

Bridging generations, smartly.





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BOARD OF DIRECTORS

CHAIRMAN



SHRI K.P. KUMAR

M.D. & C.E.O



SHRI K. VENKATARAMAN

DIRECTORS



SHRI S. GANAPATHI SUBRAMANIAN



SHRI G. RAJASEKARAN



SHRI A.J. SURIYANARAYANA



SHRI K.K. BALU



SHRI N.S. SRINATH



SHRI B. SWAMINATHAN



Dr. V.G. MOHAN PRASAD



SHRI M.K. VENKATESAN



SHRI A.K. PRABURAJ



SMT. K.L. VJAYALAKSHMI



K. VENKATESWARA RAO
PRESIDENT & COO



J. NATARAJAN
GENERAL MANAGER



G.S. ANANTHA KUMAR
GENERAL MANAGER



T. SVARAMAPRASAD
GENERAL MANAGER & CFO



S. BALAJI
GENERAL MANAGER



V. SRINIVASAN
GENERAL MANAGER



M. BALACHANDRAN
GENERAL MANAGER



T.S. SRINIVASAN
HEAD - TREASURY

COMPANY SECRETARY & DEPUTY GENERAL MANAGER

KANNAN R

DEPUTY GENERAL MANAGER

| | |
|----------------------|-----------------|
| SRINIVASAN. V | SWAMINATHAN K |
| SWAMINATHAN. K.P | SAMPATH. G |
| MOHAN. K | SUBBAIYAN. M |
| SANKARA VADIVEL. T.K | NAGARAJAN. K |
| SEKAR. S | UNNIKRISHNAN K |
| SAIRAJ G R | RAJAGOPALAN R |
| RAMASUBRAMANIAN S | JARARD THOMAS |
| ASHOK KUMAR. G.P | RAMALINGAM. N |
| SARAVANUN. C | MURALI KUMAR. M |
| RAVI. S | VENKATESAN. R |
| PRASAD S K V | |

ASSISTANT GENERAL MANAGER

| | | |
|---------------------|-----------------------|--------------------|
| ASHOK VENNELAKANTI | CHANDRASEKARAN. R.N | RAMASAMY G V |
| PARTHASARATHI R. | GANESAN. R | VJAYAKUMAR. P.V |
| LAKSHMANAN. L | ANBURAJ. V | VENKATARAMAN G |
| VARADHARAJAN. A | GOPALAN. S | MUTHU KUMAR K.P. |
| HARIHARAN K | RADHESYAM. T | SRINIVAS GUPTHA. P |
| VENKATESH C | RAMAKRISHNA C | MURALI. V |
| RAMSHANKAR R | PALPANDIAN. M | BALASUBRAMANIAN. T |
| RAMKUMAR. B | SRINIVASAN. G.V | KOYA. K.P |
| RAGHAVENDRAN. N | SIVAKUMAR. S | VINOTH KUMAR. S |
| MOHAN KUMAR. G | RAVICHANDRAN K. | UTPAL KANTI SARKAR |
| MURALI. L | SATYA SURYA PRAKASH K | CHAKKARAVARTHY. N |
| RAMESH. E | RAMANI V B | |
| LEKSHMINARAYANAN. V | GIRIDHARAN S. | |

LEGAL ADVISER

K.N. SHRINIVASAN

AUDITORS

ABARNA & ANANTHAN, Bengaluru



SRI JAYATHI DEVI



**"Best Bank Award for Business Intelligence Initiatives among Small Banks" - IDRBT, by
Dr. Raghuram G. Rajan, Governor, Reserve Bank of India.**

**SECOND BEST BANK OF NATIONAL LEVEL UNDER PRIVATE SECTOR
- The State Forum of Bankers' Clubs (Kerala) by Hon'ble Kerala Governor Justice P. Sathasivam.**



Managing Director and CEO's letter to the shareholders

Our bank recorded a total business of ₹ 81381 crore for the financial year ended 31.03.2015 with the deposits level at ₹ 44690 crore and that of advances at ₹ 36691 crore. The economy did not turn the corner this year as anticipated and continued to remain sluggish. Though investor sentiment in the capital market did reach greater heights, the manufacturing and service sectors were not sufficiently enthused to invest in new enterprise or expand existing business due to low and declining demand. Inflation levels declined significantly due to continuously declining demand, drop in fuel and commodity prices and also subdued government spending. Some borrowers found the going tough, which resulted in a rise in defaults too.

Our continued focus on CASA resulted in 9.49% growth, year on year and share of CASA to total deposits rising from 20.54% to 22.02%. Our bank continued to tread cautiously on the lending front by picking and choosing its borrowers to ensure asset quality, considering low credit demand and increasing delinquencies. The stringent lending policies of the bank backed up by a robust recovery mechanism reflected in the Net NPA being contained at 0.78%. Profitability under the strained circumstances improved year on year by 8.07% to ₹ 464.28 crore.

With the economic growth expected to pick up, we plan to improve our aggressiveness in lending this year. We have launched the Sales and Marketing Excellence Programme to improve commercial advances. While focusing on potential branches, all branches are encouraged to identify and pursue good clients in the market. By ensuring competitive pricing and quick turnaround, we are confident that this exercise will suitably improve our assets portfolio and support our bottom line. Retail advances are also set to grow at a satisfactory level. Simultaneously, CASA will continue to engage our attention as a key source of deposit mobilization. Para banking and other ancillary business will add their share to our income.

Our bank is also betting high on technology with the revamping of our Internet Banking platform and adding new services to the utility besides providing additional services through our Mobile Banking facility that includes e-passbook and missed call facility for balance inquiry and statement of account.

2015-16 will be a special year for us, as we are stepping into our Centenary Year. We begin this year on a positive note and trust that this year will highlight and crown a 100 successful years in the business of prudent financial planning, enjoying the support of millions of satisfied customers. I seek your support and blessings to our efforts and for the bank to reach new levels of glory in its century long journey.

K. Venkataraman

April 30, 2015



BEST TECH SAVVY BANK- Runner Up - MSME Banking Excellence Awards- 2014 constituted by Chamber of Indian Micro Small & Medium Enterprises (CIMSME) by Shri.Kalraj Mishra, Hon'ble Minister of Micro, Small and Medium Enterprises, Government of India.

RUNNER UP in MID SIZED BANKS Category in recognition of excellent performance in NATIONAL FINANCIAL SWITCH (NFS) ATM Network - National Payments Excellence Awards 2014 by Shri. H.R. Khan, Deputy Governor, Reserve Bank of India.





95th ANNUAL GENERAL MEETING



FOUNDERS' DAY CELEBRATION - AHMEDABAD



Founders Day - Lighting of lamp in the presence of Honorable Chief Minister of Gujarat Smt. Anandiben Patel



DIRECTORS' REPORT

To the members

Your Directors are pleased to present the 96th Annual Report of business and operations of your Bank together with audited accounts for the year ended March 31, 2015.

| Particulars | 31.03.2015 (₹ in Cr) | 31.03.2014 (₹ in Cr) |
|------------------------------------|-------------------------|-------------------------|
| Gross Deposits | 44690.27 | 43757.68 |
| Gross Advances | 36690.77 | 34225.98 |
| Total Income | 5976.71 | 5680.41 |
| Total Expenditure | 5033.42 | 4842.62 |
| Operating Profit | 943.29 | 837.79 |
| Net Profit | 464.28 | 429.60 |
| Appropriations: Transfer to | | |
| Statutory Reserve | 120.00 | 128.00 |
| Capital Reserve | 12.16 | 1.75 |
| General Reserve | 58.50 | 157.00 |
| Special Reserve | 60.00 | NIL |
| Investment Reserve | 53.00 | (21.00) |
| Proposed Dividend | 158.42 | 139.99 |
| Dividend Tax | 32.25 | 23.79 |

Total Business

The total business of the Bank stood at ₹ 81381.04 Cr as on March 31, 2015, against ₹ 77983.66 Cr a year before, growth of 4.36%.

Deposits

Gross deposits increased by 2.13% to ₹ 44690.27 Cr against ₹ 43757.68 Cr last year. Savings Deposits increased by 16.75% to ₹ 6314 Cr. Demand Deposits stood at ₹ 3528 Cr. CASA increased from ₹ 8989 Cr as at 31.03.2014 to ₹ 9842 Cr as on 31.03.2015 recording a y-o-y growth of 9.49%. CASA deposits constituted 22% of the total deposits.

Term Deposits increased from ₹ 34768.79 Cr as on 31.03.2014 to ₹ 34848.10 Cr as at the end of March 31, 2015.

Advances

During this fiscal, your Bank recorded a growth of 7.20% in its loan book with the advances increasing to ₹ 36690.77 Cr as at 31.03.2015 from ₹ 34225.98 Cr as at the end of March 31, 2014.

Priority sector advances were at ₹ 14332.70 Cr at the end of March 31, 2015, representing 41.43% of Bank's Adjusted Net Bank Credit (ANBC) of the previous fiscal. Your Bank has thus achieved its overall priority sector lending requirements of 40% of ANBC.

Your Bank's agriculture advances as at the end of the fiscal 2014-15 were at ₹ 6447.81 Cr, representing 18.72% of the ANBC, as against the regulatory prescription of 18%. The Bank has also achieved its weaker section advances requirement which stood at 10.20% as against the mandatory norm of 10%.

Recovery

Your Bank has been focusing on containing the non-performing assets through better credit monitoring as well as intensified efforts to recover the impaired assets. The Bank took several initiatives to contain slippages and speed up recovery from overdue loan accounts. These include identification of stressed accounts for restructuring/rephasing in time, conduct of lok adalats at Divisional office levels, regular follow-up of overdues through call centre and e-auctions.

However in view of the continued slowdown in the economy and delinquencies in the corporate segment, the Bank's gross NPAs have increased from ₹ 279.18 Cr as on 31.03.2014 to ₹ 677.78 Cr as at the end of the fiscal 2014-15. The Gross NPA of the Bank stood at 1.85% up from 0.82%, a year ago. The Net NPAs of the Bank stood at ₹ 280.97 Cr (0.78%) at the end of the fiscal under report as against ₹ 139.91 Cr (0.41%) at the end of previous fiscal 2013-14.

The Bank maintains a provision coverage ratio of 75.20%.

Share Capital

As at the end of the FY15, your Bank's paid up share capital stood at ₹ 121.63 Cr, consisting of 12,16,29,609 Equity shares of ₹10/- each fully paid up. There has been an increase in the paid up capital to the tune of ₹ 14.45 Cr on account of issue and allotment of shares to the Qualified Institutional Investors to the extent of ₹ 13.41 Cr during August 2014 and allotment of shares consequent to the exercise of options under Employees Stock Option Schemes. During the year under report, the Net owned funds of your Bank increased from ₹ 3326.34 Cr as at the end of FY 14 to ₹ 4246.03 Cr as at the end of FY15, an increase of ₹ 919.69 Cr (27.65%).

The Capital Adequacy Ratio stood at 14.63 % as per BASEL II and 14.62% under BASEL III norms. The Bank has been consistently maintaining the Ratio well above the minimum of 9% stipulated by the Reserve Bank of India. The market capitalization of your Bank's shares at the end of March 31, 2015 was ₹ 6615.43 Cr.

DIRECTORS' REPORT

Employees Stock Options Scheme

During the fiscal 2014-15, the employees of the Bank exercised the stock options granted to them to the extent of 10,29,775 options. There were no unvested options at the end of the fiscal 2014-15. The Bank has not granted any stock options during the year under report.

Credit Rating

ICRA Limited had rated the Unsecured Redeemable Non-convertible Subordinated (Lower Tier II) debt instruments issued during the earlier year by re-affirming its A+ rating.

CRISIL has reaffirmed A1+ rating (pronounced CRISILA one plus) for ₹30 bn Certificate of Deposits Programme of your Bank. ICRA Limited has confirmed ICRA A1+ (pronounced ICRA A one plus) rating to the Bank's Certificate of Deposits Programme for ₹30 bn. Both the ratings indicate a very strong degree of safety regarding timely payment of financial obligations.

Dividend

Having regard to the overall performance of the Bank and the positive outlook for the current fiscal, the Board of Directors recommended a dividend of ₹ 13/- per share (i.e. 130% on the paid up capital same as the previous fiscal) for the reporting year, thus maintaining 100% dividend or more for the twelfth year in a row since 2004. The total dividend outgo including dividend distribution tax will be ₹ 190.67 Cr.

Investments

The aggregate investments of the Bank as on 31st March 2015 was ₹ 12833.03 Cr with maturity mix of securities consistent with risk perceptions and investment policies of the Bank.

Income earned on investments during the fiscal 2014-15 was at ₹1177.56 Cr registering a slight decrease of ₹ 19.82 Cr (i.e. 1.6%) as against ₹1197.38 Cr recorded during the previous fiscal 2013-14. Profit on sale of investments was ₹ 71.03 Cr for the fiscal 2014-15 as against ₹103.73 Cr recorded in the previous fiscal 2013-14.

The average yield on investments decreased to 7.50% during the year under report over the previous fiscal of 7.61%. Liquidity position of the Bank was comfortable throughout the year.

The Bank has put in place the risk management tools like Duration, Modified Duration and Value at Risk for all interest bearing securities.

Forex Transactions

The merchant turnover of the Bank grew by 18.49% to reach ₹18493 Cr as against ₹15607 Cr during the previous fiscal 2013-14. The year on year export credit grew at 15%. Your Bank has earned a total income of ₹89.13 Cr on Forex business during the fiscal 2014-15 as against ₹79.07 Cr earned during the last fiscal 2013-14 registering an increase of 12.72%. Of this, Exchange Profit increased from ₹35.59 Cr to ₹43.76 Cr and other income (commission and others) increased from ₹43.48 Cr to ₹45.37 Cr with exchange profit recording an increase of 22.95% and commission income an increase of 4.34%.

Distribution Net Work

During the year your Bank opened 56 branches in 6 States. One Satellite branch was upgraded to full fledged branch. Your Bank has added 28 ATMs.

As at the end of fiscal 2014-15, your Bank has 2274 customer outlets comprising of 629 branches and 1645 ATMs, with PAN India presence.

Debit Cards

Your Bank has issued 9.81 lakh debit cards during the year taking the total number of cards issued viz: ATM card, VISA, Master EMV Chip, Maestro, Rupay Debit and Rupay Kissan to 53.63 lakh.

POS

During FY 15, your bank installed 800 POS terminals across various merchant locations, taking the total to 9234 as at 31.03.2015. During the year under report 80.76 lakh transactions were made through KVBPOS and the gross value of the transactions routed through such terminals stood at ₹ 2348.16 cr.

Technology Initiatives

The application of technology in day to day operations of the Bank has been responsible for augmenting and enhancing productivity levels apart from simplifying mundane tasks. The Bank's success could be attributed to proper technology plan targeted at introducing customer friendly delivery channels providing value added services and facilitating improvement in overall internal efficiency and decision making process by bringing in an effective Management Information System and complying with the regulatory norms. In this direction, the Bank has been lining up various IT initiatives that add value to the customer convenience apart from enhancing the internal efficiency.

DIRECTORS' REPORT

Technology initiatives launched during the fiscal 2014-15 are given below:

- **Launching of Mobile POS and Handheld GPRS POS**

In order to give impetus to CASA business, a preferred IT solution viz: Mobile POS and Handheld GPRS POS was launched. It guarantees a lot of mobility and ease in acquiring card transactions in real time purchase scenarios. It is a preferred payment method to replace Cash on Delivery Scenario. Wireless and Rechargeable battery gives the equipment the extra edge. It promotes the customer acceptance of POS Payment in a big way.

- **Launching of Multi-Currency Travel Card**

Multi-Currency Travel Card obliterates the need for carrying different currencies during an overseas trip. Single card is used to load USD, EURO & SGD. Card can be used for ATM operations, POS purchases & E-Commerce transactions. Online Access to Travel Card Account is through Password. The card is loaded with all 3 currencies USD/EURO/SGD

- **E-passbook**

An in-house Android Application developed and styled as an E-Book, whereby customers of your bank having smart phones can view account statements and balance details in the mobile itself using the phone number registered with the bank database.

- **Missed call facility**

It provides banking services, if the customers give a missed call from his registered mobile to a designated mobile number for this purpose. The response is in the form of an SMS. The services offered are Balances of Running Accounts up to 5 in number and maximum limit of two missed calls a day. It also can provide Account Statement Enquiry for 3 accounts and a maximum limit of two missed calls per day.

- **Anti-Phishing, Anti-Trojan and Anti-Pharming Services**

Your bank has implemented Anti-phishing, Anti-pharming and Anti-Trojan services for preventing any malicious attacks from fraudsters.

Golden Vision Initiatives

Members of the Bank are aware that the Bank has embarked upon Golden Vision Initiatives during the year 2009 and M/s Boston Consulting Group, a global consultancy firm of consultants, has been engaged to assist and advise the bank in its journey of 'Golden Vision' of attaining ₹125000 Cr business by the centenary year of the Bank in 2016. Most of their recommendations were put in place since their engagement in the year 2009.

The following initiatives are launched during the fiscal under report.

1. Institutional sales force programs (Divisional sales force) to target liability (CASA) products from institutional customers (e.g. Mid - large Corporates, Trusts, Associations, Govt. institutions).
2. Collections / Receivables & Payment module, to meet out the specific requirement of corporate customers.
3. Commercial sales force team at the branch level comprising of relationship officers - Commercial Banking (RO - CBG). Target of this program was to mobilize CA deposits and SME advances.
4. Structured third party sales programs (insurance and mutual funds) to increase the other income of KVB. In addition, a focused program was launched in September last year focusing on the debit card usage of the bank to increase interchange income.
5. Special drives / campaigns viz., for increasing the usage of alternate delivery channel viz., usage of debit cards both on-line and in POS terminals and rewarding with loyalty points to the users.
6. Deployment of self-service machines, based on user patterns and transaction profile of the branches has been carried out. Your Bank has now covered 50% of branch network with Cash Deposit Machines.

Financial Inclusion

With the basic objective of bringing the unserved population under the banking mainstream, the Bank is striving towards the more inclusive growth by making financial products and services available to poor in particular. As per the Government of India and Reserve Bank directions your Bank has been actively pursuing the agenda of Financial Inclusion with key interventions in four groups namely expanding banking infrastructure, offering appropriate financial products, making extensive and intensive use of technology and through advocacy and stakeholder participation.

Your Bank has covered all the 117 allocated villages under rural Financial Inclusion. These 117 villages are spread over Tamilnadu, Andhra Pradesh, Telangana and Karnataka States.

Ultra Small Branches (USBs)

During the Fiscal under report, the Bank opened 14 USBs, taking the count of USBs to 42 as on March 31, 2015.

We have conducted 140 Financial Literacy Campaigns through our 98 rural/unbanked branches. We have also conducted 914 Financial Literacy Campaigns through our metro, urban and semi-urban branches.

DIRECTORS' REPORT

Pradhan Mantri Jan-Dhan Yojana (PMJDY)

As per the directions of Department of Financial Services, Government of India your Bank started implementing "Pradhan Mantri Jan-Dhan Yojana" which focuses on coverage of households in urban areas also as against the earlier plan which focused on coverage of villages. The PMJDY will ensure that all households in the country, both rural and urban, will get access to the financial services, like bank account with Rupay debit card, access to credit, remittance, insurance and pension. Under the PMJDY scheme our Bank has been allotted with 409 wards in semi urban and urban areas, apart from the 117 villages already allotted under rural financial inclusion scheme. Your Bank conducted survey of all 1,99,242 households in all these 409 wards and opened 108502 Basic Savings Bank Deposit Accounts and 104889 Rupay cards were issued under PMJDY Scheme. All the households bank accounts are now with either our bank or other bank/s.

Statutory Audit

M/s. Abarna & Ananthan, Chartered Accountants, Bangalore will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment, subject to the approval of the Reserve Bank of India. The Bank has received consent from the Auditors and confirmation to the effect that they are not disqualified to be appointed as the Auditors of the Bank in terms of the provisions of the Companies Act, 2013 and the rules made thereunder. Accordingly, the Board of Directors has recommended to the shareholders for approval the re-appointment of M/s. Abarna & Ananthan, Chartered Accountants, Bangalore, as the Statutory Auditors of the Bank to hold office from the ensuing AGM till the conclusion of the next AGM on a remuneration to be decided by the Board or Committee thereof.

Secretarial Audit

Pursuant to the provisions of Sec 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank, with the approval of its Board appointed Shri S Solaiyappan, Practicing Company Secretary to undertake the Secretarial Audit of the Bank for the financial year ended 31.03.2015. The Secretarial Audit Report is annexed herewith as **Annexure 1**.

Statutory Disclosures

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

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

Considering the nature of activities of the Bank, the provisions of Section 134 of the Companies Act, 2013 relating to conservation of energy and technology absorption do not apply to the Bank.

However the bank has adopted the following in the areas of conservation of energy, technology absorption:

The Bank has installed one 850 KW Wind Turbine Generator at Govindanagaram Village, Theni District, Tamil Nadu in 2011 and has been utilizing the wind power generated for the Registered and Central Office at Karur and the Divisional Office premises at Chennai. 14,57,545 units were generated during the fiscal under report by the windmill.

One floor at the Central Office complex and some select branches were equipped with energy efficient LED lights. Motion detector sensors were installed in some select branches of the Bank.

The Bank is making extensive use of technology in all its operations and is also constantly pursuing its goal of technological upgradation in a cost effective manner to provide quality customer service.

The Bank supports and encourages the country's export efforts through its export financing operations.

The statement containing particulars of employees as required under Sec 197(12) of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 forms part of this report.

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

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

Extract of Annual Return

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 extract of the Annual Return as at March 31, 2015 forms part of this report as **Annexure 3**.

DIRECTORS' REPORT

Board of Directors

In accordance with the provisions of Companies Act, 2013 and the Articles of Association of the Bank, Director Shri G Rajasekaran, retires by rotation and being eligible, offered himself for re-appointment.

Shri. M K Venkatesan, Shri A K Praburaj and Smt K L Vijayalakshmi were appointed as Additional Directors of the Bank during the year under report in terms of the provisions of Section 161 of the Companies Act, 2013 and Article 27 of the Articles of Association of the Bank. They hold office upto the date of the ensuing Annual General Meeting of the Bank. Bank has received notices from them individually signifying their candidature for the office of Director of the Bank, along with deposit prescribed under provision of Section 160 of Companies Act, 2013.

The brief resume and details of directors who are to be re-appointed/appointed are furnished in the Corporate Governance Report annexed.

Director Shri S Ganapathi Subramanian would be continuing upto the date of this AGM consequent upon attainment of maximum age criteria prescribed under the extant guidelines. Board places on record its sincere appreciation of the services rendered by him during his tenure as Director.

Directors' Responsibility Statement

Pursuant to the requirement under 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit and loss of the Bank for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis;
- (e) The directors had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and
- (f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Awards and Accolades

Your Bank has received the following awards and recognition during the year 2014-15.

1. Master Card payments Strategy Workshop, Goa 2014 - Karur Vysya Bank received the Innovation Award for implementation of RFID enabled Debit Card Program.
2. "Best Bank Award for Business Intelligence Initiatives among Small Banks" instituted by The Institute for Development and Research in Banking Technology (IDRBT) in the IDRBT-Banking Technology Excellence Awards 2013-14 from the Hon'ble RBI Governor Shri. Raghuram Rajan. Your Bank has bagged the said Information Technology Award from IDRBT consecutively for the sixth time.
3. "EDGE 2014 Award for managing IT Security" by Information Week magazine for the use of IT for maximizing business impact.
4. National Payments Excellence Awards 2014 - Runner Up in Mid Sized Banks Category in recognition of excellent performance in National Financial Switch (NFS) ATM Network. The award was sponsored by NPCI.
5. State Forum of Bankers' Clubs (Kerala) in their 6th Banking Excellence Award 2014, adjudged KVB as the Second Best Bank in the Private Sector Category at National level and presented the award.
6. RUNNER UP AWARD in the old private sector bank category in FY 2012-13, Financial Express Best Banks Award.
7. Received BEST TECH SAAVY BANK- Runner Up award in MSME Banking Excellence Awards- 2014 constituted by Chamber of Indian Micro Small & Medium Enterprises (CIMSME).

DIRECTORS' REPORT

Acknowledgements

Your Bank is grateful to the RBI, Government of India, SEBI and other authorities and agencies, Financial Institutions and correspondent banks for their valuable support and guidance.

The Directors also express their deep sense of appreciation to all

staff members of the bank for their dedicated service and commitment towards bank's vision for sustainable growth. Finally, the Board wishes to sincerely thank all the customers, shareholders, other stake holders for their valuable support and look forward to their continued support in the years to come.

Place: Karur
Date : 28.05.2015

For and on behalf of the Board of Directors,
K P Kumar
Chairman

Statement Pursuant to Section 197 (12) of the Companies Act, 2013 & Rule 5 (2) (i) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forming part of the Directors Report.

| Name Shri | Qualification | Age | Remuneration Received | Amount ₹. | Experience No. of years | Date of Commencement of Employment | Last Employment |
|-----------------------|----------------------|----------|--|------------------------------------|-------------------------|------------------------------------|-------------------------------------|
| K Venkataraman MD&CEO | M.Sc (Agri) CAIIB | 62 years | Pay Bank's Contribution to P.F Perquisites | 65,00,000 7,80,000 14,92,682 | 37 years | 06.06.2011 | SBI Global Factors Ltd MD&CEO |
| | | | Total | 87,72,682 | | | |

MANAGEMENT DISCUSSION AND ANALYSIS

World Economic Overview

Global economy appears to be stabilising from the second half of 2014, with markedly uneven growth profiles between advanced and emerging economies and between commodity exporters and importers. The fall in international commodity prices, especially of crude oil necessitated demand across economies. Across countries Monetary policy stances adopted by different central bankers have been easing. There have been large movements in exchange rates and other asset prices. Long term yields have fallen to record lows due to risk appetite and search for yields. Heightened volatility is felt in financial markets. Thus even though financial conditions are easing and are being reflected in financial asset prices, the outlook for global growth remains subdued, held back by still-weak demand.

In 2014 the financial markets witnessed two important developments viz., the appreciation of the US Dollar and a sharp fall in global commodity prices.

In the United States, growth has been firming up, aided by improving labour and housing market conditions. In Euro area, economic conditions remain weak although some pick up is seen in Q4 of 2014 and early months of 2015 mainly due to lower crude prices, depreciation in Euro and increased bank lending. In Japan, the contraction of activity is moderated in the last quarter of 2014 with improvements seen in consumer confidence and exports and contraction witnessed in retail sales and industrial production. Many of the Emerging market economies continue to decelerate due to subdued external demand, political uncertainties and domestic supply-side constraints. Slow down is perceptible in other emerging economies like China, Russia, Brazil etc.

Overall global economic recovery remained tepid and divergent across economies, with most emerging market economies showing slowdown while advanced economies remain susceptible to the risk of deflation. Inflationary pressures subsided in key Emerging market economies giving leeway for easing monetary policy. Global commodity prices continue to decline. Financial markets were buoyant but volatile in pricing in policy developments in major economies.

Over view of the Indian Economy

Following the general elections in May last year, the domestic economy started off with a positive note due to significant improvement in market and business sentiments. Thereafter, a supporting global commodity price movement coupled with

significant fall in crude prices resulted in substantial decrease in inflationary conditions. However economic output growth remained sluggish due to steep fall in consumer demand.

GDP growth for the fiscal 2014-15 is expected to be at 7.4% from 6.9% a year ago, based on the new revamped series (with 2011-12 as the base year). As per the Central Statistical Organisation's (CSO) advanced estimates, all sectors other than agriculture, mining, trade, transport and communication services are expected to show improvement in their sectoral performance. The headline GDP growth for the fiscal 2014-15 would be led by finance, manufacturing and electricity.

The average Consumer Price Index (CPI) inflation which was close to 10% since 2008-09, fell sharply to 6% in FY2015. Food inflation declined, aided by government's policies limited increase in minimum support prices for food grains and muted rural wage growth. Moderation is witnessed in fuel inflation thanks to the sharp drop in crude oil prices, which however was not passed through fully to the domestic retail prices, due to hike in excise duty. The Core inflation was contained below 5% since November 2014 as a result of twin factors viz: strong anti-inflationary stance adopted by RBI along with declining trend in fiscal deficit and falling commodity prices.

WPI (Wholesale Price Index) inflation averaged at 2.1% in FY 2014-15 against 6%, a year ago.

The external sector shock resistance is expected to see significant compression in FY15. According to the economic survey presented by the Government in February 2015, the Current Account Deficit (CAD) which was 4.7% of GDP in FY13 improved to 1.7% in FY 14 and is expected to be 1.3% of GDP in FY15. The expected improvement in CAD is on the back drop of slide in global commodity prices since June last year.

The Government is expected to meet the headline fiscal deficit target of 4.1% of GDP in 2014-15. During the fiscal 2014-15, the Indian rupee was traded in a band of 58.46 to 63.68. The Economic survey presented by the Finance Minister in February 2015 expects a Balance of Payments surplus of USD 26 billion in the fiscal under report. The forex reserves was at record high at 343.9 bn US \$ at the end of FY15 as against 303.7 bn at end of FY 14 and 292.6 bn at the end of FY 13.

On the Monetary Policy front after increasing the repo rate by 25 bps in January 2014 to 8%, it was lowered by 25 bps in January 2015 to bring it to 7.75% again after a gap of nearly one year. Another 25 bps cut was made in March 2015 on the back of further

MANAGEMENT DISCUSSION AND ANALYSIS

improvement in inflation trajectory as per CSO estimates and after the budget was presented in February 2015.

With credit and deposit growth moving broadly in tandem, liquidity in the system remained comfortable throughout barring transient liquidity mismatches due to frictional factors such as festival days, mid-December advance tax payments etc., Overall the financial markets traded on a bullish note during the second half of 2014-15 against the backdrop of improved domestic fundamentals and a global appetite for risk.

Opportunities and Threats

The Bank has pan-India presence with 629 branches and 1645 ATMs as at the end of FY15. The Bank has 42 ultra small branches. The Bank has still scope for expansion of branch net work including unbanked areas in the country. Further the Bank has been one of the pioneers in technology and all the branches and offices of the Bank are under Core Banking Solution (CBS). The Bank's technological initiatives such as internet banking, mobile banking and other facilities have been instrumental in attracting Next-gen customers. A good caliber and dedicated work force, better infrastructure facilities, a competitive customer service and an advanced tech savvy environment enable the bank to improve its performances over the years which would provide a great potential for the Bank to fully exploit the tech savvy products to its advantage.

In 2013-14, 9.5 Cr mobile banking transactions valued at around ₹ 6000 Cr were transacted, the corresponding figures for 2012-13 were 5.3 Crs and ₹ 6000 Cr respectively. Also with charges being levied for cash remittances beyond a minimum number and encouraging customers to use technology rather than cheques for payments, increasing number of customers would be migrating into digital payments such as internet and mobile payments in future.

With vast majority of population in the country along with many small and medium enterprises and shops, there is good scope for retail loans.

The Bank has started providing payments and transaction banking solutions to its customers especially SMEs and corporate customers. This includes current account, collection and payments solutions, door step banking etc. The Bank has been providing fee collection facilities to the Educational Institutions.

The Bank leverages its distribution net work and technology platform to deliver seamless banking experience to its customers.

The year gone by has been challenging for the banking sector with credit growth touching decade low levels of 9.5%. Your Bank has been concentrating on quality of assets.

Considering the massive scale of delinquencies weighing down the books due to continuous economic slowdown, banks are under pressure to improve asset quality. This would result in stiffening competition in the industry for quality assets. Further the proposed Small Banks and Payments Banks also may add challenges in certain segments/sectors of banking once they stabilize.

With a view to improve the overall performance and the business of the Bank, our Bank has been continuing various initiatives to increase commercial banking products including retail loans in a good measure to improve its quality asset growth.

The global growth prospects are projected to improve in a gradual manner, given the fact that the global economy is still short of full recovery from the 2008 financial crisis. In India, the Government has taken several steps to boost the investment climate. Containment of inflation point to a better outlook in the current fiscal. Increased economic activities coupled with benign interest rate environment and various initiatives of the Government may provide sufficient opportunities to the Banks to improve their business in the current fiscal.

Segments and Product wise performance of your Bank

Segment wise and product wise performance both under Advances and Deposits is furnished below:

| Deposits | Amount (₹ In Cr) | Advances | Amount (₹ In Cr) |
|----------|---------------------|--|---------------------|
| Demand | 3528.47 | Cash Credit, Overdraft and Demand Loan | 28397.12 |
| Savings | 6313.70 | Bills Purchased and Discounted | 1990.61 |
| Term | 34848.10 | Term Loan | 6303.04 |

Gross deposits of the bank grew from ₹ 43757.68 Cr during the fiscal 2013-14 to ₹ 44690.27 Cr in 2014-15 recording an annual growth rate of 2.13%. CASA grew by 9.50 % to ₹ 9842 Cr and accounted for 22% of the aggregate deposits, as against 20.54% in the previous year.

The average deposits stood at ₹ 44456.38 Cr during the fiscal 2014-15 compared to ₹ 42101.31 Cr in the last fiscal, registering a growth rate of 5.59%. Cost of deposits declined to 7.96% in FY15 from 8.24% in FY14.

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During the year under report, gross advances increased from ₹ 34225.98 Cr to ₹ 36690.77 Cr recording a growth of 7.20%. The average advances was higher by ₹ 31538.25 Cr as at 31.03.2014 to reach ₹ 34696.74 Cr as at the end of fiscal 2014-15. The growth of average advances was at 10.01% in FY15. The average yield on advances was lower at 12.14% for the fiscal 2014-15 against 12.28 % during the earlier fiscal.

The Bank has three business segments viz: Treasury, Corporate/Wholesale banking, Retail banking and other banking operations. The results of the banking segments are furnished elsewhere in the report.

Risk Management

The Bank has a robust and integrated Risk Management System to ensure that the risks assumed by it are within the defined risk appetites and are adequately compensated. To address the various risks to which the Bank is exposed to, the Bank has a robust Risk Management Architecture comprising Risk Management Structure, Risk Management Policies and Risk Management Implementation and Monitoring Systems.

Your Bank aims at enhancing and maximizing the shareholder value by achieving appropriate trade-offs between risk and return.

Risk Management Structure

The overall responsibility of setting the Bank's risk appetite and effective risk management rests with the Board of Directors and for this purpose the Board has constituted a Board level Committee known as Risk Management and Asset Liability Management Committee which monitors the implementation of the Risk Management system in the Bank. The Bank has various executive level Committees such as Credit Risk Management, Market Risk Management, Operational Risk Management and Asset Liability Management to supervise the respective risk management functions.

Risk Management Policies

To address the various risks like credit risk, operational risk, market risk, liquidity risk, forex risk and pillar II risks, the Bank has formulated various risk management policies to measure, manage and mitigate such risks that the bank is exposed to. The policies are approved by the Board of Directors of the Bank and periodic review of the policies are also carried out by the Board as per extant guidelines of RBI.

Credit Risk

Your Bank has formulated a Credit Policy to address the credit risk. This policy lays down guidelines for Credit Management covering all areas of operation where credit risk is involved. The policy enables the Bank to enhance the risk management capabilities by undertaking lending decisions guided by the policy frame work for a steady and healthy growth in its loan book.

The Bank has set various prudential limits to individual borrowers, group borrowers, entry level exposure norms, substantial exposure limits, bench mark financial ratios, exposure limits/ceilings to industries, sensitive sectors, rating category etc in alignment with RBI directives. The limits are being reviewed by the Board periodically.

During the year under report, analysis of various exposure norms has been undertaken to ensure Banks' exposures are within the exposure limits/ceilings fixed by RBI/Board of the Bank.

The Bank has made its loan appraisal function independent of Risk rating function. Internal risk rating of loan accounts is carried out through rating model to assess the credit proposal and rating of a borrower.

The Bank conducted the credit portfolio analysis at regular periodicity to study the impact of a particular industry /sector on the credit portfolio of the bank and adopt strategies to improve the quality of loan book and reduce the potential adverse impact of concentration risk.

Your Bank has also undertaken the rating migration analysis of its borrowers at half yearly interval to analyse the stability rate, upgradation rate, down gradation rate and default rate for one, two, three and four year time horizons and appropriate corrective actions are initiated to protect the portfolio quality.

The Bank has put in place a Loan Review Mechanism to improve the quality of loan assets and to ensure adherence to policies, procedures and statutory requirements.

