



YEARS OF BANKING AND TRUST



ANNUAL REPORT 2019-20



YEARS OF BANKING AND TRUST

The 250 years' history of Indian banking has been tumultuous with economic, political and social forces playing convoluted roles in making and breaking many banks. While a few survived, many could not weather vicissitudes of the time. A historic estimate shows that nearly 1700 banks had closed down between 1913 and 1970 an era considered as the most fatal period for Indian Banking sector. Among the banks those emerged in the late 19th and early 20th centuries, only handful of them are remaining in 2020.

We are among those few banks which survived.

The Catholic Syrian Bank Limited - as we were known till FY19 was incorporated on November 26, 1920 Headquartered in Thrissur, Kerala. We are among those few banks who endured by exhibiting agility, innovation, tenacity, but most importantly our customers kept us in business based on the mutual trust developed over the years.

At 100 years we are at the cusp of a major transformation driven by our new vertical business model, technology adoption, IPO and prudent risk management

KEY MILESTONES

1920

Incorporation of our Bank.

1964-65

The Bank took over the assets and liabilities of six small and medium sized banks located in Kerala

1969

Included in the second schedule to the Reserve Bank of India Act.

1975

Received license to deal in foreign exchange and mechanized reconciliation of inter-branch transactions.

2004

Total business crossed ₹50,000 million.

2007

Received first Foreign Direct Investment in the history of the Bank.

2009

Total business crossed ₹100,000 million

2013

Total business crossed ₹2,00,000 Million

2015

Obtained approval of the Foreign Investment Promotion Board (FIPB) for receiving FDI up to 74% of the paid up share capital of our Bank.

2018

RBI accorded its approval to FIH Mauritius Investments Ltd (A Fairfax Group company) to acquire up to 51% of the post issue paid up share capital of our Bank, which is first of its kind in the history of Banking Sector, in India.

2019

Bank completed its enormously successful IPO with an overwhelming response and its shares were listed on Indian stock exchanges.

TABLE OF CONTENTS

02	About CSB Bank Limited
04	Asset Products
06	Our Business Model
07	How We Create Value
08	Corporate Information
09	Chairman's Message
13	Review by Managing Director & CEO
16	Our Strategies, KPIs and Goals
17	Our People
18	Financial Highlights
20	Digital Banking
22	Digital Banking Initiatives in FY20
24	Board of Directors
25	COVID-19 Business Impact Report
35	Management Discussion and Analysis
62	Board's Report
112	Report on Corporate Governance
149	Independent Audit Report
156	Balance Sheet
157	Profit & Loss Account
158	Cash Flow Statement
168	Significant Accounting Policies
174	Notes to Accounts
211	Basel III Pillar 3 Disclosures

Disclaimer

Statements in this report that describe the Bank's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include cyclical demand in the Bank's principal markets, changes in Government & RBI regulations, economic developments within the countries in which the Bank conducts business, and other factors relating to the Bank's operations, such as litigation, labour negotiations and fiscal regimes.

The financial year 2019-20 turned out to be one of the important milestone years in the corporate history of the Bank. The Bank successfully completed its Initial Public Offering (IPO) of shares to the tune of ₹409.68 crore which received an overwhelming response from the investors. Issue was subscribed overall by 86.92 times.



The listing ceremony of the Bank was held on 4th December, 2019 at NSE.

ABOUT CSB BANK LIMITED

Established in 1920 as The Catholic Syrian Bank Limited, CSB Bank Limited is one of the oldest private sector banks in India with significant network in Kerala, Tamilnadu, Karnataka and Maharashtra. While 90% of the branches are in these four states, the remaining 10% is spread across other states in India. Bank has four principal business areas, namely, SME banking, retail banking, wholesale banking, and treasury operations.

KEY HIGHLIGHTS 2020

1.5 Million Customers	6,00,000+ Debit Cards Issued	411 Branches
2,00,000+ Net Banking Users	300 ATMS	₹ 18,864 Cr Balance Sheet

Total Advances

12,240 Cr

+ 6.65% Year on Year

Gold Loan

3,799 Cr

+ 28% Year on Year

Operating Profit

281 Cr

+ 20x% Year on Year

Provision Coverage Ratio

80 %

from 78% in FY19

CRAR Improved

22.46 %

from 16.7% in FY19

Vision and Mission

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

ASSET PRODUCTS

Retail Banking



Under retail banking business, the Bank offers a wide range of loans, deposit and wealth management products and services to Domestic and NRI customers. Customers include individuals as well as small businesses. Deposit products include current accounts, savings accounts, fixed deposits, recurring deposits, and corporate salary accounts. For facilitating fund transfer services required by NRI customers, the Bank has remittance and rupee drawing arrangements with major exchange houses in the Middle East and also has tie ups with major money transfer agents, which enhances its capability to provide inward remittance services to the customers and strengthens its NRI business. The bank also has bancassurance tie ups with leading life and non-life insurance companies for the benefit of the customers.

In the retail loans segment, the Bank offers a variety of personal and business loans including, loans against gold jewellery (Gold Loans), two wheeler and motor vehicle loans, house loans and overdrafts on mortgage/ hypothecation/pledge, small business loans (MSME loans), agricultural loans and microfinance.

₹ 5,488 Cr
FY20 Retail Loans

SME Banking



Bank has established a specialized SME team to strengthen marketing in order to source additional SME business and drive further penetration. As of March 31, 2020, out of the total 388 SME cluster areas spread across India, as identified by UNIDO, the Bank has presence in 166 such clusters and further intend to expand SME business in the remaining clusters, specifically in the states of Tamil Nadu, Andhra Pradesh, Telangana, and Gujarat. Further, for high value SME loans, the Bank has dedicated relationship managers to engage with customers on a continuous basis, enabling to cater to their financial needs in a customized manner. Under SME banking, the Bank offers a wide range of products including term loans, working capital loans, invoice/bill discounting, letters of credit and bank guarantees.

The Bank is also in the process of penetrating into MSME sector by establishing a dedicated MSME team for offering better services to the customers in that segment.

₹ 2,324 Cr
FY20 SME Loans

Corporate Banking



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

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

₹ **4,428** Cr

FY20 Corporate Loans
(including LCBD Assignments etc)

Treasury Management



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

₹ **5,461** Cr

FY20 Treasury Investments

OUR BUSINESS MODEL

CSB has four principal business areas, namely, SME banking, retail banking, wholesale banking, and treasury operations. Bank has renewed its business model for functional efficiency as a full service new age private sector bank. To this end, the Bank has re-aligned the organizational set-up by driving the operations, people and business strategy.

CSB's Renewed Business Model is based on four management initiatives

Branches:

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

Products:

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

People:

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

Customer Experience:

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

HOW WE CREATE VALUE

Inputs – CSB's Six Capitals



Financial Capital

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



Manufactured Capital:

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



Intellectual Capital :

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



Human Capital

Skills, Knowledge, Experience of employees, Leadership



Social & Relationship Capital:

Customers, Shareholders, Community

CSB's Outputs

₹28,000 Cr Total business

₹281 Cr Operating profit

411 Branches across 16 states

8 Zonal Offices

300 ATMs

100 Years of Trusted Banking,

2,00,000 + Internet Banking Users

3,204 Employees.

653 Training Programmes in FY20.

1.5 Million + Customers

22,000 Women Borrowers through the Micro Lending programmes through Business Correspondents model.

69,113 Accounts under Pradhan Mantri Jan Dhan Yojana.

Agri & MFI vertical launched last year has a closing book of ₹159 crore as on 31.03.2020.

52,014 Shares Holders (as on 31.03.2020)

CORPORATE INFORMATION

Board of Directors

Madhavan Menon
Chairman

C. VR. Rajendran
Managing Director & CEO

Thomas Mathew
Independent Director

Sumit Maheshwari
Non-Executive Director

Bhama Krishnamurthy
Independent Director

Madhavan Aravamuthan
Independent Director

S. Nagoor Ali Jinnah
Independent Director

Key Managerial Personnel

C. VR. Rajendran
Managing Director & CEO

B. K Divakara
Chief Financial Officer

Sijo Varghese
Company Secretary

Stock Exchanges

1. The National Stock Exchange of India Ltd.
Exchange Plaza, 5th floor,
Bandra-Kurla Complex,
Bandra (E), Mumbai 400051.
Scrip Code: CSBBANK
1. BSE Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400001.
Scrip Code: 542867

Corporate Identity Number

U65191KL1920PLC000175

Senior Management Team

B K Divakara
Chief Financial Officer

P V Antony
General Manager - Accounts

Bharath Mani
Head - Retail Banking

T Jayashankar
Head - HR

K Rayar
Head - Treasury

Vuppala Srinivasa Rao
Chief Technology Officer

Prem Kumar Thampi
Head - Wholesale Banking

Vincy Louis Pallissery
Chief Compliance Officer

Arvind K Sharma
Chief Risk Officer

Ganesan V
Head-Credit Monitoring &
Recovery

Harsh Kumar
Chief Human Resource Officer

Neena Anand
Head - Retail Operations

Arun Kumar Ramchandran
Head - Audit

Sijo Varghese
Company Secretary

Registered Office

CSB Bhavan,
Post Box No. 502, St. Mary's College Road,
Thrissur - 680 020, Kerala, India.
Telephone: 0487 2333 020
Fax: 0487 2338 764
Email: investors@csb.co.in
Website: www.csb.co.in

Registrar & Share Transfer Agents

SKDC Consultants Ltd.,
Kanapathy Towers,
3rd Floor, 1391/A-1, Sathy Road, Ganapathy,
Coimbatore – 641 006.
Telephone: 0422 – 2539835, 2539836
Email: info@skdc-consultants.com

Secretarial Auditors

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

Statutory Central Auditors

R.G.N. PRICE & CO,
Chartered Accountants,
G 234, Panampally Nagar, Kochi - 682 036.
Telephone: 0484 -2312960, 2316538
Fax: 0484 - 2312735
Email : priceco@vsnl.com

International Securities Identification Number (ISIN)

INE679A01013

CHAIRMAN'S MESSAGE

Dear Shareholders,

The Annual Report for the Financial Year 2019-2020 for CSB Bank is being presented to you at a time when the entire world is trying to overcome the adverse impact of the COVID-19 pandemic. Please accept deepest sympathies to all those who have either lost their dear ones or have been effected by it. The entire world has united in fighting this pandemic and we are indeed led by a brave team of frontline warriors from the field of health & public administration. While many of them sacrificed their lives, millions of them continue to fight the pandemic at the risk of their own safety.

Our sincere salutations to all of them and we are indebted to them forever.

The state of Kerala's efforts in fighting and controlling the spread of Covid is often quoted both Internationally and domestic as a successful model. We would like to use this opportunity to thank the Government of Kerala headed by The Honourable Chief Minister Shri. Pinarayi Vijayan and the unrelenting efforts of the State Health Minister, The Honourable Smt. K. K. Shailaja.

We are pleased to draw your attention to the fact that we celebrate the Centenary Year of the Bank in 2020. Since its founding as Catholic Syrian Bank in 1920, we have witnessed many global, national and industry upheavals. One of the precious founding legacy we have inherited from yesteryears is the TRUST and we will safeguard it as our most important corporate value proposition. We remain committed to nurturing and furthering this legacy of trust from our Customers and other stakeholders.

A golden feather on the cap of this century year old Bank was the successful listing of its shares in the stock exchanges. Your Bank's Initial Public Offering of shares received a massive response from all classes of investors' community. The public issue, which was opened for subscription on November 22, 2019 with a price band of ₹193-195 per share, consisted of a fresh issue of shares to raise up to ₹23.99 crore and an offer for sale of 19,778,298 equity shares by the existing members of the Bank aggregating up to ₹385.67 crore, was oversubscribed by 86.92 times. The equity shares of Bank were listed and admitted for dealings on BSE Limited ("BSE") and The National Stock Exchange Limited ("NSE") with effect from December 4, 2019.



One of the precious founding legacy we have inherited from yesteryears is the TRUST and we will safeguard it as our most important corporate value proposition. We remain committed to nurturing and furthering this legacy of trust from our Customers and other stakeholders.



Another major milestone in the history of your Bank is the completion of acquisition of 51 % of the paid up capital of the Bank by FIH Mauritius Investments Ltd (FIHM), a Fairfax Group Company. The infusion of the capital started in the FY 2019, post receipt of requisites approvals, was completed in August 2019, well ahead of the timeline agreed by the Bank and FIHM. The Bank has received a total inflow of ₹1,208 crore from FIHM of which ₹721 crore was received in the FY 2019 and the balance ₹487 crore in the FY 2020. Today **CSB Bank** is one of the top banks, in terms of capital adequacy and poised for growth acceleration in the coming years.

How we responded to Covid 19

At the onset of the lockdown, our immediate response was to ensure safety of our employees and provide uninterrupted services to our clients. All prescribed safety protocols were taken for the safety of our employees. For convenience of the employees and for seamless functioning of the Bank we implemented staff rotation policy, modified work timings, staggering shifts and temporary transfers.

During this period, we encouraged our clients to use mobile and internet banking and our team facilitated the process by helping the client to go online. The movement towards digital payments was facilitated by promoting payment systems, such as Immediate Payment Service (IMPS) and Unified Payment Interface (UPI), which provide immediate credit to beneficiaries and are available round the clock. The Bank also implemented Decimal digital opening of CASA Accounts, thus enabling the customers to transact on the account immediately after activation. In spite of all these efforts, some of our customers who were accustomed in doing old style branch banking, did face some difficulties.

In terms of RBI COVID – 19 regulatory package, our Bank initiated steps to defer the instalments and interest/EMI on Term Loans falling due between March 1, 2020 and May 31, 2020 and extended repayment period initially by 3 months, which was extended for another three more months.

With lockdown lifted in most part of the countries our operations have since normalised. Let me assure you that we will overcome this ongoing adverse external scenario with our inherent risk management capabilities, legacy and operational advantages.

Our Operating Environment

Most of the encouraging economic developments across various sectors during the 3rd quarter of FY20 could not be extended to Q4 due to the outbreak of the pandemic. The same is applicable for most of the statistical projects for FY21 as most of them have become redundant.

The financial market In India has been going through an intense crisis during the past 12-18 months. What began with was failure of financial institutions including NBFCs, has now been amplified by the novel coronavirus. These problems were compounded by large companies going bankrupt or the regulatory issues faced by the telecom sector. Indirect intervention by RBI could not move the markets.

In the wake of the Covid-19 outbreak, RBI has come out with an array of monetary, liquidity and regulatory measures to ensure liquidity flow to the economy's affected sectors. RBI has adopted tools that seek to keep markets liquid and provide assistance to market agents indirectly. RBI announced a 75 basis point rate cut, liquidity measures to the tune of ₹3.74 lakh crore, including a targeted long term repo operation (TLTRO) worth ₹1 lakh crore, deferment of interest on working capital facilities and three month moratorium for all term loans extended by lending institutions. In the second round, it announced TLTRO 2.0 worth ₹50,000 crore, specifically targeting small companies.

Many banks and analysts are expecting significant increase in the NPAs. However a clearer picture will emerge only in the second quarter. In this scenario it is natural for banks to be risk averse, which in turn will impact lending. Against this scenario, to provide impetus to the economy Govt. of India announced a financial stimulus of over ₹20 lakh crore rupees under the Atmanirbhar Bharat Abhiyan. The scheme is being laid out for Emergency Credit Line Guarantee to the MSMEs. Collateral free loans worth ₹3 lakh crore rupees with one year moratorium was provisioned under the scheme.

Under this scheme, MSME and borrowers from other stressed sectors with up to ₹25 crore rupees of total borrowing were allowed to avail an additional 20 per cent of the outstanding loan from banks and other financial institutions. The additional lending by banks and financial institutions is 100 per cent guaranteed by the Government of India.

On CSB Bank's transformation journey and its performance

Today we are at the cusp of a major transformation. In response to the existing crisis, banks and capital markets firms have begun a wave of transformation projects. While many banks are still struggling with cost overruns and missed deadlines, resulting cost-reduction pressures, your Bank is employing solutions for regaining profitability at a post-crisis level, for which transformations focused on enterprise-wide efficiency and simplification, updating operating models, rolling out emerging technologies, etc. Doing this will also require your Bank to transform its core technology, investing strategically to deliver business objectives and to circumvent the challenges of legacy systems. The Bank is transforming digitally, while mindful of cyber risks, to improve its customers' experience, improve customer segmentation and to enhance customer economics.

It will also be necessary to transform controls and compliance. In the short term, your Bank aims to enhance controls across key business processes and strengthen the front office, control function and internal audit to ensure improved compliance. Over the longer term, your Bank intends to become more radical by transforming its culture. Cultural transformation that is better aligned to the interests of all the Bank's External Stakeholders - Customers, Regulators and Investors. We believe that this cultural transformation will attract talent to your Bank.

From the operational front, your Bank continues to maintain a sound liquidity position, post the capital infusion. Two major indicators of liquidity are Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). Our Bank's LCR and NSFR position as at 31st March, 2020 stood at 245 % and 163.67 % respectively and they are well above the regulatory requirement of 100 %. RBI has also mandated banks to ensure that cumulative monthly Asset Liability mismatches should not exceed 20 % of cumulative outflows. Your bank continues to maintain the Regulator's prescriptions during the Financial Year 2019-20.

From the financial front, your Bank broke the streak of continuous losses and posted profits this year. The Bank achieved this feat at the time when the profitability of

most banks have come under pressure, which is more memorable in the context of this being the centenary year of the Bank. During the period under review, your Bank has reported an Operating Profit of ₹280.58 crore in FY20 as against ₹13.36 crore in FY19; a y-o-y increase of 20x. Your Bank has reported a Net Profit of ₹12.72 crore in FY20 as against Net Loss of ₹197.42 crore in FY19. This is after taking a one-time hit of ₹87 Crore due to re-measurement of Domestic Tariff Area and reversal of Minimum Alternate Tax credit to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) ordinance, 2019. The collective stimulus of improved NII, treasury profits, decreased operating costs and decreased provision towards NPA / investments had contributed to increase in profits.

CRAR of the Bank is at 22.46% which is one of the highest in the industry. Provision coverage is at a comfortable level of 80%-thanks to the conservative



Today we are at the cusp of a major transformation. In response to the existing crisis, banks and capital markets firms have begun a wave of transformation projects. While many banks are still struggling with cost overruns and missed deadlines, resulting cost-reduction pressures, your Bank is employing solutions for regaining profitability at a post-crisis level, for which transformations focused on enterprise-wide efficiency and simplification, updating operating models, rolling out emerging technologies, etc.



provisioning policy of the Bank. Asset quality improved as Net NPA percentage fell from 2.27% as on 31.03.2019 to 1.91% as on 31.03.2020. The Bank has also diversified its funding base by actively participating in the Long Term Repo Window of RBI.

On behalf of the Board and the Shareholders, I would like to use this opportunity to thank Mr. Rajendran and all the employees for their commitment and sustained efforts for turning around the Bank.

While Going Forward

While in some countries the outbreak curve have started flattening the numbers are still on the rise in India. It is a great respite that India's death rate per million is 1.3 compared to that of 226 in US and 449 in UK. The nation is trying to live with the virus.

Amidst this global crisis and past 6 months since the global outbreak, we see optimism emerging. Governments, financial institutions, businesses, economic- health and human development agencies are showing us the light by formulating and delivering the much needed policy support, innovation and guidance. Resilience and agility have become the buzz word across the board rooms.

Govt. of India has made a clear choice to deliver the economic package through the financial sector. This indeed is an indication of the opportunity for the banks as well as the institutional role banks will be playing to rebuild the economy. The advantage of the scheme being routed through banks is that banks use their pricing and evaluation of the credit risk for channelizing the funds toward viable business models during the new

conditions.

At CSB Bank we are indeed impacted in many ways by the external adversities post Covid outbreak. However it comes as a great relief for us since Kerala, Tamil Nadu and Karnataka are among the first five top states to pick up in economic activity while the lockdown is being eased. These are the three states where we have significant networks – in fact 336 of our branches are located in these three states, which is a whopping 82% of the total number of branches.

Concluding Remarks

We will continue to uphold high values of corporate governance and responsible banking. On behalf of my colleagues on the Board, I place on record our gratitude for the support and guidance extended by the Government of India, Reserve Bank of India, Securities and Exchange Board of India, Indian Banks' Association and other regulatory authorities.

I would also like to place on record my sincere appreciation to all our employees, unions, customers, investors and other stakeholders, for their unstinted support to the Bank as always, especially during the lockdown.

We are committed to constantly improving your Bank's operations and differentiate itself in the market-place through customer focussed innovations in products and services and are confident that all our concerted efforts will add significant value to various aspects of the business and help us render quality service to our customers and all other stakeholders.

I conclude by reiterating that your Bank is committed to upholding trust as our most important corporate value. We will strive our best for creating value and delivering long-term profitable growth for all our stakeholders in the years to come.

Stay safe and Blessed.

Thank you.

Madhavan Menon
Chairman



It comes as a great relief for us since Kerala, Tamil Nadu and Karnataka are among the first five top states to pick up in economic activity while the lockdown is being eased. These are the three states where we have significant networks.

REVIEW BY MANAGING DIRECTOR & CEO

Dear Shareholders,

It is the truth of life that joys and sorrows are the two sides of the same coin. Both are integral part of life. As long as there is life, we keep experiencing them one after the other. The best part of both these states is that nothing is permanent, only change is permanent.

The current global environment is one of gloom with the IMF warning about an impending recession comparable only to the Great Depression of 1930s. But as the saying goes, when the going gets tough, the tough gets going.

Now entire world is confronting with the pandemic-Covid - 19. Our country has put up a brave fight against this contagion coping with the adversity as individuals and helping the underprivileged class. The restraint exercised by the citizens, guided by the cautious and meticulous approach of the government has helped the nation, which is having second largest population in the world, to contain the affected number that is significantly lower than in many other nations.

This time shall also pass! Wish everyone is safe and healthy.

Our beloved institution is entering the 100th year of trusted banking. Just like the world witnessed and survived many severe pandemic outbreaks, our bank has also surfed through many adversities in this long span and is jubilantly entering the 100th year of trusted banking and counting...

To enter the centenary year with a successful listing saga is a proud moment for us.

The successful listing of the Bank on 4th December 2019, was a dream come true moment for all of us. The whopping oversubscription of 87 times was a testimony to the trust that this esteemed institution was able to garner during its long journey. The institutional investor portion was subscribed 62 times; High Net worth Individuals (HNIs) category saw 164 times demand and the retail segment saw 43 times demand than the shares on offer.

I take this opportunity to thank one and all who made this possible and extend a warm welcome to our new shareholders.



Our beloved institution is entering the 100th year of trusted banking. Just like the world witnessed and survived many severe pandemic outbreaks, our bank has also surfed through many adversities in this long span and is jubilantly entering the 100th year of trusted banking and counting...



Another important mile stone was the pumping of second tranche of capital by our promoter, M/s FIH Mauritius Investments Ltd(FIHM) amounting to ₹487 Crores which helped the Bank to improve the CRAR from 16.7% as on 31.03.2019 to 22.46 % on 31.03.2020.

While this has opened up enormous growth opportunities for the Bank, we are aware of the expectations and responsibilities that comes with this- i.e., delivering growth with higher profitability without compromising on asset quality.

With the approval of the RBI, Bank has changed its name from “The Catholic Syrian Bank Ltd” to “CSB Bank Ltd”. The new visual identity continues to use the “triarc” logo and the beloved “CSB” brand encapsulating and enhancing the values of trust and heritage. As you can see, we have also retained the familiarity of our primary colours - blue and orange, but in a new combination of “dominant blue” with “orange highlights” to add freshness as well.

As the Bank seeks to reposition itself as a tech-savvy, consumer friendly, modern bank, this change sends out a strong message to all - “Our name is changing, but we are still your preferred bank.”

I am happy to inform that CRISIL, the premier credit rating agency in the country, has assigned its top notch rating of A1+ to the Certificate of Deposits (₹2000 crore) and Short Term Deposits (₹2000 crore) Programme of the Bank. This is for the first time that the Bank has gone for rating of its deposits and the top rating underlines the sound credentials of our bank.



I am happy to inform that CRISIL, the premier credit rating agency in the country, has assigned its top notch rating of A1+ to the Certificate of Deposits Programme of the Bank. This is for the first time that the Bank has gone for rating of its deposits and the top rating underlines the sound credentials of our bank.

In order to grab additional market share/business opportunities, we have opened 10 new branches in FY 20 and have plans to open over 100 CASA/Gold centric branches across the country shortly.

We continued the transformation journey in the last FY and started to reap the benefits.

Two Wheeler Business Vertical which was established in 2018 could register a growth of 265% during this FY. They were concentrating in Kerala State and are now poised to spread wings in other states which will add to the business and revenue. Gold loan portfolio continued to be a prime driver with a growth of 28% during FY 20. Our Corporate book saw an increase of 11%. The newly started Agri & MFI vertical had a decent closing book of about ₹158 Cr as on 31.03.2020.

Let me present the first annual report post listing and elaborate on the major financial highlights of fiscal 2020.

- Bank could turn around with a PBT of ₹134 Cr in the current FY as against the continuous loss before tax history in the past 5 years. Our Net Profit stood at ₹13 Cr after taking a onetime hit of ₹74.25 Cr on account of movement to new tax regime.
- Net Interest Income of the Bank improved from ₹440 Cr to ₹592 Cr recording a growth rate of 35%.
- Treasury gains, Sale of PSLC, recovery of bad debts and growth in fee income helped to boost the Non Interest Income from ₹136 Crs to ₹222 Crs.
- Total staff cost for FY 20 amounted to ₹331 Cr with a decrease of 14% y-o-y.
- Additional depreciation amounting to ₹27.06 Cr was accounted towards the valuation of security receipts.
- The gross and net NPA levels as on 31.03.2020 were 3.54% and 1.91% respectively vis a vis 4.87% and 2.27% as on 31.03.2019. Our net NPA is at ₹217 Cr as against the level of ₹241 Cr on 31.03.2019.
- Bank is holding an amount of ₹93.36 crore as provision for NPA accounts over and above the RBI provisioning norms, as per the accelerated provisioning policy followed by the Bank.

- CD Ratio of the Bank improved by 200 bps (76 to 78%).
- CASA Ratio of the Bank improved to 29.17%.
- Provision Coverage Ratio of the Bank stood at 80.02%.
- Yield on advances improved from 9.88% to 10.56%.
- NIM improved from 2.51% to 3.20% with an increase of 69 bps.
- CRAR ratio of the Bank is 22.46% against the regulatory requirement of 10.875%.
- Cost to income ratio of the Bank is 65.53% vis a vis 97.68% on 31.03.2019.

Growth is the “Mantra” that will drive CSB. We will ensure that this progressive journey is steady, sustainable and profitable. Needless to mention, this journey starts with the customer, progresses with the customer and ends with the customer. All our strategies, business/digital initiatives and support infrastructure are aligned to pave this journey path with petals of customer delight.

Our senior management team comprises of experienced hands from PSBs, new private sector banks, foreign banks and NBFCs. With this talent pool, we are in the process of designing better products, simplifying processes and redefining reach so as to deliver more value to our dear customers duly ensuring regulatory compliance.

This is the right time for the winning leap. Let us join hands together and embark on our dream journey.

I extend my gratitude to Mr. Madhavan Menon the Chairman and the other esteemed members of the Board, shareholders, customers, employees and well-wishers for their guidance, patronage and support.

I also take this opportunity to thank the Reserve Bank of India, SEBI and other regulators for their continued guidance and support.

Stay safe.

Thank you.

C VR Rajendran

Managing Director & CEO

Net Interest Income

₹ 592 Cr +35% YoY

CASA

29.17 % Improvement YoY

Yield on Advances

10.56 % from 9.88% in FY19

CRAR Ratio

22.46 % from 16.70% in FY19



OUR STRATEGIES, KPIs AND GOALS

Core Objectives

Deliver long term value for the shareholders.

To grow with the aspirations of our customers

Provide employees with a meritocratic work environment.

Meeting the regulatory expectations.

Strategic Priorities

Verticalization of business with clearly defined roles and responsibilities.

Incentivising performance.

Maintaining robust capital, funding and liquidity base.

Strong balance sheet with strong controls.

Branch Expansions

Key Performance Indicators

Agri & MFI vertical launched in FY19 has a closing book of ₹159 crore as on 31.03.2020.

Gold loan grew at robust 28% YoY.

MSME vertical which was operationalized recently has started penetrating the targeted segments along with active cross selling.

Increased Profitability.

Provision Coverage Ratio improved to 80% from 78% in FY19.

CRAR improved to 22.46% from 16.7% in FY19.

High Tier I ratio of 21.79%

Plans while going forward

To set up NRI vertical to sharpen NRE deposit focus.

Branch expansion – plan to open 103 branches with CASA/Agri/Gold/MSME focus.

Two Wheeler Vertical to increase presence to geographies other than Kerala.

OUR PEOPLE

The Human Resource objectives at CSB is to ensure that its employees are trained, their skills enhanced and adequately compensated. The Bank ensures that all employees are provided with insurance coverage.

Key HR Priorities

- Revamp workflows and reduce TAT for all HR related activities and thereby reduce overall cost associated with the same.
- Align Human Resources towards achieving business goals of the Bank.
- Ensure retention of quality talent in the Bank.
- Safeguard employee interests and effectively handle their grievances and to ensure fairness, transparency and equity.

Key HR initiatives during the year with specific purpose

HR initiatives in FY20

Our L&D is ready with digital transformation and will ramp up training through digital means this year.

We are gearing towards adopting latest tools for Employee Engagement and Performance Management Systems as a major thrust for the coming year.

Implementation of HRMS modules viz. Leave module, Attendance module, PMS module which will account to considerable reduction of TAT for related HR activities.

Incentive provided to employees during lockdown period for motivating employees to present themselves at branches so as to render service to the society during the tough time.

Buddy Program to facilitate on boarding and orientation of new recruits and employee referral policy for ensuring that quality candidates are being hired at a lesser cost. Introduction of a formal Recognition program for employees so that they strive to achieve the corporate goals.

3204

Employees as on
31st March 2020

653

Training Programmes
conducted in FY20

Ongoing HR initiatives and outcome

Implementation of Score Card to all the employees is in progress. Since performance is the main criteria, all are enthused to put in best efforts towards the progress of the Bank. This system will constantly track and rate employee performance.

HRMS portal made available to employees through mobile application results in proper attendance marking and leave availment.

Salary processing is linked to attendance to a certain extent thereby avoiding payment of excess amount.

Knowledge Management

E-Learning module is in the final stage of going live.

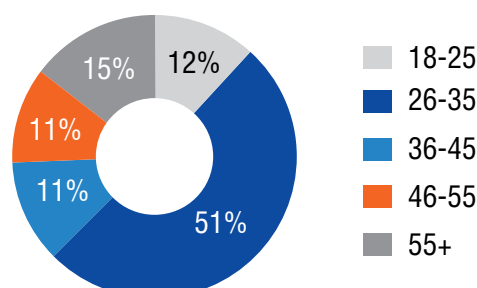
Regular programmes had been conducted at Learning & Development Centre, Thrissur and appropriate personnel are deputed to attend the same.

Employees are deputed to external trainings conducted by reputed institutions.

Incentives are provided for acquiring various qualifications in the respective field.

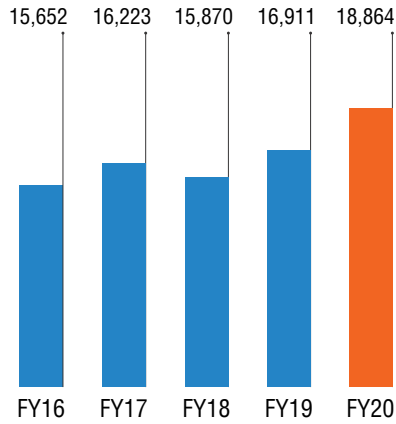
Additional increment is also granted for acquiring certain qualifications.

Age of Employees(%)

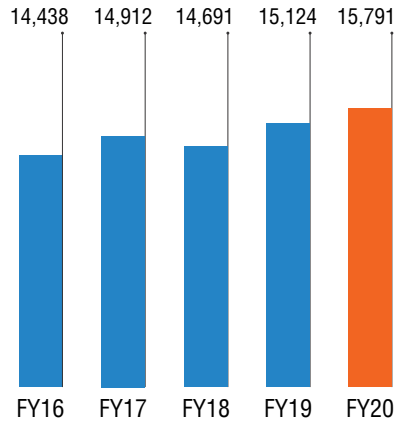


FINANCIAL HIGHLIGHTS

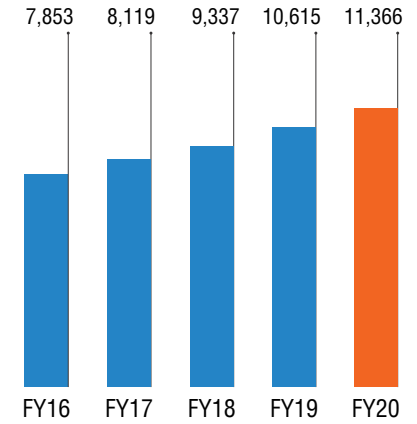
Total Assets (₹ In Crores)



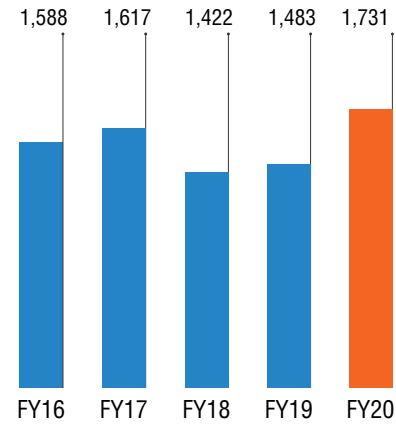
Total Deposits (₹ In Crores)



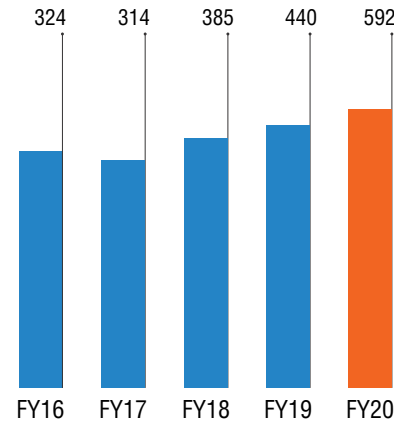
Total Advances (Net) (₹ In Crores)



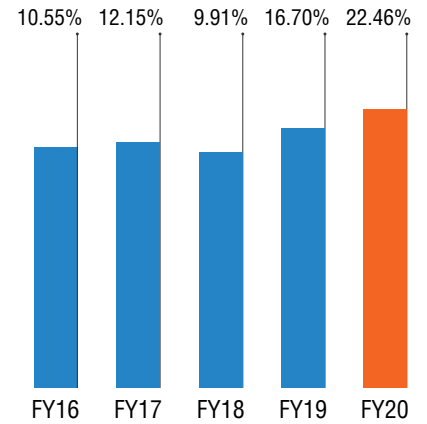
Total Income (₹ In Crores)



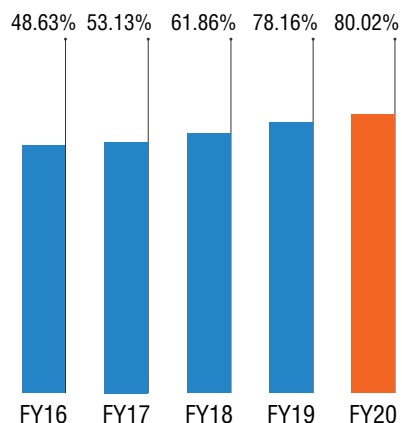
Net Interest Income (₹ In Crores)



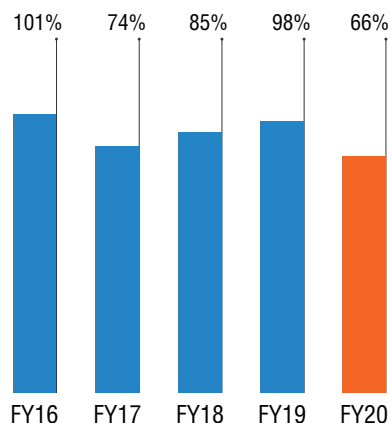
CRAR



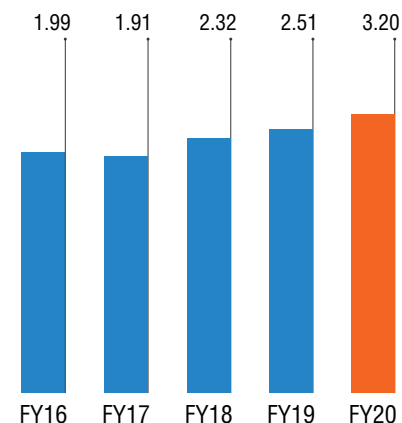
Provision coverage Ratio



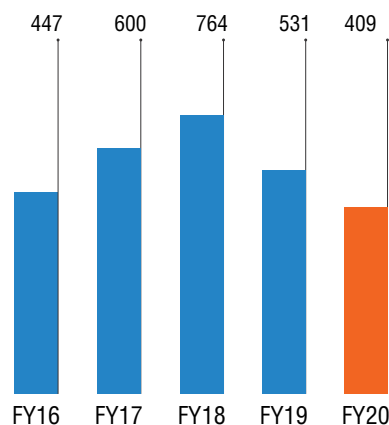
Cost: Income Ratio



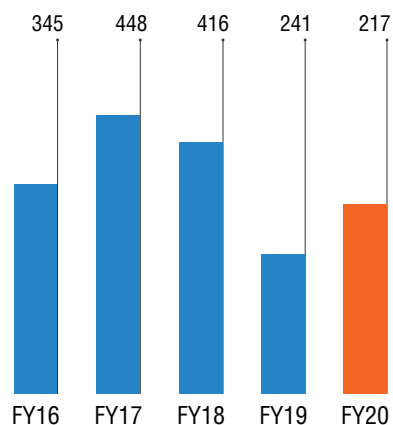
NIM



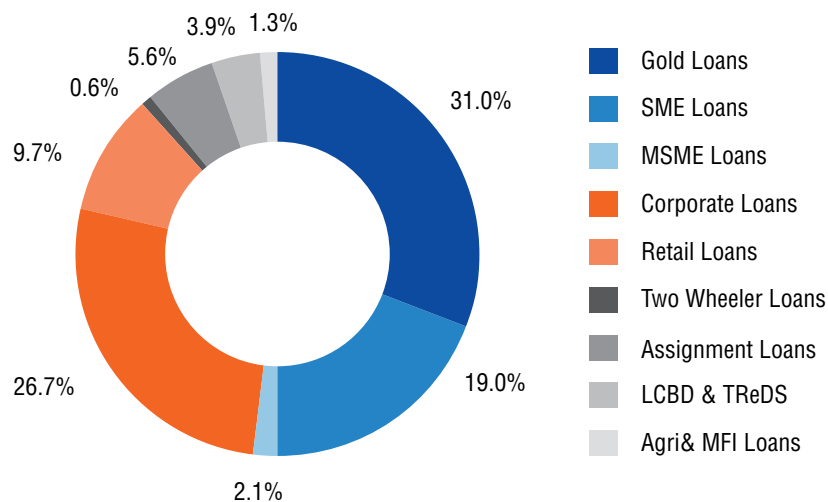
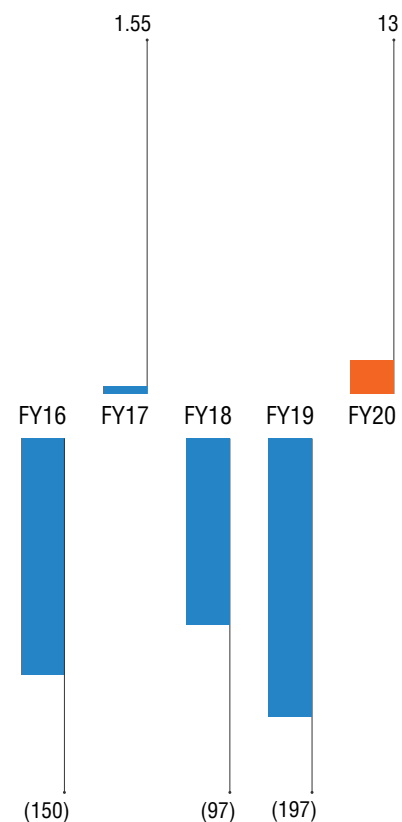
Gross NPA (₹ In Crores)



Net NPA (₹ In Crores)



Net Profit (₹ In Crores)



DIGITAL BANKING

Under retail banking business, the Bank offers a wide range of loans, deposit and wealth management products and services to Domestic and NRI customers.

Deposit products include current accounts, savings accounts, fixed deposits, recurring deposits and corporate salary accounts. For facilitating fund transfer services required by NRI customers, the Bank has remittance and rupee drawing arrangements with major exchange houses in the Middle East and also has tie ups with major money transfer agents, which enhances its capability to provide inward remittance services to the customers and strengthens its NRI business

MEITY ranks CSB at
18th out of 53 Banks as we
surpassed the target
1 Cr Digital transactions



2,00,000

Net Banking Users

78,000

RuPay Prepaid Cards

6,00,000

Debit Cards

26.3%

Increase in Digital Transactions in FY20

95%

ATM Uptime

34%

YoY Increase in Mobile Banking Activation

Upcoming Digital Projects



WhatsApp Banking



BBPS in Net/Mobile Banking



Chatbot in Mobile App



Tap & Pay Cards (Contact less)



CSB E-Tax Filing



Loyalty Rewards Program for Customers



FASTag/National Electronic Toll Collections

DIGITAL BANKING INITIATIVES IN FY20

Gold Loan



Implemented Gold Loan Origination System for automation of entire life cycle of Gold Loan. Besides improving the efficiency, Gold Loan LOS aims at standardizing the credit process, managing risk, enhancing user experience and generate a useful MIS for better decision making. For gold loans, we launched ATM (Any Time Money) Gold loan facilitating customers to withdraw Gold loan amount through debit cards from their Savings Bank accounts.

Online Account Opening



Customers can open CASA accounts through our Insta Digital Account opening platform. Assisted Mobile App was launched to enable opening of CASA accounts at Customers place. KYC documents are collected digitally and validated by our Centralized Payment Centre. Instant Debit Card, Internet Banking and Mobile Banking credentials are provided.

Corporate Internet Banking (FEBA)



CSB presents 'CSB CorpNet' – one stop, new-age banking solution for corporates! It's simple, secure and convenient. Using CSB CorpNet, Corporates can carry out all business transactions, monitor, raise a query, hold/pause a transaction and much more from home or office.

Loan Origination System for Micro Finance



Bank is equipped with eFIMO ERP BC Solution. It is a Loan Origination & Loan Management system that provides end-to-end solution, right from Application Processing, Underwriting, Risk Analysis, Credit Scoring, Sanction, Disbursement, Collection, NPA Identification, pre-closure, Settlement, Write off etc. This solution is integrated with Bank Core Banking, Mobile integration, Credit bureau's, UIDAI, etc.

NEFT 24X7



24X7 NEFT service is made available to our customers from 15th December, 2019. Our Bank Customers are able to send remittances 24X7 to other Bank customers using NEFT facility.

Corporate Loan Origination System (Corporate LOS)



Corporate Loan Origination System is in place for processing of Credit proposal of Corporate & SME borrowers.

Mobile Plus App (New Mobile Banking Application)



As part of improving customer experience in our platform, Bank has revamped our mobile banking application and incorporated many retail banking features, Contemporary UI/UX features and certain unique features to give an edge to our product when it compares with same product offered by peer banks. Bank has Mobile Plus IOS App also.

Digital Banking for MSMEs



Core Banking is capable to take care of Loan Account Creation, Limit Creation, Security Creation, Loan Disbursement and Amortisation.

TReDS:

Trade Receivable e-Discounting System (TReDS) is an electronic platform for facilitating the financing / discounting trade receivables of Micro, Small and Medium Enterprises (MSMEs) through multiple financiers. These receivables can be due from Corporates and other buyers including Government departments and Public Sector Undertakings (PSUs).

Your Bank launched a new product and participating on TReDS platform for discounting of invoices of MSME suppliers.



Cyber Security

As part of improving cyber security posture, Bank has managed Security Operation Centre (SOC), Privileged Identity Management (PIM) Solution, Network Access Control (NAC), Data Leakage Prevention System, on Premises DDOS solution and also taken steps to improve the end point security by implementing Active Directory Services, Anti Virus solution and by white listing Applications and online patching solution. For improving security in card present and not present transactions, replaced all existing magnetic stripe debit cards with EMV chip cards. Also implemented various controls suggested by RBI on Swift System and ATM terminals. Banks ATM Switch is PCIDSS complied.

Bank is taking continuous efforts to create cyber security awareness among employees and customers through newsletters/emails and SMS.

Aadhaar Vault

Implemented Aadhaar Vault for securing Aadhaar database of our Customers (Aadhaar Number is encrypted and stored). Systems such as e-KYC, AEPS, CKYCR, LOS systems etc is integrated with Aadhaar Vault.

BOARD OF DIRECTORS



Sumit Maheshwari
Non-Executive Director

Madhavan Aravamuthan
Independent Director

Madhavan Menon
Chairman

C. VR. Rajendran
Managing Director & CEO

Bhama Krishnamurthy
Independent Director

Thomas Mathew
Independent Director

S. Nagoor Ali Jinnah
Independent Director

COVID-19 BUSINESS IMPACT REPORT

COVID-19 impact reporting framework is a voluntary format to disclose the business impact due to the outbreak – the Bank’s response to the situation – and the expected future outcomes. The framework broadly covers work force protection, impact assessment on the Banking services, customer engagement and financial stress. This reporting framework also covers disclosures in tune with the Securities and Exchange Board of India Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 on Advisory on disclosure of material impact of COVID-19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable in the Bank’s case is given below:



MANAGEMENT TEAM / TASK FORCE

Multiple Business Continuity Plan (BCP) meetings were conducted from Mar 11, 2020 onwards at regular intervals to discuss on BCP plan for preparedness of COVID-19. The developments were/are reviewed at Executive Committee (EXCO) on a regular basis and EXCO acts as the quick response team in this regard.

All Board and other Committee meetings were conducted via digital platforms (WebEx). Earlier the conducting of all the meetings via digital platform was given as an option on request basis, but now it has been made the common medium for conducting all Board level meetings.

WORKFORCE PROTECTION



Initial actions

Policies and actions Incl. prevention and incident response, cancelation of travel, conferences, meetings.

Immediately after the Prime Minister, Shri. Narendra Modi announcing the complete lockdown in the country, the Bank though included in the “essential services list”, limited the number of staff attending the HO/ branch/other office operations, engaging the method of ‘staggering’ work shifts. Temporary transfer orders were also issued for individual employees to put their services at the nearest branch. All employees were instructed to ensuring effective implementation of lockdown period guidelines such as individual and work place sanitisation, wearing mask as well as ensuring that all customers are adhering to the guidelines. All the outstation and branch meetings were cancelled. Fumigation of all the Bank’s branches/offices was meticulously carried out on an ongoing basis, at periodical intervals.

All the meetings including internal staff meetings were also conducted continuously via video conferencing (WebEx) and phone calls.

Two Way Communication with employees

Multi – channel communications used, confidential reporting mechanism if any, information sources

The Bank issued few important and mandatory circulars through email, WhatsApp and internal report platform on

the operational, policy and safety procedures required during the outbreak, based on circulars/ notices issued by RBI/Government/local authorities. Aarogya Setu a mobile application developed by the Government of India to connect essential health services with the people of India in its combined fight against COVID-19, was made mandatory for all employees, both government and private. The Bank advised all staff members to download the Aarogya Setu mobile App in their smart phones. Telecommunication facilities such as voice and video conferencing were widely used among the staff and management for seamless communication on various safety and operational aspects.

Work from Home

Many of the staff members worked from home during the lock down, continuing office work without



Bank announced an Incentive to staff members working in branches/ administrative offices, during the lockdown period and paid ₹174.38 lakh to 2035 employees Pan India for the period from 30-03-2020 to 14-04-2020

interruption. The Bank provided a number of VPN connections for accessing CBS, IT, Treasury, CPC, Service branch and for some of the business executives also. VPN was provided to personal laptop users also and to ensure the security, IS team got into tie-up with Trend Micro AV and EDR solution and subscribed for the required number of user licences and VPN access was provided only if personal laptop users installed Trend AV & EDR Solutions. Necessary security features were enabled to provide secure VPN connection as device binding, Two Factor Authentication and close monitoring of VPN users through SOC. To facilitate uninterrupted technology support and to provide total data security, the Bank's SOC team worked 24x7.

Facility & Onsite Norms

Staggering work shifts, times prevention social distancing

Branches/ Offices functioned with minimum possible staff strength. Staggering work shifts was provided to employees. Work from Home facility was arranged to

some employees in administrative offices. The Bank advised branches to take precautionary measures like use of sanitizers, masks, etc.

Remuneration

Any changes, deviation in the existing remuneration

Bank continued paying all employees remuneration, as per their existing pay scales, throughout.

Incentives

Further, the Bank also announced an Incentive to Staff Members working in Bank's branches/ administrative offices, during the lockdown period and paid ₹174.38 lakh to 2035 employees Pan India for the period from 30-03-2020 to 14-04-2020.

Retrenchment

Employees, contract workers

During the lockdown period, no employees / contract workers were retrenched.

Overall Impact on Human Resources

(With respect to people only)

Time line	No Impact	Moderate Impact	High Impact
Immediate impact (First 3 months)	N.A.	Bank branches had to function with minimum number of staff. Some Branches/Offices had to close due to Government Restrictions at different places. During initial lockdown period, some branches had to function in reduced business hours.	Nil
Expected Mid Term Impact 4 th to 9 months)	N.A.	<p>Future disruption in the activity of key job functions which require technology and systems that are only available on the premises. Therefore, employee productivity may be expected to decline, but not materially.</p> <p>Sales personnel unable to meet prospective customers, thereby not meeting expected additional business.</p> <p>Enhanced usage of on-line electronic mode of transactions, will educate the customers thereby reducing personnel requirement at branch to a small extent.</p> <p>Employees unable to attend duty were asked to submit once in a year disassociation leave for the period and the resultant reduction of leave will reduce the provisioning requirement.</p>	Nil
Expected long term beyond 9 months	N.A.	Might result in overall business not growing to the desired level.	Nil

CUSTOMER ENGAGEMENT



Customers accustomed to branch banking faced problems for making their regular routine transactions. As many customers were depending on digital banking, daily transaction limits in Internet/ Mobile were enhanced. Customers faced shortage of cash in a few of the ATMs. BCP for Call Centre of the Bank could not function effectively as many of the team members could not come for work.

Communication with customers

There has been a major impact unleashed by the COVID-19 outbreak on the financial services industry world-wide, especially on Banks. To efficiently handle the crisis and ensure seamless delivery of essential banking services, the Bank has identified the need to address its response suitably, immediate, short, and medium-term.

The effort has been to engage with customers and allay their apprehensions. The communication at all levels has been made to assure continuity of services in the face of an unprecedented situation and in tandem with the ever changing issues arising out of the present crisis. The business continuity plan has taken in the newly unfolded scenario. The focus has been on ensuring continuity in the face of the extreme situation like the current one. Hence, the Bank has addressed the developments to the shifting scenario.

The customers of the Bank were using hi-tech products like Net-Banking, Mobile Banking, ATMs and POS provided by the Bank to execute banking transactions during the outbreak and lockdown. The Bank communicated with customers through emails, SMS messages and or all urgent / critical issues on phone.

Customer interest protection

Global travel restrictions, nation-wide lockdown, surge in call and data traffic, tightening of liquidity, have been the prime concerns of the Bank. Resetting working hours in accordance with the local situation and restrictions placed has been implemented. This was supplemented by limiting the number of staff engaged to prevent mass exposure and rotating their working days. Care has been taken by the Bank to ensure workforce continuity. It has been recognized that the present challenges will test the efficiency of the Bank. Business continuity plans have been reaffirmed to ensure ability to deliver seamlessly in the coming days. Issues faced by customers and employees have been mapped. The view takes into consideration, enabling agile delivery models to successfully handle the continuing impact. The customers of the Bank were provided uninterrupted service, basically 24/7 service. Some customers were provided doorstep banking facility. Some of the corporate customers were provided with Virtual Private Network connectivity, which provided them with the flexibility of operating their Bank accounts from their office desks, for high value transactions without any compromise on security.

Any New products / services

New Products:

1. **Akshaya Gold Credit Line** - a unique, digitally enabled and customer centric product is rolled out to monetize the domestic gold reserves of middle and upper class of population who do not use gold loan as a primary credit option. It ensures 24x7 funds availability to any customer, who needs funds –either in an emergency or for just running their business, through a pre-approved credit line against gold ornaments parked with the Bank.
2. **CSB COVID RELIEF LOAN** - In order to help the existing borrowers of the Bank and as permitted by RBI, to tide over the economic fallout and manage the liquidity problems caused by COVID – 19, a new product has been launched namely 'CSB COVID RELIEF LOAN'. The loan amount is carved out from the existing working capital gap by reducing the stipulated margin on stock and receivables to 10% and 25% respectively (as against the Bank's usual requirement of 25% and 40% respectively). The Bank further has granted moratorium of six months on payment of all instalments falling due between 01.03.2020 and 31.08.2020, across the board for all borrowers. The repayment schedule for such loans as also the residual tenor, will be shifted across the board by six months after the moratorium period. Moratorium will be extended to all standard accounts including those classified as SMA as on 29.02.2020.

Services:

- a. All loan related customers were allowed moratorium for the payment of instalment and



In order to help the existing borrowers of the Bank and as permitted by RBI, to tide over the economic fallout and manage the liquidity problems caused by COVID – 19, a new product has been launched namely 'CSB COVID RELIEF LOAN'

interest falling due between 1st March 2020 and 31st August, 2020. Customer needs to pay the interest for the utilised portion only and it can be used through any digital transactions.

- b. To avoid people's movement during the lock down and to facilitate to meet their immediate financial requirements, the Bank introduced door step banking. Bank's team members extended the banking service at the customers' door step.
- c. Deferred interest on the working capital loans will be converted into Funded Interest Term Loan (FITL) and further time up to March 2021 will be allowed, which will facilitate the customers from sudden repayment pressure after moratorium. The deferred term loan instalments including interest will be re-fixed as payable over the extended tenor.

Impact / Expected impact on fresh loans and instalments / recovery:

- a. New Covid loan had facilitated the Bank's existing customers to meet their immediate requirements, which had facilitated the customers to serve their employees also by paying salaries, etc.
- b. New gold loan product facilitated social distancing, reduced the personal contacts and visit of the customer to branch ; at the same time, it facilitates them by meeting all their requirements through digital mode like net banking, mobile banking, ATM etc.
- c. Door step banking had facilitated the customers to meet their requirements on their call and also protected them from exposure to COVID impact.
- d. Recovery to normalcy has started gradually and the moratorium period has facilitated the customers to reduce their irregularities and to commence afresh from September 1st.
- e. SMA / stressed account numbers have come down substantially.
- f. Most of the customers realised the cost impact on loans availed / moratorium and continued to service the loans as much as possible to reduce the liability, though moratorium is allowed. It has reduced the number and volume of stressed account position of the Bank substantially.

Digital transactions

Against the backdrop of branch banking facing challenges after the COVID 19 outbreak/ lockdown the Bank commenced its renewed campaign for usage of Digital Banking via; (a) CSB Website (b) SMS/ Emails and (c) Social Media- WhatsApp. Resultantly, the digital transactions increased after the lockdown.

Branches continued to contact HNI customers and enquired whether any support required. Also branches were contacting customers to help them activate online channels.

Weekly awareness communications were sent (SMS/ Mailer's) to customers on using bank's Digital Channels- Internet/Mobile /UPI .Online Links for self-activating/ resetting Passwords/ mPin were also shared.

For convenience of the customers, the Bank has enhanced the Internet/ Mobile Banking limits. Customers can now transact using Digital Products for a higher limit without depending on branch banking.

On account of lock down, the Bank had given higher limit discretion to ATM linked branches, basis their zonal heads approval.

Ongoing/Future digital plans

On account of COVID-19, customers were not able to receive the physical passwords/mPin for activating Internet/Mobile Banking. In order to ensure that customer receives his Net/Mobile banking credentials online, the Bank proposed online PIN generation option for Internet/Mobile Banking Passwords/ mPin to the registered mail ID of the customer with a password protected file & authentication to be done via OTP.

WhatsApp Banking

Bank will soon go live with WhatsApp banking which is new in industry. The same will help customers to get answer for their non-financial queries and balance enquiries.

Branch Expansion

The Bank has a Board approved plan of opening 101 branches, which is expected to be completed by the end of first half of fiscal 2021. This will in turn generate further staff recruitments.

FINANCIAL STRESS

Revenue Loss if any during and expected after lockdown

Banks entire strategy is geared to ensure that there is sequential growth in revenue. Being a niche player with minuscule market share with a focused strategy will ensure smooth sailing regardless of macroeconomic headwinds.

Financial Impact on various parameters:

Item	Present and Immediate Impact
Net interest income	Bank had participated in the LTRO programme of RBI, wherein the Bank received funds at repo rate and is in the process of investing the same in high yielding investments. In FY 20, the Bank's Gold loan portfolio has increased 28% in comparison to last year and expects almost a similar growth in current year.
Other income	Processing fee is the major component of Bank's other income which is expected to be high in FY 21 as the Bank has launched MSME vertical & planning to extend two wheeler vertical presence in other geographies. Treasury profits are also expected to be at higher level due to the decrease in G sec yields.
Impact on margins	No material adverse effect is expected in the margin as the Bank has enough scope on improving credit deposit ratio and the thrust segments for growth on asset side is interest rate in elastic segments.
EMI Moratorium & Gross NPA	Effect of lifting of moratorium will be visible only in the second half of FY21, as on 31.05.2020, 15% of clients & 28% of portfolio have availed the moratorium and their repayment behaviour will depend on a large extent on the overall economic revival.
Renegotiations with clients & Cost Escalation if any	Staff cost is the major component of opex and significant portion of this is driven by DA changes, which is linked to CPI (IW).As the CPI (IW) is expected to be in downward trajectory in FY21 due to expected slump in aggregate demand due to the Covid outbreak, the Bank does not expect significant increase in total employee cost. Other opex may increase as the Bank is going for branch expansion and this is independent of Covid situation. In the case of existing branches, the Bank is renegotiating with landlords for possible rent reduction.

Liquidity position /Cash availability to sustain in case of continued business disruptions

The Bank continues to maintain its sound liquidity position post capital infusion. Two major indicators of liquidity are Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The Bank's LCR and NSFR position as at 31st March, 2020 stood at 245 % and 163.67 % respectively and they are above the Regulatory requirement of 100 %.

The Bank has assessed the future liquidity plans in the light of RBI COVID - 19 relief packages and additional measures introduced to boost liquidity in the economy. The Bank has in its armour adequate net lendable surplus to meet the business requirements in the First quarter of 2020-21.

The Bank has also initiated action plans to facilitate self-funding of advances from respective loan verticals.

Overall Expected Impact on Business:

Item	Impact
As on March 31, 2020	As per 'COVID-19 Regulatory Package' announced by the RBI as on 31.03.2020, ₹1,62,81.541/- has been provided for accounts for which, asset classification benefit was extended.
Immediate impact (First 3 months)	Even in normal times, the first quarter is a period of lull for business growth in banks. Despite this the deposit portfolio of the bank has grown significantly so far. Gold Loans, Loans to Agri & MFI, MSME and Two wheelers are also on the upward trajectory.
Expected Mid Term Impact (4 to 9 months)	Not much change is expected in the mid term
Expected Long term (Beyond 9 months)	In the long term as the moratorium ends, some stress on SME book is expected. But in the Bank's view, it will be manageable.

KEY HIGHLIGHTS

In FY 20, the Bank's gold loan portfolio has increased 28% in comparison to last year and expects almost a similar growth in current year.

No material adverse effect is expected in the margin as the Bank has enough scope on improving credit deposit ratio and the thrust segments for growth on asset side is interest rate in elastic segments.

Bank does not expect significant increase in total employee cost. Other opex may increase as the Bank is going for branch expansion and this is independent of Covid situation. In the case of existing branches, the Bank is renegotiating with landlords for possible rent reduction.

The Bank has in its armour adequate net lendable surplus to meet the business requirements in the first quarter of 2020-21.

The Bank has also initiated action plans to facilitate self-funding of advances from respective loan verticals.

Risk Factors

Effect of lifting of moratorium will be visible only in the second half of FY21, as on 31.05.2020, 15% of clients & 28% of portfolio have availed the moratorium and their repayment behaviour will depend on a large extent on the overall economic revival.

