. J. Natarajan	2022-23	President & COO (MRT)	64,51,900/-
	Total			**2,08,88,042/-**
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/-**

Includes perquisites worked out as per the Income Tax Rules, 1962

Note - Details of Variable Pay pertaining to FY 2021-22 granted during the FY 2022-23:

SN	Name	Variable Pay (₹)	Cash (₹)	Share linked remuneration (ESOPs)
1	Mr. B. Ramesh Babu, MD&CEO (MRT)	1,27,89,850	63,94,925 (Upfront 31.97 Lakh + 10.65 Lakh each deferred over a period of 3 years)	59,075 options to be vested in the ratio of 33:33:34
2	Mr. J. Natarajan, President & COO (MRT)	59,80,000	10,76,400 (Upfront)	57,218 options to be vested in the ratio of 33:33:34
	Total	**1,87,69,850**		

Basel Pillar III Disclosures

a. RBI vide letter dated 13th December, 2022 has approved variable pay to Mr. B Ramesh Babu, MD & CEO for performance period FY 2021-22, which was paid during the year ended 31st March 2023.

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 categorized as HTM in accordance with the RBI guidelines.

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) of ₹ 73 million as at March 31, 2023 under HTM as per extant RBI guidelines.

Quantitative Disclosures

(₹ in million)

1	Value disclosed in the balance sheet of investments (Book Value)	73
	Fair value of those investments (Market Value as on 31.03.2023)	80
	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- publically traded and privately held	Privately Held
3	The cumulative realised gains (losses) arising from sales and liquidations in the reporting period (Long Term Capital Gains)	-
4	Total unrealized gains (losses)	-
5	Total latent revaluation gains (losses) (MTM Gains)	7
6	Any amounts of the above included in Tier 1 and/or Tier 2 capital	-
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.	-

Basel Pillar III Disclosures

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	March 23	December 22	September 22	June 22
1	Total consolidated assets as per published financial statements	901,798	890,134	863,660	838,469
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	1,220	898	640	526
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)	44,369	38,573	34,240	33,696
7	Other adjustments	(473)	(449)	(485)	(416)
8	Leverage ratio exposure	**946,914**	**929,156**	**898,055**	**872,275**

DF -17 : Leverage ratio disclosure

(₹ in million)

Item		March 23	December 22	September 22	June 22
On-balance sheet exposures					
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	901,798	890,134	863,660	838,469
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(473)	(449)	(485)	(416)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (1 + 2)**	901,325	889,685	863,175	838,053
Derivative exposures					
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	120	310	350	235
5	Add-on amounts for PFE associated with all derivatives transactions	1,100	588	290	291
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)	(-)	(-)	(-)	(-)

Basel Pillar III Disclosures

(₹ in million)

Item		March 23	December 22	September 22	June 22
11	**Total derivative exposures (sum of 4 to 10)**	1,220	898	640	526
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	164,426	113,800	111,841	133,340
18	(Adjustments for conversion to credit equivalent amounts)	(120,057)	(75,227)	(77,601)	(99,644)
19	**Off-balance sheet items (17 + 18)**	**44,369**	**38,573**	**34,240**	**33,696**
Capital and total exposures					
20	**Tier 1 capital**	**82,415**	**72,997**	**72,933**	**72,988**
21	**Total exposures (3 + 11 + 16 + 19)**	**946,914**	**929,156**	**898,055**	**872,275**
22	**Basel III leverage ratio**	**8.70%**	**7.86%**	**8.12%**	**8.37%**

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)		169,753
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	520,936	40,380
(i)	Stable deposits	234,269	11,713
(ii)	Less: stable deposits	286,667	28,667
3	Unsecured wholesale funding, of which:	91,826	26,373
(i)	Operational deposits (all counterparties)	-	-
(ii)	Non-operational deposits (all counterparties)	91,826	26,373
(iii)	Unsecured debt	-	-
4	Secured wholesale funding	-	-
5	Additional requirements, of which	62,549	12,477
(i)	Outflows related to derivative exposures and other collateral requirements	361	361
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	62,188	12,116
6	Other contractual funding obligations	428	428
7	Other contingent funding obligations	396	12
8	**Total Cash Outflows**		**79,670**
Cash Inflows			
9	Secured lending (e.g. reverse repos)	365	-
10	Inflows from fully performing exposures	23,062	13,484
11	Other cash inflows	368	368
12	**Total Cash Inflows**	23,795	**13,852**
			Total Adjusted Value
13	**TOTAL HQLA**		169,753
14	**Total Net Cash Outflows**		65,818
15	**Liquidity Coverage Ratio (%)**		257.91%

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 - 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.
CONSUMER BANKING DEPARTMENT	Ground Floor, Elnet Software City, Rajiv Gandhi salai, Taramani, Chennai - 600 113.