Market Risk Management

The Market Risk framework of the Bank aims at maximizing the return by providing inputs regarding the extent of market risk exposures, the performance of portfolio vis-à-vis the risk exposure and comparable benchmarks.

Integrated Mid-Office at Risk Management Wing is Monitoring Market Risk Exposure. Exposure limits, such as, Stop Loss Limits on trading book, Intraday and overnight limit for various currency

MANAGEMENT DISCUSSION AND ANALYSIS

positions, Dealer-wise limits, Aggregate Gap Limit, Limits on Money Market Operations, Modified-duration limits for Investment portfolio and VaR limits are fixed to act as risk mitigants/triggers. These limits along with other triggers are tracked daily and necessary actions are initiated. Reporting system is strengthened for effective Market Risk Management.

Operational Risk Management

Operational Risk Management framework in the Bank is based on ethics, organization culture and strong operating procedures, involving corporate values, internal control culture, effective internal reporting and contingency planning.

The Bank has adopted policies for management of Operational Risk, which covers various aspects, such as, Operational Risk Management Structure, Outsourcing Activities, Business Continuity Plan, Insurance and Legal Risks.

ICAAP

An Internal Capital Adequacy Assessment Process (ICAAP) under Pillar 2 of Basel II Norms is in place. Linkages to Stress Test Scenarios are also documented in ICAAP. The ICAAP document is reviewed and approved by the Board of Directors.

To comply with the Pillar II with RBI under BASEL II norms, the Bank has formulated a Policy on Internal Capital Adequacy Assessment Process (ICAAP) for the assessment of all material risks the bank is exposed to and the Risk Management Processes which are put in place to Manage and Mitigate those risks and also to evaluate its capital adequacy commensurate with such risks.

In line with ICAAP Policy, the Bank prepares the ICAAP document on yearly basis and submits to RBI after approval by the Board of Directors. As per RBI directives, the validation of ICAAP document is done by an external agency. The Bank also reviewed its ICAAP on quarterly basis for monitoring both risks and capital requirement of the Bank.

In line with RBI guidelines and as per the Stress Testing Policy of the Bank, the Bank conducted Stress Testing analysis on quarterly interval on various risks like Liquidity Risk, Interest Rate Risk, Forex Risk and Credit Risk and assessed the impact on capital adequacy and profitability.

For skill development in Risk Management area, the Bank also nominates its officers on regular basis for various trainings/seminars on Risk Management conducted by reputed institutions like NIBM, IDRBT etc.,

Inspection and Audit

The Bank has adopted Risk Based Internal Audit, which lays focus on proper risk identification and assessment, effective risk containment and management measures, adequacy of control systems and procedures as well as optimum use of resources. It aims at giving an assurance to the management the level of regulatory and systemic compliance, besides ensuring accomplishment of Corporate Governance objectives.

All the branches of the Bank are subjected to internal inspection so as to contain risk, effective control mechanism and improve efficiency of operations. Risk Based Internal Branch Inspection is conducted once in 6 to 18 months depending on the risk perception. The periodicity of Branch inspection is decided based on such risk perceptions. Newly opened branches are subjected to first inspection within 12 months from the date of starting the operations.

Surprise Inspections are conducted at identified Large Branches and High Risk rated branches as and when need arises for such audits.

Management Audit of Divisional Offices are conducted once in two years.

Concurrent Audit is carried out at the branches/offices identified based on risk perception and business turnover. During the year 2014-15, 216 branches covering 78% of total business of the Bank, were subject to concurrent audit by engaging the services of external firm of Chartered Accountants. International Division, Data Centre, DR Site, Treasury & Investment Operations, ATM centers and Regional Processing Centers are subjected to Concurrent Audit.

All branches are subjected to information security audit which is carried out to identify the security and processing risks in the computerized environment, evaluate related controls to ensure security, functionality and reliability of Hardware, Operating System and Application Software and to ensure data availability, integrity as well as confidentiality.

Revenue Audit is carried out at identified branches once in a year. All important inspection and audit findings are placed before the Audit Committee of the Board for review.

Your Bank has put in place KYC and Anti Money Laundering measures in line with extant guidelines of RBI. As part of the control, the transactions are being viewed at Central Office of the Bank on an ongoing basis.

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Financial Performance with respect to Operational Performance

Interest income rose to ₹ 5395.88 Cr from ₹ 5115.96 Cr, a year ago, a rise of 5.47%. Interest expenditure increased to ₹ 3929.97 Cr in 2014-15 from ₹ 3832.26 Cr in 2013-14, a rise of 2.55%. The net interest income grew at 14.19% from ₹ 1283.70 Cr to ₹ 1465.90 Cr. Non-Interest income increased to ₹ 580.84 Cr in FY15 from ₹ 564.45 Cr, a year ago, a growth of 2.90%. Operating revenue increased by 10.73% to ₹ 2046.48 Cr.

Establishment expenditure increased to ₹ 547.05 Cr in FY15 from ₹ 527.92 Cr in FY14, registering an increase of 3.62%. Other operating expenses increased by 15.33% to ₹ 556.40 Cr. Operating expenses increased by 9.21% to ₹ 1103.45 Cr from ₹ 1010.36 Cr.

Your Bank posted an operating profit of ₹ 943.29 Cr for the financial year 2014-15, against ₹ 837.79 cr in the corresponding period last year, an increase of 12.59%. For the year ended 2014-15, net profit posted an increase of 8.07% from ₹ 429.60 cr in FY14 to ₹ 464.28 cr in FY15.

For the year ended 31.03.2015, the Net Interest Margin of the Bank rose by 27bps to 2.91% from 2.64% compared to the previous Fiscal 2013-14. The Return on average assets was at 0.88% at the end of Fiscal under report as against 0.86% in the previous year.

Human Resource Management

The Human Resources Policy and the Practice of the Bank aims at attracting, motivating and retaining qualified and skilled man power. In line with these objectives, efforts are taken to improve man power efficiency. HR Policy of the Bank has been revisited to suit the changing banking scenario. Bank strives to groom and develop its work force to make it highly productive. Competency

and capacity building assume great significance in the era of competition and the Bank is dedicated to empower its employees with knowledge, skills and right attitude. The Employees have been trained in various areas of specialization like credit, forex, risk management, information technology as well as general management applications. Induction programmes for probationary clerks, Officers and Agricultural Officers were conducted. Officers and Executives of the bank were nominated to various external training centres of repute for intensive training in their field of operations. The training Institutions identified for the purpose were - NIBM, IDRBT, FEDAI, NIRB, CAFRAL, SIBTC, IPE, ASCI etc., The Bank has a Staff Training College at Karur. During the FY 2014-15, the bank has trained 5104 employees both internally and externally.

To motivate employees further and to inculcate in them a sense of ownership, Employee Stock Option Schemes were introduced after obtaining shareholders approval. Stock Options were granted to all cadres of Employees and shares allotted consequent to exercise of stock options as per the SEBI Guidelines in this regard. The number of employees in the Bank stood at 7197 as on 31.03.2015. Business per employee rose to ₹ 11.30 Cr as at 31.03.2015 from ₹ 10.55 Cr as at 31.03.2014.

As required under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013, your Bank has put in place necessary institutional frame work for prevention of Sexual harassment of Women at Work Place and the matters connected there to.

Industrial relations in the Bank have been cordial and harmonious. The representatives of Workmen Union, Officers Association and Management have been working collectively achieving all-round growth making the Bank progressively healthier. On account of cordial industrial relations, Bank has achieved considerable growth over the years.

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Corporate Governance

Corporate Governance ensures high standards of transparency, accountability, ethical operating practices, professional management thereby enhancing the shareholders' value and protecting the interest of all the stakeholders of the Bank such as depositors, borrowers, investors, customers in general, suppliers, employees and the society.

The Bank's philosophy on corporate governance is founded upon a rich legacy of fair, ethical and transparent governance practices many of which were in place even before the mandatory requirements under Clause 49 of the Listing Agreement by adopting high standards of professionalism, honesty, integrity and ethical standards of conduct. Through the governance mechanism, the Board and its Committees undertake its fiduciary responsibilities to all its stakeholders by ensuring transparency and independence in its decision making.

Board of Directors

Your Bank's Board of Directors is broad based and its constitution is governed by the provisions of the Banking Regulation Act, 1949,

the Companies Act, 2013 and the requirements of the Listing Agreement entered into with the stock exchange where the shares are listed. The Board has been so constituted to provide focus on governance in the important functional areas of your Bank.

The strength of the Board as on March 31, 2015 was 12 directors comprising of one Whole Time Director designated as MD & CEO, six independent directors including Part time Chairman, and five non-independent directors. It is declared that none of the directors is related to each other.

All the six independent directors of the Bank have confirmed to the Bank that they meet criteria of independence in terms of Sec 149 (6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

In terms of Sec 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Bank, being a listed entity, shall have at least one woman director on its Board. In compliance of the same, your Bank has co-opted Smt. K L Vijayalakshmi, Chartered Accountant as an Additional Director on the Board.

Board Meetings

During the year 2014-15 the Board of Directors met on 21 occasions on the following dates.

| | | | | | | |
|------------|------------|------------|------------|------------|------------|------------|
| 02.05.2014 | 15.06.2014 | 24.07.2014 | 23.09.2014 | 06.11.2014 | 05.01.2015 | 27.02.2015 |
| 28.05.2014 | 05.07.2014 | 01.08.2014 | 24.09.2014 | 08.12.2014 | 29.01.2015 | 22.03.2015 |
| 29.05.2014 | 23.07.2014 | 23.08.2014 | 05.11.2014 | 09.12.2014 | 13.02.2015 | 23.03.2015 |

The details of attendance of each Director at the Board Meetings along with the number of meetings held during the year and attendance at the last Annual General Meeting are as under.

| Name of the Director Sarvashri | Period | No. of Board meetings held | Board meetings attended | Attendance at the 95th Annual General Meeting |
|--|-------------------------|-------------------------------|----------------------------|---|
| K P Kumar Non-Executive (Part time) Chairman - Independent | 01.04.2014 - 31.03.2015 | 21 | 19 | Attended |
| K Venakataraman MD & CEO | 01.04.2014 - 31.03.2015 | 21 | 21 | Attended |
| M G S Ramesh Babu Non-Executive - Independent | 01.04.2014 - 23.08.2014 | 9 | 8 | Attended |
| CA S Ganapathi Subramanian Non-Executive - Independent | 01.04.2014 - 31.03.2015 | 21 | 21 | Attended |
| G Rajasekaran Non-Executive | 01.04.2014 - 31.03.2015 | 21 | 21 | Attended |

CORPORATE GOVERNANCE REPORT

| Name of the Director Sarvashri | Period | No. of Board meetings held | Board meetings attended | Attendance at the 95th Annual General Meeting |
|--|-------------------------|----------------------------|-------------------------|---|
| A J Suriyanarayana Non-Executive | 01.04.2014 - 31.03.2015 | 21 | 21 | Attended |
| CA K Ramadurai Non-Executive - Independent | 01.04.2014 - 22.07.2014 | 5 | 5 | Not Applicable |
| K K Balu Non-Executive - Independent | 01.04.2014 - 31.03.2015 | 21 | 20 | Attended |
| N S Srinath Non-Executive - Independent | 01.04.2014 - 31.03.2015 | 21 | 21 | Attended |
| B Swaminathan Non-Executive - Independent | 01.04.2014 - 31.03.2015 | 21 | 13 | Attended |
| Dr V G Mohan Prasad Non-Executive - Independent | 15.06.2014 - 31.03.2015 | 17 | 12 | Attended |
| M K Venkatesan Additional Director Non-Executive | 09.12.2014 - 31.03.2015 | 7 | 5 | Not applicable |
| A K Praburaj Additional Director Non-Executive | 09.12.2014 - 31.03.2015 | 7 | 7 | Not applicable |
| Smt CA K L Vijayalakshmi Additional Director Non-Executive | 22.03.2015 - 31.03.2015 | 1 | 1 | Not applicable |

Shri CA S Ganapathi Subramanian was a Part-time non-official director of M/s New India Assurance Company Limited till 24.08.2014. None of the other directors is a director in any public limited company. Thus the disclosures relating to Committee positions are complied with.

Board procedure

The date and place of the meeting are advised to all Directors well in advance. The agenda papers which provide all relevant, adequate, material information, explanatory notes etc are circulated to the Directors to facilitate meaningful, informed and focused discussions at the meetings.

The information that are required to be placed before the Board as per the extant guidelines of RBI as also the matters enumerated under Annexure X of the Listing Agreement were presented to the Board.

Remuneration of Directors

Shri K P Kumar Non-Executive (Part Time) Chairman was paid honorarium of ₹9,00,000/- during the period under report. He was also paid ₹2,65,000/- towards sitting fees for attending the Board and Committee meetings.

Shri K Venkataraman, MD & CEO, was paid ₹87,72,682/- (Gross), being the fixed pay and perquisites for the year 2014-15.

MD & CEO, who was granted 5,000 Employees Stock Option under KVBESOS 2011, exercised all the options granted to him during the year under report and was allotted 5000 shares.

The remuneration paid to the Chairman and MD & CEO are in accordance with the terms and conditions approved by RBI.

Non-Executive Directors were paid sitting fees for attending the Board and Committee meetings at ₹10,000/- and ₹ 5,000/- respectively.

Remuneration paid to the Non-Executive Directors for attending Board and Committee Meetings for the fiscal 2014-15 are given below:

| Name of the Director Sarvashri | Amount (₹ in lakh) |
|--------------------------------|--------------------|
| M G S Ramesh Babu | 1.70 |
| CA S Ganapathi Subramanian | 4.15 |
| G Rajasekaran | 4.70 |
| A J Suriyanarayana | 4.75 |
| CA K Ramadurai | 0.70 |
| K K Balu | 3.35 |
| N S Srinath | 3.80 |
| B Swaminathan | 2.00 |
| Dr. V G Mohan Prasad | 1.45 |
| M K Venkatesan | 1.45 |
| A K Praburaj | 1.50 |
| Smt. CA K L Vijayalakshmi | 0.10 |

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Non-Executive Directors were not granted any stock option.

No pecuniary relationship exists between the Independent Directors and the Bank, other than payment of sitting fees for attending the Board/Committee meetings.

Smt CA K L Vijayalakshmi, Additional Director (Non-Executive) attended certification programme for Directors and Aspiring Directors on 27th and 28th March 2015 at Bangalore organized by Corporate Laws & Corporate Governance Committee of the Institute of Chartered Accountants of India.

Directors' shareholding as on 31.03.2015

| Name of the Director Sarvashri | Number of shares |
|--------------------------------|------------------|
| K P Kumar | 20,308 |
| K Venkataraman | 6,500 |
| CA S Ganapathi Subramanian | 1,400 |
| G Rajasekaran | 3,22,024 |
| A J Suriyanarayana | 2,29,909 |
| K K Balu | 3,131 |
| N S Srinath | 533 |
| B Swaminathan | 500 |
| Dr V G Mohan Prasad | 32,203 |
| M K Venkatesan | 1,88,396 |
| A K Praburaj | 13,834 |
| Smt CA K L Vijayalakshmi | 500 |

Directors seeking appointment/ re-appointment

Pursuant to Clause 49 of the Listing Agreement to the Corporate Governance, a brief resume including their expertise in specific functional areas etc., is furnished hereunder:

Shri G Rajasekaran (DIN 35582), aged 64 years, is a graduate in Arts. He belongs to the Promoter family. He has rich experience in textile business. He has also interest as a Partner in certain finance firms.

He had served as a Director of the Bank for two terms from 14.02.1990 to 13.02.1998 and 14.06.2000 to 08.06.2008. Co-opted as an Additional Director of the Bank on 20.06.2010, he was elected as a Director at the 91st AGM held on 21.07.2010 and re-elected at the 93rd AGM held on 30.07.2012.

He is a Non-Executive Director representing Minority Sector "Business and Finance" on the Board of the Bank.

Shri M K Venkatesan (DIN 32235), aged 58 years, is a graduate in Economics. He belongs to the promoter family. He is engaged in 'Mundy' business (Wholesale business in agricultural commodities). He had served as a Director of the Bank from 22.02.1992 to 18.02.2000 and 26.11.2003 to 26.07.2009. He was co-opted as an Additional Director on 09.12.2014. He represents majority sector 'MSME'.

Shri A K Praburaj (DIN 07004825), aged 44 years, is a Commerce graduate. He belongs to the promoter family. He is a dealer in Indian Oil Corporation and is a partner in certain finance firms. He was a Director of the Bank during the period from 04.12.1997 to 07.03.2004. He was co-opted as an Additional Director of the Bank on 09.12.2014. He represents minority sector 'Trade and Commerce'.

Smt CA K L Vijayalakshmi (DIN 07116809), aged 50 years, is a Bachelor of Business Management and a fellow member of the Institute of Chartered Accountants of India. She is a practicing Chartered Accountant. She is a Partner in M/s Khicha and Prabu Kesavan, Chartered Accountants, Coimbatore since 1995. She has more than 25 years of experience in various audits like Statutory Bank Branch Audits, Concurrent Audits, Income Leakage Audits etc., branch audit of Insurance companies and Audit of Tamil Nadu Civil Supplies Corporation. Co-opted as an Additional Director of the Bank on 22.03.2015, she represents minority sector 'Commerce' and Accountancy (Special Knowledge).

Committees

Audit Committee

The Audit Committee is chaired by Shri. CA S Ganapathi Subramanian, who is a Chartered Accountant.

The terms of reference of Audit Committee are harmonized with the requirements of Clause 49 of Listing Agreement, provisions of Companies Act and responsibilities enjoined upon it by the RBI, which inter alia includes the following:

- Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, adequate and credible.
- Recommending to the Board, the appointment, reappointment or, if required, the replacement of the statutory auditor together with the fixation of audit fees and approval of payment for any other services rendered by the statutory auditors.
- Reviewing with management the annual financial statements before submission to the Board with special emphasis in accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements.

CORPORATE GOVERNANCE REPORT

- d) Reviewing the adequacy of the Audit and Compliance functions, including their policies, procedures, techniques and other regulatory requirements.
- e) Review, as far as the situation necessitates all other reports including Risk Based Internal Audit Reports, which are presently being put up before the committee.
- f) Review of all reports as per the calendar of reviews stipulated by the RBI and
- g) Any other terms of reference as may be included from time to time in clause 49 of the Listing Agreement.

The Committee met 10 times during the fiscal 2014-15. The composition of the Committee and their attendance at the meetings are given below.

| Name of the Director Sarvashri | No. of meetings attended |
|---|--------------------------|
| CA S Ganapathi Subramanian Chairman of the Committee | 10 |
| K P Kumar, Chairman (from 24.09.2014) | 4 |
| G Rajasekaran (from 31.10.2014) | 5 |
| A J Suriyanarayana (from 24.09.2014) | 6 |
| B Swaminathan | 6 |
| Dr V G Mohan Prasad (from 24.09.2014) | 3 |
| K K Balu (up to 23.09.2014) | 4 |
| N S Srinath (upto 30.10.2014) | 5 |
| M G S Ramesh Babu (upto 23.08.2014) | 3 |
| CA K Ramadurai (upto 22.07.2014) | 3 |

Advances Committee

Advances Committee exercises all the powers vested with the Committee in respect of sanctioning of credit proposals, review, renewal or modification of various types of funded and non-funded credit facilities to customers within such authority as is delegated to the Committee by the Board from time to time. It also reviews the sanctions made by the Central Office Credit Committee of Executives (COCC).

The Committee met 17 times during the year 2014-15. The members of the Committee and their attendance at the meetings are given below:

| Name of the Director Sarvashri | No. of meetings attended |
|---|--------------------------|
| K Venkataraman, MD & CEO Chairman of the Committee | 17 |
| CA S Ganapathi Subramanian | 15 |
| G Rajasekaran | 16 |
| A J Suriyanarayana | 17 |
| N S Srinath | 14 |
| M K Venkatesan (from 29.01.2015) | 4 |
| A K Praburaj (from 29.01.2015) | 2 |
| M G S Ramesh Babu (upto 23.08.2014) | 4 |

Compensation and Remuneration Committee

The terms of reference of the Committee shall include the following:

- (a) To administer and monitor Employees Stock Option Scheme of the Bank including granting of stock options.
- (b) To oversee the framing, implementation and review of the Compensation Policy on behalf of the Board. It reviews the compensation package for the MD & CEO, President and COO and others to ensure effective governance of compensation, alignment of compensation with prudent risk taking and effective supervisory oversight and stakeholder engagement in compensation.

The Committee has six members, detailed below:

| Name of the Director Sarvashri |
|---|
| CA S Ganapathi Subramanian Chairman of the Committee |
| K P Kumar, Chairman |
| M G S Ramesh Babu (upto 23.08.2014) |
| B Swaminathan |
| G Rajasekaran (from 29.01.2015) |
| K K Balu (from 29.01.2015) |
| A K Praburaj (from 29.01.2015) |

CORPORATE GOVERNANCE REPORT

One meeting was held on 28.05.2014 and all the members of the Committee attended the meeting.

In terms of the extant guidelines of RBI, qualitative and quantitative disclosures on remuneration have been furnished in the Notes on Accounts.

Customer Service & Shareholders and Investors' Grievance Committee

The Committee is entrusted with the responsibility of monitoring the quality of services rendered to the customers and also ensuring the implementation of directives received from RBI in this regard. The terms of reference of the Committee, inter-alia, are to formulate 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. Besides, the Committee also examines any other issues having a bearing on the quality of customer service rendered.

The Committee also monitors redressal of the shareholders/ investors grievances like transfer and transmission of shares, non-receipt of share certificates, refund order/dividend warrant/Annual Report etc.,

All the complaints received from the shareholders during the year have been redressed till date. Investors grievances are attended within the time lines prescribed by SEBI.

The Committee met twice during the year on 24.09.2014 and 18.03.2015. The composition of the Committee and the attendance of members are given below:

| Name of the Director Sarvashri | No. of meetings attended |
|---|--------------------------|
| K Venkataraman, MD & CEO Chairman of the Committee | 2 |
| K P Kumar, Chairman | 1 |
| G Rajasekaran | 2 |
| K K Balu | 2 |
| N S Srinath | 2 |
| B Swaminathan (upto 28.1.2015) | 1 |

Risk Management and Asset Liability Management Committee

The terms of reference to the Committee include:

Review of risk profile of the Bank, evaluation of the overall risks faced by the Bank, develop policies and strategies for integrating risk management containing the credit, market and operational risk exposures etc and to ensure smooth transition to the new Capital Adequacy Framework.

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

The Committee met three times during the year under report on 15.05.2014, 09.12.2014 and 27.02.2015.

Members of the Committee and their attendance at the meetings of the Committee are given below:

| Name of the Director Sarvashri | No. of meetings attended |
|---|--------------------------|
| K Venkataraman, MD & CEO Chairman of the Committee | 3 |
| K P Kumar, Chairman(from 29.01.2015) | 1 |
| CA S Ganapathi Subramanian | 1 |
| N S Srinath | 2 |
| B Swaminathan | 2 |
| A K Praburaj (from 29.01.2015) | 1 |
| G Rajasekaran (upto 28.01.2015) | 2 |
| A J Suriyanarayana (upto 28.01.2015) | 2 |
| CA K Ramadurai (upto 22.07.2014) | 1 |

Nomination Committee

This Committee was constituted by the Board for the specific purpose of scrutinizing the declarations received from persons to be appointed as Directors as well as from the existing Directors seeking re-appointment and make references to the appropriate authority/persons to ensure compliance with the requirements indicated by the RBI, vide their directive dated 25.06.2004 on 'fit and proper' criteria of Directors of Banks. The Committee met six times during the year. Members of the Committee and their attendance at the meetings are given below:

CORPORATE GOVERNANCE REPORT

| Name of the Director Sarvashri | No. of meetings attended |
|---|--------------------------|
| CA S Ganapathi Subramanian Chairman of the Committee | 6 |
| K P Kumar, Chairman | 4 |
| A J Suriyanarayana | 6 |
| K K Balu | 6 |
| N S Srinath | 6 |
| Dr V G Mohan Prasad (from 29.01.2015) | 1 |

NPA Management Committee

The NPA Management Committee functions with the following main objectives:

Monitoring of stressed assets especially reviewing major NPA accounts periodically including quick mortality assets. The Committee met three times during the year. Members of the Committee and their attendance position at the meetings are given below:

| Name of the Director Sarvashri | No. of meetings attended |
|---|--------------------------|
| K Venkataraman, MD & CEO Chairman of the Committee | 3 |
| CA S Ganapathi Subramanian | 2 |
| K K Balu | 3 |
| N S Srinath | 3 |
| B Swaminathan | 1 |
| A J Suriyanarayana (from 29.01.2015) | 1 |
| M K Venkatesan (from 29.01.2015) | 1 |
| M G S Ramesh Babu (upto 23.08.2014) | 1 |

Fraud Monitoring Committee

The major functions of the Committee are to monitor and review all frauds of ₹ 1.00 Cr and above so as to:

- Identify the systemic lacunae, if any, which facilitated perpetration of the fraud and put in place measures to plug the same.
- Identify the reasons for delay, if any, in detection and reporting to top management of the Bank and RBI.

- Monitor progress of CBI/Police investigation and recovery position.
- Ensure that staff accountability is examined at all levels in all the cases of frauds and staff related action, if required, is completed quickly without loss of time.
- Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as, strengthening of internal controls; and
- Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

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

Three meetings were held during the year under report. The Composition and details of the meetings attended by the Directors are given below:

| Name of the Director Sarvashri | No. of meetings attended |
|---|--------------------------|
| K Venkataraman, MD & CEO Chairman of the Committee | 3 |
| K P Kumar, Chairman (Upto 29.01.2015) | 2 |
| CA S Ganapathi Subramanian | 3 |
| K K Balu | 3 |
| B Swaminathan | 2 |
| N S Srinath (from 29.01.2015) | 1 |
| M K Venkatesan (from 29.01.2015) | 1 |

Staff and Development Committee

The Committee deals with the HR aspects of the Bank such as performance measurement management, HR policy including recruitment, address concerns expressed by various quarters like Employees' Union, Officers' Association etc.,

The Committee met 17 times during the year. The Composition and details of the meetings attended by the Directors are given below:

| Name of the Director Sarvashri | No. of meetings attended |
|---|--------------------------|
| K Venkataraman, MD & CEO Chairman of the Committee | 8 |

Contd.

CORPORATE GOVERNANCE REPORT

| Name of the Director Sarvashri | No. of meetings attended |
|---------------------------------------|--------------------------|
| K P Kumar, Chairman (Upto 28.01.2015) | Nil |
| CA S Ganapathi Subramanian | 1 |
| G Rajasekaran | 16 |
| A J Suriyanarayana | 11 |
| K K Balu (from 29.01.2015) | 4 |
| M K Venkatesan (from 29.01.2015) | 6 |
| A K Praburaj (from 29.01.2015) | 7 |
| M G S Ramesh Babu (upto 23.08.2014) | 2 |

Information Technology Strategy Committee

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

- Suggest improvement and monitor the implementation of modern technology in the Bank;
- Approving IT strategy and policy documents;
- Ensuring that the management has put an effective strategic planning process in place;
- Ensuring that the IT strategy is indeed aligned with business strategy;
- Ensuring that the IT organizational structure complements the business model and its direction;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining Bank's growth;
- Make aware about exposure towards IT risks and controls and evaluating effectiveness of management's monitoring of IT risks;
- Assessing Senior Management's performance in implementing IT strategies;

- Issuing high-level policy guidance (eg: related to risk, funding, or sourcing tasks);
- Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT;
- Overseeing the aggregate funding of IT at a bank-level, and ascertaining if the management has resources to ensure the proper management of IT risks;
- Reviewing IT performance measurement and contribution of IT to businesses (i.e. delivering the promised value);
- Any other terms of reference as may be included from time to time by the Board or in compliance with RBI Guidelines.

The Committee met 5 times during the year. The Composition and attendance by its members are given below:

| Name of the Director Sarvashri | No. of meetings attended |
|---|--------------------------|
| A J Suriyanarayana Chairman of the Committee | 5 |
| K Venkataraman, MD & CEO | 5 |
| M G S Ramesh Babu (upto 23.08.2014) | 3 |
| G Rajasekaran | 5 |
| M K Venkatesan (from 29.01.2015) | NA |
| A K Praburaj (from 29.01.2015) | NA |

Corporate Social Responsibility Committee

Corporate Social Responsibility (CSR) Committee constituted, in accordance with the terms of Section 135 of the Companies Act, 2013 and the Rules made there under.

The terms of reference of the CSR Committee are:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act, 2013.
- To recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- To monitor the Corporate Social Responsibility Policy of the Bank from time to time

CORPORATE GOVERNANCE REPORT

Composition of the Committee:

| Name of the Director Sarvashri |
|---|
| K Venkataraman, MD & CEO Chairman of the Committee |
| K P Kumar, Chairman |
| CA S Ganapathi Subramanian (upto 29.01.2015) |
| G Rajasekaran |
| A J Suriyanarayana (from 29.01.2015) |
| M K Venkatesan (from 29.01.2015) |
| A K Praburaj (from 29.01.2015) |

The Committee met on 08.12.2014 and all the members of the Committee attended the meeting.

CSR Policy of the Bank, recommended by the CSR Committee and approved by the Board has been placed on the website of the bank.

Statutory disclosures with respect to the CSR Committee and an Annual Report on CSR Activities forms part of this report as **Annexure 4**.

QIP Committee

During the year under report, the Board constituted a special Committee of Directors known as "QIP Committee", for the purpose of raising capital through QIP route and matters connected therewith. The Committee met five times during the year. The composition and attendance of members are given below.

| Name of the Director Sarvashri | No. of meetings attended |
|---|-----------------------------|
| K Venkataraman, MD & CEO Chairman of the Committee | 5 |
| M G S Ramesh Babu (up to 23.08.2014) | 4 |
| G Rajasekaran | 5 |
| A J Suriyanarayana | 5 |

Consequent to the allotment of shares under QIP issue, the Committee is non-functional now.

Performance Evaluation of the Board

The Nomination Committee at its meeting held on 27.02.2015 laid down the evaluation criteria for performance evaluation of Independent Directors.

In compliance of Clause 49 of the Listing Agreement, the performance evaluation of Independent Directors was done by the entire Board of Directors excluding the director being evaluated.

At a separate meeting of the Independent Directors held on 23.03.2015, the following were carried out:

- Review of the performance of non-independent directors and the Board as a whole
- Review of the performance of the Chairman of the Bank, after ascertaining the views of MD & CEO and other non-executive directors of the Bank (excluding the Chairman).
- Assessment of quality, quantity and timelines of flow of information between the Bank Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The evaluation for the Directors and the Board were done through circulation of questionnaires separately for the Non-Executive Independent Directors including Chairman and Non-Independent Directors, Board as a whole, which assessed the performance on select parameters related to roles, responsibilities and obligations of the Board and functioning of the Committees including assessing the quality, quantity and timelines of flow of information between the Bank management and the Board that is necessary for the Board to effectively and reasonably to perform their duties. The evaluation criteria for the Directors were based on their participation, contribution and offering guidance to and understanding of the areas which are relevant to them in their capacity as members of the Board.

General Body Meetings

- Location and time, where the last three Annual General Meetings were held:

| Financial Year | Details of Location | Day, Date and Time |
|----------------|---|---|
| 2013-14 | Regd. & Central Office, Erode Road, Karur 639 002. | Wednesday 23rd July 2014 10.00 a.m. |
| 2012-13 | Regd. & Central Office, Erode Road, Karur 639 002. | Friday 19th July 2013 10.15 a.m. |
| 2011-12 | Regd. & Central Office, Erode Road, Karur 639 002. | Monday 30th July 2012 10.15 a.m. |

CORPORATE GOVERNANCE REPORT

| | | |
|-----|---|--|
| (b) | Whether any special resolutions passed in the previous three Annual General Meetings (AGM) | Yes, at the 95th AGM held on 23.07.2014, a special resolution was passed to amend the Articles of Association (AOA) of the Bank to align the various clauses of the AOA in tune with the new Companies Act, 2013 and the rules made there under and also in tune with the amendments made during 2012 under the Banking Regulations Act, 1949. No special resolutions were passed at the Annual General Meetings held on 30.07.2012 and 19.07.2013. |
| (C) | Whether any special resolution passed last year through postal ballot- details of voting pattern. | None. |
| (d) | Person who conducted the postal ballot exercise. | Not Applicable |
| (e) | Whether any special resolution is proposed to be conducted through postal ballot? | No special resolution is proposed at the ensuing 96th AGM. |
| (f) | Procedure for the postal ballot | Not Applicable |

DISCLOSURES

During the financial year ended March 31, 2015

(a) Related Party Transactions

All transactions entered into with Related parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on arms length pricing basis and do not attract the provisions of Sec 188 of the Companies Act, 2013. There were no materially significant related party transactions with the promoters, Directors or the Management or relatives that may have a potential conflict with the interests of the Bank.

Disclosures as required under AS 18 has been made in the notes to the financial statements.

Details of transactions with related parties, if any, are placed before the Audit Committee from time to time.

The Board of Directors of the Bank has formulated a policy on materiality of related party transactions and also on dealing with related party transactions pursuant to the provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement and the same has been displayed on the website of the Bank www.kvb.co.in.

(b) There are no instances of non-compliance by the Bank, penalties and strictures imposed by Stock Exchanges and

SEBI or any statutory authority, on any authority, on any matter related to capital markets, during the last three years.

(c) All the Directors and Senior Managerial Personnel have affirmed the compliance of the Code of Conduct laid down by the bank. An annual confirmation of the Code of Conduct is taken from all the Directors and Senior Managerial Personnel to whom the Code applies. MD & CEO's affirmation that the Code of Conduct has been complied with by the persons covered under the Code is given at the end of this report.

(d) CEO/CFO Certification

In terms of Clause 49 of the Listing, the certification by the Managing Director & CEO and Chief Financial Officer on the financial statements and internal controls relating to financial reporting has been obtained.

(e) The Bank has framed its own 'Whistle Blower Policy', the objective of which is to identify any untoward events with the help of the employees and to take timely corrective measures so as to prevent/protect the Bank at the initial stage itself. This mechanism also provides adequate safeguards against victimization of employees who avail of this mechanism.

(f) The Bank has complied with all mandatory requirements under the provisions of Clause 49 of the Listing Agreement. The Bank has also complied with non-mandatory requirements like maintaining a Chairman's office at the Central Office and unqualified financial statements.

CORPORATE GOVERNANCE REPORT

Disclosure of details of Unclaimed Shares Suspense Account (Under Clause 5A (1) of the Listing Agreement)

| Sl. No. | Particulars | No. of shareholders | No. of shares |
|---------|--|---------------------|---------------|
| 1 | Aggregate Number of shareholders and the outstanding shares lying in the Unclaimed Shares Suspense a/c as on 01.04.2014 | 885 | 91,745 |
| 2 | Number of shareholders who approached the Bank for transfer of shares from Unclaimed Shares Suspense a/c during the fiscal 2014-15 | 7 | 490 |
| 3 | Number of shareholders to whom shares were transferred from the Unclaimed Shares Suspense a/c during the fiscal 2014-15 | 7 | 490 |
| 4 | Aggregate Number of shareholders and the outstanding shares lying in the Unclaimed Shares Suspense a/c as on 31.03.2015 | 878 | 91,255 |

The voting rights on the above mentioned 91,255 shares shall remain frozen till the rightful owner of such shares claims the shares.

Compliance with SEBI (Prohibition of Insider Trading) Regulations, 2002.

In pursuance of the above Regulations, the Bank has formulated Code of Conduct for Prevention of Insider Trading for Designated Employees and Directors for dealing in Shares of the Bank. The Bank has received periodic information from those who are

covered under the Code as required under the Regulations. Company Secretary has been designated as the Compliance Officer for this purpose.

Further, the trading window for dealing in shares of the Bank has been closed for the Directors and the Designated Employees of the Bank as per the following details.

| Dates of closure of Trading Window | Purpose of closure |
|------------------------------------|--|
| 28.07.2014 to 02.08.2014 | Declaration of Quarterly Financial Results for the quarter ended June 2014. |
| 31.10.2014 to 07.11.2014 | Declaration of Quarterly Financial Results for the quarter ended September 2014. |
| 21.01.2015 to 29.01.2015 | Declaration of Quarterly Financial Results for the quarter ended December 2014. |
| 24.04.2015 to 03.05.2015 | Declaration of Quarterly Financial Results for the quarter ended March 2015 and Annual Financial Results for the FY 2014-15. |

MEANS OF COMMUNICATION

Quarterly/Half yearly results are communicated through newspaper advertisements, press releases and by posting information on the Bank's website. The results are generally

published in the Business Line and Tamil Daily "Dinamalar". After the quarterly and annual results are approved by the Board and informed to the Stock Exchange/s, formal presentations are made to analysts by the management and the same is also placed on the Bank's website www.kvb.co.in.