CREDIT QUALITY

COVID-19 would adversely result in cash flows of households and business entities and is expected to result in financial stress in borrowers under retail, SME and corporate portfolio. Debt servicing of borrowers enjoying working capital and term loan facilities are likely to be affected since there are pressure from both supply and demand side. To circumvent with this situation Monetary Policy committee of Reserve Bank of India, in its seventh bi monthly policy statement, sets out various developmental and regulatory policies that directly address the stress in financial conditions caused by COVID-19. One of the key decision taken by RBI is easing financial stress caused by COVID-19 disruptions by relaxing repayment pressures and improving access to working capital finance. Accordingly, RBI has issued COVID-19 regulatory package advising various relief measures to be adopted by Banks and financial institutions, to enable the borrowers to tide over the economic fallout from COVID-19.

The moratorium may provide immediate relief to the borrowers to tide over the disruptions caused by the COVID-19 pandemic. However, their loan servicing burden will increase significantly in the days to come when the deferred instalments / interest falls due for payment. The disruption of economic activities on account of the lockdown may further intensify asset quality deterioration.

The Bank has issued circular to adopt in line with RBI directions, in the following matters:

1. Rescheduling of Payments – Term Loans and Working Capital Facilities
2. Easing of Working Capital Financing
3. Asset Classification
4. Provisioning Norms

OPERATIONS & CONTROLS

Item	Current	Expected	Innovations for streamlining
Service branch	There was no dip in NACH transactions, however cheque transactions reduced by almost 60%.	Cheque transactions volumes will gradually pick up once lockdown is lifted, totally.	Clearing process as on date is fully outsourced, as this was Pan India issue, vendor had invoked 'Force Majeure' clause, however continued to support with Bank staff help. In order to ensure social and physical distancing, staff roster was introduced to handle Inward and Outward Clearing.
Service Branch - NACH Processing	There has been no change in NACH transactions (as they are pre-registered)	NACH transaction levels are stable	Mumbai/Chennai Service branches managed NACH processing – The Bank was able to get the team to work from home at Chennai and Mumbai to manage the volumes. Chennai was also the Disaster Recovery site for Mumbai and Delhi and work from home was enabled for Chennai staff as well.
Reconciliation	As a critical activity all alternate channels (including ATM) reconciliation and management including customer dispute management were switched over to the work from home facility. VPN connectivity was enabled to the respective officers till 21st April 2020 and thereafter directed the team to join the office, when the lockdown was lifted.	RBI had given some relaxation from 5 days to 30 days which might be revisited again –The Bank needs to ensure controls over TAT.	Automation - Reconciliation need inputs from multiple sources and the Bank is already in the process of automating the process as much as possible. This will help TAT and Accuracy.
Deliverables	Deliverables function affected during these days due to non-availability of courier service, however within the state service restored and the Bank's team is closely working with them.	Post Lockdown the normalcy has been restored in terms of all deliverables.	With the help of IT team, the Bank worked on Pin generation across channels with a combination of Email and OTP over RMN. This helped the Bank to reduce courier cost - domestic and overseas, improve TAT and better customer engagement.
Two Wheeler Loans	Two wheeler business originate from dealerships which were totally shut from Mar 23rd onwards. Sanction approvals also has a prerequisite of field verification which was not possible during lock down. As a result, there were no fresh disbursements received during this period.	Business might take some time for revival as there is a fear of job losses. However as crowded public transport might be a concern due to pandemic, some leeway can be taken to boost business.	Streamlining of process to have excellent TAT's, train the staff for proper / first time right documentation for customer delight. Follow up on discrepancies to ensure controls are not compromised.
	Two wheeler operations are currently centralized from single location in Ernakulam, 60 % of the staff was unable to attend office due to lockdown and inter district travel restrictions even for Bank staff.	Restrictions have been released in a phased manner and most of the staff have joined back, accordingly.	The Bank will need to arrange for back up for Asset Operations as BCP measure, which is already on cards. MSME Operations in Chennai will also manage two wheeler operations for few locations as well serve as back up for Ernakulam unit.

Item	Current	Expected	Innovations for streamlining
Micro-ATM	Decrease in Micro ATM transactions, as on date there is only one BC deploying the Bank's Micro ATMs at Petro outlets. Due to the Pandemic/ lockdown & reduced operating hours, transactions have come down drastically.	Transactions will also continue to be on the downside due to the pandemic.	The Bank will need to de-risk the business by engaging multiple BC's. To increase the Bank's reach by engaging multiple BC's in tier II and III cities. BC to look for cash intensive business's since disposal of cash via Micro-ATM can be good incentive for such outlets. Business team is working on such prospects.
POS	Decrease in POS and QR transactions as only 'Essential services business' are running due to the pandemic.	POS and QR transactions are picking up in most of the locations post lockdown.	Increase the percentage of existing customer base using the Bank's digital solutions, use analytics to assess customer profile and work on campaigns to popularise the Bank's products.
Prepaid	There were no incremental Prepaid Instruments issued due to lockdown status across. However Prepaid Instruments have managed to maintain the same volume as seen in Feb '20, since it facilitates contactless transactions and customers are comfortable using the same as the ticket size is small.	Prepaid Instruments business volumes might continue to remain low due to pandemic. The situation might not improve immediately, if companies fail to provide salaries/ incentives due to the Pandemic. Also as Bank's prepaid cards are issued to daily wagers, adhoc workers, cab drivers, delivery boys, etc.,	The Bank needs to look at increasing its reach, identify different profiles to popularise products, ride on some of the existing products like schools, etc. The Bank is currently working on implementing eKYC verifications which will reduce the time taken to collect Physical KYC. It is also in discussion with few companies who want to partner with it as BC to issue Prepaid cards. Due to COVID situations, lots of partners are looking forward to having multiple bank tie-ups. The Bank can make use of this situation, positively.
Centralised Payments	All Payments, TDS and Outsourcing activity review functions are managed from centralised payments. As these are time bound core functions (Premises Rent, Recurring Payments and Statutory TDS return filings) it's been quite a challenge to process payments and statutory monthly Tax remittance with available reduced staff strength.	-	Team is working for centralised deposit TDS processing i.e. payment & filing in a single centralised TAN and revamping payments platform in IFUSION with the support of CBS team. New Tax calculation for FY 2020-21 discussed with CBS & modified module will be available for UAT soon. The Bank is in process to implement the system changes intimated by IT department for this current FY with the support of CBS.
Liability / Asset Account Opening/ CERSAI Registration	There was a huge dip in volumes, after some initial hiccups service provider was able to support. The Bank had also arranged for some of the staff to stay onsite in CPC premises just as contingency measure.	Volumes will pick up gradually, in the process the Bank is also working on assisted Digital account opening across branches.	Bank's Assisted digital account opening platform for Individual accounts will be strengthened, it also has a virtual ATM card offer to support Ecom transactions.
Profile Modification - CRF	Some reduction in volumes, however this team was stationed in the CPC office itself and hence were able to cope up.	The Bank is looking at this phase to centralize pending processes.	SOP's for centralized operations are about to be finalised, the Bank will be able bring in good improvement in TAT's and customer delight.

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMIC REVIEW

As per the World Bank report, global growth slowed evidently in the year 2019, with continued weakness in global trade and investment, this weakness was widespread, affecting both advanced economies—particularly the Euro Area—and emerging market and developing economies (EMDEs). Various key indicators of economic activity declined in parallel, approaching their lowest levels since the global financial crisis of 2009. In particular, global trade in goods was in contraction for a significant part of 2019, and manufacturing activity slowed markedly over the course of the year; recent high-frequency readings suggest some tentative stabilization of manufacturing output at weak levels. To a lesser extent, services activity also moderated. A broad range of economies have experienced feeble growth, with close to 90 percent of advanced economies and 60 percent of EMDEs going through varying degrees of deceleration last year. Trade tensions which had de-escalated during mid-October, 2019 escalated post COVID-19 outbreak. Though the Financial market sentiment improved appreciably toward the end of 2019, it had been fragile during most part of 2019.

Concerns about growth prospects triggered widespread monetary policy easing by major central banks last year, as well as flight to safety flows into advanced-economy bond markets. In a context of subdued inflation, this pushed global yields down—in some advanced economies, further into negative territory—for most of 2019. Heightened risk aversion contributed to subdued EMDE capital inflows in the second half of last year, as a number of EMDEs faced renewed currency and equity price pressures. The subdued outlook led to decline in most commodity prices, which are expected to remain near current levels over the forecast period.

Against this context, global growth weakened to an estimated 2.4 percent last year—the lowest rate of expansion since the global financial crisis in 2008.

COVID IMPACT ON THE GLOBAL ECONOMY AND BANKING

The COVID-19 pandemic is a catastrophe taking an enormous toll on humanity disrupting lives and livelihoods. The scale and severity of COVID-19 is unprecedented

impacting 9,277,214 people across 216 nations and territories around the world as on June 25, 2020. The outbreak has left a devastating impact on the world economy and many of the industry segments have been severely affected. The epidemic has reached its peak in few countries but in many, it continues to be on the rise. The danger of a second wave of pandemic cannot be ruled out.

Due to a sharp deterioration in macroeconomic prospects, the global GDP forecasts for the year has been lowered from the previous projections. The global contraction is expected to be 2.4% in 2020 before a rebound to growth of 5.9% in 2021.

For banks, the impact of COVID-19 outbreak is unlike during the 2008 global financial crisis. Most banking sectors have gradually emerged from the financial crisis, better capitalized, better funded, and more liquid. The capital base of big banks almost doubled over the past 10 years. According to the Bank for International Settlements (BIS), between June 30, 2011, and June 20, 2019, the Common Equity Tier 1 capital of the large 100 banks increased by 98%, or by around €1.9 trillion. This comes on top of a material de-risking of a number of banks' exposures during that period. Comparable progress has been made in terms of bank liquidity.

During this period most banks across the globe had also invested considerably on digital transformation and have been benefiting on better customer outreach, data analysis and operational cost reduction. Across the globe, government support packages are expected to cushion the impact on households and corporate borrowers and in turn, banks.

However, deterioration in the global banking environment and credit metrics are anticipated since the outbreak of COVID-19. The impact is going to be heterogeneous with respect to individual banks and geographies rather than a homogenous impact across the globe. The strongest and more conservative banks are likely to be faster in recognizing weaker exposures and provisioning for future potential problems that would be revealed later for others. COVID impact in the operational jurisdiction of the Bank, exposure to risk prone industries like oil and gas, tourism, restaurants, real estate, transportation, entertainment can add to the Bank's vulnerabilities.

INDIAN ECONOMIC REVIEW

Due to deceleration in private consumption, stagnation in investment and contraction in both exports and imports under the impact of the global slowdown trade resulted in declining the GDP growth in 2019-20. The National Statistical Office (NSO) on January 7, 2020 placed India's real gross domestic product (GDP) growth for 2019-20 at 5.0 per cent. In terms of high frequency indicators, both production and imports of capital goods – two key pointers of investment activity – continued to contract in November and December.

As per the estimates from Department of Economic Affairs, Govt. of India, Indian economy had begun to regain momentum with clear signs of uptick in consumption and investment towards the end of Q3:2019-20, only to be halted by COVID-19 that made government enforce country-wide lockdown in late March 2020. Green shoots had appeared with Index of Industrial Production (IIP), Index of Core Industries (ICI) and merchandise exports rebounding with positive growth in February 2020 along with signs of revival in consumer sentiment. However, sharp negative growth of merchandise exports and imports in March 2020 gave first signs of distress having already entered the country's economic space. With the imposition of lockdown from 24th March, FY 2019-20 closed with a seven-day period of economic inactivity. Besides trade, negative growth in IIP and ICI indices and particularly the decline in electricity generation in March 2020, reflected the economic adversity of the lockdown.

Going forward, most of the earlier statistical projections on FY21 and beyond will become invalid since the outbreak of COVID-19 has altered the entire dynamics. As per May 2020 projections by RBI the economic activity has been impacted severely since the two months long lockdown. RBI has projected that real gross domestic product (GDP) is likely to contract by 1.5 per cent in 2020-21 but is expected to revert to growth terrain next year when it is likely to grow by 7.2 per cent.

As part of improving the credit availability in the economy, Reserve Bank of India on 22 May, 2020 initiated a reverse repo rate cut of 40 bps to 3.35% from the earlier 3.75%. The central bank expects uncertainty in the inflation rates and rebound of the economy is depended on flattening the COVID-19 curve. Further in May, 2020, the loan moratorium was extended up to August, 2020. To further ease pressures on business, central bank announced that the interest accrued on availed portion of working

capital limit during 6 months of moratorium period can be converted into term loan which can be repaid by March 21.

Reports released in May 2020 by various rating agencies estimates sharper de-growth in the first and second quarters of FY21. With two consecutive quarters of contraction, it implies that the economy is heading towards a recession.

Industrial production shrank by close to 17% in March, 2020 with manufacturing activity down by 21% and output of core industries contracting by 6%. India's merchandise exports dipped 34.6% to US\$ 21.41 billion in March 2020 over a year ago. Meanwhile, merchandise imports also declined 28.7% to US\$ 31.16 billion. The trade deficit fell 11.3% to US\$ 9.76 billion in March 2020 from US\$ 10.89 billion in March 2019. On the financing side, net foreign direct investment inflows picked up in March 2020 to US\$ 2.9 billion from US\$ 0.8 billion a year ago. In the debt segment, however, there were portfolio outflows of US\$ 3.8 billion during the same period as compared with outflows of US\$ 1.4 billion a year ago. By contrast, net investment under the voluntary retention route increased by US\$ 0.7 billion during the same period.

The Foreign Exchange Reserves, which are being pointed out as one of the biggest assets in the fight against challenges posed by the COVID-19 pandemic, stood at \$474.66 billion for the week ended April 3, as per the date published by RBI.

While going forward, to overcome the impact, the Govt. of India has announced measures worth ₹11 lakh crore in five tranches to contain the economic fallout of the Covid-19 pandemic. Add to this the earlier announced measures worth ₹9.9 lakh crore (RBI liquidity support and others), and the financial support works out to ₹20.9 lakh crore. Several of these announcements seek to provide credit to stressed sectors that will help them to restart operations after the lockdown is lifted.

INDIAN BANKING

Banking sector reforms which were being implemented in the previous years continued in FY2020. FY19 & FY 20 have been two landmark years of reforms and recovery for the Indian Banking Sector, as Indian banks are increasingly focusing on an integrated approach to risk management. Inclusive banking for people in the lower strata of income, meeting the ever increasing consumer and entrepreneurial aspirations with the help of banking

products have been gaining wider acceptance. Digital banking has brought ease and speed in transactions and increased efficiency in banking operations. Indian banks have been at the end of a prolonged NPAs clean-up cycle initiated by RBI in 2015. Many large cases of corporate loan defaults have been pushed to the Insolvency and Bankruptcy Code (IBC) court for quicker resolution. But, with the economic activities reduced to nil, it is highly unlikely that there will be buyers for stressed assets.

The health of the banking system had continued to improve with the gross non-performing loan ratio remaining stable at 9.1 per cent as of September 2019, the same level as in FY18, according to the RBI. Reflecting the improvement in the health of the banking system, net NPAs nearly halved to 3.7 per cent in FY19 from 6 per cent in FY18. Going into FY20 the numbers had remained stable at 9.1 per cent in September 2020 quarter. GNPA of the banks is expected to swell 11.3-11.6% by March end 2021 from the 8.6% in FY20. On the Bank credit growth rate is estimated to be 6% in FY20 as against 11% in FY19. The growth is expected to hit a decade low of 0-1% in FY21.

On the positive side, the incremental deposit accretion of the Indian banking system at ₹5.3 trillion remained higher than credit growth till December 6, 2019 and similar to ₹4.6 trillion during previous corresponding period of FY19. The overall deposit base increased to ₹131.1 trillion as on December 6, 2019, a Y-o-Y growth of 10.3% and credit to deposit ratio of 75.8.

Against this backdrop of the COVID-19 outbreak and ensuing nationwide lockdown, banking and financial sector expects significant spike in non-performing assets. The pain may not be visible immediately since the RBI has extended regulatory relaxations. Post moratorium period (extended to August 2020 from the earlier June 2020) businesses and individual borrowers will have to resume repayments. With no business happening, workforce availability remaining an issue and rampant pay cuts, it is obvious that many borrowers will find it difficult to adhere to their repayments. Bankers are expecting that the asset quality will be impacted once the moratorium is lifted.

RBI MEASURES SO FAR

The Monetary Policy Committee (MPC) of the Reserve Bank of India at its meeting held on February 6, 2020 had decided to keep the policy repo rate under the Liquidity Adjustment Facility (LAF) unchanged at 5.15 per cent. Consequently, the reverse repo rate under the

LAF remained unchanged at 4.90 per cent and the MSF rate and the bank rate at 5.40 per cent. The MPC also decided to continue with the accommodative stance as long as it is necessary to revive growth, while ensuring that inflation remains within the target.

Against the backdrop of the COVID-19 outbreak and resultant economic slowdown, the central bank has announced a slew of measures to help banks and borrowers to tide over this crisis. In the first round of measures, on 27th March, 2020 RBI announced a 75 basis point rate cut, liquidity measures to the tune of ₹3.74 lakh crore, including a targeted long term repo operation (TLTRO) worth ₹1 lakh crore, deferment of interest on working capital facilities and three month moratorium for all term loans extended by lending institutions. On April 17, 2020, in the second round, it announced TLTRO 2.0 worth ₹50,000 crore, specifically targeting small companies.

On March 27, RBI issued a circular asking financial institutions to allow customers a moratorium on loan installments that has fallen/falling between March 1 and May 31. On May 22, RBI extended the moratorium for another three months, until August 31.

Further during the 4th week of May, 2020, RBI reduced repo rate by 40 basis points to 4% in an effort to further boost liquidity in the economy. As a result, the reverse repo rate stands at 3.35 per cent. These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent. RBI Measures announced on 21 May, 2020 is divided into 4 categories: to improve functioning of markets, to support exports and imports, to ease financial stress by giving relief on debt servicing and better access to working capital and to ease financial constraints faced by state governments. The credit facility for SIDBI was rolled over for the next 90 days, and ₹15,000 crore line of credit was extended to EXIM Bank, The Central Bank also increased export credit period for 15 months from 1 year.

IMPACT OF COVID-19 OUTBREAK ON THE BANK

COVID-19 impact reporting framework is a voluntary format to disclose the business impact due to the outbreak – the Bank's response to the situation – and the expected future outcomes. The framework broadly covers work force protection, impact assessment on the supply chain, customer engagement and financial stress. This reporting framework also covers disclosures in tune with the Securities and Exchange Board of India Circular

No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 on Advisory on disclosure of material impact of COVID-19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations'/'LODR') and applicable in the Bank's case forms part of this report starting from Page No. 25.

OPPORTUNITIES AND THREATS

OPPORTUNITIES

1. Untapped segments in Gold Loans

There is a huge untapped market for jewel loans in India as only a small percentage of the jewel holdings have been pledged with banks or NBFCs. CSB is having one of the highest proportion of gold loans to its total advances in the banking industry and this untapped potential allows it to enhance this proportion even further on a growing balance sheet.

2. High Touch and High Tech

India still lags its emerging market peers in ratios like credit to GDP or deposit to GDP. This points out to the huge opportunity for high touch and high tech banking in the country. With one of the highest capital adequacy ratios in the industry, CSB is well positioned to grow its balance sheet taking advantage of the tail winds provided by the environment.

3. RBI measures

As detailed above, RBI has announced 3 year tenor Repos of various hues which gives opportunity to banks to raise medium tenor money at low costs, costs lower than savings deposit rates of many banks. CSB has actively participated in the LTROs which will enhance its margins.

4. MSME potential

The MSME sector contributes in a significant way to the growth of the Indian economy with a vast network of about 6.3 crore units and a share of around 30 per cent in nominal GDP. The share of MSME sector in India's merchandise exports stood at around 48 per cent in FY 19. This signifies that Indian MSMEs are becoming globally competitive and their products/services are being accepted overseas. Banks can contribute a lot to the MSME growth story of the country and it will be a Win-Win proposition for banks and MSMEs.

CSB has nurtured many MSME units and now with its enhanced capital position is well poised to offer better services. CSB has been one of the first banks to come up with COVID relief demand loans to MSME borrowers to tide over the temporary cash flow issues on account of the COVID situation.

5. Leveraging Big Data Analytics

The traditional bank lending system by banks is based on financial statements and collateral of the borrower. With increased availability of data from several sources, including GSTN, income tax, credit bureaus, etc., it is now possible to appraise the loan proposals – let it be corporate or MSME or retail- expeditiously by doing due diligence online. Further, with the help of Account Aggregators (AA), lenders will have access to potential borrower's financial information at a single point. Furthermore, emergence of FinTech companies has made it possible to assess credit worthiness of customers by utilising unexplored data sources such as digital transaction trails, data generated through e-commerce sites, etc. Lenders are now increasingly collaborating with FinTech companies to take advantage of such surrogate data for speedier credit underwriting. These new architectures would expand the reach of credit in the economy. Through fintech tie ups, CSB is making its presence felt in this area also.

6. Digital Payment Disruptions

The movement towards digital payments has also been facilitated by introduction of fast payment systems, such as Immediate Payment Service (IMPS) and Unified Payment Interface (UPI), which provide immediate credit to beneficiaries and are available round the clock. The extent of digital penetration can be gauged from the fact that, each day on an average, the payment systems in India process more than 10 crore transactions of nearly ₹6 lakh crore. Today, digital payments account for around 97 per cent of daily payment system transactions in terms of volume. There is a unique confluence of several positives like demographic dividend, JAM trinity (Jan Dhan-Aadhaar-Mobile trinity refers to the Government of India initiative to link Jan Dhan accounts, mobile numbers and Aadhar cards), etc., that would further support rapid digitisation

of financial services in India. At CSB also, we are seeing a surge in the digital banking usage and we are committed to take this forward with appropriate investments in platforms.

THREATS

1. COVID-19

How the pandemic is going to affect the business fabric of the country with its negative effect on asset quality of banks remain to be seen. As of now, there is heavy uncertainty as to the prospects of all non-gold loans.

2. Compressed Spreads

RBI has been very strict in ensuring monetary transmission and now MSME and retail loans need to be priced based on linkage to an external benchmark. As floating rate deposits are not popular in India, banks face the threat of narrowing of spreads in a declining interest rate scenario as the interest rate on fixed deposits will remain high while the loans will get repriced at lower rates based on the external benchmark movement (in most banks' case, it is Repo).

3. New Entrants

Small Finance Banks have been very aggressive in deposit mobilisation offering attractive interest rates for both savings and term deposits. They have also been quick to attune to latest digital banking capabilities. In this way, they are posing stiff competition to scheduled commercial banks in resource mobilisation. Non-bank aggregators and digi payment service & remittance providers are another source of threat to banks as they woo away the digitally naïve from banks to their platforms.

4. Market Volatility

Banks are exposed at varying degrees to money market, G Sec market, corporate bond market, foreign exchange, stock market and commodities market. Of late the volatility in these markets has been huge and banks don't have proper hedging instruments or natural hedge against the black swan events that have become a regular feature of these markets.

BUSINESS SEGMENT/PRODUCT OVERVIEW

RETAIL BANKING

Under retail banking business, the Bank offers a wide range of loans, deposit and wealth management products and services to domestic and NRI customers. Customers include individuals as well as small businesses. Deposit products include current accounts, savings accounts, fixed deposits, recurring deposits, and corporate salary accounts. For facilitating fund transfer services required by NRI customers, the Bank has remittance and rupee drawing arrangements with major exchange houses in the Middle East and also has tie ups with major money transfer agents, which enhances its capability to provide inward remittance services to the customers and strengthens its NRI business. The Bank also has Bancassurance tie ups with leading life and non-life insurance companies for the benefit of the customers.

In the retail loans segment, the Bank offers a variety of personal and business loans including, loans against gold jewellery (Gold Loans), two wheeler and motor vehicle loans, house loans and overdrafts on mortgage/hypothecation/pledge, small business loans (MSME loans), agricultural loans and microfinance.

SME (Small and Medium Enterprise) BANKING

Bank has established a specialized SME team to strengthen marketing in order to source additional SME business and drive further penetration. As of March 31, 2019, out of the total 388 SME cluster areas spread across India, as identified by UNIDO, the Bank has presence in 166 such clusters and further intend to expand SME business in the remaining clusters, specifically in the states of Tamil Nadu, Andhra Pradesh, Telangana, and Gujarat. Further, for high value SME loans, the Bank has dedicated relationship managers to engage with customers on a continuous basis, enabling to cater to their financial needs in a customized manner. Under SME banking, the Bank offers a wide range of products including term loans, working capital loans, invoice/bill discounting, letters of credit and bank guarantees.

The Bank is also in the process of penetrating into MSME sector by establishing a dedicated MSME team for offering better services to the customers in that segment.

CORPORATE BANKING

Under wholesale banking business, CSB caters to large and mid-size corporates and other business entities

(with credit requirement of ₹250 million and above). The corporate banking group at CSB caters to the needs of corporate entities and provides a range of commercial banking products and services to corporates. This includes regular banking services, corporate accounts, salary accounts, cash management services, short term funding including working capital finance, long term solutions including term loans and trade finance services.

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

TREASURY MANAGEMENT

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

REVIEW OF PERFORMANCE

TOTAL BUSINESS

The total business of your Bank stood at ₹27,157.03 crore as on March 31, 2020, as against ₹25,739.11 crore a year before, registering a y-o-y growth of 5.51%.

TOTAL ASSETS

The total assets of the Bank increased to ₹18,864.24 crore in FY20 from ₹16,911.16 crore in FY19 showing a y-o-y growth of 11.55%. The increase is on account of increase in investments and advances.

TOTAL DEPOSITS

Aggregate deposits of the Bank at the end of FY20 stood at ₹15,790.68 crore, compared to previous year level of

₹15,123.87 crore, registering a y-o-y growth of 4.41%. This increase is largely on account of improvement in CASA and other low cost deposits of the Bank.

CASA POSITION

During the period under review, CASA has grown by ₹396.01 crore, registering 9.41% growth y-o-y, compared to ₹239.93 crore in the previous financial year (6.04 % y-o-y). CASA ratio has improved from 27.84% in the previous financial year to 29.17% at the end of FY20.

The aggregate NRI deposits of the Bank at the end of FY20 stood at ₹3,914.22 crore, compared to previous year level of ₹3,761.56 crore, registering a moderate growth of 4.06%.

With the structural changes initiated in FY20, the newly created Branch Banking Vertical is now focused on Deposits (including low cost deposits), Distributed products including insurance, money transfer and wealth products and cross sell of all other asset products of the Bank. The branches will also be focused on providing service to all customers of the Bank and generate cross sell revenue. Targets have been allocated to every employee in Branch Banking team and their performance is being monitored. Branches have been supported with newly recruited sales/marketing oriented Business Development Executives, Relationship Officers and Customer Relationship Executives as frontline staff to achieve the sales and service objectives of the Bank. The role of Branch Managers, is to primarily focus on business development through New To Bank (NTB) acquisition of targetted client segments as well as growth of overall customer wallet size through engagement with high-value customers. Specialized teams are being built up for key growth segments including Government business, TASC and other potential growth segments. The Bank has also introduced new product and propositions with a view to improve the quality of acquisitions, average ticket size and profitability of the accounts. A unique proposition targetted at schools is the CSB fee portal which is a multimodal fee/revenue collection platform. This platform was developed inhouse and enables institutional/corporate clients to collect their revenue through multiple modes including various online modes which are open 24X7.

CLASSIFICATION OF DEPOSITS PORTFOLIO (₹ in Cr)

	FY19	FY20	Growth	Growth %
Demand Deposits	617	739	122	20%
Savings Deposits	3,593	3,867	274	8%
CASA	4,210	4,606	396	9%
Term Deposits	10,913	11,184	271	2%
Total Deposits	15,123	15,790	667	4%

ADVANCES

During the period under review, the Bank's gross advances increased to ₹12,240 crore against ₹11,477 crore as on March 31, 2019, registering a y-o-y growth of 7%. The gross CD Ratio of the Bank stood at 77.51% against 75.89% in the corresponding previous year.

Gold loan portfolio grew by 28% to ₹3,799 crore as on 31.03.2020 from ₹2,958 crore of corresponding previous year, whereas Two Wheeler and Agri & MFI portfolio grew by 265% and 410% in FY 20.

RETAIL ASSETS

The Bank has a diversified product suit for all its customer segments – Gold Loans, Two-Wheeler Loans, Business Loans (MSME), Home Loans, Loans Against Property, Education Loans, Microfinance Loans and Agriculture Loans.

The core strategy in Retail Assets has been deepening the existing product offering within existing branches coupled and identifying the right target segments and keeping the associated risks under control.

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

GOLD LOANS

Gold Loan portfolio of your Bank as on March 31, 2020 stood at ₹3,799 crore with a growth of 28% y-o-y. Gold Loans constituted 31% of total advances as on March 31, 2020 and continue to be a mainstay for the Bank on the advances side. Aggregate weighted yield on gold loan

portfolio has increased by 80 bps and reached 11.80% during FY 20. Key strategy of 'penetrating in to rural and urban markets, mainly at unbanked areas presently dominated by unorganized players' has worked well for the Bank both on new business acquisition and yield.

Along with tailor made products suiting to all strata of customers, quick customer service and simplicity in loan process is also helping to scale up. Doorstep Gold Loan service is being offered and it is a key initiative towards branchless business model. Gold Loan origination through indirect channel and digital business acquisition channel is rolled out to explore new business opportunity across.

Akshaya Gold Credit Line - a unique, digitally enabled and customer centric product is rolled out to monetize the domestic gold reserves of middle and upper class of population who do not use gold loan as a primary credit option. It ensures 24x7 funds availability to any customer, who needs funds –either in an emergency or for just running their business, through a pre-approved credit line against gold ornaments parked with Bank.

OTHER RETAIL LOANS (EXCLUDING GOLD LOANS)

The Non Gold Retail Loans book had a closing balance of ₹1,193 crore as on March 31, 2020 as compared to ₹1,341 crore as on 31st March 2019. This book largely comprised of:

TWO WHEELER LOANS

We had launched the Two Wheeler business in 2018-19 with a technology aided loan originated solution. The two wheeler loans grew by 265% in FY 2019-20 to ₹78 crore as compared to ₹21 crore as on 31st March 2019 mainly from the business operations in the state of Kerala.

AGRI BANKING

Almost 50% of Indian workforce in India are engaged in agriculture and allied sectors and is contributing to about 16% of GDP. Your Bank has established its presence in the semi-urban and rural areas and offers a bouquet of agri loan products which suit the needs of farmers of the Country. These products are designed to support the farmer borrowers engaged in agri & allied activities for maximization of their agricultural income by ensuring optimum utilization of their farm assets.

The newly launched Agri & MFI vertical could grow the portfolio by ₹127 crore in FY20 to have a closing book of ₹158 crore as on March 31, 2020.

Bank has a variety of tailor-made schemes to meet emerging market demands and for better credit delivery. Bank has deployed a handful of specialized Relationship Managers and Agricultural Officers to cater to the needs of our valued farmer clients at their doorsteps. Your Bank is committed to continue the growth in this portfolio with improved vigor and increase its contribution in the upward trajectory of Bank's business.

MSME LOANS

The Bank offers Micro, Small and Medium Enterprise loans to various businesses and across geographies of India.

The Existing Product offering is in the form of cash credit and overdraft against collateral to self-employed businesses.

The MSME advances of the Bank stood at ₹260 crore as on March 31, 2020 as compared to ₹316 crore as on March 31, 2019.

A dedicated Business vertical was formed in Quarter 4 of FY20 which has launched a unique product offering based on cash flow and PD analysis to cater to the large underserved micro & small businesses. The new product offering has been launched across 25 branch locations in TN, Karnataka & Telangana, business sourcing has started and we are expecting the newly launched MSME Term Loan Product to contribute significantly to the bottom line in the days to come with further expansion in locations.

MSME team will also be working on partnership model with Fintech's & Business Correspondents with unique product offering and stable business model. With a gradual push towards formalization and higher availability of income disclosures on account of GST, credit growth in this segment is expected to grow multifold and we are prepared to maximize opportunities coming up from this segment.

PRIORITY SECTOR LOANS

Your Bank also plays a vital role in priority sector lending, meant for the overall development of the economy. Lending to the vital players of the economy such as farmers, micro & small enterprises, education, housing, social infrastructure, etc., as part of priority sector lending, is the core strength of your Bank. Bank adopted various measures with reinforced focus on lending to small & marginal farmers, micro enterprises and weaker sections of the Country. Separate verticals are formed to

cater to these segments with the support of experienced and specialised teams under the verticals.

Priority Sector Advance extended by your Bank stood at ₹3,974.55 crore at the end of March 2020. The achievement arrived at the end of financial year 2019-20 based on the average of priority sector achievement as at the end of each quarter stood at ₹4,261.51 crore, constituting 42.55% of Adjusted Net Bank Credit. This is against the mandated target of 40% prescribed by Reserve Bank of India.

PSLC Agriculture category to the tune of ₹300.00 crore, PSLC Small & Marginal Category to the tune of ₹600.00 crore has also been sold and PSLC Micro Enterprise category to the tune of ₹400 crore was purchased during the year under review.

CORPORATE LENDING

Your Bank offers a full range of client-focused corporate banking services, including working capital finance, term lending, trade and transactional services to corporate and SME clients in India. The product offerings are suitably structured taking into account a client's risk profile and specific needs by a specialized team. During FY20, the Wholesale Banking segment underwent a reorganisation with an objective to create a focused Wholesale Banking Relationship Managers and credit team across geographies to enable the Bank to capture maximum opportunities available.

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

In line with conscious strategy to reduce the reliance on big chunky customers, corporate book closed flat at ₹3,748 crore as on March 31, 2020.

A few of the client-focused corporate banking services as under:

TReDS - TRADE FINANCE:

The supply chain finance division of the corporate banking team has implemented a new product known as TReDS-Trade Receivables e-Discounting System. In order to cater to the liquidity issues of the Micro, Small and Medium Enterprises (MSMEs), RBI has released guidelines for setting up and operating TReDS which would facilitate

the discounting of trade receivables of MSMEs from corporates and other buyers including Government departments and Public Sector Undertakings (PSUs).

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

TReDS portfolio stood at ₹54 crore as on 31.03.2020.

Whereas, LCBD portfolio was reduced by 46% in FY 2019-20 to ₹422 crore as compared to ₹789 crore as on 31st Mar 2019 mainly due to market conditions.

PURCHASE OF DIRECT ASSIGNMENT LOANS

The assignments loans grew by 8% in FY 2019-20 to ₹680 crore as compared to ₹627 crore as on 31st Mar 2019.

CASH MANAGEMENT SERVICES:

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

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

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

SME LENDING

The Bank as part of supporting the Small and Medium Enterprises (SME) across India, created an exclusive business vertical to cater to the needs of SMEs by demarcating the geography into four regions and eleven clusters. The front line team was strengthened from a handpicked pool of internal resources comprising Cluster Heads, Relationship Managers and Credit Analysts. The business team is ably supported by Regional, National

and Central Credit Hubs. The team focused on building meaningful relationships with existing clients and build a healthy portfolio.

The SME advances of the Bank, excluding Micro stood at ₹2,324 crore as on 31.03.2020 as compared to ₹2447 crore as on 31.03.2019.

CLASSIFICATION OF ADVANCES PORTFOLIO (₹ in Cr)

	FY19	FY20	Growth	Growth %
Gold Loans	2958	3799	841	28%
SME	2447	2324	-123	-5%
MSME	316	260	-56	-18%
Corporate	2946	3271	325	11%
Retail	1341	1193	-148	-11%
Two Wheeler Loans	21	78	57	271%
Agri & MFI	31	158	127	410%
Assignments	627	680	53	8%
LCBD & TReDS	789	477	-312	-40%
Total Advances	11476	12240	764	7%

FINANCIAL INCLUSION

The objective of financial Inclusion is to extend financial services to the large unserved population of the country to unlock its growth potential. It also strives to achieve more inclusive growth by making finance available to the poor in particular by bringing the low income groups within the perimeter of formal banking sector. Through the methods like Financial Literacy and Credit Counselling Centres (FLCCs) and by extending the banking outreach through Business Correspondents, your Bank has enabled the channels for encouraging the savings of the unserved population of the country and offers new business avenues for lending to this group. Your Bank has 37 Rural Branches and 7 FLCC's to strengthen the financial literacy activities at the field level.

BUSINESS THROUGH BUSINESS CORRESPONDENT (BC) MODEL

Despite vast expansion of formal credit delivery system in the country, the dependence of the people at the bottom of pyramid on middle men or money lenders still continues in many areas. In this background, your Bank has developed sustainable livelihood programmes to provide financial and non- financial services through business correspondents. The model developed is to empower financially excluded class of people. It also promotes socio-economic development at the grass root

level through community-based approach, through Self Help Groups (SHG) and Joint Liability Groups (JLG). During the current financial year, the Bank has extended credit to ~22000 women borrowers through the micro lending programmes through Business Correspondents model.

PRADHAN MANTRI JAN DHANYOJANA (PMJDY)

Bank has 156832 BSBDA's (Basic Savings Bank Deposit Accounts), 1095 KCC Accounts (Kisan Credit Card) and 282 GCC (General Credit Card) Accounts outstanding and serviced through our branches/through Business Correspondent outlets. Out of the BSBDA accounts opened, 69113 accounts are opened under Pradhan Mantri Jan Dhan Yojana.

PMJJBY, PMSBY AND APY

Three new social security schemes namely Pradhan Mantri Jeevan Jyothi Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Atal Pension Yojana (APY) was launched by Hon'ble Prime Minister on April 8, 2015. Bank has 6153 PMJJBY, 20198 PMSBY and 1834 APY accounts outstanding as on 31.03.2020.

INTEGRATED TREASURY OPERATIONS

Domestic market transactions

G-sec yields eased with a softening bias at the beginning of 2019-20, taking cues from several positive developments during last quarter of 2018-19, including monetary policy easing, change in the policy stance from calibrated tightening to neutral, injection of durable liquidity, announcement of the voluntary retention route (VRR) and successive benign inflation prints. But yields started hardening soon due to sustained higher crude oil prices, absence of change in the policy stance contrary to market expectation and depreciation of the Indian rupee. At the beginning of second half year, the benchmark G-sec yield softened mildly on market expectations of monetary policy easing and a benign inflation trajectory. In the backdrop of COVID-19 related stress, the RBI on March 27, 2020 delivered an unprecedented reduction in the policy repo rate and announced several liquidity-augmenting measures and consequently the benchmark yield fell by 23 bps in March. Overall, the 10 year benchmark fell by 120 bps during FY 2019-20.

Banks Integrated Treasury at Mumbai handles the investment operations of the Bank, actively manages the liquidity position and maintain Statutory Reserve

requirements. The dealing desks at Integrated Treasury is actively involved in trading in Government securities, Money market instruments, Corporate Bonds & Debentures and Foreign Exchange.

Bank made a profit of ₹30.20 crore on sale of investments during the FY 2019-20 compared to ₹8.01 crore during previous year.

Foreign exchange transactions

This financial year was a challenging one in global markets as economic activity remaining subdued across major advanced economies and emerging market economies. Amid weak economic outlook and grim international market conditions, we have earned an income of ₹8.97 crore during 2019-20 from foreign exchange operations. Of the total income earned, exchange profit accounted for ₹6.71 crore and commission from forex transactions accounted for ₹2.26 crore. Considering the potential for fee based and exchange income from forex transactions, steps are taken to increase Forex business in the year ahead.

Bancassurance business

Bancassurance business of the Bank has seen tremendous transformation over the period. We have identified Bancassurance as an important business line. Bancassurance business gained significant growth over the years and is viewed as a major source of fee based income for the Bank. As per IRDAI (Open Architecture and Registration of Corporate Agents) Regulation, 2015, the Bank holds Certificate of Registration from IRDAI to act as Corporate Agent (Composite) for life insurance and non-life insurance, authorizing the Bank to have 3 partners each in Life Insurance, General Insurance and Health Insurance categories. The IRDAI license has been renewed for a further period of three years up to 31/03/2022. The Bank currently has over 598 SP certified employees in 411 Branches for solicitation of Insurance Business, as per IRDAI guidelines. The Bank has offered adequate training to the staff to avoid mis-selling and is also moving towards digital integration.

LIFE INSURANCE BUSINESS

The Bank as a corporate agent has partnered with 3 Life Insurance companies - M/s. Edelweiss Tokio Life Insurance Company Limited, M/s. ICICI Prudential Life Insurance Co. Ltd. and M/s. HDFC Life Insurance Co. Ltd. The Bank's approach is to provide a choice of innovative insurance products to its customers from the 3 partners

that addresses six key needs— Protection, Wealth Accumulation, Wealth Enhancement, Education, Income Replacement and Retirement and above all efficient schemes covering any future needs of our customers. Bank is focused more upon providing traditional insurance products to its customers. The financial year 2019-20 generated a New Business premium on Life Insurance amounting to ₹37.36 crore from 7231 new policies as against ₹37.23 crore from 7237 new policies in the corresponding previous Financial Year.

NON-LIFE INSURANCE BUSINESS

In Non-Life Insurance business, the Bank has partnered with 2 companies – M/s. ICICI Lombard General Insurance Company Ltd. and M/s. Reliance General Insurance Company Ltd. These two tie-ups provide the customers of the Bank varied Non-Life Insurance options ranging from SFSP, Motor, Health, Marine, Asset, Travel Insurance as well as insuring the loan assets funded by the Bank. The Non-Life Insurance Business has generated a collected premium of ₹3.20 crore for the FY 2019-20 from 7485 policies as against ₹2.97 crore from 6338 policies in the corresponding previous Financial Year.

Overall Bancassurance income grew by 19% over the previous year with a revenue of ₹11.42 crore as against ₹9.62 crore in the corresponding previous Financial Year.

FINANCIAL PERFORMANCE WITH RESPECT TO THE OPERATIONAL PERFORMANCE

During the fiscal 2019-20, the Interest income rose to ₹1,509.89 crore as against ₹1,347.52 crore of previous fiscal, reflecting growth of 12.05%. Interest expenses stood at ₹917.60 crore as against the previous year figure of ₹907.56 crore showing a marginal growth of 1.11%. The Net Interest Income increased to ₹592.29 crore from ₹439.95 crore y-o-y growth of 34.63%. Non-Interest Income (NII) increased by ₹85.69 crore (63.05% Growth) from ₹135.92 crore in FY19 to ₹221.61 crore in FY20.

Your Bank reported an Operating Profit of ₹280.58 crore compared to ₹13.36 crore in the previous fiscal, reported an increase of 20x. The increase was primarily due to increase in the net interest income, non interest income and decrease in employee cost.

Operating Revenue of your Bank reported a y-o-y growth of 16.72% and stood at ₹1,731.50 crore as against

previous year figure of ₹1,483.43 crore. The operating expenses decreased from ₹562.51 crore to ₹533.32 crore recording a reduction of 5.19% mainly on account of decrease in staff cost.

For the year ended the Net Interest Margin of the Bank rose by 69 basis points from 2.51% to 3.20%, compared to the previous fiscal. The Bank has posted a Net Profit of ₹12.72 crore in FY 2019-20 as against Net Loss of ₹197.42 crore in FY 2018-19. The increase in profit was mainly on account of increased yield on advance, treasury profits, recovery in written off accounts, other non interest income and decreased staff costs.

The Return on Assets was 0.07 % at the end of the fiscal under report as against (1.13) % in the previous fiscal.

The Earning per Share (EPS) and Book value of share as on 31.03.2020 stood at ₹0.88 and ₹113.04 respectively as against ₹(23.73) and ₹108.10 as on 31.03.2019. The Bank's Return on Equity was 0.99% as against (26.13) % for the previous fiscal FY 19.

INCOME

Interest income of the Bank has increased by ₹162.37 crore and stood at ₹1,509.89 crore as on 31st March 2020. Net Interest Income of the Bank increased to ₹592.29 crore from ₹439.95 crore registering a growth of 34.62%. Yield on advances increased to 10.56% from 9.88% and Yield on investment decreased in line with the market trends from 6.60% to 6.41%.

Non-Interest Income grew by 63.05%, y-o-y from ₹135.92 crore to ₹221.61 crore.

EXPENDITURE

The interest expenditure increased from ₹907.56 crore in FY 2019 to ₹917.60 crore in FY 2020, registering slight increase of 1.11%. Operating expenses decreased from ₹562.51 crore in FY 2019 to ₹533.32 crore in FY 2020 mainly on account of decrease in staff cost. Cost of Deposits increased to 5.91% in FY 2020 from 5.88% in FY 2019. Increase of Net Interest Margin (NIM) from 2.51 % in FY 2019 to 3.20% in FY 2020.

KEY FINANCIAL RATIO

- (a) Details of significant changes (i.e. change of 25 % or more as compared to the immediately previous financial year) in key financial ratios, along with

detailed explanations therefor or sector specific equivalent ratios, as applicable are given below :

Particulars	March 31 st 2020	March 31 st 2019
Capital Adequacy Ratio (CRAR)% Basel – III	22.46	16.70
Earnings per share (in ₹)	0.88	(23.73)
Book value per share (in ₹)	113.04	108.10
Net Interest Margin%	3.20	2.51
Cost–Income Ratio%	65.53	97.68
Return On Assets (ROA)%	0.07	(1.13)
Return On Equity (ROE)%	0.99	(26.13)
Gross NPA %	3.54	4.87
Net NPA %	1.91	2.27
Leverage Ratio	8.87	6.56
Interest Income as a % to working funds	8.15	7.70
Operating profits as a % to working funds	1.51	0.08

CRAR ratio increased from 16.70% as on March 31, 2019 to 22.46% as on March 31, 2020 due to Capital infusion to the tune of ₹515.93 crore during the year.

Net interest margin increased due to improved yield on advances. Consequent to the reduction of staff cost, operating cost has reduced which improved the cost to income ratio of the current year. Increased net interest income, treasury profits, recovery in write off accounts and decreased operating costs had contributed to increased profits. Resultant to which the EPS, ROA and ROE has progressed upward. Upsurge in asset quality and recovery contributed to reduced Gross NPA and Net NPA.

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

Return on net worth increased to 0.99% from (26.13%) of the previous year on account of increase in profit. Additional capital infused during the previous years were deployed to earn more treasury profits and in high yield advances which resulted in increased profit.

DISCLOSURE OF ACCOUNTING POLICY

The significant accounting policy of the Bank is mentioned in Schedule 17 of the financial statements. There is no

change in the accounting policy having financial impact during the FY 2019-20.

NPA MANAGEMENT

Asset Quality deterioration continues to be one of the major challenges before the Indian banking sector. The severe pressure on quality of assets and rise in NPAs in your Bank was not a case in isolation, but part of overall industry phenomenon. Keeping this in view, your Bank focused on improvement of asset quality through intensified monitoring and follow up. By initiating appropriate recovery steps in a time bound manner and encouraging compromise settlements, the Bank could recover / upgrade substantial sums locked up in Non-Performing Assets which resulted in reduction in the bank's NPA level.

As a result of various initiatives taken, the Bank could recover an aggregate amount of ₹85.22 crore by way of cash recovery and ₹19.50 crore by way of upgradation of accounts. The Gross NPA level of the Bank as on March 31, 2020 stood at a level of ₹409.43 crore as against ₹530.62 crore in the corresponding period of the previous financial year. The Gross NPA and Net NPA ratios are at 3.54 and 1.91 respectively as against 4.87% and 2.27% respectively in the previous year. The provision coverage ratio increased to 80.02 as on March 31, 2020 as against the previous year's position of 78.17%.

Further, your Bank could effect cash recovery to the tune of ₹60.10 crore in prudentially written off accounts during the period under review. Interest recovery in NPA accounts amounted to ₹15.06 crore during the period.

Your Bank will continue to focus on arresting fresh slippages and recovery of NPAs through effective credit monitoring and initiation of various recovery measures in the days to come also.

OUTLOOK & BUSINESS STRATEGY

The COVID-19 pandemic and the ensuing lockdowns amount to a very large negative shock, forcing households around the world to grapple with reduced hours, furloughs and outright unemployment. The depth of the recession, its duration and the pace of recovery hinge on how well households can weather this shock. Household buffers – in the form of liquid asset holdings – are a key driver of households' financial resilience, that is, their capacity to continue servicing their financial commitments while maintaining reasonable levels of consumption in the face of income loss. In the Indian context, gold ornaments

form the key household buffer and this will ensure steady demand for gold loans which is the key driver of advance growth for the Bank.

Monetary policy response of RBI to the COVID situation has been swift and strong with a slew of relief measures coupled with Repo rate cuts. Bank has been quick to take maximum advantage of the long term Repo window for borrowing which will ensure a source of low cost stable funding for the Bank.

COVID situation also provided added impetus to banks to embrace digital disruption and the Bank has been no exception. Bank has launched CSB Mobile Banking iPhone App this month promising faster, smarter and better customer experience.

KEY DRIVERS OF INDIA'S BANKING BUSINESS

Increase in working population and growing disposable incomes will raise demand for banking and related services. Housing and personal finance are expected to remain key demand drivers. Rural banking is expected to witness growth in the future. As per Economic Survey 2018-19, working age population to grow by 9.7 million per year during 2021-31 and 4.2 million per year during 2031-41.

Government's relentless focus on the bottom of the pyramid to economically uplift them is primarily driven by inclusive banking initiatives.

Productive credit growth would benefit the poor. Hundreds of millions of Indian citizens, SMEs and micro enterprises are operating in the informal economy. Most of them have only limited access to financial services. Many of them could use credit effectively to build a business. The savings are sufficient in India. With Gross Domestic savings at nearly 30% there is ample scope for using it for development. India's credit-to-GDP level is 51 percent. That compares with 136 percent in Malaysia and 70 percent in Brazil. To reach the goal of building a \$5-trillion economy, credit will have to grow at a much brisker pace while maintaining good credit quality and avoiding excessive risk taking.

STRATEGY

Bank aims to

- deliver long term value for the shareholders,
- grow with the aspirations of our customers,
- provide employees with a meritocratic work environment,
- meet the regulatory expectations.

Through

- expanding our footprints across India especially South and Western India,
- extending into new clientele base in retail and MSME
- reorganising into business verticals with clearly defined roles and responsibilities,
- incentivising performance,
- maintaining a granular asset portfolio with reduced focus on corporate credit,
- competing on non price value propositions,
- maintaining robust capital , funding and liquidity base,
- strong balance sheet with strong controls.

RISK MANAGEMENT

A robust risk management system will ensure long term financial security, stability and success of the Bank. The risk management objective of the Bank is geared towards balancing the trade-off between risk and return and optimising risk-adjusted return on capital. We have in place robust ICAAP Policy. The purpose of the Internal Capital Adequacy Assessment Process (ICAAP) is to inform the Board of the ongoing assessment of the bank's risks, how the Bank intends to mitigate those risks and how much current and future capital is necessary having considered other mitigating factors. Of the various types of risks the Bank is exposed to, the most important are credit risk, market risk (which includes liquidity risk and price risk) and operational risk. The risk management measures are undertaken with the objective that all risks are identified, prioritised, quantified, controlled and mitigated to achieve an optimal risk-reward profile. Integrated Risk Management framework comprising functionaries headed by Assistant General Managers of Credit Risk, Operations Risk, Market Risk and Cyber Risk are reporting to Chief Risk Officer (CRO). During the year, the Bank has taken steps to strengthen its risk management framework to keep pace with requirements in terms of RBI guidelines and Basel prescriptions. Towards this end, the Bank has strengthened the risk management team during the year through the induction of senior professionals. A new department was formed under the name and style of IRMD (Integrated Risk Management Department) for strengthening the risk management objective of the Bank.

RISK AND CONCERNS

Risk management is created with the objective of achieving compatibility in risk and business policies

and to ensure their simultaneous implementation in a consistent manner. Risk management encompasses setting up of enterprise-wide risk governance framework based on Bank's risk culture, risk appetite and risk limits.

Risk management involves:

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

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

RISK APPETITE AND RISK MANAGEMENT PRACTICES:

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

COMPLIANCE WITH BASEL II AND BASEL III FRAMEWORK:

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

IFRS norms every quarter since March 2018 and also for March 2016 & March 2017.

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

CREDIT RISK:

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

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

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

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

Discretion for sanctioning of SME & Corporate loans is vested with various levels of Credit Approving Committees/Management Committee/Board etc. To manage Credit Risk, the Bank's Credit Risk Management Department undertakes Industry/Product/Loan profile

studies and makes them available for credit operations. The Bank has also set down industry/ sector-wise prudential exposure ceilings to contain/monitor the risk of credit concentration. The Bank has in place various credit risk mitigation measures such as exposure limits to single borrower and group borrowers, exposure limit for sensitive sectors, benchmark financial ratios, hurdle rate etc.

MARKET RISK

Market risk addresses the risk of fluctuation in the Bank's income and valuation of financial instruments because of changes in market risk factors such as interest rates, foreign exchange rates, equity prices and commodity prices.

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

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

LIQUIDITY & INTEREST RATE RISK

Liquidity risk is the potential inability to fund an increase in assets, decrease in liabilities or meet obligations as they fall due, without incurring unacceptable losses.

Mitigation: The Asset Liability Management Policy (ALM) & Liquidity Management Policy of the Bank stipulates broad framework for liquidity risk management to ensure that the Bank is in a position to manage its daily liquidity requirements and to withstand stress situations stemming from, bank-specific factors, market-specific factors or a combination of both. The core objective of the ALM policy adopted by Asset Liability Management

Committee (ALCO) is to ensure planned and profitable growth in business through appropriate management of the liquidity risk and interest rate risk. The Bank is also adhering to the Basel III Regulatory Standards of Liquidity by monitoring the Liquidity Coverage Ratio daily and Net Stable Funding Ratio monthly.

OPERATIONAL RISK:

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

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

CYBER RISK

Cyber Risk can be defined as the risk of financial loss, disruption or reputational damage to an organisation resulting from the failure of its IT systems. These episodes

include malicious cyber incidents (cyber-attacks) where the threat actor intends to do harm (e.g. ransomware attacks, hacking incidents or data theft by employees).

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

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

Mitigation: Because of this and to safeguard the Bank from cyber threats, the Bank has set up the cyber security framework.

DISCLOSURES

In compliance with the Reserve Bank of India guidelines on Basel II – Pillar 3 – Market Discipline, the Bank has put in place a Disclosure Policy duly approved by the Board of Directors and the disclosures on quarterly / Half yearly / Annual basis, as per the policy are displayed on the Bank's Website / Annual Report.

CYBER SECURITY FRAMEWORK

Cyber security risks are products of three elements: threat, vulnerability and impact. The Bank has the holistic risk picture based on periodic vulnerability assessment and threat intelligence from advisory bodies such as CERT-In (Indian Computer Emergency Response Team) and IB-CART (Indian Banks – Centre for Analysis of Risks and Threats). The Bank has invested in advanced systems such as antivirus / anti-malware, threat protection, WAF, DDOS, PIM, NAC, Next Gen firewalls and application firewalls. Bank continues to invest in enhancing the

overall effectiveness of the Bank's security posture to enable the Bank to prioritise and align its resources to detect and respond to cyber incidents quickly and prevent emerging cyber security risks.

Information Security Management department headed by Chief Information Security Officer (CISO) was formed to address cyber security risks. As part of the cyber security framework, proactive security measures adopted by the Bank are Managed Security Operations Centre, advanced anti-phishing, anti-malware and anti-roogue services, Privileged Identity Management Solution, Web Application Firewall, Intrusion Detection and Prevention System for protecting network-level threats and for preventing unwanted and malicious network transmissions, Network Access Control which will allow only authorised users to connect to banks network, Data Leakage Prevention solution to prevent data leakage, DDoS mitigation service to prevent Denial of services, DMARC & SPF protection to enhance the email security standards, Vulnerability Assessment and Penetration Testing, SSL encryption for data transfers, network firewall, etc. The Bank is continuing to invest on advanced technologies to enhance the systems.

Bank is conducting VAPT by an external agency every quarter to identify the vulnerabilities and mitigate the same. Information Security Audit are conducted by an external agency every year to identify the vulnerabilities/ bugs in various IT applications and mitigate the same. Source code audit of critical applications are done by an external agency to identify the vulnerabilities in the applications and necessary steps are taken to mitigate the same. To evaluate Banks preparedness against cyber-attacks, Bank participates in the cyber-drill conducted by IDRB. The Bank has always taken continuous steps to create cyber security awareness among employees and customers through training/Newsletter/SMS/Emails.

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

COMPLIANCE RISK

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

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

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

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

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

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

on business and, at all times, strive to observe the spirit as well as the letter of the law.

REPUTATION RISK

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

Mitigating and Managing Reputational Risk:

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

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

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

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

Employee Risk:

Employees are Banks resources from the point of view of risk management. Such resources have knowledge and experience of different problems, situations and the ability to over manage such risks.

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

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

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

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

Mitigation: Human Resource to strategize the mitigation as preventive and reactive to minimize loss of business as a result of attrition or loss of key personnel.

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

FORMATION OF INTEGRATED RISK MANAGEMENT DEPARTMENT (IRMD)

During 2019-20, risk management approach in the Bank was enhanced by integrating risk management functions in line with the best industry practices. Bank integrated risk management functions such as Credit Risk, Operational Risk, Market Risk, Liquidity risk and Cyber Security Risk by forming an Integrated Risk Management Department (IRMD) on 17th September 2019. Credit and Operational risk functions were strengthened by recruiting professionals. A Market Risk management Department was added to take care of the Asset Liability Management and Market Risk functions. Information Security Management department was formulated to oversee Information & Cyber Security Risks. Under the Integrated Risk Management Framework, Credit Risk, Operational Risk, Market Risk and Cyber Risk are reported to the Chief Risk Officer.

BUSINESS CONTINUITY PLAN

The Bank is having a comprehensive Business Continuity Plan (BCP) to ensure continuity of critical business

operations of the Bank (identified through criticality assessment using Business impact analysis (BIA) at times of disruptions. In line with the Business Continuity Plan, Bank has constituted a BCP Committee incorporating the heads of all major departments to exercise, maintain and invoke business continuity plan as needed. A core team called Emergency Operation Team is also in place to act immediately upon a crisis and for the supervision of recovery under alternative operations arrangements during a disaster and the team ensures that the business functions are back to normalcy with minimum delay. Because of BCP, even during extreme flood situation, the Bank could keep the banking operations on. Disaster Recovery drill for the core banking system (CBS) of the Bank is conducted at regular intervals to ensure the competence of the same during emergencies apart from undertaking periodical testing of recovery speed of critical applications from alternate locations.

INTERNAL CONTROL, INSPECTION AND AUDIT

A well-established independent audit system and structure is required to ensure, not only adequate internal control for safe and sound operations but also compliance to regulatory guidelines. Your Bank's Internal Audit Department performs independent and objective assessment to monitor adequacy, effectiveness and adherence to internal control systems and procedures laid down by the management and extant regulations. Internal Audit directly reports to the Audit Committee of the Board, which comprises of Independent directors. Key issues emanating from Audit Reports are discussed in the Audit Committee meetings. Internal Audit function supports the Bank's role in safeguarding its assets. The macro level guidance and direction on the control aspects is provided by the Audit Committee of the Board (ACB). The Committee takes an overall view on the internal control aspects and gives direction for formulating policy guidelines.

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

Your Bank had conducted the Risk Based Internal Audit (RBIA) of branches and Management audit of Administrative office/controlling offices as per audit plan for the year. Your Bank subjects its operations to Concurrent Audit by experienced Chartered Accountant Audit firms to complement its Internal Audit function besides periodical audit under RBIA as per risk perception and are subject to audit as per the prescribed periodicity. Concurrent Audit of selected branches are done by Audit firms taking into account risk perception and business turnover. During the year 2019 - 20, 143 branches were subjected to Concurrent Audit on a monthly basis and synopsis of Concurrent Audit Reports are placed before the Audit Committee of the Board. Concurrent Audit also covers core activities such as Integrated Treasury Operations, Retail Forex Centralised Processing Cell, Centralised Trade Processing Cell, Centralised Processing Cell (General), Centralised Processing Cell (Schematic) and Two wheeler Loan Department.

As a part of RBIA and concurrent audits, your Bank also conducted revenue audit of branches as per RBIA audit plan and branches selected for conducting concurrent audit to check for any leakage of legitimate income.

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

Your Bank has a system of re-appraisal of jewels pledged under jewel loan portfolio on a sample basis by panel of appraisers covering the various branches under Jewel Loan portfolio. As an added measure during the RBIA, inspecting officials also carryout verification of purity of jewels.

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

IS audit is conducted along with RBIA of branches as per RBIA audit plan. Besides regular IS Audit, Vulnerability Assessments and Penetration Testing are also conducted with the help of expert outsourced firms.