CENTRAL CLEARING OFFICES	CURRENCY CHEST	NEO - OFFICES
CHENNAI	CHENNAI	NEO - VIJAYAWADA
DELHI	KARUR	NEO - DELHI
MUMBAI	MADURAI	NEO - AHMEDABAD
	VIJAYAWADA	NEO - SURAT
	BANGALORE	NEO - BANGALORE
	COIMBATORE	NEO - MYSORE
	HYDERABAD	NEO - MUMBAI
	TRICHY	NEO - PUNE
		NEO - JAIPUR
		NEO - CHENNAI
		NEO - HYDERABAD

Network of Branches

ANDHRA PRADESH

ANAKAPALLI
ANAKAPALLE
YELAMANCHILI
NARSIPATNAM

ANANTHAPURAMU
ANANTAPUR
GUNTAKAL
TADIPATRI

ANNAMAYYA
MADANAPALLE
RAJAMPET
RAYACHOTY

BAPATLA
CHIRALA
BAPATLA
BUDDHAM
KONIKI
ADDANKI

CHITTOOR
CHITTOOR
RALLABUDUGURU
NAGARI
KUPPAM
MURAKAMBATTU

EAST GODAVARI
RAJAHMUNDRY
NIDADAVOLU
KADIAM
RAJAHMUNDRY - TILAK ROAD
BOMMURU

ELURU
JANGAREDDYGUDEM
ELURU
NUZVID
GANAPAVARAM

GUNTUR
GUNTUR
TENALI
GUNTUR - LAKSHMIPURAM
CHINTALAPUDI
MANGALAGIRI
GUNTUR - GUJJANAGUNDLA
VENKATAPALEM
BANDARUPALLE
GUNTUR - PATTABHIPURAM

KAKINADA
KAKINADA
PEDDAPURAM
TUNI
SAMALKOT
PITHAPURAM
ARYAVATAM
KAKINADA - BHANUGUDI JUNCTION
G.MAMIDADA

KONASEEMA
MANDAPETA
RAVULAPALEM
AMALAPURAM
RAZOLE
ANNAIPETA

KRISHNA
VIJAYAWADA - GOVERNORPET
VIJAYAWADA - NO.1 TOWN
GUDIVADA
VIJAYAWADA - BUNDER ROAD
KANKIPADU
PORANKI
MACHILIPATNAM
VUYYURU
VIJAYAWADA - BHAVANIPURAM
GANNAVARAM
VIJAYAWADA - SATYANARAYANAPURAM
CHORAGUDI
AVANIGADDA

KURNOOL
KURNOOL
ADONI
KURNOOL - VENKATARAMANA COLONY

NANDYAL
NANDYAL
MAYALURU
KADUMUR
ALLAGADA
DHONE

NTR
VIJAYAWADA - BENZ CIRCLE
TIRUVURU
CORPORATE BUSINESS UNIT - VIJAYAWADA
BUSINESS BANKING UNIT - VIJAYAWADA

PALNADU
NARASARAOPET
CHILAKALURIPET
PIDUGURALLA
VINUKONDA

PARVATHIPURAM MANYAM
SALUR
PARVATHIPURAM

PRAKASAM
ONGOLE
MARKAPUR
VALLURU
BUDAWADA
DARSI
KANIGIRI

SRI POTTI SRIRAMULU NELLORE
NELLORE
KAVALI
KANDUKUR
NELLORE - ISKON CITY

SRI SATHYA SAI
DHARMAVARAM
HINDUPUR
KADIRI
GORANTLA

Network of Branches

SRIKAKULAM
SRIKAKULAM
RAJAM
PALASA
ICHCHAPURAM
NARASANNAPETA
TEKKALI

TIRUPATI
TIRUPATHI - MAIN
TIRUPATHI - KHADI COLONY
SRIKALAHASTI
PUTTUR
TIRUPATI - M R PALLI
NAIDUPET
BUSINESS BANKING UNIT - TIRUPATHI

VISAKHAPATNAM
VISAKHAPATNAM - PEDAWALTAIR
VISAKHAPATNAM - MAIN
GAJUWAKA
PENDURTHI
VIZAG - DWARKANAGAR
VISAKHAPATNAM - GOPALAPATNAM
VISAKHAPATNAM - SEETHAMMADHARA
VIZAG - MADHURAWADA
VIZAG - MVP COLONY
VIZAG - AKKAYAPALEM
BUSINESS BANKING UNIT - VISAKHAPATNAM
TAGARAPUVALASA