CORPORATE GOVERNANCE REPORT

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

1. Date : 22nd July 2015 (Wednesday)
2. Time and Venue : 10.00 a.m.
Registered & Central Office
Erode Road, Karur 639 002
3. Financial year : 01.04.2014 to 31.03.2015
4. Date of the Book Closure : 14.07.2015 to 22.07.2015
6. Listing on of Stock Exchanges : Listed on National Stock Exchange of India Limited, Mumbai

Equity shares of the Bank are traded as a 'permitted' security in Bombay Stock Exchange.
7. Dividend Payment Date : From 23.07.2015 to 27.07.2015
8. Share Transfer Agents : SKDC Consultants Limited,
Kanapathy Towers, 3rd Floor,
1391/A-1, Sathy Road,
Ganapathy, Coimbatore 641 006.
Tel: 0422-6549995,2539835,
2539836
Email: info@skdc-consultants.com

Bank's address for correspondence : The Karur Vysya Bank Limited
Investor Relations Cell,
Regd & Central Office,
Erode Road, Karur - 639 002.
Phone : 04324-269440-44,
Fax: 04324-225700
E-mail: kvbshares@kvbmail.com
Website: www.kvb.co.in

Corporate Identity Number : L65110TN1916PLC001295
(CIN)

Listing fees payable to the Stock Exchanges for the financial year 2015-16 has already been paid

Stock Market Price Data of Bank's Shares

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

| Month | High | Low |
|--------|--------|--------|
| Apr-14 | 406.00 | 355.10 |
| May-14 | 479.00 | 370.10 |
| Jun-14 | 502.00 | 447.35 |
| Jul-14 | 509.40 | 460.20 |
| Aug-14 | 489.40 | 453.00 |
| Sep-14 | 554.70 | 462.65 |
| Oct-14 | 549.90 | 513.30 |
| Nov-14 | 558.70 | 520.00 |
| Dec-14 | 584.85 | 523.00 |
| Jan-15 | 617.00 | 561.00 |
| Feb-15 | 602.00 | 571.30 |
| Mar-15 | 619.00 | 541.10 |

Financial Calendar: 1st April 2014 to 31st March 2015

| Quarter ending | Date of approval |
|----------------|------------------|
| 30.06.2014 | 01.08.2014 |
| 30.09.2014 | 06.11.2014 |
| 31.12.2014 | 29.01.2015 |
| 31.03.2015 | 30.04.2015 |

CORPORATE GOVERNANCE REPORT

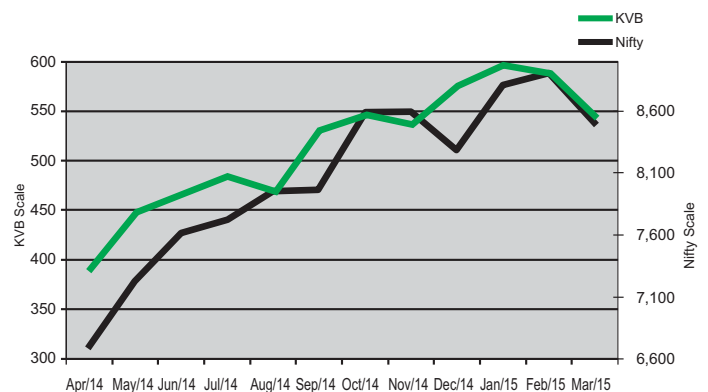
Distribution of shareholding as on March 31, 2015

| No.of Shares | | | | | | | | |
|---------------|-----------|-------------|-------------|--------|----------|--------|--------|--------|
| (Category) | Physical | Demat | Total | % | Physical | Demat | Total | % |
| Upto 250 | 504,852 | 2,605,614 | 3,110,466 | 2.56 | 7,334 | 41,232 | 48,566 | 69.73 |
| 251 - 500 | 508,303 | 2,102,839 | 2,611,142 | 2.15 | 1,449 | 5,609 | 7,058 | 10.13 |
| 501 - 1000 | 859,100 | 3,587,927 | 4,447,027 | 3.66 | 1,199 | 4,859 | 6,058 | 8.70 |
| 1001 - 2000 | 801,144 | 4,508,621 | 5,309,765 | 4.37 | 554 | 3,104 | 3,658 | 5.25 |
| 2001 - 3000 | 523,578 | 2,744,373 | 3,267,951 | 2.68 | 211 | 1,097 | 1,308 | 1.88 |
| 3001 - 4000 | 351,414 | 2,095,401 | 2,446,815 | 2.01 | 99 | 597 | 696 | 1.00 |
| 4001 - 5000 | 198,048 | 1,689,815 | 1,887,863 | 1.55 | 44 | 373 | 417 | 0.60 |
| 5001 - 10000 | 775,149 | 5,993,128 | 6,768,277 | 5.56 | 114 | 852 | 966 | 1.39 |
| 10001 & above | 1,794,099 | 89,986,204 | 91,780,303 | 75.46 | 57 | 865 | 922 | 1.32 |
| Total | 63,15,687 | 115,313,922 | 121,629,609 | 100.00 | 11,061 | 58,588 | 69,649 | 100.00 |
| % to Total | 5.19 | 94.81 | 100.00 | | 15.88 | 84.12 | 100.00 | |

Members Profile as on March 31, 2015

| Particulars | No of Shares | % of shares |
|---|--------------|-------------|
| Promoters | 2629058 | 2.16 |
| Financial Institutions & Banks | 309712 | 0.25 |
| Mutual Funds | 17973641 | 14.77 |
| Venture Capital Funds | 1287553 | 1.06 |
| Insurance Companies | 4862548 | 4.00 |
| Foreign Institutional Investors incl Foreign Bank | 26357190 | 21.67 |
| Non-Resident Indians incl foreign National | 1088920 | 0.90 |
| Foreign Portfolio Investors- Corporate | 5602778 | 4.61 |
| Bodies Corporate | 6319365 | 5.20 |
| Clearing Members | 129081 | 0.11 |
| Hindu Undivided Families | 1165363 | 0.95 |
| Trusts | 175630 | 0.14 |
| Directors & relatives | 91536 | 0.08 |
| Resident Individuals | 53637234 | 44.10 |
| Total | 121629609 | 100.00 |

The Equity performance in comparison to NSE Nifty during 01.04.2014 to 31.03.2015.



Share Transfer System

The Bank has appointed M/s SKDC Consultants Ltd., Coimbatore as its Share Transfer Agents (STA) and the share transfer and transmission, dividend payments and all other investor related matters are attended to and processed at the office of the Share Transfer Agents of the Bank. The STA, after processing the requests of the investors put up the same to the Bank's IRC for placing before the Chairman /Board for approval of the Share Transfers. The share transfers approved by the Chairman will be placed before the Board for information.

CORPORATE GOVERNANCE REPORT

Trading in the Bank's shares are compulsorily in dematerialized form. The Equity Shares of the Banks have been allotted International Securities Identification Number (ISIN) INE036D01010. The Stock code is KARURVYSYA.

As the end of March 2015, 11,53,13,922 shares i.e. 94.81% have been dematerialized.

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

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

The bank has complied with SEBI requirements with regard to Reconciliation of Share Capital Audit for the purpose of reconciliation of the total admitted capital in physical mode as also with both the Depositories NSDL and CDSL and the total issued and listed capital of the bank and in respect of other matters covered under the directions of SEBI. Quarterly compliance reports have been submitted to NSE in this regard.

Unpaid dividend

As per the provisions of Sec 205(a) of Companies Act, 1956, the unpaid Dividend for the FY 2006-07 has been transferred to Investor Education and Protection Fund on 21.08.2014. The Unpaid Dividend of 2007-08 will become due for transfer to the fund during August 2015.

The following table gives the unclaimed dividend from the year 2007-08 with the position as on 31.03.2015 and the last date for claiming the dividend before transfer to the said Fund.

| Financial Year | Unclaimed dividend (₹) | Last date for claiming dividend |
|----------------|------------------------|---------------------------------|
| 2007-08 | 27,75,642 | 23.08.2015 |
| 2008-09 | 31,87,825 | 26.08.2016 |
| 2009-10 | 28,94,620 | 20.08.2017 |
| 2010-11 | 65,03,267 | 26.08.2018 |
| 2011-12 | 1,02,03,718 | 29.08.2019 |
| 2012-13 | 1,16,07,680 | 18.08.2020 |
| 2013-14 | 1,08,38,126 | 22.08.2021 |

In terms of a notification issued by the Ministry of Corporate Affairs vide notification dated May 10, 2012, the Bank has uploaded the information regarding unclaimed amounts due to be transferred to IEPF on the Ministry's Website and also on Bank's Website.

The Shareholders may claim the unclaimed/unpaid amount due to them by making a request to the Bank giving their particulars before the same are transferred to IEPF.

Pursuant to clause 47 f of Listing Agreement, 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

Declaration as required under Clause 49 (II E) of the Listing Agreement

All 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, 2015.

Place: Karur
Date: 30.04.2015

K Venkataraman
Managing Director & Chief Executive Officer

CORPORATE GOVERNANCE REPORT

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of The Karur Vysya Bank Limited

We have examined the compliance of conditions of Corporate Governance by the Karur Vysya Bank Limited for the year ended on 31st March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Bank with Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For Abarna & Ananthan
Chartered Accountants
(Firm Reg No 000003S)

Lalitha Rameswaran
Partner
(Membership No. 207867)

Karur
30.04.2015

ANNEXURE - 1**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31.03.2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in Form No.MR 3]

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

I have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good corporate practices by The Karur Vysya Bank Limited (hereinafter called the Bank). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books of The Karur Vysya Bank Limited, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Bank has, during the audit period covering the financial year ended on 31.03.2015, complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on 31.03.2015, in accordance to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and
 - e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
6. And other applicable laws like:
- a) The Banking Regulation Act, 1949;
 - b) Reserve Bank of India Act, 1934;
 - c) Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ;
 - d) The Bankers' Books Evidence Act, 1891;
 - e) Recovery of Debts due to Bank & Financial Institution Act, 1993;
 - f) Credit Information Companies (Regulation) Act, 2005;
 - g) Prevention of Money laundering Act, 2002;
 - h) The Deposit Insurance and Credit Guarantee Corporation Act, 1961;
 - i) Industrial Disputes (Banking and Insurance Companies) Act, 1949; and
 - j) Information Technology Act, 2000.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India in accordance to the Companies Act.
- (ii) The Listing Agreement entered into by the Bank with National Stock Exchange of India Limited, Mumbai.

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

The Board has approved a Corporate Social Responsibility Policy recommended by the CSR Committee as per the provisions of the Act. I am informed that the Bank would be making necessary reporting of CSR in its Report of the Board of Directors as envisaged under section 135 of the Act and the Rules made thereunder.

I further report that the Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the applicable provisions of the Banking Regulation Act, 1949, the Companies Act, 2013 and the Listing Agreement. The composition of the Board Committees are in tune with the applicable provisions.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before and at the meeting for meaningful deliberations and informal decision.

Decisions of the Board / Committee meetings are on consensus and results are recorded in minutes with observations / directions if any made in respect of any agenda item.

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

I further report that during the audit period the Bank has

- i. a) Allotted 1,34,12,015 Equity Shares of ₹ 10/- each to the Qualified Institutions under QIP in accordance with The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- b) Allotted 10,29,775 Equity Shares of ₹ 10/- each under Employees Stock Option Schemes.
- c) Also 6,713 Equity Shares were allotted under various Rights / Bonus issues from the Shares kept in abeyance.

- ii. Articles of Association was amended to align various Articles in tune with the provisions of the Companies Act, 2013 and the amendment made in 2012 with the Banking Regulation Act, 1949.

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

ANNEXURE 'A'

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Where ever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

Salem
22.05.2015

CS S. Solaiyappan
Practicing Company Secretary
A C S. No.: 1573;
C. P. No.: 3573

ANNEXURE 2

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

| SI No | Requirements | Disclosure |
|-------|---|---|
| I | The ratio of the remuneration of each director to the median remuneration of the employees of the financial year | MD & CEO 17.33X Chairman 2.30X |
| II | The percentage increase in remuneration of each director, CFO, CEO, CS in the Financial Year | Chairman Nil MD&CEO 22.29% GM&CFO 25.15% Company Secretary 27.68% |
| III | The percentage increase in the median remuneration of employees in the financial year. | 22.60% The calculation of percentage increase in Median remuneration is done based on comparable employees. |
| IV | The number of permanent employees on the rolls of the Bank | There were 7197 employees as on 31.03.2015 |
| V | The explanation on the relationship between average increase in remuneration and Bank performance | WTD i.e. MD & CEO was paid fixed pay and allowances as approved by RBI. Variable pay was not considered for FY 15. All employees of the Bank were paid salary upto the General Manager cadre were paid remuneration as per Bi-partite settlement entered into between the Indian Banks' Association and the Employees' and Officers' union of various banks. They draw yearly increment under time scale as applicable to their respective cadres. Performance linked incentives are applicable to all employees based on certain performance parameters which is cadre wise. Bank also paid ex-gratia based on the profitability of the Bank during the fiscal. |
| VI | Comparison of the remuneration of the Key Managerial Personnel against the performance of the Bank | For the FY 2014-15, KMPs were paid approx 0.33% of the net profit for the year |
| VII | Variations in the market capitalization of the Bank, price earnings ratio as at the closing date of the current FY and previous FY and percentage increase over decrease in the market quotations of the shares of the Bank in comparison to the rate at which the Bank came out with the last public offer | The Market Capitalisation of the Bank has increased from ₹4022.51 cr as of March 31, 2015 to ₹6615.43 cr as of March 31, 2015. Over the same period, price to earnings ratio moved from 9.36X to 13.65X. The Bank has not made public offering i.e. IPO so far. |

| SI No | Requirements | Disclosure | | | | | | | | |
|-----------------|---|---|--------|-------|-----------------|-------|---------|-------|---------|-------|
| VIII | 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; | Does not arise as the average percentile increase in salaries of employees is marginally higher. | | | | | | | | |
| IX | Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Bank | <table> <tr> <td>MD&CEO</td> <td>0.19%</td> </tr> <tr> <td>President & COO</td> <td>0.05%</td> </tr> <tr> <td>GM& CFO</td> <td>0.05%</td> </tr> <tr> <td>DGM& CS</td> <td>0.04%</td> </tr> </table> | MD&CEO | 0.19% | President & COO | 0.05% | GM& CFO | 0.05% | DGM& CS | 0.04% |
| MD&CEO | 0.19% | | | | | | | | | |
| President & COO | 0.05% | | | | | | | | | |
| GM& CFO | 0.05% | | | | | | | | | |
| DGM& CS | 0.04% | | | | | | | | | |
| X | The Key parameters for any variable component of remuneration availed by the directors | None of the Directors including MD&CEO were paid variable component of remuneration | | | | | | | | |
| XI | The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year | None of the employees had received more than the highest paid Director - MD & CEO. | | | | | | | | |
| XII | Affirmation that the remuneration is as per the remuneration policy of the Bank | Yes, it is confirmed | | | | | | | | |

ANNEXURE 3**EXTRACT OF ANNUAL RETURN**

as on financial year ended 31.03.2015
 Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of
 the Company (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

| | | |
|-----|--|--|
| i | CIN | L65110TN1916PLC001295 |
| ii | Registration Date | 22.06.1916 |
| iii | Name of the Company | The Karur Vysya Bank Ltd |
| iv | Category/Sub-category of the Company | Public Limited Company |
| v | Address of the Registered office & Contact details | Post Box No 21, Erode Road, Karur - 639 002 |
| vi | Whether listed company | Yes, NSE |
| vii | Name, Address & contact details of the Registrar & Transfer Agent, if any. | M/s. SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/a-1, Sathy Road, Ganapathy, Coimbatore - 641 006 Phone No: 0422- 25398351, 836 Contact Person: Mr. Jaya Kumar or Mr. Ramachandran |

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| SL No | Name & Description of main products/services | NIC Code of the Product /service | % to total turnover of the company |
|-------|--|----------------------------------|------------------------------------|
| 1 | Banking Services | 64191 | 100% |

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

| SL No | Name & Address of the Company | CIN/GLN | Holding/Subsidiary/Associate | % of Shares Held | Applicable Section |
|-------|-------------------------------|---------|------------------------------|------------------|--------------------|
| | | | | | |

NA

IV (i) SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

| Category of Shareholders | No. of Shares held at the beginning of the year (01.04.2014) | | | | No. of Shares held at the end of the year (31.03.2015) | | | | % change during the year |
|---|--|----------|----------------|-------------------|--|----------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| | | | | | | | | | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 3226837 | 0 | 3226837 | 3.011 | 2629058 | 0 | 2629058 | 2.162 | -0.849 |
| b) Central Govt. or State Govt. | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0.000 | 0.000 |
| c) Bodies Corporates | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0.000 | 0.000 |
| d) Bank/FI | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0.000 | 0.000 |
| e) Any other | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0.000 | 0.000 |
| SUB TOTAL: (A) (1) | 3226837 | 0 | 3226837 | 3.011 | 2629058 | 0 | 2629058 | 2.162 | -0.849 |
| (2) Foreign | | | | | | | | | |
| a) NRI- Individuals | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0.000 | 0.000 |
| b) Other Individuals | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0.000 | 0.000 |
| c) Bodies Corp. | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0.000 | 0.000 |
| d) Banks/FI | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0.000 | 0.000 |
| e) Any other | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0.000 | 0.000 |
| SUB TOTAL (A) (2) | 3226837 | 0 | 3226837 | 3.011 | 2629058 | 0 | 2629058 | 2.162 | -0.849 |
| Total Shareholding of Promoter (A)= (A)(1)+(A)(2) | 3226837 | 0 | 3226837 | 3.011 | 2629058 | 0 | 2629058 | 2.162 | -0.849 |
| B. PUBLIC SHAREHOLDING | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds/UTI | 10348456 | 1780 | 10350236 | 9.657 | 17971861 | 1780 | 17973641 | 14.777 | 5.120 |
| b) Banks/FI | 415594 | 0 | 415594 | 0.388 | 309712 | 0 | 309712 | 0.255 | -0.133 |
| c) Central Govt | | | | | | | | | |
| d) State Govt. | | | | | | | | | |

| Category of Shareholders | No. of Shares held at the beginning of the year (01.04.2014) | | | | No. of Shares held at the end of the year (31.03.2015) | | | | % change during the year |
|--|--|-----------------|-------------------|------------------|--|----------------|-------------------|----------------|--------------------------|
| | Physical | | % of Total Shares | | Physical | | % of Total Shares | | |
| | Demat | Total | Demat | Total | Demat | Total | Demat | Total | |
| e) Venture Capital Fund | 0 | 0 | 0.000 | 0 | 1287553 | 0 | 1287553 | 1.059 | |
| f) Insurance Companies | 2551011 | 2551011 | 2.380 | 2551011 | 4862548 | 0 | 4862548 | 1.618 | |
| g) FIIS | 26927865 | 26929135 | 25.125 | 26929135 | 26355780 | 1270 | 26357050 | -3.455 | |
| h) Foreign Venture Capital Funds | | | | | | | | | |
| i) Others (specify) | 140 | 140 | 0.000 | 140 | 140 | 0 | 140 | 0.000 | |
| Foreign Financial Institutions/Banks | 0 | 0 | 0.000 | 0 | 5602778 | 0 | 5602778 | 4.606 | |
| Foreign Portfolio Investment - Corporate | | | | | | | | | |
| SUB TOTAL (B)(1): | 40243066 | 40246116 | 37.550 | 40246116 | 56390372 | 3050 | 56393422 | 8.815 | |
| (2) Non Institutions | | | | | | | | | |
| a) Bodies corporates | | | | | | | | | |
| i) Indian | 7663347 | 7685689 | 7.171 | 7685689 | 6297023 | 22342 | 6319365 | 5.196 | |
| ii) Overseas | | | | | | | | | |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs.1 lakhs | 23440233 | 4915141 | 26.455 | 28355374 | 23228896 | 4487767 | 27716663 | -3.667 | |
| ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh | 22760600 | 24774342 | 23.114 | 24774342 | 24126472 | 1794099 | 25920571 | -1.804 | |
| c) Others (specify) | | | | | | | | | |
| Trusts | 137517 | 137517 | 0.128 | 137517 | 175630 | 0 | 175630 | 0.016 | |
| Directors & their Relatives | 407991 | 407991 | 0.381 | 407991 | 91536 | 0 | 91536 | -0.306 | |
| Foreign Nationals | 0 | 0 | 0.000 | 0 | 60 | 0 | 60 | 0.000 | |
| Non Resident Indians | 881149 | 888818 | 0.829 | 888818 | 1081191 | 7669 | 1088860 | 0.066 | |
| Clearing members | 369793 | 369793 | 0.345 | 369793 | 129081 | 0 | 129081 | -0.239 | |
| Hindu Undivided Families | 1087869 | 1088629 | 1.016 | 1088629 | 1164603 | 760 | 1165363 | -0.058 | |
| Sub-Total (B)(2) | 56748499 | 6959654 | 59.439 | 63708153 | 56294492 | 6312637 | 62607129 | -7.967 | |
| Total Public Shareholding (B)= (B)(1)+(B)(2) | 96991565 | 6962704 | 96.989 | 103954269 | 112684864 | 6315687 | 119000551 | 97.838 | |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| GRAND TOTAL (A)+(B)+(C) | 100218402 | 6962704 | 100.000 | 107181106 | 115313922 | 6315687 | 121629609 | 100.000 | |

(ii) share Holding of Promoters and Promoter Group

| Sl. No | Shareholders Name | Shareholding at the beginning of the Year (01.04.2014) | | | Shareholding at the end of the year (31.03.2015) | | | % change in share holding during the year |
|--------|--------------------------|--|--------------------------|--------------------------------|--|--------------------------|--------------------------------|---|
| | | No. of Share | % of total shares of the | % of Shares Pledged encumbered | No. of Share | % of total shares of the | % of Shares Pledged encumbered | |
| 1 | A S JANARTHANAN | 688961 | 0.64 | 8.13 | 688961 | 0.57 | 8.13 | -0.07 |
| 2 | A J SURIYANARAYANA | 229311 | 0.21 | 12.21 | 229311 | 0.19 | 12.21 | -0.02 |
| 3 | SURIYANARAYANA A J (HUF) | 598 | 0 | 0 | 598 | 0 | 0 | 0 |
| 4 | A J VIJAYA | 93290 | 0.09 | 0 | 93290 | 0.08 | 0 | -0.01 |
| 5 | NIRMALA | 82268 | 0.08 | 0 | 82268 | 0.07 | 0 | -0.01 |
| 6 | ANURADHA C B | 58036 | 0.05 | 0 | 58036 | 0.05 | 0 | 0 |
| 7 | SREEMATHI S | 50752 | 0.05 | 0 | 50752 | 0.04 | 0 | -0.01 |
| 8 | S VASANTHA # | 55164 | 0.05 | 0 | 45425 | 0.04 | 0 | -0.01 |
| 9 | RAJASEKARAN G # | 238362 | 0.22 | 14.10 | 322024 | 0.26 | 4.66 | 0.04 |
| 10 | R NAGESWARI # | 164712 | 0.15 | 6.68 | 167712 | 0.14 | 8.94 | -0.01 |
| 11 | RAMKUMAR R | 111389 | 0.10 | 25.14 | 111389 | 0.09 | 13.47 | -0.01 |
| 12 | R ARCHANA | 101067 | 0.09 | 0 | 101067 | 0.08 | 0 | -0.01 |
| 13 | SRIMATHI E # | 62421 | 0.06 | 24.67 | 15400 | 0.01 | 100 | -0.05 |
| 14 | MANI G # | 199591 | 0.19 | 14.03 | 283253 | 0.23 | 0 | 0.04 |
| 15 | SHYAMALA A | 1318 | 0 | 0 | 1318 | 0 | 0 | 0 |
| 16 | M K VENKATESAN (HUF) # | 127283 | 0.12 | 0 | 120000 | 0.10 | 0 | -0.02 |
| 17 | MUNUGOOR K VENKATESAN # | 67469 | 0.06 | 0 | 68396 | 0.06 | 0 | 0 |
| 18 | USHA M V # | 44135 | 0.04 | 26.97 | 40535 | 0.03 | 29.36 | -0.01 |
| 19 | ISWARRYA V | 8503 | 0.01 | 0 | 8503 | 0.01 | 0 | 0 |
| 20 | M V PRAJEETH | 397 | 0 | 0 | 397 | 0 | 0 | 0 |
| 21 | M K SRINIVASAN | 75313 | 0.07 | 59.14 | 75313 | 0.06 | 59.14 | -0.01 |
| 22 | M G VIVEKANANDAN | 710 | 0 | 0 | 710 | 0 | 0 | 0 |
| 23 | M V LAKSHMI NARASIMHAN # | 3410 | 0 | 82.76 | 3510 | 0 | 0 | 0 |
| 24 | M V SRINIVASAMOORTHY # | 10500 | 0.01 | 0 | 23000 | 0.02 | 97.83 | 0.01 |
| 25 | KAMALA RAJASEKARAN | 1906 | 0 | 0 | 1906 | 0 | 0 | 0 |
| 26 | A K PRABURAJ | 13834 | 0.01 | 28.91 | 13834 | 0.01 | 28.91 | 0 |
| 27 | A V KANDASWAMY | 9667 | 0.01 | 0 | 9667 | 0.01 | 0 | 0.09 |
| 28 | A K KASTHURI | 8348 | 0.01 | 0 | 8348 | 0.01 | 0 | 0 |
| 29 | A P PREETHA | 4135 | 0 | 0 | 4135 | 0 | 0 | 0 |

Note:

- Promoter /Promoter Group re classified in tune with SEBI (ICDR) Regulations vide Board resolution dated 15.06.2014 and details furnished accordingly.
- The Shareholding of Promoters /Promoters Group (other than # marked) has not changed in absolute terms. The variation in terms of percentage is due to increase in paid up capital of the Bank on account of allotment of shares pursuant to exercise of stock options under the ESOS schemes(s) and QIP during the year ended March 31, 2015.
- The Changes in the shareholding of promoters/promoters group due to transfer etc., where applicable and mentioned with # mark are given below.

(iii) change in promoters and promoters group shareholding (specify if there is no change)

| Sl. No. | Name of the Promoter / Promoter Group | Share holding at the beginning of the Year(01.04.2014) | | Date | Increase/ Decrease in Shareholding | Reason | Cumulative Share holding during the year(31.03.2015) | |
|---------|---------------------------------------|--|----------------------------------|--|--|--|--|---|
| | | No. of Shares | % of Total shares of the company | | | | No. of Shares | % of Total shares of the company |
| 1. | S VASANTHA | 55164 | 0.05 | 11/04/2014 25/04/2014 19/09/2014 21/11/2014 28/11/2014 12/12/2014 19/12/2014 31/12/2014 02/01/2015 09/01/2015 30/01/2015 06/03/2015 | -500 -1200 -750 -250 -500 -2000 -1500 -1000 -39 -500 -1000 | Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer | 54664 53464 52714 52464 51964 51464 49464 47964 46964 46925 46425 45425 | 0.045 0.044 0.043 0.043 0.043 0.041 0.039 0.039 0.039 0.038 0.037 |
| 2. | RAJASEKARAN G | 238362 | 0.22 | 11/07/2014 | 83662 | Transmission | 322024 | 0.265 |
| 3. | R NAGESWARI | 164712 | 0.15 | 11/07/2014 19/12/2014 30/01/2015 27/02/2015 | 1000 1000 500 500 | Transfer Transfer Transfer Transfer | 165712 166712 167212 167712 | 0.136 0.137 0.137 0.138 |
| 4. | SRIMATHI E | 62421 | 0.06 | 30/06/2014 12/12/2014 | 100 -47121 | Transfer Transfer | 62521 15400 | 0.051 0.013 |
| 5. | G MANI | 199591 | 0.19 | 08/08/2014 | 83662 | Transmission | 283253 | 0.233 |
| 6. | M K VENKATESAN (HUF) | 127283 | 0.12 | 21/11/2014 | -7283 | Transfer | 120000 | 0.100 |
| 7. | MUNUGOOR K VENKATESAN | 67469 | 0.06 | 11/04/2014 25/04/2014 02/05/2014 23/05/2014 21/11/2014 05/12/2014 16/01/2015 20/02/2015 20/03/2015 | -1000 -146 -500 -2000 7283 -1010 -700 -500 -500 | Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer | 66469 66323 65823 63823 71106 70096 69396 68896 68396 | 0.055 0.055 0.054 0.052 0.058 0.058 0.057 0.057 0.056 |
| 8. | USHA M V | 44135 | 0.04 | 30/06/2014 04/07/2014 05/12/2014 16/01/2015 20/02/2015 | -500 -200 -1700 -700 -500 | Transfer Transfer Transfer Transfer Transfer | 43635 43435 41735 41035 40535 | 0.036 0.036 0.034 0.034 0.033 |
| 9. | M V LAKSHMI NARASIMHAN | 3410 | 0 | 08/08/2014 | 100 | Transfer | 3510 | 0.003 |
| 10. | M V SRINIVASAMOORTHY | 10500 | 0.01 | 30/06/2014 | 12500 | Transfer | 23000 | 0.019 |

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

| Sl. No. | Name of the Shareholder | Share holding at the beginning of the Year (01.04.2014) | | Date | Increase/Decrease in Shareholding | Reason | Cumulative Share holding during the year (31.03.2015) | |
|---------|---|---|----------------------------------|------------|-----------------------------------|-----------|---|----------------------------------|
| | | No. of Shares | % of Total shares of the company | | | | No. of Shares | % of Total shares of the company |
| 1. | WARHOL LIMITED \$ | 5300687 | 4.95 | No change | No change | No change | 5300687 | 4.36 |
| 2. | OLYMPUS INDIA HOLDINGS LIMITED | 5145506 | 4.80 | 29/08/2014 | 644681 | Transfer | 5790187 | 4.76 |
| 3. | JHUNJHUNWALA RAKESH RADHESHYAM | 4206897 | 3.93 | 05/09/2014 | -200000 | Transfer | 4006897 | 3.29 |
| | | | | 28/11/2014 | -500000 | Transfer | 3506897 | 2.88 |
| | | | | 16/01/2015 | 70000 | Transfer | 3576897 | 2.94 |
| | | | | 01/08/2014 | -500000 | Transfer | 3076897 | 2.53 |
| | | | | 06/02/2015 | 250000 | Transfer | 3326897 | 2.74 |
| | | | | 27/02/2015 | 73600 | Transfer | 3400497 | 2.80 |
| | | | | 06/03/2015 | 30000 | Transfer | 3430497 | 2.82 |
| | | | | 20/03/2015 | 55000 | Transfer | 3485497 | 2.87 |
| | | | | 27/03/2015 | 581400 | Transfer | 4066897 | 3.34 |
| | | | | 31/03/2015 | 75000 | Transfer | 4141897 | 3.41 |
| | | | | 06/02/2015 | -250000 | Transfer | 3891897 | 3.20 |
| | | | | 27/03/2015 | -150000 | Transfer | 3741897 | 3.08 |
| | | | | 13/03/2015 | -105000 | Transfer | 3636897 | 2.99 |
| 4. | SAIF ADVISORS MAURITIUS LIMITED A/C SAIF INDIA IV \$ | 2850309 | 2.66 | No Change | No Change | No Change | 2850309 | 2.34 |
| 5. | C X SECURITIES \$ | 2523052 | 2.35 | No Change | No Change | No Change | 2523052 | 2.07 |
| 6. | M3 INVESTMENT PRIVATE LIMITED | 2265871 | 2.11 | 31/12/2014 | -13000 | Transfer | 2252871 | 1.85 |
| | | | | 02/01/2015 | -110000 | Transfer | 2142871 | 1.76 |
| | | | | 23/01/2015 | -100000 | Transfer | 2042871 | 1.68 |
| 7. | GKFF VENTURES | 2248435 | 2.10 | 29/08/2014 | -62061 | Transfer | 2186374 | 1.80 |
| 8. | ICICI PRUDENTIAL MUTUAL FUND (Under various Schemes) | 1976654 | 1.84 | 23/05/2014 | 164538 | Transfer | 2141192 | 1.76 |
| | | | | 31/10/2014 | 20879 | Transfer | 2162071 | 1.78 |
| | | | | 23/01/2015 | 191237 | Transfer | 2353308 | 1.93 |

| Sl. No. | Name of the Shareholder | Share holding at the beginning of the Year (01.04.2014) | | Date | Increase/ Decrease in Shareholding | Reason | Cumulative Share holding during the year (31.03.2015) | |
|---------|--|---|----------------------------------|------------|------------------------------------|-----------|---|----------------------------------|
| | | No. of Shares | % of Total shares of the company | | | | No. of Shares | % of Total shares of the company |
| 9. | SUNDARAM MUTUAL FUND A/C (Under various Schemes) Increase and decrease on various dates during FY 2014-15 in various schemes | 2965278 | 2.76 | | -154833 | Transfer | 2810445 | 2.31 |
| 10. | ACACIA PARTNERS LP \$ | 1234964 | 1.15 | No Change | No Change | No Change | 1234964 | 1.02 |
| 11. | FRANKLIN INDIA MUTUAL FUND (Under various Mutual Fund Schemes) Increase and decrease on various dates during FY 2014-15 in various schemes | 1677723 | 1.57 | | 1814414 | Transfer | 3492137 | 2.87 |
| 12. | AMANSA HOLDINGS PRIVATE LIMITED | NIL | NIL | 29/08/2014 | 2948175 | Allotment | 2948175 | 2.42 |
| | | | | 05/09/2014 | 115674 | Transfer | 3063849 | 2.52 |
| | | | | 12/09/2014 | 31017 | Transfer | 3094866 | 2.54 |
| | | | | 19/09/2014 | 132978 | Transfer | 3227844 | 2.65 |
| | | | | 24/10/2014 | 23770 | Transfer | 3251614 | 2.67 |
| | | | | 31/10/2014 | 2604 | Transfer | 3254218 | 2.68 |
| | | | | 19/12/2014 | 6421 | Transfer | 3260639 | 2.68 |
| | | | | 27/03/2015 | 58151 | Transfer | 3318790 | 2.73 |
| 13 | HDFC TRUSTEE COMPANY LIMITED (Under various Schemes) Increase and decrease on various dates during FY 2014-15 in various schemes | NIL | NIL | | 2635000 | Transfer | 2635000 | 2.17 |

Note : \$ Share holding has not changed in absolute terms. The variation in terms of percentage is due to increase in paid-up capital of the Bank on account of allotment of shares pursuant to exercise of stock options and QIP during FY15.