VIGILANCE FUNCTION

The Bank has a dedicated Vigilance Department to control the frauds happening in the Bank. Functions of Vigilance Department covers both prevention as well as investigation of frauds. Actual or suspected instances of fraud are detected through regular Internal Inspections, Surprise Inspections, Offsite Surveillance, Revenue

Audits, Concurrent Audits, Preventive Vigilance Audits and Complaints from customers and other sources. Once it is reported to Vigilance Department, a detailed investigation is conducted into such incidents and a synopsis of the investigation report is placed to the Managing Director & CEO. If element of fraud is recognized / suspected, the incident will be reported to RBI as fraud / suspected fraud. The Bank will also initiate actions to book the culprit and recovery of the amount. The Department will analyse the root cause of the fraud and suggests corrective measures for improving the systems & controls and also compliance of the procedures laid down. Examination of staff accountability is conducted in case of vigilance related complaints and the file is transferred to the HR Department, if disciplinary proceedings are to be initiated against the staff. Examination of third party accountability is also conducted if third parties such as gold appraisers, Chartered Accountants, valuers, legal advisors, etc., are involved in the fraud or lapses are observed on their part. If they are found accountable, they will be immediately removed from Bank's approved panel and wherever applicable, their names will be referred to IBA to include them in the Caution List of IBA.

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

Vigilance Department plays a dynamic role in prevention of frauds. Preventive measures include spreading awareness on potential fraudulent activities and instigating a compliant environment among all employees of the Bank. Effectiveness of fraud prevention mechanism is ensured by conducting Preventive Vigilance Audits and wherever deficiencies are observed, the same will be intimated to the respective branches and Zonal Offices for rectification and to avoid recurrence of similar deficiencies.

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

BRANCH NETWORK

Financial year 2019-20 has been a year of strategic development through well-made rational decisions. Bank closed/merged its 13 branches, but expanded its outreach to the customers by opening 10 new branches and 23

ATMs at various places across the country. At present, the Bank has 417 branches including 3 service branches, 3- Asset Recovery Branches and 300 ATMs spread across 18 states and 2 union territories.

The Bank's branch and ATM network as on March 31, 2020 is given below:

Area	Branches*	% to Total	ATM's	% to Total
Metro	65	16	52	17
Rural	36	9	10	3
Semi-Urban	223	54	147	49
Urban	87	21	91	31
Total	411	100	300	100

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

BRANCH EXPANSION PROGRAMME

Board has approved opening of 101 branches which is expected to be completed by the end of first half of fiscal 2021. Branch locations have been selected on the basis of potential for gold loans and CASA. Geographies have been selected predominantly on the basis of the broad strategy to enhance presence in outside Kerala locations in Southern and Western India. Gold loan focused branches will be modelled on Gold loan NBFC's low opex low capex model. Targets have been fixed with a view to ensure that majority of branches break even within one year of opening.

DISRUPTION IN BRANCH OPERATIONS

Unprecedented climate experienced in August 2019 in some part of the state of Kerala, due to deluge, impacted operations of a few branches and ATMs of the Bank. The bank has insured assets of the branches & offices and assets of all Onsite ATMs & Offsite ATMs with M/s New India Assurance Co. Ltd, Thrissur.

ATM NETWORK

During the year, Bank installed 24 more new ATMs making the total to 300 onsite and off-site ATMs. Stabilized the operations on PCIDSS compliant ATM Switch hosted by M/s. Euronet Services Pvt Ltd. Bank also implemented Green PIN to facilitate customers to Set/Reset PIN in our Bank ATMs. As directed by RBI, the following Security Controls are implemented at ATMs for securing card transactions.

- EMV, BIOS password, Terminal security, Time base admin access, Hard disk encryption, Anti skimming & Application white listing solution, Disabled USB & Auto-run facility, etc.

- Cassette swapping for loading cash in ATMs implemented at 3 ATMs on pilot basis and the same will be extended to all ATMs to eliminate loss on account of cash pilferages etc.

Currency Chest

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

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

TECHNOLOGY ADOPTION

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

As part of improving cyber security posture, Bank has implemented Security Operation Centre (SOC), Privileged Identity Management (PIM) Solution, Network Access Control (NAC), Data Leakage Prevention System and also taken steps to improve the end point security by implementing Active Directory Services, anti-virus solution and by white listing applications and online patching solution. For improving security in card present and not present transactions, replaced all existing magnetic stripe debit cards with EMV chip cards. Also implemented various controls suggested by RBI on Swift System and ATM terminals. The ATM Switch used by the Bank is also PCIDSS Compliant.

The Bank is leveraging its technology platform to bring most processes on to a centralized platform to improve the overall efficiency and reduce turnaround time. Implemented several new features / functionality in the Mobile Banking and Internet banking to enable customers to pay online for various services. All banking delivery channels comprising of branches, ATMs, Internet, Mobile Banking, Mobile Apps, etc., are considered as part of the

Bank's core business and are given highest priority for 100% uptime of these channels.

During the year, Senior Executives and two Directors of the Bank attended Certification Programmes in IT and Cyber Security for CXOs at IDRBT & Cyber Security Training programme conducted by the Bank.

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

1. Gold Loan

Bank Implemented Gold Loan Origination System (LOS) for automation of entire life cycle of Gold Loan. Besides improving the efficiency, Gold loan LOS aims at standardizing the credit process. Gold LOS is implemented to managing risk, enhancing user experience and providing useful MIS for better decision making.

Also, launched ATM Gold loan, facilitating customers to withdraw Gold loan amount through debit cards from ATMs as and when funds are required. Also, launched Gold loan with Telescopic repayment period (PPAGL) with three months tenor at lower Rate of Interest.

2. Online Account Opening

Implemented Decimal digital opening of CASA Accounts. Assisted Mobile App was launched to enable opening of CASA accounts at Customers place. Documents and customer details required for opening of account are collected digitally at customer place via mobile app, transmitted digitally to CPC and the account gets activated on authorization. Instantly issue Welcome kit to customers including Debit Card, Internet Banking and Mobile Banking credentials. Thus enabling the customers to transact on the account immediately after activation.

3. Corporate Internet Banking (FEBA)

Bank introduced 'CSB CorpNet' – one stop, new-age banking solution for corporates! It's simple, secure and convenient. Using CSB CorpNet, Corporates can carry out all business transactions, monitor, raise a query, hold /pause a transaction and much more from home or office.

4. Loan Origination System for Micro Finance

Implemented JayameFIMOERPBC Solution for micro finance. It is a Loan Origination & Loan Management

system which provides end-to-end solution, right from Application processing, underwriting, Risk Analysis, Credit scoring, Sanction, Disbursement, Collection, NPA identification, Pre-closure, Settlement, Write off, etc. It has been integrated with Bank's Core Banking, Mobile integration, Credit bureaus, UIDAI, etc.

5. Debt ASBA

Debt Market is associated with low risk in comparison to equity market and also debt market assures regular income and capital preservation. In Debt market bonds, certificates of deposits, debentures, G-Secs are sold. DEBT Applications Supported by Blocked Amount (ASBA) is a process developed by the India's Stock Market Regulator SEBI for applying to DEBT IPOs. In Debt ASBA, an IPO applicant's account doesn't get debited until Bonds / Debentures / Government Securities are allotted to them.

6. Aadhaar Vault

Implemented Aadhaar Vault for securing Aadhaar database of Customers of the Bank (Aadhaar Number is encrypted and stored). Only Aadhaar reference number is stored in the database of the Bank and Aadhaar Number is fetched from Aadhaar vault, whenever required. Integrated with Aadhaar Vault are the dependent systems such as e-KYC, AEPS, CKYCR, LOS systems, etc.

7. TReDS:

Trade Receivable e-Discounting System (TReDS) is an electronic platform for facilitating the financing / discounting trade receivables of Micro, Small and Medium Enterprises (MSMEs) through multiple financiers. These receivables can be due from Corporates and other buyers including Government departments and Public Sector Undertakings (PSUs).

Our Bank launched a new product and participating on TReDS platform for discounting of invoices of MSME suppliers.

8. UPI 2.0

UPI 2.0 was launched by the Bank with additional features of "Signed intent & QR", "Onetime mandate with block functionality", "Linking of Overdraft as underlying Account in UPI", "Attachment in the inbox", "Foreign inward Remittance".

9. IBM Cognos Dash Boards

The Bank has implemented IBM Cognos platform for roll out of MIS Reports / Dash Boards for the use of Top Management /Senior Management of the Bank.

10. Mobile Plus App

As part of improving customer experience in our mobility platform, Bank has revamped mobile banking application and incorporated many retail banking features, Contemporary UI/UX features and certain unique features to give an edge to the product when it compares with same product offered by our peer banks. Mobile Plus IOS App will be launched very shortly.

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

Bank has initiated the following measures pursuant to the recommendations of Gopalakrishna Committee on IT Governance/Information Security/IT operations/ IS Audit/ Cyber Fraud/BCP (Business Continuity Planning).

- Effective measures have been taken to address the identified gaps in each areas such as IT Governance, Information Security, IT Service outsourcing, IS Audit, IT Operations, Cyber Frauds, Business Continuity Plan (BCP), Customer Education and Legal issues.
- The IT Organization setup has been redrawn to suit the functions/roles specified in the recommendations with segregation of duties. IT Strategy Committee of the Board has been meeting every quarter to review IT Strategy of the Bank, the implementation of various IT projects, IT Policies, implementation of Information Security controls and Advisory issued by RBI. IT Steering Committee has been meeting periodically to review the status of implementation of IT projects/ Customisations and also the new IT projects to be taken up. IT Security Committee reviewed Cyber Incidents, Assessment of SOC, Domain Security Parameters and Patch updation and Bank's IT Security. Chief Information Security Officer (CISO) has been reporting to IT Strategy Committee and the Board the emerging Cyber threats and Bank's preparedness in these aspects.

DIGITAL PENETRATION

Digital Banking products have played a vital role in providing convenience and cost effective 24x7 banking facility to the customers and there by providing customer stickiness to brand CSB.

Bank has introduced bundle of Digital Products from time to time, ranging from full-fledged Internet banking, RuPay Cards, QR Payments, POS, Prepaid Cards, UPI, ePassbook, missed call balance enquiry, upgraded Mobile banking application with more security and value added features incorporated. Card control, ASBA, UPI enabled payments, Scan & Pay, Quick payments, Mini statements, Zero cost fund transfers, etc., are the highlights of the new CSB Mobile+ app. Bank is also working on providing best in class facilities like WhatsApp Banking, Tap and Pay cards, FasTags for toll payments, ATM Green PIN, Chatbot based support to its customers.

In terms of growth in digital transactions, Bank has fared well this year when compared to previous years. As on March 2019, the total Digital transaction penetration when compared to branch transactions was 53%. It has now improved to 68% as on March 2020. Customers are migrating to Digital Channels thereby contributing to reduction in operating costs.

The key initiatives in the financial year 2019-20 are as under:

1. Launch of New & Revamped version of CSB Mobile Banking - CSB Mobile+

The Bank launched a new and an improved version of CSB Mobile Banking Application named as CSB Mobile+. The new application comes with multiple attractive enhancements. The uniqueness about CSB Mobile+ app is that all the features are bundled together in one App, wherein the customer can use multiple options via a single platform. Quick & online on-boarding, anytime PIN re-setting option, etc., makes its usage, very convenient for customers.

2. Payment Gateway Integration/ Solutions to CSB Customers (Referral Arrangement)

The Bank has on-boarded Payment Gateway Solution providers viz. Infibeam Avenues Private Limited (formerly CCAvenue) and Worldline India Private Limited. The arrangement involves providing Payment Gateway Solution to CSB Customers. CSB Customers can enable collection of payments

from their customers via Debit Card, Credit Card, Internet Banking, Scan & Pay, Wallets option. The other facilities that are also offered include Invoice/SMS link based collections, Excel program based collections (customers not having website), etc.

3. Integration with Kerala State Electricity Board (KSEB)

The Bank has partnered with Kerala State Electricity Board for enabling CSB customers to make direct payments of the Electricity Bills via Net Banking. Customers can now log into KSEB website and choose CSB Bank Net Banking to make payment. This facility is offered free of charge.

4. Direct Integration with KSFE (Kerala State Financial Enterprises)

Kerala State Financial Enterprises popularly known as KSFE provides online facility of Chit payments for NRI customers. CSB Bank has been one of their online partners, viz, while making chit payments, customers can choose CSB Bank Gateway powered by Infibeam Avenues & make payments using any bank Account. The amount remitted via this gateway will be credited directly into the KSFE account maintained at CSB Branch.

5. Providing options for Customers to Enable/Disable the Debit Card facility for different Channels via Branches/CSB Mobile+ app/Customer Care

To enhance security of Debit Cards, the Bank has provided various options for customers to enable/disable/modify their transaction limits using multiple channels viz, CSB Branches, CSB Mobile+ application, Customer Care, SMS. As per RBI regulation, across channels, customers can control their Debit Card usage.

6. Online Self Registration of Internet & Mobile Banking for Joint Accounts

For convenience of customers, the Bank has now provided an online option for Joint Account customers also to self-register for their Internet/Mobile banking using CSB website/CSB Mobile+ app. The option was already live for Individual accounts earlier. Henceforth, Individual & Joint Accounts customer can online register Net/Mobile banking at their fingertips.

7. SMS based International Transaction Deactivation in CSB Debit Cards

For customer convenience, the Bank has introduced disabling of International Transactions in CSB Debit cards based on SMS initiated from customer's registered mobile number for deactivation process.

DEMAT SERVICES

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

Under the 3-in-1 tie up, the current/savings account is maintained with CSB while demat and trading account facility are provided by the third-party service providers. Fund transfer from customers CA/SA accounts to the trading account is enabled through the net banking platform of the Bank through API integration whereas the fund transfers from trading account to customer's bank account with CSB is executed by the brokerage, based on customer instruction. Under the referral arrangement, the leads generated by CSB branches are passed on to the brokerage firms for onboarding the customer.

COMPLIANCE FUNCTION

The Bank has a full-fledged Compliance Cell. This Compliance cell also envisages strict observance of all statutory provisions contained in various legislations such as the Banking Regulation Act, Reserve Bank of India Act, Foreign Exchange Management Act, PMLA Act etc., ensuring their effectiveness and compliance by the Departments/Offices of the Bank. It also ensures observance of other regulatory guidelines issued from time to time, standards and codes prescribed by IBA, BCBSI, etc., as well as the Bank's internal policies. Compliance Officers have been appointed at all Departments/Offices so as to effectively ensure compliance and report to the Chief Compliance Officer through the appointed Principal Officer of the Bank. The Chief Compliance Officer is the nodal point of contact between the Bank and the Regulator and in turn assists the top management in effectively managing the AML & Compliance risks faced by the Bank and will also be a participant in the quarterly informal discussions held with RBI. He will ensure that all new products are subjected to intensive monitoring for the first six months of introduction by the concerned departments

and that the indicative parameters of compliance risk are adequately monitored. Appropriate software have also been put in place to monitor compliance of regulations and submission of returns effectively. Apart from the routine KYC/AML/CFT training conducted, the Compliance Cell also imparts annual training on compliance functions to the compliance officers, for making them aware of the paramount importance in adherence to compliance norms as any violation/failure may have unpleasant and undesirable effect on the organization. Bank will ensure to be in compliance with core elements like following the laws, rules, regulations, and various codes of conducts and also to be in adherence with fair practice codes, managing conflict of interest and treating customers fairly to assist build a true Compliance Culture.

Your Bank has put in place a Board approved policy and procedural guidelines on Know Your Customer (KYC) / Anti Money Laundering (AML)/Combating of Financing of Terrorism (CFT) measures in line with the guidelines issued by Reserve Bank of India, Prevention of Money laundering Amendments and the FATF. This Policy covers terms of customer acceptance, identification, risk management & monitoring of transactions. A dedicated PMLA Cell is functioning at the Head Office to oversee the compliance of KYC/AML/CFT norms.

The Bank has appropriate software that processes all transactions handled by its branches on a day to day basis and suspicious transactions/trends found if any, will be reported to FIU-IND, New Delhi. The Managing Director & CEO is the Designated Director and the Head of the PMLA Cell is the Principal Officer for the purpose of KYC/AML/CFT compliance and FATCA/CRS reporting in the Bank. KYC Nodal Officers have been appointed at all Branches so as to effectively implement the guidelines related to KYC/AML/CFT. To ensure that the employees are kept abreast on the subject, necessary training on KYC/AML/CFT is imparted to all members in coordination with the Learning & Development Department of the Bank on an ongoing basis at the CSB Institute of Learning & Development. Members' awareness is also effectively enhanced through e-Learning, Circulars, FAQ's, etc., and the Staff members are also encouraged to undertake Certification courses in KYC/AML/CFT by granting incentives/benefits upon passing the examinations/certifications.

CUSTOMER SERVICE

Banking is primarily a customer oriented services industry and customer service assumes paramount importance in

the Bank. In step with the advances in technology, new innovations have changed the way banking business is conducted during the nineties. With the use of technology, there has been an increase in penetration, productivity and efficiency. The increasing use of technology has also transformed the way in which Banks approach customer service. Towards understanding customer issues and improving the customer experience, the Bank has put in place a well-defined Customer Grievances Redressal System, wherein customers can approach Bank through multiple channels for redressal of their grievances – Bank's Branches, 24 X 7 Call Centre or register their complaints online on Bank's Complaint Management System. Your Bank ensures that customer complaints received through various sources are resolved within the shortest possible time and to the best satisfaction of the customers. Your Bank has always endeavoured to provide excellent service to customers and focused on keeping up with the industry trends.

Your Bank is committed to reaching out to the customers. In order to cater to the varying needs of customers, your Bank has launched a number of products that is aimed at satisfying specific needs of its clientele. Customer feedback has helped in fine tuning the products to a very large extent. Customer service will continue to be the key factor in maintaining and improving the Bank's role within the Banking Industry. In an exercise to identify gaps in customer service, initiating corrective action and improving customer experience, the Bank also conducts Customer Satisfaction Surveys. Feedback from the survey will enable our Bank in further evaluating customer's rating of services extended, improving its customer service, infrastructure of branches, and awareness on Bank's products and facilities.

Your Bank has already constituted a sub-committee of the Board, (known as the Customer Service Committee of the Board) in line with RBI directives, besides having an Executive Level Committee on Customer Service which has representation from customer groups. The functions of the sub- committee of the Board include, inter alia, suggesting, implementing and reviewing measures for enhancing the quality of customer services and improving the level of satisfaction for all the categories of clientele at all times. To ensure constant focus, the Board of Directors periodically reviews the functioning of this sub-committee. Additionally, the Bank also has constituted a Standing Committee on Customer Service, which has representation from customer groups.

The Bank has adopted both the BCSBI codes viz. Code of Bank's Commitment to Customers as well as Code of Bank's Commitment to Micro and Small Enterprises. Accordingly, the Bank is fully committed to implementing the provisions of both codes.

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

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

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

	31.03.2020	31.03.2019
a) No. of complaints pending at the beginning of the year	30	25
b) No. of complaints received during the year	4221	445
c) No. of complaints redressed during the year	4117	440
d) No. of complaints pending at the end of the year	134	30

The resolution of customer complaints improved to 96% in the current year compared to 93% in the previous year.

HUMAN RESOURCE - AN OVERVIEW

HR Department of the Bank plays a pivotal role in ensuring effective utilisation of its Human Resources who intend to be the backbone of the Organization as a whole. The HR function envisages the vision of how to transform the whole Business in a desirous manner. HR Department's

role is to act as a driving force in ensuring balance between the Organization's vision and the workforce.

Bank through HR Department strives hard to ensure efficient as well as effective management of its Human Resources. As our Bank is going through a transition stage wherein the whole work philosophy is being shifted to a modernized and automatic approach, it is the duty of HR Department to develop an effective HRMS program with a 360° view on all aspects of Human Resource Management. In the FY 2020, your Bank has made a huge stride forward in developing HRMS software with the help of 'Peoplestrong' group. Leave module, HRIS, Attendance module, PMS module have already gone live and other HRMS modules, etc., are in the developmental stage.

As a long term strategy, your Bank is planning to expand the branch banking beyond the present borders and affirm its presence Pan India. In order to achieve the same, talents have been pooled Pan India and qualified candidates matching to each job role has been hired after rigorous recruitment process. These candidates are recruited on Cost to Company (CTC) basis and their remuneration is fixed at par with the Industry standards. More recruitments are on the cards, aligning organization's requirements to the individual performance targets.

Some of the HR functions have been decentralised and Zonal Offices are delegated to act as first point of contact for HR related matters pertaining to the employees in Branches. Employees are also given maximum freedom to express any grievance related to their work life or personal life.

HR POLICY - FACTS AND FIGURES

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

The Bank has prepared the HR policy separately for IBA and CTC staff. Under the policy, all the essential aspects of HR has been incorporated which includes Human Resource Profile in the Bank, Recruitment policy, Lateral Recruitment Policy, Internal Hiring Policy, Succession Planning Policy, Induction, Granting of Incentives/ Benefits to Staff, Training and Development, Prohibition of Sexual Harassment of Women at workplace, Transfer Policy, Promotion Policy, Performance Appraisal Policy,

Welfare Aspects of HRM Policy in the Bank, Reward Recognition System, Management of Industrial Relations, Work Culture Effectiveness policy and Staff Exit policy.

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

The total number of employees in the Bank during the end of FY 2020 is 3204 compared to 3001 that of previous financial year end. Rigorous recruitments in the recent years, especially in the fields of Sales portfolios such as CASA, Gold, etc., has in turn reflected in the increased total employee count.

Financial Year	No. of employees recruited in the FY		No. of branches including Service and Recovery branches
	Operations	Sales	
2020	518	348	417

The Total Recruitments for the Financial Year is as follows:

Sl. No	Cadre	No. of New Recruits
1	Positions of Chief Managers and above	71
2	Officers (Including RSM/ASM/RE) etc.	527
3	Direct Selling Agents (BDE's, RME's, CRE's)	268

WELFARE ASPECTS OF HUMAN RESOURCE MANAGEMENT

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

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

CTC Employees insurance is administered by ICICI Lombard. All officers with grade of Assistant Managers

and above are covered for a sum insured of ₹4,00,000/- and other officers like BDE/CRE/RE etc., are covered for a sum insured of ₹3,00,000/-.

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

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

LEARNING, TRAINING AND DEVELOPMENT

Learning is fundamental and remains at the core of all functions and processes that we do. Keeping up with RBIs Capacity Building Policy, the Bank had made it mandatory to qualify a Certificate Course for Officers working in specialized functional areas like Treasury Operations, Risk Management, Credit Management and Accounting. Learning support is also provided to those employees who are taking up certification in these areas by providing incentive and reimbursement of course fee.

Training and development is significant part of the human resource management. Employees are entrusted different roles and responsibilities in the banks. Training enables them to carry out these roles and responsibilities efficiently and also learn new things, which will prepare them to take up higher responsibilities in the future. Imparting training to the right person, at the right time, on the right subject/area is the need of the day. The Bank has "Institute of Learning and Development" (ILD) at Ollur, Thrissur. Training is provided to officers and workmen in this establishment as per the Annual Training Plan. Newly recruited employees are given orientation programmes before joining the Bank. One-day training christened "New Beginning" was given to all employees of the Bank who were to retire from the service of the Bank. Besides, the Bank avails of training programmes offered by National Institute of Bank Management, Pune; College of Agricultural Banking, Pune; IDRBT, Hyderabad; Southern India Banks' Training College (SIBSTC), Bangalore; and other reputed training establishments in the country.

With the advent of digital revolution hitting the banking industry, to make all the employees and customers aware

about our new digital banking products, “Go-Digital” training programme was conducted to push the usage of Bank’s digital channels & products and spread awareness of Bank’s alternate channels among the employees.

HR VERTICALISATION

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

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

INDUSTRIAL RELATIONS

The Bank is having 3204 employees on its fold as on 31/03/2020. Out of 3204 employees, 1805 employees both officers and Award Staff are governed under IBA pay structure. Whereas 1238 employees are governed under Cost to Company basis. Bank has been deploying retired officers from Nationalised Banks in identified areas to improve the necessary skill set and expertise in the Bank. The number employees deployed under contract basis in the bank is 161. The average age of the employees of the Bank is 37 years.

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

During this financial year, as a policy decision the Bank implemented, reducing the age of retirement of the

officers from 60 years to 58 years. Barring a strike call given by one of the Officers’ Association during the month of April protesting the reduction of age of retirement, Bank has a cordial industrial relations scenario during the last financial year.

By Order of the Board

Sd/-
Madhavan Menon
Chairman
(DIN: 00008542)

Place: Thrissur
Date : June 22, 2020

BOARD'S REPORT

Dear Shareholders,

Your Directors are immensely pleased to present you the 99th Annual Report together with the Audited Statement of Accounts of the Bank for the financial year ended 31st March, 2020, at the 100th year of its glorious and service oriented existence.

Business Overview

In the FY 2019–20, the Bank has reported an Operating Profit of ₹280.58 crore as against ₹13.36 crore in FY 2018–19. The increase was due to increase in net interest income and decreased operating cost. The Bank has reported a Net Profit of ₹12.72 crore in FY 2019–20 as against Net Loss of ₹197.42 crore in FY 2018–19. The increase in profit was mainly on account of increased yield on advance, treasury profits, recovery in written off accounts, other non interest income and decreased staff costs.

Financial Summary

The financial performance of the Bank for the fiscal 2019–20 is as given below:

(₹ in Cr)

Particulars	March 31 st 2020	March 31 st 2019
Deposits	15,790.68	15,123.87
Net Advances	11,366.35	10,615.24
Total Assets/Liabilities	18,864.24	16,911.16
Net Interest Income (NII)	592.29	439.95
Non-Interest Income	221.61	135.92
Operating Profit/ (Loss)	280.58	13.36
Provisions and Contingencies (Other than tax)	146.58	313.45
Profit /(Loss) before Tax	134.00	(300.10)
Provision for taxes	121.28	(102.68)
Net Profit /(Loss)	12.72	(197.42)
Add: Surplus/(Deficit) brought forward from last period	(513.96)	(316.54)
Profit & Loss Account balance before appropriations	(501.24)	(513.96)
Appropriations		
Statutory Reserve u/s 17 of the Banking Regulation Act, 1949.	3.18	-
Capital Reserve	8.33	-
Special Reserve	1.21	-
Balance carried over to Balance Sheet	(513.96)	(513.96)
Key Performance Indicators		
Capital Adequacy Ratio (CRAR)% Basel – III	22.46	16.70
Earnings per share (in ₹)	0.88	(23.73)
Book value per share (in ₹)	113.04	108.10
Net Interest Margin %	3.20	2.51
Cost–Income Ratio %	65.53	97.68
Return On Assets (ROA) %	0.07	(1.13)
Return On Equity (ROE) %	0.99	(26.13)

Net Interest Income (NII) increased to ₹592.29 crore in FY 2019–20 as against ₹439.95 crore in FY 2018–19. Non-Treasury Other Income increased to ₹191.41 crore in FY 2019–20 from ₹127.91 crore in FY 2018–19.

Total Assets have increased by ₹1,953.08 crore and stood at ₹18,864.24 crore as on 31st March, 2020 (₹16,911.16 crore as on 31st March, 2019). Total Deposits have increased by ₹666.81 crore and stood at ₹15,790.68 crore as on 31st March, 2020 (₹15,123.87 crore as on 31st March, 2019). Net Advances have increased by ₹751.11 crore and reached ₹11,366.35 crore as on 31st March, 2020 (₹10,615.24 crore as on 31st March, 2019).

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

Total Business

The total business of your Bank stood at ₹27,157.03 crore as on March 31, 2020, as against ₹25,739.11 crore a year before, registering a y-o-y growth of 5.51%.

Deposits

Aggregate deposits of the Bank as on March 31, 2020 stood at ₹15,790.68 crore, as against ₹15,123.87 crore a year before, registering a y-o-y growth of 4.41%.

Total CASA deposits grew by ₹396.01 crore to ₹4,606.60 crore from ₹4,210.59 crore of corresponding previous year. Total Term Deposits grew by ₹270.79 crore to ₹11,184.08 crore from ₹10,913.29 crore of corresponding previous year. Total NRI Deposits grew by ₹152.66 crore to ₹3,914.22 crore from ₹3,761.56 crore of corresponding previous year.

Advances

During this period, the Bank's gross advances increased to ₹12,240 crore against ₹11,477 crore as on March 31, 2019, registering a y-o-y growth of 7%. The gross CD Ratio of the Bank stood at 77.51% against 75.89% in the corresponding previous year.

Gold loan portfolio grew by 28% to ₹3,799 crore as on March 31st, 2020 from ₹2,958 crore of corresponding previous year, whereas Two Wheeler and Agri & MFI portfolio grew by 265% and 410% in FY 20.

Priority Sector Lending

Priority Sector Advance extended by your Bank grew by ₹170.46 crore to ₹3974.55 crore from ₹3804.09 crore of corresponding previous year.

Assets quality

Severe stress on the quality of assets, despite introduction of resolution processes including CIRP under IBC, 2016 for large exposure, continue to plague the Indian Banking Sector. Keeping this in view, your bank has paid focussed attention on improvement of asset quality by initiating various steps. Multi-level monitoring of SMA accounts including monitoring of accounts in the SME segment by dedicated Relationship Managers is a major step taken in this direction. Introduction of tele-calling to improve retail collections, collections through external agencies in the two wheeler segment etc. are some of the initiatives taken during the year. The structural changes brought about in the credit underwriting and sanctioning process is a step in the right direction intended to acquire good quality

assets going forward. The fresh delinquencies witnessed during the year were mainly on account of a few major accounts turning NPA in the corporate loan book.

By initiating appropriate recovery steps in a time bound manner, the Bank could recover / upgrade substantial Non Performing Assets. Bank had taken initiative to monitor and follow up high value accounts for recovery / up gradation.

Compromise / One Time Settlement of NPAs as a strategy was pursued vigorously. OTS camps have been organised across branches / locations to offer on the spot / quick settlements and recovery of small value accounts.

Auction of secured assets were carried out throughout the year. Special thrust was given for taking physical possession of securities by moving application before the concerned authority under SARFAESI Act, 2002.

Bank had also resorted to filing of suit in Civil Courts / DRTs as a last resort for recovery of the dues.

As a result of various initiatives taken, the Bank could recover an aggregate amount of ₹85.22 crore by way of cash recovery and ₹19.50 crore by way of up gradation of accounts. The Gross NPA level of the Bank as on March 31, 2020 stood at a level of ₹409.43 crore as against ₹530.62 crore in the corresponding period of the previous financial year. The Gross NPA and Net NPA ratios are at 3.54% and 1.91% respectively as against 4.87% and 2.27% respectively in the previous year. The provision coverage ratio increased to 80.02 % as on March 31, 2020 as against the previous year's position of 78.17%.

Further, your Bank could achieve cash recovery to the tune of ₹60.10 crore in prudentially written off accounts during the period under review. Interest recovery in NPA accounts amounted to ₹15.06 crore.

Your Bank will continue to focus on arresting fresh slippages and recovery of NPAs through effective credit monitoring and initiation of various recovery measures in the days to come also.

Financial performance

Net Interest Income (NII) increased to ₹592.29 crore in FY 2019-20 as against ₹439.95 crore in FY 2018-19. Treasury Income increased to ₹30.20 crore in FY 2019-20 from ₹8.01 crore in FY 2018-19. Non-Treasury Other Income increased to ₹191.41 crore in FY 2019-20 from ₹127.91 crore in FY 2018-19.

Provision other than taxes and contingencies decreased by ₹166.88 crore (53.24%) from ₹313.45 crore to ₹146.58 crore.

The Operating Profit for the year under review was ₹280.58 crore before taxes and provisions as against ₹13.36 crore for the year 2018-19 mainly on account of increased net interest income and decreased employee cost.

The Net Profit for the year was ₹12.72 crore as compared to a Net Loss of ₹197.42 crore during the previous year.

Dividend

The Board of Directors of the Bank have expressed their inability to recommend dividend for the financial year ended March 31, 2020 considering the restrictions in terms of the Section 123 (1) of the Companies Act, 2013 and inadequacy of profits available for dividend after the mandatory appropriations to the reserves. Reserve Bank of India vide Circular No. DOR.BP.BC.No.64/21.02.067/2019-20 dated April 17, 2020 has also restricted dividend pay outs by the banks from the profits pertaining to the financial year ended March 31, 2020.

Material Changes and Commitments affecting the Financial Position of the Bank

There are no material changes and commitments, affecting the financial position of the Bank which has occurred between the end of the financial year of the Bank i.e., March 31st, 2020 and the date of the Directors' Report i.e., June 22, 2020.

Paid-up Capital and Reserves

As on March 31st, 2020, the Paid-up Equity Capital of the Bank stood at ₹173.51 crore comprising 173,455,827 fully paid-up Equity Shares of ₹10/- each.

The free reserves and surplus after adjusting debit balance in Profit and Loss Account stood at ₹1,460.37 crore as on March 31st 2020 as against ₹365.99 crore as on March 31st 2019.

Capital Adequacy

As per the Basel III Capital Adequacy Framework, the Capital to Risk Weighted Assets Ratio (CRAR), as assessed by the Bank as on 31st March 2020, is 22.46 %. This is much higher than the minimum CRAR of 10.875% stipulated by the Reserve Bank of India. The Tier I and Common Equity CRAR stood at 21.79%, well above the minimum of 7% and 5.5% respectively.

Capital Raising

Allotment of equity shares and warrants on preferential allotment basis to FIH Mauritius Investments Ltd (FIHM).

Pursuant to approval accorded by shareholders by way of special resolution passed in the Extraordinary General Meeting of the Bank held on March 21, 2018 and in terms of Reserve Bank of India approval vide letter DBR. PSBD.No.341/16.1.060/2018-19 dated July 12, 2018 and approval of Department of Financial Services (DFS), Ministry of Finance, Government of India vide letter No. F.No.26/5/2018-BOA dated October 9, 2018, the Bank on October 19, 2018, allotted an aggregate number of 1,98,32,130 Equity Shares of ₹10 each at an issue price of ₹140 per share (including premium of ₹130 per share) and 6,64,63,329 Warrants compulsorily convertible into or exchangeable for Equity Shares of ₹10 each at an issue price of ₹140 (including premium of ₹130 per warrant) to FIH Mauritius Investments Ltd (FIHM). The Bank, as on March 31, 2019, had received an amount aggregating of ₹7,20,75,30,792 by allotting Warrants and Shares to FIH-M.

FIHM remitted the balance call money aggregating of ₹2,08,23,73,650/- in respect of 1,98,32,130 equity shares allotted on partly paid up basis, on July 5, 2019 and final call money aggregating of ₹2,79,14,59,818/- in respect of 6,64,63,329 Warrants, on July 8, 2019.

The Bank, on request made by FIHM, permitted conversion of 66,430,846 Warrants into equal number of equity shares as against 66,463,329 Warrants originally issued, on August 7, 2019. 32,483 warrants originally allotted to FIHM were cancelled on August 7, 2019, after following prescribed procedure in this regard and refunded ₹13,64,286 being the amount so received in the excess of the limit in the final tranche so as to bring the overall investment of FIHM in the Bank within the DFS approved limit of ₹1,208 crore in the books of the Bank. Amount aggregating ₹31,83,334 received in the first and second tranche in respect of the said 32,483 warrants, were forfeited consequent to the cancellation. The Bank had to cancel 32,483 warrants in the context of the statutory requirement to file the Draft Red Herring Prospectus (DRHP) at the earliest date for Initial Public Offering of shares of the Bank with SEBI, while awaiting the response from DFS, on clarification of the amount sanctioned for investment by FIHM, in the Bank.

Post completion of investment, FIHM shareholding in the Bank stood at 51 % of the paid up capital, which was reduced to 49.73 %, at the present level, post allotment of 50,00,000 equity shares to CSB ESOS Trust on July 12, 2019 and 1,230,769 shares on December 2, 2019 in the Initial Public Offering of shares of the Bank.

FIHM shareholding in the Bank is locked-in pursuant to Regulation 16 and other applicable regulations of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. Separately, out of the 86,262,976 shares held by FIHM in the Bank, 68,890,024 are locked up until August 7, 2024, as required by the Reserve Bank of India in terms of its approval granted to FIHM for its investment in the Bank.

FIHM is an investment holding company incorporated under the laws of Mauritius. FIHM is wholly owned by Fairfax India Holdings Corporation (Fairfax India), a Fairfax group company. Founded in 2014, Fairfax India is a publicly listed Toronto-based investment holding company whose objective is to achieve long-term capital appreciation by investing in Indian businesses. With a permanent capital base, Fairfax India takes a long-term value approach towards its investments in India. Fairfax India is controlled by Fairfax Financial Holdings Limited (Fairfax Financial). Fairfax Financial is a publicly listed Toronto-based holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management. Fairfax Financial has been under present management since 1985. Mr. V. Prem Watsa has been the Chairman and CEO of Fairfax Financial since 1985 and the Chairman of Fairfax India since its inception in 2014.

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

Allotment of shares to CSB ESOS Trust.

The Bank, on July 12, 2019, allotted 50,00,000 equity shares to CSB ESOS Trust, which was formed under CSB Employees Stock Option Scheme 2019, pursuant to approval of the shareholders obtained by postal ballot on May 4, 2019, at an issue price of ₹10/- per share so as to promote the culture of employee ownership as well

as to attract, retain, motivate and incentivize talents in the Bank.

Initial Public Offering of shares

The financial year 2019-20 turned out to be one of the important milestone years in the corporate history of the Bank. The Bank successfully completed its Initial Public Offering (IPO) to the tune of ₹409.676 crore which received an overwhelming response from the investors and the issue was subscribed overall by 86.92 times.

The Public Issue of 21,009,067 equity shares of ₹10/- each of the Bank for cash at a price of ₹195/- per equity shares including a share premium of ₹185/- per equity share aggregating to ₹409.676 crore comprised of a Fresh Issue of 1,230,769 equity shares of the Bank aggregating to ₹23.999 crore and an Offer for Sale of 19,778,298 equity shares by the existing members of the Bank aggregating up to ₹385.676 crore.

The equity shares of Bank were listed and admitted for dealings on BSE Limited ("BSE") and National Stock Exchange Limited ("NSE") with effect from December 4, 2019.

Credit Rating

CRISIL has assigned 'CRISIL A1+' rating to the ₹2,000 crore Certificate of Deposits Programme and ₹2,000 crore Short Term Fixed Deposits Programme of the Bank.

Change of name of the Bank

Bank on receipt of approval of the shareholders by postal ballot on May 4, 2019, approached Registrar of Companies, Kerala to effect the change of name of the Bank from 'The Catholic Syrian Bank Limited' to 'CSB Bank Limited'. Registrar of Companies, Kerala, issued Certificate of Incorporation pursuant to change of name on June 10, 2019 and accordingly, the change of name has been effective from the said date. Reserve Bank of India, vide letter dated June 28, 2019, granted fresh license to carry on banking business in India, in lieu of the old license, consequent upon the change of name of the Bank. Reserve Bank of India, vide circular dated October 17, 2019, advised about notification of the change of name of the Bank from 'The Catholic Syrian Bank Limited' to 'CSB Bank Limited' in the second schedule to the Reserve Bank of India Act, 1934 with effect from June 10, 2019 by Notification DBR.PSBD.No.503/16.01.160/2019-20 dated July 17, 2019 published in the weekly gazette (Part III-Section 4).

Issue of Equity Shares with Differential Voting Rights

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

Issue of Sweat Equity Shares

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

Employees Stock Option Schemes

Currently Bank has the following Employees Stock Option Schemes in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 (SBEB Regulations):

1. CSB Employees Stock Option Scheme 2013

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

The 2013 ESOS Scheme was effective from April 1, 2013. The scheme envisages to offer long-term share based employee benefits as performance incentive to select employees, enable value creation for shareholders by aligning employees' interests with that of the Bank, and to attract, retain, and motivate high quality talent.

The scheme will be administered by the Nomination & Remuneration Committee of the Board. Under the Scheme, the Bank can offer, issue and allot Equity Shares not exceeding 5% of the issued Equity Shares of the Bank at any point of time, which was capped pursuant to the Board, vide resolution dated May 23, 2019, at 20,92,356 equity shares, being shares/options reserved of not exceeding 5% (five per cent) of the issued equity shares of the Bank with reference to issued equity shares of the Bank as on August 18, 2014 i.e., date of approving the scheme by shareholders. Pursuant to the Board, vide resolution dated May 23, 2019, also decided not to make any fresh grants under the ESOS scheme-2013, under any circumstances and the scheme would continue only to facilitate exercise of

the options, already granted under the scheme and the scheme will continue till such period(exercise of the option granted) only. Hence, the ratification of the scheme by the shareholders at the ensuing Annual General Meeting in terms of Regulation 12 of SEBI (Share Based Employee Benefits) Regulations 2014 is not required.

No options have been granted during the financial year 2019-20 and also no option granted earlier and in force in the same period, has been exercised by any of the grantees. Against the options granted in the earlier year, for a term of 10 years (including vesting period) and against those options remaining in force, an equal number of equity shares will be allotted to the beneficiary upon exercise of the option, within the said period. As on date, no options vested have been exercised by the beneficiaries. Further, the decision of Nomination & Remuneration to grant 16,19,241 stock options under the Scheme as hiring grant upfront to Shri. C. VR. Rajendran, Managing Director & CEO under the Scheme, in April 2017, subject to the approval of Reserve Bank of India was not acceded by RBI, vide its letter dated December 19, 2018 bearing no.DBR. Appt.No.5140/08.36.001/2018-19 and letter dated March 13, 2019 bearing no. DBR.Appt.No.7539/08.36.001/2018-19.

Bank obtained in-principle approval of stock exchanges for issue and allotment of up to 2,85,000 equity shares, which are likely to arise out of exercise of options as and when exercised under the scheme subject to conditions stated in the approval letters.

2. CSB Employees Stock Option Scheme 2019

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

The 2019 ESOS Scheme was effective from May 4, 2019. The scheme is intended to promote the culture of employee ownership as well as to attract, retain, motivate and incentivize talents in the Bank. The Scheme shall be administered through an employee stock option trust ("ESOS Trust") in the

nature of an irrevocable employee welfare trust in due compliance with the applicable laws. Under the Scheme, the Bank, on July 12, 2019, allotted 50,00,000 equity shares to CSB ESOS Trust, at an issue price of ₹10/- per share.

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

No options have been granted under the scheme. However, Nomination & Remuneration Committee of the Board accorded in-principle approval for grant of 34,70,000 stock options @ ₹75 per option to Shri. C. VR. Rajendran, Managing Director & CEO of the Bank as performance grant for the period from December 9, 2016 to December 8, 2019 under CSB Employee Stock Option Scheme 2019. In-principle approval accorded by the Committee is subject to the prior approval of Reserve Bank of India in terms of Section 35 B of the Banking Regulation Act, 1949 and other requisites approvals.

In terms of Regulation 12 of SEBI (Share Based Employee Benefits) Regulations 2014, the Bank will seek ratification of the scheme by the shareholders in the ensuing Annual General Meeting so as to make any grant which involves allotment or transfer of shares under the scheme. As per the said regulation, all pre-IPO scheme has to be ratified by the shareholders subsequent to the IPO.

A Certificate of Statutory Auditors pursuant to Regulation 13 of SEBI (Share Based Employee Benefits) Regulations, 2014, that the Bank's above mentioned Schemes have been implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations and the Resolutions passed

by the Shareholders for the 2013 and the 2019 Scheme, will be placed to the AGM for the scrutiny of Shareholders.

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

Business Responsibility Report (BRR)

In compliance with Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Business Responsibility Report of the Bank for the FY 2019-20, in the format as specified by SEBI, describing the initiatives taken by the Bank from an environmental, social and governance perspective, forms part of this Report as **Annexure-II**.

The same has been hosted on the website of the Bank and can be accessed at <https://csb.co.in/investor-relations> > General meetings > Annual General Meeting – 2020.

Buy-Back of Shares or Provision of Financial Assistance for purchase of the Bank's Shares.

The Bank has not effected any buy-back of its shares or provided any financial assistance for purchased subscription of its shares, to any persons including directors and employees of the Bank in terms of Section 67 of the Companies Act, 2013.

Redemption of CSBL Bonds

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

Deposits

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

Subsidiary Company

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

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

Risk Management Policy

The Bank has a comprehensive policy framework which contains separate policies for identification, measurement, monitoring & control and mitigation of all material risks including but not limited to credit, market, operational, liquidity and other Pillar- II risks. The Bank has put in place an integrated risk management policy which ensures independence of the risk governance structure. The risk management policy details the principles, rules and guidelines to be adopted by the Bank for managing and controlling various kinds of risks through various sub-policies. The policies are implemented in an uninterrupted, reliable and comprehensive manner across the entire bank. The details of risk management practices are provided in the Management Discussion and Analysis Report annexed to the Director's Report.

Whistle Blower Policy / Vigil Mechanism

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

Committee of the Board under the Whistle Blower/ Vigil Mechanism in the Bank.

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

Bank, based on RBI directions, has put in place a Fraud Risk Management Policy that covers the various controlling, monitoring and surveillance mechanism of the Bank to prevent frauds and to manage the risk of loss in the event of a fraud. As a part of Vigilance all the cases of frauds reported in the Bank are investigated in detail. Lacunae if any observed during the course of investigation are plugged and cases where systemic corrections are required, are placed before the Audit Committee for corrective measures / necessary directions.

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

Bank has taken all efforts to prevent frauds by strengthening the existing control measures and by reiterating the systems and procedures to update and alert the employees. Bank has a well-organized Inspection Department which conducts regular and comprehensive inspections (RBIA) of branches and offices at specified intervals and also oversees all other Audits and Inspections of the Bank. Over the last few years the Bank has taken several measures to plug the gaps in the areas of appraisal, monitoring, internal systems etc to strengthen the overall control system on loan assets. In order to review the effectiveness of the audit machinery, the

Bank has entrusted the review of internal audit functions to M/s KPMG India with an objective to understand the benchmark current audit framework for various types of audits and identify scope for enhancement in the same. KPMG had submitted GAP analysis. Bank with the help of M/s KPMG India is taking necessary steps to strengthen the internal audit machinery, fraud and vigilance department functions in the Bank and put in place appropriate mechanism, information systems and required infrastructure in the areas identified for improvement. This will further strengthen the existing checks, controls and systems to prevent recurrence, early detection of frauds on an ongoing basis.

Management Discussion and Analysis

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

Internal Financial Control Systems and their adequacy

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

Update on IND AS Implementation

The Institute of Chartered Accountants of India had issued IND AS (a revised set of accounting standards) which largely converges the Indian accounting standards with International Financial Reporting Standards (IFRS). The Ministry of Corporate Affairs (MCA) had notified these accounting standards (IND AS) for adoption in 2015 and issued the road map for implementation of new Indian Accounting Standards (IND AS) in January 2016. Banking companies, were required to implement Indian Accounting Standards (IND AS) from April 1, 2018 onwards, with

comparatives for the year beginning April 1, 2017. RBI vide First Bi-monthly Monetary Policy 2018–19 on April 5, 2018 had deferred the implementation of IND AS by one year pending necessary legislative amendments to the Banking Regulation Act, 1949 as also the level of preparedness of many bank. RBI vide Circular DBR. BP.BC. No.29/21.07.001/2018–19 dated March 22, 2019 has further deferred the implementation of IND AS till further notice as the legislative amendments recommended by the Reserve Bank of India was under consideration of the Government of India.

The Bank had commenced the process of IND AS implementation from FY 2016–17 itself. As per RBI Directions, the Bank has taken the following further steps towards implementation of IND AS during the year 2019–20:

- (a) Submitted quarterly Performa IND AS financial statements, for the quarters ended since March 2019 and up to December 2019 as required by RBI.
- (b) The Bank has adopted changes in IND AS like 'IND AS 116 – Leases' in preparing quarterly Performa IND AS financial statements.
- (c) The Bank will continue its preparedness towards migration to IND AS as per regulatory requirement and to liaise with RBI and industry bodies on various aspects pertaining to IND AS implementation.

Corporate Governance

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

Particulars of Loans, Guarantees or Investments by the Bank

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

Particulars of contracts or arrangements with related parties

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

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

Bank has also obtained omnibus approval of the Audit Committee for the respective transaction under 188 of the Companies Act, 2013 and Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014, though no transaction were consummated during the period ended March 31, 2020.

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

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

Bank has formulated a policy on materiality of related party transactions and also on dealing with related party transactions pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is displayed on the website of the Bank at <https://csb.co.in/pdf/PolicyondealingwithRelatedPartyTransactionnew.pdf>

Corporate Social Responsibility (CSR)

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

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

The Bank, in terms of the requirements of Section 135 of the Companies Act, 2013 and CSR Rules 2014, has set up a Board-level Corporate Social Responsibility (CSR) Committee to look after the CSR initiatives of the Bank. The CSR Committee, shall (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act, 2013, (b) recommend the amount of expenditure to be incurred on the activities as part of the CSR activities of the Bank and (c) monitor the Corporate Social Responsibility Policy of the Bank from time to time.

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

Auditors

a) Statutory Auditors

The Statutory Central Auditors viz. M/s. R. G. N Price & Co, Chartered Accountants, Kochi, who were appointed at the 98th Annual General Meeting, held on June 29, 2019 are retiring at the ensuing Annual General Meeting.

As per the Reserve Bank of India circular Nos. DBS. No.ARS.BC.8/08.91.001/2000-2001 dated January 30, 2001 and DBS.ARS.BC.04/08.91.001/2017-18 dated July 27, 2017 on rotation and resting of Auditors and Bank's policy and procedures with

regard to Appointment of Statutory Central Auditors and Statutory Branch Auditors, an audit firm/s will be allowed to continue as the Statutory Central Auditor/s (SCA) in the Bank for a period of four years only and thereafter the said firm will be compulsorily rested for a period of six years. Accordingly, M/s. R. G. N Price & Co, who will be completing continuous tenure of four years' as the Statutory Central Auditors of the Bank since FY 2016-17, will not be eligible for re-appointment. Therefore, the Board has decided to recommend a panel of 2 Audit Firms for the purpose of seeking approval from the Reserve Bank of India, and Shareholders' approval in the ensuing Annual General Meeting to appoint one among them as Statutory Central Auditor of the Bank, in the order of preference given below:

1. B S R & CO. LLP
5th Floor, Lodha Excelus,
Apollo Mills Compound,
N. M. Joshi Marg,
Mahalaxmi Mumbai- 400011
Maharashtra
Firm Regn. Number: 101248W/W-100022
2. S R Batliboi & Associates LLP
22, Camac Street, Block C,
III Floor, Kolkata-700016.
Firm Regn. Number: 101049W/E300004

The Bank has received the consent letter and confirmation from all the three audit firms to the effect that they are not disqualified to be appointed as the Statutory Central Auditors of the Bank in terms of the provisions of the Companies Act, 2013 and rules made here under, if appointed. Appointment of the new auditors has to be made at the ensuing Annual General Meeting in place of the retiring auditors. The new auditors to be appointed shall hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting on remuneration to be decided by the Board or Audit Committee of the Bank thereof subject to the approval of Reserve Bank of India and shareholders' approval.

The Board places on record their appreciation and gratitude for the valuable services of M/s. R. G. N. Price & Co, Chartered Accountants, Kochi, as Statutory Central Auditors of the Bank.

Pursuant to the Regulation 33(1) (d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Statutory Auditors have confirmed that they are subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and that they hold a valid certificate issued by the Peer Review Board of ICAI.

Independent Auditors' Report

M/s. R. G. N Price & Co, Chartered Accountants, Kochi, Statutory Central Auditors of the Bank, have audited the accounts of the Bank for the FY 2019-20 and their Report is annexed.

Pursuant to Section 143(3)(i) of the Companies Act, 2013, the Statutory Auditors have also reported on the adequacy and operating effectiveness of the internal financial controls system over financial reporting, which has been enclosed as "Annexure A" to Independent Auditor's Report. There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report for the FY 2019-20.

b) Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Companies Act 2013, the Bank appointed "M/s. SVJS & Associates", Company Secretaries, Kochi as its Secretarial Auditors to conduct the secretarial audit of the Bank for the Financial Year 2019-20. The Bank produced all necessary records to the Secretarial Auditors for smooth conducting of their Audit. The Report of Secretarial Auditor for the said period is annexed to this report as **Annexure -V**.

Explanation for Secretarial Auditors observation in the Secretarial Audit Report

Observation

As per Regulation 17 of The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, the entire pre-issue capital held by persons other than the promoters shall be locked-in for a period of one year from the date of allotment in the initial public offer. On verification it was found that the pre-issue capital held by persons other than the promoters was locked in before the date of allotment

Board's Explanation

As per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,

2018 ("SEBI ICDR Regulations"), as amended, and other applicable regulations, equity shares of the Bank were required to be listed within the time frame of T+6 days (T, being the issue closing day) being, December 4, 2019. Prior to listing of the Bank, as on the date of the Prospectus, the Bank had 26,040 shareholders and to comply with Regulation 17 of the SEBI ICDR Regulations, the entire pre-issue capital held by persons other than the promoters was required to be locked-in for a period of one year with the relevant depositories within the timelines prescribed by Securities and Exchange Board of India ("SEBI"), as a pre-condition to listing of the Bank's shares on the stock exchanges. The lock-in of 26,040 shareholders was a complex & time consuming process and no relaxation was permitted to the Bank to overcome the said lock-in requirements. Accordingly, to ensure compliance with the timelines prescribed by SEBI and the directions of the Reserve Bank of India to get the listing done without any delay, the Bank as advised by the BRLMs and Registrar to the Issue, had taken necessary steps, in order to initiate the lock-in process to get the shares listed on December 4, 2019.

Compliance to Secretarial Standards

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

Transfer of Un-claimed/Un-paid dividend to Investor Education and Protection Fund (IEPF)

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

In compliance with above, on November 02, 2019, the Bank had transferred ₹15,06,146/- to the above Fund, being the unclaimed dividend for the financial year 2011-12.

Transfer of Equity shares to Investor Education Protection Fund Authority

In terms of the provisions of the Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit,

Transfer and Refund) Rules, 2016, (as amended) and other applicable rules, notifications and circulars, if any, every company is required to transfer the shares, in respect of which dividend remains unpaid / unclaimed for a period of seven (7) consecutive years, to the Investor Education Protection Fund (IEPF) Authority.

To comply with the above, the Bank had on November 01, 2019 transferred 90,545 shares, comprising of 545 folios/records, to Investor Education and Protection Fund Authority through M/s. CDSL, in respect of which dividend was not claimed for consecutive 7 years from the date of transfer to unpaid dividend account of the Bank for the respective year(s).

Unclaimed share application Money

Unclaimed Share application money in respect of Rights issue 2013 and allotment completed on March 30, 2013 was due for transfer to the Investor Education and Protection Fund after the due date i.e., March 30, 2020, as per provisions of the Section 125(2) (h) of the Companies Act, 2013. To comply with the above requirements, the Bank on April 3, 2020 transferred ₹1,18,260/- to the Investor Education and Protection Fund, being the unclaimed share application money in respect of Rights Issue 2013.

Compensation/ Remuneration Policy

The Bank has formulated a Compensation Policy which deals with the compensation and benefits of the employees of the Bank and Directors including Part-time Chairman, Managing Director & CEO, Executive and Non- Executive Directors and the details of the same have been included in the Report on Corporate Governance, which forms part of this Report. The Bank has amended the policy in tune with the changes proposed by Reserve Bank of India 'Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff' dated November 4, 2019.

Nomination Policy

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

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

Details of Directors/Employees Remuneration

The details of Directors/Employees remuneration, etc., as required under Sec 197(12) of the Companies Act, 2013, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report as **Annexure-VI**.

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

Board of Directors

The composition of the Board of Directors is governed by the Banking Regulation Act, 1949, the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with the best practices in corporate governance adopted by the Bank. As on the date of this report, the Board comprises of seven Directors. The directors possess rich experience and specialized knowledge in various areas of relevance to the Bank.

The Board functions as the governing body and also through various Committees constituted to oversee specific areas. Policy formulation, setting up of goals, evaluation of performance and control functions vest with the Board. The Committees have oversight of operational and supervisory issues assigned to them by the Board, from time to time.

Appointment of Non-executive Directors

Mr. Sumit Maheshwari (DIN: 06920646) was reappointed as director retire by rotation at the 98th Annual General Meeting held on June 29, 2019.

Re-appointment of Shri. C.VR. Rajendran as Managing Director & CEO

Pursuant to the prior approval obtained from Reserve Bank of India, vide letter DOR. Appt. No.3707/08.36.001/2019-20 dated November 13, 2019, the Bank re-appointed Shri. C.VR. Rajendran as Managing Director & CEO for a period of three years with effect from December 9, 2019. The initial term of appointment of Shri. C.VR. Rajendran as Managing Director & CEO was for a period of three years from December 9, 2016 and up to December 8, 2019.

Extension of term of appointment of Mr. Madhavan Menon as Part-time Chairman of the Bank

Reserve Bank of India, vide letter DoR. Appt. No.8065/08.36.001/2019-20 dated April 24, 2020, extended the term of appointment of Mr. Madhavan Menon as the Part-time Chairman of the Bank till July 21, 2020. The initial term of appointment of Mr. Madhavan Menon as Part-time Chairman was for a period of one year from April 22, 2019 and up to April 21, 2020. Mr. Madhavan Menon is one of the two directors nominated by promoters of the Bank, M/s. FIH Mauritius Investments Ltd.

Independent Directors

Bank has not made new appointment of Independent directors since the last Report dated May 23, 2019. There is no changes in the number of Independent Directors on the Board of the Bank since date of the last Report.

Independent Directors- Compliance status

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

Sl. No	Name of the Independent Director	Term up to
1.	Mr. Thomas Mathew (DIN: 01277149)	September 24, 2020
2.	Mrs. Bhama Krishnamurthy (DIN: 02196839)	September 28, 2021
3.	Mr. Madhavan Aravamuthan (DIN: 01865555)	June 28, 2022
4.	Mr. S. Nagoor Ali Jinnah (DIN: 05238633)	March 05, 2022

The performance of the Independent Directors is subject to evaluation as per Section 149(8) of the Companies Act, 2013 and read with Schedule IV to the said Act.

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

The Board is confident about their integrity, expertise and experience in the relevant functional areas. Requirements of online proficiency self-assessment test in terms of Rule

6(4) of The Companies (Appointment and Qualifications of Directors) Rules, 2014 will be complied within the prescribed timeline of one year, if the same is applicable to each of them.

Declaration by Independent Directors

All Independent Directors have confirmed of having complied with the criteria of independence as provided in 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that they meet the criteria of independence laid down thereunder. Based on the declarations submitted by the Independent Directors, Board is of the opinion that, they fulfil the conditions specified in the Act and SEBI LODR and are independent of the management.

They also confirmed of having complied with Rule 6(1) and 6(2) of The Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended by registering themselves in the Independent Directors Data Bank pursuant to Rule 6(3) of the said Rules.

Familiarization Programmes of Independent Directors

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

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

In the Financial year 2019-20, the Bank could not meet in fully, the requirements of arranging programmes to the Independent Directors as training programme arranged in the 3rd week of March 2020 to a few of them were cancelled from the Bank's end due to outbreak of COVID-19 pandemic in the country, at the time.

Woman Director

In terms of the provisions of Section 149(1) of the Companies Act, 2013, the Bank is required to have at least one woman Director on the Board. The Bank appointed Mrs. Bhama Krishnamurthy (DIN: 02196839) as a Director on the Board since September 3, 2018. The tenure of appointment of Mrs. Radha Unni ended on September 26, 2018.

Directors Retiring by Rotation

In terms of Section 152 of the Companies Act, 2013, Non-Executive Director, Mr. Sumit Maheshwari (DIN: 06920646) shall retire by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting (AGM).

Mr. Sumit Maheshwari was at first appointed as an Additional Director of the Bank with effect from September 03, 2018 under the Section 161(1) of the Companies Act 2013 and regularized his appointment as Director at 97th AGM held on September 29, 2018, liable to retire by rotation. Mr. Sumit Maheshwari (DIN: 06920646) was again reappointed as director to retire by rotation at the 98th Annual General Meeting held on June 29, 2019 in terms of Sec 152 of the Companies Act, 2013. Mr. Sumit Maheshwari is one of the two directors nominated by promoters of the Bank, M/s. FIH Mauritius Investments Ltd.

Approval of the shareholders is being requested for re-appointment of Mr. Sumit Maheshwari as Non-Executive, Non-Independent Director of the Bank.

The detailed profile of Mr. Sumit Maheshwari recommended for reappointment in the ensuing Annual General Meeting is provided in the Notice of the Annual General Meeting for the benefit of shareholders as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Appointment/ Changes in Key Managerial Personnel

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

Pursuant to the prior approval obtained from Reserve Bank of India, vide letter DOR. Appt. No.3707 /08.36.001/2019-20 dated November 13, 2019, the Bank re-appointed Shri. C.VR. Rajendran as Managing Director & CEO for a period of three years with effect from December 9, 2019.

Mr. B.K. Divakara was appointed as the Chief Financial Officer of the Bank with effect from February 5, 2020, in place of Ms. V. Maheshwari, Chief Financial Officer, who has opted for voluntary retirement under the Employees' Pension Regulation of the Bank, with effect from close of office hours on February 4, 2020.

Board and its Committees

Number of Meetings of the Board

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

The Board met Eighteen (18) times during the FY 2019–20 and the gap between the said meetings did not exceed the limit of 120 days, as prescribed under the relevant regulations. Detailed information on the meetings of the Board is included in the report on Corporate Governance, which forms part of this Annual Report.