VIZIANAGARAM
VIZIANAGARAM
BOBBILI
GAJAPATHINAGARAM
G. AGRAHARAM
KOTHAVALASA
VIZIANAGARAM - FORT

WEST GODAVARI
PALAKOL
TADEPALLIGUDEM
BHIMAVARAM
TANUKU
NARASAPUR
AKIVIDU
CHINAAMIRAM

Y.S.R.
PRODDATUR
KADAPA

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
ASSET RECOVERY BRANCH - 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

Network of Branches

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
ASSET RECOVERY BRANCH - BANGALORE

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

Network of Branches

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
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

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

Network of Branches

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
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
COIMBATORE - KANUVAI

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

Network of Branches

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
SUNGUVARCHATRAM

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

KRISHNAGIRI
SAMALPATTI
KRISHNAGIRI
HOSUR
BARGUR
HOSUR - BATHALAPALLI
AGARAM
MARUDANDAPALLI
RAYAKOTTAI
VADAMALAMPATTI

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

Network of Branches

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

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
TIRUPUR - VEERAPANDI PIRIVU

TIRUVANNAMALAI
ARNI
PERUNDURAIPATTU
POLUR
VANDAVASI
TIRUVANNAMALAI
TIRUVETHIPURAM (CHEYYAR)
CHENGAM
KORUKKATHUR
ADAMANGALAM
NADUKUPPAM
KONALUR
ALATHUR
CHETPET

TRICHY
JEEYAPURAM
MUSIRI
THATHIENGARPET
TRICHY - MAIN
TRICHY - CANTONMENT
KANNANUR

Network of Branches

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

BHANDRADRI KOTHEGUDEM
KOTHAGUDEM
PALONCHA (PALWANCHA)

HANUMAKONDA
WARANGAL - HANAMAKONDA
WARANGAL - KHAZIPET

HYDERABAD
HYDERABAD - MAIN
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
RETAILS ASSET & PERSONAL BANKING

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

Network of Branches

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

WARANGAL
WARANGAL - MAIN

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

(₹ in crore)

Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Paid up Capital	107	122	122	122	145	160	160	160	160	160
Reserves	3,219	4,124	4,451	4,723	6,066	6,205	6,440	6,760	7,436^	8,424^
Owned funds	3,326	4,246	4,573	4,845	6,211	6,365	6,600	6,920	7,596	8,584
Basel III (%)	12.6	14.62	12.17	12.54	14.43	16	17.17	18.98	19.46	18.56
Deposits	43,758	44,690	50,079	53,700	56,890	59,868	59,075	63,278	68,486	76,638
Advances	34,226	36,691	39,476	41,435	45,973	50,616	48,516	52,820	56,876	64,168
Total Business	77,984	81,381	89,555	95,135	1,02,863	1,10,484	1,07,591	1,16,098	1,25,362	1,40,806
Total Income	5,680	5,977	6,150	6,405	6,600	6,779	7,145	6,389**	6,357	7,675
Operating Profit	838	943	1,303	1,571	1,777	1,711	1,761	1,291**	1,630	2,476
Net Profit	430	464	568	606	346	211	235	359	673	1,106
Return on Assets (%)	0.86	0.88	1.03	1	0.53	0.31	0.32	0.49	0.86	1.27
Cost of Deposit (%)	8.24	7.96	7.4	6.6	5.99	5.8	5.76	4.96	4.3	4.27
Yield on Advance (%)	12.28	12.14	11.67	11.34	10.3	9.75	9.63	8.93	8.47	8.93
EPS (₹)	40.08	39.86	46.59	9.95*	4.78	2.64	2.94	4.5	8.42	13.81
Book Value(₹)	308.91	348.42	375.25	79.51*	85.49	79.63	82.57	86.57	94.95	105.03
Dividend (%)	130	130	140	130	30	30	-	25	80	100 #
No. of Employees	7,339	7,197	7,211	7,400	7,956	7,663	7,935	7,746	7,306	7,764
Business per employee	10.63	11.31	12.42	12.86	12.93	14.42	13.56	14.99	17.28	18.14
Branches (No.)	572	629	667	711	790	778	779	780	789	799

* 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

proposed subject to approval at AGM

**After reclassification of depreciation on investments as an item of other income.



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