(v) Shareholding of Directors & KMP

| Sl. No. | Name of the Director and KMP | Share holding at the beginning of the Year (01.04.2014) | | Date | Increase/ Decrease in Shareholding | Reason | Cumulative Share holding during the year (31.03.2015) | |
|--------------------------|--|---|----------------------------------|------------|------------------------------------|--------------|---|----------------------------------|
| | | No. of Shares | % of Total shares of the company | | | | No. of Shares | % of Total shares of the company |
| 1 | K P KUMAR, CHAIRMAN | 20308 | 0.019 | NIL | NA | NA | 20308 | 0.017 |
| 2 | K VENKATARAMAN, MD&CEO | 1500 | 0.001 | | 5000 @ | ESOS | 6500 | 0.005 |
| 3 | S GANAPATHI SUBRAMANIAN | 1400 | 0.001 | NIL | NA | NA | 1400 | 0.001 |
| 4 | G RAJASEKARAN | 238362 | 0.222 | 11.07.2014 | 83662 | Transmission | 322024 | 0.265 |
| 5 | A J SURIYANARAYANA | 229909 | 0.215 | NIL | NA | NA | 229909 | 0.189 |
| 6 | K K BALU | 3131 | 0.003 | NIL | NA | NA | 3131 | 0.003 |
| 7 | N S SRINATH | 533 | 0.000 | NIL | NA | NA | 533 | 0.000 |
| 8 | B SWAMINATHAN | 500 | 0.000 | NIL | NA | NA | 500 | 0.000 |
| 9 | DR V G MOHAN PRASAD \$ | NA | NA | NIL | NA | NA | 32203 | 0.026 |
| 10 | M K VENKATESAN \$ | NA | NA | * | -1700 | Transfer | 188396 | 0.155 |
| 11 | A K PRABURAJ \$ | NA | NA | NIL | NA | NA | 13834 | 0.011 |
| 12 | K L VIJAYALAKSHMI \$ | NA | NA | 27.03.2015 | 497 | Transfer | 500 | 0.000 |
| 13 | M G S RAMESH BABU & | 100030 | 0.093 | NIL | NA | NA | NA | NA |
| 14 | K RAMADURAI & | 3516 | 0.003 | NIL | NA | NA | NA | NA |
| KEY MANAGERIAL PERSONNEL | | | | | | | | |
| 15 | K VENKATESWARA RAO(President & COO) # | NA | NA | 06.03.2015 | 4637 | Transmission | 39952 | 0.033 |
| 16 | T SIVARAMA PRASAD(General Manager & CFO) | 1526 | 0.001 | | 1100 @ | ESOS | 2626 | 0.002 |
| 17 | R KANNAN (Company Secretary) | 2600 | 0.002 | | 1100 @ | ESOS | 3700 | 0.003 |

- Note: 1. @ Allotment of ESOS 2011 during FY 14-15 on various dates
2. \$ Opening Balance of Directors co-opted during the FY 14-15 taken as NIL and the closing Balance as on 31.03.2015 was considered after taking into consideration of the transfers effected after induction are furnished; * :Details given under column IV (iii)
3. & Demitted office of Directorship during FY 15
4. # KMP w.e.f. 01.03.2015



INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| Indebtedness at the beginning of the financial year | Secured Loans excluding deposits * ₹ | Unsecured Loans ** ₹ | Deposits *** ₹ | Total Indebtedness ₹ |
|---|--------------------------------------|-----------------------|----------------|-----------------------|
| I) Principal Amount | 6000000000.00 | 12964600000.00 | - | 18964600000.00 |
| ii) Interest due but not paid | 0.00 | 0.00 | - | 0.00 |
| iii) Interest accrued but not due | 18534247.00 | 2836438.36 | - | 21370685.36 |
| Total (i+ii+iii) | 6018534247.00 | 12967436438.36 | - | 18985970685.36 |
| Change in Indebtedness during the financial year | | | | |
| Additions | 4835000000.00 | 7165710000.00 | - | 12000710000.00 |
| Reduction | 301943000.00 | 14549740000.00 | - | 14851683000.00 |
| Net Change | 4533057000.00 | -7384030000.00 | - | -2850973000.00 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 10533057000.00 | 5580570000.00 | - | 16113627000.00 |
| ii) Interest due but not paid | 0.00 | 0.00 | - | 0.00 |
| iii) Interest accrued but not due | 58980821.92 | 2836438.36 | - | 61817260.28 |
| Total (i+ii+iii) | 10592037821.92 | 5583406438.36 | - | 16175444260.28 |

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

** Includes LOC borrowings and our Lower Tier II Bonds

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



VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

| Sl. No. | Particulars of Remuneration | Name of the MD/WTD/Manager | Total Amount in ₹ |
|---------|--|--------------------------------|---------------------------------------|
| 1 | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961. (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | | 6500000.00 1492682.00 NIL |
| 2 | Stock option Granted and exercised during the year (in No of Shares) | | (5000) |
| 3 | Sweat Equity | SHRI K VENKATARAMAN, MD&CEO | NIL |
| 4 | Commission as % of profit others (specify) | | NA |
| 5 | Others, please specify Bank's Contribution to Provident Fund Total (A) Ceiling as per the Act | | 780000.00 8772682.00 |

NOTE: In terms of Provisions of the Companies Act, 2013 the remuneration payable shall not exceed 5% of net profit of the Bank. The remuneration paid is within the said limit. Remuneration is approved by RBI.

B. Remuneration to other directors:

| Sl. No. | Particulars of Remuneration | Name of the Directors | | | | | | Total Amount | | |
|---------|---|--------------------------------|-------------------------------------|-------------------------------|-----------------------------|-----------------------------|---------------------|--------------|---------------------|----------------|
| | | K P Kumar | S Ganapathi Subramaniam | K K Balu | N S Srinath | B Swaminathan | Dr V G Mohan Prasad | | M G S Ramesh Babu # | K Ramadurai \$ |
| 1 | Independent Directors (a) Fee for attending board/committee meetings * (b) Commission (c) Others, please specify Honorarium" Total (1) | 190000/75000 | 210000/205000 | 200000/135000 | 210000/170000 | 130000/70000 | 120000/25000 | 80000/90000 | 50000/20000 | 1190000 |
| | | 900000 | | | NA | | | | | 900000 |
| | | 1165000 | 415000 | 335000 | 380000 | 200000 | 145000 | 170000 | 70000 | 2090000 |
| 2 | Other Non Executive Directors (a) Fee for attending board committee meetings * (b) Commission (c) Others, please specify Total (2) Total (B)=(1+2) Total Managerial Remuneration Overall Ceiling as per the Act. | G Rajasekaran 210000/260000 | A J Suriyanarayana 210000/265000 | M K Venkatesan 50000/95000 | A K Praburaj 70000/80000 | KL Vijayalakshmi 10000/0 | | | | |
| | | 470000 | 475000 | 145000 | 150000 | 10000 | | | | 550000 |
| | | | | | | | | | | 2640000 |

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

* Fee for attending Board ₹ 10000 Fee for attending Committee ₹ 5000 # Demitted office on 23.08.2014 \$ Demitted office on 22.07.2014

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| SL. No. | Particulars of Remuneration | Key Managerial Personnel | | | Company Secretary |
|---------|--|--------------------------|-------------------------|-------------------------|-------------------|
| | | President & COO | CFO | | |
| 1 | Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | 2142319 309855 NA | 2075642 218967 NA | 1575057 240627 NA | |
| 2 | Stock option Granted and exercised during the year (in No of Shares) | (1100) | (1100) | (1100) | |
| 3 | Sweat Equity | NA | NA | NA | |
| 4 | Commission as % of profit others, specify | NA | NA | NA | |
| 5 | Others, please specify (Bank's Contribution to Pension Fund) | 69960 | 69830 | 56760 | |
| | Total | 2522134 | 2364439 | 1872444 | |

Amount in ₹

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty/Punishment/Compounding fees imposed | Authority (RD/NCLT/Court) | Appeal made if any (give details) |
|--|------------------------------|-------------------|--|---------------------------|-----------------------------------|
| A. Company Penalty Punishment Compounding B. Directors Penalty Punishment Compounding C. Other officers in default Penalty Punishment Compounding | | | NIL | | |

ANNEXURE 4

The Annual Report on Corporate Social Responsibility (CSR) Activities

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

Karur Vysya Bank Limited's CSR Policy

Your bank recognizes its responsibility towards the society and environment in which it operates and accordingly had been working towards CSR and Sustainable Development.

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

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

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

Your Bank's focus areas under CSR

- (i) eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- (ii) promoting education, including special education and employment, enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

- (v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- (vi) measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- (viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women;
- (ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) rural development projects;
- (xi) Slum area development.

Overview of Activities

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

- (a) Promoting Preventive Health Care, Sanitation, Education & empowering Women
- (b) Social Business Projects
- (c) Ensuring Environment Sustainability, Promoting Preventive Health Care (including Swachh Bharat)

Web-link to the CSR Policy

http://www.kvb.co.in/customer_support/banking_codes_policies.html

Composition of CSR Committee

Your bank has constituted Corporate Social Responsibility Committee to monitor the CSR activities. Details of the composition of the Committee is given in the Corporate Governance Report

Your Bank has set up Trust known as 'KVB Foundation' to undertake CSR activities of the Bank.

**Details of CSR spent during the financial year**

a) Total amount to be spent for the financial year : ₹ 9.88 Cr The Bank has spent ₹ 1.14 Cr during the Financial Year

b) Amount unspent if any: ₹ 8.74 Cr

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

| S. No. (1) | CSR Project or Activity Identified (2) | Sector in which the project is covered (3) | Projects or Programs (1) Local Area or Other (2) Specify the State and District where projects or Programs was Undertaken (4) | Amount outlay (budget) project or program wise (5) | Amount spent on the Projects or Programs Subheads: (1) Direct Expenditure on Projects or Programs (2) Overheads (6) ₹ | Cumulative Expenditure upto the Reporting Period (7) ₹ | Amount Spent : Direct or Through Implementing Agency (8) |
|--------------|--|--|---|--|---|--|--|
| 1 | Donations made to various Agencies/Organisations pursuing the Activity specified in Column (3) | Promoting Preventive Health Care, Sanitation, Education & empowering Women | Tamil Nadu | - | 40.15 | 40.15 | Donations given to various Implementing Agencies / Organisations |
| 2 | Donations made to various Agencies/Organisations pursuing the Activity specified in Column (3) | Social Business Projects | Karnataka, Andhra Pradesh, Telangana, Mumbai | - | 44.30 | 44.30 | Donations given to various Implementing Agencies / Organisations |
| 3 | Donations made to various Agencies/Organisations pursuing the Activity specified in Column (3) | Ensuring Environment Sustainability Promoting Preventive Health Care (including Swachh Bharat) | Tamil Nadu, Gujarat | - | 29.20 | 29.20 | Donations given to various Implementing Agencies / Organisations |
| TOTAL | | | | | 113.65 | | |

The CSR Committee confirms that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the Bank. The Bank is in the process of identifying suitable project for carrying the activities carried under the Policy of the Bank and hence could not spend fully the amount required to be spent in 2014-15. The Bank is committed to its CSR spending in the coming years supplemented by its committed focus towards sustainable development and responsible banking.

K Venkataraman
Managing Director & CEO

K P Kumar
Chairman

INDEPENDENT AUDITOR'S REPORT

To

The Shareholders of The Karur Vysya Bank Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of The Karur Vysya Bank Limited, which comprise the Balance Sheet as at 31st March, 2015 and the Statement of Profit and Loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of 9 branches/offices audited by us, 676 branches/offices audited by branch auditors.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements in accordance with the Banking Regulation Act, 1949 and Accounting Standards notified under the Companies Act, 2013 ("this Act") read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs with regard to applicability of provisions of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the accounting policies and notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, in the manner so required for the banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31st March, 2015;
- (ii) in the case of the Profit and Loss Account of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of cash flows for the year ended on that date.

Emphasis of Matter

7. Without qualifying our opinion, we draw attention to:

- (a) Note No. 4.1 of the financial statements, which describes the change of accounting policy of charging of Depreciation on fixed asset except building and computers having regard to change in the estimated useful life of the assets from Written down value method to Straight line method as per the requirement of Schedule II of the Companies Act 2013.
- (b) Note No. 5.13 of the financial statements, regarding absorption of unamortised pension and gratuity liabilities of the bank to the extent of ₹ 16.90 crore pursuant to the exemption granted by the Reserve Bank of India from the application of the provisions of Accounting Standard (AS) 15, Employee Benefits vide circular No. DBOD. BP. BC /80/21.04.018/2010-11 dated 9th February 2011.

INDEPENDENT AUDITOR'S REPORT

Report on Other Legal and Regulatory Matters

8. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 129 of the Companies Act, 2013.
9. Subject to the limitations of the audit indicated in paragraph 1 to 5 above, We report that:
- we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory.
 - the transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
 - the returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
10. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
11. We further report that:
- the Balance Sheet and Profit and Loss Account dealt with by this report, are in agreement with the books of account and the returns;
 - in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;
 - the reports on the accounts of the branches audited by branch auditors have been dealt with in preparing our report in the manner considered necessary by us
 - 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, 2015 from being appointed as a director in terms of section 164 of the Companies Act, 2013.

For **Abarna & Ananthan.**
 Chartered Accountants
 Firm Registration No.000003S

Lalitha Rameswaran
 Partner
 Membership No. 207867

Karur
 April 30, 2015

BALANCE SHEET AS AT 31ST MARCH 2015

(000's omitted)

| | SCHEDULE | AS ON 31.03.2015 ₹ | AS ON 31.03.2014 ₹ |
|--|----------|--------------------------|--------------------------|
| CAPITAL & LIABILITIES | | | |
| Capital | 1 | 121,62,96 | 107,18,11 |
| Reserves & Surplus | 2 | 4124,40,09 | 3219,16,34 |
| Deposits | 3 | 44690,26,99 | 43757,68,42 |
| Borrowings | 4 | 2900,75,37 | 3293,21,23 |
| Other Liabilities and Provisions | 5 | 1315,42,37 | 1165,81,53 |
| | TOTAL | <u>53152,47,78</u> | <u>51543,05,63</u> |
| ASSETS | | | |
| Cash and Balances with Reserve Bank of India | 6 | 2692,91,75 | 2546,19,78 |
| Balances with Banks and Money at call and short notice | 7 | 56,16,89 | 131,93,85 |
| Investments | 8 | 12773,00,80 | 13247,00,42 |
| Advances | 9 | 36108,93,98 | 33992,13,37 |
| Fixed Assets | 10 | 411,16,58 | 384,69,56 |
| Other Assets | 11 | 1110,27,78 | 1241,08,65 |
| | TOTAL | <u>53152,47,78</u> | <u>51543,05,63</u> |
| Contingent Liabilities | 12 | 12581,99,36 | 11306,42,51 |
| Bills for collection | | 2523,24,30 | 2106,19,49 |
| Significant Accounting Policies | 17 | | |
| Notes on Accounts | 18 | | |

The schedules referred to above form an integral part of Balance Sheet.

K.P. KUMAR
Chairman

S. GANAPATHI SUBRAMANIAN
Director

K.K. BALU
Director

Dr. V.G. MOHAN PRASAD
Director

K. L. VIJAYALAKSHMI
Additional Director

K. VENKATESWARA RAO
PRESIDENT & COO

Karur
30th April 2015

G. RAJASEKARAN
Director

N. S. SRINATH
Director

M. K. VENKATESAN
Additional Director

T. SIVARAMA PRASAD
GENERAL MANAGER & CFO

R. KANNAN
COMPANY SECRETARY

K. VENKATARAMAN
MD & CEO

A.J. SURIYANARAYANA
Director

B. SWAMINATHAN
Director

A. K. PRABURAJ
Additional Director

As per our report of even date
For ABARNA & ANANTHAN.,
Chartered Accountants
Firm Regn No. 000003S
(LALITHA RAMESWARAN)
Partner (M.No. 207867)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2015

(000's omitted)

| | SCHEDULE | Year Ended 31.03.2015 ₹ | Year Ended 31.03.2014 ₹ |
|--|----------|-------------------------------|-------------------------------|
| I INCOME | | | |
| Interest earned | 13 | 5395,87,54 | 5115,96,34 |
| Other Income | 14 | 580,84,01 | 564,45,01 |
| TOTAL | | 5976,71,55 | 5680,41,35 |
| II EXPENDITURE | | | |
| Interest expended | 15 | 3929,97,43 | 3832,25,68 |
| Operating expenses | 16 | 1103,44,73 | 1010,36,16 |
| Provisions and Contingencies | | 487,67,93 | 408,19,56 |
| TOTAL | | 5521,10,09 | 5250,81,40 |
| III PROFIT | | | |
| Net Profit from ordinary activities | | 455,61,46 | 429,59,95 |
| Exceptional item | | 8,67,00 | Nil |
| Net Profit for the year | | 464,28,46 | 429,59,95 |
| Profit brought forward | | 1,10,29 | 1,02,54 |
| Transferred from Proposed Dividend (Balance Amount) | | 43,70 | Nil |
| Withdrawn from General Reserve for creating Special Reserve | | 30,00,00 | Nil |
| TOTAL | | 495,82,45 | 430,62,49 |
| IV APPROPRIATIONS | | | |
| Transfers to | | | |
| Statutory Reserve | | 120,00,00 | 128,00,00 |
| Capital Reserve | | 12,16,25 | 1,74,60 |
| Special Reserve U/s 36(1)(viii) of IT Act | | 60,00,00 | Nil |
| Revenue & Other Reserves | | 58,50,00 | 157,00,00 |
| Investment Reserve | | 53,00,00 | -21,00,00 |
| Proposed Dividend | | 158,42,38 | 139,98,55 |
| Dividend Tax | | 32,25,13 | 23,79,05 |
| | | 494,33,76 | 429,52,20 |
| BALANCE OF PROFIT | | 1,48,69 | 1,10,29 |
| TOTAL | | 495,82,45 | 430,62,49 |
| Basic Earnings Per Share | in ₹ | 39.86 | 40.08 |
| Diluted Earnings Per Share | in ₹ | 39.78 | 39.78 |
| Significant Accounting Policies | 17 | | |
| Notes on Accounts | 18 | | |

The Schedules referred to above form an integral part of Profit & Loss Account

K.P. KUMAR
Chairman

S. GANAPATHI SUBRAMANIAN
Director

K.K. BALU
Director

Dr. V.G. MOHAN PRASAD
Director

K. L. VIJAYALAKSHMI
Additional Director

K. VENKATESWARA RAO
PRESIDENT & COO

Karur
30th April 2015

T. SIVARAMA PRASAD
GENERAL MANAGER & CFO

G. RAJASEKARAN
Director

N. S. SRINATH
Director

M. K. VENKATESAN
Additional Director

R. KANNAN
COMPANY SECRETARY

K. VENKATARAMAN
MD & CEO

A.J. SURIYANARAYANA
Director

B. SWAMINATHAN
Director

A. K. PRABURAJ
Additional Director

As per our report of even date
For ABARNA & ANANTHAN.,
Chartered Accountants
Firm Regn No. 000003S
(LALITHA RAMESWARAN)
Partner (M.No. 207867)

SCHEDULES

(000's omitted)

| | AS ON 31.03.2015 ₹ | AS ON 31.03.2014 ₹ |
|--|--------------------------|--------------------------|
| SCHEDULE 1 - CAPITAL | | |
| Authorised Capital : | | |
| 20,00,00,000 Equity Shares of ₹ 10 each | <u>200,00,00</u> | <u>200,00,00</u> |
| Issued Capital: | | |
| 12,17,10,412 (10,72,68,622) Equity Shares of ₹ 10/-each | <u>121,71,04</u> | <u>107,26,86</u> |
| Subscribed & Paid up Capital: | | |
| 10,71,81,106 Equity shares of ₹ 10/- each | <u>107,18,11</u> | <u>107,18,11</u> |
| Add: Issue of 6,713 equity shares of ₹ 10/- each kept in abeyance | <u>67</u> | Nil |
| Issue of 21,546 equity shares of ₹ 10/- each under KVBESOS 2008 | <u>2,16</u> | Nil |
| Issue of 1,34,12,015 equity shares of ₹ 10/- each under QIP | <u>13,41,20</u> | Nil |
| Issue of 10,08,229 equity shares of ₹ 10/- each under KVBESOS 2011 | <u>1,00,82</u> | Nil |
| TOTAL | <u>121,62,96</u> | <u>107,18,11</u> |

SCHEDULE 2 - RESERVES AND SURPLUS

| | | |
|---|--------------------------|--------------------------|
| I Statutory Reserve | | |
| Opening Balance | <u>1151,53,31</u> | <u>1023,53,31</u> |
| Addition during the year | <u>120,00,00</u> | <u>128,00,00</u> |
| | <u>1271,53,31</u> | <u>1151,53,31</u> |
| II Capital Reserve | | |
| Opening Balance | <u>78,11,99</u> | <u>76,37,39</u> |
| Addition during the year | <u>12,16,25</u> | <u>1,74,60</u> |
| | <u>90,28,24</u> | <u>78,11,99</u> |
| III Share Premium | | |
| Opening Balance | <u>553,14,42</u> | <u>553,14,42</u> |
| Add : Addition during the year (Rights issue - kept in abeyance) | <u>9,19</u> | Nil |
| Add : Addition during the year (ESOS 2011-1008229 @ 457.65) | <u>46,14,16</u> | Nil |
| Add : Addition during the year (ESOS 2008-21546) | <u>98,62</u> | Nil |
| Add : Addition during the year - QIP | <u>611,58,79</u> | Nil |
| | <u>1211,95,18</u> | <u>553,14,42</u> |

SCHEDULES

| | AS ON 31.03.2015 ₹ | (000's omitted) AS ON 31.03.2014 ₹ |
|---|--------------------------|---|
| Less : Amount appropriated towards allotment of Bonus shares kept in abeyance earlier | 1 | Nil |
| Less : Amount appropriated towards QIP issue Expense | <u>7,77,78</u> | Nil |
| | <u>1204,17,39</u> | <u>553,14,42</u> |
| IV Revenue and Other Reserve | | |
| a) General Reserve | | |
| Opening Balance | 1263,44,61 | 1155,73,16 |
| Addition during the year | 58,50,00 | 136,00,00 |
| Add : Transferred from Investment Reserve | Nil | 21,00,00 |
| Less : Transferred to special reserve | 30,00,00 | Nil |
| Less : DTL on Special Reserve | Nil | 49,28,55 |
| | <u>1291,94,61</u> | <u>1263,44,61</u> |
| b) Investment Reserve | | |
| Opening Balance | Nil | 21,00,00 |
| Addition during the year | 53,00,00 | Nil |
| Deduction during the year | Nil | 21,00,00 |
| | <u>53,00,00</u> | <u>Nil</u> |
| c) Employee Stock Option outstanding | | |
| Opening Balance | 26,81,72 | 2,20,48 |
| Addition during the year | Nil | 24,61,24 |
| Deduction during the year | 19,83,86 | Nil |
| | <u>6,97,86</u> | <u>26,81,72</u> |
| d) Special Reserve U/s 36(1) (viii) of I.T. Act | | |
| Opening Balance | 145,00,00 | 145,00,00 |
| Addition during the year | 30,00,00 | Nil |
| Add : Transferred from General reserve | 30,00,00 | Nil |
| | <u>205,00,00</u> | <u>145,00,00</u> |
| V Balance of Profit : | <u>1,48,69</u> | <u>1,10,29</u> |
| TOTAL | <u>4124,40,09</u> | <u>3219,16,34</u> |

SCHEDULES

(000's omitted)

| | AS ON 31.03.2015 ₹ | AS ON 31.03.2014 ₹ |
|---|--------------------------|--------------------------|
| SCHEDULE 3 - DEPOSITS | | |
| A I. Demand Deposits : | | |
| i) From Banks | 1,42,26 | 2,73,99 |
| ii) From Others | 3527,04,75 | 3577,70,28 |
| | <u>3528,47,01</u> | <u>3580,44,27</u> |
| II. Savings Bank Deposits | <u>6313,70,27</u> | <u>5408,45,51</u> |
| III. Term Deposits | | |
| i) From Banks | 29,12,15 | 520,28,84 |
| ii) From Others | 34818,97,56 | 34248,49,80 |
| | <u>34848,09,71</u> | <u>34768,78,64</u> |
| TOTAL OF I, II & III | <u>44690,26,99</u> | <u>43757,68,42</u> |
| B Deposits from Branches : | | |
| i) In India | 44690,26,99 | 43757,68,42 |
| ii) Outside India | Nil | Nil |
| TOTAL | <u>44690,26,99</u> | <u>43757,68,42</u> |
| SCHEDULE 4 - BORROWINGS | | |
| I Borrowings in India | | |
| i) Reserve Bank of India | 75,00,00 | 315,00,00 |
| ii) Other Banks | 600,00,00 | 600,00,00 |
| iii) Other Institutions and Agencies | 1667,69,67 | 1081,75,23 |
| iv) Subordinated debts for Tier II Capital | 150,00,00 | 150,00,00 |
| | <u>2492,69,67</u> | <u>2146,75,23</u> |
| II Borrowings outside India | <u>408,05,70</u> | <u>1146,46,00</u> |
| TOTAL | <u>2900,75,37</u> | <u>3293,21,23</u> |
| Secured Borrowings included in I and II above | 1214,39,10 | 1081,75,23 |

SCHEDULES

(000's omitted)

AS ON
31.03.2015
₹
AS ON
31.03.2014
₹

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

| | | |
|------------------------------------|--------------------------|-------------------|
| I) Bills Payable | 286,17,18 | 205,27,62 |
| II) Inter Office Adjustments (Net) | Nil | Nil |
| III) Interest Accrued | 211,66,82 | 212,71,72 |
| IV) Deferred Tax | 27,79 | 19,67,55 |
| V) Others (including provisions) | 817,30,58 | 728,14,64 |
| TOTAL | <u>1315,42,37</u> | <u>1165,81,53</u> |

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

| | | |
|---|--------------------------|-------------------|
| I) Cash in Hand (Including Foreign Currency Notes) | 627,15,57 | 419,46,54 |
| II) Balances with Reserve Bank of India In Current Account | 2065,76,18 | 2126,73,24 |
| TOTAL | <u>2692,91,75</u> | <u>2546,19,78</u> |

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICES

| | | |
|---|------------------------|------------------|
| I In India | | |
| i) Balances with Banks : | | |
| a) In Current Accounts | 33,78,12 | 33,73,65 |
| b) In Other Deposit Accounts | 43,73 | 43,73 |
| ii) Money at Call and Short Notice with Banks | 10,00,00 | Nil |
| | 44,21,85 | 34,17,38 |
| II Outside India | | |
| In Current Accounts | 11,95,04 | 67,71,47 |
| In Other Deposit Accounts | Nil | 30,05,00 |
| TOTAL | <u>56,16,89</u> | <u>131,93,85</u> |

SCHEDULES

(000's omitted)

| | AS ON 31.03.2015 ₹ | AS ON 31.03.2014 ₹ |
|---|--------------------------|--------------------------|
| SCHEDULE 8 - INVESTMENTS | | |
| I Gross Investments in India | 12833,03,37 | 13445,45,65 |
| Less : Provision for Investment Depreciation | 60,02,57 | 198,45,23 |
| Net Investments in India | 12773,00,80 | 13247,00,42 |
| Break-up | | |
| i) Government Securities | 11511,41,25 | 12193,12,04 |
| ii) Other Approved Securities | Nil | Nil |
| iii) Shares | 107,12,86 | 143,62,65 |
| iv) Debentures and Bonds | 379,78,17 | 329,30,09 |
| v) Subsidiaries & Joint Ventures | Nil | Nil |
| vi) Mutual Fund Units & Others | 774,68,52 | 580,95,64 |
| TOTAL | 12773,00,80 | 13247,00,42 |
| II Investments outside India | Nil | Nil |
| TOTAL | 12773,00,80 | 13247,00,42 |
| SCHEDULE 9 - ADVANCES | | |
| A i) Bills purchased and discounted | 1980,80,50 | 2111,45,08 |
| ii) Cash Credits, Overdrafts and Loans repayable on Demand | 28150,33,34 | 27653,43,92 |
| iii) Term Loans | 5977,80,14 | 4227,24,37 |
| TOTAL | 36108,93,98 | 33992,13,37 |
| B i) Secured by tangible assets (incl. Book Debts) | 34400,76,75 | 32141,42,10 |
| ii) Covered by Bank / Government guarantees | 1123,90,90 | 972,53,22 |
| iii) Unsecured | 584,26,33 | 878,18,05 |
| TOTAL | 36108,93,98 | 33992,13,37 |
| C I Advances in India | | |
| i) Priority Sector | 14269,56,46 | 12584,97,71 |
| ii) Public Sector | 2103,55,53 | 175,98,53 |
| iii) Banks | Nil | Nil |
| iv) Others | 19735,81,99 | 21231,17,13 |
| TOTAL | 36108,93,98 | 33992,13,37 |
| II Advances Outside India | Nil | NIL |
| TOTAL | 36108,93,98 | 33992,13,37 |

SCHEDULES

(000's omitted)

| | AS ON 31.03.2015 ₹ | AS ON 31.03.2014 ₹ |
|---|--------------------------|--------------------------|
| SCHEDULE 10 - FIXED ASSETS | | |
| I Premises : | | |
| At cost as on 31st March of the preceding year | 152,66,80 | 138,50,55 |
| Addition during the year | 19,81 | 14,16,25 |
| | <u>152,86,61</u> | <u>152,66,80</u> |
| Deduction during the year | Nil | Nil |
| | <u>152,86,61</u> | <u>152,66,80</u> |
| Depreciation to date | 37,94,80 | 34,57,55 |
| | <u>114,91,81</u> | <u>118,09,25</u> |
| II Building under construction | 16,65,82 | 8,75,83 |
| III Other Fixed Assets : | | |
| (Including Furniture & Fixtures) | | |
| At cost as on 31st March of the preceding year | 608,54,99 | 492,53,66 |
| Addition during the year | 94,72,26 | 116,74,31 |
| | <u>703,27,25</u> | <u>609,27,97</u> |
| Deduction during the year | 24,56 | 72,98 |
| | <u>703,02,69</u> | <u>608,54,99</u> |
| Depreciation to date | 423,43,74 | 350,70,51 |
| | <u>279,58,95</u> | <u>257,84,48</u> |
| TOTAL | <u>411,16,58</u> | <u>384,69,56</u> |

SCHEDULE 11 - OTHER ASSETS

| | | |
|---|-------------------|-------------------|
| I Inter Office Adjustments (Net) | 25,03,74 | 29,27,40 |
| II Interest Accrued | 257,47,07 | 322,50,72 |
| III Tax paid in advance / Tax deducted at source (Net) | 316,79,04 | 235,64,58 |
| IV Stationery and Stamps | 8,73,86 | 7,93,53 |
| V Deferred Tax | Nil | Nil |
| VI Non Banking Assets acquired in satisfaction of claims | Nil | Nil |
| VII Others | 502,24,07 | 645,72,42 |
| TOTAL | <u>1110,27,78</u> | <u>1241,08,65</u> |

SCHEDULES

(000's omitted)

| | AS ON 31.03.2015 ₹ | AS ON 31.03.2014 ₹ |
|---|--------------------------|--------------------------|
| SCHEDULE 12 - CONTINGENT LIABILITIES | | |
| I Claims against the Bank not acknowledged as debts | 5,11,60 | 4,77,46 |
| II Liability on account of outstanding | | |
| a) Forward Exchange Contracts | 7967,43,87 | 7287,77,65 |
| b) Derivatives | Nil | Nil |
| III Guarantees given on behalf of Constituents in India | 2772,20,04 | 2359,21,26 |
| IV Acceptances, Endorsements and other Obligations | 1837,23,85 | 1654,66,14 |
| V Other items for which the Bank is contingently liable | Nil | Nil |
| TOTAL | <u>12581,99,36</u> | <u>11306,42,51</u> |

| | Year Ended 31.03.2015 ₹ | Year Ended 31.03.2014 ₹ |
|--|-------------------------------|-------------------------------|
| SCHEDULE 13 - INTEREST EARNED | | |
| I Interest / discount on advances/bills | 4211,31,22 | 3872,00,46 |
| II Income on Investments | 1177,55,69 | 1197,38,23 |
| III Interest on balances with Reserve Bank of India and other inter-bank funds | 6,24,11 | 10,91,80 |
| IV Others | 76,52 | 35,65,85 |
| TOTAL | <u>5395,87,54</u> | <u>5115,96,34</u> |

SCHEDULE 14 - OTHER INCOME

| | | |
|--|------------------|------------------|
| I Commission, Exchange and Brokerage | 397,32,49 | 335,60,06 |
| II Profit/Loss on sale of investments-Net | 71,03,01 | 103,73,05 |
| III Profit on sale of land, buildings and other assets | 25,89 | -5,65 |
| IV Profit on exchange transactions - Net | 43,90,51 | 36,54,25 |
| V Miscellaneous Income | 68,32,11 | 88,63,30 |
| TOTAL | <u>580,84,01</u> | <u>564,45,01</u> |

SCHEDULES

(000's omitted)

| | Year Ended 31.03.2015 ₹ | Year Ended 31.03.2014 ₹ |
|--|-------------------------------|-------------------------------|
|--|-------------------------------|-------------------------------|

SCHEDULE 15 - INTEREST EXPENDED

| | | |
|--|-------------------|-------------------|
| I Interest on Deposits | 3540,35,94 | 3468,36,64 |
| II Interest on Reserve Bank of India/ Inter-bank borrowings | 82,65,60 | 114,70,29 |
| III Others | 306,95,89 | 249,18,75 |
| TOTAL | <u>3929,97,43</u> | <u>3832,25,68</u> |

SCHEDULE 16 - OPERATING EXPENSES

| | | |
|---|-------------------|-------------------|
| I Payments to and Provisions for employees | 547,05,30 | 527,91,58 |
| II Rent, Taxes and Lighting | 108,93,68 | 101,29,96 |
| III Printing and Stationery | 14,28,10 | 11,23,82 |
| IV Advertisement and Publicity | 19,88,63 | 23,02,14 |
| V Depreciation on Bank's Property | 81,35,67 | 74,68,58 |
| VI Directors' fees, allowances and expenses | 63,01 | 66,06 |
| VII Auditors' fees and expenses (includes for branch auditors) | 1,89,62 | 1,71,34 |
| VIII Law Charges | 1,54,51 | 1,23,68 |
| IX Postages, Telegrams, Telephones, etc. | 20,27,27 | 17,16,39 |
| X Repairs and maintenance | 31,67,59 | 19,73,34 |
| XI Insurance | 42,86,03 | 35,37,99 |
| XII Other Expenditure | 233,05,32 | 196,31,28 |
| TOTAL | <u>1103,44,73</u> | <u>1010,36,16</u> |

SCHEDULES

SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES

A. BACKGROUND

The Karur Vysya Bank Limited, incorporated in Karur, India is a publicly held Banking company governed by the Banking Regulation Act, 1949 and is engaged in providing a wide range of banking and financial services including commercial banking and treasury operations.

B. BASIS OF PREPARATION

The financial statements are prepared following the going concern concept, on historical cost basis and conform to the Generally Accepted Accounting Principles, (GAAP) in India which encompasses applicable statutory provisions, regulatory norms prescribed by the Reserve Bank of India (RBI) from time to time, notified Accounting Standards (AS) issued under the Companies (Accounting Standards) Rules, 2006 to the extent applicable and current practices prevailing in the banking industry in India.

Use of Estimates:

The preparation of the financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities including contingent liabilities as of the date of the financial statement and the reported income and expenses during the reported period. The Management believes that the estimates and assumptions used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. The differences, if any between estimates and actual will be dealt appropriately in future periods.

C. PRINCIPAL ACCOUNTING POLICIES

1. Foreign Exchange Transactions

Monetary Assets and Liabilities in Foreign Currencies, Outstanding Forward Contracts and Spot and Forward Positions are translated at the Exchange Rates prevailing at the year end as notified by FEDAI and the resultant Profit/ Loss is recognised in the Profit and Loss Account.

Income and expenditure items are translated at the exchange rates ruling on the respective dates of the transaction.

Guarantees, Letters of Credit, Acceptances, Endorsements and other obligations in foreign currencies

are translated at Closing Spot Rates notified by FEDAI at the year-end.

2. Investments

Investments are categorized into three categories - (i) Held to Maturity, (ii) Held for Trading and (iii) Available for sale, with sub- classification under each category viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures & Bonds, (v) Subsidiary and Joint Ventures and (vi) Others - Units of Mutual Funds, Certificate of Deposits etc., in accordance with the guidelines issued by Reserve Bank of India.

The category under which the investments would be classified is decided at the time of acquisition.

Shifting of securities among the categories are accounted at the least of the acquisition cost / book value / market price prevailing on the date of shifting and depreciation, if any, on such shifting is fully provided for.

Investments classified under HTM category are carried at acquisition cost except in cases where the acquisition cost is higher than the face value, in which case the premium is amortized over the remaining period to maturity.

Investments classified under HFT and AFS categories are marked to market at regular intervals and net depreciation within each sub-classification is recognized and provided for, while net appreciation is ignored.

The Bank follows the method of calculating and accounting of profit on sale of investments under weighted average cost method.

3. Derivatives

Interest rate swaps pertaining to trading position and which are outstanding as on Balance Sheet date are marked to market and net appreciation is ignored and net depreciation is recognized in the Profit & Loss Account. Foreign Currency Options and Swaps are accounted in accordance with the guidelines issued by FEDAI.

4. Advances

Advances are classified as Performing and Non-performing Assets and provisions are made as per the prudential norms prescribed by RBI. Advances stated in the Balance Sheet are net of provisions, claims received from credit guarantee institutions etc.

SCHEDULES

5. Fixed Assets

Premises and other fixed assets are accounted for at historical cost as reduced by depreciation written off.

6. Depreciation

In the current year, effective from April 1, 2014, in accordance with the Companies Act, 2013 the Bank has changed the accounting policy of charging depreciation having regard to change in the estimated useful life of the assets, from Written down value (WDV), method to Straight line method (SLM) in respect of all fixed assets other than buildings. Computers however continue to be depreciated under SLM.