Committees of the Board

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

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

1. Audit Committee.
2. Nomination & Remuneration Committee.
3. Corporate Social Responsibility Committee.
4. Risk Management Committee.
5. IT Strategy Committee.
6. Stakeholders' Relationship Committee.
7. Customer Service Committee.
8. Management Committee.
9. NPA Management Committee.
10. Committee for Monitoring Large Value Frauds (CMF)
11. HR Committee (Dissolved w.e.f. March 17, 2020).
12. IPO Committee (Renamed as Capital Raising Committee w.e.f. February 17, 2020)
13. Capital Raising Committee (Dissolved w.e.f. March 17, 2020).

The details with respect to the compositions, powers, roles, terms of reference, etc., of the above Committees are given in detail in the 'Report on Corporate Governance' which forms part of this Annual Report.

Audit Committee

Constitution of Audit Committee in the Bank in terms of the extant guidelines of Reserve Bank of India (RBI),

provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Committee consists of four members as on date of the Report. The Committee is chaired by Mr. Thomas Mathew, Independent Director, who is a Chartered Accountant. The other members of the Committee are Mr. Madhavan Menon (Part-time Chairman), Mr. Madhavan Aravamuthan and Mr. Nagoor Ali Jinnah, both are Independent Directors.

The Committee discharges the functions laid down in the Companies Act, and those prescribed by the Reserve Bank of India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It also discharges the functions delegated by the Board of Directors from time to time. The ACB, which held 11 meetings during the year, has been closely overseeing and monitoring the Internal Control System and Procedures, Inspection and audit functions including follow-up and compliance of inspection audit reports. It has also interacted with the Auditors. The ACB acts as an effective tier to the Board in the matters of inspection, audit and internal control system.

Annual evaluation of performance

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

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

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

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

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

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

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

a) Conservation of Energy

All attempts are being made to reduce energy consumption to the maximum extent possible. As part of these measures, a few branch offices of the Bank have been using solar power, which is aimed at optimum utilisation of power in a cost-effective manner. Apart from the above, the Bank is installing LED lights in phased manner across.

b) Technology Absorption

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

c) Foreign Exchange Earnings and Outgo

Foreign Exchange earnings and outgo are part of the normal banking business of the Bank. Being an Authorised Dealer in Foreign Exchange, the Bank has been taking all possible steps to augment export credit.

Significant and Material Orders passed by Regulators

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

Maintenance of Cost Records

Being a Banking Company, the Bank is not required to make and maintain such accounts and cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

Details in respect of frauds reported by auditors

During the year under report, there were no instances of frauds reported / reportable by the Auditors, to the Audit Committee, the Board of Directors or the Central Government under Section 143(12) of the Companies Act, 2013.

Strictures and Penalties

During the last 3 years, there were no penalties or strictures imposed on the Bank by the Stock Exchange(s) and/or SEBI and/or any other statutory authorities on matters relating to capital market activities.

Disclosure on materially significant transaction

The Bank has not entered into any materially significant transaction during the year, which could have a potential conflict of interest between the Bank and its directors, management and /or their relatives, etc., other than the transactions carried out in the normal course of business.

Annual Return

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013, read with Rule 11 of the Companies (Management and Administration) Rules, 2014, as amended, the Annual Return as on March 31st, 2020 is displayed on the website of the Bank at: <https://csb.co.in/investor-relations> > General meetings > Annual General Meeting – 2020.

Directors' Responsibility Statement

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit and loss of the Bank for that period.
- The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.

- d. The directors have prepared the annual accounts on a going concern basis.
- e. The directors have laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively.
- f. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgements

The Board of Directors places on record its gratitude to the Reserve Bank of India, Ministry of Corporate Affairs, The Securities and Exchange Board of India, Department of Financial Services, Stock Exchanges and other Government and regulatory authorities for their continued support and guidance.

The Board of Directors wishes to place on record its gratitude to the shareholders and all business associates for their encouragement, support and assistance.

The Board of Directors wishes to place on record its appreciation for the dedicated services rendered by the members of the staff at all levels. The Board looks forward for their continued dedicated and sincere services to take the Bank to greater heights.

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

By Order of the Board

Sd/-

Madhavan Menon

Chairman

(DIN: 00008542)

Place: Thrissur

Date : June 22, 2020

ANNEXURE-I

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

A. Summary of Status of ESOPs Granted

The position of the existing schemes are summarized as under:

	Particulars	ESOS 2013	ESOS 2019
1	Date of Shareholders' Approval	14-Aug-2014	4-May-2019
2	Total Number of Options approved under ESOP Scheme	20,92,356	50,00,000
3	Vesting Requirement	The period of Vesting shall range from a minimum of 3 (three) years from the date of Grant and normally shall not exceed a maximum of 5 (five) years ("Vesting Period"), unless the Committee decides for a longer/ shorter Vesting Period, subject to Applicable Laws.	Vesting Period for any Options granted under this Scheme shall be subject to statutory minimum period of 1 (One) year from the date of Grant during which no Vesting shall be allowed. Subject to this statutory minimum period, any staggered Vesting prescribed for any Grant shall be over a Vesting schedule of minimum of 3 (Three) years and maximum of 10 (Ten) years from the date of Grant.
4	Exercise Price or Pricing Formula	The Exercise Price of the Option shall not be lower than the fair market value of the Share as on the Grant Date for each relevant Grant. The Committee shall determine the fair market value of the Share for the relevant Grant, from time to time, in its sole discretion and keeping in view the relevant Applicable Laws.	The Exercise Price per Option shall be determined by the Committee which shall not be lesser than the face value of Shares as on date of Grant.
5	Maximum Term of Options Granted	The Exercise Period for the relevant Grant shall be a period commencing from the relevant Vesting Date for the respective tranche and shall end with the expiry of 10 years from the relevant Grant Date or such other period as may be decided by the Committee for each Grant.	The exercise period in respect of a vested option shall be a period commencing from the relevant vesting date of such option and shall end with the expiry of 10 (Ten) years or such other shorter period as approved by the Committee from the date of grant of such option. Thus, expiry of exercise period in respect of options granted in a tranche of grant shall be same for all options in such tranche of grant.
6	Source of Shares	Primary	Primary
7	Variation in terms of ESOP	Changes made in the scheme, vide Board resolution dated May 23, 2019 only for the purpose of compliance of the scheme with SEBI (Share Based Employee Benefits) Regulations, 2014. All the changes made in the scheme has not affected interest of the employee to whom options were granted, in anyway.	There is no variation in the Options during the financial year ended March 31, 2020.
8	Method used to account for ESOP	Intrinsic Value Method	Intrinsic Value Method
9(1)	Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed.		Not Applicable as the vesting period is already over for the option granted under ESOS 2013. Further, no options have been granted under ESOS 2019.
9(2)	The impact of this difference on profits and on EPS of the company shall also be disclosed.		Not Applicable as the vesting period is already over for the option granted under ESOS 2013. Further, no options have been granted under ESOS 2019.

B Option Movement during the year 2019-2020

Sr. No	Particulars	ESOS 2013	Weighted Avg Exercise Price	ESOS 2019	Weighted Avg Exercise Price
1	Options Outstanding at the Beginning of the Year	3,05,000	147.25	0	NA
2	Number of Options Granted during the Year	0	NA	0	NA
3	Options Forfeited / Surrendered during the Year	0	NA	0	NA
4	Options Vested during the Year	0	NA	0	NA
5	Options Exercised during the Year	0	NA	0	NA
6	Options Lapsed during the Year	20,000	147.25	0	NA
7	Total Number of Shares Arising as a Result of Exercise of Options	0	NA	0	NA
8	Money Realised by Exercise of Options	0	NA	0	NA
9	Options Outstanding at the End of the Year	2,85,000	147.25	0	NA
10	Options Exercisable at the End of the Year	2,85,000	147.25	0	NA

C. The Weighted Average Market Price of Options Exercised during the Year: NA**D. Weighted Average Exercise Price of Options Granted during 2019-20 whose**

(a)	Exercise price equals market price (Rs.)	Nil
(b)	Exercise price is greater than market price	Nil
(c)	Exercise price is less than market price	Nil

E. Weighted Average Fair Value of Options Granted during 2019-20 whose

(a)	Exercise price equals market price (Rs.)	Nil
(b)	Exercise price is greater than market price	Nil
(c)	Exercise price is less than market price	Nil

F. Employee-wise details of options granted during the financial year 2019-20 to:**(i) Senior managerial personnel**

Name	Exercise Price (Rs.)	No of Options Granted	Exercise Price (Rs.)	No of Options Granted
	No Options Granted during the Year		No Options Granted during the Year	

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

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

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

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

G. Method and Assumptions used to estimate the fair value of options granted during the year:

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model are as follows:

Variables	ESOS 2013 (Weighted Average)	ESOS 2019 (Weighted Average)
1. Risk Free Interest Rate	No Options Granted during the Year	No Options Granted during the Year
2. Expected Life		
3. Expected Volatility		
4. Dividend Yield		
5. Price of the underlying share in market at the time of the option grant.(Rs.)		

H. Disclosures in respect of grants made in three years prior to IPO under each ESOS

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

The 2013 ESOS Scheme was effective from April 1, 2013. Under the Scheme, the Bank has granted 8,20,000 shares in two different tranche in the FY 2015-16 and 2,85,000 are currently in force. Remaining 5,35,000 options were lapsed over a period of time. Bank has not granted any options under the scheme in the past three years from the date of Initial Public offering of shares opened for subscription. Hence, no disclosure is required to be made in terms of SEBI Circular No. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015.

No other scheme was in force in the Bank prior to the Initial Public Offering of shares.

I. Assumptions

Stock Price: Closing price on National Stock Exchange on the date of grant has been considered.

Volatility: The historical volatility over the expected life has been considered to calculate the fair value.

Risk-free Rate of Return: The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.

Exercise Price: Exercise Price of each specific grant has been considered.

Time to Maturity: Time to Maturity / Expected Life of options is the period for which the Bank expects the options to be live.

Expected Dividend Yield: Expected dividend yield has been calculated as an average of dividend yields for five financial years preceding the date of the grant.

J. Disclosures in compliance with the Guidance Note on Accounting for Employee Share-based Payments as on 31st March 2020:

The Bank has used intrinsic value method to account for the compensation cost of stock options. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option.

Under intrinsic value method, since exercise price of the stock options granted under the ESOS is more than the underlying value of the shares, it has not resulted in any charge to the Profit and Loss Account for the year.

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

Number and Weighted average Exercise price of options

Option Movement during the year 2019-2020

Sr. No	Particulars	ESOS 2013	Weighted Avg Exercise Price	ESOS 2019	Weighted Avg Exercise Price
1	Options Outstanding at the Beginning of the Year	3,05,000	147.25	0	NA
2	Number of Options Granted during the Year	0	NA	0	NA
3	Options Forfeited / Surrendered during the Year	0	NA	0	NA
4	Options Vested during the Year	0	NA	0	NA
5	Options Exercised during the Year	0	NA	0	NA
6	Options Lapsed during the Year	20,000	147.25	0	NA
7	Total Number of Shares Arising as a Result of Exercise of Options	0	NA	0	NA
8	Money Realised by Exercise of Options	0	NA	0	NA
9	Options Outstanding at the End of the Year	2,85,000	147.25	0	NA
10	Options Exercisable at the End of the Year	2,85,000	147.25	0	NA

Weighted Average share price of Options exercised during the year – Nil

H. Details related to Trust

(i) General information on all schemes

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

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

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

* CSB ESOS Trust has borrowed an amount of ₹5,00,00,000/- from M/s Edelweiss Finvest Pvt Ltd, for the purpose of acquisition of 50,00,000 shares from CSB Bank Limited out of which 24,00,000 equity shares are pledged to M/s Edelweiss Finvest Pvt Ltd.

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

SI No.	Particulars	Details		
1.	Number of shares held at the beginning of the year;	Nil		
2.	Number of shares acquired during the year		Primary Issuance	Secondary Acquisition
		Number of shares	50,00,000	-
		Percentage of paid up capital	2.883%	-
		Weighted average cost of acquisition per share	Rs. 10/-	-
3.	Number of shares transferred to the employees / sold along with the purpose thereof;	Nil		
4.	Number of shares held at the end of the year	50,00,000		

(iii) In case of secondary acquisition of shares by the Trust:

The CSB ESOS Scheme 2019 currently envisages only primary acquisition of shares by the trust.

By Order of the Board

Sd/-
Madhavan Menon
 Chairman
 (DIN: 00008542)

Place: Thrissur
 Date : June 22, 2020

ANNEXURE-II

BUSINESS RESPONSIBILITY REPORT

Principle-wise (as per NVGs) BR Policy/policies

The 9 principles outlined in the National Voluntary Guidelines (NVGs) are as follows



Principle 1

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.



Principle 2

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.



Principle 3

Businesses should promote the well-being of all employees.



Principle 4

Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.



Principle 5

Businesses should respect and promote human rights.



Principle 6

Businesses should respect, protect and make efforts to restore the environment.



Principle 7

Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.



Principle 8

Businesses should support inclusive growth and equitable development.



Principle 9

Businesses should engage with and provide value to their customers and consumers in a responsible manner.

About CSB Bank

CSB Bank Limited is one of the oldest private sector banks in India with a history of 100 years existence, having a strong base in Kerala along with significant presence in Tamil Nadu, Karnataka and Maharashtra. The Bank offers a wide range of products and services to its customers, with particular focus on SME, Retail and NRI customers. The Bank delivers products and services through multiple channels, via 417 branches (including three service branches and three asset recovery branches) and 300 ATMs spread across 18 states and two union territories as on March 31, 2020, and various alternate channels such as micro ATMs, debit cards, internet banking, mobile banking, point of sale services and UPI. The Bank with a thrust on quality of service and nurturing long term relationship with customers, have developed a well-recognized and trusted brand in South India, particularly in the states of Kerala and Tamil Nadu and plans to expand beyond, considering the branch expansion plans, under anvil.

About this report

The Securities and Exchange Board of India (SEBI) in terms of Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has mandated the inclusion of a “Business Responsibility Report” (BRR) as part of Company’s Annual Report for top 1000 listed entities based on market capitalization at the BSE Limited (BSE) and the National Stock Exchange of India Ltd. (NSE).

The disclosure present in this Business Responsibility Report (‘BRR’) covers the Bank’s initiatives from the point of environmental, social and governance perspective, and is based on the ‘National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)’ released by the Ministry of Corporate Affairs, Government of India, in July 2011 which contains 9 Principles and Core Elements for each of the those 9 Principles.

Following is the first Business Responsibility Report of your Bank post listing of its shares on December 4, 2019 after Initial Public offering of shares in November 2019.

SECTION A: GENERAL INFORMATION ABOUT THE BANK		
1	Corporate Identity Number (CIN) of the Company	U65191KL1920PLC000175
2	Name of the Company	CSB Bank Limited (Formerly The Catholic Syrian Bank Limited)
3	Registered address	Head Office, “CSB Bhavan”, Post Box No.502, St. Mary’s College Road, Thrissur – 680020
4	Website	www.csb.co.in
5	e-mail id	investors@csb.co.in
6	Financial Year reported	April 1, 2019 to March 31, 2020
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	CSB Bank is a banking Company governed by the Banking Regulation Act, 1949. Classification as per National Industrial Classification 2008 is given below:
		Section K - Financial and Insurance Activities
		NIC Code 64191- Banking & Financial Services
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	CSB Bank is a publicly held banking company engaged in providing a wide range of banking and financial services including retail banking, corporate banking and treasury & Forex operations.

SECTION A: GENERAL INFORMATION ABOUT THE BANK

9	Total number of locations where business activity is undertaken by the Company	
	a. Number of International Locations (Provide details of major 5)	None
	b. Number of National Locations	As on March 31, 2020, the Bank had a network of 417 Branches including 3 Service and 3- Asset Recovery Branches each, and 300 ATMs spanning in 18 states and 2 union territories
10	Markets served by the Company – Local/ State/ National/ International	National : Pan India

SECTION B: FINANCIAL DETAILS OF THE BANK

1	Paid up Capital (INR)	₹1,73,45,58,270
2	Total Turnover (INR)	₹1731,49,63,935.60
3	Total profit after taxes (INR)	₹12,72,46,994.54
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	As the average net profit of the Bank for the last three years was negative, the Bank is not required to spend money for CSR activities in the financial year 2019-20 as per the policy adopted by the Bank and as per Section 135 of the Companies Act, 2013. However, as part of the continued focus of the Bank towards sustainable development and being a responsible Banker towards social upliftment, contributed partially to projects/programmes come under the areas/subjects defined in the CSR Policy of the Bank.
5	List of activities in which expenditure in 4 above has been incurred.	a) Slum area development b) Measures for the benefits of armed forces veterans, war widows and their dependents

SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies?	No
2	Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	NA
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

SECTION D: BUSINESS RESPONSIBILITY INFORMATION

1	Details of Director/ Directors responsible for BR	
	(a) Details of the Director/ Directors responsible for implementation of the BR policy/policies	
	DIN Number	00460061
	Name	Mr. C.VR. Rajendran
	Designation	Managing Director & CEO
	(b) Details of the BR head	
	DIN Number (if applicable)	NA
	Name	Mr. Vincy Louis Palliserry
	Designation	Chief Compliance Officer
	Telephone number	0487-2333020
	e-mail id	cco@csb.co.in

SECTION D (2): BR INFORMATION – PRINCIPLE-WISE (AS PER NVGs) BR POLICY/POLICIES (Reply in YES/NO)

The NVGs on social, environmental and economic responsibilities of business prescribed by the Ministry of Corporate Affairs advocates the nine principles (detailed below) as P1-P9 to be followed:

Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3	Businesses should promote the well-being of all employees.
Principle 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5	Businesses should respect and promote human rights.
Principle 6	Businesses should respect, protect and make efforts to restore the environment.
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8	Businesses should support inclusive growth and equitable development.
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3^	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for BR ?	Y	Y	Y	Y	Y	Y	NA	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3	Does the policy conform to any national / international standards? (If yes, specify. (50 Words)	Y	Y	Y	Y	Y	Y	NA	Y	Y
		Policies of the Bank are in line with the requirements of RBI guidelines, listing agreement with stock exchanges, The Securities and Exchange Board of India (SEBI) as per its (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and rules made thereunder or the Bank's internal requirements and best practices.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		Policies of the Bank are recommended by respective Committee of the Board and approved by the Board. The Policies of the Bank are signed by the respective departmental Heads and Managing Director & CEO before placing it to the Committee and Board for approval /periodical review.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6	Indicate the link for the policy to be viewed online?	The policies are available in Bank's website at https://csb.co.in/investor-relations and https://csb.co.in/bank-policies The policies other than that are available in the Bank website are being internal documents and are only available to the employees through the Bank's intranet								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		Policies that are related to external stake holders are hosted in the Banks' website and other Policies related to internal stake holders are available in the Bank's intranet. The communication on policies covering all internal and external stakeholders is an on-going process.								

(a) Details of compliance (Reply in Y/N)										
No.	Questions	P1	P2	P3 [^]	P4	P5	P6	P7	P8	P9
8	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	<p>Evaluation done through internal mechanism and seeks external assistance and advisory as and when required.</p> <p>The policies are annually reviewed /approved by the Board. Compliance Department reviews the policies periodically for submission to the Committee and Board and the concerned department monitors adherence to implementation of policy mandated by RBI and other regulators.</p>								

[^] In line with the general laws and regulations and sound ethical practices followed nationally, the Bank has adopted employee oriented policies covering areas such as employee benefits and sexual harassment at the workplace which endeavor to provide an environment of care, nurturing and opportunity to accomplish professional aspirations.

Principle-wise Policies

Principle 1	Code of Conduct and Ethics for Directors, Senior Management Personnel of the Bank, Whistle Blower Policy, Compliance Policy, Policy to deal with Staff Members who are directly and incidentally part of the Fraud related accounts, Code of Conduct and Ethics for all the employees, Code of Fair Disclosure and Conduct , Fraud Risk Management Policy, Customer Rights policy and Customer Protection Policy
Principle 2	Sustainable Development Policy
Principle 3	HR Policies
Principle 4	CSR Policy, Sustainable Development Policy, Business Correspondent Policy, FLCC policy, Loan Policy –Agriculture, MSME and Financial inclusion, Policy Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises [MSMEs].
Principle 5	HR Policies, Human Rights Statement, Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women Employees at Workplace and Policy for General Management of Branches.
Principle 6	CSR Policy, Sustainable Development Policy
Principle 7	NIL
Principle 8	CSR Policy, Sustainable Development Policy, Business Correspondent Policy, FLCC policy, Loan Policy –Agriculture, MSME and Financial inclusion.
Principle 9	Customer Rights Policy, Customer Protection Policy, Grievance Redressal /Complaints Policy, Compensation Policy – Customers, Banking Codes and Standards Board of India (BCSBI) and Citizen Charter.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why (Tick up to 2 options) :

S.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	*	-	-

* The Bank does not engage in policy advocacy, but is actively involved in consultation/ discussion forums with the government and other bodies in the banking industry. In taking public policy positions, CSB Bank has not lobbied through any associations.

SECTION D (3): GOVERNANCE RELATED TO BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. (Within 3 months, 3-6 months, Annually, More than one year)	Annually
(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	<p>BR Report of 2019- 20 is the 1st report published by the Bank post listing of its shares in the Stock exchanges on December 4, 2019 after Initial Public offering of shares. Going forward, the Bank annually publishes BR Report as part of its Annual Report</p> <p>Hyperlink : https://csb.co.in/investor-relations > General meetings > Annual General Meeting – 2020.</p> <p>Frequency : Annual</p>

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1- Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs / Others?	<p>Yes.</p> <p>The Bank is committed to acting professionally, fairly and with integrity in all its dealings across. The Bank, has adopted a Code of Conduct and Ethics for its Board and Senior Managerial Personnel and adhere to the highest standards of honest and ethical conduct, including proper and ethical procedures in dealing with actual or apparent conflicts of interest between personal and professional relationship. Similarly, the Bank has put in place a Code of Conduct and Ethics which is applicable to all its employees as per instructions laid out in the Books of instructions.</p> <p>Bank's Whistle Blower Policy / Vigil Mechanism to report concerns about unethical behaviour, violations of system and procedures in the Bank, violation of law, questionable business practices or grave misconduct by employees of the Bank that could lead to financial loss or reputation to the Bank, actual or suspected fraud and others. As per the Policy /Mechanism, Directors and employees of the Bank, customers, stakeholders, Non-Governmental Organizations (NGO) and others can lodge complaints / disclosures.</p>
---	---	--

SECTION E: PRINCIPLE-WISE PERFORMANCE

2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	<p>Bank established various channels for its stakeholders to communicate their expectations/concerns.</p> <p>Investor's grievances are redressed either directly by the Bank or through Bank's Registrar and Transfer Agents, M/s SKDC Consultants Ltd, Coimbatore. Complaints received on SCORES (a centralized web based complaint redressal system of SEBI) are attended within stipulated time. The Bank conducts meeting of Standing Committee on customer service as per RBI guidelines to review the customer service aspects prevalent in the Bank and to take necessary corrective action on an on-going basis.</p> <p>As a part of customer-centric approach, the Bank has appointed an Internal Ombudsman (IO) as an independent authority to review complaints that were partially or wholly rejected by the bank. The IO mechanism was set up with a view to strengthen the internal grievance redressal system of the Bank and to ensure that the complaints of the customers are redressed at the level of the bank itself by an authority placed at the highest level of bank's grievance redressal mechanism, so as to minimize the need for the customers to approach other forums, for redressal.</p> <p>The details of the Investor Complaints and other stakeholders complaints during the FY 2019-20 are as below: Refer Table 1.1</p>
---	---	--

Table 1.1

Stakeholder complaints during the FY 2019-20

	Pending as on 31.03.2019	2019-20		% of cases resolved satisfactorily	Pending as on 31.03.2020
		Received	Redressed		
Customer Complaints	30	4221	4117	96.85 %	134
Investor Complaints	0*	244	244	100 %	0
Consumer cases	27	8	2	5.17 %	33

* Bank' shares were listed on the stock exchanges on December 4, 2019 and hence the investor complaints reported above are from the said date only. No investor complaints were pending for disposal prior to the date of listing.

Principle 2- Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	<p>Bank is a service oriented industry and hence the product are not pausing any risks to environmental concerns, risks, but its products provides growth opportunities. Bank offers wide range of banking products to to fulfil customer expectations through an extensive network of branches, ATMs, and though technologies like mobile banking internet banking, door step banking point of sale services and UPI. Bank offers many customized products including gold loans, retail loans, two wheeler loans, home loans, MSME loans, loans against properties, loans for asset purchases and a wide range of savings bank products.</p> <p>Bank has implemented hi-tech products which enables its customers to do banking activities, sitting in the comfort of their homes. This reduces unnecessary travel, reduces wastage of time and energy, which carbon foot print. These products are safe and secure to use and contribute to sustainability throughout their life cycle.</p> <p>The Bank, as a part of credit dispensation to viable projects ensures that the promoter has necessary pollution control equipment either on line or end of pipeline for pollution abatement and has necessary approval in place from the regulatory authorities, viz. Pollution Control Board. The bank has been extensively using digital mode for sending agenda for the meetings thereby saving huge amount of paper.</p> <p>Bank also promotes conservation of environment, by reducing usage of paper by promoting green pin for debit cards, digital alerts, e-passbook application and digitalising of documents. All these efforts combined will produce a positive effect on reduction of load on environment</p>
2	<p>For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):</p> <p>(i) Reduction during sourcing/production /distribution achieved since the previous year throughout the value chain?</p> <p>(ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year?</p>	<p>Not applicable for banking products</p> <p>Not applicable for banking products</p>
3	Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	Not Applicable
4	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	The nature of banking sector is service oriented and not material resource intensive. However, the Bank procures locally the daily use items and services such as stationery, food and beverages and local transport. It works with most local vendors to align them with the Bank's procurement requirements and standards.
5	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	Not Applicable. Being a Banking service company, the bank is not generating products and waste associated with a manufacturing concern.

Principle 3- Businesses should promote the well-being of all employees.							
1	Please indicate the total number of employees.		The Bank had 3204 employees as on March 31, 2020				
2	Please indicate the Total number of employees hired on temporary/ contractual/ casual basis.		The bank had 135 including 65 data entry operators employees as on March 31, 2020 on temporary basis				
3	Please indicate the Number of permanent women employees.		The bank had 937 permanent women employees as on March 31, 2020				
4	Please indicate the Number of permanent employees with disabilities		Four				
5	Do you have an employee association that is recognized by management ? .		Yes.				
			1694 employees of the Bank are in 7 Associations/ Unions, detailed below :				
			Catholic Syrian Bank Officers Association	946			
			Staff Federation	333			
			Staff Association	292			
			Officers Federation	68			
			CSB Award Staff Union	48			
			Staff Union	4			
			Employees Union	3			
Total	1694						
6	What percentage of your permanent employees is members of this recognized employee association?		40.46 % of employees in Officer Cadre are members of Bank Officers' Association/s and 97.42 % of employees in Award Staff cadre are members of Bank Employees' Union/s.				
7	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.		No	Category	No of complaints pending at the beginning of the financial year	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
			1	Childlabour/ forced labour/ involuntary labour	Nil	Nil	Nil
			2	Sexual harassment	Nil	Nil	Nil
			3	Discriminatory employment	Nil	Nil	Nil
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year		Sl. No.	Category	Percentage		
					Safety	Skill	
			A	Permanent Employees	0.47	3.31	
			B	Permanent Women Employees	0.32	4.80	
			C	Casual/Temporary/ Contractual Employees	Nil	Nil	
			D	Employees with Disabilities	Nil	Nil	

Principle 3- Businesses should promote the well-being of all employees.

		<p>For employees working in the banking sector, every day brings new changes and challenges. The Bank provides them with regular opportunities to learn skills through training programmes that will see them equipped for new roles altogether. These training programmes include orientation sessions for new employees, programmes conducted by various skill-enhancing, role specific functional academies, leadership mentoring programmes and other management development programmes for mid-level and senior executives. The Bank invests in employee training to up-skill and reskill staff in preparation for tech jobs that don't yet exist and ensures that employees are ready for the future. It provides company-wide training for staff, which teaches them how to be visionaries. These trainings also foster a culture, where employees feel comfortable with risk, are appreciated for their ideas and respected for their feedback. In addition to classroom training, e-learning programmes are also given to the staff, thus providing the training they need to develop creativity and problem-solving abilities. The Bank also imparts training to its staff on safety norms and practices to be followed in the Bank, including hands on experience on handling fire extinguishers, security and fire alarms and on whom to call in times of various emergencies like theft or robbery, etc.</p>
--	--	---

Principle 4- Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1	Has the company mapped its internal and external stakeholders? Yes/No	<p>Yes.</p> <p>Stakeholders are segmented into Corporate, Retail customers and investors/members of the Bank. Human Resources Department looks after the interest of the Bank Employees.</p>
2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	<p>The Bank is guided by Reserve Bank of India (RBI) prescribed guidelines on priority sector lending, lending to small and marginal farmers, lending to weaker section etc., and government-led initiatives to improve access to financial services, to disadvantaged, vulnerable and marginalised stakeholders.</p>
3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?	<p>Under Financial Inclusion, the Bank is rendering services to the disadvantaged, rural/semi-urban section of the society by providing basic banking services at their doorstep. The Bank has appointed Business Correspondents to service the banking requirement of such disadvantaged society. In addition, the Bank has also engaged Financial Literacy Counsellors at 7 blocks in the State of Kerala for financial literacy activities.</p> <p>Apart from the above, CSR initiatives of the Bank in a limited way with the intention to improve the living conditions of the under-privileged and marginalised sections of the society.</p>

Principle 5- Businesses should respect and promote human rights.

1	Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?	<p>The Bank realizes and respects the human rights of all its stakeholders. The employees are required to follow code of ethics and business conduct, which also documents the ethical practices to be followed by them. The Bank does not promote any kind of discrimination between its employees, customers and other stakeholders on the basis of race, caste, religion, sex, etc. The Bank follows the code issued by The Banking Codes and Standards Board of India, to ensure protection of customer's rights. There are separate mechanisms to address the grievances of employees/customers and also on the complaints of sexual harassment at workplace.</p> <p>The Bank is committed to uphold the dignity of every individual engaged or associated with them.</p>
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	No complaints have been received from the stakeholders during the reporting period with respect to Human Rights violations from internal or external stakeholders.

Principle 6- Business should respect, protect and make efforts to restore the environment.

1	Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/Others.	The aspects outlined under this Principle are not substantially relevant to the Bank given the nature of its business. The Bank complies with applicable environmental regulations in respect of its premises and operations.
2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If Yes, please give hyperlink for webpage etc.	The Bank adheres to environmental laws in force to the extent as applicable. Further, the Bank constantly aims to reduce the impact on the environment by identifying ways to optimise resource consumption to the extent as possible.
3	Does the company identify and assess potential environmental risks? Y/N	The Bank is aware of the potential environmental risks and participates in the initiatives to the extent as possible to address the environmental concerns. The Bank complies with applicable environmental regulations in respect of its premises and operations.
4	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	The question is not applicable to the Bank as it is not a manufacturing company.
5	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If Yes, please give hyperlink for web page etc.	<p>The Bank leverages its Digital Banking strategy to enhance the digitization of its operations which positively connects with reduction in environmental impacts such as paper usage in bank or avoidance of travel by the customers to the bank.</p> <p>In respect of energy efficiency, renewable energy, the Bank prefers to use star rated and energy efficient ACs and Diesel Gensets and replacement with LED lights in the offices.</p>
6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Not Applicable
7	Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	The Bank has not received any notice during the reporting period.

Principle 7- Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	The Bank is a member of various governing bodies and associations such as the Indian Banks' Association, Banking codes and standards board of India, Fixed Income Money Market and Derivatives Association (FIMMDA) and Foreign Exchange Dealers Association of India (FEDAI), etc.
2	Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	The Bank does not engage in policy advocacy, but is actively involved in consultation/ discussion forums with the government and other bodies in the banking industry. In taking public policy positions, CSB Bank has not lobbied through any associations.

Principle 8- Businesses should support inclusive growth and equitable development.

1	Does the company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If Yes details thereof	<p>The Bank has put in place 'Corporate Social Responsibility Policy' to guide its efforts to identify and support all projects/programs/ subjects undertaken within the framework of Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended. The policy will serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the spirit of the policy. CSR initiatives of the Bank aims inclusive growth and sustainable development.</p> <p>Bank has engaged Business Correspondents and Financial Literacy Counsellors (External sources) for promoting Financial Literacy and to promote inclusive growth.</p> <p>Further, of late, the bank has started holding meetings of the Board and its Committees as also intra and inter office meetings using digital platforms, thereby reducing the usage of paper tremendously and thus the carbon foot prints as well</p>
2	Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organization?	The Bank undertakes programmes /projects directly and also with the assistance of implementation partners/ agencies as required.
3	Have you done any impact assessment of your initiative?	Yes. The results of these initiatives are reviewed periodically by seeking completion report and other documents.
4	What is your company's direct contribution to community development projects – Amount in INR and the details of the projects undertaken	<p>The Bank has spent ₹10.16 lakhs on Corporate Social Responsibility activities during the FY 2019-20.</p> <p>The expenditure has been undertaken primarily on Slum area development. Also include rural area related activities like financial inclusion and financial literacy and digitization of adopted village.</p>
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so	<p>The Bank through effective monitoring of its CSR and Financial Inclusion activities ensures that community development initiatives are reaching the target groups and it is being adopted and utilised by the beneficiaries.</p> <p>Periodic visits to Financial Literacy Centres and BC points, seeking report from implementing agency for CSR assistance are measures taken to ensure the above objectives.</p>

Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.		
1	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	As on 31.03.2020, 3.15 % of the total customer complaints received during the FY 2019-20 were pending. In respect of consumer cases, 94.83 % were pending for disposal at various forum/courts, which is beyond the Bank's control.
2	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A/Remarks (additional information)	This aspect is not applicable as the Bank is not a manufacturing company. The Bank complies with disclosure requirements relating to its products and services.
3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so provide details thereof, in about 50 words or so.	NIL. The Bank always strives to have a cordial relationship with its customers/borrowers and attempts to have an amicable settlement of any disputes. In the ordinary course of banking business, some customers may raise disputes with the Bank, which could result in their filing a civil suit or a consumer complaint against the Bank, alleging deficiency of services. In such cases, the Bank intervenes and sorts out unresolved issues, amicably. But only in some rare instances, where the issues cannot be settled mutually, legal recourse is resorted.
4	Did your company carry out any consumer survey/ consumer satisfaction trends?	Yes. The Bank conducts online customer satisfaction survey and the result of the survey is being continuously monitored. The Bank also conducts Branch Level Customer Service Committee at all branches on 15th of every month. During these meetings customer feedback, suggestions, etc., about various products are directly collected and consolidated. Feasible suggestions for improvements on service/ products are implemented and are monitored at various forums including Standing Committee on Customer Service and Customer Service Committee of the Board.

By Order of the Board

Sd/-
Madhavan Menon
Chairman
(DIN: 00008542)

Place: Thrissur
Date : June 22, 2020

ANNEXURE – III

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 - (Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto)

1. Details of contracts or arrangements or transactions not at arm's length basis in fiscal 2020

Sl No	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any [@]	Justification for entering into such contracts or arrangements or transaction	Date(s) of approval by the Board (latest approvals)	Amount paid as advances, if any:	Date of passing special resolution
1.	Finsigma Inclusive Services Private Limited (FISPL)* Common Director- Shri. Madhavan Aravamuthan	Business Correspondents Tie up with FISPL [@]	Ongoing basis	Interest at prevailing market rates and other terms at competitive market rates Overall exposure- ₹50.00 Crore	The tie up with FISPL is for Micro Finance business through BC model to accelerate the growth in the Agri. & Micro segments and weaker sections	17.02.2020	Nil	Since the transaction is within the limits as per Section 188, the approval of shareholders is not required
2.	Thomas Cook (India) Limited (TCIL) Subsidiary of Fairbridge Capital (Mauritius) Limited (FCML) FCML is associate of FIH Mauritius Investments Ltd(FIH-M). FIH-M is holding 49.73 % in the paid up capital of the Bank as on March 31, 2020. Details of their other holdings are disclosed in 1.1.of Schedule 18- Notes on accounts.	Tie-up with TCIL for issuance of Co-branded Multicurrency Pre-paid Foreign Exchange Travel Card	One year with effect April 1, 2020	At competitive market rates. Sales volume up to ₹10 Crores #	Thomas Cook India Ltd is the leading issuer of multi-currency pre-paid cards for making payments in a convenient way. This tie up helps the Bank to serve its customers, while they are travelling abroad or making payments in a foreign country.	16.03.2020	Nil	Since the transaction is within the limits as per Section 188, the approval of shareholders is not required

* Bank already has BC tie up with FISPL well before Shri. Madhavan Aravamuthan was appointed as on the Board of the Bank. Post appointment, Board, vide resolution dated January 28, 2019, approved initial exposure for ₹10 crore, which was later increased to ₹25 crore, vide Board resolution dated September 17, 2019 and again increased to ₹50 crore, vide Board resolution dated February 17, 2020. Being a BC arrangement there is no direct exposure with Finsigma and the exposure is treated as direct customer exposure.

@ Transactions are in the ordinary course of business only, but in view of difficulty to establish that the same is on an arm's length basis in view of there being no comparable data to establish an arm's length criteria, the Bank decided to consider such contracts or arrangements as related party transactions and obtained requisite approvals for the said transactions as prescribed in the section 188 of the Companies Act, 2013, as amended and Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014.

Board and Audit Committee has initially approved the Tie-up on March 25, 2019, but no transaction has been entered into with TCIL so far. Audit Committee, vide resolution dated June 15, 2020, has accorded omnibus approval to the arrangement for a further period of one year with effect from April 1, 2020. Mr Madhavan Menon, Part-time Chairman of the Bank is the Chairman & Managing Director of TCIL.

2. Details of material contracts or arrangement or transactions at arm's length basis in fiscal 2020 :

Sl No	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any:
--NIL--						

By Order of the Board

Sd/-
Madhavan Menon
Chairman
(DIN: 00008542)

Place: Thrissur
Date : June 22, 2020

The Annual Report on CSR Activities

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

(a) CSR policy

The CSR policy of the Bank aims to identify and support all projects/programs/subjects undertaken as part of the Bank's Corporate Social Responsibilities within the framework of Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended. The policy will serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the spirit of the policy.

(b) Overview of projects or programs proposed to be undertaken

The Bank will undertake activities in the areas or subjects in line with Schedule VII of the Companies Act, 2013 and CSR policy adopted by the Bank.

(c) Web-link to the CSR policy

<https://www.csb.co.in/pdf/CSR-Policy.pdf>

2. The Composition of the CSR Committee

The Bank has constituted a Corporate Social Responsibility Committee (CSR) to monitor the CSR activities. Members of the Committee as on the date of the report are:

1	Shri. Syed Nagoor Ali Jinnah, Independent Director	Chairman
2	Shri. Madhavan Menon, Part-time Chairman	Member
3	Shri. C. VR. Rajendran, Managing Director & CEO	Member
4	Shri. Sumit Maheshwari, Non-Executive Director	Member
5	Smt. Bhama Krishnamurthy, Independent Director	Member

3. Average Net Profit/ (Loss) before tax of the Bank for the Last 3 Financial Years

Financial Year 2016-17	₹(8.91) Crore
Financial Year 2017-18	₹(149.36) Crore
Financial Year 2018-19	₹(300.09) Crore
Average Net Profit/ (Loss) before tax of the Bank for the Last 3 Financial Years	₹(152.79) Crore

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above)

As the average net profit of the Bank for the last three years was negative, the Bank is not required to spend money for CSR activities in the financial year 2019-20 as per the Section 135 of the Companies Act, 2013 and the CSR policy adopted by the Bank.

5. Details of CSR spent during the financial year

- Total amount to be spent for the financial year: NA
- Amount unspent, if any: NA
- Transfer of unspent amount to a fund specified in Schedule VII of the Companies Act read with Section 135 of the Companies Act 2013 : NA

- d) Transfer of unspent amount to an Unspent Corporate Social Responsibility account in case of on-going project in terms of Section 135(6) of the Companies Act 2013: NA
- e) Transfer of unspent amount from 'Unspent Corporate Social Responsibility account, in case of on-going project, to a fund specified in Schedule VII of the Companies Act read with Section 135 of the Companies Act 2013 :NA
- e) Manner in which the amount spent during the financial year is detailed below.

SI. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: 1) Direct Expenditure on projects 2) or programs Overheads	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
1	Sponsorship of education of children of Martyr.	Measures for the benefit of armed forces veterans, war widows and their Dependents	Local Area, Wayanad District, Kerala.	₹8,79,199/-	₹16,165/-	₹16,165/-	Direct [^]
2	Setting up homes for socially and economically backward groups in the society including for women and orphans	Slum Area Development	Local Area, Thrissur District, Kerala	₹10 Lakhs	₹10 Lakhs	₹10 Lakhs	Implementing Agency* – Santhwanam Trust (Social Apostolate Centre of Thrissur Archdiocese)

[^] Amount to be spent over a period of 12 years.

* Bank contributed to the project undertaken by the implementing agency.

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

As the average net profit of the Bank for the last three years was negative, the Bank is not required to spend money for CSR activities in the financial year 2019-20 as per the policy adopted by the Bank and as per Section 135 of the Companies Act, 2013. However, as part of the Bank's continued focus towards sustainable development and responsible banker, has spent towards the amount as mentioned in point No.5 (e) of the report to CSR activities during the period under review.

As part of the CSR initiative, the Bank will continue take steps to identify areas / subjects / projects from institutions with an established track record of at least 3 financial years in undertaking similar projects or programs. Besides, the Bank is in the process of identifying more areas / subjects / project covered under Schedule VII, as part of the CSR policy adopted by the Bank.

The Bank remains committed to increase its CSR reach and spend over the coming years, supplemented by its continued focus towards sustainable development and responsible banking.

7. The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with CSR objectives and the policy of the Bank.

Sd/-

C.VR.Rajendran

Managing Director & CEO

(DIN: 00460061)

Sd/-

Syed Nagoor Ali Jinnah

Chairman – CSR Committee

(DIN: 05238633)

Sd/-

Madhavan Menon

Chairman

(DIN: 00008542)

Place: Thrissur

Date: June 22, 2020

ANNEXURE – V

Form No. MR-3 **SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31.03.2020

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

To

The Members

CSB BANK LIMITED

Head Office, “CSB Bhavan”,
Post Box No.502, St. Mary’s College Road,
Thrissur -680020

We, SVJS & Associates, Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CSB Bank Limited [CIN: U65191KL1920PLC000175]** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **CSB Bank Limited** (“the Company”) for the financial year ended on 31.03.2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the Rules made there under to the extent applicable;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent applicable.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 to the extent applicable.
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
 - (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(vi) As informed to us, the following other laws are specifically applicable to the Company.

1. The Banking Regulation Act, 1949 and the Banking Regulation (Companies) Rules, 1949
2. Reserve Bank of India Act, 1934
3. Banking Ombudsman Scheme 2006
4. The Bankers' Books Evidence Act, 1891
5. The Banking Companies (Period of Preservation of Records) Rules, 1985
6. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 and The Security Interest (Enforcement) Rules, 2002
7. The Prevention of Money-Laundering Act, 2002 and The Prevention of Money-Laundering (Maintenance of Records) Rules, 2005
8. The Industrial Disputes (Banking and Insurance Companies) Act, 1949
9. The Deposit Insurance and Credit Guarantee Corporation Act, 1961 and The Deposit Insurance and Credit Guarantee Corporation General Regulations, 1961.
10. The Recovery of Debts Due to Banks and Financial Institutions Act, 1993
11. Credit Information Companies (Regulation) Act, 2005.

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

- (i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

As informed, the Company has responded appropriately to notices received from various statutory/regulatory authorities including initiating actions for corrective measures, payment of penalties etc., wherever necessary.

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

As per Regulation 17 of The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, the entire pre-issue capital held by persons other than the promoters shall be locked-in for a period of one year from the date of allotment in the initial public offer. On verification it was found that the pre-issue capital held by persons other than the promoters was locked in before the date of allotment.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and at shorter notice in certain cases in accordance with the provisions of the Act and Secretarial Standards, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions of the board were unanimous and the same was captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no instances of rights/preferential issue of shares or issue of debentures/sweat equity or redemption/ buy back of securities, major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013, Merger / amalgamation / reconstruction, or Foreign technical collaborations.

During the period, the Bank has obtained approval of shareholders/board for the following:

Sl. No.	Subject	Mode of Approval	Date of Approval	Particulars of approval
1.	Adoption of new set of Articles of Association	Postal Ballot	06.05.2019	Approval of shareholders for adoption of new set of Articles of Association
2.	Change of name of the Bank from 'The Catholic Syrian Bank Limited' to 'CSB Bank Limited'	Postal Ballot	06.05.2019	Approval of shareholders for Change of name of the Bank from 'The Catholic Syrian Bank Limited' to 'CSB Bank Limited' and consequent alteration of the Memorandum of Association and Articles of Association
3.	Increase in Authorized Capital of the Bank.	Postal Ballot	06.05.2019	Approval of shareholders for increase in authorized capital from ₹2,00,00,00,000 (Rupees two hundred crores only), to ₹2,20,00,00,000 (Rupees Two hundred and Twenty crores only) and consequent alteration of capital clause of the Memorandum of Association
4.	Foreign investment Limits in the Bank.	Postal Ballot	06.05.2019	Approval of shareholders for all eligible non-resident investors to hold up to an aggregate limit of 74% of the total paid up share capital of the Bank, from time to time in terms of the Consolidated FDI Policy and the FEMA Regulations.
5.	Approve CSB Employee Stock Option Scheme 2019 of the Bank	Postal Ballot	06.05.2019	Approval of shareholders to adopt the 'CSB Employee Stock Option Scheme 2019 ("ESOS 2019"/ "Scheme") and authorisation to create, offer, and grant 50,00,000 (Fifty Lakhs Only) employee stock options
6.	Listing of Equity Shares, either by way of a direct listing of its Equity Shares or by way of an initial public offer of Equity Shares	Postal Ballot	06.05.2019	Approval of shareholders for listing of equity shares of the bank, either by way of a direct listing of its equity shares or by way of an initial public offer of equity shares through fresh issue and / or an offer for sale by certain shareholder(s) of the bank*
7.	IPO – Fresh Issue Allotment	Board Resolution	02.12.2019	Approval for offer, allotment and transfer of equity shares pursuant to offer – consisting of fresh issue of 1230769 Equity Shares by the Bank aggregating to ₹23,99,99,955/- *
8	Conversion of 66430846 warrants	Stakeholders Relationship Committee Resolution	07.08.2019	Conversion of 66430846 warrants into equivalent number of equity shares of ₹10/- each fully paid up with ₹130/- premium per share
9	Issue and Allotment of Shares to ESOP Trust	Board Resolution	12.07.2019	5000000 equity shares of face value of ₹10/- each fully paid up allotted under CSB Employee Stock Option Scheme 2019 to CSB ESOS Trust

* The initial public offering of 21009067 equity shares of face value of ₹10/- of the bank, the offer price fixed at ₹195/- per equity share including a share premium of ₹185/- aggregating upto ₹4,09,67,68,065/- (consisting of a fresh issue of 1230769 equity shares aggregating to ₹23,99,99,955/- and an offer for sale of upto 19778298 equity shares by selling shareholders aggregating upto ₹3,85,67,68,110) opened for subscription on 22.11.2019 and closed on 26.11.2019 (for anchor investors, the offer opened and closed on 21.11.2019).

The equity shares of the Bank were listed on BSE Limited and National Stock Exchange of India Limited on 04.12.2019. This report is to be read with **Annexure A** of even date and the same forms an integral part of this report.

For SVJS & Associates
Company Secretaries

CS Vincent P.D.
Managing Partner
CP No.: 7940, FCS: 3067
UDIN: F003067B000355639

Kochi
19.06.2020

Annexure A

ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To
The Members,
CSB BANK LIMITED
Head Office, "CSB Bhavan",
Post Box No.502, St. Mary's College Road,
Thrissur -680020

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

1. Maintenance of the secretarial records is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to express an opinion on these records, based on our audit.
2. During the audit, we have followed the practices and processes as were appropriate, to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the process and practices we followed provide a reasonable basis for our report.
3. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.
4. We have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc., wherever required.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of management. Our examination was limited to the verification of the procedures and compliances on test basis.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2020 but before issue of the Report.
7. We have considered actions carried out by the Company based on independent legal/professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.

For SVJS & Associates
Company Secretaries

CS Vincent P.D.
Managing Partner
CP No.: 7940, FCS: 3067
UDIN: F003067B000355639

Kochi
19.06.2020

ANNEXURE – VI

Particulars pursuant to Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014, as amended.

1. Disclosure as per Rule 5(1) –The ratio of the remuneration of each director to the median employee's remuneration and other details :-

SI No.	Requirements	Disclosure	
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Bank for the financial year 2019-20 [^]	Managing Director & CEO Shri. C. VR. Rajendran	15.52 x
2	The percentage increase in remuneration of each director, CEO, CFO, CS in the financial year 2019-20 ^{^^}	Shri. C. VR. Rajendran (Managing Director & CEO) Smt. V Maheswari * (Chief Financial Officer) (From 01.04.2019 to 04.02.2020) Shri. B K Divakara # (Chief Financial Officer) (From 05.02.2020 to 31.03.2020) Shri. Sijo Varghese (Company Secretary)	NIL 7.06 % NA 7.29 %
3	The percentage increase/ (decrease) in the median remuneration of employees in the financial year 2019-20	Median remuneration of the employees in the financial year was decreased by 20.43% as compared to corresponding previous financial year.	
4	The number of permanent employees on the rolls of the Bank as on March 31st, 2020	There were 3204 employees as on March 31st, 2020.	
5	Average percentile increase/(decrease) already made in the salaries of employees other than the managerial personnel in the financial year 2019-20 and its comparison with the percentile increase/(decrease) in the managerial remuneration and justification thereof. Point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average percentage of salaries of the employees other than the managerial personnel in the financial year 2019-20 was decreased by 0.02 %. This is mainly due to retirement of a number of senior level employees, drawing remuneration at the maximum of their pay-scale, recruited under IBA, post reduction of retirement in the Bank to 58 years. As a replacement to them, the Bank has recruited low cost candidates in most of the cases, on a cost to company basis. The percentage increase in the remuneration of the managerial personnel is often more than the percentage increase in the salary of the employees other than the managerial personnel, mainly on account of the managerial role, responsibilities and risks shouldered by the former category.	
6	Affirmation that the remuneration is as per the remuneration policy of the Bank.	Affirmed.	

[^] No remuneration in any form was paid to Part-time Chairman of the Bank.

^{^^} No remuneration/sitting fee was paid to the Directors nominated by promoters of the Bank, M/s. FIH Mauritius Investments Ltd. The sitting fees paid to Independent Directors is not considered for calculation of median remuneration.

* Opted for voluntary retirement under the Employees' Pension Regulation of the Bank, with effect from close of office hours on February 4, 2020. Hence her remuneration is considered up to that date for the FY 2020. In same way, salary for the previous FY 2019 is also considered only upto February 4, 2019..

Appointed as Chief Financial Officer with effect from February 5, 2020.

Note :

The remuneration for the purpose of this table includes Gross Salary only excluding exceptional items.

'X' denotes the median remuneration of the employees in the Financial Year.

2. Disclosure as per Rule 5(2) –Statement showing the names of top ten employees in terms of remuneration drawn during the Financial Year 2019-20 :-

a. List of top ten employees in terms of remuneration drawn other than those covered in 2(b):

SL No	Name of the employee	Date of Joining	Designation	Nature of Employment (Contractual or otherwise)	Qualification	Age	Experience Years	Remuneration Received (in ₹)	Last employment	No of shares held if any	% of shareholding to the paid up capital	Relationship with Director
1	Mr. C. VR. Rajendran*	09/12/2016	MD & CEO	Contractual	M Com, CAIIB, ICWAI (Inter)	65Y	41Y	₹72,00,000.00	Chief Executive - Association of Mutual Funds of India (AMFI)	Nil	N.A	No
2	Mr. Sekhar Rao ^	03/03/2014	Head - Operations	Contractual	MBA, BE	51Y	26Y	₹59,10,900.00	Zonal Head & National Head CASA -Ratnakar Bank	666	0.00038%	No
3	Mr. Balaji Seshadri#	23/05/2019	Head SME (South & East)	Regular	BE, (Mechanical Engg), MBA (Marketing)	40Y	16Y	₹51,40,818.78	Business Head - Bajaj Finance	Nil	N.A	No
4	Mr. Prem Kumar Thampi	02/03/2015	Head - Wholesale Banking and Treasury	Contractual	MSc - Physics	59Y	32Y	₹50,22,256.91	Dy. CEO - Bank M (Tanzania) Ltd	Nil	N.A	No
5	Mr. Harsh Kumar#	09/08/2019	CHRO	Regular	B.E (Electrical & Electronics) Post Graduate Diploma in Management, HR & Finance	44Y	20Y	₹48,95,684.67	Senior Vice President & Head – Human Resources Retail Branch banking -HDFC Bank	Nil	N.A	No
6	Mr. Roy Varghese	06/12/2018	Head Business Development (Agri&FI)	Regular	BCom, MBA (Banking & Finance)	50Y	28Y	₹30,00,000.00	Head – Retail Risk, Agri& Gold -Jana Small finance Bank Ltd	Nil	N.A	No
7	Mr. Ajoe James	23/10/2017	Zonal Sales Head- Two Wheeler Loans	Regular	B Com, MBA	43Y	20Y	₹23,79,648.00	Regional Manager (Kerala) - Bajaj Auto Finance	Nil	N.A	No
8	Mr. T. Jayashankar	21/04/2017	Head - HR	Contractual	BA, MA, LLB	64Y	36Y	₹23,76,000.00	General Manager (HR) - Indian Bank	Nil	N.A	No
9	Mr. Arvind K Sharma#	26/08/2019	Chief Risk Officer	Regular	BSc. Biology, M.A. Economics, PG Diploma in Financial Engineering & Risk Management	55Y	27Y	₹22,74,923.71	Chief Risk Officer - Bank Sohar	Nil	N.A	No
10	MR. Natarajan R	04/12/2017	Head – Inspection & Audit	Contractual	BSc. CA.	63Y	32Y	₹22,38,000.00	General Manager (Financial Management Division) -Corporation Bank	Nil	N.A	No

Note :

Remuneration shown above includes Salary, Allowance, Medical, Leave Travel Assistance, Leave Encashment, Bonus (if any), Bank's contribution towards Provident Fund, Gratuity and Monetary value of perquisites as per Income Tax Rules.

* (i) The Bank, on May 4, 2020, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 to revise fixed pay of Shri. C.VR. Rajendran, Managing Director & CEO from the present limit of ₹75 lac p.a., to ₹200 lac p.a., with effect from January 10, 2020.

(ii) The Bank, on May 4, 2020, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 for payment of a variable pay to the tune of ₹45 lac to Shri. C.VR. Rajendran, Managing Director & CEO, for the period from April 1, 2018 to March 31, 2019, which is being 60 % of the gross annual salary for the said period, subject to malus arrangements as per RBI guidelines dated January 13, 2012 on Compensation of Whole Time Directors/ Chief Executive Officers/ Risk Takers and Control Function staff, etc.

^ Resigned with effect from March 31, 2020

Remuneration is for the part of the financial year only.

b. List of employees drawing remuneration of not less than ₹102 lakhs per annum or ₹8.50 lakhs per month :

S L No	Name of the employee	Date of Joining	Designation	Nature of Employment	Qualification	Age	Experience Years	Remuneration (in ₹)	Last employment	No of shares held if any	% of shareholding to the paid up capital	Relationship with Director
1.	Mr. Bharath Mani ^	04/04/2014	Head - Retail Banking	Contractual	BA, PGDBM	49Y	26Y	₹91,47,308.90	Head – Branch Banking, India - Royal Bank of Scotland	866	0.0005%	No
2.	Mr. B. K. Divakara@	05/02/2020	CFO	Contractual	BBM, ACA, ACS, ACMA	59Y	32Y	₹18,62,068.97	ED - Central Bank of India	Nil	N.A	No
3.	Mr. Ravindra S Rao @	04/11/2019	CCO Retail MSME Agri	Regular	B Com	49Y	23Y	₹49,48,975.50	ED-CEO - Reliance ARC	Nil	N.A	No

^ Salary increased to ₹105 Lakhs with effect from August 13, 2019 on an annual basis.

@ Remuneration is for the part of the financial year only.

@ Resigned on June 09, 2020.

c. List of the employees who were in receipt of remuneration in that year in which, the aggregate, is in excess of that drawn by the Managing Director or Whole-time Director or Manager and hold by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the company: None

By Order of the Board

Sd/-
Madhavan Menon
Chairman
(DIN: 00008542)

Place: Thrissur
Date: June 22, 2020

ANNEXURE – VII

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to the Managing Director, Whole-time Directors and/or Manager:

Sr. No	Particulars of Remuneration, service contracts, notice period, severance fees	Total Amount
Name of the Managing Director & CEO : Mr. C. VR. Rajendran		
1	Gross Salary*	(₹)
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	67,68,000.00
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil
(d)	Performance Linked Incentives^	Nil
(e)	Service contracts, notice period and severance fees	As per the agreement for appointment/re-appointment of MD&CEO. Present agreement is for a period of three years with effect December 9, 2019
2	Stock Option (Nos)#	Nil
3	Sweat Equity	Nil
4	Commission	
	- as % of profit	Nil
	- others, specify	Nil
5	Others	
	- LFC	Nil
	- PL Encashment	Nil
	- PF	4,32,000.00
Total (A)		72,00,000.00
Ceiling as per the Act	Being a banking company under the Banking Regulation Act, 1949, the relevant provisions on managerial remuneration under the Companies Act, 2013 are not applicable.	

* The Bank, on May 4, 2020, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 to revise fixed pay of Shri. C.VR. Rajendran, Managing Director & CEO from the present limit of ₹75 lac p.a., to ₹200 lac p.a., with effect from January 10, 2020.

^ The Bank, on May 4, 2020, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 for payment of a variable pay to the tune of ₹45 lac to Shri. C.VR. Rajendran, Managing Director & CEO, for the period from April 1, 2018 to March 31, 2019, which is being 60 % of the gross annual salary for the said period subject to malus arrangements as per RBI guidelines dated January 13, 2012 on Compensation of Whole Time Directors/ Chief Executive Officers/ Risk Takers and Control Function staff, etc.

Nomination & Remuneration Committee of the Board accorded in-principle approval for grant of 34,70,000 stock options @ ₹75 per option to Shri. C. VR. Rajendran, Managing Director & CEO of the Bank as performance grant for the period from December 9, 2016 to December 8, 2019 under CSB Employee Stock Option Scheme 2019. In-principle approval accorded by the Committee is subject to the prior approval of Reserve Bank of India in terms of Section 35 B of the Banking Regulation Act, 1949 and other requisite approvals and hence the actual grant of options is to be made post receipt of said approvals only.

Remuneration to other directors: @

(₹)

Sr. No	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors		
	• Fee for attending Board/ Committee Meetings	Sri. Thomas Mathew	14,80,000.00
		Smt. Bhama Krishnamurthy	17,20,000.00
		Sri. Madhavan Aravamuthan	10,60,000.00
		Sri. Syed Nagoor Ali Jinnah	9,90,000.00
	• Commission		NIL
	• Others, please specify		NIL
	TOTAL (1)		52,50,000.00
2	Other Non-Executive Directors[^]:		
	• Fee for attending Board/ Committee Meetings	Sri. Madhavan Karunakaran Menon- Part-time Chairman	NIL
		Sri. Sumit Maheshwari	NIL
	• Commission		NIL
	• Others, please specify		NIL
	TOTAL (2)		NIL
	TOTAL (B) = (1)+(2)		52,50,000.00
	Total Managerial Remuneration (A)+(B)		124,50,000.00
	Overall Ceiling as per the Act	Being a banking company under the Banking Regulation Act, 1949, the relevant provisions on managerial remuneration under the Companies Act, 2013 are not applicable.	

@ No Directors of the Bank except MD&CEO is entitled for variable pay /incentives other than sitting fee for attending Board and Committee meetings.

[^] No remuneration/sitting fees was paid to the directors nominated promoters of the Bank, M/s. FIH Mauritius Investments Ltd.

B. Remuneration to Key Managerial Personnel other than MD & CEO /Manager/WT

Sr. No	Particulars of Remuneration	Chief Financial Officer		Company Secretary	Total Amount
		Smt. V Maheswari (01.04.2019 – 04.02.2020)	Shri. B K Divakara (05.02.2020 – 31.03.2020)	Shri. Sijo Varghese (01.04.2019 – 31.03.2020)	
1	Gross Salary	(₹)	(₹)	(₹)	(₹)
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16,88,839.96	18,62,068.97	15,81,871.49	51,32,780.42
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
(c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option (Nos)	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission				
	- as % of profit	Nil	Nil	Nil	Nil
	- others, specify	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	TOTAL	16,88,839.96	18,62,068.97	15,81,871.49	51,32,780.42

By Order of the Board

Sd/-

Madhavan Menon

Chairman

(DIN: 00008542)

Place: Thrissur

Date : June 22, 2020

ANNEXURE – VIII

DIVIDEND DISTRIBUTION POLICY

1. Preface:

This policy is being adopted and published in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of the Companies Act, 2013, and the rules made thereunder, each as amended ("**Applicable Laws**").