Useful life of the assets has been estimated in line with Schedule II of the Companies Act, 2013.

In the previous years, fixed assets except Computers were depreciated under Written Down Value Method at the rates specified in the Schedule XIV of the Companies Act, 1956. Depreciation on Computers, including software was charged at 33.33% on Straight Line Method as per the guidelines of RBI.

Depreciation on assets purchased and sold during the year is provided on pro rata basis.

7. Revenue / Expense Recognition

Income and Expenditure are generally accounted on accrual basis.

Interest income on all advances other than non-performing assets is recognized on accrual basis. In respect of non-performing assets, the interest income is recognized on cash basis.

Commission (including commission received on insurance business), exchange, brokerage and locker rent are accounted on cash basis.

Interest Income on Tax Refund is accounted on Receipt basis.

8. Employee Benefits

In accordance with Accounting Standard 15 issued under the Companies (Accounting Standards) Rules, 2006, Provision for Gratuity, Pension and other defined employee benefits are made on accrual basis as per Actuarial Valuation done at the year-end and short term benefits are accounted for as and when the liability becomes due.

Options granted under Employee Stock Option Scheme (ESOS) are valued and accounted for using Intrinsic Value Method.

9. Segment Reporting

The Bank recognises the Business Segment as the Primary Reporting Segment and Geographical Segment as the Secondary Reporting Segment, in accordance with the RBI guidelines and in compliance with the Accounting Standard 17.

Business Segment is classified into (a) Treasury (b) Corporate and Wholesale Banking (c) Retail Banking and (d) Other Banking Operations.

10. Earnings per Share

Earnings per share are calculated by dividing the net profit or loss for the year attributable to the equity share holders by the weighted average number of equity shares outstanding during the year.

Diluted Earnings per equity share are computed by using the weighted average number of equity shares and dilutive potential equity share outstanding as at the year end.

11. Income-tax

Tax expenses comprise current and deferred taxes. Provision for current Income tax is made after due consideration of the judicial pronouncements and legal opinion.

Deferred income 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.

12. Impairment of Assets

The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Profit and Loss Account to the extent the carrying amount of assets exceeds their estimated recoverable amount.

SCHEDULES

13. Provisions and Contingent Liabilities

A provision is recognised when there is an obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation as at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

In case where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements.

Contingent Assets are not recognized since this may result in the recognition of income that may never be realized.

14. Net Profit

The net profit disclosed in the Profit and Loss Account is after providing for:

Provision for Taxes,

Provision for Standard Assets and Non Performing Assets,

Provision for Depreciation on investments, employee benefits and

Other usual and necessary provisions

SCHEDULE 18 - NOTES ON ACCOUNTS

1. INTER BRANCH TRANSACTIONS:

Inter Branch/Office accounts reconciliation has been completed upto 31.03.2015 and all the Inter branch entries have been reconciled upto 31.03.2015.

2. BALANCING OF BOOKS:

The books of accounts have been balanced and tallied in all branches of the bank as on 31.03.2015.

3. DISCLOSURES AS PER RESERVE BANK OF INDIA REQUIREMENTS:

3.1 Capital

| SI | Particulars | 2014-15 | | 2013-14 | |
|------|---|-----------|----------|-----------|----------|
| | | Basel III | Basel II | Basel III | Basel II |
| i) | Common Equity Tier 1 capital ratio (%) | 13.56 | Nil | 11.62 | Nil |
| ii) | Tier 1 capital ratio (%) | 13.56 | 13.43 | 11.62 | 11.62 |
| iii) | Tier 2 capital ratio (%) | 1.06 | 1.20 | 0.97 | 1.15 |
| iv) | Total Capital ratio (CRAR) (%) | 14.62 | 14.63 | 12.60 | 12.77 |
| v) | Amount of equity capital raised (₹ in crore) | 14.45 | 14.45 | Nil | Nil |
| vi) | Amount of additional Tier 1 capital raised, of which | Nil | Nil | Nil | Nil |
| | - PNCPS | Nil | Nil | Nil | Nil |
| | - PDI | Nil | Nil | Nil | Nil |
| vii) | Amount of Tier 2 capital raised, of which | Nil | Nil | Nil | Nil |
| | - Debt capital instruments | Nil | Nil | Nil | Nil |
| | - Preference share capital instruments | Nil | Nil | Nil | Nil |
| | - Perpetual cumulative preference shares (PCPS) | Nil | Nil | Nil | Nil |
| | - Redeemable non cumulative preference shares (RNCPS) | Nil | Nil | Nil | Nil |
| | - Redeemable cumulative preference shares (RCPS) | Nil | Nil | Nil | Nil |

SCHEDULES

3.2 Investments:

(₹ in crore)

| Particulars | 2014-15 | 2013-14 |
|--|----------|----------|
| (1) Value of Investments | | |
| (i) Gross Value of Investments | | |
| (a) In India ** | 12833.03 | 13445.46 |
| (b) Outside India | Nil | Nil |
| (ii) Provisions for Depreciation / NPI | | |
| (a) In India | 60.03 | 198.45 |
| (b) Outside India | Nil | Nil |
| (iii) Net Value of Investments | | |
| (a) In India | 12773.00 | 13247.01 |
| (b) Outside India | Nil | Nil |
| (2) Movement of provisions held towards depreciation on investments and Non Performing Investments | | |
| (i) Opening balance | 198.45 | 31.59 |
| (ii) Add: Provisions made during the year | 14.95 | 195.64 |
| (iii) Less: Write-off/write-back of excess provisions during the year | 153.37 | 28.78 |
| (iv) Closing balance | 60.03 | 198.45 |

** Excluding Repo Borrowing of ₹ 2110 crore (2014-15) & ₹ 2438 crore (2013-14)

3.2.1 Repo Transactions : (in face value terms)

(₹ in crore)

| | Minimum outstanding during the year | Maximum outstanding during the year | Daily Average outstanding during the year | Outstanding as on 31.03.2015 |
|--|-------------------------------------|-------------------------------------|---|------------------------------|
| Securities sold under repos | | | | |
| i. Government Securities | 468.00 | 2510.00 | 1357.92 | 2110.00 |
| ii. Corporate Debt Securities | Nil | Nil | Nil | Nil |
| Securities purchased under reverse repos | | | | |
| i. Government Securities | 20.00 | 360.00 | 22.15 | NIL |
| ii. Corporate Debt Securities | Nil | Nil | Nil | Nil |

During the year, the bank has not lent or acquired any corporate debt securities under repo or reverse repo transactions.

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3.2.2 Non-SLR Investment Portfolio:

i) Issuer composition of Non SLR investments:

(₹ in crore)

| No. | Issuer | Amount | Extent of Private Placement | Extent of Below Investment Grade Securities | Extent of unrated securities | Extent of unlisted Securities |
|-----|--|----------------|-----------------------------|---|------------------------------|-------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1 | PSUs | 242.17 | 236.18 | Nil | 16.75 | 141.35 |
| 2 | FIs | Nil | Nil | Nil | Nil | Nil |
| 3 | Banks | 137.41 | 104.29 | Nil | Nil | Nil |
| 4 | Private Corporates | 169.77 | 133.85 | Nil | 16.82 | 21.83 |
| 5 | Subsidiaries / Joint Ventures | Nil | Nil | Nil | Nil | Nil |
| 6 | Others | 741.13 | 243.27 | Nil | 243.27 | 243.27 |
| 7 | Less: Provision held towards depreciation and non performing investments | 28.89 | Nil | Nil | Nil | Nil |
| | Total | 1261.59 | 717.59 | Nil | 276.84 | 406.45 |

Note:

1. Amounts reported under columns 4, 5, 6 and 7 above are not mutually exclusive.
2. The investments in unrated/unlisted securities include investments, which are part of Government Restructuring Plan and also other investments as part of CDR programme

ii) Non performing Non-SLR investments:

(₹ in crore)

| Particulars | 2014-15 | 2013-14 |
|------------------------------------|--------------|-------------|
| Opening balance | 2.81 | 4.07 |
| Additions during the year | 10.33 | Nil |
| Reductions during the above period | Nil | 1.26 |
| Closing balance | 13.14 | 2.81 |
| Total provisions held | 13.14 | 2.81 |

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3.2.3 Sale and transfers to / from HTM Category

During the year, the bank has sold government securities from Held to Maturity category exceeding 5% of the book value of investments held in HTM category at the beginning of the year. By sale of securities from HTM category, the Bank had booked a profit of ₹ 24.57 crore. An amount of ₹ 12.16 crore (being net of tax and statutory reserve) is transferred to Capital Reserve. As on 31st March 2015, the book value of SLR investments held under Held to Maturity category was ₹ 10,178.11 crore which shows marked to market appreciation of ₹26.42 crore as on that date.

3.2.4 SGL Bouncing : Nil

3.2.5 The percentage of SLR investment under Held to Maturity Category as on 31.03.2015 was 21.70 % of Demand and Time Liability of the bank (Previous year 22.94 %), which is within permissible limit as per RBI guidelines .

3.3 Derivatives

3.3.1. Forward Rate Agreement/ Interest Rate Swap:

(₹ in crore)

| Particulars | 2014 - 15 | 2013 - 14 |
|---|-----------|-----------|
| 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 | Nil | Nil |
| 3 Collateral required by the bank upon entering into swaps | Nil | Nil |
| 4 Concentration of credit risk arising from the swaps | Nil | Nil |
| 5 The fair value of the swap book | Nil | Nil |

3.3.2 Exchange Traded Interest Rate Derivatives:

(₹ in crore)

| | Particulars | Amount |
|-------|---|--------|
| (i) | Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument wise) | Nil |
| (ii) | Notional principal amount of exchange traded interest rate derivatives outstanding as on 31.03.2015 (instrument wise) | Nil |
| (iii) | Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise) | Nil |
| (iv) | Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise) | Nil |

3.3.3 Disclosures on risk exposure in derivatives:

Qualitative Disclosure:

Structure, Organisation, Scope, Nature of risk management in derivatives:

The organization structure consists of Treasury Department which is segregated into three functional areas i.e., front office,

mid office and back office.

Rupee derivative deals are executed for hedging or for trading. The risk in the derivatives portfolio is monitored by assessing the mark to market (MTM) position of the portfolio on a daily basis and the impact on account of probable market movements. The overall portfolio is operated within the risk limit fixed by the Bank.

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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.

The Board reviews the risk profile of the outstanding portfolio at regular intervals.

Accounting:

Accounting Policies as per RBI guidelines have been adopted. The hedge swaps are accounted for like a hedge of the asset or liability. The income / expense on hedge swaps are accounted on accrual basis except where swaps transactions whose underlying is subjected to mark to market. Such hedge swaps are marked to market on a monthly basis and the gain / losses are recorded as an adjustment to the designated asset / liability. The Non hedge swaps are marked to market every month and the MTM losses in the basket are accounted in the books while MTM profits are ignored.

Collateral Security:

As per market practice, no collateral security is insisted on for the contracts with counter parties like Banks / PDs etc. For deals with Corporate Clients, appropriate collateral security / margin etc. are stipulated whenever considered necessary.

Credit Risk Mitigation:

Most of the deals are contracted with Banks / Major PDs/highly

rated clients and no default risk is anticipated on the deals with them.

Dealing in derivatives is centralized in the treasury of the Bank. Derivative transactions are entered into by the treasury front office. Treasury middle office conducts an independent check of the transactions entered into by the front office and ensures compliance with various internal and regulatory guidelines. Back Office undertakes activities such as confirmation, settlement, accounting, risk monitoring and reporting.

The market making and the proprietary trading activities in derivatives are governed by the derivatives policy of the Bank, which lays down the position limits, stop loss limits as well as other risk limits. As far as forex derivatives are concerned, they are undertaken on back-to-back basis only.

Risk monitoring on derivatives portfolio is done on a daily basis. The Bank measures and monitors risk using PVBP (Price Value of a Basis Point) approach. Risk reporting on derivatives forms an integral part of the management information system and the marked to market position and the PVBP of the derivatives portfolio reported on a daily basis to the top management.

Risk monitoring on forex derivatives is done on a monthly basis. It is reported to the top management and related clients on monthly basis.

Quantitative Disclosures:

(₹ in crore)

| SI. No. | Particulars | Currency Derivatives | Interest rate Derivatives |
|---------|--|----------------------|---------------------------|
| (i) | Derivatives (Notional Principal Amount) | Nil | Nil |
| | a) For hedging | | |
| | b) For trading | | |
| (ii) | Marked to Market Positions (1) | Nil | Nil |
| | a) Asset (+) | | |
| | b) Liability (-) | | |
| (iii) | Credit Exposure (2) | Nil | Nil |
| (iv) | Likely impact of one percentage change in interest rate (100*PV01) | Nil | Nil |
| | a) on hedging derivatives | | |
| | b) on trading derivatives | | |
| (v) | Maximum and Minimum of 100*PV01 observed during the year | Nil | Nil |
| | a) on hedging | | |
| | b) on trading | | |

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3.4 Asset Quality

3.4.1 Non-Performing Asset:

(₹ in crore)

| Sl. No. | Particular | 2014 - 15 | 2013-14 |
|---------|---|-----------|---------|
| (i) | Net NPAs to Net Advances (%) | 0.78% | 0.41% |
| (ii) | Movement of NPAs (Gross) | | |
| | (a) Opening balance | 279.18 | 285.86 |
| | (b) Additions during the year | 619.24 | 147.83 |
| | (c) Reductions during the year | 220.64 | 154.51 |
| | (d) Closing balance | 677.78 | 279.18 |
| (iii) | Movement of Net NPAs | | |
| | (a) Opening balance | 139.91 | 108.74 |
| | (b) Additions during the year | 164.59 | 114.81 |
| | (c) Reductions during the year | 23.53 | 83.64 |
| | (d) Closing balance | 280.97 | 139.91 |
| (iv) | Movement of provisions for NPAs (excluding provision on Standard Assets) | | |
| | (a) Opening balance | 114.48 | 151.50 |
| | (b) Provisions made during the year | 494.86 | 189.47 |
| | (c) Write off/Write back of excess provisions | 229.34 | 226.49 |
| | (d) Closing balance | 380.00 | 114.48 |

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(₹ in crore)

3.4.2 Disclosure of Restructured Accounts - FY 2014-15

| Sl No. | Type of Restructuring | | Under CDR Mechanism | | | | Under SME Debt Restructuring Mechanism | | | | Others | | | | Total | | | | | |
|--------|---|--|----------------------------|--------------------------|--------------------------|--------------------------|--|---------------------------|-------------------------|-------------------------|---------------------------|---------------------------|------------------------------|-------------------------|---------------------------|-------------------------|------------------------------|-------------------------|-------------------------------|------------------------|
| | Asset Classification | Details | Standard | Sub-Standard | Doubtful | Loss | Total | Standard | Sub-Standard | Doubtful | Loss | Total | Standard | Sub-Standard | Doubtful | Loss | Total | | | |
| 1 | Restructured Accounts as on April 1 of the FY (Opening Figures*) | No. of borrowers Amount outstanding Provision thereon No. of borrowers Amount outstanding Provision thereon | 18 521.19 19.27 7 | Nil Nil Nil Nil | Nil Nil Nil Nil | Nil Nil Nil Nil | 18 521.19 19.27 7 | 24 29.19 0.09 23 | 2 2.10 Nil Nil | 1 0.01 Nil Nil | 3 74.45 0.43 Nil | 29 31.38 0.09 23 | 139 839.50 18.93 67 | 1 0.07 Nil Nil | 3 74.46 0.43 Nil | 4 0.07 Nil Nil | 147 914.09 19.36 67 | 6 0.15 Nil Nil | 194 1466.66 38.72 97 | |
| 2 | Fresh Restructuring during the year **1 | Amount outstanding Provision thereon | 356.03 19.33 | 0.14 Nil | Nil Nil | Nil Nil | 356.17 19.33 | 27.98 0.99 | Nil Nil | Nil Nil | Nil Nil | 27.98 0.99 | 538.16 16.90 | 5.59 Nil | Nil Nil | Nil Nil | 543.75 16.90 | 922.17 37.22 | 5.73 Nil | 927.90 37.22 |
| 3 | Upgradations to restructured standard category during the FY | No. of borrowers Amount outstanding Provision thereon | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil |
| 4 | Restructured standard advances which cease to attract higher provisioning and / or additional weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY | No. of borrowers Amount outstanding Provision thereon | -1 -20.35 -0.69 | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | -1 -20.35 -0.69 | -5 -3.86 -0.04 | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | -5 -3.86 -0.04 | -25 -42.63 -0.42 | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | -25 -42.63 -0.42 | -31 -66.84 -1.15 | Nil Nil Nil | -31 -66.84 -1.15 |

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(₹ in crore)

| Sl No. | Type of Restructuring Asset Classification Details | Under CDR Mechanism | | | | Under SME Debt Restructuring Mechanism | | | | Others | | | | Total | | | | | |
|--------|--|---------------------|--------------|----------|-------|--|--------------|----------|-------|----------|--------------|----------|-------|----------|--------------|----------|--------|-------|---------|
| | | Standard | Sub-Standard | Doubtful | Total | Standard | Sub-Standard | Doubtful | Total | Standard | Sub-Standard | Doubtful | Total | Standard | Sub-Standard | Doubtful | Total | | |
| 5 | Downgradations of Restructured Accounts during the FY | No. of borrowers | -4 | 1 | Nil | 3 | Nil | 1 | Nil | -23 | 8 | 1 | 14 | Nil | -33 | 14 | 1 | 18 | Nil |
| | | Amount outstanding | -65.07 | 53.42 | Nil | 11.65 | Nil | 0.01 | Nil | -49.64 | 49.27 | 0.07 | 0.30 | Nil | -115.63 | 103.60 | 0.07 | 11.96 | Nil |
| | | Provision thereon | -2.24 | 1.71 | Nil | 0.53 | Nil | Nil | Nil | -0.12 | 0.12 | Nil | Nil | Nil | -2.36 | 1.83 | Nil | 0.53 | Nil |
| 6 | Write-offs of Restructured Accounts during the FY *2 | No. of borrowers | 4 | Nil | Nil | Nil | 4 | 2 | Nil | 3 | 12 | 1 | Nil | 13 | 17 | 2 | 1 | Nil | 20 |
| | | Amount outstanding | 124.85 | 1.11 | Nil | 1.25 | 6.33 | 2.18 | Nil | 8.51 | 55.65 | -3.52 | 71.16 | Nil | 186.83 | -0.23 | 71.16 | 1.25 | 259.01 |
| | | Provision thereon | -14.46 | 1.71 | Nil | 0.53 | 0.05 | Nil | Nil | 0.05 | -4.99 | 0.12 | 0.43 | Nil | -19.40 | 1.83 | 0.43 | 0.53 | -16.62 |
| 7 | Restructured Accounts as on March 31 of the FY (Closing figures 3) | No. of borrowers | 16 | 1 | Nil | 3 | 35 | 5 | 1 | 3 | 44 | 146 | 9 | 18 | 197 | 15 | 4 | 24 | 240 |
| | | Amount outstanding | 666.95 | 52.45 | Nil | 10.40 | 46.06 | 0.83 | 0.01 | 0.09 | 46.99 | 1229.74 | 58.45 | 3.36 | 1291.92 | 1942.75 | 111.73 | 10.86 | 2068.71 |
| | | Provision thereon | 82.05 | 52.45 | Nil | 10.40 | 2.40 | 0.12 | 0.01 | 0.09 | 2.62 | 80.14 | 41.80 | 1.34 | 0.37 | 164.59 | 94.37 | 1.35 | 10.86 |

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

Foot Note 1 - The figures under Sr. No.2 include ₹ 119.81 Crore of fresh/ additional sanction (No. of accounts - 19) to existing restructured accounts

Foot Note 2 - The figures under Sr.No.6 include ₹ 54.58 Crore (No. of accounts - 39.) of reduction from existing restructured accounts by way of Closure/ Recovery/ Sale

* Foot Note 3 - The figures under Sr. No.7 is arrived after netting the Provision thereon for Diminution of Fair Value (DFV), Restructured Standard Accounts & Restructured NPA Accounts of ₹ 5.73 Crore (No. of accounts - 109) released due to upgradation of accounts from Restructured to Standard category. Without netting the total provision thereon would be ₹ 276.90 Crore."

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

(₹ in crore)

| Particulars | 2014 - 15 | 2013 - 14 |
|--|-----------|-----------|
| (i) No. of accounts | 32 | 28 |
| (ii) Aggregate value (net of provisions) of accounts sold to SC/RC | 52.24 | 86.98 |
| (iii) Aggregate consideration | 74.92 | 112.00 |
| (iv) Additional consideration realized in respect of accounts transferred in earlier years | Nil | Nil |
| (v) Aggregate gain / (loss) over net book value | 22.68 | 25.02 |

3.4.3.1. Investments in Security Receipts

(₹ in crore)

| Particulars | Backed by NPAs sold by the bank as underlying | | Backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying | | Total | |
|--|---|-----------|---|-----------|-----------|-----------|
| | 2014 - 15 | 2013 - 14 | 2014 - 15 | 2013 - 14 | 2014 - 15 | 2013 - 14 |
| Book value of investments in Security receipts | 243.27 | 137.16 | Nil | Nil | 243.27 | 137.16 |

3.4.5 Provisions on Standard Asset:

(₹ in crore)

| Particulars | 2014 - 15 | 2013 - 14 |
|------------------------------------|-----------|-----------|
| Provisions towards Standard Assets | 201.94 | 172.17 |

3.5 Business Ratios:

(₹ in crore)

| Particulars | 2014 - 15 | 2013 - 14 |
|---|-----------|-----------|
| (i) Interest Income as a percentage to Working Funds | 10.21% | 10.22% |
| (ii) Non-interest income as a percentage to Working Funds | 1.10% | 1.13% |
| (iii) Operating Profit as a percentage to Working Funds | 1.78% | 1.67% |
| (iv) Return on Assets | 0.88% | 0.86% |
| (v) Business (Deposits plus advances) per employee (₹ in crore) | 11.30 | 10.55 |
| (vi) Profit per employee (₹ in Lakh) | 6.45 | 5.85 |

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3.6 Asset Liability Management:

Maturity pattern of certain items of assets and liabilities:

(₹ in crore)

| Particulars | Deposits | Gross Advances | Gross Investments | Borrowings | Foreign Currency Assets | Foreign Currency Liabilities |
|---------------------------|-----------------|-----------------|-------------------|----------------|-------------------------|------------------------------|
| 1 day | 124.87 | 3573.17 | 2145.87 | 75.00 | 207.84 | 143.31 |
| 2 to 7 days | 487.15 | 262.24 | 201.41 | 1214.39 | 31.16 | 31.25 |
| 8 to 14 days | 423.35 | 236.22 | 196.50 | 31.05 | 21.99 | 25.00 |
| 15 to 28 days | 876.99 | 896.73 | 196.87 | 624.56 | 62.38 | 0.41 |
| 29 days to 3 months | 6321.92 | 3094.49 | 1178.87 | 93.58 | 331.93 | 94.71 |
| Over 3 months to 6 months | 2974.17 | 3169.98 | 708.79 | 136.27 | 164.50 | 125.36 |
| Over 6 months to 1 year | 7277.59 | 5212.12 | 1540.96 | 122.60 | 2.61 | 136.58 |
| Over 1 year to 3 years | 7692.99 | 13438.04 | 2275.80 | Nil | 1.43 | 90.85 |
| Over 3 years to 5 years | 5817.39 | 3152.99 | 1600.41 | 603.30 | 3.13 | 78.92 |
| Over 5 years | 12693.85 | 3654.79 | 2787.99 | Nil | Nil | 1.84 |
| Total | 44690.27 | 36690.77 | 12833.47 | 2900.75 | 826.97 | 728.23 |

The above data has been compiled on the basis of the guidelines of RBI and certain assumptions made by management and have been relied upon by auditors.

3.7 Exposures

3.7.1 Exposure to Real Estate Sector:

(₹ in crore)

| Category | 2014 - 15 | 2013 - 14 |
|--|----------------|----------------|
| a) Direct exposure | | |
| (i) Residential Mortgages - Lendings fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (individual housing loans eligible for priority sector advances may be shown separately) | 2026.53 | 1559.53 |
| (ii) Commercial Real Estate - Lendings secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits; | 1833.20 | 1531.09 |
| (iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures - | | |
| a. Residential, | Nil | Nil |
| b. Commercial Real Estate. | Nil | Nil |
| b) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs). | 151.40 | 203.38 |
| Total Exposure to Real Estate Sector | 4011.13 | 3294.00 |

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3.7.2 Exposure to Capital Market:

(₹ in crore)

| Particulars | 2014 - 15 | 2013 - 14 |
|---|---------------|---------------|
| (i) 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; | 111.51 | 128.11 |
| (ii) Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds; | 1.98 | 1.81 |
| (iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security; | Nil | Nil |
| (iv) 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 |
| (v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; | 152.15 | 145.62 |
| (vi) 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; | 63.56 | 6.85 |
| (vii) Bridge loans to companies against expected equity flows/issues; | Nil | Nil |
| (viii) 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 |
| (ix) Financing to stockbrokers for margin trading; | Nil | Nil |
| (x) All exposures to Venture Capital Funds (both registered and unregistered) | 25.20 | 25.00 |
| Total Exposure to Capital Market | 354.40 | 307.39 |

3.7.3 Risk Category wise Country Exposure

(₹ in crore)

| Risk Category | Exposure (net) as at 31.03.2015 | Provision held as at 31.03.2015 | Exposure (net) as at 31.03.2014 | Provision held as at 31.03.2014 |
|---------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Insignificant | 141.30 | Nil | 965.88 | Nil |
| Low | 252.27 | Nil | 586.93 | Nil |
| Moderate | 11.51 | Nil | 66.63 | Nil |
| High | 3.44 | Nil | 13.37 | Nil |
| Very High | 2.01 | Nil | 4.58 | Nil |
| Restricted | 3.16 | Nil | 0.13 | Nil |
| Off-credit | 0.86 | Nil | Nil | Nil |
| Total | 414.55 | Nil | 1637.52 | 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.

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3.7.4. Details of Single Borrower Limit (SGL), Group Borrower Limit (GBL) exceeded by the bank.

The Bank has not exceeded the prudential credit exposure limits in respect of Single Borrower Limit and Group Borrower Limit other than food credit.

3.7.5. Unsecured Advances:

The total of advances for which intangible securities such as charge over the rights, licenses, authorisations, etc have been taken as securities is NIL

3.8 Disclosure of Penalties imposed by RBI :

No penalty was imposed by RBI during the year. (Previous year- Nil)

4. DISCLOSURE REQUIREMENT AS PER ACCOUNTING STANDARDS (AS):

In compliance with the guidelines issued by the RBI regarding disclosure requirements of the various Accounting Standards, the following information is disclosed:

4.1 Net Profit or loss for the period, Prior Period Items and Changes in Accounting Policies (AS-5):

There are no material prior period income and expenditure included in the Profit & Loss account, which requires a disclosure as per AS-5.

For the preparation of these financial results, the bank has followed the same accounting policies and generally accepted practices adopted for the preparation of audited financial statements for the year ended March 31, 2015, except for accounting of depreciation on fixed assets.

Disclosure regarding Depreciation policy: In the current year, effective from April 1, 2014 the Bank has changed the accounting policy of charging depreciation having regard to change in the estimated useful life of the assets, from Written down value method(WDV), to Straight line method (SLM) in respect of all fixed assets other than buildings .The management believes that the aforesaid changes better reflect the actual use of assets acquired and is in conformity with the Companies Act,2013.

On account of this change in accounting policy, the bank has in the current quarter, reversed an amount of ₹ 866.64 lakh representing the excess depreciation charge for the period upto March 31, 2014 and disclosed the same as an exceptional item. As a result of this change, the net profit for the current year is higher by ₹ 866.64 lakh and current quarter ₹ 866.64 lakh and the basic and diluted earnings per share is higher by ₹ 0.74 per share.

In accordance with the requirement of schedule II of Companies Act, 2013 the Bank has also reassessed the useful life of the fixed asset and an amount of ₹ 6386 lakh has been charged to the financial results of the current year representing the depreciation on the carrying value of the asset as on April 1, 2014 on the remaining useful life.

4.2 Revenue Recognition: (AS-9):

Income / Expenditure items recognized on cash basis are either not material or does not require disclosure under AS-9.

4.3. Employee Benefits : (AS -15) :

The Bank is following AS-15 (Revised 2005) 'Employee Benefits' as under:

- (i) 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.
- (ii) In respect of Defined Benefit Plans, viz., Gratuity and Pension, provision has been made based on actuarial valuation as per the guidelines.
- (iii) In respect of Leave encashment provisioning requirement has been made based on actuarial valuation.

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The disclosure requirements as per the Accounting Standards are given below:

Principal Actuarial Assumptions

| Particulars | Gratuity | Pension | Privilege Leave |
|--|----------|---------|-----------------|
| Discount Rate | 8.00% | 8.00% | 8.00% |
| Salary escalation rate | 5.50% | 5.50% | 5.50% |
| Attrition rate | 1.47% | 2.07% | 1.15% |
| Expected rate of return on Plan Assets | 9.36 % | 9.89% | -- |

Expenses recognized in Profit and Loss Account

(₹ in crore)

| Particulars | Gratuity | Pension | Privilege Leave |
|--|----------|---------|-----------------|
| Current Service Cost | 4.46 | 6.84 | 0.36 |
| Interest cost on benefit obligation | 7.25 | 18.73 | 4.60 |
| Expected return on plan assets | (8.23) | (25.54) | -- |
| Net Actuarial gain / (loss) recognised in the year | 15.50 | 99.71 | 7.69 |
| Expenses recognised in the Profit and Loss Account | 18.99 | 99.74 | 12.65 |

Changes in the present value of the defined benefit obligation

(₹ in crore)

| Particulars | Gratuity | Pension | Privilege Leave |
|---|----------|---------|-----------------|
| Present value of obligation as at 1.4.2014 | 80.15 | 215.07 | 50.29 |
| Interest cost | 7.25 | 18.73 | 4.60 |
| Current Service Cost | 4.46 | 6.84 | 0.36 |
| Benefits paid | (7.57) | (35.76) | (3.75) |
| Net actuarial gain / (loss) on obligation | 15.09 | 92.17 | 7.69 |
| Present value of the defined benefit obligation as at 31.3.2015 | 99.39 | 297.05 | 59.19 |

Change in the fair value of plan assets

(₹ in crore)

| Particulars | Gratuity | Pension | Privilege Leave |
|---|----------|---------|-----------------|
| Fair value of plan assets as at 1.4.2014 | 80.22 | 215.51 | -- |
| Expected Return on plan assets | 8.23 | 25.54 | -- |
| Contribution by employer | 27.84 | 141.91 | 3.75 |
| Benefits Paid | (7.57) | (35.76) | (3.75) |
| Actuarial gain / (loss) | (0.41) | (7.54) | -- |
| Fair value of plan assets as at 31.3.2015 | 108.31 | 339.66 | -- |

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4.4 Segment Reporting: (AS-17)

Part A: Business segments

(₹ in crore)

| Sl. No. | Particulars | 2014-15 (Audited) | 2013-14 (Audited) |
|---------|---|----------------------|----------------------|
| (a) | Segment Revenue | | |
| | 1. Treasury Operations | 1299.50 | 1349.95 |
| | 2. Corporate/Wholesale Banking Operations | 1623.32 | 1494.63 |
| | 3. Retail Banking Operations | 3043.77 | 2822.66 |
| | 4. Other Banking Operations | 10.13 | 13.17 |
| | Total | 5976.72 | 5680.41 |
| (b) | Segment Results | | |
| | 1. Treasury Operations | 239.75 | 238.86 |
| | 2. Corporate/Wholesale Banking Operations | 349.82 | 293.03 |
| | 3. Retail Banking Operations | 567.79 | 613.15 |
| | 4. Other Banking Operations | 9.33 | 12.39 |
| | Total | 1166.69 | 1157.43 |
| (c) | Unallocated Expenses | 223.40 | 319.64 |
| (d) | Operating Profit | 943.29 | 837.79 |
| (e) | Income Taxes | 7.17 | -34.12 |
| (f) | Other Provisions | 480.51 | 442.31 |
| (g) | Exceptional Item | 8.67 | Nil |
| (h) | Net Profit | 464.28 | 429.60 |
| (i) | Other Information | Nil | Nil |
| (j) | Segment Assets | | |
| | 1. Treasury Operations | 12783.45 | 13277.49 |
| | 2. Corporate/Wholesale Banking Operations | 13454.14 | 12727.30 |
| | 3. Retail Banking Operations | 22654.80 | 21264.83 |
| | 4. Other Banking Operations | Nil | Nil |
| | 5. Unallocated Assets | 4260.09 | 4273.53 |
| | Total | 53152.48 | 51543.15 |
| (k) | Segment Liabilities | | |
| | 1. Treasury Operations | 12708.25 | 13610.01 |
| | 2. Corporate/Wholesale Banking Operations | 12065.39 | 11509.19 |
| | 3. Retail Banking Operations | 20317.15 | 19233.25 |
| | 4. Other Banking Operations | Nil | Nil |
| | 5. Unallocated Liabilities | 3823.16 | 3864.36 |
| | Capital Employed | 4238.53 | 3326.34 |
| | Total | 53152.48 | 51543.15 |

SCHEDULES

Part B: Geographic segments

Geographical Segment consists only of the Domestic Segment since the Bank does not have any foreign branch.

4.5 Related Party Transactions (AS-18):

Disclosure about transactions with Key Management Personnel

| Key Management Personnel | Designation | Item | Amount (₹) |
|--------------------------|-------------|--------------|-------------|
| Shri K.P. Kumar | Chairman | Honorarium | 9,00,000/- |
| Shri K.Venkataraman | MD & CEO | Remuneration | 87,72,682/- |

(₹ in crore)

| Items/Related Party | Parent (as per ownership or control) | Subsidiaries | Associates/ Joint ventures | Key Management Personnel | Relatives of Key Management Personnel | Total |
|----------------------------------|---|--------------|-------------------------------|---------------------------------------|--|-------|
| Borrowings | Nil | Nil | Nil | Nil | Nil | Nil |
| Deposit | Nil | Nil | Nil | 2.97 (max during the year 2.97) | Nil | Nil |
| Placement of deposits | Nil | Nil | Nil | Nil | Nil | Nil |
| Advances | Nil | Nil | Nil | Nil | Nil | Nil |
| Investments | Nil | Nil | Nil | Nil | Nil | Nil |
| Non-funded commitments | Nil | Nil | Nil | Nil | Nil | Nil |
| Leasing/HP arrangements availed | Nil | Nil | Nil | Nil | Nil | Nil |
| Leasing/HP arrangements provided | Nil | Nil | Nil | Nil | Nil | Nil |
| Purchase of fixed assets | Nil | Nil | Nil | Nil | Nil | Nil |
| Sale of fixed assets | Nil | Nil | Nil | Nil | Nil | Nil |
| Interest paid | Nil | Nil | Nil | 0.28 | Nil | Nil |
| Interest received | Nil | Nil | Nil | Nil | Nil | Nil |
| Rendering of services | Nil | Nil | Nil | Nil | Nil | Nil |
| Receiving of services | Nil | Nil | Nil | Nil | Nil | Nil |
| Management contracts | Nil | Nil | Nil | Nil | Nil | Nil |

SCHEDULES

4.6 Earnings per Share (AS-20):

| Sl. No. | Particulars | 2014 - 15 | 2013 - 14 |
|---------|--|-----------|-----------|
| 1 | Basic EPS after Extraordinary items (₹) | 39.86 | 40.08 |
| 2 | Basic EPS before Extraordinary items (₹) | 39.12 | 40.08 |
| 3 | Diluted EPS after Extraordinary items (₹) | 39.78 | 39.78 |
| 4 | Diluted EPS before Extraordinary items (₹) | 39.04 | 39.78 |

Computation of Basic EPS (after Extraordinary items)

| Sl. No. | Particulars | 2014 - 15 | 2013 - 14 |
|---------|-----------------------------|-----------|-----------|
| A | Net Profit (₹ in crore) | 464.28 | 429.60 |
| B | Weighted number of shares | 116478007 | 107181106 |
| C | Basic EPS (A/B) (₹) | 39.86 | 40.08 |
| D | Nominal Value per share (₹) | 10.00 | 10.00 |

Computation of Diluted EPS (after Extraordinary items)

| Sl. No. | Particulars | 2014 - 15 | 2013 - 14 |
|---------|---|-----------|-----------|
| A | Net Profit (₹ in crore) | 464.28 | 429.60 |
| B | Weighted number of shares (including Potential Equity Shares) | 116712852 | 107999676 |
| C | Diluted EPS (A/B) (₹) | 39.78 | 39.78 |
| D | Nominal Value per share (₹) | 10.00 | 10.00 |

Computation of Basic EPS (before Extraordinary items)

| Sl. No. | Particulars | 2014 - 15 | 2013 - 14 |
|---------|-----------------------------|-----------|-----------|
| A | Net Profit (₹ in crore) | 455.61 | 429.60 |
| B | Weighted number of shares | 116478007 | 107181106 |
| C | Basic EPS (A/B) (₹) | 39.12 | 40.08 |
| D | Nominal Value per share (₹) | 10.00 | 10.00 |

Computation of Diluted EPS (before Extraordinary items)

| Sl. No. | Particulars | 2014 - 15 | 2013 - 14 |
|---------|---|-----------|-----------|
| A | Net Profit (₹ in crore) | 455.61 | 429.60 |
| B | Weighted number of shares (including Potential Equity Shares) | 116712852 | 107999676 |
| C | Diluted EPS (A/B) (₹) | 39.04 | 39.78 |
| D | Nominal Value per share (₹) | 10.00 | 10.00 |

SCHEDULES

4.7 Accounting for Taxes on Income (AS-22):

The Bank has recognized Deferred Tax Asset / Liability (DTA/DTL) and has accounted for the Net Deferred Tax as on 31.03.2015.

Major components of Deferred Tax Assets and Deferred Tax Liabilities are as under:

Deferred Tax Liabilities

(₹ in crore)

| Sl. No. | Particulars | As on 31.03.2015 | As on 31.03.2014 |
|---------|---------------------------------|------------------|------------------|
| 1 | Depreciation on Fixed Asset | 25.33 | 10.79 |
| 2 | Interest received but not due | -19.90 | 42.29 |
| 3 | Special Reserve u/s 36(1)(viii) | 49.29 | 49.29 |
| 4 | Others | 1.68 | 5.74 |
| | TOTAL | 56.40 | 108.11 |

Deferred Tax Assets

(₹ in crore)

| Sl. No. | Particulars | As on 31.03.2015 | As on 31.03.2014 |
|---------|--------------------------------------|------------------|------------------|
| 1 | Provision for leave encashment | 20.53 | 17.59 |
| 2 | Provision for Bad and doubtful debts | 35.59 | 25.17 |
| 3 | Carried Forward Loss | Nil | 45.67 |
| 4 | TOTAL | 56.12 | 88.43 |

Note : The Bank does not recognize deferred tax on the difference between accounting income and taxable income on account of difference in valuation of securities, as the Bank considers this as permanent difference.

4.8. Impairment of Assets (AS - 28)

In the opinion of the Management, there is no impairment of its Fixed Asset to any material extent as at 31.03.2015 requiring recognition in terms of Accounting Standard 28.

5 ADDITIONAL DISCLOSURES

5.1 Provisions and Contingencies:

| Break-up of 'Provision and Contingencies' shown under the head Expenditure in Profit & Loss Account | 2014 - 15 | 2013 - 14 |
|---|---------------|---------------|
| Provision for Depreciation on Investments | (94.81) | 213.24 |
| Provision for Bad & Doubtful Debts | 467.03 | 189.47 |
| Provision for Standard Assets | 29.78 | 40.07 |
| Provision towards sacrifice of Interest on Restructured Advances | 53.63 | 5.93 |
| Provision for Frauds and Other provision | 0.88 | (6.40) |
| Provision for wage revision | 20.00 | Nil |
| Provision for unhedged Foreign Currency Exposure | 4.00 | Nil |
| Provision for Income Tax | 26.51 | Nil |
| Provision for Deferred Tax | (19.34) | (34.11) |
| Total | 487.68 | 408.20 |

SCHEDULES

5.2 Movement of Floating Provision/Counter Cyclical Buffer

(₹ in crore)

| Particulars | 2014 - 15 | 2013 - 14 |
|--|-----------|-----------|
| Floating Provision at the beginning of the year | 18.69 | 18.69 |
| Floating Provision made during the year | Nil | Nil |
| Amount transferred to counter cyclical buffer as per RBI guidelines* | 9.00 | Nil |
| Floating Provision at the end of the year | 9.69 | 18.69 |

* Pursuant to RBI/2014-15/522 DBR.NO.BP.BC./79/21.04.048/2014-15 dated March 30, 2015, Bank has withdrawn 50 % of the floating provision for making specific provision.

5.3 Draw Down from Reserves

General Reserve

The Bank has withdrawn an amount of ₹ 30.00 crore from the General Reserve and appropriated the same to Special Reserve u/s 36(1)(viii) of the Income Tax Act.

5.4. Disclosure of Complaints

(A) Customer Complaints as on 31.03.2015

| | | |
|-----|--|-----|
| (a) | No. of complaints pending at the beginning of the year | 23 |
| (b) | No. of complaints received during the year (*) | 357 |
| (c) | No. of complaints redressed (*) | 348 |
| (d) | No. of complaints pending at the end of the year | 32 |

(*) - Includes 20 complaints relating to ATM transactions

(B) Awards passed by Banking Ombudsman

| | | |
|-----|---|-----|
| (a) | No. of unimplemented awards at the beginning of the year | NIL |
| (b) | No. of awards passed by the banking ombudsman during the year | NIL |
| (c) | No. of awards implemented during the year | NIL |
| (d) | No. of unimplemented awards at the end of the year | NIL |

Note : The above data has been compiled on the basis of the guidelines of RBI and certain assumptions made by management and have been relied upon by auditors.

5.5 Disclosure of Letter of Comfort (LOCs) :

The amount of Letter of comfort issued during the year 2014-15 was ₹ 2058.46 crore (Previous year ₹ 1648.81 crore) and outstanding as on 31.03.2015 was ₹ 948.61 crore (Previous year ₹ 773.12 crore)

5.6 Provision Coverage Ratio (PCR)

The Provision Coverage Ratio as on 31.03.2015 was 75.20 %

5.7 Bancassurance Business:

The bank has received an amount of ₹ 8.68 crore (Life Insurance - ₹ 6.08 crore and Non Life Insurance - ₹ 2.60 crore) towards fee/remuneration in respect of the bancassurance business undertaken during 01.04.2014 to 31.03.2015.

SCHEDULES

5.8.1 Concentration of Deposits:

(₹ in crore)

| Particulars | As on 31.03.2015 | As on 31.03.2014 |
|---|---------------------|---------------------|
| Total Deposits of twenty largest depositors | 3999.17 | 5241.34 |
| Percentage of Deposits of twenty largest depositors to Total Deposits of the bank | 8.95 % | 11.98% |

5.8.2 Concentration of Advances

(₹ in crore)

| Particulars | As on 31.03.2015 | As on 31.03.2014 |
|--|---------------------|---------------------|
| Total Advances to Twenty Largest Borrowers | 3830.96 | 5291.96 |
| Percentage of Advances to Twenty Largest Borrowers to Total Advances of the bank | 10.44% | 11.57% |

5.8.3 Concentration of Exposures

(₹ in crore)

| Particulars | As on 31.03.2015 | As on 31.03.2014 |
|--|---------------------|---------------------|
| Total Exposures to Twenty Largest Borrowers / Customers | 5889.34 | 5420.11 |
| Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers | 12.72% | 11.82% |

5.8.4 Concentration of NPAs

(₹ in crore)

| Particulars | As on 31.03.2015 | As on 31.03.2014 |
|---|---------------------|---------------------|
| Total Exposure to top four NPA Accounts | 323.34 | 157.51 |

5.9 Sector-wise Advances

(₹ in crore)

| Sl. No. | Sector* | As on 31.03.2015 | | | As on 31.03.2014 | | |
|----------|---|----------------------------|------------|---|----------------------------|------------|---|
| | | Outstanding Total Advances | Gross NPAs | Percentage of Gross NPAs to Total Advances in that sector | Outstanding Total Advances | Gross NPAs | Percentage of Gross NPAs to Total Advances in that sector |
| A | Priority Sector | | | | | | |
| 1 | Agriculture and allied Activities | 6477.81 | 29.22 | 0.45% | 6259.7 | 8.4 | 0.13% |
| 2 | Advances to industries sector eligible as priority sector lending | 2518.18 | 37.35 | 1.48% | 1977 | 40.36 | 2.04% |
| 3 | Services | 4383.03 | 40.90 | 0.93% | 2933.51 | 16.65 | 0.57% |
| 4 | Personal Loans | 953.68 | 28.21 | 2.96% | 854.5 | 10.7 | 1.25% |
| | Sub total (A) | 14332.70 | 135.68 | 0.95% | 12024.71 | 76.11 | 0.63% |

SCHEDULES

5.9 Sector-wise Advances

(₹ in crore)

| Sl. No. | Sector* | As on 31.03.2015 | | | As on 31.03.2014 | | |
|----------|-----------------------------------|----------------------------|---------------|---|----------------------------|---------------|---|
| | | Outstanding Total Advances | Gross NPAs | Percentage of Gross NPAs to Total Advances in that sector | Outstanding Total Advances | Gross NPAs | Percentage of Gross NPAs to Total Advances in that sector |
| B | Non Priority Sector | | | | | | |
| 1 | Agriculture and allied Activities | Nil | Nil | Nil | Nil | Nil | Nil |
| 2 | Industry | 10098.42 | 416.48 | 4.12% | 10034.12 | 154.86 | 1.54% |
| 3 | Services | 7786.97 | 57.53 | 0.74% | 8731.5 | 27.34 | 0.31% |
| 4 | Personal Loans | 4472.68 | 68.09 | 1.52% | 3435.65 | 20.87 | 0.61% |
| | Subtotal (B) | 22358.07 | 542.10 | 2.42% | 22201.27 | 203.07 | 2.46% |
| | Total (A+B) | 36690.77 | 677.78 | 1.85% | 34225.98 | 279.18 | 0.82% |

The above data has been furnished by the management and have been relied upon by the auditors.

5.10 (i) Movement of NPAs

(₹ in crore)

| Particulars | 2014 - 15 | 2013 - 14 |
|--|-----------|-----------|
| Gross NPAs as on the beginning of the year | 279.18 | 285.86 |
| Additions (Fresh NPA) during the year | 619.23 | 147.83 |
| Sub-total (A) | 898.41 | 433.69 |
| Less : | | |
| (i) Up gradations | 3.54 | 2.97 |
| (ii) Recoveries (excluding recoveries made from upgraded accounts) | 66.17 | 82.38 |
| (iii) Technical/Prudential write-offs | 150.92 | 69.16 |
| (iv) Write off other than those (iii) above | Nil | Nil |
| Sub-total (B) | 220.63 | 154.51 |
| Gross NPAs as at the end of the year | 677.78 | 279.18 |

SCHEDULES

(ii) Movements in Technical write off:

(₹ in crore)

| Particulars | 2014 - 15 | 2013 - 14 |
|---|---------------|---------------|
| Opening balance of Technical/prudential write-off accounts as at beginning of the year | 280.64 | 152.60 |
| Add: Technical/prudential write-offs during the year | 178.27 | 179.92 |
| Sub-total (A) | 458.91 | 332.52 |
| Less: Recoveries / Sale made from previously technical/prudential written -off accounts during the year (B) | 3.53 | 51.88 |
| Closing balance (A-B) | 455.38 | 280.64 |

5.11 Overseas Asset, NPAs and Revenue: NIL

5.12 Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms) : Nil

5.13 Unamortised Pension and Gratuity Liabilities

In accordance with the guidelines issued by Reserve Bank of India vide their Circular No. DBOD.BP.BC.80/21.04.018/2010-11 dated 09.02.2011, the Bank has debited Profit & Loss Account a sum of ₹ 14.44 crore during the year ended 31.03.2015 on proportionate basis towards unamortized liability of ₹ 28.87 crore (being amortized over 5 years beginning from 31.03.2011) on account of reopening of pension option during 2010-11 for existing employees who had not opted for pension earlier. Thus the entire unamortized amount has been debited to P&L account over a period of 5 years and balance is nil as on 31.03.2015.

The Bank has debited Profit & Loss Account a sum of ₹ 2.46 crore during the year ended 31.03.2015 on proportionate basis towards unamortized liability (being amortized over 5 years beginning from 31.03.2011) on account of gratuity liability arising out of wage settlement limit. Thus the entire unamortized amount has been debited to P&L account over a period of 5 years and balance is nil as on 31.03.2015.

5.14 Disclosures on Remuneration:

Qualitative Disclosure:

(a) Information relating to the composition and mandate of the Compensation & Remuneration Committee:

The Compensation & Remuneration Committee (CRC) of the Board consists of six Directors. The Composition complies with both RBI guidelines and the provisions of Companies Act, 2013.

The Mandate of the Remuneration committee includes:

Determining the Bank's policies on remuneration packages payable to Non-Executive Chairman, MD & CEO/WTD and the President. Positions up to the General Manager level are covered under the salary and other emoluments as per IBA package under Bipartite settlements.

Considering granting of Employees Stock Options and administering and supervising the Employee Stock Option Scheme with particular reference to quantum of options to be granted, grant price, vesting period, exercise period etc.

Prescribing procedures for making fair and reasonable adjustments to the number of options granted in case of any corporate actions such as rights issue, bonus issue, mergers etc., including conditions under which the options shall lapse due to the reasons specified in the ESOS of the Bank.

SCHEDULES

Complying with the applicable laws regarding compensation / remuneration payable to the persons covered under the compensation policy as also the Regulations governing ESOS in terms of SEBI Regulations and other applicable laws in connection therewith.

(b) **Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:**

The Compensation Policy approved by the Board, is in alignment with the RBI guidelines contained in its circular DBODNo.BC.72/29.67.001/2011-12 dated 13.01.2012.

CRC is entrusted with the responsibility of recommending to the Board an appropriate compensation payable to the Non-Executive Chairman, MD & CEO/WTD and the President and COO in the light of the guidance from the regulator from time to time, bank's own requirement as also taking into account the prevailing market practices of payment of compensation, the cost to income ratio and the capital adequacy ratios which should support the remuneration packages. CRC shall working close co-ordination with the Risk Management and ALM Committee of the Board in order to achieve effective alignment between remuneration and risks.

(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:**

The Committee would be taking into account the following factors while reviewing or making recommendation for reviewing the remuneration for the persons covered under the Policy:

For MD & CEO/WTD, the compensation payable is divided into fixed and variable components. The fixed component represented a significant proportion of total remuneration taking into account all relevant factors including the prevalent industry practice. Approval of RBI is obtained for the fixed compensation payable to MD & CEO/WTD.

For the Non-Executive Chairman of the Bank, only fixed pay/honorarium is payable apart from the sitting fees payable for attending the Board or Board Committee Meetings.

For the President, compensation payable is only fixed pay taking into account the industry practices, experience, performance and potential risk taking etc. apart from perquisites and other allowances applicable to the General Manager Cadre or such higher quantum as may be recommended by the CRC. President is also eligible for Employee Stock Options as may be decided by the CRC as per the SEBI guidelines.

(d) **Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:**

Bank would ensure that the compensation is adjusted to all types of risk, symmetrical with risk outcomes as well as sensitive to the time horizon of risk.

The variable pay could be in cash, stock linked instruments or a mix of both. Variable pay shall relate to the performance of the Bank.

Variable pay is considered only for MD & CEO/WTD of the Bank. Variable pay shall not exceed 40% of the fixed pay in any year. This is payable on the basis of achievement of certain business targets such as reaching business figures including net profits and other qualitative factors taking into account the extraordinary items, appropriate risk management and efficient consumption of capital and comparison of results with the industry performance (bench marking).

In the event of negative contributions of the bank and or the relevant line of business in any year, the deferred compensation shall be subjected to malus and clawback arrangements in tune with the RBI guidelines.

SCHEDULES

- (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:**

Presently no variable remuneration is being paid to the President & COO.

For MD & CEO/WTD: If the variable pay is significant, then the bank would defer the payment over a period of three years.

- (f) **Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms:**

The Bank has paid only fixed remuneration to MD & CEO for the year 2013-14 as per RBI approval. For the year under report CRC has not recommended variable pay.

MD & CEO has been granted 5000 options under KVBESOS 2011 at a price of ₹ 275/- per option. Vesting period was over on 31.03.2014. The options were fully exercised as on 31.03.2015.

Apart from MD & CEO, no other executive or employee is eligible for variable pay.

The Bank shall not grant any severance pay (other than the terminal benefits and gratuity as per the provisions) to the WTD/MD & CEO or any other executive.

Bank shall not provide any facility or funds or permit MD/WTD to insure or hedge his/her compensation structure to offset the risk alignment effects embedded in the compensation package.

Quantitative Disclosures:

- (g) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.

During the fiscal 2014-15, one meeting was held on 28.05.2014. The members were paid sitting fees for having attended the meeting. Amount of sitting fees paid was ₹ 5000/- per member/per sitting. Aggregate amount paid for the fiscal was at ₹ 25000/-.

- (h) Number of employees having received a variable remuneration award during the financial year 2014-15: **Nil**

Number and total amount of sign-on awards made during the financial year: **Nil**

Details of guaranteed bonus, if any, paid as joining / sign on bonus: **Nil**

Details of severance pay, in addition to accrued benefits, if any: **Nil**

- (i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms: **Nil**

Total amount of deferred remuneration paid out in the financial year: **Nil**

- (j) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred: **Nil**

- (k) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments : **Nil**

Total amount of reductions during the financial year due to ex-post explicit adjustments: **Nil**

Total amount of reductions during the financial year due to ex-post implicit adjustments: **Nil**

SCHEDULES

5.15 Disclosures relating to Securitisation

The bank has not sponsored any SPVs for Securitization transactions.

5.16 Credit Default Swaps

Bank has not initiated any trade in Credit Default Swaps.

5.17 Provision for Unhedged forex Exposure :

The Bank has made a provision of ₹ 4.00 crore towards unhedged forex exposure for its clients for the year ended 31.03.2015.

5.18 During the financial year 2014-15, the Bank had allotted 1029775 shares pursuant to the exercise of stock options by certain employees.

5.19 The Bank issued 13412015 shares having face value of ₹ 10/- at a price of ₹ 466 as Qualified Investors placement with necessary approval from SEBI and the expenses of QIP issue of ₹ 7.78 crore was netted off against the share premium.

5.20 Pending final settlement of wage revision of employees, an expenditure of ₹ 20 crore is provided during the year apart from adhoc payment made to employees.

5.21 Transfers to Depositor Education and Awareness Fund (DEAF) :

Unclaimed liabilities where amount due has been transferred to DEAF may be reflected as "Contingent Liability - Others, items for which the bank is contingently liable" under Schedule 12 of the annual financial statements. Banks are also advised to disclose the amounts transferred to DEAF under the notes to accounts as per the format given below.

(₹ in crore)

| Particulars | Current Year | Previous Year |
|---|--------------|---------------|
| Opening balance of amounts transferred to DEAF | Nil | Nil |
| Add : Amounts transferred to DEAF during the year | 50.36 | Nil |
| Less : Amounts reimbursed by DEAF towards claims | Nil | Nil |
| Closing balance of amounts transferred to DEAF | 50.36 | Nil |

SCHEDULES

6. Liquidity Coverage Ratio (LCR)

(₹ in crore)

| | Current year | | Previous Year | |
|--|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
| | 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) | | 4596.34 | | |
| Cash Outflows | | | | |
| 2. Retail deposits and deposits from small business customers, of which: | 27318.34 | 2593.07 | NA | NA |
| (i) Stable deposits | 2775.27 | 138.76 | NA | NA |
| (ii) Less stable deposits | 24543.07 | 2454.31 | NA | NA |
| 3. Unsecured wholesale funding, of which: | 4484.86 | 568.81 | NA | NA |
| (i) Operational deposits (all counter parties) | 0 | 0 | NA | NA |
| (ii) Non-operational deposits (all counter parties) | 4484.86 | 568.81 | NA | NA |
| (iii) Unsecured debt | 0 | 0 | NA | NA |
| 4. Secured wholesale funding | | | | NA |
| 5. Additional requirements, of which | 3088.06 | 318.62 | NA | NA |
| (i) Outflows related to derivative exposures and other collateral requirements | 0 | 0 | NA | NA |
| (ii) Outflows related to loss of funding on debt products | 0 | 0 | NA | NA |
| (iii) Credit and liquidity facilities | 3088.06 | 318.62 | NA | NA |
| 6. Other contractual funding obligations | 0 | 0 | NA | NA |
| 7. Other contingent funding obligations | 321.12 | 16.06 | NA | NA |
| 8. Total Cash Outflows | | 3496.56 | | NA |
| Cash Inflows | | | | |
| 9. Secured lending (e.g. reverse repos) | 33.33 | 0 | NA | NA |
| 10. Inflows from fully performing exposures | 0 | 0 | NA | NA |
| 11. Other cash inflows | 2139.12 | 1264.39 | NA | NA |
| 12. Total Cash Inflows | 2172.45 | 1264.39 | NA | NA |
| | | Total Adjusted Value | NA | NA |
| 13. TOTAL HQLA | | 4596.34 | | NA |
| 14. Total Net Cash Outflows | | 2232.17 | | NA |
| 15. Liquidity Coverage Ratio (%) | | 205.91% | | NA |

Note - The disclosure requirement of Liquidity Coverage Ratio is applicable from financial year 2014-15 only. Accordingly, previous year figures are not applicable.

The LCR has been calculated after taking into account of additional 5% of NDTL to avail liquidity for maintain to minimum LCR stipulated RBI.

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6.1 Qualitative disclosure around LCR

The LCR promotes short term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days.

Objective:

The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario specified by supervisors. At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken.

The LCR requirement is binding on banks from January 1, 2015; with a view to provide a transition time for banks, the requirement has been fixed at minimum 60% for the calendar year 2015 i.e. with effect from January 1, 2015 and rise in equal steps to reach the minimum required level of 100% from January 1, 2019 as per the time line given below:

| | January 1, 2015 | January 1, 2016 | January 1, 2017 | January 1, 2018 | January 1, 2019 |
|-------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Minimum LCR | 60% | 70% | 80% | 90% | 100% |

Composition of HQLA:

- Cash in hand
- Excess CRR balance as on that particular day
- Excess Government Securities in excess of minimum SLR requirement
- Government Securities within the mandatory SLR requirement to the extent allowed by RBI under MSF (Presently to the extent of 2% of NDTL as allowed for MSF)
- Facility to avail liquidity for liquidity coverage ratio at 5% of NDTL
- From the above deduct the borrowings under REPO transactions
- AAA rated bonds and AA- & above bonds and adding marketable securities representing claims guaranteed by sovereigns having risk weights higher than 20% but not higher than 50%
- Common equity shares not issued by the bank and included in NSE CNX Nifty and / or S & P BSE Sensex indices.

6.2 The Bank has recognized the Income Tax Liability of ₹. 103.78 crore on its Book Profits in terms of section 115JB of the Income Tax Act and a sum of ₹. 77.27 crore being MAT credit entitlement under section 115 JAA of the Income Tax act, 1961 has been recognized and treated as an Asset.

6.3 In accordance with the RBI circular DBOD. No. BPBC.2/21.06.201/2013-14 dated 01.07.2013, banks are required to make half yearly Pillar III disclosures under Basel III capital requirements with effect from 30th September, 2013. The disclosures have been made available on the banks web site at the following link http://www.kvb.co.in/footer/pillarIII_disclosures.html

6.4 The bank has incurred an amount of ₹ 1,13,65,543.00 towards Corporate Social Responsibility and is in the process of identifying various projects and its appropriateness for spending in future.

7. Figures of the previous year have been regrouped/rearranged/reclassified wherever necessary.

K.P. KUMAR
Chairman

S. GANAPATHI SUBRAMANIAN
Director

K.K. BALU
Director

Dr. V.G. MOHAN PRASAD
Director

K. L. VIJAYALAKSHMI
Additional Director

K. VENKATESWARA RAO
PRESIDENT & COO

Karur
30th April 2015

G. RAJASEKARAN
Director

N. S. SRINATH
Director

M. K. VENKATESAN
Additional Director

T. SIVARAMA PRASAD
GENERAL MANAGER & CFO

R. KANNAN
COMPANY SECRETARY

K. VENKATARAMAN
MD & CEO

A.J. SURIYANARAYANA
Director

B. SWAMINATHAN
Director

A. K. PRABURAJ
Additional Director

As per our report of even date
For ABARNA & ANANTHAN.,
Chartered Accountants
Firm Regn No. 000003S
(LALITHA RAMESWARAN)
Partner (M.No. 207867)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2015

(000's omitted)

| | AS AT 31.03.2015 ₹ | AS AT 31.03.2014 ₹ |
|--|--------------------------|--------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| NET PROFIT AS PER PROFIT AND LOSS ACCOUNT | 4642846 | 4295995 |
| ADJUSTMENTS FOR | | |
| EXCEPTIONAL ITEMS | (-) 86700 | Nil |
| DEPRECIATION | 813567 | 746858 |
| INTEREST PAID ON TIER II BOND ISSUED | 147900 | 147908 |
| PROVISIONS AND CONTINGENCIES | 4876792 | 4081956 |
| PROVISION FOR LEAVE ENCASHMENT | 88900 | 108149 |
| AMORTIZATION OF HTM SECURITIES | 287446 | 251512 |
| PROVISION FOR ESOP | Nil | 246124 |
| PROVISION FOR IMPAIRMENT OF INVESTMENTS | 126375 | Nil |
| PROFIT/(LOSS) ON SALE OF INVESTMENTS | (-) 710301 | (-) 1037305 |
| PROFIT /(LOSS) ON SALE OF ASSETS | (-) 2589 | 565 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 10184236 | 8841762 |
| INCREASE/(DECREASE) IN OPERATING ASSETS | | |
| PURCHASE AND SALE OF INVESTMENTS | 6420708 | 5007132 |
| FUNDS ADVANCED TO CUSTOMERS | (-) 27229340 | (-) 47182002 |
| OTHER OPERATING ASSETS | 2077166 | 1140795 |
| | (-) 8547230 | (-) 32192313 |
| INCREASE/DECREASE IN OPERATING LIABILITIES | | |
| DEPOSITS FROM CUSTOMERS | 9325857 | 51047049 |
| BORROWINGS FROM BANKS | (-) 3924587 | (-) 7061300 |
| OTHER OPERATING LIABILITIES | 1106475 | 1149086 |
| CASH GENERATED FROM OPERATIONS | (-) 2039485 | 12942522 |
| DIRECT TAXES PAID | (-) 1050000 | (-) 1100000 |
| NET CASH GENERATED FROM OPERATIONS | (-) 3089485 | 11842522 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| PURCHASE OF FIXED ASSETS | (-) 1028206 | (-) 1379628 |
| SALE OF FIXED ASSETS / OTHER ASSETS | 5045 | 249494 |
| NET CASH GENERATED FROM INVESTING ACTIVITIES | (-) 1023161 | (-) 1130134 |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2015

(000's omitted)

| | AS AT 31.03.2015 ₹ | AS AT 31.03.2014 ₹ |
|--|--------------------------|-----------------------------|
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| PROCEEDS FROM SHARE CAPITAL | 144485 | Nil |
| PROCEEDS FROM SHARE PREMIUM | 6510296 | Nil |
| INTEREST PAID ON TIER II BOND ISSUED | (-) 147900 | (-) 147908 |
| DIVIDEND PAID (incl Dividend Distribution Tax) | (-) 1684735 | (-) 1743314 |
| | <u>4822146</u> | <u>(-) 1891222</u> |
| NET CASH FLOW FROM FINANCING ACTIVITIES | | |
| CASH FLOW FROM OPERATING ACTIVITIES | (-) 3089485 | 11842522 |
| CASH FLOW FROM INVESTING ACTIVITIES | (-) 1023161 | (-) 1130134 |
| CASH FLOW FROM FINANCING ACTIVITIES | 4822146 | (-) 1891222 |
| | <u>709500</u> | <u>8821166</u> |
| INCREASE IN CASH & CASH EQUIVALENT | | |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING | 26781364 | 17960198 |
| | <u>27490864</u> | <u>26781364</u> |
| CASH AND CASH EQUIVALENTS AT THE END | | |
| Karur 30th April, 2015 | | K. Venkataraman MD & CEO |

AUDITORS' CERTIFICATE

We have verified the cash flow statement of the Karur Vysya Bank Limited for the year ended 31.3.2015. The statement has been prepared by the Bank in accordance with the requirements of listing agreement, clause 32, with the Stock Exchange and is based on and in agreement with corresponding Profit & Loss account and Balance Sheet of the Bank covered by the report of 30th April 2015 to the shareholders of the Bank.

For **Abarna & Ananthan**
Chartered Accountants,
Firm Reg No. 000003S

Karur
30th April, 2015

(**Lalitha Rameswaran**)
Partner (M.No. 207867)

BASEL III - PILLAR DISCLOSURES

PILLAR III DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (31.03.2015) (BASEL III)

1. SCOPE OF APPLICATION (DF 1)

Karur Vysya Bank Limited is a scheduled commercial bank which was incorporated on June 22, 1916 at Karur. The Bank has no subsidiaries. As on March 31, 2015, the Bank does not have investment in any insurance entity.

2. CAPITAL ADEQUACY AND CAPITAL STRUCTURE (DF 2)

Under Basel III banks are required to maintain a minimum Pillar 1 Capital to Risk-weighted Assets Ratio (CRAR) of 9% on an on-going basis (other than capital conservation buffer, counter cyclical capital buffer etc.).

Capital funds are classified into Tier-I and Tier-II capital under the capital adequacy framework.

Tier-I Capital:

The Bank's Tier I capital consists of Common Equity Tier I and Additional Tier I capital. Common Equity Tier 1 (CET1) capital must be at least 5.5% of risk-weighted assets (RWAs) i.e. for Credit risk + Market risk + Operational risk on an ongoing basis and Additional Tier I capital can be a maximum of 1.5%, thus making total Tier I capital to be at least 7%.

In addition to the minimum Common Equity Tier 1 capital of 5.5% of RWAs, banks are also required to maintain a Capital Conservation buffer (CCB) of 2.5% of RWAs in the form of Common Equity Tier 1 capital progressively from Financial Year 2016.

Tier-I capital includes paid-up equity capital, share premium, statutory reserves, capital reserves, other

disclosed free reserves and balance in Profit and Loss account at the end of the previous financial year. Profits in current financial year may be included in Tier I on fulfillment of certain conditions regarding incremental provisions for non-performing assets.

Equity Capital

The Bank has authorized share capital of ₹ 200 crore comprising 20,00,00,000 equity shares of ₹10/- each. As on March 31, 2015 the Bank has issued subscribed and paid-up capital of ₹ 121.63 crore constituting 12,16,29,609 shares of ₹ 10/- each.

Tier-II Capital:

The Bank's Tier II capital includes general provision for standard assets and subordinated debt instruments (lower Tier II bonds) eligible for inclusion in Tier II capital.

Provisions or loan-loss reserves held against future, presently unidentified losses, which are freely available to meet losses which subsequently materialize, will qualify for inclusion within Tier II capital. Tier II capital will also include debt capital instruments issued by banks and premium, if any and Revaluation Reserves.

Tier II Subordinated Debt (Lower II bonds)

As on March 31, 2015, the Bank had an outstanding subordinated debt (Unsecured Redeemable Non-convertible subordinated lower Tier II Bonds) aggregating ₹ 150 crore, the details of which are stated below:

| Issue Series | Deemed Date of Allotment | Coupon Rate (% p.a) | Tenor (in Months) | Equivalent Amount as on 31st March 2015 (₹ in crore) |
|--------------|--------------------------|---------------------|-------------------|--|
| I | September 25, 2009 | 9.86 | 120 | 150.00 |

BASEL III - PILLAR DISCLOSURES

Composition of Capital - Tier I and Tier II:

Particulars as on March 31, 2015 (₹ in crore)

| | | |
|-----|--|---------|
| 1. | Tier I capital | |
| 1.1 | Paid-up share capital | 121.63 |
| 1.2 | Reserves | 4071.40 |
| 1.3 | Gross Tier I capital (1.1 + 1.2) | 4193.03 |
| 1.4 | Deductions | 7.27 |
| 1.5 | Total Tier I capital (1.3 - 1.4) | 4185.76 |
| 2. | Tier II capital | |
| 2.1 | Subordinated Debt (Lower Tier II bonds) | 150.00 |
| 2.2 | General Provisions/IRA and Revaluation Reserves | 201.94 |
| 2.3 | Investment Reserve | 53.00 |
| 2.4 | Gross Tier II capital (2.1 + 2.2+2.3) | 404.94 |
| 2.5 | Deductions | 79.00 |
| 2.6 | Total Tier II capital (2.4 - 2.5) | 325.94 |
| 3. | Debt capital instruments eligible for inclusion in Upper Tier II capital | - |
| 3.1 | Total amount outstanding | - |
| 3.2 | Of which amount raised during the current year | - |
| 3.3 | Amount eligible to be reckoned as capital funds | - |
| 4. | Subordinated debt eligible for inclusion in Lower Tier II capital | - |
| 4.1 | Total amount outstanding | - |
| 4.2 | Of which amount raised during the current year | - |
| 4.3 | Amount eligible to be reckoned as capital funds | - |
| 5. | Other deductions from capital | - |
| 5.1 | Other deductions from capital | - |
| 6. | Total eligible capital | 4511.70 |
| 6.1 | Total eligible capital (1.5 + 2.6) | 4511.70 |

2.1 CAPITAL ADEQUACY ASSESSMENT PROCESS

The Bank has a process for assessing its overall capital adequacy in relation to the Bank's risk profile and a strategy for maintaining its capital levels. The process ensures that the Bank has adequate capital to support all the material risks and an appropriate capital cushion. The Bank identifies, assesses and manages comprehensively all risks that it is exposed to through robust risk management framework, control mechanism and an elaborate process for capital calculation and planning.

The Bank has formalized and implemented a comprehensive Internal Capital Adequacy Assessment Process (ICAAP). The Bank's ICAAP covers the process for assessment of the adequacy of capital to support current and future projections / risks.

The Bank has a structured process for the identification and evaluation of all risks that the Bank faces, which may have a material impact on its financial position. The Bank considers the following risks as material risks it is exposed to in the normal course of its business and therefore, factors these while assessing / planning capital:

- Credit Risk
- Market Risk
- Operational Risk
- Liquidity Risk
- Interest Rate Risk in the Banking Book
- Concentration Risk
- Strategic Risk
- Reputational Risk

The Bank has also implemented a Board approved Stress Testing policy. Stress Testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible ("stressed") business conditions. Typically, this relates, among other things, to the impact on the Bank's profitability and capital adequacy. Stress Tests are conducted on the Bank's on and off balance sheet exposures to test the impact of Credit, 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

BASEL III - PILLAR DISCLOSURES

extreme market moves that could arise as a result of market conditions. The stress tests are used in conjunction with the Bank's business plans for the purpose of capital planning in the ICAAP. In line with the RBI guidelines for implementing the New Capital Adequacy Framework under Basel III, the Bank has successfully migrated to the framework from April 1, 2013. The Bank has continued parallel run of Basel II framework continuously tracking the exposures and studied the impact on Bank's Capital to Risk weighted Assets Ratio (CRAR).

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 March 31, 2015. 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 9% with regard to credit risk, market risk and operational risk.

2.2 Capital Adequacy as on March 31, 2015

The total Capital to Risk weighted Assets Ratio (CRAR) as per Basel III guidelines works out to 14.62% as on March 31, 2015 (as against minimum regulatory requirement of 9%). The Tier I CRAR stands at 13.56%. The Bank has followed the RBI guidelines in force, to arrive at the eligible capital, risk weighted assets and CRAR.

Capital requirements for Credit Risk, Market Risk and Operational Risk:

Particulars as on March 31, 2015

(₹ in crore)

| | |
|---|---------|
| 1. Capital requirement for Credit Risk | 2393.01 |
| -Portfolio subject to Standardized Approach | 2393.01 |
| -Securitization exposures | 0.00 |
| 2. Capital requirement for Market Risk | 151.16 |
| Standardised Duration Approach | |
| - Interest Rate Risk | 75.79 |
| - Foreign Exchange Risk (Including gold) | 0.09 |
| - Equity Risk | 75.28 |

| | |
|--|---------|
| 3. Capital requirement for Operational Risk | |
| Basic Indicator Approach | 233.72 |
| Total capital requirements at 9% (1 + 2 + 3) | 2777.89 |
| Total capital | 4511.70 |
| CRAR % | 14.62% |
| Tier-I CRAR % | 13.56% |

3. RISK EXPOSURE AND ASSESSMENT

The Bank is exposed to various types of risk such as Credit, Market, Operational, Liquidity, Interest Rate, Reputational, Legal and Strategic risk. The Bank has separate and independent Risk Management Department in place which oversees all types of risks in an integrated fashion.