2. Definitions:

"Applicable Laws" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of the Companies Act, 2013, and the rules made thereunder, each as amended.

"BR Act" means Banking Regulation Act, 1949;

"Board" means Board of Directors of the Bank.

"Final Dividend" means the Dividend recommended by the Board and declared by the Members at an Annual General Meeting.

"Interim/Special Dividend" means the Dividend declared by the Board.

Words and expressions capitalised and not defined herein shall have the meaning respectively assigned to them under the BR Act, Companies Act, 2013 or other applicable laws.

3. Implementation of Policy:

This policy was approved by the Board, in its meeting held on December 23, 2019, pursuant to requirements of Applicable Laws.

4. Objective:

The objective of this policy is to lay down the criteria to be considered by the Board, before recommending dividend to its shareholders for a financial year.

5. Philosophy:

CSB Bank Limited ("**Bank**") always believes in optimizing the shareholders wealth by offering them various corporate benefits from time to time after considering the Capital to Risk (Weighted) Assets Ratio (CRAR) and reserve requirements subject to regulatory requirements.

6. Legal framework and regulatory compliance:

The Bank shall declare dividend only after ensuring compliance with the Banking Regulation Act, 1949, ("**BR Act**") various regulatory circulars, notifications and guidelines issued by RBI from time to time, and the Applicable Laws, each as amended, to the extent applicable to banking companies.

Further, the Bank shall declare and disclose the dividend on per share basis only.

7. Unpaid Dividend:

All unpaid dividend shall be treated in accordance with Section 124 of the Companies Act, 2013 and other applicable laws.

8. Internal and external factors that shall be considered for declaration of dividend:

The Board will consider the internal and external factors while making any recommendation for dividend.

Financial performance of the Bank for the year for which dividend is recommended:

- Growth rate of past earnings;
- Growth rate of estimate profits;
- Shareholders expectations;
- Dividend pay-out trends;
- Interim dividend paid, if any;
- Risk effect;
- Optimal Capital Adequacy Ratio subject to regulatory stipulations;
- Auditors qualifications pertaining to the statement of accounts;
- Expected capital requirements for planned growth;
- Cost of raising funds from alternative sources;
- Re investment opportunities;
- Tax implications if any, on distribution of dividends;
- Macro-economic environment;
- Such other factors and material events which Board may consider; and
- Corporate actions.

9. Circumstances under which shareholders may or may not expect dividend:

The Board of the bank may not recommend any dividend if the eligibility criteria for recommendation of dividend has not been met by the Bank, including any regulatory restriction placed on the Bank on declaration or if the Board strongly believes the need to conserve capital for growth or other exigencies which will be spelt. There may also be regulatory obligations that the Bank would have undertaken in the form of dividend stopper clauses in bond issuances which might get triggered in certain circumstances and would prohibit the Bank from declaring dividend.

10. Retained earnings utilization:

The Bank would utilize the retained earnings of the Bank in a manner which is beneficial to the interest of the Bank and its stakeholders, including, but not limited to ensuring maintenance of a healthy level of minimum capital adequacy ratios, meeting the Bank's future business growth/ expansion and strategic plans or such other purpose the Board may deem fit from time to time in the interest of the Bank and its stakeholders.

11. Parameters for various classes of shares:

Currently, the Bank does not have any other class of shares except equity shares. The entire distributable profit for the purpose of declaration of dividend is considered for the equity shareholders based on their shareholding on the record date fixed for the dividend entitlement.

12. Reporting System:

The recommendation as to dividend whether interim or final shall be informed to the Stock Exchange/s in terms of the provisions of SEBI Listing Regulations as also to the Depositories.

The Bank shall report the details of dividend declared and paid as per the format furnished by RBI in its circular referred herein above, within a fortnight after declaration of dividend.

Information on dividend paid in last five financial years including dividend percentage are made available on the website of the Bank.

13. Manner of Payment of Dividend:

In terms of Regulation 12 of SEBI Listing Regulations, the Bank shall use any of the electronic mode of payment facility approved by the Reserve Bank of India for the payment of the dividends. Where it is not possible to use electronic mode of payment, payable-at-par Warrants or Demand drafts will be issued to the eligible shareholders.

14. Website updation:

This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Reserve Bank of India, Ministry of Corporate Affairs, Securities Exchange Board of India or such other authority as may be authorized, from time to time, on the subject matter. The Bank shall place the Dividend Distribution Policy on its website and will also be disclosed in the Bank's Annual Report.

15. Conflict in policy:

In the event of a conflict between this policy and applicable laws, the applicable laws shall prevail.

16. Amendments / Modifications:

To the extent any change/amendment is required in terms of any applicable law or change in regulations, the regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law. Such amended policy shall be placed before the Board for approval.

REPORT ON CORPORATE GOVERNANCE

Bank's Philosophy on Code of Governance

The Corporate Governance Philosophy of the Bank is to promote corporate fairness, business excellence, transparency, accountability and integrity so as to maximize long-term value for all stakeholders. This philosophy is realized through the Bank's endeavour in working towards portfolio, operational and reputation excellence. Your Bank believes that sound corporate governance is critical to enhance and retain investor confidence. Your Bank always seeks to follow the best practices in corporate governance and in tune with the regulatory prescriptions. Your Bank recognizes the fact that they are the custodians of public money and in order to fulfil its fiduciary obligations and responsibilities, it has to maintain and continue to enjoy the trust and good will of the public at large for which, it has to follow good corporate governance practices. This approach will be central to the day-to-day functioning of the Bank and in implementation of its business strategy. Your Bank is committed to transparency in all its dealings and places uncompromising emphasis on integrity and regulatory compliance.

Board Composition

Bank has a broad-based Board, constituted in compliance with the provisions of Section 10A (2) (a) of the Banking Regulation Act, 1949 and the extant guidelines issued by RBI from time to time, the Companies Act, 2013 and rules made thereunder, Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Articles of Association of the Bank and all other applicable laws and in accordance with the best practices in corporate governance.

The Composition of Board comprises of directors with different skills sets, expertise and competence, representing the areas/sectors like Agriculture, Rural Economy, Banking, Accountancy, Co-operation, Economics, Finance, MSME, Law, etc., and also having special knowledge or practical experience useful to banking companies such as Information Technology, Payment & Settlement Systems, Human Resources, Risk Management and Business Management.

The Board functions as the governing body and also through various Committees constituted to oversee specific areas. Policy formulation, setting up of goals, annual evaluation of performance of the Board and its Committees, etc., and control functions vested with the Board. The Committees have oversight of operational and supervisory issues assigned to them by the Board, from time to time.

The Bank, as on March 31, 2020, has seven (7) directors on its Board and the details of which are furnished as under:

Nature of Directorship	Category	No. of Directors
Part-time Chairman	Non-Independent	1
Managing Director & CEO	Executive	1
Non – Executive Directors	Non-Independent	1
Non – Executive Directors	Independent	3
Non – Executive Woman Directors	Independent	1

Profile of Directors

Mr. Madhavan Menon (DIN 00008542) was appointed as Part-time Chairman of the Bank effective from April 22, 2019 and has been associated with the Bank since September 3, 2018. His term as Part-time Chairman was extended up to July 21, 2020. He has a varied background having commenced his career in ANZ Grindlays Bank and subsequently worked in Citibank, Emirates Bank and in the Financial Services Division of the Aditya Birla Group. His areas of interest include Treasury, Corporate Lending, Operations, Corporate Governance and Strategic Planning. Mr. Menon is presently the Chairman & Managing Director of Thomas Cook (India) Ltd (TCIL), a Fairfax Company, which is the leading integrated travel and travel related financial services company in the country, offering a broad spectrum of services that include Foreign Exchange, Corporate Travel, MICE, Leisure Travel, Insurance, Visa

& Passport Services and E-Business. Mr. Menon holds Directorships in various subsidiaries of TCIL and is also the Chairman of the Fairfax India Charitable Foundation that focusses on bringing down the cost of treating kidney related ailments in the country. Mr. Madhavan Menon is one of the two directors nominated by promoters of the Bank, M/s. FIH Mauritius Investments Ltd.

Mr C.VR. Rajendran (DIN 00460061) was appointed as the Managing Director & CEO of the Bank with effect from December 9, 2016 and re-appointed for a period of three years with effect December 9, 2019 after completion of his initial term on December 8, 2019. Mr. Rajendran is a seasoned banker with solid grassroots level Indian banking experience spanning more than three and a half decades. He has hands-on cross functional experience in every aspects of banking spread across Branch Operations, NPA / Asset Quality Management, Business Process Re-engineering, Productivity Enhancement, Corporate Industrial Finance, Merchant Banking, Treasury Operations, International Banking, Primary Dealership, Collection and Payment Services and Information Technology.

Mr. Rajendran was holding the position of Chief Executive Officer of the Association of Mutual Funds in India prior to joining in the Bank. Prior to this, he has held other key positions like Chairman & Managing Director of Andhra Bank (December 2013–April 2015) and as Executive Director at Bank of Maharashtra (March 2012 – December 2013). He has also held various positions including that of General Manager in the Corporation Bank (1978– 2012).

Mr. Thomas Mathew (DIN 01277149) is an Independent Director of the Bank and has been associated with the Bank since April 24, 2017. He is a fellow member of Institute of Chartered Accountants of India. Mr. Thomas Mathew joined Lovelock & Lewes (a member firm of Coopers & Lybrand International) in 1977 and was admitted as a partner in 1988. Following the merger of global firms Price Waterhouse and Coopers & Lybrand in 1998, he held various leadership positions of the member firms of PriceWaterhouseCoopers, including that of Customer and Industrial Products Industry, Assurance, Pharmaceutical Industry and Compliance and Risk Management focussing on Corporate Governance, Ethics, Sustainability, etc. He was also a member of the Global Leadership Teams on Consumer and Industrial Products,

Pharmaceuticals as well as Compliance Risk Management. He has over 35 years' experience in Statutory Audits, Internal Audits and Due Diligence Reviews of large multinational as well as Indian companies spread over various industries. Mr. Thomas Mathew retired from the firm in 2011. Mr. Thomas Mathew was appointed as an Independent Director on the Central Board of State Bank of India in January 2013 and continued till the end of the term. During this period he was member of various Committees of the Board including Audit Committee, Risk Management Committee, Special Committee for Monitoring Large Value Frauds, Shareholders Grievances Committee, etc. Mr. Thomas Mathew served as a member of the Research Committee of the Institute of Chartered Accountants of India.

Mr. Sumit Maheshwari (DIN 06920646) is a Non-Executive Director of the Bank and has been associated with the Bank since September 3, 2018. He is a qualified Chartered Accountant, holds a Master of Business Administration degree from the Indian School of Business, Hyderabad and Master of Commerce degree from the University of Mumbai. Mr. Maheshwari specializes in Indian GAAP, U.S. GAAP and IFRS accounting standards. Mr. Maheshwari joined Fairbridge Capital, Mumbai, Fairfax Financial Holdings Limited's and Fairfax India Holdings Limited's India investment arm in 2011, from its inception. Prior to being named the Managing Director & Chief Executive Officer of Fairbridge Capital in 2018, Mr. Maheshwari has been involved in and has been a critical part of building the Fairbridge Capital organization. During his tenure at Fairbridge Capital, Mr. Maheshwari has sourced, evaluated and recommended most of the transactions completed by Fairfax Financial Holdings Limited and Fairfax India Holdings Limited. He also played a key role in the completion of these transactions and is involved in the monitoring of the portfolio companies. Mr. Maheshwari was a key member of the team that completed, among others, Thomas Cook (India) Limited, Qess Corp Limited, Sterling Holiday Resorts (India) Limited, IIFL Holdings Limited, Bangalore International Airport Limited, National Collateral Management Services Limited and Fairchem Specialty Limited. Mr. Maheshwari serves on the board of directors of many of the Company's and Fairfax's portfolio companies in India. Mr. Sumit Maheshwari is one of the two directors nominated by promoters of the Bank, M/s. FIH Mauritius Investments Ltd.

Mrs. Bhama Krishnamurthy (DIN 02196839) is an Independent Director of the Bank and has been associated with the Bank since September 3, 2018. Mrs. Bhama Krishnamurthy, is a seasoned banker with a sparkling career spanning over 35 years in IDBI (presently IDBI Bank) and SIDBI, an Apex Development Bank for MSMEs in India covering almost all areas of development banking operations, viz., Resource Raising and Management (Rupee and Forex), Integrated Treasury operations, Credit Dispensation and Management, Risk management, Management of Associates and Subsidiaries, etc. not only from policy perspectives but implementation aspects, besides direct credit functions including as Head of Branch operations and member of various credit committees. Had also handled Human Resources Development division covering recruitment, training and promotion aspects. She retired as Country Head and Chief General Manager from SIDBI in December 2014. She has also served on the Boards of several companies venture funds and CIBIL as Nominee of SIDBI. Mrs. Bhama Krishnamurthy was instrumental in bringing about several policy changes in various State Financial Corporations, while serving on the Boards, as nominee of SIDBI.

Mr. Madhavan Aravamuthan (DIN 01865555) is an Independent Director of the Bank and has been associated with the Bank since December 13, 2018. He is a seasoned Banker having served Reserve Bank of India for over thirty seven years in various Banking areas and capacities in RBI. He is a Post graduate in Economics from Madras University and a Certified Associate of Indian Institute of Bankers. His skill sets include deep knowledge of IT Systems, Payment & Settlement Systems, Offsite surveillance of Banks, etc. E-Kuber CBS system for the Reserve Bank of India was conceptualised, implemented and rolled out after effecting Business Process Re-engineering by Mr. Madhavan Aravamuthan. He had also significantly contributed in the preparation of RFP for RTGS and HRMS solutions of the Reserve Bank. He was earlier on the Board of erstwhile Bank of Rajasthan as Additional Director appointed by Reserve Bank of India.

Mr. Syed Nagoor Ali Jinnah (DIN 05238633) is an Independent Director of the Bank and has been associated with the Bank since March 6, 2019. Mr. Jinnah, retired as Chief General Manager, NABARD,

Tamil Nadu Regional Office, Chennai in 2018 is an experienced banker who has a fine blend of academics and Pan Indian insights with diverse operational, consulting and policy making experience in addition to international exposure in development banking, supervision and institutional development. He is a Science Graduate in Agriculture from Tamilnadu Agricultural University with a Postgraduate Diploma from Indian Institute of Management, Ahmedabad. Mr. Syed Nagoor Ali Jinnah was involved in designing and refinancing large area development projects in agriculture in 16 states of the country and was part of the anti-poverty and micro credit programmes in the State of Orissa and Kerala. Mr. Jinnah designed and implemented high value agricultural projects in Andhra Pradesh, Kerala, Karnataka, Tamil Nadu and Puducherry as a NABARD Executive. Mr. Jinnah was a Director in the Boards of Regional Rural Banks (RRB), Tamil Nadu State Co-operative Bank, Karnataka State Cooperative Agriculture & Rural Development Bank and NABARD Financial Services Ltd. He also has headed the operations of NABCONS, a wholly owned subsidiary of NABARD at Tamil Nadu & Puducherry. He has served as the Chairman of NABARD's Internal Working Group / Committees on 'Future Business Model for NABARD', and 'Work Processes, Promotion Policies and Recruitment in NABARD'.

Relationship between Directors inter-se

None of the Directors of the Bank is related to one another.

List of Core Skills/Expertise/Competencies identified by the Board

Board, in tune with the provisions of Section 10A (2) (a) of the Banking Regulation Act, 1949 and the extant guidelines issued by RBI from time to time and other applicable rules and regulations have identified Accountancy, Agriculture, Rural Economy, Banking, Co-operation, Economics, Finance, SSI, Law, Information Technology, Payment & Settlement Systems, Human Resources, Risk Management and Business Management are the Core Skills/Practical Experience/Special Knowledge/Competencies as required in the context of its business(es) and sector(s) for it to function effectively.

Composition of the Board of Directors of the Bank and Directors' attendance at the Board and last Annual General Meeting/s

Name of Director	Executive / Non - Executive Director	Independent / Non- Independent Director	Nature of interest/skill set represented on the Board as per the section 10A(2)(a) of Banking Regulation Act, 1949 and Regulation 34(3) read with Schedule V of the Listing Regulations	No. of Board Meetings		Attendance of last AGM held on 29.06.2019
				Held during the tenure	Attended	
Part-time Chairman						
Mr. Madhavan Menon *	Non – Executive	Non– Independent	Banking and Finance	18	17	Present
Managing Director & CEO						
Mr. C. VR. Rajendran@	Executive	Non– Independent	Banking	18	18	Present
Directors						
Mr. Sumit Maheshwari ~	Non – Executive	Non– Independent	Accountancy and Finance	18	17	Present
Mr. Thomas Mathew	Non – Executive	Independent	Accountancy and Finance	18	17	Present
Mrs. Bhama Krishnamurthy	Non – Executive	Independent	Banking, Small Scale Industry and Risk Management	18	18	Present
Mr. Madhavan Aravamuthan #	Non – Executive	Independent	Banking, Economics, Finance, IT and Payment and Settlement Systems	18	16	Present
Mr. Syed Nagoor Ali Jinnah ^	Non – Executive	Independent	Agriculture, Rural Economy & Co– operation	18	17	Absent

* Appointed as Part-time Chairman on April 22, 2019 and his term as Part-time Chairman was extended up to July 21, 2020.

@ Re-appointed as the Managing Director & CEO of the Bank for a period of three years w.e.f. December 9, 2019.

~ Re-appointed as Director, liable to retire by rotation at the Annual General Meeting held on June 29, 2019.

Appointed as Additional Director (Independent) w.e.f. December 13, 2018 and as Independent Director at the Annual General Meeting held on June 29, 2019.

^ Appointed as Additional Director (Independent) w.e.f. March 6, 2019 and as Independent Director at the Annual General Meeting held on June 29, 2019.

Board Meetings

During the Financial Year 2019–20, your Bank had 18 Board Meetings as detailed below:

22.04.2019	06.05.2019	23.05.2019	29.06.2019	12.07.2019	19.07.2019
09.08.2019	13.08.2019	17.09.2019	17.10.2019	13.11.2019	27.11.2019
02.12.2019	23.12.2019	08.01.2020	04.02.2020	17.02.2020	16.03.2020

Directorship and Committee Membership details of the Directors in other entities as on March 31, 2020

Sl. No	Name of the Director	No. of Directorship in listed entities	Names of the Listed Entities other than the Bank and the Category of Directorship		No. of other Directorships in Public Limited Companies including the Bank and Committee Memberships and Chairmanships		
			Names of the Listed Entities	Category	Directorships	Committees*	
						Chairman	Member
1.	Mr. Madhavan Menon	2	1. Thomas Cook (India) Limited	Chairman & Managing Director	5	0	ACB-4 SRC-1
2.	Mr. C. VR. Rajendran	1	Nil	-	2	0	ACB-1 SRC-1
3.	Mr. Sumit Maheshwari	3	1. Thomas Cook (India) Limited	Non-Executive Director	8	0	ACB-6 SRC-2
			2. Fairchem Speciality Limited	Non-Executive Director			
4.	Mr. Thomas Mathew	2	1. Muthoot Capital Services Limited	Independent Director	2	ACB-2 SRC-1	ACB-2 SRC-1
5.	Mrs. Bhama Krishnamurthy	5	1. Reliance Industrial Infrastructure Limited	Independent Director	8	0	ACB-6 SRC-1
			2. Network18 Media & Investments Limited	Independent Director			
			3. Cholamandalam Investment and Finance Company Limited	Independent Director			
			4. Thirumalai Chemicals Limited	Independent Director			
6.	Mr. Madhavan Aravamuthan	1	Nil	-	1	0	ACB-1
7.	Mr. Syed Nagoor Ali Jinnah	1	Nil	-	1	0	ACB-1

* Membership in committees denotes Audit Committee of the Board (ACB) and Stakeholders Relationship Committee (SRC) only and membership details of the Bank is also considered here.

Affirmation under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

- a. None of the Directors of the Bank were members in more than ten committees or act as chairperson of more than five committees across all listed entities in which he is a director.
- b. None of the Independent Directors of the Bank held Directorship in more than eight listed companies with effect from April 1, 2019 and seven listed entities with effect from April 1, 2020.
- c. Whole Time Director of the Bank is not serving as an Independent Directors in any other listed companies.

Board procedure

The Bank's Board evaluates its operational, strategic, financial performance and provides strategic directions, effectiveness of the Bank's management policies, risks and opportunities as well as its conduct. Boards exercise their responsibilities by clearly setting out the policy guidelines within which they expect the management to operate. Given the pivotal role, the Board and its Committees, oversees that the management serves long-term objectives and enhances stakeholder value. The Board has complete access to all the relevant information within the Bank.

The date and place of the meetings are advised to all Directors well in advance. The agenda papers which provide all relevant, adequate, material information, explanatory notes, etc., are sent to the Board of Directors in compliance with the provisions of the Companies Act, 2013, Secretarial Standards and Listing Regulations. The Board is presented with the information on various important aspects of business operations, risk, new initiatives, budgets, financial results, human resources, compliance, financial inclusion, customer protection and minutes of the Committees of the Board and such other matters as are required to be placed before the Board in tune with the regulatory and statutory guidelines instructions. The Bank follows the Reserve Bank of India circular no. DBR No.BC.93/29.67.001/2014-15 dated May 14, 2015, which advises banks to review/discuss seven critical themes prescribed by the Nayak Committee namely, business strategy, financial reports and their integrity, risk, compliance, customer protection, financial inclusion and human resources.

Board is being provided with all the agenda of the meetings of the Board and Committees in soft format. Directors

and members of the Committee are provided with video conferencing facility to participate in the meetings of the Board and Committees.

The Board also passes resolutions by circulation along with necessary papers which are circulated to enable the Directors for informed decision making and to seek clarification as may be required which are due to exigent business matters and the said resolutions are noted in the subsequent Board/Committee Meetings.

Minutes of the Board and Board Committees are being circulated to all the Board and Committee Members within the time lines prescribed under the Companies Act, 2013 and other regulatory guidelines. The Bank has in place a post meeting follow-up procedure, which will track the observations/decision taken by the Board/Board Level Committee Meeting till the closure of such observations/decision. An Action Taken Report (ATR) is being placed before the Board/Board Level Committee on regular intervals.

Remuneration of the Directors

(a) Part-time Chairman

No remuneration including sitting fees was paid to the Part-time Chairman of the Bank for the FY 2019-20.

(b) Managing Director & CEO

Mr. C.VR. Rajendran, Managing Director & CEO (DIN: 00460061) was paid ₹72,00,000/- (Gross), being the fixed pay and perquisites for the period 01.04.2019 to 31.03.2020. Details of the remuneration paid to the Managing Director & CEO are provided in Annexure-VII which forms part of the Directors Report. Pursuant to the approval of Reserve Bank of India received on May 4, 2020 in term of Section 35 B of the Banking Regulation Act, 1949, the fixed pay of Mr. C.VR. Rajendran was increased from ₹0.75 crore p.a. to ₹2 crore p.a. with effect from January 10, 2020. Reserve Bank of India, vide letter dated May 4, 2020, further approved for payment of variable pay of ₹0.45 crore in term of Section 35 B of the Banking Regulation Act, 1949 for the financial year 2018-19, subject to malus arrangements as per RBI guidelines dated January 13, 2012 on Compensation of Whole Time Directors/ Chief Executive Officers/ Risk Takers and Control Function staff, etc.

The remuneration paid to Managing Director & CEO is in accordance with the terms of appointment/re-appointment as approved by Reserve Bank of India and shareholders of the Bank, as applicable.

The service contract, dated December 9, 2016, executed with the Managing Director & CEO covering all the terms and conditions of the appointment has been amended/modified on December 9, 2019, post re-appointment of him as the Managing Director & CEO, for a period of three years with effect from the said date.

Subject to receipt of the approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, Nomination & Remuneration Committee of the Board has accorded in-principle approval for grant of 34,70,000 stock options @ ₹75 per option as performance grant to Mr. C.V.R. Rajendran for the period from December 9, 2016 to December 8, 2019 under CSB Employee Stock Option Scheme 2019.

(c) Non-Executive Directors

Non-Executive Directors were paid sitting fees at ₹50,000/- for attending the Board Meeting and ₹30,000/- for Management Committee, Audit Committee and Risk Management Committee Meetings with effect from February 2, 2020. Prior to that, it was ₹30,000/- for attending the Board meeting and ₹20,000/- for Management Committee, Audit Committee and Risk Management Committee Meetings. The Bank has paid ₹10,000/- as sitting fees for attending rest of the Committee Meetings, throughout the financial year.

No remuneration/sitting fee was paid to the Directors nominated by FIH Mauritius Investments Ltd., on the Board of the Bank.

The Bank did not pay any amount to directors by way of salary and perquisites except to the MD & CEO.

There were no other pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Bank except normal banking transactions and related party transactions, which were disclosed in the Report to the extend as required.

The criteria of making payments to Non-Executive Directors, is displayed on the website of the Bank <https://csb.co.in/pdf/Remuneration-criteria-for-non-Executive-or-Independent-Directors.pdf>

Details of remuneration paid to Non-Executive Directors for attending Board and Committee Meetings for the fiscal 2019-20 are provided in the Annexure-VII which forms part of the Directors Report.

None of the Executive/Non-Executive Directors are holding shares or convertible instruments in the Bank.

Criteria for appointment as Director of the Bank

Nomination & Remuneration Committee (NRC) of the Board shall identify and ascertain the qualification, expertise, experience, track record, integrity, etc., of the person who is considered for being appointed /re-appointed as Director of the Bank and shall carry out the prescribed due diligence exercise in compliance of the extant guidelines of the Reserve Bank of India on Fit and Proper criteria, applicable provisions of the Companies Act, 2013 and the Securities and Exchange Board of India Listing Obligations and Disclosure Requirements) Regulations, 2015.

Terms and Conditions for Appointment of Independent Directors

Terms and Conditions for appointment of Independent Directors shall be governed by the provisions of the Companies Act, 2013, the rules made there under, Listing Regulations from time to time and having regard to the provisions of the Banking Regulation Act, 1949 as amended from time to time and the extant guidelines of RBI and Articles of Association of the Bank. The Bank will issue a formal Letter of Appointment to Independent Directors at the time of their appointment. The terms and conditions of appointment of Independent Directors has been disclosed on the website of the Bank at https://csb.co.in/pdf/Independent-Directors_Terms_and_Conditions.pdf

Affirmation by Independent Directors

The Independent Directors have confirmed that they have met the criteria of Independence as provided in Sec 149(6) of the Companies Act, 2013 and the rules made thereunder. On the basis of this, the Board of Directors opines that the Independent Directors of the Bank fulfil the conditions specified in Companies Act, 2013 and Listing Regulations and are independent of the management.

Training Programme to Directors

The Directors of the Bank are encouraged to attend the training programmes being organized by various regulators/bodies/institutions on roles, rights, responsibilities in the Bank, nature of the banking

industry, business model, risk management system and technology of the Bank. This enables the Directors to make informed decisions in the interest of the Bank and its stakeholders.

Pursuant to the Listing Regulations, your Bank is required to induct familiarisation programme for Independent Directors of the Bank in the above line. However, in the Financial Year 2019-20, the Bank could not meet in full, the requirements of arranging programmes to the Independent Directors as training programme arranged in the 3rd week of March 2020 to a few of them were cancelled from the Bank's end due to outbreak of COVID-19 pandemic in the country, at the time. The details of familiarisation programmes arranged in the FY 2020 are available in the website of the Bank at the link <https://csb.co.in/pdf/FAMILIARISATION-PROGRAMMES-FOR-DIRECTORS.pdf>

Succession Planning

Nomination and Remuneration Committee of the Bank works with the Board on the leadership succession plan and also prepares contingency plans for succession in case of any exigencies.

Board's Committees

Various Committees of Directors have been constituted by the Board for taking informed decisions in the best interest of the Bank. These Committees monitor the activities falling within their respective terms of reference. Some of the Committees of the Board were reconstituted, and terms of reference were revised to align with the provisions of the Companies Act, 2013, Listing Regulations and The Banking Regulation Act, 1949 and the relevant RBI guidelines in this regard. No recommendation of the Committees, which is mandatorily required to be accepted, have been rejected by the Board in the financial year under review.

The Board's Committees are as follows:

Audit Committee of the Board

The Audit Committee of the Board (ACB) was constituted by a resolution of the Board at their meeting held on June 6, 1994 and was last re – constituted on March 17, 2020.

1. The objectives and Key Functions:

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

- b) Oversight of the integrity of the Bank's financial statements
- c) Oversight of the Bank's systems of disclosure controls and procedures, internal controls over financial reporting, and compliance with ethical standards adopted by the Bank.
- d) Oversight of auditing processes of the Bank, both internal and external and independence of the audit function in the Bank
- d) Oversight of the performance of the Bank's independent auditor, internal audit and compliance functions.
- e) Oversight of the Bank's compliances with legal and regulatory requirements

2. Duties and responsibilities

- a) Reviewing, with the management, the quarterly and annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - changes, if any, in accounting policies and practices and reasons for the same;
 - management letters/letters of internal control weaknesses issued by the statutory auditors/ internal auditors of the Bank;
 - major accounting entries involving estimates based on the exercise of judgment by management;
 - significant adjustments made in the financial statements arising out of audit findings;
 - compliance with listing and other legal requirements relating to financial statements;
 - Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of the Bank modified opinion(s) in the draft audit report.

- b) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- c) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit; the follow up and compliance of inspection / audit reports;
- d) Reviewing the inspection reports of specialised and extra – large branches and all branches with unsatisfactory ratings, obtaining and reviewing half – yearly reports from the compliance officers appointed in the Bank, following up on all the issues raised in the long form audit report and following up on all the issues / concerns raised in the inspection reports of RBI;
- e) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process; Recommendation for appointment, remuneration and terms of appointment of auditors of the Bank;
- f) Evaluation of internal financial controls and risk management systems;
- g) Approval of payments to statutory auditors for any other services rendered by the statutory auditors;
- h) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- i) Discussion with internal auditors of any significant findings and follow up there on;
- j) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

- k) Reviewing the periodical reviews/returns/statements placed before it as per the approved calendar of items.
- l) Approval or any subsequent modification of transactions of the Bank with related parties;
- m) Review internal audit reports relating to internal control weaknesses;
- n) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

3. Other Responsibilities

- a. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;
- b. Review of Statement of deviations:
 - i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - ii. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
- c. Review the functioning of the whistle blower mechanism;
- d. Oversight over the vigil mechanism established by the Bank and the chairman of Audit Committee shall directly hear grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns;
- e. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- f. Approval of the appointment of the chief financial officer after assessing the qualifications, experience and background, etc., of the candidate;
- g. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;

- h. Approval or any subsequent modification of transactions of the Bank with related parties;
- i. Scrutiny of inter-corporate loans and investments;
- j. Valuation of undertakings or assets of the company, wherever it is necessary.
- k. Carrying out any other functions as is mentioned in the terms of reference of the Audit Committee;
- l. To review Management discussion and analysis of financial condition and results of operations.

Composition of Audit Committee:

The Composition of the Audit Committee and details of participation of the Members at the Meetings of the Committee during the year were as under:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Thomas Mathew, Chairman	11	11
Mr. Madhavan Menon	11	11
Mr. Madhavan Aravamuthan	11	9
Mr. Syed Nagoor Ali Jinnah	11	10
Mrs. Bhama Krishnamurthy*	10	10
Mr. Sumit Maheshwari #	1	1

* Appointed as member of the Committee w.e.f. April 22, 2019 and ceased to be a member of the Committee w.e.f March 17, 2020.

ceased to be a member of the Committee w.e.f May 6, 2019.

The Company Secretary acts as the Secretary to the Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting.

During the year under review, there were no instances of non-acceptance of the recommendation of the Audit Committee, by the Board of Directors.

During the year, Audit Committee met 11 times and not more than one hundred and twenty days lapsed between two consecutive meetings of the Audit Committee of the Board. The dates of the meetings are as under:

22.04.2019	23.05.2019	19.07.2019	13.08.2019	16.09.2019	17.10.2019
23.12.2019	08.01.2020	04.02.2020	17.02.2020	16.03.2020	

Management Committee

Terms of reference

(i) Sanctioning Credit facilities

The Committee shall discharge and exercise the Credit sanctioning powers delegated to it under

Discretionary Powers for Sanctioning of Credit Facilities. The Committee also reviews the periodical Reviews/Returns/Statements placed before it as per the approved calendar of items.

A monthly consolidated statement of Credit sanctioning powers, etc., exercised by the Committee is put up to the Board for information and control purposes.

(ii) HR and Admin Functions

The Committee shall discharge and exercise the powers and functions, inter alia administrative, including financial matters related to human resource management.

(iii) Other functions

- a) Reviews the periodical Reviews/Returns/Statements placed before it as per the approved calendar of items.
- b) Assist/support the Board and Management to develop business ideas and optimize the operations in a better and most efficient manner.
- c) Empowered with the powers to take investment strategy/ decision in Financial Markets.
- d) Functioning as Review Committee in the mechanism for identification of borrowers as willful defaulters.
- e) Discharge such functions and other responsibilities as may be delegated by the Board of Directors from time to time.

Composition

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mrs. Bhama Krishnamurthy, Chairperson *	15	15
Mr. C. VR. Rajendran	15	15
Mr. Syed Nagoor Ali Jinnah #	0	0
Mr. Sumit Maheshwari	15	13
Mr. Thomas Mathew ^	15	13
Mr. Madhavan Menon \$	15	11

* Appointed as the Chairman of the Committee w.e.f March 17, 2020.

Appointed as a member of the Committee w.e.f March 17, 2020.

^ Ceased to be a member of the Committee w.e.f March 17, 2020.

\$ Ceased to be Chairman & Member of the Committee w.e.f. March 17, 2020.

The Committee met 15 times during the financial year 2019–20 and the dates of the meetings are as under:

02.05.2019	31.05.2019	17.06.2019	29.06.2019	29.07.2019
13.08.2019	03.09.2019	25.09.2019	17.10.2019	18.12.2019
08.01.2020	04.02.2020	17.02.2020	02.03.2020	16.03.2020

Risk Management Committee

Terms of reference

Risk Management Committee, the apex body of the Bank's risk management architecture, is responsible for aligning various risk management policies of the Bank with the risk appetite and risk philosophy articulated by the Board.

The Committee functions as the Managerial and Supervisory Committee of Directors for ALM functions.

Terms of reference

- To devise the policy and strategy for internal risk management containing various risk exposures of the Bank including credit risk;
- To effectively co-ordinate between the credit risk management committee, asset liability management committee and other risk management committees of the Bank, if any;
- To function as the managerial and supervisory committee of Directors for asset liability management functions;
- To review cyber security related matters; and
- To review the periodical returns / reviews / statements placed before it as per the approved calendar of items.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Sumit Maheshwari, Chairman	4	4
Mr. C. VR. Rajendran	4	4
Mr. Madhavan Menon	4	4
Mr. Madhavan Aravamuthan	4	4
Mrs. Bhama Krishnamurthy	4	4

The Committee met 4 times during the financial year 2019–20 and the dates of the meetings are as under:

19.07.2019	17.09.2019	23.12.2019	02.03.2020
------------	------------	------------	------------

NPA Management Committee

Terms of reference

To lay added trust on NPA recovery, a separate Committee of the Board named 'NPA Management Committee' has been formed exclusively for considering and sanctioning compromise settlement proposals of NPA accounts, for a speedy consideration and quick disposal of such proposals. The Committee shall be vested with discretion to consider and sanction all compromise settlement proposals of NPA accounts falling under the discretionary powers of the erstwhile Credit Committee and the Board of Directors.

The Committee also reviews the periodical Reviews/ Returns/Statements placed before it as per the approved calendar of items.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Madhavan Aravamuthan, Chairman	7	7
Mr. Madhavan Menon *	7	4
Mr. Thomas Mathew #	0	0
Mr. C. VR. Rajendran ^	7	7
Mr. Sumit Maheshwari \$	7	7
Mrs. Bhama Krishnamurthy \$	7	7

* Appointed as a member of the Committee w.e.f May 6, 2019.

Appointed as a member of the Committee w.e.f March 17, 2020.

^ Ceased to a member of the Committee and appointed as a special invitee to the Committee w.e.f March 17, 2020.

\$ Ceased to a member of the Committee w.e.f March 17, 2020.

The Committee met 7 times during the financial year 2019–20 and the dates of the meetings are as under:

31.05.2019	29.07.2019	16.09.2019	17.10.2019
13.11.2019	18.12.2019	02.03.2020	

Stakeholders Relationship Committee

Terms of reference

- (a) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;
- (b) Review of measures taken for effective exercise of voting rights by shareholders;
- (c) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the registrar and share transfer agent;
- (d) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Bank;
- (e) Issue and allot shares subject to the provisions of the Section 39 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, Section 46 of the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014 and subject to the Memorandum and Articles of Association of the Bank;
- (f) To transfer, transposition and transmission of securities;
- (g) To consider and approve, split, consolidation and duplication of shares or other securities;
- (h) To approve dematerialization and re-materialization of shares;
 - (i) To seek any information it requires from the employees, directors of the Bank in order to perform its functions;
 - (j) To do all such other things as are necessary thereto pursuant to and in accordance with the employee stock option schemes and the decision of the Board in connection with allotment of shares under the schemes;

- (k) Investor relations and redressal of shareholders' grievances in general and relating to non-receipt of dividends, interest, non-receipt of balance sheet etc.; and
- (l) Such other matters as may be, from time to time, required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Thomas Mathew , Chairman *	0	0
Mr. C. VR. Rajendran	4	4
Mr. Sumit Maheshwari	4	3
Mr. Madhavan Aravamuthan #	4	4
Mrs. Bhama Krishnamurthy ^	4	4
Mr. Madhavan Menon \$	4	2

* Appointed as the Chairman and Member of the Committee w.e.f March 17, 2020.

Ceased to be a member of the Committee w.e.f March 17, 2020.

^ Ceased to be the Chairperson and appointed as a Member of the Committee w.e.f March 17, 2020.

\$ Appointed as a Member of the Committee w.e.f May 6, 2019.

Mr.Sijo Varghese, Company Secretary is designated as the Compliance Officer.

The Committee met 4 times during the financial year 2019-20 and the dates of the meetings are as under:

29.06.2019	07.08.2019	18.12.2019	16.03.2020
------------	------------	------------	------------

Status of the investor complaints

Bank's shares were listed on the stock exchanges on December 4, 2019 and hence the investor complaints reported hereunder from the said date only. No investor complaints were pending for disposal prior to the date of listing.

Investor Complaints

Complaints	No. of Complaints including through SEBI SCORES platform
Number of Investor Complaints received during the period 04.12.2019 to 31.03.2020*	244
(a). Investor complaints received pertaining to Initial Public Offering of the shares of the Bank	242 [#]
(b). Other Investor complaints received	02 [@]
Total number of complaints disposed off	244
Complaints pending as on 31.03.2020	Nil

* Complaints includes 6 SEBI complaints received by Registrar to the Issue, which were resolved during the period.

@ Complaints includes 1 SEBI complaint received by the Bank, which was resolved during the period.

Committee for Monitoring Large Value Frauds

Terms of reference

Pursuant to the directives of the RBI, the Bank has constituted a Committee for Monitoring Large Value frauds (CMF) for monitoring the cases of fraud involving amounts of ₹1 Crore and more. The Committee is also entrusted with the duty of monitoring and follow up of Red Flagged Accounts and Fraud Accounts (Accounts beyond the threshold limit of ₹50 crore and above).

The other major functions of the Special Committee are to;

- Identify the systemic lacunae, if any that facilitated perpetration of the fraud and put in place measures to plug the same.
- Identify the reasons for delay, if any, in detection and reporting to top management of the bank and RBI.
- Monitor progress of CBI/ Police Investigation and recovery position and;
- Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action,

if required, is completed quickly without loss of time.

- Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.
- Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.
- To monitor and follow up Red Flagged Accounts and Fraud Accounts (Accounts beyond the threshold limit of ₹50 crores and above).
- Such other functions as may be decided/delegated by the Board of Directors/ advised by the Reserve Bank of India, from time to time.

The meeting of the Committee has to schedule once in a quarter, and as and when a fraud involving an amount of ₹100 lakh and above comes to light.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Madhavan Aravamuthan, Chairman	4	4
Mr. C. VR. Rajendran	4	4
Mr. Sumit Maheshwari	4	4
Mr. Syed Nagoor Ali Jinnah	4	3
Mr. Madhavan Menon *	4	3

* Appointed as a Member of the Committee w.e.f May 6, 2019.

The Committee met 4 times during the financial year 2019–20 and the dates of the meetings are as under:

31.05.2019	03.09.2019	23.12.2019	02.03.2020
------------	------------	------------	------------

Customer Service Committee

Terms of reference

The Committee shall strive to bring about ongoing improvements in the quality of Customer Service provided by the Bank. The Committee shall, inter alia, not only oversee the functioning of the Standing Committee on Customer Services, including compliance with recommendations of the CPPAPS (Committee on Procedures and Performance Audit on Public Services constituted by the RBI), but shall also mount innovative measures for enhancing the quality of Customer Service

and improving the level of customer satisfaction for all categories of clientele. The functioning of the Committee shall be reviewed on a half yearly basis (September/March) and the review shall be put up to the Board of Directors within one month from the end of the relevant half-year.

The meeting of the Committee has to be scheduled once in a quarter.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Syed Nagoor Ali Jinnah, Chairman	4	4
Mr. C. VR. Rajendran	4	4
Mr. Thomas Mathew	4	4
Mr. Madhavan Menon	4	4
Mr. Sumit Maheshwari *	4	4

* Appointed as a member of the Committee w.e.f May 6, 2019.

The Committee met 4 times during the financial year 2019-20 and the dates of the meetings are as under:

19.07.2019	03.09.2019	18.12.2019	04.02.2020
------------	------------	------------	------------

Corporate Social Responsibility Committee

In terms of Section 135 of the Companies Act, 2013, Bank constituted the Corporate Social Responsibility Committee of the Board.

Terms of reference

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy as per Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a): and monitor the corporate social responsibility policy of the Company from time to time.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Syed Nagoor Ali Jinnah, Chairman *	1	1
Mr. C. VR. Rajendran	1	1
Mr. Sumit Maheshwari	1	1
Mrs. Bhama Krishnamurthy #	1	1
Mr. Madhavan Menon ^	1	1

* Appointed as the Chairman of the Committee w.e.f March 17, 2020

Ceased to be the Chairperson of the Committee w.e.f. March 17, 2020, but continued as a member thereafter.

^ Appointed as a Member of the Committee w.e.f. May 6, 2019.

The Committee met once during the financial year 2019-20 and the date of the meeting is March 2, 2020.

Nomination & Remuneration Committee

Nomination & Remuneration Committee, inter-alia, looks after the due diligence and recommendation process for appointment/re-appointment of Directors and their remuneration, remuneration perquisites, ESOPs, etc., to MD & CEO and other key managerial and senior management personnel of the Bank, monitoring of the compensation policy of the Bank, etc. The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors.

Terms of reference

- Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down;
- Undertake the due diligence of candidates before their appointment/re-appointment as directors;
- Recommend to the Board appointment of directors senior management personnel and their removal;
- Devising a policy on diversity of board of directors;
- Formulate the criteria for determining qualification, positive attributes and independence of a director, key managerial personnel and other employees;

- (f) Recommend to the Board the policy for evaluation of performance of board, its committees and individual directors;
- (g) To oversee the framing, review and implementation of the Bank's overall compensation structure and related policies on remuneration packages payable to whole time directors, the Managing Director and Chief Executive Officer and other staff as may be prescribed from time to time including performance linked incentives, perquisites, stock option scheme, etc., with a view to attract, motivate and retain employees and review compensation levels;
- (h) To implement and administer the CSB Employee Stock Option Schemes;
- (i) To formulate detailed terms and conditions of the scheme, administer and supervise the same and to allot shares in compliance with the scheme, guidelines and other applicable laws;
- (j) To obtain necessary clearances and approvals from regulatory authorities and do such other things as may be necessary in respect of the Schemes;
- (k) To make suggestions to amend any stock option plans or incentive plans, provided that all amendments to such plans shall be subject to consideration and approval of the Board;
- (l) To review the compensation structure/policy on a periodical basis;
 - To approve the overall compensation structure of the new recruitment of the executives at top level management including performance linked incentives, perquisites, stock option scheme, etc.; and
 - To conduct annual review of their performance and to revise their compensation structure in tandem with their performance/target achieved.
- (m) Any other matters regarding remuneration of whole time directors, the Managing Director and Chief Executive Officer and other staff of the Bank as may be prescribed as and when permitted by the Board;
- (n) Any other matters regarding compensation structure as and when permitted by the Board;
- (o) To fulfil such other powers and duties as may be delegated to it by the Board;

- (p) Specify the manner for effective evaluation of performance of Board, its committees and individual directors;
- (q) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- (r) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and
- (s) To allot shares pursuant to the options granted to the eligible employees/ officers under the ESOP scheme which is existing and to be framed in future.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mrs. Bhama Krishnamurthy, Chairperson	13	13
Mr. Thomas Mathew	13	12
Mr. Madhavan Menon	13	12
Mr. Sumit Maheshwari	13	13
Mr. Madhavan Aravamuthan *	0	0
Mr. Syed Nagoor Ali Jinnah #	13	12

* Appointed as a member of the Committee w.e.f. March 17, 2020.

Ceased to be a member of the Committee w.e.f. March 17, 2020.

The Committee met 13 times during the financial year 2019–20 and the dates of the meetings are as under:

22.04.2019	23.05.2019	12.07.2019	08.08.2019	13.08.2019	17.09.2019	13.11.2019
02.12.2019	23.12.2019	08.01.2020	04.02.2020	02.03.2020	16.03.2020	

IT Strategy Committee (ITSC)

As per the RBI guidelines on Information Technology, all banks are advised to form an independent IT Committee of the Board. The Bank formed the Committee on 14th November, 2013. IT Strategy Committee, inter alia, approves IT strategy and policy documents, etc.

Terms of reference

The powers, roles and responsibilities of the Committee:

- Perform oversight functions over the IT Steering Committee (at a senior management level)
- Investigate activities within this scope
- Seek Information from any employee
- Obtain outside legal or professional advice
- Secure attendance of outsiders with relevant expertise, if it considers necessary
- Work in partnership with other Board Committees and Senior Management to provide input, review and amend the aligned corporate and IT strategies
- Approving IT strategy and policy documents
- Ensuring that the management has put an effective strategic planning process in place
- Ratify that the business strategy is indeed aligned with IT strategy
- Ensuring that the IT organizational structure complements the business model and its direction
- Ascertaining that management has implemented process 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
- Becoming 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 (e.g. 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.
- The authority to sanction all expenses in respect of the IT and IT related matters.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Madhavan Aravamuthan, Chairman	5	5
Mr. C. VR. Rajendran	5	5
Mr. Madhavan Menon	5	5
Mr. Thomas Mathew	5	5
Mr. Sumit Maheshwari *	5	5
Mrs. Bhama Krishnamurthy #	5	5

* Appointed as a member w.e.f May 6, 2019.

Ceased to be a member w.e.f. March 17, 2020.

The Committee met 5 times during the financial year 2019-20 and the dates of the meetings are as under:

23.05.2019	19.07.2019	17.09.2019	18.12.2019	02.03.2020
------------	------------	------------	------------	------------

HR Committee

Terms of reference

The Committee is entrusted with all human resource management aspects in the Bank, inter alia, identification of vacancies, fresh recruitment, training and performance appraisal other than as assigned to NRC, promotions and policy matters, etc. The Committee has also been empowered with the financial powers in respect of the HR related matters. The Committee was constituted on March 25, 2019 and subsequently dissolved with effect from March 17, 2020 by delegating all the functions, duties and responsibilities to Nomination & Remuneration Committee. Dissolution of the HR Committee was in the context of overlapping of the functions among HR and Nomination & Remuneration committees.

Composition:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mrs. Bhama Krishnamurthy, Chairperson	5	5
Mr. C. VR. Rajendran	5	5
Mr. Madhavan Menon	5	5
Mr. Sumit Maheshwari	5	5
Mr. Thomas Mathew,	5	4

The Committee met 5 times during the financial year 2019–20 and the dates of the meetings are as under:

19.07.2019	17.09.2019	23.12.2019	04.02.2020	02.03.2020
------------	------------	------------	------------	------------

IPO Committee

Terms of reference

IPO Committee was entrusted to monitor the entire IPO process including listing of shares; to identify various intermediaries, consultants including Merchant Bankers, Registrar & Transfer Agents, Legal advisors, etc., in connection with IPO and appointing them for the respective assignments; and to exercise such powers/functions as may be delegated to it by the Board from time to time in connection with IPO.

Post listing of shares of the Bank, the Committee was renamed as Capital Raising Committee with effect from February 17, 2020, and is entrusted to formulate all forms of capital raising plans of the Bank and also to take necessary steps to raise Tier I and Tier II capital of the Bank, identify and appoint intermediaries, etc., in this connection.

The Capital Raising Committee was dissolved on March 16, 2020 by delegating all the functions, duties and responsibilities to Stakeholders' Relationship Committee, so as to reduce the number of Board level Committees, to a minimum taking into account various statutory requirements.

Composition of the IPO Committee:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Thomas Mathew, Chairman	9	7
Mr. C. VR. Rajendran	9	9
Mrs. Bhama Krishnamurthy	9	9
Mr. Madhavan Menon *	3	3
Mr. Sumit Maheshwari *	3	3

* Inducted as a member of the Committee w.e.f November 20, 2019.

The Committee met 9 times during the financial year 2019–20 and the dates of the meetings are as under:

29.06.2019	12.07.2019	19.07.2019	07.11.2019	13.11.2019
18.11.2019	21.11.2019	27.11.2019 (First)	27.11.2019 (Second)	

Members of the IPO Committee and Capital Raising Committee were the same. No meetings of the Capital Raising Committee was scheduled in the financial year 2020.

Meeting of the Independent Directors

Pursuant to the provisions of the Companies Act, 2013, the performance of Non- Independent Directors and the Board as a whole is to be evaluated by the Independent Directors.

Terms of Reference

- Review the performance of Non-Independent Directors and the Board as a whole;
- Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

A Meeting of the Independent Directors of the year was held on March 16, 2020 for the period under review and all the Independent Directors attended the meeting.

Board Level Performance Evaluation

In accordance with the relevant provisions of the Companies Act, 2013, Listing Regulations and as per the Guidance Note on Board Evaluation issued by SEBI, Nomination and Remuneration Committee of the Board formulated the methodology and criteria/policy for evaluation of the Individual Directors including Independent Directors and Non-Independent Directors, Chairperson, Managing Director & CEO, Committees of the Board and the Board as a whole.

The process for performance evaluation is as under:

- Independent Directors evaluate the performance of Non-Independent Directors including Chairman of the Bank and the Board as a whole.
- The Board evaluates the performance of the Independent Directors, excluding the Director being evaluated. On the basis of the report of the performance evaluation, it would be determined whether to extend or continue the term of appointment of Independent Directors.
- The Board evaluates the performance of Board level Committees.
- The Nomination and Remuneration Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors.

The criteria for performance evaluation are as under:

Performance Evaluation of Non-Executive Directors, Managing Director & CEO and Chairman

Attendance at the meetings; Participation and contribution; Responsibility towards stakeholders; Contribution in Strategic Planning; Compliance and Governance; Updation of Knowledge; Performance of the Bank; Recognition and Awards to the Bank; Leadership; Relationships and Communications; Resources; Conduct of Meetings.

Performance Evaluation of Independent Directors

Attendance at meetings of the Board and Committees, knowledge & ethics, understanding of the roles responsibilities and duties as Director/Chairman of the Committees; contributions at Board / Committee meetings including on strategy and risk management, professional conduct, adherence to standards, fulfilment of responsibilities and independence from the management as laid down in the code for Independent Directors as per

Schedule IV to the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Performance Evaluation of Board

Composition and Diversity; Committees of the Board; Board & Committee meetings; Understanding of the business of the Bank and Regulatory environment; Contribution to effective corporate governance and transparency in the Company's operations; Deliberations/decisions on the Company's strategies, policies, plans and guidance to the Executive Management; Monitoring the implementation of the strategies and the executive management's performance and Quality of Decision making and Board's Communication with all stakeholders.

Performance Evaluation of the Board Level Committees

The performance and effectiveness of the Committee; Frequency and duration; Spread of talent and diversity in the Committee; Understanding of regulatory environment and developments; Interaction with the board.

The flow of information to the Board and its Committees is generally good.

Nomination Policy – Policy for appointment of Directors, Key Managerial Personnel and others

On the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Bank has adopted 'Nomination Policy' for appointment of Part-time Chairman, Managing Director & CEO, Directors, Key Managerial Personnel and Senior Management team in the Bank. As per the Policy, the Nomination & Remuneration Committee decides/recommends on the Directors' / KMPs' appointment, remuneration including criteria for appointment/re-appointment. The appointment of Directors is subject to due diligence process in compliance with the Banking Regulation Act, 1949, Reserve Bank of India directives on Fit & Proper Criteria, all other applicable provision of the Companies Act, 2013 including any amendments from time to time, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Articles of Association of the Bank and Nomination Policy of the Bank. Nomination and Remuneration Committee formulated the criteria for determining qualifications, positive attributes and independence of a Director to adhere the various provisions and guidelines.

The disclosures as per Section 178(3) and (4) of the Companies Act, 2013 are as given below:

a) Appointment Criteria and Qualifications

- a. Subject to the extent of RBI Guidelines as applicable, all other applicable provision of the Companies Act, 2013 including any amendments from time to time, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Articles of Association of the Bank, the Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c. Special knowledge or practical experience in Banking, accountancy, agriculture and rural economy, co-operation, economics, finance, Information Technology, law, small- scale industry or any other field useful to the Banking Company in the opinion of Reserve Bank of India.
- d. The Bank shall not appoint or continue the employment of any person as Whole-time Director, Managing Director or Manager who has attained the age of seventy years.
- e. The Bank shall not appoint or re-appoint any person as Director if he/she has attained the age of seventy years.
- f. The Bank shall appoint or re-appoint any person as its Part-time Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- g. Any other factors as the Committee may deem fit and in the best interests of the Bank and its stakeholders.

b) Criteria for determining Independence of a Director

The Criteria of Independence of a director is determined based on conditions as laid down in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Independent Director shall at the first meeting of the Board in which he/she participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his/her status as an independent director, give a declaration that he/she meets the criteria of independence.

Further pursuant to Rule 6(3) of The Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, independent director shall submit a declaration of compliance of sub-rule (1) and sub-rule (2) to the Board, each time he submits the declaration required under sub-section (7) of section 149 of the Act. The terms and conditions of appointment of Independent Directors is disclosed on the website of the Bank and a web link there to, is: https://csb.co.in/pdf/Independent-Directors_Terms_and_Conditions.pdf

c) Disqualification/Conflicts of interest

1. The Bank's Directors shall be subject to the disqualifications/ prohibitions contained in the Companies Act, 2013 and the Banking Regulation Act, 1949 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 with respect to directorship of companies in general or banking companies in particular.
2. Director shall not be a director of any other company, or partner or proprietor of a firm, where such directorship, partnership, or proprietorship involves or is likely to involve actual or potential conflicts of interest as a Director of the Bank.
3. A Director shall promptly inform the Board/ Committee of any actual or potential conflicts of interest with respect to any matter that may come up for the consideration of the Board or of any committee of which he is a member, and shall refrain from participating in a discussion on the matter.

Compensation/Remuneration Policy

The Bank has an approved Compensation Policy which deals with the compensation and benefits of the employees, Material Risk Takers (MRTs), Whole-time Directors including Managing Director & CEO, Part-time Chairman, Executive and Non-Executive Directors of the Bank. This Policy is in tune with the guidelines issued by the Reserve Bank of India, provisions of Companies Act, 2013 and the Listing Regulations, amended from time to time. The Policy is also in tune with Reserve Bank of India circular/guideline dated November 4, 2019 bearing number DOR.Appt.BC.No.23/29.67.001/2019-20 on "Guidelines on Compensation of Whole Time Directors/Chief Executive Officers/Other Risk Takers and Control Function Staff, etc", effective from April 1, 2020.

The objectives of the remuneration policy are four fold:

- To align compensation with prudent risk taken.
- To ensure effective governance of the compensation in the organization.
- To ensure effective supervisory oversight and stake holder engagement in compensation.
- To attract and retain talent.

The policy shall also cover all aspects of the compensation structure such as fixed pay, perquisites, performance bonus, guaranteed bonus (joining/sign-on bonus), severance package with riders, share-linked instruments e.g. Employee Stock Option Plan (ESOPs), pension plan, gratuity, etc., taking into account applicable Act, rules and guidelines.

While formulating the Policy, the Committee has strived to ensure that –

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Bank successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Remuneration of Part-time Chairman

The Nomination & Remuneration Committee recommends the remuneration of the Part-time Chairman to the Board which is considered and approved by the Board in the same manner subject to Shareholders' and regulatory approvals.

The remuneration payable to the Part-time Chairman is subject to prior approval of the Reserve Bank of India (RBI). Therefore, payment of remuneration or any revision in remuneration of the Part-time Chairman requires approval from RBI. The remuneration payable to the Part-time Chairman is also subject to approval of the shareholders as per Section 196 of the Companies Act, 2013 and as per the Articles of Association of the Bank.

Remuneration of Managing Director & CEO/ Executive Directors/ Material Risk Takers (MRTs)

The remuneration payable to Managing Director & CEO and Executive Directors is subject to prior approval of the Reserve Bank of India (RBI). Therefore, payment of remuneration or any revision in remuneration to Executive Directors requires approval from RBI. The remuneration payable to Managing Director and Executive Directors is also subject to approval of the shareholders as per Section 196 of the Companies Act, 2013 and as per the Articles of Association of the Bank.

The Bank does not pay any commission/share of profits to the Managing Director & CEO.

Remuneration of Non-Executive Directors / Independent Directors

The Non-Executive Directors are paid sitting fees for attending each meeting of the Board of Directors or any committee thereof as approved by the Board, within the permissible limit prescribed under the Companies Act, 2013 and other regulatory guidelines, as amended from time to time. Any change in sitting fees within the permissible limit shall be approved by the Board of Directors of the Bank.

The Non-Executive Directors are entitled to reimbursement of expenses for participation in the meeting of the Board and Committee thereof.

The Bank does not pay any commission on profit to the Non-Executive Directors. The Bank also does not grant any Stock Options to any Non-Executive Directors.

Remuneration of Key Managerial Personnel and Executives (IBA and Non IBA Package) and other officers and staff (IBA Package) of the Bank

The remuneration of all Key Management Personnel (KMPs), Executives, and other officers and staff of the Bank either on CTC or IBA pattern is as governed by the compensation policy of the Bank. For KMP's, other personnel and staff with IBA scale, the compensation and benefits are as per the Joint Note and Bi- Partite settlement signed between the Bank Managements and Trade Unions from time to time. However it is the discretion of the Bank either to continue with the existing compensation structure prevailing under IBA scheme or modify the structure partially or fully on need base or discontinue the existing structure in Toto and switch over to different structure which is prevailing in banking industry by keeping in view, various parameters like industry level, peer group status, burden on the bank, etc. It is prerogative of the Bank either to utilize the service of IBA in matter of structuring compensation or device the compensation structure on its own based on the prevailing practice in the banking industry. The KMP's and other employees recruited under CTC are paid salary and benefits as agreed upon by the Bank and the employee while making the offer for appointment.

Details of Remuneration paid to the Directors and Key Managerial Personnel during the year ended 31.03.2020 are given in the Annexure - VII.

Policy on Board Diversity

Policy on Board Diversity of the Bank mainly depends on the qualifications for appointment of Directors of the Bank

as contained in the Banking Regulation Act, 1949 and satisfying the Fit and Proper Criteria for directors as per the regulatory requirement of RBI, the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Bank continuously seeks to enhance the effectiveness of its Board and to maintain the highest standards of corporate governance and recognizes and embraces the benefits of diversity in the boardroom. Diversity is ensured through consideration of a number of factors, including but not limited to skills, regional and industry experience, background and other qualities. In informing its perspective on diversity, the Bank also takes into account, factors based on its own business model and specific needs from time to time.

The Nomination & Remuneration Committee has responsibilities for leading the process for Board appointments and for identifying and nominating, for approval by the Board, candidates for appointment to the Board. The benefits of diversity continue to influence succession planning and continue to be the key criteria for the search and nomination of directors to the Board.

Board appointments are based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender. While making Board appointments, the requirement as per the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for appointment of at least one woman director on the Board of the Bank is also considered.