The objective of risk management is to have optimum balance between risk and return. It entails the identification, measurement and management of risks across the various businesses of the Bank. Risk is managed through framework defined in policies approved by the Board of Directors and supported by an independent risk management function which monitors and takes corrective action so that the Bank operates within its risk appetite. The risk management function attempts to anticipate vulnerabilities through quantitative or qualitative examination of the embedded risks in various activities. The Bank continues to focus on refining and improving its risk management systems. In addition to ensuring compliance with regulatory requirements, the Bank has developed robust internal systems for assessing capital requirements keeping in view the business objectives.

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

BASEL III - PILLAR DISCLOSURES

specific risk areas. These committees in turn provide inputs for review by the Risk Management Committee (RMC) of the Board.

3.1 Risk Management Committee (RMC) of the Board:

The Risk Management Committee of the Board is the primary tier to oversee implementation of Board approved strategies and policies, recommend setting up of tolerance limits wherever required, monitor implementation of strategies and

policies, as well as adherence to prescribed tolerance limits etc. The RMC oversees the functioning of Executive level Committees for risk management.

3.2 Executive Level Committees:

At Executive Management level, the organizational responsibilities for implementing and monitoring Board approved strategies and policies and adhering to prescribed tolerance limits etc. are as under:

| Sr.No | Executive Level | Committee Focus Area | Chairman |
|-------|--|--|-------------------------|
| 1 | Asset Liability Management Committee (ALCO) | All aspects of Asset Liability Management, Monitoring & Control, Interest rate review etc. | Chief Operating Officer |
| 2 | Credit Risk Management Committee (CRMC) | All aspects of Credit Risk Management, Monitoring & Control. | MD & CEO |
| 3 | Market Risk Management Committee (MRMC) | All aspects of Market Risk Management, Monitoring & Control. | Chief Operating Officer |
| 4 | Operational Risk Management Committee (ORMC) | All aspects of Operational Risk Management, Monitoring & Control. | Chief Operating Officer |

4. CREDIT RISK (DF 3)

4(a) Credit risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. In a bank's portfolio, losses stem from outright default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions.

The Bank adopts the definition of 'past due' and 'impaired credits' (for accounting purposes) as defined by Reserve Bank of India under Income Recognition, Asset Classification and Provisioning (IRAC) norms.

4(a)(1) Credit Risk Management

Credit Risk Management Committee (CRMC) headed by MD & CEO is the top-level functional committee for managing credit risk. The committee is responsible for implementation of Credit Risk Management 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 Committee also oversees compliance with Pillar II requirements under Basel II such as ICAAP and Stress Test.

The Bank adopts an integrated approach to credit risk management, which encompasses:

- Establishment and articulation of corporate priorities
- Institution and inculcation of an appropriate credit culture
- Determination of specific credit risk strategy and profile
- Implementation of appropriate credit risk controls
- Monitoring the effectiveness of credit risk controls

The Bank has implemented the Standardized approach for regulatory capital measurement for credit risk.

4(a)(2) Credit risk Strategy and Risk Profile:

The bank adopts a credit risk strategy and risk appetite, which is in line with its risk taking ability to ensure conservation and growth of shareholder funds, with a proper balance between risk and reward. Financial resources are allocated to optimize the risk reward ratio.

There is a clearly articulated definition of acceptable credit risk, based upon:

- Identification of target markets/segments

BASEL III - PILLAR DISCLOSURES

- Establishing of characteristics of desirable customers within the target market
- Assessing whether adequate resources are available to support the business
- Ensuring that all economic and regulatory requirements are complied with
- Ensuring that the portfolio is consistent with the Bank's strategy and objectives especially in relation to risk concentration, maturity profile and liquidity management

4(a)(3) Credit Risk Controls:

Credit risk controls focus on identification, measuring, monitoring and managing the assumed risks and include:

- A documented credit policy and credit risk management policy
- Approval process with delegated authorities
- Asset quality and risk rating system and its verification
- Effective loan disbursement mechanism to minimize the legal risk
- Effective loan administration to ensure past-due management and bad loan detection
- A loan review mechanism
- Portfolio management tools to manage portfolio risks

Management of credit risk is at three levels:

- Strategic or Portfolio level, so as to ensure that no single event can have a significant adverse impact
- Established credit policy to have a minimum standard for assuming risk
- Reliance on the competence of trained staff to make sound credit decisions

The Bank relies upon formal and conventional credit risk assessment, viz.:

- The ability and willingness of borrowers to repay.
- Dependence primarily on cash flows for repayment with security taken to provide a secondary source of repayment.

- Quality of data and analysis thereof forms the basis of assessment and not external reputation or unsubstantiated beliefs.
- Rational assessment of probability of default and assessment of 'Worst Case Scenario'.
- Transparency and communication of all relevant facts (negative as well as positive) necessary for making an informed credit decision.
- Documentation of all assessment, rationale and decisions.
- Know Your Customers (KYC) forms the bedrock of initiating and sustaining any relationship.

4(b) Total gross credit risk exposure as on March 31, 2015:

| Category Domestic | (₹ in crore) |
|-------------------|--------------|
| Fund based | 36690.77 |
| Non fund based | 4609.43 |
| Total | 41300.20 |

Note:

1. Fund based credit exposure excludes Cash in hand, Balance with RBI, SLR investments shares, deposits placed with NABARD, SIDBI & NHB, Fixed and Other assets.
2. Non-fund based exposure includes outstanding Letter of Credit, Acceptances and Bank Guarantee exposures.

Exposures reported above include limits or outstanding whichever is higher, for other than term loans and NPAs. In case of term loans and NPAs, the outstanding amount has been considered for this purpose.

BASEL III - PILLAR DISCLOSURES

4(c) Geographical Distribution of Credit:

(₹ in crore)

| STATE | Fund Based |
|----------------|------------|
| ANDHRA PRADESH | 4591.19 |
| CHANDIGARH | 38.12 |
| CHHATTISGARH | 14.16 |
| DELHI | 2014.54 |
| GOA | 37.84 |
| GUJARAT | 1141.28 |
| HARYANA | 167.05 |
| JHARKHAND | 23.23 |
| KARNATAKA | 1739.68 |
| KERALA | 427.77 |
| MADHYA PRADESH | 107.21 |
| MAHARASHTRA | 3365.99 |
| ORISSA | 135.18 |
| PONDICHERY | 171.57 |
| PUNJAB | 292.28 |
| RAJASTHAN | 137.16 |
| TAMIL NADU | 16549.25 |
| TELANGANA | 3756.82 |
| UTTAR PRADESH | 371.68 |
| WEST BENGAL | 1608.77 |
| TOTAL | 36690.77 |

BASEL III - PILLAR DISCLOSURES

4(d) Industry wise distributions of exposures as on March 31, 2015.

(₹ in crore)

| Industry | Exposure | |
|--|------------|----------------|
| | Fund Based | Non fund based |
| MINING & QUARRYING | 210.32 | 6.01 |
| FOOD PROCESSING | 1317.87 | 97.19 |
| BEVERAGES & TOBACCO | 77.25 | 0.13 |
| TEXTILES | 2771.02 | 164.83 |
| LEATHER AND LEATHER PRODUCTS | 11.41 | 0.62 |
| WOOD AND WOOD PRODUCTS | 220.55 | 143.52 |
| PAPER AND PAPER PRODUCTS | 122.61 | 17.12 |
| PETROLEUM | Nil | Nil |
| CHEMICALS AND CHEMICAL PRODUCTS | 641.02 | 59.36 |
| RUBBER, PLASTIC AND THEIR PRODUCTS | 283.51 | 9.53 |
| GLASS & GLASSWARE | 4.65 | 0.20 |
| CEMENT & CEMENT PRODUCTS | 81.60 | 5.68 |
| BASIC METAL AND METAL PRODUCTS | 1459.13 | 120.40 |
| ALL ENGINEERING | 499.14 | 355.01 |
| VEHICLES, VEHICLE PARTS AND TRANSPORT EQUIP. | 380.08 | 7.25 |
| GEMS AND JEWELLERY | 377.51 | 296.23 |
| CONSTRUCTION | 307.32 | 314.89 |
| INFRASTRUCTURE | 3422.44 | 472.45 |
| OTHER INDUSTRIES | 370.62 | 166.12 |
| OTHERS | 24132.72 | 2372.89 |
| TOTAL | 36690.77 | 4609.43 |

BASEL III - PILLAR DISCLOSURES

4(e) Residual contractual maturity breakdowns of assets* as on March 31, 2015:

(₹ in crore)

| Assets | Day 1 | Day 2 To Day 7 | Day 8 To Day 14 | Day 15 To Day 28 | Over 28 days To 3 Months | Over 3 Months To 6 Months | Over 6 Months To 1 Year | Over 1 Year To 3 Years | Over 3 Years To 5 Years | Over 5 Years | Total |
|---------------------------|----------------|----------------|-----------------|------------------|--------------------------|---------------------------|-------------------------|------------------------|-------------------------|----------------|-----------------|
| Cash | 627.16 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 627.16 |
| Balance with RBI | 298.94 | 32.03 | 27.32 | 36.63 | 219.32 | 127.22 | 284.83 | 308.70 | 233.99 | 496.78 | 2065.76 |
| Balance with other banks | 51.16 | 0.00 | 0.34 | 0.00 | 0.00 | 0.00 | 0.00 | 4.67 | 0.00 | 0.00 | 56.17 |
| Investments | 2145.87 | 201.41 | 196.16 | 196.87 | 1178.87 | 708.79 | 1540.96 | 2275.70 | 1600.41 | 2774.85 | 12819.89 |
| Advances -Performing | 3573.17 | 262.24 | 236.22 | 896.73 | 3094.49 | 3169.98 | 5212.12 | 13438.04 | 2749.49 | 3380.51 | 36012.99 |
| NPA (Gross) Including NPI | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 403.50 | 287.42 | 690.92 |
| Fixed Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 411.17 | 411.17 |
| Other Assets | 443.02 | 23.19 | 23.19 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 620.87 | 1110.27 |
| Total | 7139.32 | 518.87 | 483.23 | 1130.23 | 4492.68 | 4005.99 | 7037.91 | 16027.11 | 4987.39 | 7971.60 | 53794.33 |

* As per ALM guidelines

Advances and Provisions:

(f) Gross NPA

| Particulars as on 31.03.2015 | ₹ in crore |
|------------------------------|---------------|
| i. Substandard | 403.50 |
| ii. Doubtful 1 | 69.04 |
| iii. Doubtful 2 | 11.20 |
| iv. Doubtful 3 | 10.97 |
| v. Loss | 183.07 |
| Total | 677.78 |

| | |
|-------------|--------|
| g) Net NPAs | 280.97 |
|-------------|--------|

| (h) NPA Ratios | |
|-------------------------------------|------|
| i. Gross NPAs to gross advances (%) | 1.85 |
| ii. NPAs to Net Advances (%) | 0.78 |

BASEL III - PILLAR DISCLOSURES

(₹ in crore)

| | |
|---------------------------------|--------|
| (i) Movement of NPAs(Gross) | |
| i. Opening balance | 279.18 |
| ii. Additions during the year | 619.24 |
| iii. Reductions during the year | 220.63 |
| iv. Closing balance | 677.78 |

| | |
|--|------------|
| (j) Movement of provisions for NPAs (excluding provision on Standard Assets) | |
| i. Opening balance | 114.48 |
| ii. Provision made during the year | (+) 494.86 |
| iii. Write-off / write-back of excess provisions | (-) 229.34 |
| iv. Closing balance | 380.00 |

| | |
|--|-------|
| (k) Amount of Non-Performing Investments | 13.14 |
| (l) Amount of provisions held for non-performing investments | 13.14 |

| | |
|---|-------|
| (m) Movement of depreciation on investments | |
| i. Opening balance as on 01.04.2014 | 2.81 |
| ii. Add: Provision made during the year | 10.33 |
| iii. Less: Write-off/ write-back of excess provision during the year (including depreciation utilized on the sale of securities) | Nil |
| iv. Closing balance | 13.14 |

5. CREDIT RISK: Disclosures for portfolio subject to the Standardized Approach (DF 4)

5(a) The Bank has used the ratings of the following domestic external credit rating agencies for the purpose of risk weighting their claims on the domestic entities for capital adequacy purpose:

- i. CRISIL
- ii. CARE
- iii. ICRA
- iv. India Ratings
- v. Brickwork
- vi. SMERA

5(b) A description of the process used to transfer public issuer ratings onto comparable assets in the banking book:

Bank has used short term ratings for assets with maturity upto one year and long-term ratings for assets maturing after one year as accorded by the approved external credit rating agencies. Bank has not cherry picked ratings. Bank has not used one rating of a CRA (Credit Rating Agency) for one exposure and another CRA's rating for another exposure on the same counterparty unless only one rating is available for a given exposure.

Notwithstanding the repayable on demand condition, cash credit exposures have been subjected to long-term rating.

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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 Bank has a policy of choosing (if there are two ratings) lower rating.

Where RW associated with the rating by a CRA for a specific investment instrument is lower than one corresponding to unrated exposure, but the Bank's exposure is not in that instrument but some other debt, the RW for the rated exposure has been applied to Bank's unrated exposure provided the latter ranks pari-passu or senior to the specific rated exposure and the maturity of Bank's claim is not later than the rated exposure.

If either the issuer or a single issue has been rated warranting RW equal or higher than unrated claim, a claim on the same issuer which is unrated but ranks pari-passu or junior to the rated exposure has been assigned the same RW as the rated exposure.

No recognition of CRM technique has been taken into account in respect of a rated exposure if that has already been factored by the CRA while carrying out the rating.

For exposure amounts after risk mitigation subject to the standardized approach, amount of the Bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted as on March 31, 2015 are as follows:

(₹ in crore)

| Particulars | Fund Based | Non Fund Based |
|----------------------------|------------|----------------|
| Below 100% risk weight | 30891.01 | 141.71 |
| 100% risk weight | 7848.23 | 2808.91 |
| More than 100% risk weight | 4383.78 | 76.08 |
| Total | 43123.02 | 3026.70 |

6. CREDIT RISK MITIGATION: Disclosures for Standardized Approach (DF 5)

6.1 The Bank has adopted Credit Risk Mitigation (CRM) Techniques and Collateral Management (CM) guidelines issued by RBI under Master circular - Prudential guidelines on capital Adequacy and Market Discipline - New Capital Adequacy Framework (NCAF).

The Bank has utilized credit risk mitigation in the form of Bank's own deposits, LIC Policies, National Savings 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 credit risk mitigation techniques are as under:

- No transaction in which Credit Risk Mitigation (CRM) techniques are used has been assigned higher capital requirement than as otherwise identical transaction where such techniques are not used
- 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 are made available on claims for which an issue-specific rating is used that already reflects that CRM.
- 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.

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6.2 Eligible Financial Collateral:

The following eligible collateral instruments are used for recognition in the comprehensive approach:

i. Cash (as well as certificates of deposit or comparable instruments, including fixed deposit receipts, issued by the bank) on deposit with the bank which is incurring the counterparty exposure

ii. Gold: Gold would include both bullion and jewellery

iii. Securities issued by Central and State Governments

iv. National Savings Certificates

v. Life insurance policies with a declared surrender value of an insurance company which is regulated by an insurance sector regulator.

vi. Debt securities rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity where these are either:

a) Attracting 100 per cent 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 per cent or lesser risk weight i.e. rated at least PR3/P3/F3/A3 for short-term debt instruments.

vii) Debt securities not rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity where these are:

a) Issued by a bank

b) Listed on a recognized exchange

c) Classified as senior debt

d) All rated issues of the same seniority by the issuing bank are rated at least BBB(-) or CARE A3/ CRISIL A3/ India Ratings and Research Private Limited (India Ratings)A3/ICRA A3/Brickwork A3/SMERA A3 by a chosen Credit Rating Agency; and

e) The bank holding the securities as collateral has no information to suggest that the issue justifies a rating below BBB(-) or CARE A3/ CRISIL A3/ India Ratings and Research Private Limited (India Ratings) A3/ICRA A3/Brickwork A3/SMERA A3 (as applicable) and;

f) Banks should be sufficiently confident about the market liquidity of the security

viii) Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the bank's Operation 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 the instruments listed in this paragraph.

6.3 Total exposure covered by guarantees/credit derivatives - Nil

7. SECURITIZATION EXPOSURES (DF 6)

As per RBI guidelines on Securitization exposure, investments by banks in securitized assets, representing loans to various categories of priority sector, except 'others' category, are eligible for classification under respective categories of priority sector lending (PSL) depending on the underlying assets.

As on March 31, 2015, the Bank does not have any securitization exposure as originator.

8. MARKET RISK IN TRADING BOOK (DF 7)

Market risk refers to the uncertainty of future earnings resulting from changes in interest rates, foreign exchange rates, market prices and volatilities. The Bank assumes market risk in its lending and deposit taking businesses and in its investment activities, including position taking and trading. The market risk is managed in accordance with the investment policies, which are approved by the Board. These policies ensure that operations in securities, foreign exchange and derivatives are conducted in accordance with sound and

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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 Reserve Bank of India prudential guidelines.

Market risk management objectives:

The objectives of market risk management are as follows:

- Management of liquidity
- Management of interest rate risk and exchange rate risk
- Proper classification and valuation of investment portfolio
- Adequate and proper reporting of investments and derivative products
- Compliance with regulatory requirements

Structure and organization of the market risk management function:

The ALCO is the focal point for placing various notes/ reports with regard to liquidity risks.

Strategies and processes:

To comply with the regulatory guidelines and to have independent control groups there is clear functional separation of:

- Trading (Front office)
- Monitoring and control (Middle office) and
- Settlements (Back office)

The strategy/guidelines for controlling market risk include:

- Direct involvement of experienced line management
- Stringent controls and limits
- Strict segregation of front, middle and back office duties
- Comprehensive periodical reporting of positions
- Regular independent reviews of all controls and limits
- Rigorous testing and auditing of all pricing, trading and risk management

The scope and nature of risk reporting and measurement systems:

Reporting - The Bank periodically reports on the various investments and their related risk measures to the senior management and the committees of the Board. The Bank also periodically reports to its regulator in compliance with regulatory requirements.

Measurement - The Bank has devised various risk metrics for measuring market risk. These are reported to Asset Liability Management Committee. Some of the risk metrics adopted by the Bank for monitoring its risks are Value-at-Risk, Earnings at Risk, Modified Duration, Stop Loss limits amongst others.

| Particulars As on March 31, 2015 | (₹ in crore) |
|--|--------------|
| Capital requirements for market risk | |
| Interest Rate Risk | 75.79 |
| Foreign Exchange Risk (Including gold) | 0.09 |
| Equity Risk | 75.28 |
| Capital requirement for Market Risk | 151.16 |

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.

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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. The Bank is taking quantitative and qualitative steps in view of moving towards advanced approaches as prescribed by RBI.

Capital requirement for operational risk as per Basic Indicator Approach (BIA) as on March 31, 2015 is ₹ 233.72 crore.

10. INTEREST RATE RISK IN BANKING BOOK (DF 9)

Interest Rate Risk in the Banking Book (IRRBB):

Interest rate risk is the potential change in Net Interest Income (NII) or Economic Value of Equity (Balance Sheet impact), caused by unexpected changes in market interest rates. Since NII or Net Interest Margin (NIM) of Bank is dependent on the movements of interest rates, any mismatches or gaps in the cash-flows on re-pricing dates exposes Bank's NII or NIM to interest rate risk. Interest Rate Risk in Banking Book results from an unavoidable position or gap arising from Bank's normal day to day business by holding assets and liabilities in different maturities and different re-pricing dates.

Risk management framework and monitoring:

The Board of the Bank, through Asset liability Management Committee, has overall responsibility for management of risks and it sets limits and policies for management of liquidity risk, market risk including foreign exchange, interest rate and equity risk. The Asset Liability Management Committee (ALCO), a strategic decision making body constituted by Board, headed by Chief Operating Officer and comprising of senior executives of the Bank is responsible for deciding the mix and maturity profile of the assets and liabilities, recommendation of risk policies, setting up of prudential limits to manage the risks and ensuring compliance with the limits set by the Board.

The ALM policy of the Bank includes the prudential limits on interest rate risk, liquidity risk, foreign exchange risk and equity risk.

Risk Management Department is monitoring the limits laid down in the ALM Policy through various reports.

Risk measurement and reporting framework:

As a part of its regular activities, ALCO manages the impact of the interest rate risk in banking book, through various limits, reports and tools such as interest rate sensitive gaps, Earnings at risk analysis, duration gap analysis, stress testing etc. detailed as follows:

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.

Earnings at Risk Analysis (EaR):

The gaps in the report indicates whether the Bank is in a position to benefit from rising interest rates by having a positive gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by a negative gap (RSL > RSA). The Bank monitors the Earnings at Risk on NII for 2% change in interest rates on the open periodic gaps.

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.

Duration gap analysis:

Movement in the interest rates also have a long-term

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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 tables show the impact on NII and economic value of equity for a given change in the interest rates. The impact is calculated assuming parallel shifts in the yield curve across all time buckets.

i) Impact on NII:

Changes in interest rates (in bps) (₹ in crore)

| Currency | 100 | 200 |
|----------|--------|--------|
| INR | 128.81 | 257.63 |

ii) Impact on economic value of equity :

Changes in interest rates (in bps) (₹ in crore)

| Currency | 100 | 200 |
|----------|--------|--------|
| INR | 104.37 | 208.73 |

* No major exposure in foreign currencies

11. General disclosures for exposures related to counterparty 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 NPA ratios, liquidity ratios, etc are taken into consideration while assigning the limit. Credit exposure is monitored to ensure it does not exceed the approved credit limit.

Credit exposures on forward contracts

The Bank enters into the forward contracts in the normal course of business for positioning and arbitrage purposes, as well as for its own risk management needs, including mitigation of interest rate and foreign currency risk. Derivative exposures are calculated according to the current exposures method.

Credit exposure as on March 31, 2015

(₹ in crore)

| | Notional Amount | Gross positive fair value of the contracts | Potential Future Exposure | Total Credit Exposure |
|-------------------|-----------------|--|---------------------------|-----------------------|
| Forward contracts | 7967.44 | 8404.38 | 168.09 | 8572.47 |

12. Composition of Capital (DF 11)

(₹ in crore)

| Common Equity Tier 1 capital: instruments and reserves | | | Ref No |
|--|---|---------|--------|
| 1 | Directly issued qualifying common share capital plus related stock surplus (share premium) | 1325.80 | |
| 2 | Retained earnings | | |
| 3 | Accumulated other comprehensive income (and other reserves) | 2867.23 | |
| 4 | Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies) | | |
| 5 | Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1) | | |
| 6 | Common Equity Tier 1 capital before regulatory adjustments | 4193.03 | |

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| Common Equity Tier 1 capital : regulatory adjustments | | Ref No |
|---|---|---------|
| 7 | Prudential valuation adjustments | |
| 8 | Goodwill (net of related tax liability) | |
| 9 | Intangibles (net of related tax liability) | |
| 10 | Deferred tax assets | |
| 11 | Cash-flow hedge reserve | |
| 12 | Short fall 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 | 7.27 |
| 18 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible Short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | |
| 19 | Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) | |
| 20 | Mortgage servicing rights (amount above 10% threshold) | |
| 21 | Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) | |
| 22 | Amount exceeding the 15% threshold | |
| 23 | Of which : significant investments in the common stock of financial entities | |
| 24 | Of which : mortgage servicing rights | |
| 25 | Of which : deferred tax assets arising from temporary differences | |
| 26 | National specific regulatory adjustments (26a+26b+26c+26d) | 7.27 |
| 26a | Of which : Investments in the equity capital of unconsolidated insurance subsidiaries | |
| 26b | Of which : Investments in the equity capital of unconsolidated non- financial subsidiaries | |
| 26c | Of which : Short fall in the equity capital of majority owned financial entities which have not been consolidated with the bank | |
| 26d | Of which : Un amortised pension funds expenditures | |
| 27 | Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier1 and Tier2 to cover deductions | |
| 28 | Total regulatory adjustments to Common Equity Tier 1 | 7.27 |
| 29 | Common Equity Tier 1 capital (CET1) | 4185.76 |

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| Additional Tier 1 capital: instruments | | Ref No |
|--|--|---------|
| 30 | Directly issued qualifying Additional Tier1 instruments plus related stock surplus (share premium) (31+32) | |
| 31 | Of which : classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares) | |
| 32 | Of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments) | |
| 33 | Directly issued capital instruments subject to phase out from Additional Tier1 | |
| 34 | Additional Tier1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1) | |
| 35 | Of which : instruments issued by subsidiaries subject to phase out | |
| 36 | Additional Tier1 capital before regulatory adjustments | |
| Additional Tier 1 capital: regulatory adjustments | | |
| 37 | Investments in own Additional Tier1 instruments | |
| 38 | Reciprocal cross-holdings in Additional Tier 1 instruments | |
| 39 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) | |
| 40 | Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) | |
| 41 | National specific regulatory adjustments (41a+41b) | |
| 41a | Of which : Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries | |
| 41b | Of which : Short fall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank | |
| 42 | Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions | |
| 43 | Total regulatory adjustments to Additional Tier 1 capital | |
| 44 | Additional Tier 1 capital (AT1) | |
| 44a | Additional Tier 1 capital reckoned for capital adequacy | |
| 45 | Tier 1 capital (T1=CET1 + Admissible AT1) (29+44a) | 4185.76 |
| Tier 2 capital : instruments and provisions | | |
| 46 | Directly issued qualifying Tier 2 instruments plus related stock surplus | 150.00 |
| 47 | Investment Reserve | 53.00 |
| 48 | Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2) | |
| 49 | Of which: instruments issued by subsidiaries subject to phase out | |
| 50 | Provisions | 201.94 |
| 51 | Tier 2 capital before regulatory adjustments | 404.94 |

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| Tier 2 capital: regulatory adjustments | | | Ref No |
|---|--|----------|--------|
| 52 | Investments in own Tier 2 instruments | | |
| 53 | Reciprocal cross- holdings in Tier 2 instruments | 10.00 | |
| 54 | Investments in the capital of banking ,financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) | 69.00 | |
| 55 | Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) | | |
| 56 | National specific regulatory adjustments (56a+56b) | | |
| 56a | Of which: Investments in the Tier 2 capital of unconsolidated insurance subsidiaries | | |
| 56b | Of which: Short fall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank | | |
| 57 | Total regulatory adjustments to Tier 2 capital | 79.00 | |
| 58 | Tier 2 capital (T2) | 325.94 | |
| 58a | Tier 2 capital reckoned for capital adequacy | 325.94 | |
| 58b | Excess Additional Tier1 capital reckoned as Tier 2 capital | | |
| 58c | Total Tier 2 capital admissible for capital adequacy (58a+58b) | 325.94 | |
| 59 | Total capital (TC=T1+Admissible T2) (45+58c) | 4511.70 | |
| 60 | Total risk weighted assets (60a+60b+60c) | 30865.51 | |
| 60a | Of which: total credit risk weighted assets | 26589.01 | |
| 60b | Of which: total market risk weighted assets | 1679.53 | |
| 60c | Of which: total operational risk weighted assets | 2596.96 | |
| Capital ratios and buffers | | | |
| 61 | Common Equity Tier1 (as a percentage of risk weighted assets) | 13.56% | |
| 62 | Tier1 (as a percentage of risk weighted assets) | 13.56% | |
| 63 | Total capital (as a percentage of risk weighted assets) | 14.62% | |
| 64 | Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus counter cyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets) | 5.50% | |
| 65 | Of which: capital conservation buffer requirement | | |
| 66 | Of which: bank specific counter cyclical buffer requirement | | |
| 67 | Of which: G-SIB buffer requirement | | |
| 68 | Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) | 8.06% | |
| National minima (if different from Basel III) | | | |
| 69 | National Common Equity Tier1 minimum ratio (if different from Basel III minimum) | 5.50% | |
| 70 | National Tier1 minimum ratio (if different from Basel III minimum) | 7% | |
| 71 | National total capital minimum ratio (if different from Basel III minimum) | 9% | |

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| Amounts below the thresholds for deduction (before risk weighting) | | | Ref No |
|---|--|--------|--------|
| 72 | Non-significant investments in the capital of other financial entities | | |
| 73 | Significant investments in the common stock of financial entities | | |
| 74 | Mortgage servicing rights (net of related tax liability) | | |
| 75 | Deferred tax assets arising from temporary differences (net of related tax liability) | | |
| Applicable caps on the inclusion of provisions in Tier 2 | | | |
| 76 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap) | 201.94 | |
| 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, 2022) | | | |
| 80 | Current cap on CET1 instruments subject to phase out arrangements | | |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | | |
| 82 | Current cap on AT1 instruments subject to phase out arrangements | | |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | | |
| 84 | Current cap on T2 instruments subject to phase out arrangements | | |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | | |

13. Main Features of Regulatory Capital Instruments

| | | |
|------|---|---------------------------------|
| S.No | | |
| 1 | Issuer | KARUR VYSYA BANK LIMITED |
| 2 | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement) | INE036D09013 |
| 3 | Governing law(s) of the instrument | Indian Law Regulatory Treatment |
| 4 | Transitional Basel III rules Subordinated | Tier 2 Bonds |
| 5 | Post-transitional Basel III rules | Ineligible |
| 6 | Eligible at solo/group/ group & solo | Solo |
| 7 | Instrument type | Tier 2 Debt Instruments |
| 8 | Amount recognized in regulatory capital (₹ in million, as of most recent reporting date. | 1500 |
| 9 | Par value of instrument ₹ | 10 lakhs |
| 10 | Accounting classification | Liability |
| 11 | Original date of issuance | 25.09.2009 |
| 12 | Perpetual or dated | Dated |
| 13 | Original maturity date | 25.09.2019 |
| 14 | Issuer call subject to prior supervisory approval | No |

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| | | |
|------|--|--|
| S.No | | |
| 15 | Optional call date, contingent call dates and redemption amount | NA |
| 16 | Subsequent call dates, if applicable | NA |
| 17 | Coupons / dividends | coupon |
| 18 | Fixed or floating dividend/coupon | Fixed |
| 19 | Coupon rate and any related index | 9.86% p.a. |
| 20 | Existence of a dividend stopper | No |
| 21 | Fully discretionary, partially discretionary or Mandatory | Mandatory |
| 22 | Existence of step up or other incentive to redeem | No |
| 23 | Noncumulative or cumulative | Cumulative |
| 24 | Convertible or Non-convertible | Non Convertible |
| 25 | If convertible, conversion trigger(s) | NA |
| 26 | If convertible, fully or partially | NA |
| 27 | If convertible, conversion rate | NA |
| 28 | If convertible, mandatory or optional conversion | NA |
| 29 | If convertible, specify instrument type convertible into | NA |
| 30 | If convertible, specify issuer of instrument it converts into | NA |
| 31 | Write-down feature | No |
| 32 | If write-down, write-down trigger(s) | NA |
| 33 | If write-down, full or partial | NA |
| 34 | If write-down, permanent or temporary | NA |
| 35 | If temporary write-down, description of write-up mechanism | NA |
| 36 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | All depositors and other creditors |
| 37 | Non-compliant transitioned features | YES |
| 38 | If yes, specify non-compliant features | Tenor less than 10 years; does not have point of Non Viability Trigger |

14. Full terms and conditions of Regulatory Capital Instruments

| Instrument | Terms & Conditions | |
|-------------------|---|---------------------|
| | Unsecured Redeemable Non- Convertible Subordinated Lower Tier- II Bonds - INE036D09013 | Issue size |
| Face Value | | ₹10 lakh per bond |
| Date of Allotment | | 25th September 2009 |
| Maturity | | 25th September 2019 |
| Coupon | | 9.86% |
| Interest payment | | Half yearly |

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15. Disclosures on Remuneration:

Qualitative Disclosure:

- (a) Information relating to the composition and mandate of the Compensation & Remuneration Committee:

The Compensation & Remuneration Committee (CRC) of the Board consists of six Directors. The Composition complies with both RBI guidelines and the provisions of Companies Act, 2013.

The Mandate of the Remuneration committee includes:

Determining the Bank's policies on remuneration packages payable to Non-Executive Chairman, MD & CEO/WTD and the President. Positions up to the General Manager level are covered under the salary and other emoluments as per IBA package under Bipartite settlements.

Considering granting of Employees Stock Options and administering and supervising the Employee Stock Option Scheme with particular reference to quantum of options to be granted, grant price, vesting period, exercise period etc.

Prescribing procedures for making fair and reasonable adjustments to the number of options granted in case of any corporate actions such as rights issue, bonus issue, mergers etc., including conditions under which the options shall lapse due to the reasons specified in the ESOS of the Bank.

Complying with the applicable laws regarding compensation / remuneration payable to the persons covered under the compensation policy as also the Regulations governing ESOS in terms of SEBI Regulations and other applicable laws in connection therewith.

- (b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

The Compensation Policy approved by the Board, is in alignment with the RBI guidelines contained in its circular DBODNo.BC.72/29.67.001/2011-12 dated 13.01.2012.

CRC is entrusted with the responsibility of recommending to the Board an appropriate compensation payable to the Non-Executive Chairman, MD & CEO/WTD and the President and COO in the light of the guidance from the regulator from time to time, bank's own requirement as also taking into account the prevailing market practices of payment of compensation, the cost to income ratio and the capital adequacy ratios which should support the remuneration packages. CRC shall working close co-ordination with the Risk Management and ALM Committee of the Board in order to achieve effective alignment between remuneration and risks.

- (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:

The Committee would be taking into account the following factors while reviewing or making recommendation for reviewing the remuneration for the persons covered under the Policy:

For MD & CEO/WTD, the compensation payable is divided into fixed and variable components. The fixed component represented a significant proportion of total remuneration taking into account all relevant factors including the prevalent industry practice. Approval of RBI is obtained for the fixed compensation payable to MD & CEO/WTD.

For the Non-Executive Chairman of the Bank, only fixed pay/honorarium is payable apart from the sitting fees payable for attending the Board or Board Committee Meetings.

For the President, compensation payable is only fixed pay taking into account the industry practices, experience, performance and potential risk taking etc. apart from perquisites and other allowances applicable to the General Manager Cadre or such higher quantum as may be recommended by the CRC. President is also eligible for Employee Stock Options as may be decided by the CRC as per the SEBI guidelines.

BASEL III - PILLAR DISCLOSURES

- (d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:

Bank would ensure that the compensation is adjusted to all types of risk, symmetrical with risk outcomes as well as sensitive to the time horizon of risk.

The variable pay could be in cash, stock linked instruments or a mix of both. Variable pay shall relate to the performance of the Bank.

Variable pay is considered only for MD & CEO/WTD of the Bank. Variable pay shall not exceed 40% of the fixed pay in any year. This is payable on the basis of achievement of certain business targets such as reaching business figures including net profits and other qualitative factors taking into account the extraordinary items, appropriate risk management and efficient consumption of capital and comparison of results with the industry performance (bench marking).

In the event of negative contributions of the bank and or the relevant line of business in any year, the deferred compensation shall be subjected to malus and clawback arrangements in tune with the RBI guidelines.

- (e) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:

Presently no variable remuneration is being paid to the President & COO.

For MD & CEO/WTD: If the variable pay is significant, then the bank would defer the payment over a period of three years.

- (f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms:

The Bank has paid only fixed remuneration to MD & CEO for the year 2013-14, as per RBI approval. For the year under report CRC has not recommended variable pay.

MD & CEO has been granted 5000 options under KVBESOS 2011 at a price of ` 275/- per option. Vesting period was over on 31.03.2014. The options were fully exercised as on 31.03.2015.

Apart from MD & CEO, no other executive or employee is eligible for variable pay.

The Bank shall not grant any severance pay (other than the terminal benefits and gratuity as per the provisions) to the WTD/MD & CEO or any other executive.

Bank shall not provide any facility or funds or permit MD/WTD to insure or hedge his/her compensation structure to offset the risk alignment effects embedded in the compensation package.

Quantitative Disclosures:

- (g) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.

During the fiscal 2014-15, one meeting was held on 28.05.2014. The members were paid sitting fees for having attended the meeting. Amount of sitting fees paid was ₹ 5000/- per member/per sitting. Aggregate amount paid for the fiscal was at ₹ 25000/-.