General body meetings held during the last three years

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

No. of Meetings	Day, Date and Time	Venue of the Meeting	Special Resolution passed
96 th AGM	Monday, 25 th September 2017 at 10.00 AM	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001	NIL
EGM	Wednesday, 21 st March, 2018 at 10.00 a.m.	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001	<ul style="list-style-type: none"> Alteration of Articles of Association of the Bank. Issue and allotment of up to 19,832,130 Equity Shares, on a preferential basis to FIH Mauritius Investments Ltd. Issue and allotment of upto 66,463,329 Equity Shares and/or Warrants convertible into or exchangeable for Equity Shares (or any combination thereof), on a preferential basis to FIH Mauritius Investments Ltd.

No. of Meetings	Day, Date and Time	Venue of the Meeting	Special Resolution passed
97 th AGM	Saturday, 29 th September 2018 at 10.00 AM	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001	<ul style="list-style-type: none"> Modifications in the terms of grant of stock options to Mr. C. VR. Rajendran, Managing Director and CEO (DIN: 00460061) of the Bank.
98 th AGM	Saturday, 29 th June 2019 at 10.00 AM	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001	Nil
(b)	Whether any special resolution passed last year through postal ballot– details of voting pattern.		<p>Yes. The following special resolutions were passed by postal ballot on May 4, 2019, pursuant to section 110 of the Companies Act, 2013:</p> <ul style="list-style-type: none"> (i) Adoption of new set of Articles of Association of the Bank; (ii) Change of name of the Bank from 'The Catholic Syrian Bank Limited' to 'CSB Bank Limited'; (iii) Approve CSB Employee Stock Option Scheme 2019 of the Bank; and (iv) Listing of Equity Shares, either by way of a direct listing of its Equity Shares or by way of an initial public offer of Equity Shares.

Details of voting Pattern:

(i) Adoption of new set of Articles of Association of the Bank

Manner of voting	No. of votes cast		Total number of shares	% of total number of votes cast	
	In Favour	Against		In Favour	Against
E-Voting	43991372	0	43991372	100	0.00
Postal Ballot	3211372	8984	3220356	99.72	0.28
Total	47202744	8984	47211728	99.98	0.02

(ii) Change of name of the Bank from 'The Catholic Syrian Bank Limited' to 'CSB Bank Limited'

Manner of voting	No. of votes cast		Total number of shares	% of total number of votes cast	
	In Favour	Against		In Favour	Against
E-Voting	43990822	550	43991372	100.00	0.00
Postal Ballot	3211852	8366	3220218	99.74	0.26
Total	47202674	8916	47211590	99.98	0.02

(iii) Approve CSB Employee Stock Option Scheme 2019 of the Bank

Manner of voting	No. of votes cast		Total number of shares	% of total number of votes cast	
	In Favour	Against		In Favour	Against
E-Voting	43989494	1878	43991372	100.00	0.00
Postal Ballot	3210705	8532	3219237	99.73	0.27
Total	47200199	10410	47210609	99.98	0.02

(iv) Listing of Equity Shares, either by way of a direct listing of its Equity Shares or by way of an initial public offer of Equity Shares

Manner of voting	No. of votes cast		Total number of shares	% of total number of votes cast	
	In Favour	Against		In Favour	Against
E-Voting	43991322	50	43991372	100.00	0.00
Postal Ballot	3208760	8516	3217276	99.74	0.26
Total	47200082	8566	47208648	99.98	0.02

(c)	Person who conducted the postal ballot exercise.	CS P.D. Vincent, LLB, MBA, FCS Practicing Company Secretary, Managing Partner, SVJS & Associates, Company Secretaries, 65/2364 A, Ponoth Road, Kaloar, Kochi- 682 017, Kerala (Membership No. FCS 3067 and Certificate of Practice No. 7940),
(d)	Whether any special resolution is proposed to be conducted through postal ballot?	No Special Resolution requiring Postal Ballot is being proposed on or before the ensuing Annual General Meeting of the Bank.
(e)	Procedure for the postal ballot.	In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013, the relevant Rules made there under, the Bank provides electronic voting facility to all its Members. The Bank had engaged the services of CDSL for the said purpose. In terms of the applicable laws, Members have the option to cast their vote either by physical ballot or e-voting. The Board of Directors of the Bank is required to appoint a Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner. The Postal Ballot exercise is conducted in accordance with the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management & Administration) Rules, 2014, as amended. The Bank dispatches the Postal Ballot Notice and relevant forms along with postage prepaid business reply envelope to those Members whose names appear on the Register of Members / Statements of Beneficial Holders provided by the Depositories as on the cut-off date. The postal ballot notice is also sent in electronic form to those Members whose email address is registered with their DP in case shares are held in electronic form or with RTA in case shares are held in physical form. The Bank also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the aforesaid provisions of the Companies Act, 2013 and the said Rules.
		<p>Voting rights are reckoned on the paid-up value of the shares registered in the names of the Members as on the said cut-off date. Members desiring to exercise their votes by physical postal ballot forms are required to return the forms duly completed and signed to the Scrutinizer at the address mentioned in the postage prepaid business reply envelope on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to exercise their vote using the e-voting facility before the close of business hours on the last date of e-voting as set out in the Notice.</p> <p>The Scrutinizer is required to submit his report to the Chairman/MD & CEO/Company Secretary, after verification of the records and thereafter the consolidated results of the voting can be declared by Chairman/MD & CEO/Company Secretary authorized by the Board of Directors, in this regard.</p> <p>Subsequently, the said results along with the report of the Scrutinizer is uploaded on the website of the Bank and displayed on the notice board at the Registered Office of the Bank, besides being communicated to the stock exchanges. The resolution, if passed by requisite majority, shall be deemed to have been passed on the last date specified by the Company for receipt of duly completed postal ballot forms or e-voting</p>

Shareholding Pattern as on March 31, 2020

Shareholding pattern of the Bank as on March 31, 2020 is given below

Sr. No	Particulars	No. of Shareholders	No. of Shares	% of Shares
A.	Promoters			
1	Promoters & Promoters Group	1	8,62,62,976	49.73
B.	Public-Other Institution			
2	Financial Institutions & Banks	2	1,84,532	0.11
3	Mutual Funds	7	1,12,34,688	6.48
4	Insurance Companies	0	0	0.00
5	Foreign Financial Institutions/Banks	0	0	0.00
6	Foreign Portfolio Investors	12	49,80,437	2.87
7	Alternate Investment Funds	1	32,73,286	1.89
C.	Public-Other Non-Institutions/Individuals/Others			
8	Bodies Corporate	277	98,21,037	5.66
9	Foreign Corporate Bodies	5	49,16,357	2.83
10	Non-Resident Indians	410	1,28,92,456	7.43
11	Clearing Members	155	4,51,737	0.26
12	Hindu Undivided Families	739	8,80,444	0.51
13	Trusts	2	15,499	0.01
14	Directors & Relatives	0	0	0.00
15	Resident Individuals	50,401	3,31,35,993	19.11
16	Unclaimed Suspense Account	0	0	0.00
17	IEPF	1	4,06,385	0.23
D.	Non-Promoter - Non Public Shareholding			
18	CSB ESOS Trust	1	50,00,000	2.88
Total		52,014	17,34,55,827	100.00

Details of shareholders holding 1% and above as on 31.03.2020

Sl. No	Name of the Shareholder	No. of Shares	% of holding
1	FIH Mauritius Investments Ltd	8,62,62,976	49.732
2	SBI Magnum Global Fund	83,24,330	4.799
3	CSB ESOS	50,00,000	2.883
4	Omers Administration Corporation - OAC Custody Account (SCV6)	35,89,800	2.070
5	Mr. Yusuffali Musalam Veetil Abdul Kader	35,81,722	2.065
6	Volrado Venture Partners Fund II	32,73,286	1.887
7	Mr. Vallabh Bhanshali	21,85,392	1.260
8	Mr. Zafar Ahmadullah	18,50,000	1.067
9	A T Invofin India Pvt Ltd	17,98,229	1.037
10	Mr. Satpal Khattar	17,73,906	1.023
11	Mr. Lal Arakulath Sankappa	17,56,908	1.013
TOTAL		11,93,96,549	68.836

Distribution of Shareholding as on 31st March, 2020

Category	No. of Shares				No. of Shareholders			
	Physical	Demat	Total	%	Physical	Demat	Total	%
Up to 5,000	5258389	10131218	15389607	8.872	18386	34155	52541	98.112
5,001 to 10,000	458762	2934985	3393747	1.957	68	379	447	0.835
10,001 to 20,000	460517	3566977	4027494	2.322	33	233	266	0.497
20,001 to 30,000	225476	2168605	2394081	1.380	9	83	92	0.172
30,001 to 40,000	102220	937894	1040114	0.600	3	26	29	0.054
40,001 to 50,000	48332	1254251	1302583	0.751	1	27	28	0.052
50,001 to 1,00,000	125597	4559142	4684739	2.701	2	65	67	0.125
1,00,001 & Above	3446174	137777288	141223462	81.418	3	79	82	0.153
Total	10125467	163330360	173455827	100.00	18505	35047	53552	100.00

Dematerialisation of Shares

As on 31st March, 2020, 94.16 % of Bank's shares were in demat mode as per the statement given below:

Category	No. of Shares	% of holding
Physical Mode	10125467	5.84
Demat Mode		
NSDL	139160551	80.22
CDSL	24169809	13.94
Total	173455827	100.00

As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In this regard, shareholders holding shares in physical form are requested to dematerialize their shares in order to avail the benefit of free transferability as any request for transfer of shares will not be permitted if the shares are held in physical mode.

Physical shareholders are requested to contact the Registered & Head Office of the Bank or Registrar & Share Transfer Agent of the Bank: M/s S.K.D.C. Consultants Ltd., for further information in this regard. The Shareholders of the Bank who have not dematerialized their share so far may approach any of the Depository Participants of National Securities Depository Ltd (NSDL) or Central Depository Services (India) Ltd (CDSL) for dematerializing their shareholding.

Reconciliation of Share Capital Audit

The Bank has complied with SEBI requirements with regard to Reconciliation of share capital audit for the purpose of reconciliation of the total admitted capital in physical mode as also with both the Depositories NSDL & CDSL. The total issued and listed capital of the Bank and in respect of other matters covered under the directions of SEBI by the statutory auditors of the Bank. Quarterly compliance reports have been submitted to the exchanges in this regard.

Registrar & Share Transfer Agents

M/s. SKDC Consultants Ltd., Coimbatore is the Registrar & Share Transfer Agent for the Bank's shares. The shareholders may lodge their requests/ complaints either with the Registrar & Share Transfer Agents or with the Bank in the following address:

SKDC Consultants Ltd.,
Kanapathy Towers,
3rd Floor, 1391/A-1,
Sathy Road, Ganapathy,
Coimbatore – 641 006.
Ph: 0422 – 4958995,
2539835 – 836
Fax: 0422 2539837
E-mail: info@skdc-consultants.com

The Company Secretary,
CSB Bank Limited (Formerly The Catholic Syrian Bank Limited),
“CSB Bhavan”, P. B. No. 502,
St. Mary's College Road,
Thrissur – 680 020.
Ph: 0487 – 2333020
Fax: 0487 2338764
E-mail: investors@csb.co.in

Share transfer system:

M/s. SKDC Consultants Ltd., the Registrar and Share Transfer Agents looks after the share transfer system in the Bank. Further, the Board delegated the authority for approving transfer, transmission, etc. of the Bank's securities to the Stakeholders' Relationship Committee of the Board.

Pursuant to the Ministry of Corporate Affairs (MCA) Notification regarding Companies (Prospectus and allotment of securities) 3rd Amendment Rules 2018 dated 10th September, 2018, the Bank will not permit transfer of shares in physical form with effect from October 2, 2018. Further, Securities and Exchange Board of India has barred physical transfer of shares of listed companies effective from April 01, 2019 and mandated the share transfer only through Electronic Mode. However the above decision does not prohibit the investor from holding the shares in physical form; investor has the option of holding shares in physical form even after October 2, 2018/ April 01, 2019 as the case may be. Also the Board decision is not applicable for transmission (i.e. transfer of title of shares by way of inheritance / succession) and transposition (i.e. re-arrangement/interchanging of the order of name of shareholders) cases. Subject to the above, the request for transfer /transmission/ transposition, etc., as and when received, are duly processed and shares in respect of valid share transfer instruments are transferred in the names of transferees complying with rules in force.

The Bank obtains half yearly certificate of compliance with the share transfer formalities as required under Regulation 40 (10) of the Listing Agreement with Stock Exchanges from a Company Secretary in Practice, and files a copy of the certificate with the Stock Exchanges where Bank's shares are listed.

Disclosures under the Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal), Act, 2013

Every staff of the Bank have the right to be treated with dignity and workplace harassment could be a grave offence that has to be prevented at any cost. Zero tolerance is given to such cases and Bank has well defined policies that ensures safety of Employees in their respective workplace in the Bank. As per "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act- 2013", the Bank has taken steps to prevent harassment of women at workplace and ensure

safety and protection to them. Towards this, the Bank constitutes an Internal Complaints Committee strictly in compliance with Section 4 of the Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013.

The disclosure required under section 22 of the Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013 are given below:

Number of complaints pending as on the beginning of the financial year	Nil
Number of complaints of sexual harassment received in the year	Nil
Number of complaints disposed off during the year	Nil
Number of complaints pending as on the end of the financial year	Nil
Number of cases pending for more than ninety days	Nil
Remedial measures taken by the company	NA
No of workshops or awareness programme against sexual harassment	4
Nature of action taken by employer/district officer	NA

Other Disclosures

a) Related party transactions

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

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

Details of related party transaction in terms of AS-18 entered into during the FY 2019-20 are given in notes to the financial statements.

b) Whistle Blower Policy/ Vigil Mechanism:

The Bank put in place a 'Whistle Blower Policy' in compliance of the provisions of Regulation 4(2) (d) of the Listing Regulations, the Companies Act, 2013 and SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended. The Bank affirms that no employee has been denied access to the Audit Committee of the Board under the Whistle Blower/ Vigil Mechanism in the Bank. The details of the Whistle Blower Policy is available on the website of the Bank <https://csb.co.in/pdf/WhistleBlowerPolicy.pdf>

c) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity:

The Bank has not yet issued GDRs/ADRs and hence the same is not applicable in the Bank's case.

The Bank, on August 7, 2019, permitted conversion of 66,430,846 Warrants, out of 6,64,63,329 Warrants, compulsorily convertible into or exchangeable for Equity Shares of ₹10 each, issued at an issue price of ₹140 (including premium of ₹130 per warrant) to FIH Mauritius Investments Ltd(FIHM), on October 19, 2018. Balance of 32,483 warrants allotted to FIHM were cancelled on August 7, 2019, after following prescribed procedure in this regard.

The Bank does not have any outstanding Warrants or any other convertible instruments as on March 31, 2020

d) Plant Locations:

As the Bank is engaged in the business of Banking/ Financial Services, this is not applicable in the Bank's case. However, the Bank has 417 Branches (including three Service and Asset Recovery Branches, each) and 300 ATMs as on 31st March 2020

e) Commodity Price Risks and Commodity hedging activities:

Risk is an integral part of the banking business and the Bank's aim is to maintain portfolio quality by making appropriate risk/reward trade-offs. Key risks that the Bank is exposed to are credit, concentration, market, country exposure, liquidity, operational and reputation risk. The Board of Directors of the Bank has oversight of all the risk assumed by the

Bank and has delegated its power to manage risk to Risk Management Committee (RMC) of the Board. The Bank does not have direct exposure on any commodities. The Bank has exposure to borrowers which are secured against various commodities.

f) Certificate under Regulation 34(3) of Listing Regulations:

Pursuant to the Regulation 34(3) read with Schedule V of the Listing Regulations, a certificate has been obtained from M/s. SVJS & Associates", Company Secretaries, Kochi, confirming that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of the Companies either by Securities and Exchange Board of India or the Ministry of Corporate Affairs or any other Statutory Authorities

g) Fees paid to Statutory Auditors:

The total fees incurred by the Bank for services rendered by Statutory Auditors are given below:

Fee paid (excluding taxes)	Amount (in ₹)
Statutory Audit/Limited review	81,73,750*
Certification and other attestation services	19,50,000
Non-audit services	4,00,000
Total	1,05,23,750

*of the above, ₹25,00,000 relates to IPO

h) Details of utilization of funds:

(a) Proceeds of allotment of shares in the Initial Public Offering of the Bank.

Bank has utilised the proceeds of the fresh issues of 1,230,769 equity shares at a price of ₹195/- per equity shares including a share premium of 185/- per equity share, in the initial public offering of shares which includes offer for sale of 19,778,298 shares, to augment Bank's Tier –I Capital base to meet future capital requirements which are expected to arise out of growth in the Bank's assets, primarily the Bank's loans/advances and investment portfolio and to ensure compliance with Basel III and other RBI guidelines. Further, the proceeds from the fresh issue was used towards meeting the expenses of the Offer on a prorate basis also. Further, a nil deviation

statement in terms of Regulation 32(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been submitted to the Stock Exchanges on February 04, 2020.

(ii) Proceeds of allotment of equity shares and warrants on preferential allotment basis

During the year under review, there were no Preferential Allotment or Qualified Institutional Placement as specified under Regulation 32(7A) of the Listing Regulations. However, the balance amount of ₹420 crore – in respect of 1,98,32,130 Equity Shares of ₹10 each issued at price of ₹140 per share (including premium of ₹130 per share) and 6,64,63,329 Warrants compulsorily convertible into or exchangeable for Equity Shares of ₹10 each at an issue price of ₹140 (including premium of ₹130 per warrant) to FIH Mauritius Investments Ltd(FIHM), allotted on October 19, 2018, received in the Financial year 2019-20 has also been used for augmenting the Bank's Tier-I capital base to meet future capital adequacy requirements which are expected to arise out of growth in the Bank's assets, primarily loans/ advances and investment portfolio and to ensure compliance with Basel III and other RBI guidelines.

i) Policies of the Bank:

As a part of good Corporate Governance, the Bank has adopted various policies/codes from time to time which are hosted on the website of the Bank at <https://csb.co.in/investor-relations>

j) Disclosure of the compliance with corporate governance requirements specified in regulations 17 to 27 and clause (b) to (i) of sub regulation (2) of Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Post listing of shares of the Bank on December 4, 2019, all disclosures in compliance with the Corporate Governance requirement specified in regulation 17 to 27 and clause (b) to (i) of sub regulation (2) of Regulation 46 to the extent applicable are hosted in Banks' website www.csb.co.in and have complied with the said regulations.

k) Accounting Policy

The significant accounting policy of the Bank is mentioned in Schedule 17 of the financial statements. There is no change in the accounting policy having financial impact during the FY 2019-20.

l) Strictures and Penalties

During the last 3 years, there were no penalties or strictures imposed on the Bank by the Stock Exchange(s) and/or SEBI and/or any other statutory authorities on matters relating to capital market activities.

GOVERNANCE CODES

Declaration of Compliance with the Code of Conduct

The Bank has adopted a Code of Conduct and Ethic which is applicable to the Board of Directors and Senior Management personnel of the Bank. The code requires Directors and Senior Management Team members to act honestly, fairly, ethically and with integrity, conduct themselves in professional, courteous and respectful manner.

All the Directors and Senior Management personnel have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors. An annual confirmation of the Code of Conduct is taken from all the Directors and Senior Managerial Personnel to whom the Code applies. MD & CEO's affirmation that the Code of Conduct has been complied with by the persons covered under the Code is given at the end of this report.

CONFLICT OF INTERESTS

Each Director informs the Company on an annual basis about the Board and the Committee positions he occupies in other companies including Chairmanships and notifies changes during the year. The members of the Board while discharging their duties, avoid conflict of interest in the decision making process. The Members of Board restrict themselves from any discussion and voting in transactions in which they have concern or interest.

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

The Bank had adopted a "Code of Conduct- Prohibition of Insider Trading Policy" in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons. The code is applicable to promoters and promoter's

Group, all Directors and such Designated persons who are expected to have access to unpublished price sensitive information relating to the Bank.

The Code requires that trading by Designated Persons and their Immediate Relatives shall be subject to pre-clearance by the Compliance Officer, irrespective of the value of the Securities proposed to be traded. Further it prohibits the purchase or sale of Bank's securities by the Promoters, Directors, KMPs, Auditors, Designated Persons & their immediate relatives and other Connected Persons of the Bank while in possession of UPSI in relation to the Bank. Further, the trading window for dealing in shares of the Bank has been closed for the Promoters, Directors, KMPs, Auditors, Designated Persons & their immediate relatives, other Connected Persons of the Bank and the details of Trading Window closure were as under:

Trading Window Closure Period	Purpose of closure of Trading Window
January 01, 2020 to February 06, 2020	For announcement/declaration of the Unaudited Financial Results of the Bank for the quarter and nine months ended December 31, 2019.
April 01, 2020 to June 17, 2020	For announcement/declaration of the Audited Financial Results of the Bank for the quarter and financial year ended March 31, 2020

The Company Secretary is the Compliance Officer for monitoring adherence to the said regulation.

The Bank has also formulated 'The Code of Practices and procedures for fair disclosure of Unpublished Price Sensitive Information' in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 and this code is displayed on the Company's website viz., www.csb.co.in.

Dividend Distribution Policy

Pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the Bank has Board approved "Dividend Distribution Policy" and the same is annexed herewith as Annexure VIII. The Policy has also been displayed on the website of the Bank https://csb.co.in/pdf/CSB_Dividend_Policy.pdf. The Bank shall declare dividend only after ensuring compliance with the Banking Regulation Act, 1949, various regulatory guidelines on dividend declaration issued by RBI from time to time, the provisions of the Companies

Act, 2013 and the rules made there under, Listing Regulations, as amended to the extent applicable for Banking Companies.

Unclaimed dividend

In terms of Rule 5(8) of IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Bank has uploaded the information regarding unclaimed dividend due to be transferred to Investor Education Protection Fund (IEPF) on the Ministry's Website and also on Bank's Website. The Shareholders may claim the unclaimed/unpaid amount due to them by making a request to the Bank/RTA giving their particulars before the same are transferred to IEPF.

Transfer of Shares to IEPF Authority

In terms of the provisions of the Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended and other applicable rules, notifications and circulars, if any, every company is required to transfer the shares, in respect of which dividend remains unpaid / unclaimed for a period of seven (7) consecutive years or more to the Investor Education Protection Fund (IEPF) Authority.

The unclaimed dividend and the respective shares for the financial year 2012-13 needs to be transferred to IEPF Authority after the due date i.e., October 24, 2020. The details of unclaimed dividends for the financial year 2012-13 onwards and the last date for claiming such dividends are given below:

Financial Year	Unclaimed amount	Date of declaration of dividend	Last date for claiming dividend
2012-13	14,45,920	23.09.2013	23.10.2020
2013-14	11,11,127	26.09.2014	27.10.2021

Bank has not declared any dividend since the financial year 2014-15.

Intimation to the Shareholders for claiming of dividends

Reminders to encash the unclaimed dividend on shares are sent to the relevant shareholders at regular intervals as required.

Updation of Permanent Account Number (PAN) and Bank Details

The Securities and Exchange Board of India vide its Circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated

April 20, 2018 has mandated submission of Permanent Account Number (PAN) and bank account details by every participant in securities market. Accordingly, Members holding shares in physical form are requested to submit self-attested copy of the PAN Card(s) and any one of the Officially Valid Documents (OVD), cancelled cheque leaf where an active Bank account is maintained to the Bank's Registrars and Transfer Agents: M/s S.K.D.C. Consultants Ltd. Further members holding shares in electronic form are requested to submit their copy of the PAN Card(s) and Bank Account Details to their Depository Participants with whom they are maintaining their demat accounts.

Disclosure under Regulation 39(4) of the SEBI Listing Regulations

Regulation 39(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, inter alia requires every listed company to comply with certain procedures while dealing with securities issued pursuant to the public issue or any other issue, physical or otherwise, which remain unclaimed and/or are lying in the escrow account, as applicable.

Bank has initiated the action in respect of share certificates of the shares which were allotted prior to its listing of shares on the stock exchanges on December 4, 2019 and returned as undelivered and lying unclaimed, by sending reminders to the concerned shareholders to claim the same by writing a letter to the Bank/Registrar & Share Transfer Agents of the Bank.

As on March 31, 2020, 166 share certificates of equal number of shareholders are lying as unclaimed with Registrar & Share Transfer Agents of the Bank. No shares of the Bank were lying unclaimed in demat form. The Bank will transfer the said shares to 'Unclaimed Suspense Account, once after sending of reminders is completed in the manner as prescribed and dematerialise the shares held in the said account with one of the depository participants.

The disclosure in terms of Regulation 39(4) and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is 'NIL' for the Bank as on March 31, 2020. Holding of shares in 'Unclaimed Suspense Account, is subject to Sections 124(5) and 124(6) of the Companies Act, 2013 in the matter of transfer of unpaid or unclaimed dividend and shares underlying thereon.

General Information for Shareholders

Financial Calendar	01.04.2019– 31.03.2020
Date of the Board Meeting at which the final accounts were approved	June 15, 2020
99 th Annual General Meeting	Date : July 20, 2020
	Day : Monday
	Time : 11:00 AM
	Venue/ Virtual Meeting The Bank is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020, SEBI circular dated May 12, 2020, and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.
Date of the Book Closure	July 14, 2020 to July 20, 2020
Listing on Stock Exchanges	1. The National Stock Exchange of India Ltd. Exchange plaza, 5th floor, Bandra-kurla Complex, Bandra (E), Mumbai 400051. 2. BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001.
Date of Listing	December 04, 2019
Stock Code	NSE : CSBBANK BSE : 542867

Corporate Identity Number (CIN).	U65191KL1920PLC000175.
ISIN	INE679A01013
Credit Rating	CRISIL has assigned 'CRISIL A1+' rating to the ₹2,000 Crore Certificate of Deposits Programme and ₹2,000 Crore Short Term Fixed Deposits Programme of the Bank.
Bank's Address for correspondence / Address of the Compliance Officer.	Mr Sijo Varghese, Company Secretary, CSB Bank Limited, "CSB Bhavan", Post Box No. 502, St. Mary's College Road, Thrissur 680 020, Kerala. Phone No.: +91 487 2333 020 Fax: +91 487 2338 764 Email: investors@csb.co.in Website: www.csb.co.in
Address of the Registrars & Share Transfer Agents of the Bank.	S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A1, Sathy Road, Ganapathy, Coimbatore – 641 006 Tel.: 0422 4958995, 2539835 – 836 Fax: 0422 2539837 Email: info@skdc-consultants.com

Listing agreement with Stock Exchanges

Bank's shares were listed on the exchanges with effect from December 4, 2019 and the listing fees payable to the Stock Exchanges for the financial year 2019-20 has already been paid.

Stock Market Price Data of Bank's Shares

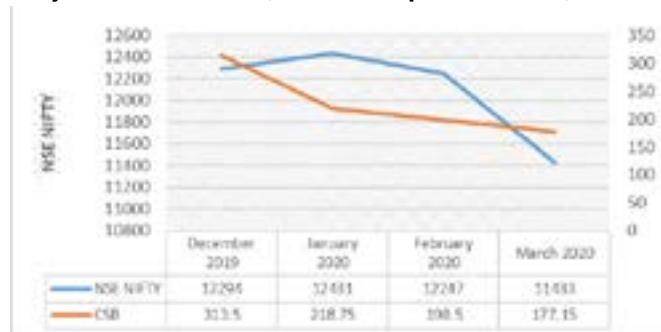
Bank's shares were listed on the exchanges with effect from December 4, 2019. The monthly high and low prices of the Bank's shares traded on the National Stock Exchange of India Ltd. (NSE), Mumbai and BSE Ltd. (BSE), Mumbai during the period December 4, 2019 to March 31, 2020 are as under:

Month	BSE		NSE	
	High	Low	High	Low
December 2019	314.2	215.45	313.5	215.15
January 2020	218.8	181	218.75	181
February 2020	200	160.55	198.5	160.15
March 2020	177	95	177.15	95.6

Performance of the CSB Bank Equity Shares relative to S&P BSE SENSEX from December 4, 2019 and up to March 31, 2020 .



Performance of the CSB Bank Equity Shares relative to NSE Nifty from December 4, 2019 and up to March 31, 2020



Financial Calendar for publication of Financial Results: 1st April 2019 to 31st March 2020

Quarter ending	Date of approval	Quarter ending	Date of approval
30.06.2019*	-	31.12.2019	04.02.2020
30.09.2019	17.10.2019	31.03.2020	15.06.2020

The Bank has not declared the results for the quarter ended June 30, 2019 as there was a restriction in publishing the financial results due to the Initial Public Offering activities, initiated in the same period.

Means of Communication

After the approval of Quarterly/Yearly Financial Results ('Results') by the Board of Directors, the same are being disclosed to the Stock Exchange/s, formal presentations are made to analysts by the Management and the same is also placed on the Bank's website at www.csb.co.in.

The results are communicated through newspaper advertisements, press releases and by posting information on the Bank's website. Results are generally published in the Business Line, Business Standard and Malayalam Daily "Deepika" on the next day of results declaration.

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

The results, Annual Report including the Notice and Explanatory Statement are also displayed on the Bank's website at www.csb.co.in.

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:

To monitor Foreign Exchange risk, Bank has envisaged Forex VaR and AGL which are being monitored on daily basis by Market Risk department. Bank also has Investment, Forex and Derivative policy to define and regulate Forex operations taken up by the Bank and different levels of limits are given in it. Treasury also monitors foreign assets liabilities gap to hedge it in the market. Bank hedges its foreign currency position using derivatives including mainly SWAPs and outright Forwards. Bank is not involved in commodity trading and its hedging activities.

MD & CEO/CFO Certification

The certification by Managing Director & CEO and Chief Financial Officer pursuant to the Regulation 17 of the

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on the financial statements and internal controls relating to financial reporting has been obtained and the same forms part of the Report.

Green Initiative in Corporate Governance

As part of the 'Green Initiative in Corporate Governance' programme initiated by the Ministry of Corporate Affairs (MCA), the Bank has already put in place mechanism for sending all notices/documents including Notice of the Shareholders' Meeting, Balance Sheet, Profit & Loss Account, Auditors' Report, Directors' Report and so on, in electronic form.

Further, in terms of Regulation 36 of the Listing Regulations, the listed entity is required to send soft copies of its Annual Report to all those shareholder(s), who have registered their email address for this purpose. Accordingly, the documents including the notice and explanatory statement of 99th Annual General Meeting, Annual Report of the Bank for the financial year 2019-20 including Audited Financial Statements, Directors' Report, Auditors' Report etc., for the year ended March 31, 2020, were sent to the e-mail address registered with their Depository Participant (DP)/Registrar/Bank. The e-mail addresses indicated in respective DP accounts which will be periodically downloaded from NSDL/CDSL will be deemed to be their registered e-mail address for serving notices/documents including those covered under Section 136 of the Companies Act, 2013. In case a Member, whose email address has changed, fails to update this new e-mail address, the said documents will be sent to the existing e-mail address and the said documents will be deemed to have been delivered, in compliance with the relevant provisions of the Companies Act, 2013, the relevant Rules made there under and the Listing Regulations. Members who have not yet registered their email address are requested to do so, at the earliest. In case of shares held in electronic form and in case of any change in the email address, Members are requested to update the same with their DP and in case of shares held in Physical form, Members are requested to update the same with the Registrar/Company.

Shareholders have been requested on several occasions to update their e-mail IDs in their folio/demat a/c to help accelerate the Bank's migration to paperless compliances. The Bank seeks your support to the said green initiatives, as it is designed to protect the fragile environment.

Compliance with Mandatory Requirements

The Bank's shares were listed on the Stock Exchanges on December 4, 2019. The Bank has complied with all mandatory recommendations prescribed in Listing Agreement/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the date of listing or from the respective date of applicability of the same in the Bank's case. A certificate to this effect issued by M/s SVJS & Associates, Practicing Company Secretaries, Kochi is annexed.

Compliance with Non-Mandatory Requirements

In addition to the Mandatory Requirements, your Bank has ensured the implementation of the non-mandatory requirements as suggested in Regulation 27 read with Part E of Schedule II of the Listing Regulations.

1. The Board

Part-time Chairman is entitled to maintain his office at the administrative/other office space of the Bank which is at the expenses of the Bank, though no office has been specifically allotted to the present chairman. Part-time Chairman is entitled and allowed for reimbursement of expenses incurred in performance of his duties.

2. Separate Posts of Chairman and CEO

The Bank already has separate posts for the Chairman and the Managing Director & CEO.

3. Shareholders' rights

The Bank publishes its financial result once approved by the Board of Directors to the Stock Exchanges within 30 minutes (under Regulation 30 of the Listing Regulations) of the conclusion of the agenda/meeting. The same are also available on the websites of the Stock Exchanges.

Quarterly/Annual Financial statements are also published in the Newspapers and uploaded in the Bank's website. Shareholders presentations on Quarterly /Annual financial statements are uploaded in the Bank's website and intimated to Stock Exchanges and where shares of the Bank are listed.

4. Unmodified audit opinion /reporting

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

5. Reporting of Internal Auditor:

The Internal Auditor directly reports to the Audit Committee of the Board.

Investor Help Desk

Share transfers, dividend payments, if any, and all other investor related activities are attended to and processed at the office of the Bank/ Bank's Registrars and Transfer Agents (RTAs).

Pursuant to Regulation 6(2)(d) Listing Regulations, Bank has created a separate e-Mail ID viz. investors@csb.co.in for redressal of Investor Complaints and Grievances.

By Order of the Board

Place: Thrissur
Date : June 22, 2020

Sd/-
Madhavan Menon
Chairman
(DIN: 00008542)

AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT

I, C.VR. Rajendran, Managing Director & CEO hereby declare that the Bank's Code of Conduct and Ethics for Board of Directors and Senior Management Personnel of the Bank has been accepted and the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management as required under Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on Corporate Governance.

Place: Thrissur
Date : June 22, 2020

Sd/-
C.VR .Rajendran
Managing Director & CEO

CEO / CFO CERTIFICATION

We, C. VR. Rajendran, Managing Director & CEO and B K Divakara, Chief Financial Officer, of CSB Bank Limited hereby certify that:

- (A) We have reviewed financial statements and the cash flow statement for the 12 months ended 31.03.2020 and that to the best of our knowledge and belief:
 - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violative of the Bank's code of conduct.
- (C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
- (D) We have indicated to the auditors and the Audit Committee :
 - (1) there has not been any significant changes in internal control over financial reporting during the year;
 - (2) there has not been any significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Bank's internal control system over financial reporting.

Sd/-
Mr B.K. Divakara
Chief Financial Officer

Sd/-
(C.VR .Rajendran)
Managing Director & CEO

Place: Thrissur
Date : June 15, 2020

CERTIFICATE ON CORPORATE GOVERNANCE

To the members of **CSB BANK LIMITED**

We have examined the compliance of conditions of Corporate Governance by **CSB BANK LIMITED [CIN: U65191KL1920PLC000175]** having its registered office at Head Office, “CSB Bhavan”, Post Box No.502, St. Mary’s College Road, Thrissur -680020 for the year ended **31st March, 2020** as stipulated in Regulation 17 to 27 and clause (b) to (i) of Regulation 46 (2), Schedule V and Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated above. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2020.

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

For SVJS & Associates
Company Secretaries

CS Vincent P.D.
Managing Partner
CP No.: 7940, FCS: 3067
UDIN: F003067B000356233

Kochi
17.06.2020

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34 (3) and Schedule V Para C Clause (10) (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members
CSB Bank Limited
Head Office, "CSB Bhavan"
Post Box No.502,
St.Mary's College Road
Thrissur-680020
Kerala

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **CSB Bank Limited** having CIN: **U65191KL1920PLC000175** and having registered office at Head Office, "CSB Bhavan", Post Box No.502, St.Mary's College Road, Thrissur-680020, Kerala (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31st March, 2020** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such Statutory Authority.

Sl. No.	Name of Director	DIN	Date of appointment in Company
1	Mr.Madhavan Menon Karunakaran	00008542	03.09.2018
2	Mr.Rajendran Chinna Veerappan	00460061	24.11.2016
3	Mr.Thomas Mathew	01277149	24.04.2017
4	Mr.Aravamuthan Madhavan	01865555	13.12.2018
5	Ms.Bhama Krishnamurthy	02196839	03.09.2018
6	Mr.Syed Nagoor Ali Jinnah	05238633	06.03.2019
7	Mr.Sumit Maheshwari	06920646	03.09.2018

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SVJS & Associates
Company Secretaries

CS Vincent P.D.

Managing Partner

CP No.: 7940, FCS: 3067

UDIN: F003067B000355606

Kochi
17.06.2020

INDEPENDENT AUDIT REPORT

To the Members of
CSB Bank Limited
(Formerly The Catholic Syrian Bank Limited)

Report on audit of the Financial Statements

Opinion

We have audited the financial statements of CSB Bank Limited (Formerly The Catholic Syrian Bank Limited) ('the Bank'), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information in which are included the Returns of 431 branches/departments, for the year ended on that date audited by the branch auditors of the Bank's branches/departments located at various places in India.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 in the manner so required for banking companies and are in conformity with accounting principles generally accepted in India and give a true and fair view of the state of affairs of the Bank as at 31st March 2020, and its **PROFIT** and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements

section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1.5 of Schedule 18 to the Financial Results, on the Bank having recognized provision on certain loans that were though overdue but standard as at 29th February 2020, for which moratorium benefit has been granted, based on the days past due status as on that date in accordance with the Reserve Bank of India COVID-19 Regulatory Package and also the extent to which the COVID19 pandemic will have an impact on the Bank's financial performance which is dependent on future developments, which are highly uncertain.

Our opinion on the financial results is not modified in respect of the above matters.

Key Audit Matters

Key Audit Matters are those matters that in our professional judgment were of most significant in our audit of the Financial Statements for the year ended 31st March, 2020. These matters were addressed in the context of our audit of the Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in our report:

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
i	<p>Classification of Advances, Income Recognition, Identification of and provisioning for non-performing Advances</p> <p>Advances include Bills purchased and discounted, Cash credits, Overdrafts, Loans repayable on demand and Term loans. These are further categorized as secured by Tangible assets (including advances against Book Debts), covered by Bank/Government Guarantees and Unsecured advances.</p>	<p>Our audit approach towards advances with reference to the IRAC norms and other related circulars/directives issued by the Reserve Bank of India and also internal policies and procedures of the Bank includes the testing of the following</p> <p>a. The accuracy of the data input in the system for income recognition, classification into performing and nonperforming Advances and provisioning in accordance with the IRAC Norms in respect of the branches audited by us;</p>

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
i	<p>Advances constitute 60 per cent of the Bank's total assets. They are, inter-alia, governed by income recognition, asset classification and provisioning (IRAC) norms and other circulars and directives issued by the Reserve Bank of India from time to time relating to classification of Advances into performing and non-performing Advances (NPA) The Bank classifies the Advances based on IRAC norms as per its accounting policy</p> <p>Identification of performing and non-performing Advances involves establishment of proper mechanism. The Bank accounts for all the transactions related to Advances in its Information Technology System (IT System) viz. Core Banking Solution (CBS) which also identifies whether the advances are performing or non-performing.</p> <p>The carrying value of these advances (net of provisions) may be materially misstated if, either individually or in aggregate, the IRAC norms are not properly followed.</p> <p>Considering the nature of the transactions, regulatory requirements, existing business environment, estimation/ judgment involved in valuation of securities, it is a matter of high importance for the intended users of the Financial Statements. Considering these aspects, we have determined this as a Key Audit Matter.</p> <p>Accordingly, our audit was focused on income recognition, asset classification and provisioning pertaining to advances due to the materiality of the amount involved</p>	<p>b. Existence and effectiveness of monitoring mechanisms such as Internal Audit, Systems Audit, Credit Audit and Concurrent Audit as per the policies and procedures of the Bank;</p> <p>c. Examination of advances including stressed advances on a sample basis with respect to compliance with the RBI Master Circulars / Guidelines;</p> <p>d. We have also relied on the reports with respect to parameters inbuilt in CBS for tracking, identification and stamping of NPAs and provisioning in respect thereof;</p> <p>e. We tested the mapping of advances in the workings for the financial statement preparation to ensure compliance with the presentation and disclosure requirements as per the RBI Circulars/directions;</p> <p>f. We have examined the efficacy of various internal controls over advances to determine the nature, timing and extent of the substantive procedures and compliance with the observations of the various audits conducted as per the monitoring mechanism of the Bank and annual review by Reserve Bank of India;</p> <p>g. In carrying out substantive procedures at the branches audited by us, we have examined all large advances/stressed advances while other advances have been examined on a sample basis including review of valuation reports of independent valuer's provided by the Bank's management;</p> <p>h. We assessed and evaluated the process of identification of NPAs and corresponding reversal of income and creation of provision;</p> <p>i. Reliance is also placed on Audit Reports of other Statutory Branch Auditors with whom we have also made specific communication, where ever required.</p>
ii	<p>Key Information Technology (IT Systems) used in financial reporting process</p> <p>The Bank's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed on daily basis and hence considered as a Key Audit Matter</p>	<p>We conducted an assessment and identified key IT applications, databases and operating systems that are relevant to our audit and have identified CBS and Treasury System primarily as relevant for financial reporting.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls as follows:</p> <ul style="list-style-type: none"> - Obtained an understanding of the Bank's IT control environment and IT policies during the audit period - Reviewed the design, implementation and operating effectiveness of the Bank's basic IT controls including application, access control that are critical to financial reporting. - Reviewed the IS Audit Reports and discussed with IT Department on compliance with key IT controls. - Tested key automated and business cycle controls that are relevant to financial reporting on a test check basis.

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
iii	<p>Modified Audit Procedure carried out in light of COVID-19 outbreak:</p> <p>Due to COVID-19 pandemic and consequent nationwide lockdown and travel restrictions imposed by Central / State Government / Local Authorities during the period of our audit and the Reserve Bank of India directions to Bank to facilitate carrying out audit remotely wherever physical access was not possible, audit could not be conducted by visiting the premises of certain Branches / departments.</p> <p>As we could not gather audit evidence physically or in person, the same was carried through discussions and personal interactions with the officials at the Branches/Departments /Corporate Office, we have identified such modified audit procedure as a Key Audit Matter.</p> <p>Accordingly, our audit procedure was modified to carry out the audit remotely.</p>	<p>Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to all the Branches to be audited by us and carry out the audit processes physically at the respective offices.</p> <p>Wherever physical access was not possible, necessary records/ reports/ documents/ certificates were made available to us by the Bank through digital medium, emails and remote access to CBS and other relevant application software. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period.</p> <p>Accordingly, we modified our audit procedure as follows:</p> <ol style="list-style-type: none"> Carried out verification of necessary records/ documents/ CBS and other application software electronically through remote access/emails in respect of the Branches where physical access was not possible. Carried out verification of scanned copies of the documents, deeds, certificates and the related records made available to us through emails and remote access over secured network of the Bank. Making enquiries and gathering necessary audit evidence through conferencing, dialogues and discussions over phone calls/conference calls, emails and similar communication channels. Resolution of our audit observations telephonically/ through email instead of a face-to-face interaction with the designated officials.

Information other than the Financial Statements and Auditors Report thereon

The Company's Board of Directors is responsible for the Information other than the financial statements and auditor's report thereon. The said information comprises the information included in the Directors Report and Managing Director & CEO communiqué (Other information), but does not include the financial statements and our audit report thereon. The Other Information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, otherwise appear to be materially misstated

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and Reserve Bank of India.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act,

2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and Fairview and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether

due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant

ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements / information of 431 branches/departments included in the financial statements of the Bank whose financial statements / financial information reflect total assets of Rs. 7,626.13 Crores as at 31st March 2020 and total revenue of Rs. 810.65 Crores for the year ended on that date, as considered in the financial statements. The financial statements / information of these branches have been audited by the branch auditors whose reports have been furnished to us, and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, are based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:

- (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
- (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;

- (c) the returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

Further, as required by section 143(3) of the Act, we report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.
- c) the reports on the accounts of the branch offices of the bank audited under section 143(8) of the Act by branch auditors of the Bank have been sent to us and have been properly dealt with by us in preparing this report
- d) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flows dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
- e) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by Reserve Bank of India
- f) on the basis of written representations received from the directors as on 31st March 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164(2) of the Act;
- g) with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
- h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. the Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No 4.6.1 of Schedule 18 - Notes on Accounts
- ii. the Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts - Refer Note No. 9 of Schedule 18- Notes on Accounts and
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank

For R.G.N.Price & Co.
Chartered Accountants
FR No. 002785 S

Sd/-
G.Surendranath Rao
Partner
M No. 022693
UDIN: 20022693AAAED9204

Annexure A to the independent auditor's report of even date on the financial statements of CSB Bank Limited (Formerly The Catholic Syrian Bank Limited)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of CSB Bank Limited (Formerly The Catholic Syrian Bank Limited) ('the Bank') as at 31 March 2020 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls over Financial Reporting

The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our auditing accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the bank are being made only in accordance with authorizations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation

of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively, as at 31st March 2020, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For R.G.N.Price & Co.
Chartered Accountants
FR No. 002785 S

Sd/-
G.Surendranath Rao
Partner
M No. 022693
UDIN: 20022693AAAAED9204

BALANCE SHEET

AS AT 31ST MARCH, 2020

(₹ in thousand)

		SCHEDULE NO	AS ON 31.03.2020	AS ON 31.03.2019
पूँजी और देयताएँ	CAPITAL AND LIABILITIES			
पूँजी	Capital	1	173,50,81	85,97,23
अंश अधिपत्र लेखों पर टिप्पणीयाँ में से नेट १.१ सदंश ले	Share Warrants		0	651,34,06
आरक्षितियाँ और अधिशेष	Reserves and Surplus	2	1787,15,64	694,37,99
निक्षेप	Deposits	3	15790,67,89	15123,87,29
उधार	Borrowings	4	794,00,00	0
अन्य देयताएँ और प्रावधान	Other Liabilities and Provisions	5	318,89,47	355,59,21
योग	TOTAL		18864,23,81	16911,15,78
संपत्तियाँ	ASSETS			
नकदी और भारतीय रिज़र्व बैंक में जमा राशियाँ	Cash and balances with Reserve Bank of India	6	547,79,16	725,40,54
बैंकों में जमा राशियाँ और माँग तथा अल्प सूचना प्राप्य धनराशि	Balances with banks and money at call and short notice	7	391,55,01	248,22,52
निवेश	Investments	8	5359,83,53	4027,61,16
अग्रिम	Advances	9	11366,35,39	10615,23,73
स्थिर संपत्तियाँ	Fixed Assets	10	228,26,84	217,72,88
अन्य संपत्तियाँ	Other Assets	11	970,43,88	1076,94,95
योग	TOTAL		18864,23,81	16911,15,78
आकस्मिक देयताएँ	CONTINGENT LIABILITIES	12	1523,22,74	657,75,74
संग्रहण के लिए बिल	Bills for collection		61,15,64	71,36,12
महत्वपूर्ण लेखांकन नीतियाँ	Significant Accounting Policies	17		
लेखा सम्बन्धी टिप्पणीयाँ	Notes to Accounts	18		
अनुसूचियों ऊपर बैलेंस शीट का एक अभिन्न अंग के रूप में	The schedules referred to above form an integral part of the Balance Sheet.			

Sd/-
Madhavan Menon
Chairman
(DIN: 00008542)

Sd/-
Thomas Mathew
Chairman-Audit Committee
(DIN:01277149)

Sd/-
C.V.R. Rajendran
Managing Director & CEO
(DIN:00460061)

As per our report of even date
For R G N Price & Co
Chartered Accountants
FRN No:002785S

Sd/-
Sumit Maheshwari
Director
(DIN:06920646)

Sd/-
Bhama Krishnamurthy,
Director
(DIN:02196839)

Sd/-
Sijo Varghese
Company Secretary

Sd/-
G. Surendranath Rao
Partner
(M. No. 22693)

Sd/-
Syed Nagoor Ali Jinnah
Director
(DIN: 05238633)

Sd/-
Madhavan Aravamuthan
Director
(DIN:01865555)

Sd/-
B.K. Divakara
Chief Financial Officer

Sd/-
P V Antony
General Manager - Accounts

Thrissur
15-06-2020

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in thousand)

		SCHEDULE NO	Year ended 31.03.2020	Year ended 31.03.2019
I. आय	I INCOME			
अर्जित ब्याज	Interest earned	13	1509,88,65	1347,51,54
अन्य आय	Other Income	14	221,60,99	135,91,77
योग	TOTAL		1731,49,64	1483,43,31
व्यय	II EXPENDITURE			
II. व्ययक्रिया गया ब्याज	Interest expended	15	917,60,03	907,56,09
परिचालन व्यय	Operating expenses	16	533,32,02	562,51,37
प्रावधान और आकस्मिक व्यय योग	Provisions and contingencies		267,85,12	210,77,77
योग	TOTAL		1718,77,17	1680,85,23
III. लाभ / हानि	III PROFIT/LOSS			
वर्ष के लिए शुद्ध लाभ / (हानि)	Net Profit / (Loss) for the period/year		12,72,47	-197,41,92
पिछले अवधि / वर्ष के अग्रणीत लाभ / (हानि)	Profit/(Loss) brought forward from previous year		-513,95,86	-316,53,94
योग	TOTAL		-501,23,39	-513,95,86
IV. विनियोजन	IV APPROPRIATIONS			
वैधानिक आरक्षितियों को अन्तरण	Transfer to Statutory Reserves		3,18,12	0
पूँजित आरक्षितियों को अन्तरण	Transfer to Capital Reserves		8,32,92	0
आयकर अधिनियम 1960, आयकर अधिनियम 1961, की धारा 36 (i) (viii) के अंतर्गत विशेष	Transfer to Special Reserve (Section 36 (1) (viii) of IT Act, 1961)		1,21,43	0
तुलनपत्र में ले जाई शेषराशि	Balance carried over to Balance Sheet		-513,95,86	-513,95,86
योग	TOTAL		-501,23,39	-513,95,86
प्रति शेयर आर्जन (₹)	Basic and diluted Earnings Per Equity Share (₹)		0.88	-23.73
(अंकित मूल्य ₹ 10/- प्रत्येक)	(Face value ₹ 10 per share)			
महत्वपूर्ण लेखांगन नीतियाँ	Significant Accounting Policies	17		
लेखा सम्बन्धी टिप्पणीयाँ	Notes to Accounts	18		
अनुसूचीयाँ ऊपर लाभ हानि लेख के एक अभिन्न अंग के रूप में	The schedules referred to above form an integral part of the Profit and Loss account			

Sd/-
Madhavan Menon
Chairman
(DIN: 00008542)

Sd/-
Sumit Maheshwari
Director
(DIN:06920646)

Sd/-
Syed Nagoor Ali Jinnah
Director
(DIN: 05238633)

Sd/-
Thomas Mathew
Chairman-Audit Committee
(DIN:01277149)

Sd/-
Bhama Krishnamurthy,
Director
(DIN:02196839)

Sd/-
Madhavan Aravamuthan
Director
(DIN:01865555)

Sd/-
C.VR. Rajendran
Managing Director & CEO
(DIN:00460061)

Sd/-
Sijo Varghese
Company Secretary

Sd/-
B.K. Divakara
Chief Financial Officer

As per our report of even date
For R G N Price & Co
Chartered Accountants
FRN No:002785S

Sd/-
G. Surendranath Rao
Partner
(M. No. 22693)

Sd/-
P V Antony
General Manager - Accounts

Thrissur
15-06-2020

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2020

(₹ in thousand)

	Year ended 31.03.2020	Year ended 31.03.2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	133,99,90	-300,09,54
Adjustments for:		
Depreciation on Fixed Assets	16,32,14	12,17,12
Amortisation of Intangible Assets	7,20,34	4,36,15
Provisions and Contingencies	146,57,69	312,25,73
Interest Paid on Tier II Bonds	0	5,07,11
Others	64,43	66,20
Operating Profit before Working Capital Changes	304,74,50	34,42,77
Adjustments for:		
Investments	-1352,61,57	51,09,05
Advances	-872,24,62	-1520,48,89
Other Assets	19,21,32	25,39,22
Deposits	666,80,61	433,22,35
Borrowings	794,00,00	0
Other Liabilities	-41,59,87	90,85,89
Cash generated from Operating Activities	-481,69,63	-885,49,61
Direct Taxes Paid (Net of refunds)	-25,15,34	-7,74,82
Net Cash flow from Operating Activities (A)	-506,84,97	-893,24,43
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Intangible Assets	-44,03,10	-22,65,05
Sale of Fixed Assets	34,49	50,96
Net Cash Used in Investing Activities (B)	-43,68,61	-22,14,09
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share Capital	87,53,57	4,95,80
Proceeds from Share Premium	1079,73,35	64,45,44
Proceeds from Equity Share Warrants	-651,02,23	651,34,06
Redemption of Tier II Bonds	0	-41,80,00
Interest Paid on Tier II Bonds	0	-5,07,11
Net Cash (used)/generated from Financing Activities (C)	516,24,69	673,88,19
D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		
	-34,28,89	-241,50,33
Cash and Cash Equivalents at the Beginning of the Year	973,63,06	1215,13,39
Cash and Cash Equivalents at the End of the Year	939,34,17	973,63,06
NET INCREASE AS DISCLOSED ABOVE	-34,28,89	-241,50,33

	Year ended 31.03.2020	Year ended 31.03.2019
Notes to Cash Flow Statement		
1. The Cash Flow Statement has been prepared under the Indirect Method and figures has been regrouped wherever necessary		
2. Cash and Cash equivalents includes Cash in Hand, Balance with RBI & Other Banks and Money at Call and Short Notice		
BREAKUP OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	547,79,16	725,40,54
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	391,55,01	248,22,52
Cash and cash equivalents at the end of the year	939,34,17	973,63,06

Sd/-
Madhavan Menon
Chairman
(DIN: 00008542)

Sd/-
Thomas Mathew
Chairman-Audit Committee
(DIN:01277149)

Sd/-
C.VR. Rajendran
Managing Director & CEO
(DIN:00460061)

As per our report of even date
For R G N Price & Co
Chartered Accountants
FRN No:002785S

Sd/-
Sumit Maheshwari
Director
(DIN:06920646)

Sd/-
Bhama Krishnamurthy,
Director
(DIN:02196839)

Sd/-
Sijo Varghese
Company Secretary

Sd/-
G. Surendranath Rao
Partner
(M. No. 22693)

Sd/-
Syed Nagoor Ali Jinnah
Director
(DIN: 05238633)

Sd/-
Madhavan Aravamuthan
Director
(DIN:01865555)

Sd/-
B.K. Divakara
Chief Financial Officer

Sd/-
P V Antony
General Manager - Accounts

Thrissur
15-06-2020

(₹ in thousand)

	As on 31.03.2020	As on 31.03.2019
SCHEDULE 1 - CAPITAL		
Authorized Capital :		
22,00,00,000 (Previous year 20,00,00,000) Equity shares of ₹10/- each	220,00,00	200,00,00
Issued Capital		
17,34,55,827 (Previous Year 10,07,94,212) Equity shares of ₹10/- each	173,45,58	100,79,42
Subscribed, Called up and Paid - up Capital		
17,34,55,827 (Previous Year 8,09,62,082) Equity shares of ₹10/- each fully paid - up	173,45,58	80,96,20
(Previous Year 1,98,32,130 Equity shares of ₹10/- each ₹2.5/- per share paid - up)		4,95,80
Add: Forfeited Shares (1,93,743 Equity shares forfeited (Previous Year 1,93,743)	5,23	5,23
	173,50,81	85,97,23

SCHEDULE 2 - RESERVES AND SURPLUS		
I Statutory Reserves		
Opening balance	146,75,58	146,75,58
Additions during the year	3,18,12	0
sub total	149,93,70	146,75,58
Deductions during the year	0	0
	149,93,70	146,75,58
II Capital Reserves		
Opening balance	71,73,08	71,73,08
Additions during the year	8,64,75	0
sub total	80,37,83	71,73,08
Deductions during the year	0	0
	80,37,83	71,73,08
III Revaluation Reserves		
Opening balance	157,82,49	159,46,73
Additions during the year		0
sub total	157,82,49	159,46,73
Deductions during the year	1,60,68	1,64,24
	156,21,81	157,82,49
IV Share Premium		
Opening balance	711,96,27	647,50,83
Additions during the year	1079,73,35	64,45,44
sub total	1791,69,62	711,96,27
Deductions during the year	0	0
	1791,69,62	711,96,27

(₹ in thousand)

	As on 31.03.2020		As on 31.03.2019	
V Revenue and other Reserves				
a) General Reserves				
Opening balance	96,25,24		75,28,34	
Additions during the year	1,60,68		20,96,90	
sub total	97,85,92		96,25,24	
Deductions during the year	0		0	
		97,85,92		96,25,24
b) Special Reserve (Section 36 (1)(viii) of IT Act, 1961)				
Opening balance	23,76,19		23,76,19	
Additions during the year	1,21,43		0	
sub total	24,97,62		23,76,19	
Deductions during the year	0		0	
		24,97,62		23,76,19
VI Contingency Reserve				
Opening balance	5,00		5,00	
Additions during the year	0		0	
sub total	5,00		5,00	
Deductions during the year	0		0	
		5,00		5,00
VII Balance in Profit and Loss Account				
Opening balance	-513,95,86		-316,53,94	
Additions during the year	12,72,47		-197,41,92	
sub total	-501,23,39		-513,95,86	
Transfer to Reserves	12,72,47		0	
		-513,95,86		-513,95,86
TOTAL		1787,15,64		694,37,99

SCHEDULE 3 - DEPOSITS				
A. I. Demand Deposits				
[i] From banks	42,99		52,76	
[ii] From others	738,99,14		616,55,93	
		739,42,13		617,08,69
II. Savings Bank Deposits		3867,17,37		3593,49,91
III. Term Deposits				
[i] From banks	2,50		190,05,42	
[ii] From others	11184,05,89		10723,23,27	
		11184,08,39		10913,28,69
TOTAL [I, II, and III]		15790,67,89		15123,87,29
B [i] Deposits of branches in India		15790,67,89		15123,87,29
[ii] Deposits of branches outside India		0		0
TOTAL		15790,67,89		15123,87,29

(₹ in thousand)

	As on 31.03.2020		As on 31.03.2019	
SCHEDULE 4 - BORROWINGS				
I. Borrowings in India				
[i] Reserve Bank of India (Repo)	794,00,00		0	
[ii] Other banks	0		0	
[iii] Other institutions and agencies	0		0	
TOTAL OF I		794,00,00		0
II. Borrowings outside India		0		0
TOTAL (I and II)		794,00,00		0
Secured borrowings included in I and II		794,00,00		0
III. Capital Instruments				
Subordinated debts raised for Tier II Capital (Repo)		0		0
TOTAL (I,II and III)		794,00,00		0

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS				
I. Bills payable		11,43,30		15,53,00
II. Inter-office adjustments (net)		13,37,89		12,03,59
III. Interest accrued		79,58,89		67,71,35
IV. Contingent provisions against standard assets*		52,51,55		47,24,02
V. Others		161,97,84		213,07,25
TOTAL		318,89,47		355,59,21

* Includes an amount of ₹1.63 Crs towards general provision against accounts retained as standard as per RBI Circular dated 17.04.2020

SCHEDULE 6 -CASH AND BALANCES				
WITH RESERVE BANK				
OF INDIA				
I. Cash in hand(including foreign currency notes)		98,38,49		58,42,84
II Balances with Reserve Bank of India				
[i] in Current Account	449,40,67		666,97,70	
[ii] in Other Accounts	0		0	
		449,40,67		666,97,70
TOTAL (I AND II)		547,79,16		725,40,54

(₹ in thousand)

	As on 31.03.2020		As on 31.03.2019	
SCHEDULE 7- BALANCES WITH BANKS				
& MONEY AT CALL AND				
SHORT NOTICE				
I. In India				
[i] Balances with banks				
(a) in Current Accounts	6,56,04		12,78,00	
(b) in Other Deposit Accounts	2,50		2,50	
		6,58,54		12,80,50
[ii] Money at call and short notice				
(a) with banks	0		0	
(b) with other Institutions (Reverse Repo)	280,00,00		225,00,00	
		280,00,00		225,00,00
TOTAL (i and ii)		286,58,54		237,80,50
II. Outside India				
(i) in Current Accounts	29,29,97		10,42,02	
(ii) in Other Deposit Accounts	75,66,50		0	
(iii) Money at call and short notice	0		0	
TOTAL		104,96,47		10,42,02
GRAND TOTAL (I and II)		391,55,01		248,22,52

SCHEDULE 8 - INVESTMENTS				
I. Investments in India (Gross)		5460,80,35		4111,81,36
Less Provision for depreciation & diminution		100,96,82		84,20,20
Net Investments in India		5359,83,53		4027,61,16
BREAK - UP				
[i] Government securities		4645,57,88		3364,80,33
[ii] Other approved securities		0		0
[iii] Shares		2,92,83		2,95,81
[iv] Debentures and Bonds		75,24,64		241,06,44
[v] Subsidiaries and/or joint ventures		0		0
[vi] Others [Certificate of Deposits, Commercial Paper, Security Receipts, AIF, PTC etc]		636,08,18		418,78,58
TOTAL		5359,83,53		4027,61,16
II. Investments outside India		0		0
GRAND TOTAL (I and II)		5359,83,53		4027,61,16

(₹ in thousand)

	As on 31.03.2020		As on 31.03.2019	
SCHEDULE 9 - ADVANCES				
A	[i] Bills purchased and discounted	525,02,92		823,33,23
	[ii] Cash credits, overdrafts and loans repayable on demand	6629,77,63		5738,30,68
	[iii] Term loans	4211,54,84		4053,59,82
TOTAL		11366,35,39		10615,23,73
B	[i] Secured by tangible assets (Includes advances against book debts)	10374,91,31		9271,33,55
	[ii] Covered by Bank/Government guarantees	471,97,54		973,51,10
	[iii] Unsecured	519,46,54		370,39,08
TOTAL		519,46,54		10615,23,73
C.I. Advances in India				
	[i] Priority sector	3842,83,31		3627,10,25
	[ii] Public sector	22,22,59		27,33,12
	[iii] Banks	0		34,38,24
	[iv] Others	7501,29,49		6926,42,13
TOTAL		11366,35,39		10615,23,73
II. Advances outside India				
		0		0
GRAND TOTAL (C.I and II)		11366,35,39		10615,23,73

SCHEDULE 10 - FIXED ASSETS				
1. Premises				
At cost as on 31 st March of the preceding year	7,17,88		7,22,88	
Appreciation on revaluation till date	174,47,89		174,81,36	
Additions during the year	1,00,91		0	
Sub total	182,66,68		182,04,24	
Deductions during the year	73,41		38,47	
Depreciation to date	21,95,27		20,92,33	
		159,98,00		160,73,44
II. Other Fixed Assets (including furniture and fixtures)				
At cost as on 31st March of the preceding year	149,60,30		141,61,82	
Additions during the year	26,84,11		14,95,40	
Sub total	176,44,41		156,57,22	
Deductions during the year	3,36,47		6,96,92	
Depreciation to date	104,79,10		92,60,86	
		68,28,84		56,99,44

(₹ in thousand)

	As on 31.03.2020		As on 31.03.2019	
III. Assets given on lease				
At cost as on 31 st March of the				
preceding year	2,52,58		2,52,58	
Additions during the year	0		0	
Deductions during the year	0		0	
Depreciation to date	1,73,68		1,73,68	
Add: Lease adjustment account	-74,89	0	-74,89	0
TOTAL (I, and II)		228,26,84		217,72,88

SCHEDULE 11 - OTHER ASSETS				
I. Interest accrued		87,93,25		81,94,83
II. Tax paid in advance/tax deducted at source (Net of provisions)		66,46,00		49,22,24
III. Stationery and stamps		2,35,70		2,19,14
IV. Non-banking assets acquired in satisfaction of claims		28,75,58		29,67,69
V. Deposits placed with NABARD/ SIDBI/NHB for meeting shortfall in Priority Sector Lending		508,55,34		539,33,03
VI. Deferred tax asset		170,78,42		284,14,27
VII. Others		105,59,59		90,43,75
TOTAL		970,43,88		1076,94,95

SCHEDULE 12 - CONTINGENT LIABILITIES				
I. Claims against the bank not acknowledged as debts		39,48,64		37,17,49
II. Liability for partly paid investments		0		0
III. Liability on account of outstanding forward exchange contracts		1083,43,05		289,16,63
IV. Guarantees given on behalf of constituents				
(a) In India		276,81,92		209,43,36
(b) Outside India		0		0
V. Acceptance, endorsements and other obligations		50,05,43		48,98,93
VI. Other items for which the bank is contingently liable		73,43,70		72,99,33
TOTAL		1523,22,74		657,75,74

	Year ended 31.03.2020	Year ended 31.03.2019
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances / bills	1162,11,45	968,61,67
II. Income on investments	309,86,61	347,36,92
III. Interest on balances with Reserve Bank of India and other inter -bank funds	5,85,50	2,36,53
IV Others	32,05,09	29,16,42
TOTAL	1509,88,65	1347,51,54

SCHEDULE 14 - OTHER INCOME				
I. Commission, Exchange and Brokerage		32,09,20		27,24,17
II. Profit on sale of investments	31,22,73		17,29,40	
Less: Loss on sale of investments	1,03,03		9,28,80	
		30,19,70		8,00,60
III. Profit on revaluation of investments	0		0	
Less: Loss on revaluation of investments	0		0	
		0		0
IV. Profit on sale of land, buildings and other assets	7,68		21,05	
Less: Loss on sale of land, buildings and other assets	71,36		96,25	
		-63,68		-75,20
V. Profit on exchange transactions (Net)		6,70,88		7,04,65
VI. Income earned by way of dividends etc.				
from subsidiaries/companies and/or joint ventures abroad/in India		0		0
VII. Miscellaneous Income (includes recovery of Bad debts written off ₹60.14 Crores, previous year ₹30.77 Crores and processing fee of ₹33.04 crores, previous year ₹20.52 crores)		153,24,89		94,37,55
TOTAL		221,60,99		135,91,77

	Year ended 31.03.2020	Year ended 31.03.2019
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	898,21,58	861,82,66
II. Interest on Reserve Bank of India/ inter -bank borrowings	2,95,35	31,48,78
III. Others	16,43,10	14,24,65
TOTAL	917,60,03	907,56,09

(₹ in thousand)

	Year ended 31.03.2020	Year ended 31.03.2019
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	331,27,27	384,42,97
II. Rent, taxes and lighting (includes Rent amounting to ₹36.26 Crs, previous year ₹33.87 Crs)	57,16,99	50,58,61
III. Printing and Stationery	4,16,76	4,03,53
IV. Advertisement and publicity	1,23,12	77,48
V. Depreciation on bank's property (including amortisation /write off of intangible assets)	23,52,49	16,53,27
VI. Directors' fees, allowances and expenses	78,98	76,81
VII. Auditors' fees and expenses (including branch auditors fees and expenses)	2,24,65	1,83,59
VIII. Law charges	3,46,92	3,16,10
IX. Postages, Telegrams, Telephones etc.	10,68,70	9,74,18
X. Repairs and maintenance	13,14,55	8,50,86
XI. Insurance	17,52,40	16,55,60
XII. Other expenditure	68,09,19	65,58,37
TOTAL	533,32,02	562,51,37

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL

- a) The financial statements have been prepared in accordance with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time, the Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014 so far as they apply to the Bank and practices generally prevalent in the banking industry in India.
- b) Going Concern Assumption, Historical cost convention and Accrual basis of accounting have been consistently applied while preparing and presenting the financial statements, except as stated in para 10 – “Recognition of Revenue and Expenditure”.