- (h) Number of employees having received a variable remuneration award during the financial year 2014-15: Nil.

Number and total amount of sign-on awards made during the financial year: Nil

Details of guaranteed bonus, if any, paid as joining / sign on bonus: Nil

Details of severance pay, in addition to accrued benefits, if any: Nil

- (i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms: Nil

Total amount of deferred remuneration paid out in the financial year: Nil

- (j) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred: Nil

- (k) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments : Nil

Total amount of reductions during the financial year due to ex-post explicit adjustments: Nil

Total amount of reductions during the financial year due to ex-post implicit adjustments: Nil

NETWORK OF BRANCHES

REGISTERED AND CENTRAL OFFICE

Erode Road, Karur - 639 002
 [CIN No: L65110TN1916PLC001295]
 Ph. : 04324 - 226520, 225521-25
 Fax : 04324 - 225700

INTERNATIONAL DIVISION

No.37, Whites Road, 2nd Floor
 Chennai - 600014
 Ph. : 044 28412090-92

DIVISIONAL OFFICES

| | |
|---------------|---|
| AHMEDABAD | First Floor, Motilal Centre, Near Sales India Show Room, Ashram Road, Ahmedabad-380009 |
| BANGALORE | NO. 6 VASAVI TEMPLE ROAD, SAJJANRAO CIRCLE VISVESWARAPURAM, NEXT TO SRI VASAVI TEMPLE, BANGALORE-560004 |
| CHENNAI | KVB Towers, 1st Floor, 568 Anna Salai, Teynampet, Chennai-600018 |
| COIMBATORE | 577 Oppanakara Street, 2nd Floor, Coimbatore-641001 |
| DELHI | 59/31 1st Floor, Poonam Plaza New Rohtak Road, Near Liberty Cinema Karolbagh, New Delhi-110005 |
| ERNAKULAM | K.C.Centre, 11nd Floor , Opp. North Police Station, Chittoor Road Kacheripady, Ernakulam - 682018 |
| HYDERABAD | 5-8-363 to 365 (Second Floor), Anand Mansion, Chirag Ali Lane, Abids, Hyderabad-500 001 |
| KARUR | PB No.91 ,No.633-637, First Floor, Jawahar Bazaar, Karur - 639001 |
| KOLKATA | 15 Bondel Road, First Floor, Ballygunge, Kolkata-700019 |
| MADURAI | Gayathri Illam, 16 A.A.Road 1st Floor, Gnanaolivupuram, Madurai-625016 |
| MUMBAI | 954, Appa Saheb Marathe Marg, Gayathri Towers, Prabhadevi, Mumbai-400025 |
| SALEM | 1st Floor, 269-A Bharathi Street, Swarnapuri, Alagapuram, Salem-636 004 |
| TAMBARAM | SBA Complex 7/73 I Floor , Venkatesa Choudhary Street, West Tambaram, Chennai-600045 |
| TRICHY | D-54 Ground Floor, L.I.C. Building, Bharathiar Salai Cantonment, Trichy-620001 |
| VIJAYAWADA | Gayathri Nilayam, 1st Floor 38-8-46, Labbipet M.G.Road, Vijayawada-520010 |
| VISAKHAPATNAM | D.No: 47-10-15, Shop No.1 A.G Avenue, First Floor, Opp: Pollocks School, 2nd Lane, Dwarkanagar, Visakhapatnam - 530016 |

OTHER OFFICES

| | |
|----------------------------------|--|
| DISASTER RECOVERY SITE | V Floor, Unit - 3, Block-I, Cyber Pearl Hi-Tech City, Madhapur, Hyderabad - 500 081 |
| ATM CELL | 338, Uffizi Complex - Basement, Avinashi road, Peelamedu, Coimbatore-641004 |
| DATA CENTRE | 6th Floor D North Block, Tidel Park, Taramani, Chennai-600113 |
| DEMAT CELL | 2nd Floor, No. 29, Rangan Street, T. Nagar, Chennai-600 017 |
| REGIONAL PROCESSING CENTRE (RPC) | 338 Uffizi Complex - 1st Floor, Avinashi Road, Peelamedu, Coimbatore-641004 |
| CHENNAI CPC | South Wing First Floor, #37 Whites Road, Royapettah, Chennai-600014 |
| HYDERABAD CPC | 5-8-363 to 365 (First Floor), Chirag Ali Lane, Abids, Hyderabad-500 001 |
| CHENNAI CFPC | 2nd Floor, 37 Whites Road, Royapettah, Chennai-600014 |
| CHENNAI TAX CELL | 29, II Floor, Rangan Street, T. Nagar, Chennai - 600 017 |
| MUMBAI CPC | Plot No 1414, Kamanwala Chambers, SIR P.M Road Fort, Mumbai-400001 |
| NEW DELHI CPC | 65/7, 1st Floor, New Rohtak Road, New Delhi-110005 |
| COIMBATORE CLPC | 577 Oppanakara Street, 1st Floor, Coimbatore-641001 |
| BANGALORE CLPC | No. 6 Vasavi Temple Road, Sajjanrao Circle Visveswarapuram, Next to Sri Vasavi Temple, Bangalore - 560004 |

NETWORK OF BRANCHES

OTHER OFFICES

| | |
|---------------------------------------|--|
| CHENNAI RLPC | North Wing First Floor, #37 Whites Road, Royapettah, Chennai-600014 |
| HYDERABAD RLPC | Door No:5-8-363 To 365/A B, First Floor, Chirag Ali Laneabids, Hyderabad-500001 |
| AHMEDABAD - CLPC | First Floor Motilal Centre, Near Sales India Show Room, Ashram Road, Ahmedabad-380009 |
| VISAKHAPATNAM - CLPC | D.No: 47-10-15, Shop No.1 A.G Avenue, First Floor, Opp: Pollocks School, 2nd Lane Dwarkanagar, Visakhapatnam - 530016 |
| KARUR - CLPC | D.No.68, First Floor, Erode Road, LNS Post, Karur - 639002 |
| VIJAYAWADA - CLPC | Gayathri Nilayam, 1st Floor 38-8-46, Labbipet M.G.Road, Vijayawada-520010 |
| VIJAYAWADA - RLPC | Gayathri Nilayam, 2nd Floor 38-8-46, Labbipet M.G.Road, Vijayawada-520010 |
| VISAKHAPATNAM - RLPC | D.No: 47-10-15, Shop No.1 A.G Avenue, First Floor, Opp: Pollocks School, 2nd Lane Dwarkanagar, Visakhapatnam - 530016 |
| DELHI - RLPC | 59/31, 1st Floor, Poonam Plaza, New Rohtak Road, Near Liberty Cinema, Karolbagh, New Delhi-110005 |
| AHMEDABAD - RLPC | First Floor, Motilal Centre, Near Sales India Show Room, Ashram Road, Ahmedabad-380009 |
| BANGALORE - RLPC | NO. 6 Vasavi Temple Road, Sajjanrao Circle Visveswarapuram, Next to Sri Vasavi Temple, Bangalore-560004 |
| MUMBAI - RLPC | 954, Appa Saheb Marathe Marg, Gayathri Towers, Prabhadevi, Mumbai-400025 |
| TAMBARAM - CLPC | SBA Complex 7/73 I Floor , Venkatesa Choudhary Street, West Tambaram, Chennai-600045 |
| TAMBARAM - RLPC | SBA Complex 7/73 I Floor , Venkatesa Choudhary Street, West Tambaram, Chennai-600045 |
| COIMBATORE - RLPC | 577 Oppanakara Street, 2nd Floor, Coimbatore-641001 |
| KARUR - RLPC | P.B No. 91 NO.633/637 First Floor, Jawahar Bazar, Karur-639001 |
| TRANSACTION BANKING GROUP | KVB Towers II Floor, 568, Anna Salai, Teynampet, Chennai - 600018 |
| CHENNAI - CHANNEL RECONCILIATION CELL | No.29, Basement Floor, Rangan Street, T. Nagar, Chennai - 600017 |

CENTRAL CLEARING OFFICES

CHENNAI
DELHI
MUMBAI

CURRENCY CHEST

CHENNAI
KARUR
MADURAI
VIJAYAWADA
BANGALORE

NETWORK OF BRANCHES

ANDHRA PRADESH

ANANTAPUR

ANANTAPUR
DHARMAVARAM
HINDUPUR

CHITTOOR

CHITTOOR
NAGARI
SRIKALAHASTI
PUTTUR
TIRUPATHI - MAIN
RALLABUDUGURU
TIRUPATHI - KHADI COLONY
KUPPAM
MADANAPALLE
MURAKAMBATTU

CUDDAPAH

CUDDAPAH
PRODDATUR
RAJAMPET

EAST GODAVARI

RAJAHMUNDRY
KAKINADA
PEDDAPURAM
MANDAPETA
RAVULAPALEM
KADIAM
AMALAPURAM
TUNI
SAMALKOT
RAJAHMUNDRY - TILAK ROAD
BOMMURU
PITHAPURAM

GUNTUR

GUNTUR
TENALI
GUNTUR - LAKSHMIPURAM
NARASARAOPET
BAPATLA
CHINTALAPUDI
CHILAKALURIPET
MANGALAGIRI

KRISHNA

VIJAYAWADA-GOVERNORPE

VIJAYAWADA - NO.1 TOWN
GUDIVADA
VIJAYAWADA -BUNDER ROAD
PORANKI
KANKIPADU
MACHILIPATNAM
VUYURU
VIJAYAWADA -BHAVANIPURAM
NUZVID
GANNAVARAM

KURNOOL

KURNOOL
NANDYAL
ADONI
VENKATARAMANA COLONY
MAYALURU

NELLORE

NELLORE
KAVALI

PRAKASAM

CHIRALA
ONGOLE
MARKAPUR
VALLURU

SRIKAKULAM

SRIKAKULAM
RAJAM
PALASA
ICHCHAPURAM
NARASANNAPETA

VISAKHAPATNAM

VIZAG - PEDAWALTAIR
ANAKAPALLE
VIZAG - MAIN
GAJUWAKA
NARSIPATNAM
PENDURTHI
VIZAG - DWARKANAGAR
YELAMANCHILI
VISAKHAPATNAM - GOPALAPATNAM
VISAKHAPATNAM - SEETHAMMADHARA

VIZIANAGARAM

VIZIANAGARAM
SALUR

PARVATHIPURAM
GAJAPATHINAGARAM
BOBBILI

WEST GODAVARI

PALAKOL
TADEPALLIGUDEM
NIDADAVOLU
JANGAREDDYGUDEM
BHIMAVARAM
ELURU
TANUKU
NARASAPUR

CHANDIGARH - UT

CHANDIGARH

CHANDIGARH

CHATTISGARH

RAIPUR

RAIPUR

DELHI

DELHI

RAMESH NAGAR
CHANDINI CHOWK
CONNAUGHT PLACE
PITAMPURA
DELHI - JANAKPURI
DELHI - KAMLANAGAR
DELHI - LAXMINAGAR

NEW DELHI

KAROL BAGH
LAWRENCE ROAD
KASHMERE GATE
ROHINI
EAST OF KAILASH

GOA

NORTH GOA

PANAJI

GUJARAT

AHMEDABAD

AHMEDABAD-MAIN
MANINAGAR

NETWORK OF BRANCHES

SATELLITE AREA

SANAND
NARODA

ANAND
ANAND

BHARUCH
BHARUCH

KACHCHH
GHANDIDHAM
BHUJ

MAHESANA
UNJHA
MAHESANA

RAJKOT
RAJKOT - MAIN

SURAT
SURAT
SURAT - UM ROAD

VADODARA
VADODARA

HARYANA

FARIDABAD
FARIDABAD

GURGAON
GURGAON

KARNAL
KARNAL

PANIPAT
PANIPAT

JHARKHAND

RANCHI
RANCHI

JAMSHEDPUR
JAMSHEDPUR

KARNATAKA

BANGALORE
BANGALORE - MAIN
MALLESWARAM
HALASURU
J.C. ROAD
RAJAJINAGAR
ISRO LAYOUT
JAYANAGAR
KORAMANGALA
BASAVANAGUDI
BTM LAYOUT
INDIRA NAGAR
HEBBAGODI
HSR LAYOUT
ATTIBELE
CHANDAPUR
BANGALORE- R T NAGAR
BANGALORE - WHITEFIELD
BANGALORE - V V PURAM
BANGALORE - VIDYARANYAPURA
BANGALORE - J P NAGAR

BANGALORE RURAL
DODDABALLAPUR
HOSAKOTTE
CHIKKABANAVARA
NELAMANGALA

BELGAUM
BELGAUM

BELLARY
BELLARY
HOSPET

CHITRADURGA
CHITRADURGA
HIRIYUR

DAKSHINA KANNADA
MANGALORE

DAVANGERE
DAVANGERE

DHARWAD
HUBLI

GULBARGA
GULBARGA

HASSAN
HASSAN

KOLAR
KOLAR GOLD FIELDS

KOPPAL
GANGAVATHI

MYSORE
MYSORE

RAICHUR
RAICHUR

SHIMOGA
SHIMOGA

TUMKUR
TUMKUR

RAMANAGARA
RAMANAGARAM

KERALA

ALAPPUZHA
CHENGANNUR

ERNAKULAM
ERNAKULAM
TRIPUNITHURA
EDAPPALLY

KANNUR
KANNUR
THALASSERY

KOLLAM
KOLLAM

KOTTAYAM
KOTTAYAM

KOZHIKODE
KOZHIKODE

NETWORK OF BRANCHES

PALAKKAD
PALAKKAD

PATHANAMTHITTA
TIRUVALLA
PATHANAMTHITTA

THRISSUR
THRISSUR
IRINJALAKUDA

THIRUVANANTHAPURAM
THIRUVANANTHAPURAM

MADHYA PRADESH

BHOPAL
BHOPAL

GWALIOR
GWALIOR

INDORE
INDORE

MAHARASHTRA

AHMEDNAGAR
AHMEDNAGAR

AMARAVATI
AMARAVATI

AURANGABAD
AURANGABAD

KOLHAPUR
ICHALKARANJI
KOLHAPUR

MUMBAI
FORT
PRABHADEVI
BORIVALI
CHEMBUR
MULUND
ANDHERI
KALBADEVI
BANDRA
GHATKOPAR
MUMBAI - MATUNGA

NANDED
NANDED

NAGPUR
NAGPUR

NASIK
NASIK

PUNE
PUNE
CAMP AREA

SOLAPUR
SOLAPUR

THANE
MUMBAI - VASHI
MUMBAI - ICL SCHOOL
MUMBAI - THANE (W)
MUMBAI - NERUL
BHIWANDI

ORISSA

CUTTACK
CUTTACK

GANJAM
BERHAMPUR
ASKA

KHURDA
BHUBANESHWAR

SUNDERGARH
ROURKELA

PONDICHERRY-UT

PONDICHERRY
PONDICHERRY
PONDICHERRY-LAWSPET
VILLIANUR
YANAM
PILLAYARKUPPAM

KARAIKAL
KARAIKAL

PUNJAB

AMRITSAR
AMRITSAR

FATEHGARH SAHIB
MANDI GOBINDGARH

KAPURTHALA
HARDASPUR (LPU)
PHAGWARA

JALANDHAR
JALANDHAR

LUDHIANA
LUDHIANA

PATIALA
PATIALA

RAJASTHAN

BHILWARA
BHILWARA

JAIPUR
JAIPUR

TAMILNADU

ARIYALUR
ARIYALUR
JAYANKONDAM

CHENNAI
CHENNAI - MAIN
TRIPLICANE
ROYAPURAM
MYLAPORE
ANNA NAGAR
KODAMBAKKAM
T.NAGAR
WHITES ROAD
PURASAWALKAM
DHANDAPANI ST.
TEYNAMPET
NANGANALLUR
ADYAR
MOGAPPAIR

NETWORK OF BRANCHES

VALASARAVAKKAM
 VELACHERY
 ASHOK NAGAR
 EGMORE
 R.A.PURAM
 ARUMBAKKAM
 K.K. NAGAR
 SAIDAPET
 CHENNAI - SALIGRAMAM
 CHENNAI - NUNGAMBAKKAM
 CHENNAI - GODOWN STREET
 CHENNAI - RAMAPURAM
 CHENNAI - KILPAUK

COIMBATORE

COIMBATORE - MAIN
 POLLACHI
 DR. NANJAPPA ROAD
 R.S.PURAM
 ANAIMALAI
 DHULLY
 SARAVANAM PATTI
 SAIBABA COLONY
 GANAPATHY
 SOMANUR
 KOVAIPUDUR
 VADAVALLI
 RAMANATHAPURAM
 ANNUR
 KUNIAMUTHUR
 SULUR
 METTUPALAYAM
 AVINASHI ROAD
 KALAPATTI
 COIMBATORE- GOUNDAMPALAYAM
 CHINNIYAMPALAYAM
 COIMBATORE - SIVANANDA COLONY
 VADASITHUR
 COIMBATORE - THUDIYALUR
 THEETHIPALAYAM
 COIMBATORE - SINGANALLUR
 COIMBATORE - SARAVANAMPATTI MAIN
 KUNNATHUR
 PERIYANAICKENPALAYAM
 NALLATTIPALAYAM
 VILANKURICHI

CUDDALORE

CHIDAMBARAM

VRIDHACHALAM
 CUDDALORE
 NEYVELI
 CHIDAMBARAM-ANNAMALAI NAGAR
 PANRUTI

DHARMAPURI

KAMBAINALLUR
 DHARMAPURI
 HARUR
 PAPPIREDDIPATTI

DINDIGUL

DINDIGUL
 BATLAGUNDU
 CHINNALAPATTI
 PALANI
 NEIKARAPATTI
 ODDANCHATRAM
 VEDASANDUR
 NILAKOTTAI
 VILPATTI
 KOOMBUR

ERODE

ERODE
 GOBICHETTIPALAYAM
 SATHYAMANGALAM
 KAVINDAPADI
 BHAVANI
 PERUNDURAI
 KOLATHUPALAYAM
 METTUKADAI
 PERUNDURAI - KEC NAGAR
 SAMPATH NAGAR
 SIVAGIRI
 VEERAPPANCHATIRAM
 CHENNIMALAI
 ANTHIYUR
 PUNJAIPULIYAMPATTI
 KARUMANDAPALAYAM
 ERODE- CHINNIAMPALAYAM
 OTHAKADAI
 MULLAMPARAPPU
 KANAKAMPALAYAM
 T. VELLODE
 SAVANDAPUR
 NAMBIYUR
 KONGARPALAYAM

KANCHEEPURAM

CHENNAI - TAMBARAM
 CHENNAI - ALANDUR
 KANCHEEPURAM
 CHENNAI - CHROME PET
 ULLAVOOR
 CHENNAI - St THOMAS MOUNT
 CHENNAI - URAPPAKKAM
 CHENNAI - SINGAPERUMAL KOIL
 CHENNAI - SHOLINGANALLUR
 CHENNAI - SRIPERUMPUDUR
 CHENNAI - KELAMBAKKAM
 CHENNAI - MEDAVAKKAM
 CHENNAI - SELAYUR
 CHENNAI - PALAVAKKAM
 CHENGALPATTU
 CHENNAI - MADIPAKKAM
 CHENNAI - PALLAVARAM
 GUDUVANCHERRY
 CHENNAI - SITTALAPAKKAM
 MADURANTHAKAM
 PERUNGUDI
 KUNDRATHUR
 ACHARAPAKKAM
 EAST - TAMBARAM
 THORAIPAKKAM
 CHEMMANCHERY
 NANMANGALAM

KANYAKUMARI

NAGERCOIL
 MARTHANDAM

KARUR

KARUR - MAIN
 KULITHALAI
 KARUR -CENTRAL
 KARUR - WEST
 VEERARAKKIYAM
 GANDHIGRAMAM
 VENGAMEDU
 ARAVAKURICHI
 THANTHONIMALAI
 PADIRIPATTI

KRISHNAGIRI

KRISHNAGIRI
 HOSUR

NETWORK OF BRANCHES

BARGUR
HOSUR - BATHALAPALLI
SAMALAPATTI

MADURAI

MADURAI - MAIN
MADURAI - SOUTH
ALANGANALLUR
GNANAOLIVUPURAM
ELUMALAI
TALLAKULAM
ANNA NAGAR
PALANGANATHAM
MELUR
THIRUNAGAR
THIRUPPALAI
MADURAI - KAMARAJAR SALAI
POTHUMBU
MADURAI - NORTH
THENUR

NAGAPATTINAM

NAGAPATTINAM
NEERMULAI
MAYILADUTHURAI

NAMAKKAL

NAMAKKAL MAIN
KOMARAPALAYAM
TIRUCHENGODE
PAUNDAMANGALAM
NAMAGIRIPET
PUDUCHATRAM
VALAYAPATTI
KALAPPANAICKENPATTI
BELUKURICHI
NAMAKKAL WEST
MANGALAPURAM
VELLAPILLAIAR KOIL
RASIPURAM
PARAMATHI VELUR
PALLIPALAYAM
MOHANUR
PARAMATHI - KOTTAMANGALAM

NILGIRIS

COONOOR
UDHAGAMANDALAM

PERAMBALUR

PERAMBALUR

PUDUKOTTAI

KOTHAMANGALAM
PUDUKOTTAI
ARANTHANGI
PONNAMARAVATHI
KURIVIKONDANPATTI

RAMANATHAPURAM

RAMANATHAPURAM
PARAMAKUDI

SALEM

SALEM - MAIN
IDAPPADI
METTUR DAM R.S.
SHEVAPET
ATTUR
KARUPPUR
KARIPATTI
ALAGAPURAM
ILAMPILLAI
JALAKANDAPURAM
GUGAI
AYOTHIAPATTINAM
THAMMAMPATTI
SANKAGIRI (SANKARI)
DEVIYAKURICHI
OMALUR
VAZHAPADI
SALEM - KONDALAMPATTI

SIVAGANGAI

KARAIKUDI
SINGAMPUNERI

THANJAVUR

KUMBAKONAM
THANJAVUR
PATTUKOTTAI
VILAR
MADUKKUR
PERAVURANI
THIRUVIDAIMARUDUR
THIRUPALATHURAI

THENI

AUNDIPATTI
BODINAYAKANUR
CHINNAMANUR
CUMBUM

GUDALUR
KOMBAI
PERIYAKULAM
THENI
KATHIRNARASINGAPURAM
UPPUKOTTAI

THIRUVALLUR

CHENNAI - TIRUVERKADU
CHENNAI - VELAPPANCHAVADI
CHENNAI - AMBATTUR
CHENNAI - RED HILLS
THIRUVALLUR
PUTHAGARAM
AVADI
PODATHURPET
SEETHANJERI
PADI
MADURAVOYIL
TIRUTTANI
NEMILICHERRY
PORUR

THIRUVARUR

MANARGUDI
THIRUVARUR
KOOTHANUR

TIRUPUR

DHARAPURAM
UDUMALPET
TIRUPUR - MAIN
MULANUR
GANAPATHIPALAYAM
KOLUMAM
ERISANAMPATTI
PAPPANKULAM
TIRUPUR - OVERSEAS
TIRUPUR - P.N.ROAD
KANGEYAM
PALLADAM
VELLAKOIL
AVINASHI
MANNARAI
MUDALIPALAYAM
VELAMPALAYAM
MUTHANAMPALAYAM
P. KOMARAPALAYAM
PATTANAM

NETWORK OF BRANCHES

TIRUNELVELI

PALAYAMKOTTAI
TIRUNELVELI TOWN
TENKASI
SANKARANKOIL
AMBASAMUDRAM
SURANDAI
KADAYANALLUR
VALLIYUR

TIRUVANNAMALAI

TIRUVANNAMALAI
POLUR
PERUNDURAI PATTU
ARNI
VANDAVASI
TIRUVETHIPURAM (CHEYYAR)
CHENGAM
ADAMANGALAM
KORUKKATHUR

TRICHY

TRICHY - MAIN
MUSIRI
THATHIENGARPET
JEEYAPURAM
CANTONMENT
KANNANUR
THILLAINAGAR
SRIRANGAM
K.K.NAGAR
SURIYUR
TIRUVERUMBUR
SRINIVASA NAGAR
MANAPPARAI
KARUMANDAPAM
THURAIYUR
APPANALLUR
LALGUDI
SAMAYAPURAM
SOBANAPURAM
MOOVANUR

TUTICORIN

TUTICORIN
KOVILPATTI
SEYDUNGANALLUR

VELLORE

VELLORE

KANIYAMBADI

VANIYAMBADI - NEW TOWN
TIRUPATHUR
ARAKKONAM
SALAI
SHOLINGUR
BRAHMAPURAM
GUDIYATHAM
RANIPET

VILLUPURAM

VILLUPURAM
KADUVANUR
THOTTIYAM
TINDIVANAM
GINJEE
KALLAKURICHI
ULUNDURPETTAI
THIRUMANGALAM
MURARBADU
CHINNASALEM
PRIDIVIMANGALAM
TIRUKKOYILUR
PANANKUPPAM

VIRUDHUNAGAR

VIRUDHUNAGAR
RAJAPALAYAM
SIVAKASI
ARUPPUKOTTAI

TELANGANA

ADILABAD

ADILABAD
MANCHERIAL

HYDERABAD

HYDERBAD - MAIN
S R NAGAR
NALLAKUNTA
ABIDS
KALYANAGAR
JUBILLEE HILLS
HIMAYATNAGAR
MIYAPUR
AMEERPET
SANTOSH NAGAR
SECUNDERABAD
HYD-BANJARA HILLS
HYD-DILSUKH NAGAR
HYD-MEHADIPATNAM

KARIMNAGAR

KARIMNAGAR
JAGTIAL
JAMMIKUNTA

KHAMMAM

KHAMMAM
PALONCHA (PALWANCHA)
KOTHAGUDEM

MAHABUBNAGAR

MAHABUBNAGAR

NALGONDA

KODAD
MIRYALAGUDA
NALGONDA

NIZAMABAD

NIZAMABAD*
KAMAREDDY

RANGA REDDY

HYD - MANIKONDA
HYD - MALKAJ GIRI
HYD - A.S.RAO NAGAR
HYD - KUKATPALLY
HYD - PRAGATHI NAGAR
HYD - BODUPPAL
HYD - NIZAMPET
HYD - MEERPET
HYD - CHANDANAGAR
HYD - HABSIGUDA
HYD - KONDAPUR
HYDERABAD - L.B. NAGAR
HAYATHNAGAR
VANASTHALIPURAM

WARANGAL

WARANGAL - MAIN
WARANGAL - HANAMAKONDA
WARANGAL - KHAZIPET

MEDAK

SANGAREDDY
MEDAK

NETWORK OF BRANCHES

UTTARPRADESH

GHAZIABAD
GHAZIABAD

GOWTAMBUDDA
NOIDA

KANPUR
KANPUR

LUCKNOW
LUCKNOW

MEERUT
MEERUT

VARANASI
VARANASI

WEST BENGAL

BURDWAN
DURGAPUR

HOWRAH
JAGACHA
BAGNAN
GHOSHPARA

KOLKATA
KOLKATA-MAIN
SHAKESPHERE SARANI
BALLYGANGE
KOLKATA - DAKSHINESHWAR
KOLKATA - N.S.ROAD
JOKA

PASCHIM MEDINIPUR
KHARAGPUR

NORTH 24 PARGANAS
SALT LAKE

SOUTH 24 PARGANAS
BARUIPUR
GARIA

PRINCIPAL CORRESPONDENT BANKS

OUR SWIFT CODE KVBLINBBIND
CHIPS UID: 154137

Name of the Bank and Address

| | | | |
|--|--|---|--|
| <p>USD Wells Fargo Bank NA NY 4080 375 Park Avenue New York NY-10152 Ac.No. 2000193005826 SWIFT : PNBpus3nnyyc FEDWIRE ROUTING NUMBER 026005092 Chips ABA No. 0509</p> | <p>EURO Commerz Bank AG Theodor-Heuss-Allee 50 60489 Frankfurt AM Main Germany Ac. No. 400875119000EUR SWIFT : COBADEFF</p> | <p>JPY Standard Chartered Bank 30-16, Ogikubo 4-chome, Suginami-ku Tokyo 167-8530, Japan Ac.No. 0219600 - 1110 SWIFT:SCBLJPJT</p> | <p>GBP Standard Chartered Bank 1 Alderman bury Square London EC2V 7SB United Kingdom Ac.No. GBP 01 265520901 SWIFT : SCBLGB2L I-BAN NO GB94SCBL60910412655209</p> |
| <p>USD Standard Chartered Bank One Madison Avenue New York, NY 10010-3603 USA Ac.No.3582069922001 SWIFT : SCBLUS33 FEDWIRE ROUTING NUMBER 026002561</p> | <p>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</p> | <p>AUD Australia & Newzealand Banking Corporation 55 Collins Street Melbourne, Victoria AUSTRALIA Ac.No. 237776-00001 SWIFT : ANZBAU3M BSB Number: 013024</p> | <p>CHF ZUERCHER KANTONAL BANK ZURICH SWITZERLAND Ac.No.0700-01283278 SWIFT :ZKBKCHZZ80A I-BAN NO CH5200700070001283278</p> |
| <p>USD Citi Bank, N A 111,Wall Street New York City , NY 10018, USA Ac.No.36844037 SWIFT : CITIUS33 FEDWIRE ROUTING NUMBER 021000089</p> | <p>SGD Indian Overseas Bank 64, Cecil Street, IOB Building, SINGAPORE 049711 Ac.No. 4916210132 SWIFT:IOBASGSG</p> | <p>CAD Citi Bank, N A Canadian Branch 123 Front St.West, Toronto, Ontario-M5J2M3 CANADA Ac.No.2017517009 CAD SWIFT:CITICATTBCH</p> | <p>SEK Skandinaviska Enskilda Banken S-106, 40 Stockholm SWEDEN Ac.No.5201-85-335-84 SWIFT:ESSESESS</p> |
| <p>AED Commercial Bank of Dubai Po Box 2668, Al Ittihad street Dubai,UAE A/c.No.1001361656 I-BAN NO AE590230000001001361656</p> | <p>OMR Bank Muscat SAOG 62, Po BOD No:134 Postal code : 112 RUWI, Sultanite of oman United Arab Emirates A/c No. 0001043042220013 SWIFT : BMUSOMRXXXX</p> | | |

NOSTRO ACCOUNT FOR NRI / FCNR DEPOSIT

| | | |
|--|--|--|
| <p>USD Wells Fargo Bank New York A/c.No.2000191007059 Swift: PNBpus3nnyyc FEDWIRE routing number: 026005092 Chips ABA NO. 0509</p> | <p>GBP Wells Fargo Bank London A/c.No.07515036 Swift: PNBpGB2L Sort Code 16-56-71 IBAN GB34PNBP16567 107 515036</p> | <p>EUR Wells Fargo Bank London A/c.No.07515168 Swift : PNBpGB2L IBAN GB59PNBP16567 107 515168</p> |
|--|--|--|



▲
Donation of two Auto Rickshaws to the Guild of Service (Central), Chennai,

Donation to Kumbakonam Sourashtra School, Kumbakonam run by
Kumbakonam Sourashtra Mahajana Sabha for 2nd floor building construction.





BANGALORE - J P NAGAR
- Inaugurated by Dr. N Sundarajan,
Vice Chancellor of Jain University,
Bangalore.

CHENNAI - PADI
- Inaugurated by
Smt. K Maragathamani, MBA,
Vice Chairman & Correspondent,
Bhaktavasalam Memorial Trust.



PUTTUR
- Lighting of the Gayathri Lamp
by our Director Shri A.J. Suriyanaraya
along with Shri D. Mahendran,
Prop.Om Shakthi Lorry Service.



CHENNAI RAMAPURAM
- Lighting of the Gayathri Lamp
by Shri Ravi Pachamoothoo,
Chairman/Prochancellor,
SRM University.



THORAIPAKKAM
- Lighting of the Gayathri Lamp by
Dr. G. Sujatha, M.B.B.S, DFPC, FCIP,
S. V. Hospital, Thoraipakkam.



MADURAVOYAL
- 600th Branch,
Lighting of the Gayathri Lamp
by Er.A C S Arun Kumar, President,
M G R Educational and
Research Institute University.



PERIYANAICKENPALAYAM
- Inaugurated by
Smt. Vanitha Mohan,
Vice Chairman,
M/s Pricol Limited, Coimbatore.

OMALUR
- Inaugurated by
Shri R. P. Sarathy,
Founder and Chairman,
Narasus Sarathy Institute.



IRINJALAKUDA
- Lighting of the Gayathri Lamp
by Smt. Suma A. M, Administrator,
Koodal Manikkyam Temple.



MARTHANDAM

- Inaugurated by
Shri P. P. K Sindhu Kumar,
M/s PPK Jewellery, Marthandam.

MANGALAGIRI
- Inaugurated by
Shri Murugudu Hanumantha Rao,
APCO Chairman , AP State.



MAYALURU

- Inaugurated by
Shri Pocha Bramhanada Reddy,
MD, M/s Bharathi Group of Industries,
Nandyala.



MEDAK

- Inaugurated by
Shri Venkataramana Rayulu,
Hon'ble VIII Addl District &
Sessions Judge, Medak.

PAPPIREDDIPATTI
- Inaugurated by
Shri G. Prabakaran, Chairman,
Sri Venkateswara Educational Trust,
Goundampati.



MADURAI NORTH

- Inaugurated by
Shri K. A. Chilhambaram, President,
The Tamilnad Motor Parts
Dealers Association, Madurai.



Construction of 20 Toilets at Vallalapatti - handed over to the beneficiaries by Smt. S. Jayanti, Karur District Collector

Donation of 10 wheel chairs to the Southern Railways, Trichy Division, for the benefit of the differently-abled and aged people.



A DECADE OF PROGRESS

(₹ in Crore)

| Year | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|----------------------|---------|----------------|----------|----------------|----------|----------|----------|----------|----------|----------|
| Paid up Capital | 17.98 | 49.49 | 53.94 | 53.95 | 54.44 | 94.49 | 107.18 | 107.18 | 107.18 | 121.63 |
| Reserves | 853.65 | 1013.67 | 1136.06 | 1296.21 | 1565.54 | 2020.04 | 2601.04 | 2978.01 | 3219.16 | 4124.40 |
| Owned funds | 871.63 | 1063.16 | 1190.00 | 1350.16 | 1619.98 | 2114.53 | 2708.22 | 3085.19 | 3326.34 | 4246.03 |
| CRAR - Basel II | — | NOT APPLICABLE | — | 14.92% | 14.49% | 14.41% | 14.33% | 14.41% | 12.77% | 14.63% |
| Basel III | — | — | — | NOT APPLICABLE | — | — | — | — | 12.60% | 14.62% |
| Deposits | 7576.83 | 9340.29 | 12549.99 | 15101.39 | 19271.85 | 24721.85 | 32111.59 | 36852.98 | 43757.68 | 44690.27 |
| Advances | 5700.89 | 7194.37 | 9568.84 | 10562.90 | 13675.00 | 18052.41 | 24205.11 | 29705.89 | 34225.98 | 36690.77 |
| Investments | 2298.13 | 2873.95 | 3526.33 | 4715.98 | 6649.44 | 7776.30 | 10581.27 | 13668.85 | 13445.45 | 12833.03 |
| Total Income | 771.45 | 986.55 | 1289.33 | 1711.30 | 2004.92 | 2482.03 | 3620.52 | 4694.99 | 5680.41 | 5976.72 |
| Net Profit | 135.35 | 160.01 | 208.33 | 235.84 | 336.03 | 415.59 | 501.72 | 550.32 | 429.60 | 464.28 |
| Dividend (%) | 120 | 100 | 120 | 120 | 120 | 120 | 140 | 140 | 130 | 130* |
| Branches (No.) | 238 | 269 | 288 | 312 | 335 | 369 | 451 | 551 | 572 | 629 |
| EPS (₹) | 28.29 | 32.80 | 38.62 | 43.71 | 62.23 | 44.90 | 46.81 | 51.35 | 40.08 | 39.86 |
| Return on Assets (%) | 1.65 | 1.53 | 1.63 | 1.49 | 1.76 | 1.71 | 1.56 | 1.35 | 0.86 | 0.88 |
| Book Value (₹) | 484.80 | 197.09 | 220.61 | 250.25 | 297.60 | 193.04 | 252.68 | 287.85 | 308.91 | 348.42 |
| No of Employees | 2908 | 3286 | 3560 | 3941 | 4175 | 4574 | 5673 | 6730 | 7339 | 7197 |

* Proposed