2. USE OF ESTIMATES

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosures of contingent liabilities at the date of the financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

3. TRANSACTIONS INVOLVING FOREIGN EXCHANGE

- a) Monetary assets and liabilities including contingent liabilities have been translated at the exchange rates prevailing at the close of

the year as advised by FEDAI and the effect is accounted in Profit & Loss Account

- b) Income and Expenditure items denominated in foreign currencies have been accounted at the exchange rates prevailing on the date of transaction.
- c) Outstanding foreign exchange forward contracts are revalued at the rates applicable on the closing date as advised by FEDAI. The resultant profit/loss is taken into Profit and Loss Account.
- d) Contingent Liabilities on guarantees, letters of credit, acceptances and endorsements are reported at the exchange rates prevailing at the close of the year.

4. INVESTMENTS

- a) Accounting and classification

All Investments are accounted for on settlement dates. In terms of RBI guidelines, the entire investments portfolio has been classified under three categories for valuation purpose, viz., “Held to Maturity”, “Available for Sale” and “Held for Trading” at the time of its purchase. However, for disclosure in the Balance Sheet, investments are classified under six groups – Govt. Securities, Other Approved Securities, Shares, Debentures and Bonds, Subsidiaries/ Joint Venture and Others.

- b) Cost of acquisition

Costs such as brokerage pertaining to investments, paid at the time of acquisition are charged to the profit and loss account.

- c) Basis of Classification

Securities that are held principally for resale within 90 days from the date of purchase are classified under the HFT category. Investments that the bank intends to hold till maturity are classified under the HTM category. Securities which are not classified in the above categories are classified under the AFS category.

d) Transfer between categories

Reclassification of investments from one category to the other, if done, is in accordance with the RBI guidelines. Transfer of scrips from AFS/HFT category to HTM category is made at the lower of book value or market value. In the case of transfer of securities from HTM to AFS/HFT category, the investments held under HTM at a discount are transferred to AFS/HFT category at the acquisition price and investments placed in the HTM category at a premium are transferred to AFS/HFT at the amortized cost.

Transfer of investments from AFS to HFT or vice versa is done at the book value. Depreciation carried, if any, on such investments is also transferred from one category to another.

e) Valuation of Securities:

- (i) Investments in “Held to Maturity” category are accounted for at acquisition cost or at amortized cost, if acquired at a premium. In case the cost is higher than the face value, the premium is amortized over the period remaining to maturity using Constant Yield Method. Such amortization of premium is adjusted against income under the head “Income on Investments”. Where the face value is higher than the cost, the discount is ignored and is accounted only on maturity date of the instrument.
- (ii) Securities classified as “Available for Sale” are marked to market scrip-wise on a quarterly basis other than shares which is done on a weekly basis and net depreciation in each category is provided for, while net appreciation is ignored.
- (iii) Individual scrips in “Held for Trading” category are marked to market at daily intervals and net depreciation in each category is provided for, while net appreciation is ignored.
- (iv) Treasury Bills, Commercial Papers and Certificate of Deposits are valued at carrying cost.

(v) Security receipts are valued as per the Net Asset Value (NAV) obtained from the issuing Reconstruction Company/ Securitization Company. Depreciation in each scrip is provided for while appreciation is ignored.

(vi) Profit on sale of investments in ‘Held to Maturity’ category is recognized in the Profit and Loss Account and an equivalent amount net of taxes and transfer to Statutory Reserves is appropriated to Capital Reserve.

(vii) Investments are also classified as Performing and Non Performing as per the guidelines of RBI and provisions on Non Performing investments are made as per the provisioning norms of RBI.

(viii) As per RBI circular [FMOD.MAOG. No. 116/01.01.001/2016-17, dated 10.11.2016], the bank is classifying Repo / Reverse Repo under LAF scheme in Schedule 4 [Borrowings] and Schedule 7 [Balances with banks and Money at call & short notice] respectively.

5. ADVANCES

- a) Advances have been classified as ‘Performing’ and ‘Non-performing Advances’ (NPA) in accordance with the applicable regulatory guidelines. NPAs are further classified in to Sub-standard, Doubtful and Loss assets in terms of applicable regulatory guidelines.
- b) Provision for Non Performing Advances comprising Sub-standard, Doubtful and Loss Assets is made in accordance with the RBI guidelines which prescribe minimum provision levels and encourage banks to make a higher provision based on sound commercial judgement. In respect of identified NPAs provision is recognized at borrower level on the basis of ageing of loans. The provisioning done is at or higher than the minimum rate prescribed under the RBI guidelines.
- c) The amount of advances shown in the Balance Sheet is net of provisions, interest suspense, ECGC claims received and discount on assignment transactions.

- d) Provision on Standard Assets, is maintained as per RBI guidelines. In respect of Rescheduled/ Restructured Advances, provision is made for the diminution in the fair value of restructured advances measured in present value terms as per RBI Guidelines. The said provision is reduced to arrive at net advances. In case of advances to stressed sectors, bank has recognized provision in line with RBI guidelines. These provisions are included under in Item No. IV, of Schedule 5 – Other Liabilities & Provisions.
- e) Amounts recovered against debts written off in earlier years are recognized as revenue.
- f) The sale of financial assets (including Non Performing Advances) to Reconstruction Company (RC)/ Securitisation Company (SC) are accounted as per the extant guidelines of Reserve Bank of India from time to time.
- g) Policy on Managing Currency induced credit risk: As per Credit Policy of the bank Forward exchange cover is insisted on all Foreign Currency loans of USD 2 Mio or above unless there is natural hedge by way of export/other earnings. For foreign currency loans of less than USD 2 Mio, forward exchange cover is optional to the borrower subject to furnishing of an unconditional undertaking to bear the exchange loss if any.
- h) In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure, wherever applicable and in accordance with RBI Guidelines

6. FIXED ASSETS AND DEPRECIATION

- a) Fixed Assets other than premises are carried at cost less accumulated depreciation. Cost includes cost of purchase and all directly attributable costs of bringing the asset to its working condition for its intended use.
- b) Premises are stated at revalued amount. Appreciation on revaluation of premises is credited to Revaluation Reserve. The additional depreciation on the revalued portion of buildings is charged to Profit and Loss Account and an equivalent amount is withdrawn from

Revaluation Reserve and credited to General Reserve.

- c) Subsequent expenditure incurred on fixed assets put to use is capitalized only when it represents an improvement which increases the future benefits from the existing asset beyond its previously assessed standard of performance or an extension which becomes an integral part of the asset.
- d) Depreciation on additions to fixed assets is provided on pro rata basis. No depreciation is charged on the fixed assets sold/discarded during the year, except for premises and motor vehicles which are depreciated on a pro-rata basis.
- e) The bank has adopted the revised useful life of assets as prescribed in Schedule II of the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II

Type of Fixed Asset	Useful Life Considered (Yrs)	Useful Life as per Schedule II (Yrs)	Depreciation Method
Premises	58 Yrs	60 Yrs	Written Down Value
Servers & Networks	3 Yrs	6 Yrs	Straight Line
ATMs	8 Yrs	15 Yrs	Straight Line

7. INTANGIBLE ASSETS

Accounting and amortisation of computer software are in accordance with the provisions of Accounting Standard 26 – Intangible Assets, specified under Section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014.

- a) Application Software purchased is amortised over a period of 5 years on pro rata basis under Straight Line Method.
- b) Internally Generated Application Software is accounted as an intangible asset and is amortised over a period of 5 years on pro rata basis under Straight Line Method from the date the software becomes Available for Use. If the software is still in the development phase and has not become Available for Use, no amortisation is charged to Profit & Loss Account.

8. NON BANKING ASSETS

In the case of Non Banking Assets, diminution in value, if any, is provided for.

9. EMPLOYEE BENEFITS

9.1 Short Term Employee Benefits

The undiscounted amount of short-term employee benefits which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service.

9.2 Long term Employee Benefits

- a) Defined Contribution Plan - Provident Fund and New Pension Scheme (Contributory) are the defined contribution plans of the bank. In addition to contribution for the period, shortfall, if any, in the Provident Fund Trust is charged to Profit and Loss Account of the bank.
- b) Defined Benefit Plans - Liabilities towards Gratuity, Pension and Leave benefits to employees are defined benefit obligations and are provided for on the basis of actuarial valuation made at the end of each financial year. Projected Unit Credit Method is used by the actuary for valuing the obligations in case of Pension, Gratuity and Long term Compensated Absences and other long term employee benefits. Discount rate used to arrive at the present value of estimated future cash flows is arrived at by reference to market yields on balance sheet date on government bonds of term consistent with estimated term of the obligations as per para 78 of AS 15 Employee Benefits. Actuarial Gains/Losses are immediately taken to the profit and loss account and are not deferred.

Brief description of the defined benefit plans:

- i) Pension - Pension is payable to the employees who have specifically opted for the same. For becoming eligible for pension, the employee should have served the bank for a minimum period

of 10 years in the case of retirement on superannuation and 20 years in other cases. At the time of retirement or death of the pension eligible employee, the pension trust purchases annuity from insurance company, out of the contributions made by the bank.

- ii) Gratuity - Gratuity is payable to all employees on termination of employment due to retirement, death or resignation, provided that the employee has continuously served the bank for a minimum period of 5 years.
- iii) Long term compensated absences and other long term employee benefits viz:
 - a. Privilege Leave
 - b. Leave fare concession
 - c. Sick Leave

are based on actuarial valuation at the end of the financial year

9.3 Employee Stock Options (ESOP)

The accounting for shares granted under Employee Stock Option Scheme is done as per the ICAI Guidance note on ESOP. The Bank has applied the intrinsic value method to arrive at the compensation cost of ESOP granted to the employees of the Bank. For options granted prior to listing of shares, intrinsic value is the amount by which the value of the underlying shares as determined by an independent valuer exceeds the exercise price of the options. Subsequent to listing of shares, intrinsic value is the amount by which the market price exceeds the exercise price of the options. Compensation cost so determined is amortised over the vesting period of the option granted.

10. RECOGNITION OF REVENUE AND EXPENDITURE

Revenue is recognised to the extent it is probable that the economic benefits will flow to the bank and the revenue can be reliably measured.

- a. Interest/discount on advances/bills is recognised on accrual basis except on non-performing assets in which case the income

is recognised as per prudential norms issued by RBI. Exchange, Brokerage, Commission & Rent on lockers are recognised on cash basis.

- b. Income on Investments (other than dividend on shares & mutual funds and income on non performing investments) is recognised on accrual basis. Dividend income is recognized when the right to receive payment is established.
- c. Recovery in Non Performing Assets is first appropriated towards interest and the balance, if any, towards principal, except in the case of Suit Filed Accounts, sale to Asset Reconstruction Companies and accounts under One Time Settlement where recovery is appropriated based on the court decree/terms of agreement.
- d. In the case of purchase of loans from other banks/NBFCs through direct assignment of cash flows, bank recognizes interest income on the basis of original IRR/actual collection record of the pool. The discount, if any, on such purchase is recognised in proportion to the principal received.
- e. In case of Asset Sale to ARCs, where the sales is at a price higher than the net book value (NBV), (i.e. outstanding less provision held) and consideration is received in cash, the excess provision on NPA is credited to Profit and loss account. If consideration is other than cash, the excess provision is retained. If the sale is at a price below the NBV, the shortfall is debited to Profit & Loss Account, as per the option given by RBI.
- f. Legal expenses incurred on suit filed accounts are expensed in profit and loss account as per RBI guidelines. Such amount when recovered is treated as income.

11. TAXES ON INCOME

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The impact of changes in the deferred tax assets and liabilities is recognized in the Profit and Loss Account.

Deferred tax assets are recognized and reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax asset can be realized against future profits.

12. SEGMENT INFORMATION

Bank has adopted RBI's revised guidelines on segment reporting issued in April 2007 and accordingly 4 business segments viz. Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations have been considered as reportable segments. Advances classified as corporate as per Basel III norms are grouped in Corporate/Wholesale Banking assets while all other advances are grouped as Retail Banking Assets. Deposits of ₹ 2 crore and above are classified as corporate/wholesale banking liabilities (to conform to ALM classification adopted by the bank) and all other deposits are grouped as retail banking liabilities. Deposits of borrowers classified as corporate as per Basel III norms are treated as wholesale deposits regardless of amount. For arriving at segment results, income and expenditure that cannot be directly identified with a particular segment are allocated on appropriate basis.

13. IMPAIRMENT OF ASSETS

Impairment losses, if any, on Fixed Assets (including revalued assets) are recognized in accordance with the Accounting Standard 28 'Impairment of Assets' specified under Section 133 of the Companies Act,

2013 read with Rule 7 of The Companies (Accounts) Rules, 2014 and charged to Profit and Loss Account.

14. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

- a) As per the Accounting Standard 29, 'Provisions, Contingent Liabilities and Contingent Assets', specified under Section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014 the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.
- b) Contingent assets are not recognized in the financial statements.

While computing the provision requirement pertaining to fraud accounts, adjustment is made for financial collateral eligible under "BASEL III Capital regulations -Capital charge for credit risk (standardized approach)", if available and amount so arrived at is charged fully to Profit and Loss Account, in the same quarter of detection.

15. EARNINGS PER SHARE

The bank reports basic and diluted Earnings per equity share in accordance with the Accounting Standard 20 on "Earnings per share specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. Basic Earnings per share (EPS) reported is computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period except where the results are anti-dilutive.

16. SHARE ISSUE EXPENSES

The share issue expenses are adjusted from share premium account in terms of Section 52 of the Companies Act, 2013, in cases where RBI approval is obtained.

17. NET PROFIT/LOSS

The net profit/loss disclosed in the Profit & Loss Account is after

- (i) provision for taxes
- (ii) provision for standard, restructured and non-performing assets.
- (iii) provision for depreciation on investments and
- (iv) other usual and necessary provisions.

NOTES TO ACCOUNTS

1.1 Share Capital and IPO for listing shares in stock exchanges

Pursuant to approval accorded by shareholders by way of special resolution passed in the Extraordinary General Meeting of the Bank held on March 21, 2018 and in terms of Reserve Bank of India approval vide letter DBR.PSBD.No.341/16.1.060/2018-19 dated July 12, 2018 and approval of Department of Financial Services (DFS) of the Ministry of Finance, Government of India vide letter No. F.No.26/5/2018-BOA dated October 9, 2018, the Bank, on 19.10.2018 allotted, on a partly paid up basis, an aggregate number of 1,98,32,130 Equity Shares of ₹10/- each at an issue price of ₹140/- per share (including premium of ₹130/- per share) and 6,64,63,329 Warrants compulsorily convertible into or exchangeable for Equity Shares of ₹10/- each at an issue price of ₹140/- (including premium of ₹130/- per warrant) to FIH Mauritius Investments Ltd (FIHM).

In pursuance of the above approvals, the Bank received ₹35/- per equity share upfront, aggregating to ₹69,41,24,550/- in respect of shares allotted. In respect of Warrants allotted, the Bank received ₹98/- per warrant in two tranche, aggregating to ₹6,51,34,06,242/-. Bank, as on March 31, 2019, received an amount aggregating to ₹7,20,75,30,792/- by allotting Warrants and Shares to FIH-M.

Bank, on July 5, 2019, received balance amount of ₹105/- per share aggregating to ₹2,08,23,73,650/- and accordingly, the partly paid up share were made fully paid up on July 12, 2019. In respect of warrants, Bank received balance amount of ₹42/- per warrant aggregating to ₹2,79,14,59,818/- on July 8, 2019 and accordingly 6,64,30,846 warrants were converted into equity shares on August 7, 2019. 32,483 warrants allotted on October 19, 2018 at ₹140/- per warrant and consideration received in three tranches, were forfeited on August 7, 2019 by refunding ₹42 per warrant amounting to ₹13,64,286/-, received in the last tranche and forfeited an amount of ₹98 per warrant amounting to ₹31,83,334/-received in 1st two tranches by transfer to capital reserve so as to bring the overall

investment of FIHM in the Bank within the DFS approved limit of ₹1,208 Crores.

Bank, on July 12, 2019 allotted 50,00,000 equity shares @ ₹10/- per share to CSB ESOS Trust, pursuant to the approval of the shareholders obtained, vide post ballot resolution dated May 4, 2019.

The Bank completed the Initial Public offering (IPO) of 2,10,09,067 equity shares of ₹10 each at a price of ₹195 per share aggregating to ₹409,67,68,065 comprising a fresh issue of 12,30,769 Equity Shares aggregating to ₹23,99,99,955 and an offer for sale of 1,97,78,298 Equity Shares aggregating to ₹3,85,67,68,110 by the selling shareholders. The equity shares of the Bank were listed on BSE Limited and National Stock Exchange of India Ltd. from 4th December 2019. The paid up Equity Share Capital of bank as on 31.3.2020 stands at ₹173,45,58,270 divided into 17,34,55,827 Equity Shares of ₹10/- each fully paid up and the share premium of the bank stood at ₹1791,69,62,366.74

All issue expenses, except listing fee were shared between the Bank and the selling shareholders in proportion to the equity shares offered by them, which is in accordance with the applicable law. The issue expenses including listing fee ₹2.03 Crore incurred by the Bank in the IPO, has been debited to the profit and loss account as issue expense under the head Schedule – 16 – Operating Expenses – Other Expenditure.

1.2 Investments

- a) In respect of Investments in Held to Maturity category, the amount of amortization of excess of acquisition cost over face value is ₹15.14 Crores (previous year ₹14.37 Crores) which is netted against Income on Investments (Schedule 13, Item II).
- b) Profit on sale of investments under Held to Maturity category amounting to ₹7.79 Crore (Previous Year ₹ Nil) has been taken to Profit and Loss account and an amount of ₹4.37 Crore net of tax and appropriation to Statutory Reserves has been transferred to

Capital Reserve. Further an amount of ₹3.95 Crore available in the Profit and Loss account also has been transferred to Capital Reserve towards shortfall in transfer for the year ended 31.03.2017.

- c) No appropriation is made towards Investment Fluctuation Reserve since there is no profit after transfer to Capital Reserves.
- d) Provisions for depreciation and diminution on investments in the Available for Sale category investments amounting to ₹22.98 Crores is debited to Profit & Loss account (Previous year ₹36.51 Crores).
- e) Provisions for depreciation and diminution on investments in the Held for Trading category investments amounting to ₹0.05 Crores is debited to Profit & Loss account (Previous year - Nil).
- f) During the year, the bank has transferred securities of book value amounting to ₹78.81 Crores (Previous year ₹ NIL) from Available for Sale category to Held to Maturity category. Transfer of securities from Held to Maturity category to Available for Sale category during the current year is Nil. (Previous year ₹53.21 Crores).
- g) UDAY bonds issued on conversion of advances to DISCOM companies on restructuring of advances in March 2016 which were not envisaged to be converted into SDL is ₹ NIL (Previous year ₹15.66 Crores) and provision held for ₹6.26 Crores is reversed to Profit & Loss Account (Previous year reversal – Nil).

1.3 Reconciliation

Reconciliation of inter-bank and inter-branch transactions has been completed up to 31st March 2020. Steps for elimination of outstanding entries are in progress. In the opinion of the management, since the outstanding entries to be eliminated are insignificant, no material consequential effect is anticipated.

1.4 Taxation

- I. Claims against the bank not acknowledged as debt under contingent liabilities (Schedule 12) include disputed income tax liabilities

of ₹24.47 Crore (Previous Year ₹24.41 Crore) of which ₹23.12 Crore (Previous Year ₹22.57 Crore) has been paid/adjusted. It also contains ₹0.63 Crore (Previous Year ₹5.03 Crore) disputed service tax liability of which ₹0.02 Crore (Previous Year ₹0.34 Crore) has been paid/adjusted. The above tax liability paid/adjusted are included under other assets (Schedule 11). In respect of these claims, provision for tax is not considered necessary based on various judicial decisions on such disputes. Management does not envisage any liability in respect of such disputed issues.

Provision for income tax for the year is arrived at after due consideration of the various favorable judicial decisions on certain disputed issues.

II. Option under Section 115BAA of the Income Tax Act

The Bank has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) ordinance, 2019. Accordingly, the Bank has recognised provision for Income Tax for the quarter and the year ended March 31, 2020 and re-measured its Deferred tax items, based on the rate prescribed in the aforesaid section and recognized the effect of change by revising the annual effective income tax rate. An amount of ₹7.92 Crore paid as Minimum Alternate Tax for the F.Y. 2013-14 has been charged to the Profit and Loss Account in accordance with the aforesaid section. Had the bank followed the earlier rate of tax, profit after tax for FY 20 would have been higher by ₹74.25 Crores.

1.5 Impact of Covid -19

The COVID-19 pandemic continues to spread across the globe and India, which has contributed to a significant volatility in global and Indian Financial markets and a significant decrease in the global and local economic activities. COVID-19 outbreak was declared as a global pandemic on March 11, 2020 by World Health Organisation. The Government of India had announced a series of lock-down measures on March 24, 2020 which had been extended from time to time up to May 31,

2020. The recent directions from the Government indicating calibrated and gradual withdrawal of lockdown and partial resumption of economic activities, though major economic centres still continue to be under lockdown. The extent to which the COVID-19 pandemic will impact the Bank's results will depend on future developments which are highly uncertain/ including among other things, any new information concerning the severity of the COVID-19 pandemic and action to contain its spread or mitigate its impact whether government mandated or elected by the Bank. The Bank's capital and liquidity position is strong.

In accordance with the 'COVID-19 Regulatory Package' announced by the RBI on March 27, 2020 and April 17, 2020 and the related RBI guidelines with regard to providing relief to borrowers' on account of COVID-19 pandemic whose accounts were standard as on February 29, 2020, the Bank, in accordance with the Board approved policy had offered moratorium on repayment of loan instalments and/or deferment of interest due between March 1, 2020 and May 31, 2020 including relaxation in certain parameters, to all eligible borrowers, without considering the same as restructuring. Further on May 23, 2020, RBI has permitted the Banks to extend such benefits to eligible borrowers for another three months, from June 1, 2020 to August 31, 2020. In accordance with the RBI guidelines, the Bank is required to make provision @ 10% of outstanding advances over two quarters beginning with quarter ending March 31, 2020 in respect of such borrowers whose accounts, though classified as standard as on March 31, 2020, would have become non-performing but for these benefits/relaxations extended as per RBI guidelines. The Bank, as a prudent measure, has made the entire 10% provision amounting to ₹1.63 Crore in the quarter ended 31.3.2020. The said provision of ₹1.63 Crore in respect of COVID-19 impact is

grouped under other liabilities and provisions in the Balance sheet of the Bank, as per RBI Guidelines.

I. Moratorium / Deferment extended advances

(₹ Crore)

SL No.	Advance	31.03.2020
1	SMA - 0	116.74
2	SMA - 1	70.84
3	SMA - 2	11.23
	Total	198.81

II. Out of the above ₹198.81 Crore, for advances amounting to ₹16.28 Crore asset classification benefit has been extended and an amount of ₹1.63 Crore provision has been created in respect of such accounts at the rate of 10% of the outstanding.

- Bank as a prudential measure during the year 2018-19 decided to accelerate the provision for NPA. The amount of provision for NPA including technical write off created by the bank in excess of the provisioning requirements is ₹93.36 Crore as on March 31, 2020.
- As per RBI Circular DBR. No.BP. BC.92/21.04.048/2015-16 dated April 18, 2016, in respect of provisioning pertaining to frauds, bank has the option to make the provisions over a period, not exceeding four quarters commencing from the quarter in which the fraud has been detected and debit other reserves in respect of amount remaining unprovided at the end of the financial year. However, as a prudential measure, during the year 2018-19 Bank had opted to charge the entire amount of such provisioning required to profit & loss account. During the current year also, bank continued to follow the above method and the additional charge on account of this to Profit and Loss Account in current year is ₹21.70 Crore.

2. Disclosures in terms of Reserve Bank of India Guidelines

2.1 Capital

Particulars	Basel III	
	31.03.2020	31.03.2019
i) Common Equity Tier 1 capital ratio (%)	21.79	16.03
ii) Tier 1 Capital ratio (%)	21.79	16.03
iii) Tier 2 Capital ratio (%)	0.67	0.67
iv) Total Capital ratio (CRAR) (%)	22.46	16.70
v) Percentage of the shareholding of the Government of India in public sector banks	N A	N A
vi) Amount of equity capital (including warrants) raised during the year	₹515.93 Crore	₹720.75 Crore
vii) Amount of Additional Tier 1 capital raised during the year; of which		
PNCPS:	Nil	Nil
PDI:	Nil	Nil
viii) Amount of Tier 2 capital raised during the year; of which		
Debt capital instrument:	Nil	Nil
Preference Share Capital Instruments:	Nil	Nil
[Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]		

2.2 Investments

(₹ in Crore)

Items	31.03.2020	31.03.2019
(1) Value of Investments		
(i) Gross Value of Investments	5460.80	4111.81
(a) In India	5460.80	4111.81
(b) Outside India	Nil	Nil
(ii) Provisions for Depreciation/Diminution	100.97	84.20
(a) In India	100.97	84.20
(b) Outside India	Nil	Nil
(iii) Net Value of Investments	5359.83	4027.61
(a) In India	5359.83	4027.61
(b) Outside India.	--	--
(2) Movement of provisions held towards depreciation/ diminution on investments		
(i) Opening balance	84.20	49.00
(ii) Add: Provisions made during the year	27.14	36.78
(iii) Less: Write-off/ write-back of excess provisions during the year	10.37	1.58
Closing balance	100.97	84.20

2.2.1 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 31.03.2020
Securities sold under Repo / Term Repo				
i. Government Securities	5.00	1,463.88	364.61	794.00
ii Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under Reverse Repo/ Term Reverse Repo				
i. Government Securities	7.00	937.00	183.05	280.00
ii Corporate debt securities	Nil	Nil	Nil	Nil

2.2.2 Non-SLR Investment Portfolio

i) Issuer composition of Non SLR investments

(₹ in Crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	20.85	Nil	Nil	Nil	Nil
(ii).	FIs	2.00	2.00	Nil	Nil	2.00
(iii).	Banks	374.47	193.23	Nil	Nil	Nil
(iv).	Private Corporate	1.87	1.82	Nil	Nil	0.05
(v).	Subsidiaries/ Joint Ventures	Nil	Nil	Nil	Nil	Nil
(vi).	Others* (Security Receipts, PTC and AIF)	415.98	376.63	Nil	Nil	415.98
(vii).	Provision held towards depreciation/ NPI/diminution	100.92	XXX	XXX	XXX	XXX
	Total	714.26	573.68	Nil	Nil	418.03

* Bank has, during the year made investment of ₹51.47 crore (balance as on 31.03.2020 ₹39.35 crore) in units of category II Alternative Investment Fund, which required prior approval of Reserve Bank of India as per its guidelines as it exceeded the limits prescribed. The RBI vide its communication dated April 08, 2020 constructively condoned the lapse on the part of the bank for making investment without prior approval as required by the guidelines.

ii) Non performing Non-SLR investments

(₹ in Crore)

Particulars	31.03.2020	31.03.2019
Opening balance	17.48	20.76
Additions during the year	0.00	0.00
Reductions during the year	15.66	3.28
Closing balance	1.82	17.48
Total provisions held	1.81	8.29

2.2.3 Sale and transfers to/from HTM Category:

During the year securities amounting to book value ₹78.81 Crores was transferred from Available for Sale category to Held to Maturity category. The value of sales/transfers from Held to Maturity category in 2019-20 exceeds 5 per cent of the book value of investments held in Held to Maturity category at the beginning of the year. As on 31.03.2020 the market value of investments held in Held to Maturity Category is higher than the book value

(₹ in Crore)

Market value of investments held in the HTM Category as on 31.03.2020	3084.91
Excess of book value over market value	Nil

2.3. Derivatives : Nil

2.3.1 Forward Rate Agreement/ Interest Rate Swap : Nil

2.3.2 Exchange Traded Currency and Interest Rate Derivatives : Nil

2.3.3 Disclosures on risk exposure in derivatives : Nil

2.3.4 Qualitative & Quantitative Disclosure : Not Applicable

2.4. Asset Quality

2.4.1.1 Non-Performing Asset (₹ in Crore)

Particulars	31.03.2020	31.03.2019
(i) Net NPAs to Net Advances (%)	1.91%	2.27%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	530.62	764.13
(b) Additions during the year	181.78	197.45
(c) Reductions during the year	302.97	430.96
(d) Closing balance	409.43	530.62
(iii) Movement of Net NPAs		
(a) Opening balance	240.68	416.29
(b) Additions during the year	89.16	135.12
(c) Reductions during the year	112.90	310.73
(d) Closing balance	216.94	240.68
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	286.42	344.64
(b) Provisions made during the year	92.62	275.80
(c) Write-off/ write-back of excess provisions	190.68	334.02
(d) Closing balance	188.36	286.42

2.4.1.2 Divergence in Asset Classification and Provisioning for NPAs

No divergence observed by the RBI for financial year 2018-19 in respect of bank's asset classification and provisioning under the extant prudential norms on income recognition, asset classification and provisioning.

2.4.2 Particulars of Accounts Restructured/ Rescheduled as on 31.03.2020

(Amount in Crore)

SI No	Type of Restructuring	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total									
1	Asset classification	Restructured Accounts as on April 1 2019 (opening figure)	No. of Borrower	Standard	Sub-standard	Doubtful	Loss	Total	NIL	Standard	Sub-Standard	Doubtful	Loss	Total	66	19.55	9.29	28.84	0.00	6.63	0.00	26.18	
				0	0	1	0	1															
				0	0	0	0	0															
2	Fresh Restructuring During the period	No. of Borrower	Amount	Standard	Sub-standard	Doubtful	Loss	Total	NIL	3	0.20	0.00	0.00	0.00	0.20	3	0.20	9.29	28.84	0.00	6.63	0.00	26.18
				0	0	0	0	0															
				0	0	0	0	0															
3	Upgradations to restructured standard category during the year.	No. of Borrower	Amount	Standard	Sub-standard	Doubtful	Loss	Total	NIL	0	0.00	0.00	0.00	0.00	0.00	0	0.00	0.10	0.30	0.00	0.00	0.00	0.00
				0	0	0	0	0															
				0	0	0	0	0															

SI No	Type of Restructuring		Under CDR Mechanism						Under SME Debt Restructuring Mechanism	Others						Total					
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next year.	No. of Borrower	0	0	0	0	0	0	NIL	0	0	0	0	0	0	0	0	0	0	0	
		Amount outstanding- Restructured facility	0	0	0	0	0	0		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Other facility	0	0	0	0	0	0		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Total	0	0	0	0	0	0		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Provision thereon	0	0	0	0	0	0		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Down gradations of restructured accounts during the year.(Net)	No. of Borrower	0	0	0	0	0	0	NIL	-18	18	0	0	0	-18	18	0	0	0	0	
		Amount outstanding- Restructured facility	0	0	0	0	0	0		-3.45	3.45	0.00	0.00	0.00	0.00	-3.45	3.45	0.00	0.00	0.00	0.00
		Other facility	0	0	0	0	0	0		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Total	0	0	0	0	0	0		-3.45	3.45	0.00	0.00	0.00	0.00	-3.45	3.45	0.00	0.00	0.00	0.00
		Provision thereon	0	0	0	0	0	0		-0.03	0.03	0.00	0.00	0.00	0.00	-0.03	0.03	0.00	0.00	0.00	0.00
6	Write-offs /Sale / Closed of restructured accounts during the FY.	No. of Borrower	0	0	0	0	0	0	NIL	12	0	2	0	14	12	0	2	0	14	0	
		Amount outstanding- Restructured facility	0	0	0	0	0	0		0.46	0.00	0.84	0.00	1.30	0.46	0.00	0.84	0.00	1.30	0.00	0.00
		Other facility	0	0	0	0	0	0		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Total	0	0	0	0	0	0		0.46	0.00	0.84	0.00	1.30	0.46	0.00	0.84	0.00	1.30	0.00	0.00
		Provision thereon	0	0	0	0	0	0		0.02	0.00	0.00	0.00	0.02	0.02	0.00	0.00	0.00	0.00	0.00	0.02

SI No	Type of Restructuring		Under CDR Mechanism				Under SME Debt Restructuring Mechanism	Others				Total						
7	Changes in the account balance	No. of Borrower				0												
		Amount outstanding- Restructured facility		0	0	0	0											
		Other facility		0	0	0	0											
		Total		0	0	0	0											
		Provision thereon		0	0	0	0											
8	Restructured accounts as on March 31, 2020 (closing figures*)	No. of Borrower		0	0	1	0	1	0	0	0	0	65	39	18	9	0	
		Amount outstanding- Restructured facility		0	0	0	0											
		Other facility		0	0	0	0											
		Total		0	0	0	0											
		Provision thereon		0	0	0	0											

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

Note: Out of 66 accounts disclosed above, 57 accounts amounting to ₹27.08 crore pertain to restructuring on account of natural calamities done in accordance with Master Direction by RBI (Relief Measures by Banks in areas affected by natural calamities) Directions 2018 dated October 17, 2018.

2.4.2 B Disclosures on Flexible Structuring of Existing Loans	-	Nil
2.4.2 C Disclosures on Strategic Debt Restructuring Scheme	-	Nil
2.4.2 D Disclosures on Change in Ownership outside SDR Scheme	-	Nil
2.4.2 E Disclosures on Change in Ownership of Projects under Implementation	-	Nil
2.4.2. F Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A)	-	Nil
2.4.2. G Restructured accounts under MSME - One-time restructuring on 31.03.2020		

Asset status	31.03.2020		31.03.2019	
	No of accounts	Amount (₹ in Crore)	No of accounts	Amount (₹ in Crore)
Standard	9	25.53	2	4.24
Substandard	0	0.00	2	3.42
Doubtful	0	0.00	0	0.00
Total	9	25.53	4	7.66

2.4.3. A. Details of financial assets sold to Securitization / Reconstruction Company for Asset Reconstruction
(Amount in crore)

Particulars	Current year	Previous Year
(i) No. of accounts	1	Nil
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	1.65	
(iii) Aggregate consideration	1.65	
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	
(v) Aggregate gain / loss over net book value	Nil	

2.4.3 B Book value of investments in Security receipts
(₹ in Crore)

Particulars	Backed by NPAs/ SMAs sold by the bank as underlying		Backed by NPAs/ SMA/ SMA2 sold by other banks/ financial institutions/ non-banking financial companies as underlying		Total	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Book value of investments in security receipts	194.41	211.02	---	---	194.41	211.02

2.4.3 C Ageing of investments held as Security receipts and provision held

	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
i	Book value of SRs backed by NPAs/SMAs sold by the bank as underlying	56.25	138.16	Nil
	Provision held against (i)	14.59	84.52	Nil
ii	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	Nil	Nil	Nil
	Provision held against (ii)	Nil	Nil	Nil
	Total (i+ii)	56.25	138.16	Nil

2.4.4 Details of non-performing financial assets purchased/sold from/to other banks - Nil.

2.4.5 Provisions on Standard Assets

(₹ in Crore)

Particulars	31.03.2020	31.03.2019
Provisions held towards Standard Assets (Includes provision due to Covid-19 of ₹1.63 Crore @ 10% of the outstanding)	52.52	47.24

2.5 Business Ratio

(As compiled by the management and relied upon by the auditors)

Particulars	12 Months ended 31.03.2020	12 Months ended 31.03.2019
(i) Interest Income as a percentage to Working Funds	8.15	7.70
(ii) Non-interest income as a percentage to Working Funds	1.20	0.78
(iii) Operating Profit as a percentage to Working Funds	1.51	0.08
(iv) Return on Assets (%)	0.07	(1.13)
(v) Business (Deposits plus advances) per employee	₹852.37 Lakhs	₹858.77 Lakhs
(vi) Profit /(Loss) per employee	₹0.40 Lakhs	₹(6.64) Lakhs

2.6 Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(As compiled by the management and relied upon by the auditors)

(₹ in Crore)

As on 31.03.2020	Day 1	2-7 Days	8 - 14 Days	15 to 30 days	31 days to 2 months	2 months to 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	107.36	242.73	334.87	112.14	141.94	95.93	281.85	319.74	4403.75	154.62	9595.76	15790.68
Advances	0.00	20.98	36.71	78.67	162.59	162.59	2681.90	2390.59	3978.33	844.78	1009.20	11366.35
Investments (Net)	674.12	44.96	87.01	45.61	75.80	363.92	164.76	302.24	1744.33	30.52	1826.56	5359.84
Borrowings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	163.00	631.00	0.00	0.00	794.00
Foreign Currency assets	67.74	5.69	2.72	81.14	0.00	151.48	364.85	116.58	4.50	0.00	0.00	794.70
Foreign Currency liabilities	28.02	18.08	0.45	112.37	0.00	229.87	312.98	33.36	49.00	10.15	0.42	794.70

Note: Deposits have been classified as per behavioural maturity.

2.7 Exposures

2.7.1 Exposure to Real Estate Sector

(As compiled by the management and relied upon by the auditors)

(₹ in Crore)

Category	31.03.2020	31.03.2019
a) Direct exposure		
(i) Residential Mortgages		
a) Priority sector	144.04	165.79
b) Non priority sector	195.35	216.54
(Of which staff housing loans)	(53.48)	(62.26)
c) Total	339.39	382.33
(ii) Commercial Real Estate	276.56	353.58
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
a. Residential,	Nil	Nil
b. Commercial Real Estate.	Nil	Nil
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	962.17	1068.83
Total Exposure to Real Estate Sector	1578.12	1804.74

2.7.2 Exposure to Capital Market

(As compiled by the management and relied upon by the auditors)

(₹ in Crore)

SI No	Items	31.03.2020	31.03.2019
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt and exposure to VCFs (Category II AIF registered with SEBI)	0.92	0.92
2	Advances against shares/bonds/debentures of other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity oriented mutual funds	0.04	0.25
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	0.00	0.00
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances	Nil	Nil
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	Nil	Nil
6	Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	Nil	Nil

SI No	Items	31.03.2020	31.03.2019
7	Bridge loans to companies against expected equity flows/issues	Nil	Nil
8	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil
9	Financing to stock brokers for margin trading	Nil	Nil
10	All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
	Total Exposure to Capital Market	0.96	1.17

2.7.3 Risk category wise country exposure *

(As compiled by the management and relied upon by the auditors)

(₹ in Crore)

Risk Category	Exposure (Net) as at 31.03.2020	Provision held as at 31.03.2020	Exposure (Net) as at 31.03.2019	Provision held as at 31.03.2019
Insignificant	121.05	Nil	32.94	Nil
Low	4.96	Nil	9.75	Nil
Moderately Low	0.00	Nil	0.00	Nil
Moderate	0.17	Nil	0.23	Nil
Moderately High	0.00	Nil	0.00	Nil
High	0.00	Nil	Nil	Nil
Very High	0.00	Nil	Nil	Nil
Total	126.17	Nil	42.92	Nil

* Based on categorization followed by Export Credit Guarantee Corporation of India Ltd

The bank is not having exposure to any country where the net funded exposure is 1 percent or more of the total assets and hence no provisioning is necessary for country risk, in accordance with the RBI guidelines.

2.7.4 Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the bank.

(₹ in Crore)

Name of Borrower	Exposure as on 31.03.2020			Exposure as on 31.03.2019		
	Advance Exposure	Investment Exposure	Total Exposure	Advance Exposure	Investment Exposure	Total Exposure
Nil	Nil	Nil	Nil	Nil	Nil	Nil

2.7.5 Unsecured Advances

Total amount of advances for which intangible securities such as charge over the rights, licenses, authorization etc. are available to the bank is Nil.

2.8 Miscellaneous

Amount of Provisions made for Income-tax during the year

(₹ in Crore)

	31.03.2020	31.03.2019
Provision for Income Tax (including Deferred Tax)	121.27	(102.68)

2.8.1 Disclosure of Penalties imposed by RBI

The RBI had imposed an aggregate penalty of ₹21,050/- (on various dates) during the year 2019-20 on account of discrepancies detected in the remittance of soiled notes at RBI by Currency Chests. (PY 2018-19-Penalty of ₹1,450/- for discrepancies detected in the remittance of soiled notes and ₹4 crore for delay in adherence of RBI directives.). RBI imposed another penalty of ₹20,000/- (Previous Year – Nil) for deficiencies observed during incognito visit to branch.

3. Disclosures as per Accounting Standards where RBI has issued Guidelines in respect of items for 'Notes to Accounts'**3.1 Accounting Standard 15 (Revised) –Employee Benefits****3.1.1 Disclosures for Defined Contribution Plans – Provident Fund & New Pension Scheme (Contributory)**

Contributions to employee provident fund and new pension scheme (contributory), debited to Profit & Loss Account during the year amounts to ₹7.43 Crore (Previous Year ₹6.49 Crore). There is no deficit in the Provident Fund Trust.

3.1.2 Disclosures for Defined Benefit Plans – Pension, Gratuity & Long term Compensated Absences (Privilege Leave)**3.1.2.1 Amount recognized in Balance Sheet and Profit & Loss Account**

The amount recognized in the balance sheet is as follows:

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Present Value of Obligations – Closing	166.54	197.91	44.75	59.70	22.02	25.49
Fair Value of Plan Assets - Closing	136.36	147.31	58.67	52.07	N.A.	N.A.
Funded Status	30.18	50.60	(13.92)	7.63	22.02	25.49
Net Liability (Asset) recognized in Balance Sheet (included in Item No IV- Others of Schedule 5 – Other Liabilities & Provisions)	30.18	50.60	(13.92)	7.63	22.02	25.49

The amount recognized in the statement of profit and loss account is as follows:

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Current Service Cost	28.22	37.66	2.76	2.79	9.71	9.44
Past Service Cost	N.A.	N.A.	0.00	0.00	N.A.	N.A.
Interest Cost	7.68	13.30	2.98	3.92	1.21	1.58
Expected Return on Plan Assets	(9.84)	(21.30)	(3.48)	(5.54)	N.A.	N.A.
Net Actuarial Loss/(Gain) recognized in the year	74.78	82.00	(0.38)	27.82	0.39	4.75
Total, (included in Item I. "Payment to and provisions for employees" of Schedule 16 – Operating Expenses)	100.84	111.66	1.88	28.99	11.31	15.77

3.1.2.2 Changes in Fair Value of Plan Assets

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Fair Value of Plan Assets at the beginning of the year	147.31	284.06	52.07	73.82	N.A.	N.A.
Expected Return on Plan Assets	9.84	21.30	3.48	5.54	N.A.	N.A.
Contributions	121.26	59.13	23.43	23.26	14.78	22.81
Benefits Paid	165.93	209.67	30.26	46.78	14.78	22.81
Actuarial (Loss)/Gain	23.88	(7.51)	9.95	(3.77)	N.A.	N.A.
Fair Value of Plan Assets at the end of the year	136.36	147.31	58.67	52.07	N.A.	N.A.

3.1.2.3 Changes in Present Value of Obligations

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Present Value of Obligations at the beginning of the year	197.91	282.13	59.70	75.72	25.49	32.53
Interest Cost	7.68	13.30	2.98	3.92	1.21	1.58
Current Service Cost	28.22	37.66	2.76	2.79	9.71	9.44
Past Service Cost	N.A	N.A	0.00	0.00	N.A	N.A
Benefits Paid	165.93	209.67	30.26	46.78	14.78	22.81
Actuarial Loss/(Gain)	98.66	74.49	9.57	24.05	0.39	4.75
Present Value of Obligations at the end of the year	166.54	197.91	44.75	59.70	22.02	25.49

3.1.2.4 Movement in Net Liability Recognized in Balance Sheet

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Net Liability at the beginning of the period	50.60	(1.93)	7.63	1.90	25.49	32.53
Add Expenses Charged to Profit & Loss Account	100.84	111.66	1.88	28.99	11.31	15.77
Less Contributions	121.26	59.13	23.43	23.26	14.78	22.81
Net Liability (Asset) at the end of the period	30.18	50.60	(13.92)	7.63	22.02	25.49

3.1.2.5 Actual Return on Plan Assets

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Expected Return on Plan Assets	9.84	21.30	3.48	5.54	N.A.	N.A.
Actuarial Gain (Loss)	23.88	(7.51)	9.95	(3.77)	N.A.	N.A.
Actual Return on Plan Assets	33.72	13.79	13.43	1.77	N.A.	N.A.

3.1.2.6 Actuarial Assumptions

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Discount Rate (p.a.)	6.68%	7.50%	6.68%	7.50%	6.68%	7.50%
Expected Return on Plan Assets (p.a.)	6.68%	7.50%	6.68%	7.50%	N.A	N.A
Future Salary Increases (p.a.)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Mortality	In accordance with the standard table LIC (1994-96).		In accordance with the standard table LIC (1994-96).		In accordance with the standard table LIC (1994-96).	

3.1.2.7 Investment Percentage maintained by Pension & Gratuity Trust

	Pension		Gratuity	
	As on 31.03.2020	As on 31.03.2019	As on 31.03.2020	As on 31.03.2019
Life Insurance Companies	96.22%	96.56%	94.22%	93.60%
Central Govt. Securities	--	--	--	--
State Govt. Securities	2.47%	1.75%	--	--
Other Trust Securities (PSU)/Deposits with Banks etc.	1.31%	1.69%	5.78%	6.40%
Total	100.00%	100.00%	100.00%	100.00%

3.1.2.8 Experience Adjustments**(i) Pension**

(₹ in Crore)

	March 31				
	2020	2019	2018	2017	2016
Defined Benefit Obligations	166.54	197.92	282.13	315.52	320.48
Plan Assets	136.36	147.31	284.06	286.94	287.55
Surplus/(Deficit)	(30.18)	(50.61)	1.93	(28.58)	(32.93)
Experience adjustments on Plan Liabilities	90.54	71.93	6.83	(22.11)	(44.83)
Experience Adjustments on Plan Assets	25.09	(7.21)	(8.61)	20.53	6.29

(ii) Gratuity

(₹ in Crore)

	March 31				
	2020	2019	2018	2017	2016
Defined Benefit Obligations	44.75	59.70	75.72	80.27	85.70
Plan Assets	58.67	52.07	73.82	81.14	71.06
Surplus/(Deficit)	13.92	(7.63)	(1.90)	0.87	(14.64)
Experience adjustments on Plan Liabilities	3.76	23.04	(2.13)	(4.96)	(18.77)
Experience Adjustments on Plan Assets	10.37	(3.62)	(2.27)	5.34	0.53

3.1.2.9 Expected Contributions

Bank's best estimates of contributions to the funds for FY 20-21 are as follows:

Pension: ₹100 Crore

Gratuity: ₹5 Crore

3.1.3 Other Long term Employee Benefits

As on 31.03.2020, the Bank holds provision of ₹5.12 Crore (Previous Year ₹4.34 Crore) towards provision for Sick Leave and Leave Fare Concession based on actuarial valuation.

3.2 Accounting Standard 17 – Segment Reporting

Part A: Business Segments

(As compiled by the management and relied upon by the auditors)

(₹ in Crore)

Business Segments	Treasury		Corporate/Wholesale Banking		Retail Banking		Other Banking Business		Total	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Revenue	367.38	371.05	438.83	346.36	905.20	748.55	20.09	17.48	1,731.50	1,483.43
Result	51.07	4.75	18.43	-11.46	204.15	19.67	6.92	0.41	280.58	13.36
Unallocated expenses									-	-
Operating profit									280.58	13.36
Provisions other than tax									-146.58	-313.45
Provision for Tax									-121.27	102.68
Extraordinary profit/loss									-	-
Net profit / Loss									12.72	-197.42
OTHER INFORMATION									-	-
Segment assets	5,796.27	4,316.83	4,701.59	4,317.01	8,017.70	7,846.88	5.62	6.58	18,521.17	16,487.29
Unallocated assets									343.06	423.87
Total assets									18,864.24	16,911.16
Segment liabilities	1,003.90	99.82	2,699.72	2,144.34	14,921.31	14,379.12	11.43	15.53	18,636.37	16,638.81
Unallocated liabilities									227.87	272.35
Total liabilities									18,864.24	16,911.16

The Corporate/wholesale liabilities for the year end 31.03.2020 has been arrived at using the modified definition given in RBI direction RBI/2018-19/128 DBR.DIR.BC.No.27/13.03.00/2018-19 dated February 22, 2019.

Method of allocating operating Expenses among segments has been changed. Previous year figures have been recasted to incorporate this change.

Part B: Geographic segments

The Bank has no branches outside India.

3.3 Accounting Standard 18 – Related Party disclosures**(i) Promoter**

FIH Mauritius Investments Ltd (FIH-M)

(ii) Key Management Personnel

Shri. C. VR. Rajendran, Managing Director & CEO

(iii) Relatives of Key Management Personnel

Meena Rajendran, Viswanathan Rajendran, Indhu Rajendran.

(iv) Entities in which Key Management Personnel / their relatives are interested

NSE Clearing Limited –Public Interest Director

(v) Name of the related parties - Promoter Group

Sr. No	Name of the Entity	Relationship
1.	Fairfax India Holdings Corporation	Parent Company of FIH-M
2.	Fairfax Financial Holdings Limited	Ultimate parent Company of FIH-M
3.	FIH Private Investments Ltd	Wholly owned subsidiary of FIH-M
4.	I Investments Limited	Wholly owned subsidiary of FIH-M
5.	Anchorage Infrastructure Investments Holdings Limited	Wholly owned subsidiary of FIH-M
6.	Fairbridge Capital (Mauritius) Limited ("FCML")	Affiliate of FIH-M
7.	HWIC Asia Fund	Affiliate of FIH-M
8.	O.R.E Holdings Limited	Affiliate of FIH-M
9.	FAL Corporation	Affiliate of FIH-M

(vi) Names of the other related parties wherein Promoter/Promoter Group has investment

1.	Fairchem Speciality Limited	Investee Company of FIH-M
2.	National Collateral Management Services Limited	Investee Company of FIH-M
3.	IIFL Finance Limited	Investee Company of FIH-M
4.	IIFL Securities Limited	Investee Company of FIH-M
5.	IIFL Wealth Management Limited	Investee Company of FIH-M
6.	Sanmar Engineering Services Limited	Investee Company of FIH-M
7.	Saurashtra Freight Private Limited	Investee Company of FIH-M
8.	Bangalore International Airport Limited	Investee Company of FIH-M
9.	5Paisa Capital Limited	Investee Company of FIH-M
10.	Seven Islands Shipping Limited	Investee Company of FIH-M
11.	Fairbridge Investments (Mauritius) Limited	Wholly owned subsidiary of FCML
12.	Thomas Cook (India) Limited (TCIL)	Subsidiary of FCML
13.	Fairbridge Capital Private Limited	Investee Company of FCML
14.	Quess Corp Limited	Investee company of FCML
15.	H Investments Limited	Wholly owned subsidiary of HWIC Asia Fund
16.	HW Private Investments Limited	Wholly owned subsidiary of HWIC Asia Fund
17.	Go Digit Infoworks Services Private Limited ("GDISPL")	Investee Company of FAL Corporation
18.	ANT Success Company Limited	Investee Company of FAL Corporation

(vii) Name of the other related parties

Sr. No	Name of the Entity	Relationship
1.	Finsigma Inclusive Services Pvt. Ltd(FISPL)	Common Director - Shri. Madhavan Aravamuthan

(viii) Details of the transactions with related parties

(₹ in Crore)

Items / Related party	Promoter/ Promoter Group	Investee Companies of Promoter / Promoter Group	Finsigma Inclusive Services Pvt. Ltd (FISPL)	Key management personnel	Total
Borrowings	-	-	-	-	-
Deposit	-	-	1.10	0.43	1.53
Placement of deposits	-	-	-	-	-
Advances	-	-	-	-	-
Investments	-	-	-	-	-
Non funded commitments	-	-	-	0.00	-
Leasing / HP arrangements availed	-	-	-	-	-
Leasing / HP arrangements provided	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-
Interest paid	-	-	-	0.01	0.01
Interest received	-	-	-	-	-
Income from rendering of services	-	-	2.85	-	2.85
Expense for receiving of services	-	0.07	1.16	-	1.23
Management contracts	-	-	-	-	-
Remuneration Paid	-	-	-	0.72	0.72

(ix) Name of the related party with whom transactions are proposed

Name of the Related Party	Nature of Relationship	Nature of the related Party transaction proposed
Thomas Cook (India) Limited (TCIL)	Subsidiary of Fairbridge Capital (Mauritius) Limited (FCML)	Tie-up with TCIL for issuance of Co-branded Multicurrency Pre-paid Foreign Exchange Travel Card (Refer Note No. 3 below)

Notes

1. In terms of Reserve Bank of India guidelines No.DBOD.No.BP.BC/89/21.04.018/2002-03 dated March 29, 2003 on compliance with Accounting Standards (AS) by Banks, Key Management Personnel (KMP) means the Whole Time Directors of the Bank only.
2. In accordance with paragraph 5 of AS -18, the Bank has not disclosed transactions with the related parties as they are in the nature of banker-customer relationship.
3. Though the Board has approved the Tie-up with TCIL in FY 2019, no transaction has been entered into with TCIL till 31.03.2020.
4. Tie up with FISPL is for Micro Finance business through BC model to accelerate the growth in the Agri. & Micro segments.
5. Transactions reported are the transactions with related parties defined and coming under as per AS 18 -Related Party Disclosures notified under Sections 133 of the Companies Act 2013,read together with paragraph 7 of the companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendments Rules 2016.

6. Deposit taken from FISPL represents Fixed Loss Default Guarantee (FLDG) placed in the form of Fixed Deposit with the Bank.
7. Income from service FISPL denotes Interest and processing fee received for the accounts sourced by FISPL and expenses denotes pay out made to them for service rendered.
8. Transaction with Investee Company of the promoter group denotes payment of professional fee and out of pocket expenses on a pro rata basis to IIFL Securities Limited who was appointed as BRLMs for marketing of shares in the Initial Public Offering of the Bank which includes offer for sale of shares, completed in December 2019.
9. In terms of Reserve Bank of India guidelines No.DBOD.No.BP.BC/89/21.04.018/2002-03 dated March 29, 2003 on compliance with Accounting Standards (AS) by Banks, the Bank is not required to report related party transactions where there is only one related party in the each category. However, the Bank has opted to disclose related party transactions though there is only one related party in each category, henceforth.

3.4 Accounting Standard 22 – Accounting for Taxes on Income

Net Deferred Tax Asset as on 31.03.2020, computed in compliance with the Accounting Standard 22 on Accounting for Taxes on Income, amounts to ₹170.78Crore, which is included in Item No.6 of Schedule 11-Other Assets.

Components of Net Deferred Tax Asset as on 31.03.2020 are as follows:

(₹ in Crore)

	31.03.2020	31.03.2019
Deferred Tax Asset		
Provision for Employee Benefits	6.76	13.70
Provision for Standard Assets	13.22	16.51
Provision for Bad & doubtful debts	19.40	57.85
Carry Forward Loss	137.23	204.54
Others	3.75	4.15
Total Deferred Tax Asset	180.36	296.75
Deferred Tax Liability		
Depreciation on Fixed Assets	3.29	4.31
Special Reserve u/s 36 (1)(viii)	6.29	8.30
Total Deferred Tax Liability	9.58	12.61
Net Deferred Tax Asset	170.78	284.14

Bank has availed the option of lower tax rate available under section 115BAA of the Income Tax Act, 1961 as per Finance Act 2020. Accordingly the component of the Deferred Tax items have been measured at the currently applicable rate of 25.168%.

3.5 Accounting Standard 5 – Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies – Nil

3.6 Accounting Standard 9 – Revenue Recognition

Income on certain items are recognized on cash basis the effect of which on the financial statements are not considered to be material.

3.7 Accounting Standard 21 – Consolidated Financial Statements (CFS), Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements, Accounting Standard 24 - Discontinuing Operations - NIL

3.8 Accounting Standard 25 – Interim Financial Reporting

Bank has complied with the disclosures in connection with the half yearly / quarterly review prescribed by RBI / other regulators.

4 Other Accounting Standards

4.1 Accounting Standard 10 – Property, Plant & Equipment

i) Disclosure related to revaluation of land and building owned by the bank.

- The effective date of the revaluation - 31.03.2016
- Whether an independent valuer was involved - Land and building was valued by two independent valuers. Lower of the value arrived by the valuers is taken as the revalued amount.
- The methods and significant assumptions applied in estimating fair values of the items;

Asset	Details	Valuer 1	Valuer 2
Building	Method	Plinth area rates of CPWD	Plinth area method applicable to the type of structure, specification, services, amenities
	Depreciation	Based on the present condition and age of building.	Based on the age, condition and maintenance of the building
	Valuation	Plinth area rates of previous valuation taken as base rate	Composite market rate
Land	Method	Based on local enquiries, transactions in recent, past and valuers best of judgement	Based on location, level/shape/extent of the land, infrastructure /civic amenities availability, width of the abutting road, water potentialty, etc.
	Valuation	Present market value	Prevailing market rate based on the above

- The extent to which fair values of the items were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques - Fair value as explained in item (c) above
- The revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders

Revaluation surplus as on 31.03.2020 : ₹156.22 Crore

Change for the period : ₹1.61 Crore (transferred from Revaluation Reserve to General Reserves)

Bank had demolished one of its premises during the year and the amount standing in Revaluation Reserve relating to that asset ₹0.18 crore (included in above) has been transferred to General Reserve as per para 44 of the standard.

4.2 Accounting Standard 19 – Leases

Operating leases primarily comprise office premises, which are renewable at the option of the Bank.

i. Liability for Premises taken on Non-Cancellable operating lease are given below: (₹ in Crore)

Particulars	31.03.2020
Not later than 1 year	3.35
Later than 1 year and not later than 5 years	3.82
Later than 5 years	-
Total	7.17

- Amount of lease payments recognised in the P&L Account for operating leases is ₹36.26 crore (Previous Year ₹33.87 Crore)

4.3 Accounting Standard 20 – Earnings per Share

Particulars	2019-20	2018-19
EPS-Basic /Diluted	₹0.88	₹(23.73)
Amount used as numerator- Profit / (Loss)after Tax (in crore)	₹12.72	(197.42)
Nominal value per Equity Share	₹10	₹10
Weighted Average Number of Equity Shares used as denominator	14,38,60,623	8,31,89,801

4.4 Accounting Standard 26 – Intangible Assets

The bank has complied with AS 26 (Intangible Assets) and the disclosures required under the Standard are as follows:
(₹ in Crore)

	31.03.2020	31.03.2019
a) Acquired Application Software		
Opening Balance at cost	26.69	20.85
Add Additions during the year	16.39	5.84
Less Disposals during the year	Nil	0.00
Less Amortisation to date	21.59	15.68
Net Carrying Amount	21.49	11.01
b) Internally Generated Software		
Opening Balance at cost	16.51	14.66
Add Additions during the year	0.80	1.85
Less Disposals during the year	Nil	Nil
Less Amortisation to date	13.59	12.29
Net Carrying Amount	3.72	4.22
Total Carrying Amount	25.21	15.23

4.5 Accounting Standard 28 - Impairment of Assets

In the opinion of the banks' management, there is no material impairment to the fixed assets as at 31.03.2020 requiring recognition in terms of Accounting Standard 28 – Impairment of Assets.

4.6 Accounting Standard 29- Provisions, Contingent Liabilities and Contingent Assets

Movements in significant provision heads have been disclosed at appropriate places in the Notes forming part of the accounts.

4.6.1 Description of Contingent Liabilities

a) Claims against the bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by Income tax and other statutory authorities and disputed by the bank.

b) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, (currency swaps, Forward exchange contracts and currency futures) on its own account and forward exchange contracts for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate.

c) Guarantee given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligation.

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items for which the bank is contingently liable

Includes income tax/service tax appeals filed by the bank, capital commitments and amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF).

f) The Bank's pending litigations comprise of claims against the Bank by the clients and proceedings pending with Income Tax Authorities. The Bank has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Bank does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

Refer schedule 12 for amounts relating to contingent liability.

5. Additional Disclosures as per RBI Guidelines

5.1 Details of provisions and contingencies debited in Profit and Loss Account during the Year

(₹ in Crore)

		31.03.2020	31.03.2019
a	Provisions towards NPA/write offs	121.16	261.72
b	Depreciation and write off of investments	20.39	35.25
c	Provision for Income tax (Including Deferred Tax)	121.27	(102.68)
d	Provision for Standard Assets*	5.28	12.92
e	Provision for diminution on Restructured Advances	(0.03)	0.21
f	Other provisions	(0.22)	3.35
	Total	267.85	210.77

* Includes higher provision due to Covid-19 of ₹1.63 Crore @10% of the outstanding.

5.2 Floating Provisions

a) Opening Balance in floating provisions account	Nil
b) Quantum of floating provisions made in the accounting year	Nil
c) Purpose & amount of draw down made during the accounting year	Nil
d) Closing balance in floating provisions account	Nil

5.3 Draw Down from Reserves –

The Bank has not drawn any amount from Reserves.

5.4 Disclosure of complaints

A. Customer Complaints (Other than ATM)

	31.03.2020	31.03.2019
a) No. of complaints pending at the beginning of the year	30	25
b) No. of complaints received during the year	4221	445
c) No. of complaints redressed during the year	4204	440
d) No. of complaints pending at the end of the year	47	30

B. ATM Complaints

	31.03.2020	31.03.2019
a) No. of ATMs complaints pending at the beginning of the year	Nil	Nil
b) No. of ATMs complaints received during the year	16618	22892
c) No. of ATMs complaints redressed during the year	16618	22892
d) No. of ATMs complaints pending at the end of the year	Nil	Nil

C. Awards passed by the Banking Ombudsman

	31.03.2020	31.03.2019
a) No. of unimplemented Awards at the beginning of the year	Nil	Nil
b) No. of Awards passed by the Banking Ombudsmen during the year	1	Nil
c) No. of Awards implemented during the year	1	Nil
d) No. of unimplemented Awards at the end of the year	Nil	Nil

5.5 Disclosure of Letter of Comforts (LOCs) issued by banks

Not applicable since the bank has no subsidiaries.

5.6 Provisioning Coverage Ratio

	As on 31.03.2020	As on 31.03.2019
Provisioning Coverage Ratio	80.02%	78.16%

5.7 Income from Bancassurance

(₹ in Crore)

Sl.No.	Nature of Income	12 months ended 31.03.2020	12 months ended 31.03.2019
1.	From Selling Life Insurance Policies	11.18	9.35
	i. Traditional	10.67	
	ii. Term	0.41	
	iii. ULIP	0.10	
2.	From Selling Non Life Insurance Policies	0.24	0.27
	i. Fire	0.13	
	ii. Marine	0.00	
	iii. Others	0.11	
3.	From Selling Mutual Fund Products	0.00	0.00
4.	Others	Nil	Nil
5.	Total	11.42	9.62

5.8 Concentration of Deposits, Advances, Exposures and NPAs**5.8.1 Concentration of Deposits**

	As on 31.03.2020	As on 31.03.2019
Total Deposits of twenty largest depositors (₹ in Crore)	1122.53	1036.43
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	7.11%	6.85%

5.8.2 Concentration of Advances

	As on 31.03.2020	As on 31.03.2019
Total Advances of twenty largest borrowers (₹ in Crore)	1668.15	1619.67
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	14.43%	13.50%

5.8.3 Concentration of Exposures

	As on 31.03.2020	As on 31.03.2019
Total Exposures to twenty largest borrowers/customers (₹ in Crore)	1901.35	1681.06
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	13.45%	13.53%

5.8.4 Concentration of NPAs

(₹ in Crore)

	As on 31.03.2020	As on 31.03.2019
Total Exposures to top four NPA Accounts	74.38	35.58

5.9 Sector-wise advances

(As compiled by the management and relied upon by the auditors)

(Amount in Crore)

Priority Sector	Outstanding Total Advances	Gross NPA	Gross NPA (%)
Agriculture and allied activities	2298.40	48.19	2.10
Advances to industries sector eligible as priority sector lending	490.57	61.10	12.46
Services	860.83	132.19	15.36
Personal loans	305.64	7.19	2.35
Sub-total(A)	3955.45	248.67	6.29
Non Priority Sector			
Agriculture and allied activities	4.95	0.30	6.12
Industry	526.96	2.20	0.42
Services	2832.04	81.04	2.86
Personal loans	4239.69	77.22	1.82
Sub-total(B)	7603.64	160.76	2.11
Total (A+B)	11559.09	409.43	3.54

5.10 Movement of NPA

(₹ in Crore)

Particulars	2019-20	2018-19
Opening Balance of Gross NPA	530.62	764.13
Additions (Fresh NPAs) during the year	181.78	197.45
Sub-total (A)	712.40	961.58
Less:-		
(i) Upgradations	19.50	33.20
(ii) Recoveries (excluding recoveries made from upgraded accounts)	85.20	97.75
(iii) Technical/ Prudential Write-offs	183.91	279.76
(iv) Write-offs other than those under (iii) above	14.36	20.25
Sub-total (B)	302.97	430.96
Closing balance of Gross NPA (A – B)	409.43	530.62

5.11 Movement of technical write offs and recoveries:

(₹ in Crore)

Particulars	2019-20	2018-19
Opening balance of technical/prudential written off accounts	571.15	327.20
Add: Technical/Prudential write-offs during the year	205.57	279.76
Sub-total(A)	776.72	606.96
Less-Recoveries/ write off made from previously technical/Prudential written offs accounts during the year (including sale to ARCs)(B)(1)	100.36	35.81
Closing balance (A-B)	676.36	571.15

5.12 Overseas Assets, NPAs and Revenue

(₹ in Crore)

Particulars	31.03.2020	31.03.2019
Total Assets	104.96	10.42
Total NPAs	Nil	Nil
Total Revenues	1.98	0.98

5.13 Off-balance Sheet SPVs sponsored

(which are required to be consolidated as per accounting norms)

:

Nil

5.14 Disclosure on Remuneration

Qualitative Disclosures	(a)	Information relating to the composition and mandate of the Nomination & Remuneration Committee. <p>(i) Composition</p> <p>The Nomination & Remuneration Committee of the Board comprises of majority of independent directors.</p> <p>(ii) Function and mandate</p> <p>The Nomination & Remuneration Committee of the Board inter alia, oversee the framing, review and implementation of compensation policy of the Bank including ESOS of the bank on behalf of the Board.</p> <p>The Committee should ensure that:-</p> <ul style="list-style-type: none"> the cost/income ratio of the bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio; the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the bank successfully; relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and remuneration to directors, Material Risk Takers (MRTs), key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Bank and its goals.
	(b)	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy. <p>(i) Process</p> <p>The Nomination & Remuneration Committee works in close co-ordination with the Risk Management Committee of the Board to review the compensation practices every year in order to achieve effective alignment between remuneration and risks. The Nomination & Remuneration Committee will study the business and industry environment, analyze and categorize the risks and streamline the components of the compensation plan like proportion of the total variable compensation to be paid to MD & CEO, WTD's Material Risk Takers (MRTs) and Senior executives to ensure financial stability of the organization.</p>

Qualitative Disclosures	<p>(b) (ii) Authority to invoke Malus / clawback arrangement</p> <p>The Nomination & Remuneration Committee of the Board also has the authority to ascertain whether the decision taken by the MD& CEO, Material Risk Takers (MRTs), WTD, Senior executives/ officers (Non IBA Package) have brought forth a negative contribution to the Bank.</p> <p>The deferred compensation should be subject to malus/clawback arrangements in the event of subdued or negative financial performance of the bank and/or the relevant line of business in any year. The Committee has vested with the powers to invoke the malus/clawback arrangement, after taking into account relevant statutory and regulatory stipulations as applicable.</p> <p>(iii) Objectives</p> <p>The objectives of the remuneration policy are four fold:</p> <ul style="list-style-type: none"> • To align compensation with prudent risk taken. • To ensure effective governance of the compensation in the organization. • To ensure effective supervisory oversight and stakeholder engagement in compensation. • To attract and retain talent. <p>The policy should cover all aspects of the compensation structure such as fixed pay, perquisites, performance bonus, guaranteed bonus (joining/sign-on bonus), severance package, variable pay including share-linked instruments e.g. Employee Stock Option Plan (ESOPs), pension plan, gratuity, etc., taking into account the applicable Guidelines.</p> <p>(iv) Key features</p> <ul style="list-style-type: none"> • To actively oversee the compensation systems design and operation. • To monitor and review the compensation system to ensure that the system operates as intended. • Staff engaged in financial and risk control must be independent, have appropriate authority, and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the firm. • Supervisory review of compensation practices must be rigorous and sustained and deficiencies must be addressed promptly with supervisory action. • Bank shall disclose clear, comprehensive and timely information about their compensation practices to facilitate constructive engagement by all stakeholders.
	<p>(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. (As per RBI guidelines on compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function staff dated 04.11.2019)</p> <p>(i) <u>Compensation structure- prudent risk taking</u></p> <p>The compensation structure may be fixed shall align with prudent risk taking, after ensuring the following :-</p> <ul style="list-style-type: none"> • Compensation must be adjusted for all types of risks. • Compensation outcomes must be symmetric with risk outcomes. • Compensation payout schedules must be sensitive to the time horizon of risks. • The mix of cash, equity and other forms of compensation must be consistent with risk alignment.

	<p>(c) A wide variety of measures of credit, market and liquidity risks may be used for implementation of risk adjustment. The risk adjustment methods should preferably have both quantitative and judgmental elements.</p> <p>For the purpose of effectively aligning compensation structure with risk outcomes, the functionaries in the institution are arranged under the following four categories.</p> <ol style="list-style-type: none"> 1. Managing Director & CEO and /Material Risk Takers (MRTs) 2. Senior Executives (Risk control and compliance staff) -Non IBA Package 3. Senior / Other Officers - Non IBA Package 4. Other officers and staff -On IBA package <p><u>(ii) Malus / Clawback Arrangement/Compensation Recovery</u></p> <p>A Malus /clawback arrangement or a compensation recovery is provided in the policy in the case of MD & CEO, WTD's, MRTs and Senior executives/ officers (Non IBA Package).</p> <p>The deferred compensation should be subject to malus/clawback arrangements in the event of subdued or negative financial performance of the bank and/or the relevant line of business in any year. The Committee has vested with the powers to invoke the malus/clawback arrangement, after taking into account relevant statutory and regulatory stipulations as applicable.</p> <p>A malus arrangement permits the bank to prevent vesting of all or part of the deferred remuneration, but does not reverse vesting after it has already occurred.</p> <p>A clawback is a contractual agreement between the employee and the bank whereby the employee agrees to return previously paid or vested remuneration to the bank, under certain circumstances.</p> <p>Criteria for the application of malus and clawback, also specify a period during which malus and/or clawback can be applied, covering at least deferral and retention periods.</p> <p><u>(iii) Limit on variable pay</u></p> <ol style="list-style-type: none"> 1. Managing Director & CEO and/Material Risk Takers (MRTs) As per the policy, Variable pay is at least 50 % of the fixed pay in a year and up to a maximum of 300 % of the fixed pay 2. Other officers/employees <p>Variable pay may be decided by the Board or Board delegated authorities from time to time during the financial years subject to any regulatory caps that are prevalent. Bank may consider and apply the criteria as applicable to WTD/MD& CEO/MRTs in this regard</p> <p>As per the policy, the Bank may fix the variable pay for achievement against business parameters. Within this ceiling, at higher levels of responsibility, the proportion of variable pay should be higher. The variable pay could be in cash, or share linked instruments or a mix of both.</p> <p><u>(iv) Severance pay and guaranteed bonus</u></p> <p>As per the policy, severance pay (other than gratuity or terminal entitlements or as entitled by statute) is not paid to any official of the organization except in those cases where it is mandatory by statute.</p> <p>Guaranteed bonus (joining/sign on bonus) shall only occur in the context of hiring new staff and be limited to first year. Further, guaranteed bonus should be in the form of share-linked instruments only since payments in cash upfront would create perverse incentives. Such bonus will neither be considered part of fixed pay nor part of variable pay.</p>
--	--

	<p><u>(v) Hedging</u></p> <p>As per the policy, no compensation scheme or insurance facility would be provided by the Bank to employees to hedge their compensation structure to offset the risk alignment mechanism (deferral pay and claw back arrangements) embedded in their compensation arrangement.</p> <p><u>(vi) Committees to mitigate risks caused by an individual decision</u></p> <p>In order to further balance the impact of market, credit and other risks caused to the organization by an individual decision taken by a senior level executive, MD & CEO or a whole time director, the bank, as a promoted practice, has constituted various committees to take decisions on various aspects.</p> <p>Credit limits are sanctioned by committees at different levels.</p> <p>Investment decisions of the Bank are taken and monitored by Treasury & Investment Management Committee and there is an upper limit cut in treasury dealings where individual decisions can be taken.</p> <p>Interest rates on Asset and liability products for different buckets are decided and monitored by the ALCO. Banks' exposure to liquidity risk are also monitored by ALCO.</p> <p><u>(vii) Compensation of risk control staff</u></p> <p>Members of staff engaged in financial and risk control, including internal audit should be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the bank.</p> <p>The mix of fixed and variable compensation for control function personnel should be weighted in favour of fixed compensation. The requirement of minimum 50% of total compensation to be paid in the form of variable pay will not be applicable for this category of staff. However, a reasonable proportion of compensation has to be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous.</p>
	<p><u>(d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.</u></p> <p><u>(i) Compensation of MD & CEO, whole time directors, Material Risk Takers (MRTs), Risk control and compliance staff and senior executives (Non IBA), performance linkage</u></p> <p>As per the policy, the compensation paid out to the referred functionaries is divided into two components</p> <ol style="list-style-type: none"> 1. The fixed compensation is determined based on the industry standards, the exposure, skill sets, talent and qualification attained by the official over his/her career span subject to adherence with statutory requirements. All the fixed items of compensation, including the perquisites, will be treated as part of fixed pay. All perquisites that are reimbursable should also be included in the fixed pay so long as there are monetary ceilings on these reimbursements. Contributions towards superannuation/retiral benefits will be treated as part of fixed pay. 2. The variable compensation is fixed based on performance and responsibility in the Bank. Variable pay should be paid on the basis of individual, business-unit and firm-wide measures that adequately measure performance. The Bank's performance is based on the various financial indicators like revenue earned, cost deployed, profit earned, assets quality, owners' wealth creation, compliance & governance and misconduct risk, divergence in bank's provisioning for Non-Performing Assets and other intangible factors like leadership and employee development. Variable pay is paid purely based on performance. 3. The variable pay can be in the form of share-linked instruments, or a mix of cash and share-linked instruments. There should be proper balance between the cash and share linked components in the variable pay. Only in cases where the compensation by way of share-linked instruments is not permitted by law/regulations, the entire variable pay can be in cash. Cash-linked Stock Appreciation Rights (CSARs) are also to be treated as share-linked instruments.

	<p>(d) Approval from Reserve Bank of India is to be obtained to decide compensation for MD & CEO/ whole time directors. The payment of compensation also requires approval of the shareholders of the Bank in the General Meeting pursuant to the Bank's Articles of Association read with the Section 197 of the Companies Act, 2013.</p> <p>Grant of share-linked instruments is also subject to approval of the respective scheme by the shareholders of the Bank.</p> <p>With respect to Risk control and compliance staff, the requirement of minimum 50% of total compensation to be paid in the form of variable pay will not be applicable for this category of staff. However, a reasonable proportion of compensation has to be in the form of variable pay, so that exercising the options of malus and/or claw-back, when warranted, is not rendered infructuous.</p> <p><u>(ii) Compensation paid to Other Officers and staff members on IBA package</u></p> <p>The compensation paid to other officials that include Award staff, Officers coming under Scale I to III and Senior executives coming under Scale IV to VII is fixed based on the periodic industry level settlements with Indian Banks Association from time to time. However it is the discretion of the bank either to continue with the existing compensation structure prevailing under IBA scheme or modify the structure partially or fully on need base or discontinue the existing structure in Toto and switch over to different structure which is prevailing in banking industry by keeping in view, various parameters like industry level, peer group status, burden on the bank, etc. It is prerogative of the bank either to utilize the service of IBA in matter of structuring compensation or device the compensation structure on its own based on the prevailing practice in the banking industry.</p> <p>The variable compensation paid to functionaries is based on the Performance/Target Linked incentive scheme which has been formulated on the basis of performance parameters. The ESOP scheme may be extended to the employees referred herein and form part of the overall performance management program at the discretion of the Board. However, the grant of stock option is as per CSB Employees Stock Option Scheme.</p>
	<p>(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.</p> <p><u>(i) Deferred compensation and Performance Linkage (Non-IBA)</u></p> <p>In case of deferral arrangements of variable pay to MD & CEO, WTD's, Material Risk Takers (MRTs), Senior/other executives (Non IBA Package), the deferral period should be a minimum of three years. This would be applicable to both the cash and non-cash components of the variable pay.</p> <p>Deferred remuneration should either vest fully at the end of the deferral period or be spread out over the course of the deferral period. The first such vesting should be not before one year from the commencement of the deferral period. The vesting should be no faster than on a pro rata basis. Additionally, vesting should not take place more frequently than on a yearly basis to ensure a proper assessment of risks before the application of ex post adjustments. Vesting should not be frontloaded. Bank uses Black-Scholes model to arrive fair value of the share-linked instruments, on the date of grant. Bank will follow the applicable accounting policies specified in regulation 15 of the SEBI (Share Based Employee Benefits) Regulations, 2014 and other relevant guidelines for adjusting deferred remuneration.</p> <p><u>(ii) Claw-back and deferral arrangements</u></p> <p>The provisions of Malus/claw-back and deferral arrangements applicable to the referred functionaries (all Non IBA Package) are subject to relevant statutory and regulatory stipulations as applicable.</p>

	<p>(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.</p> <p>Subject to the policy, Bank uses an optimum mix of cash and share-linked instruments to decide variable compensation structure of MD & CEO /WTD, Material Risk Takers (MRTs), and senior executives on Non – IBA package. This is done to align the compensation of senior staff with their performance, risk and responsibility taken in higher assignments. The grant of different forms of variable as stated above is subject to relevant statutory and regulatory stipulations as applicable.</p> <p>There should be proper balance between the cash and share linked components in the variable pay. In case variable pay is up to 200% of the fixed pay, a minimum of 50% of the variable pay; and in case variable pay is above 200%, a minimum of 67% of the variable pay should be via non-cash instruments. Only in cases where the compensation by way of share-linked instruments is not permitted by law/regulations, the entire variable pay can be in cash. Cash-linked Stock Appreciation Rights (CSARs) are also to be treated as share-linked instruments.</p> <p>The Officers in Scale I-VII as well as Award staff come under the purview of IBA package that is as per the Industry wide settlements. The variable compensation paid to functionaries is based on the Target/ Performance Linked incentive scheme which has been formulated on the basis of performance parameters as may be prescribed from time to time. The ESOP scheme may be extended to the employees referred herein and form part of the overall performance management program at the discretion of the Board. However, the grant of stock option is as per CSB Employees Stock Option Scheme.</p>
--	---

			Current Year (FY 2019-20)	Previous Year (FY 2018-19)
Quantitative Disclosures (The quantitative disclosures should only cover Whole Time Directors/ Chief Executive Officer/ Material Risk Takers)	(g)	Number of meetings held by the Nomination & Remuneration Committee during the financial year and remuneration paid to its members.	13 ₹3,70,000	10 ₹2,60,000
	(h)	(i) Number of employees having received a variable remuneration award during the financial year.	Nil*	Nil
		(ii) Number and total amount of sign-on/ joining bonus made during the financial year.	Nil	Nil
		(iii) Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil
	(i)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Nil	Nil
		(ii) Total amount of deferred remuneration paid out in the financial year.	Nil	Nil
	(j)	Breakdown of amount of remuneration awards for the year to show fixed and variable, deferred and non-deferred (on payment basis).	₹72,00,000 (Fixed)*®	₹81,60,000 (Fixed)*#
			Nil* (Variable)	Nil (Variable)
			Nil (Deferred & Non - Deferred)	Nil (Deferred & Non - Deferred)
	(k)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Nil	Nil
		(ii) Total amount of reductions during the financial year due to ex- post explicit adjustments.	Nil	Nil
		(iii) Total amount of reductions during the year due to ex- post implicit adjustments.	Nil	Nil

			Current Year (FY 2019-20)	Previous Year (FY 2018-19)
Quantitative Disclosures (The quantitative disclosures should only cover Whole Time Directors/ Chief Executive Officer/ Material Risk Takers)	(l)	Number of MRTs identified	1	NA
	(m)	(i) Number of cases where malus has been exercised	NIL	NA
		(ii) Number of cases where clawback has been exercised	NIL	NA
		(iii) Number of cases where both malus and clawback have been exercised	NIL	NA
	(n)	The mean pay for the bank as a whole (excluding sub staff) and the deviation of the pay of each of its WTDs from the mean pay	12.61	NA

^ The Bank, on May 4, 2020, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 for payment of a variable pay to the tune of ₹45 lac to Shri. C.VR. Rajendran, Managing Director & CEO, for the period from April 1, 2018 to March 31, 2019, which is being 60 % of the gross annual salary for the said period, subject to malus arrangements as per RBI guidelines dated January 13, 2012 on Compensation of Whole Time Directors/ Chief Executive Officers/ Risk Takers and Control Function staff, etc.

\$ Nomination & Remuneration Committee of the Board accorded in-principle approval for grant of 34,70,000 stock options @ ₹75 per option to Shri. C. VR. Rajendran, Managing Director & CEO of the Bank as performance grant for the period from December 9, 2016 to December 8, 2019 under CSB Employee Stock Option Scheme 2019. In-principle approval accorded by the Committee is subject to the prior approval of Reserve Bank of India in terms of Section 35 B of the Banking Regulation Act, 1949 and other requisite approvals and hence the actual grant of options is to be made post receipt of said approvals only.

* Fixed remuneration includes salary, consolidated benefit allowance, residential accommodation, Leave travel concession and Bank's contributions towards Provident fund for the FY 2018-19. For the FY 2019-20, the components remain the same excluding the Leave travel concession.

@ The Bank, on May 4, 2020, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 to revise fixed pay of Shri. C.VR. Rajendran, Managing Director & CEO from the present limit of ₹75 lac p.a., to ₹200 lac p.a., with effect from January 10, 2020.

5.15 Disclosures relating to Securitisation

– Not applicable to the Bank at this stage.

5.16 Credit Default Swaps

– Nil

5.17 Intra-Group Exposures

– NA

5.18 Transfers to Depositor Education and Awareness Fund (DEAF)

Unclaimed liabilities where amount due has been transferred to DEAF is reflected as "Contingent Liability - Others, items for which the bank is contingently liable" under Schedule 12 of the financial statements.

(₹ in Crore)

Particulars	31.03.2020	31.03.2019
Opening balance of amounts transferred to DEAF	42.71	35.86
Add : Amounts transferred to DEAF during the year	5.80	7.38
Less : Amounts reimbursed by DEAF towards claims	0.35	0.53
Closing balance of amounts transferred to DEAF	48.16	42.71

5.19 Unhedged Foreign Currency Exposure

(A) Provisioning

In terms of RBI Circular DBOD No.BP.BC.85/21.06.200/2013-14 dated 15th January 2014 and subsequent clarification vide circular DBOD No.BP.BC.116/21.06.200/2013-14 dated 3rd June 2014, based on the available data, available financial statements and declarations from borrowers wherever received, the bank is holding a provision of ₹0.31Crore (Previous Year ₹0.16Crore) towards Unhedged Foreign Currency Exposures.

(B) Capital Held

In terms of the aforementioned circulars, no additional capital is held towards unhedged foreign currency exposures.
(Previous Year Nil)

6 Liquidity Coverage Ratio

(As compiled by the management and relied upon by the auditors)

a) Quantitative Disclosures

(₹ in crore)

		Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets		
1	Total High Quality Liquid Assets (HQLA)		3325.97
	Cash Outflows		
2	Retail deposits and deposits from small business customers, of which:	11790.73	1171.40
(i)	Stable deposits	153.37	7.67
(ii)	Less stable deposits	11637.36	1163.74
3	Unsecured wholesale funding, of which:	1280.84	362.11
(i)	Operational deposits (all counterparties)	0.00	0.00
(ii)	Non-operational deposits (all counterparties)	1280.84	362.11
(iii)	Unsecured debt	0.00	0.00
4	Secured wholesale funding	306.76	0.00
5	Additional requirements, of which	601.38	77.28
(i)	Outflows related to derivative exposures and other collateral requirements	0.00	0.00
(ii)	outflows related to loss of funding on debt products	0.00	0.00
(iii)	Credit and liquidity facilities	601.38	77.28
6	Other contractual funding obligations	0.00	0.00
7	Other contingent funding obligations	236.12	7.08
8	TOTAL CASH OUTFLOWS		1617.87
	Cash Inflows		
9	Secured Lending (e.g. reverse repos)	167.60	0.00
10	Inflows from fully performing exposures	557.51	284.32
11	Other cash inflows	0.00	0.00
12	TOTAL CASH INFLOWS	725.11	284.32
13	TOTAL HQLA		3325.97
14	TOTAL NET CASH OUTFLOWS		1333.55
15	LIQUIDITY COVERAGE RATIO (%)		249.41%

b) Qualitative disclosures

(i) Main drivers of LCR and evolution of contribution of inputs

The Liquidity Coverage Ratio (LCR) standard aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 days' time horizon under a significantly severe liquidity stress scenario, by which time it is assumed that proper corrective actions can be taken. The LCR position depends upon the level of High Quality Liquid Assets (HQLA) and level of inflows and outflows in 30 days stress horizon computed as per the RBI guidelines in this regard.

(ii) Intra period changes

The intra period changes are mainly on account of changes in unencumbered excess SLR positions.

(iii) The composition of High Quality Liquid Assets (HQLA)

Banks' High Quality Liquid Assets consists of the following

- i. Cash
- ii. Balance with RBI in excess of CRR requirement
- iii. Unencumbered portion of investments in Government securities in excess of SLR requirement.
- iv. Investments in Government securities held within the mandatory SLR requirement, to the extent allowed by RBI under Marginal Standing facility(MSF)
- v. Investment in Government Securities held up to 14.50% of Net Demand and Time Liabilities (NDTL) permissible under Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR).

(iv) Concentration of funding

Banks' concentration from top 20 depositors stood at 7.11% of total deposits as on 31st March 2020.

(v) Derivative exposure and potential collateral calls

Bank does not have derivative business except forward contracts.

(vi) Currency Mismatch in LCR

The bank does not have aggregate liabilities denominated in any foreign currency of 5 per cent or more of the bank's total liabilities and hence LCR in other currencies is not computed.

(vii) Centralisation of liquidity management

Banks' liquidity management and monitoring is centralized. Bank has a Board adopted liquidity management policy in line with RBI regulation and guidelines.

(viii) Other Inflows and outflows in the LCR calculation that are not captured in the template but which the bank considers relevant for its liquidity profile

Inflows and outflows are comprehensively captured in LCR template

7. Employee Stock Option Scheme (ESOS)-2013

The shareholders of the Bank in the 92nd Annual General Meeting of the Bank held on 23.09.2013 accorded sanction to frame and implement the Employees Stock Option Scheme and grant/issue options to eligible present and future employees of the Bank, such that the offer, issue and allotment of such shares pursuant to the option shall not exceed 5% of issued equity shares of the Bank from time to time. Accordingly, the Bank formulated a stock option scheme called "CSB Employees Stock Option Scheme 2013" ("ESOS 2013" or "Scheme") as per Board resolution dated April 8, 2014 and the same has been approved by shareholders vide postal ballot on August 18, 2014. As per the approval, The 2013 ESOS Scheme was effective from April 1, 2013

The ESOS is equity settled where the employees will receive one equity share per option. The period of vesting shall range from a minimum of three years from the date of Grant and normally shall not exceed a maximum of five years ("Vesting Period"), unless the Nomination & Remuneration Committee decides for a longer/ shorter vesting period, subject to applicable laws. The Committee may, at its sole discretion, decide the proportion of shares, which shall vest each year during the vesting period ("Vesting Schedule"). The Stock option granted to employees vest over the period as decided by the Nomination & Remuneration Committee. The Exercise Period for the relevant Grant shall be a period commencing from the relevant Vesting Date for the respective tranche and shall end with the expiry of 10 years from the relevant Grant Date or such other period as may be decided by the Committee for each Grant.

Under the Scheme, the Bank can offer, issue and allot Equity Shares not exceeding 5% of the issued Equity Shares of the Bank at any point of time, which was capped pursuant to the Board, vide resolution dated May 23, 2019, at 2092356 equity shares, being shares/options reserved of not exceeding 5% (five per cent) of the issued equity shares of the Bank with reference to issued equity shares of the Bank as on August 18, 2014 i.e. date of approving the scheme by shareholders.

Pursuant to the Board, vide resolution dated May 23, 2019, decided not to make any fresh grants under the ESOS scheme-2013, under any circumstances and the scheme would continue only to facilitate exercise of the options, already granted under the scheme and the scheme will continue till such period (exercise of the option granted) only.

Stock option activity under the scheme during the year ended 31.03.2020 has been as follows:

Outstanding at the beginning of the year	305000
Granted during the year	Nil
Forfeited during the year	Nil
Options Lapsed	20000
Exercised during the year	Nil
Outstanding at the end of the year	285000
Options exercisable at the end of the year	285000

Options outstanding at the beginning of the year carry an exercise price of ₹147.25.

Under intrinsic value method, since exercise price of the stock options granted under the ESOS is more than the underlying value of the shares, it has not resulted in any charge to the Profit and Loss Account for the year. If the Bank had adopted the Black-Scholes model based fair valuation, reserves would have been lower by ₹1.85 crore.

The fair value of options granted during the period has been estimated on the date of grant using the Black Scholes option pricing model with the following assumptions:

Average Dividend Yield	0%
Expected Volatility	32.58%
Risk free interest rate	7.62%
Expected life of options	10 years
Expected forfeiture	Nil

Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during a period. The measure of volatility used in Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of returns on the shares over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in CNX Bank Nifty over the last 10 years.

• CSB Employees Stock Option Scheme 2019

Pursuant to the requisite approval of the members on May 4, 2019, the Bank has formulated a stock option scheme called “CSB Employees Stock Option Scheme 2019” (“ESOS 2019” or “Scheme”). The scheme is intended to promote the culture of employee ownership and as well as to attract, retain, motivate and incentivize talents in the Bank. The Scheme shall be administered through an employee stock option trust (“ESOS Trust”) in the nature of an irrevocable employee welfare trust in due compliance with the applicable laws. Under the Scheme, the Bank can allot a maximum of 50 lakh shares to the Trust, over a period of time. Under the trust route, the Bank allots shares to the trust and trust will transfer the shares to the eligible employees at the time of exercise of option by eligible employees on meeting terms of grant fixed by the Nomination & Remuneration Committee. In case of trust route of issuance of ESOPs, the trust on its own will not have funds to be able to acquire the shares from the Bank as the

trust is not a business trust and is specifically created with the objective of issuance of ESOPs to the employees. Trust has to find out other avenues for sourcing of fund for purchasing shares from the Bank. In terms of Section 20 of the Banking Regulation Act, 1949, the Bank cannot lend to trust to purchase its own shares.

No options have been granted under the scheme. However, Nomination & Remuneration Committee of the Board vide its resolution dated March 16, 2020 accorded in-principle approval for grant of 34,70,000 stock options @ ₹75 per option to Shri. C. VR. Rajendran, Managing Director & CEO of the Bank as performance grant for the period from December 9, 2016 to December 8, 2019 under CSB Employee Stock Option Scheme 2019. In-principle approval accorded by the Committee is subject to the prior approval of Reserve Bank of India in terms of Section 35 B of the Banking Regulation Act, 1949 and other requisites approvals.

8. Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

9. Provision for Long Term Contracts

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the bank has reviewed and recorded adequate provision as required under any Law/Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements

10. Disclosure for frauds

(Amount in Crore)

No of frauds reported during the year ended 31.03.2020	83
Amount involved in such frauds	123.48
Balance outstanding as on 31.03.2020*	30.15
Cumulative provision made by debiting P&L	30.15
Unamortized provision debited from General Reserve	-

* Balance outstanding after technical write off / recovery.

11. Details of Priority Sector Lending Certificate Purchased & Sold during the year

(Amount in Crore)

SI No.	Type of PSLCs	31.03.2020		31.03.2019	
		Purchase	Sale	Purchase	Sale
1	PSLC - General	-	-	-	400
2	PSLC - Agriculture	-	300	-	198
3	PSLC - Small & Marginal Farmer	-	600	-	-
4	PSLC - Micro Enterprise	400	-	-	-

12. Comparative Figures

The previous year's figures have been regrouped and recast wherever necessary to confirm to current year's classification.

Sd/- Madhavan Menon Chairman (DIN: 00008542)	Sd/- Thomas Mathew Chairman-Audit Committee (DIN:01277149)	Sd/- C.VR. Rajendran Managing Director & CEO (DIN:00460061)	As per our report of even date For R G N Price & Co Chartered Accountants FRN No:002785S
Sd/- Sumit Maheshwari Director (DIN:06920646)	Sd/- Bhama Krishnamurthy, Director (DIN:02196839)	Sd/- Sijo Varghese Company Secretary	Sd/- G. Surendranath Rao Partner (M. No. 22693)
Sd/- Syed Nagoor Ali Jinnah Director (DIN: 05238633)	Sd/- Madhavan Aravamuthan Director (DIN:01865555)	Sd/- B.K. Divakara Chief Financial Officer	Sd/- P V Antony General Manager - Accounts Thrissur 15-06-2020

ANNEXURE 5:

BASEL III PILLAR 3 DISCLOSURES

1. Scope of Application

CSB Bank Ltd (formerly Catholic Syrian Bank Ltd) is a commercial bank formed on 26th November 1920 with Registered Office at Thrissur. In August 1969, the Bank was included in the Second Schedule to the Reserve Bank of India Act 1934. The bank has no subsidiaries.

2. Capital Structure

Qualitative Disclosures:

As per Basel III guidelines, the Bank is required to maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9% (11.5% including Capital Conservation Buffer (CCB)), with minimum Common Equity Tier I (CET1) of 5.5% (8% including CCB) as on 30th September 2020. The minimum capital required to be maintained by the Bank (including CCB) for the period ended March 31, 2020 is 10.875% with minimum Common Equity Tier 1 (CET1) of 7.375% (including CCB of 1.875%).

Bank's capital structure consists of Tier 1 and Tier 2 capital. The major components of Tier 1 capital are equity share capital, equity share premium, statutory reserves, general reserves, special reserve (Section 36(i)(viii) of Income Tax Act) and capital reserves and revaluation reserves (after discounting). Tier 2 capital consists provision for standard assets. Bank has not issued any Upper Tier 2 bonds or perpetual debt or other innovative instruments.

Quantitative Disclosures:

The breakup of capital funds is as follows:

(₹ in million)

	As on 31.03.2020	As on 31.03.2019
Tier 1 Capital		
Paid up Share capital	1,735.08	859.72
Warrant Capital	-	6,513.41
Share Premium	17,916.96	7,119.63
Statutory Reserves	1,499.37	1,467.56
Capital Reserves	803.78	717.31
Special Reserve (36 (i) (viii))	249.76	237.62
Other eligible reserves	979.09	963.02
Revaluation Reserves after discounting	702.98	710.21
Total Tier 1 Capital (Gross)	23,887.03	18,588.48
Less: Intangible assets and debit balance in P&L account	(3,587.93)	(7,255.36)
Total Tier 1 Capital (Net) [A]	17,195.79	11333.12
Tier 2 Capital		
Provision for Standard Assets	525.16	472.40
Total Tier 2 Capital (Net) [B]	525.16	472.40
Total Eligible capital [A] + [B]	17,720.95	11,805.53

3. Capital Adequacy

Qualitative Disclosures:

In accordance with the guidelines of RBI, the bank has adopted standardized approach for credit risk, basic indicator approach for operational risk and standardized duration approach for market risk for computing capital adequacy. Basel III Capital regulations are applicable to Banks in India from 1st April, 2013 and will be fully phased in by 30th September, 2020. Detailed guidelines on Basel III Capital Regulations and Guidelines on Composition of Capital Disclosure Requirements are issued by RBI and consolidated under the Master Circular – Basel III Capital Regulations July 2015.

The RBI vide circular No.RBI/2019-20/188/DOR.BP.BC.No.45/21.06.201/2019-20 deferred the implementation of the last tranche of 0.625% of Capital Conservation Buffer (CCB) from March 31, 2020 to September 30, 2020. Accordingly, minimum capital conservation ratios as applicable from March 31, 2018 will also apply from March 31, 2020 till the CCB attains the level of 2.5% on September 30, 2020.

Regulatory Capital Adequacy position (as per Basel II & Basel III norms as made applicable by RBI) is assessed periodically. Besides, the bank also assessed its own internal estimate of risk capital based on its Board approved ICAAP policy and Stress Testing Policy to cover the Pillar 2 risks. Risks are assumed in line with the Bank's risk bearing capacity and capability in order to generate yields, taking risk-return frontier into account. This aims to ensure that risks that could jeopardize the Bank's existence are avoided.

Quantitative Disclosures:

a) Capital Requirement for Credit Risk – Standardized Approach

(₹ in million)

Portfolios	Gross Exposure (₹ Mio)	Gross Exposure (₹ Mio)	Capital Requirement (₹ Mio)	Capital Requirement (₹ Mio)
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
On Balance Sheet				
Cash & Balance with RBI	5,477.92	7,254.05	0.00	0.00
Inter Bank Deposits	3,915.50	2,482.25	48.42	6.99
Investments (HTM)	30,747.62	29,245.08	3.60	12.95
Advances	113,663.54	106,152.37	4,408.04	4,075.58
Fixed Assets & Other Assets	7,424.94	12,946.78	508.04	622.75
Total	161,229.52	158,080.54	4,968.10	4,718.28
Off Balance Sheet				
Letter of Credit & Guarantees	3,268.74	2,584.23	92.92	61.35
Undrawn Credit Commitments	9,534.77	8,284.38	252.74	166.42
Forward Exchange Contracts	7,090.13	2,920.88	6.17	2.37
Total	19,893.64	13,789.49	351.83	230.13
Total On & Off Balance Sheet	181,123.15	171,870.02	5,319.92	4,948.41

b) Capital Requirement for Market Risk – Standardized Duration Approach

(₹ in million)

Type of Market Risk	Gross Exposure	Gross Exposure	Capital Requirement	Capital Requirement
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Interest Rate Risk	22,855.23	11,676.03	675.49	521.93
Foreign Exchange Risk	110.00	120.00	9.90	10.80
Equity Risk	29.28	29.58	6.59	6.66
Total	22,994.51	11,825.61	691.98	539.38

c) Capital Requirement for Operational Risk – Basic Indicator Approach

(₹ in million)

	As on 31.03.2020
Capital Requirement	892.30
Equivalent Risk Weighted Assets	11153.69

d) Total Capital Requirement

(₹ in million)

Type of Risk	Capital Requirement	Capital Requirement	Risk Weighted Assets	Risk Weighted Assets
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Credit Risk	5,319.91	4,948.41	59,110.25	54,982.31
Market Risk	691.98	539.38	8,649.70	6,742.26
Operational Risk	892.30	716.28	11,153.69	8,953.46
Total	6,904.19	6,204.07	78,913.64	70,678.04
Total Net Tier 1 Capital			17,195.79	11,333.12
Tier 1 Capital Ratio			21.79%	16.03%
Tier 2 Capital Ratio			0.67%	0.67%
Total CRAR			22.46%	16.70%

4. Credit Risk: General Disclosure**Qualitative Disclosures****a) Definition of past due and impaired loans**

Bank strictly adheres to RBI norms regarding definitions of past due and impaired loans, as under (in brief):

- Interest and or installment of principal remain overdue for a period of more than 90 days in respect of term loan accounts
- the account remains 'out of order' (the outstanding balance remains continuously in excess of the sanctioned limit/drawing power, in cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period) in respect of Overdraft/Cash credit accounts. If the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter, the account is classified as NPA.
- The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted
- The instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops.
- The instalment of principal or interest thereon remains overdue for one crop season for long duration crops.

b) Credit Risk Management Policy

The bank has in place a Credit Risk Management Policy which is reviewed periodically to bring in refinements triggered by evolving concepts and actual experience.

The Executive level committee - Credit Risk Management Committee (CRMC) which reports to Risk Management Committee (RMC) of the Board, is responsible for the management and mitigation of credit risk in the bank. Credit Risk Management Department and Credit Monitoring Department at Head Office level act as the secretariat of CRMC.

Credit approvals are subject to a well-established and time tested system of competencies, which act as a framework within which decision making committees are authorized to enter into lending transactions. Responsibility for the approval of loans is dependent on size, security and type of the loan.

Rating migration studies are conducted at regular intervals. The findings of the rating migration study can bring to light many behavioral patterns. Credit Risk Management Department shall conduct industry-wise evaluation which should analyze the latest trends and developments in the industry, their impact on bank's customers, the desirability of taking further exposure, assessment of the quality of bank's exposure to that industry etc.

Credit rating system is in force using various CRA formats to measure the risk involved in each borrower account. All borrowers with an aggregate credit limit of ₹25 lakh and above are subjected to borrower rating. Gold loans, Loans against Deposit Receipts, Housing Loans, Loans against NSC & Insurance policies and staff loans are subjected to portfolio rating.

Operations in all credit exposures of ₹0.50 lakh and above are monitored on a monthly basis by the Executive level committee – Large Advance committee to detect delinquency signals at an early date and nurse the account. To monitor the credit portfolio through various controlling returns, monthly operating statements (MOS) from branches to SME verticals of exposure of ₹0.50 lakh up to ₹0.2 crore and an exposure of above ₹0.2 crore by Credit Monitoring department.

Both regulatory capital and economic capital requirements are assessed at the time of credit appraisal of corporate exposures. RAROC analysis is based on bank's Board approved Risk Adjusted Return On Capital (RAROC) policy.

Quantitative Disclosures

a) Gross Credit Risk Exposure – Banking Book

(₹ in million)

	Loans 31.03.2020	Loans 31.03.2019	Investments 31.03.2020	Investments 31.03.2019
Fund Based	113,663.54	106,152.37	30,747.62	29,245.08
Non Fund Based	3,268.74	2,584.23	-	-
Total	116,932.28	108,736.60	30,747.62	29,245.08

b) Industry type distribution – Banking Book

(₹ in million)

Industry Name	Total Credit Exposure (Funded)	Non funded Exposure	Total Investment Exposure
	(A)	(B)	(C)
A. Mining and Quarrying	228.58	3.64	0
A.1 Coal	0.00		0
A.2 Others	232.22		0
B. Food Processing	3948.09	9.34	0
B.1 Sugar	0.00		0

Industry Name	Total Credit Exposure (Funded)	Non funded Exposure	Total Investment Exposure
B.2 Edible Oils and Vanaspati	84.37		0
B.3 Tea	53.26		0
B.4 Coffee	5.02		0
B.5 Others	3805.44	9.34	0
C. Beverages (excluding Tea & Coffee) and Tobacco	601.70	0.22	0
C.1 Tobacco and tobacco products	0.00		0
C.2 Others	601.70	0.22	0
D. Textiles	7233.03	527.37	0
D.1 Cotton	6198.59	465.23	0
D.2 Jute	0.00		0
D.3 Man-made	16.34	0.00	0
D.4 Others	1018.09	62.14	0
Out of D (i.e., Total Textiles) to Spinning Mills	6789.17		0
E. Leather and Leather products	93.89	3.55	0
F. Wood and Wood Products	265.57	25.78	0
G. Paper and Paper Products	408.05		0
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	1.00		0
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	1547.94	548.79	0
I.1 Fertilizers	15.52	0.00	0
I.2 Drugs and Pharmaceuticals	1420.41	543.34	0
I.3 Petro-chemicals (excluding under Infrastructure)	0.00		0
I.4 Others	62.26	5.45	0
J. Rubber, Plastic and their Products	441.13	92.71	0
K. Glass & Glassware	36.18	15.10	0
L. Cement and Cement Products	40.33	0.48	0
M. Basic Metal and Metal Products	638.37	5.23	0
M.1 Iron and Steel	337.83	0.11	0
M.2 Other Metal and Metal Products	300.54	5.12	0
N. All Engineering	1271.55	102.12	0
N.1 Electronics	3.49	10.44	0
N.2 Others	1268.06	91.68	0
O. Vehicles, Vehicle Parts and Transport Equipments	71.18	5.06	0

Industry Name	Total Credit Exposure (Funded)	Non funded Exposure	Total Investment Exposure
P. Gems and Jewellery	204.91	0.10	0
Q. Construction	1260.38	287.60	0
R. Infrastructure	5347.96	1587.31	218.07
R.a Transport (a.1 to a.8)	1879.81		0
R.a.1 Roads and Bridges	1183.16	696.65	0
R.a.2 Ports	0.00		0
R.a.3 Inland Waterways	0.00		0
R.a.4 Airport	0.00		0
R.a.5 Railway Track, tunnels, viaducts, bridges	0.00		0
R.a.6 Urban Public Transport (except rolling stock in case of urban road transport)	0.00		0
R.a.7 Shipyards	0.00		0
R.a.8 Logistics Infrastructure	0.00		0
R.b. Energy (b.1 to b.6)	1102.56		0
R.b.1 Electricity Generation	1091.54	8.00	0
R.b.1.1 Central Govt PSUs	0.00		0
R.b.1.2 State Govt PSUs (incl. SEBs)	217.27		0
R.b.1.3 Private Sector	882.27		0
R.b.2 Electricity Transmission	0.00		0
R.b.2.1 Central Govt PSUs	0.00		0
R.b.2.2 State Govt PSUs (incl. SEBs)	0.00		0
R.b.2.3 Private Sector	0.00		0
R.b.3 Electricity Distribution	0.00		0
R.b.3.1 Central Govt PSUs	0.00		0
R.b.3.2 State Govt PSUs (incl. SEBs)	0.00		0
R.b.3.3 Private Sector	0.00		0
R.b.4 Oil pipelines	0.00		0
R.b.5 Oil/Gas/Liquefied Natural Gas (LNG) storage facility	0.00		0
R.b.6 Gas pipelines	3.02		0
R.c. Water and Sanitation (c.1 to c.7)	2452.91		0
R.c.1 Solid Waste Management	0.00		0
R.c.2 Water supply pipelines	0.00		0
R.c.3 Water treatment plants	21.78		0
R.c.4 Sewage collection, treatment and disposal system	0.00		0

Industry Name	Total Credit Exposure (Funded)	Non funded Exposure	Total Investment Exposure
R.c.5 Irrigation (dams, channels, embankments etc)	1548.47	882.66	0
R.c.6 Storm Water Drainage System	0.00		0
R.c.7 Slurry Pipelines	0.00		0
R.d. Communication (d.1 to d.3)	1499.99		0
R.d.1 Telecommunication (Fixed network)	1499.99		0
R.d.2 Telecommunication towers	0.00		0
R.d.3 Telecommunication and Telecom Services	0.00		0
R.e. Social and Commercial Infrastructure (e.1 to e.12)	0.00		0
R.e.1 Education Institutions (capital stock)	0.00		0
R.e.2 Hospitals (capital stock)	0.00		0
R.e.3 Tourism - Three-star or higher category classified hotels located outside cities with population of more than 1 million	0.00		0
R.e.4 Common infrastructure for industrial parks, SEZ, tourism facilities and agriculture markets	0.00		0
R.e.5 Fertilizer (Capital investment)	0.00		0
R.e.6 Post harvest storage infrastructure for agriculture and horticultural produce including cold storage	0.00		0
R.e.7 Terminal markets	0.00		0
R.e.8 Soil-testing laboratories	0.00		0
R.e.9 Cold Chain	0.00		0
R.e.10 Sports Infrastructure	0.00		0
R.e.11 Tourism - Ropeways and Cable Cars	0.00		0
R.e.12 Affordable Housing	0.00		0
R.f. Others, if any, please specify	0.00		218.07
OTHERS - Treasury Exposure	0.00		218.07
S. Other Industries, pl. specify	1232.09		0
OTHERS	1215.28	16.81	0
All Industries (A to S)	24871.93	3231.21	218.07

c) Residual Contractual Maturity breakdown of Assets as on 31.03.2020

(₹ in million)

	Cash & balance with RBI	Balance with Banks and money at call and short notice	Advances	Investments	Fixed assets and other assets
Next Day	983.85	357.90	0.00	6741.18	0.05
2-7 days	0.00	2800.00	209.80	449.65	0.16
8-14 days	0.00	0.00	367.15	870.13	0.20
15-30 days	261.40	0.00	786.74	456.10	142.68
31days-<2M	21.43	0.00	1625.94	758.02	1.42
2M<3M	25.99	756.65	1625.93	3639.23	58.28
3M-<6M	73.84	0.00	26819.11	1647.60	227.54
6M-<1Y	95.77	0.00	23905.82	3022.35	312.77
1-<3Y	1231.90	0.70	39783.15	17443.26	2341.63
3-<5 Y	66.88	0.00	8447.71	305.20	1492.88
> 5 Yr	2716.86	0.25	10092.31	18265.65	7409.46
Total	5477.92	3915.50	113663.66	53598.35	11987.07

c) Disclosures regarding Non-Performing Assets

(₹ in million)

	As on 31.03.2020	As on 31.03.2019
Amount of NPAs (Gross)		
Substandard	1,804.31	1733.11
Doubtful 1	923.36	1491.80
Doubtful 2	930.75	1491.33
Doubtful 3	380.43	527.36
Loss	55.49	62.58
Total Gross NPAs	4094.34	5306.17
Net NPAs	2169.22	2406.76
NPA Ratios		
Gross NPAs to Gross Advances	3.54%	4.87%
Net NPAs to Net Advances	1.91%	2.27%
Movement of provisions for NPAs		
Opening balance (01.04.2019)	2864.15	3446.41
Provisions made during the period	926.19	2757.98
Write-off	0	0.00
Write back of excess provisions	1906.77	3340.24
Closing balance	1883.57	2864.15
Write-offs that have been booked directly to the income statement	538.05	257.56
Recoveries that have been booked directly to the income statement	687.57	533.61

Major Industry breakup of NPA				
	31.03.2020		31.03.2019	
Industry	Gross NPA	Specific Provision	Gross NPA	Specific Provision
NPA in top 5 Industries	859.73	356.57	1263.78	495.67

Geography				
	31.03.2020		31.03.2019	
	Gross NPA	Specific Provision	Gross NPA	Specific Provision
Domestic	4094.34	1883.57	5306.17	2864.15
Overseas	0	0	0	0

₹ in million	31.03.2020	31.03.2019
Amount of Non-Performing Investments	18.21	174.81
Amount of provisions held for non-performing investments	18.07	82.86
Movement of provisions for depreciation on Investments	For the period ended 31.03.2020	For the period ended 31.03.2019
Opening balance (01-04-2019)	842.02	490.02
Provisions made during the period	271.42	367.79
Write-off & Write back of excess provisions/diminution	103.76	15.79
Closing balance	1009.68	842.02

5. Credit Risk: Disclosures for portfolios subject to standardized approach

Qualitative Disclosures

In accordance with RBI guidelines, the bank has adopted standardized approach for computation of capital for credit risk.

Bank Loan Ratings of CRISIL, CARE, ICRA, ACUTE (SMERA), BRICKWORK, INFOMERICS and India Ratings are considered for arriving at the capital requirement.

Bank extends external rating of other issues of the borrower to unrated claims only when the issue specific rating maps to Risk Weight higher than that of the unrated exposure.

Quantitative Disclosures

Risk weight wise classification of exposures

(₹ in million)

	Gross Credit Exposure	Gross Credit Exposure	Capital Deductions	Capital Deductions	Exposure after Capital Deductions	Exposure after Capital Deductions
	(A)	(A)	(B)	(B)	(C) = (A) – (B)	(C) = (A) – (B)
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Advances, Letter of Credit & Guarantee						
Below 100% risk weight	68,064.65	72,229.46	0.00	0.00	68,064.65	72,229.46
100% risk weight	43,275.72	15,595.42	0.00	0.00	43,275.72	15,595.42
More than 100% risk weight	5,591.91	20,911.72	0.00	0.00	5,591.91	20,911.72
Total	116,932.28	108,736.60	0.00	0.00	116,932.28	108,736.60
Investments						
Below 100% risk weight	30,747.62	29,245.08	0.00	0.00	30,747.62	29,245.08
100% risk weight	0.00	0.00	0.00	0.00	0.00	0.00
More than 100% risk weight	0.00	0.00	0.00	0.00	0.00	0.00
Total	30,747.62	29,245.08	0.00	0.00	30,747.62	29,245.08

6. Credit Risk Mitigation: Disclosures for standardized approaches

Qualitative Disclosures

A Credit Risk Mitigation and Collateral Management Policy, addressing the Bank's approach towards the credit risk mitigants used for capital calculation is in place.

Following items are considered for on and off balance sheet netting:

- Deposits with specific lien to the facility
- Subsidies received (for priority sector advances)
- Claims received (for NPA accounts)

Of the eligible financial collaterals, the types of collateral taken by the bank are gold ornaments and bank's own deposit receipts. Gold ornaments are accepted as collateral by branches after due scrutiny and are marked to market value on a daily basis. Bank has made an assessment of market liquidity risk involved in liquidating gold ornaments and is considering a holding period of 21 days for advance against pledge of gold ornaments. In Pillar 1 capital adequacy computations, bank considers a haircut of 22% (after scaling up the standard supervisory haircut of 15% to a 21 day holding period). In addition to this, bank is maintaining extra capital for its gold loan portfolio in Pillar 2 capital computations.

The types of guarantees recognized for credit risk mitigation are guarantee by central government, state government, ECGC and banks (in the form of bills purchased/discounted under Letter of credit).

Collaterals other than financial collaterals that secure the credit portfolio of the bank are land & building, plant & machinery and current assets of the counter party. Land and Building includes commercial building, residential property and vacant land.

Quantitative Disclosures

a) Exposures Covered by Eligible Financial Collateral (After Haircuts) (₹ in million)

	31.03.2020	31.03.2019
Corporate	1,428.64	633.68
Regulatory Retail	23,713.79	21,578.98
Personal Loans	19,135.50	13,210.44
Total	44,277.93	35,423.10

b) Exposures Covered by Guarantee (₹ in million)

Covered by Guarantee	31.03.2020	31.03.2019
Corporate	329.59	454.43
Regulatory Retail	4,332.95	7,907.24
Total	4,662.54	8,361.67

7. Securitization

No exposure of the bank has been securitized.

8. Market Risk in the Trading Book

Qualitative Exposures

Bank has put in place Board approved Market Risk Management Policy, Investment Policy and Foreign Exchange Policy for effective management of market risk of the bank.

Bank's Integrated Treasury manages the trading book. Proprietary trading is done in government securities, equity shares and foreign exchange. Adherence to limits is reported on a monthly basis to the Executive level Asset Liability Committee (ALCO) and Risk Management Committee (RMC) of the Board.

Modified Duration and Value at Risk (weighted historic simulation approach) are the tools used to track market risk in the trading book for interest rate related instruments. For equity exposures bank uses Value at Risk and Portfolio Beta.

Stress tests are conducted on a daily basis on securities in the trading book.

Portfolios covered by standardized approach are government securities, other trustee securities, Non SLR bonds & debentures, Certificate of Deposits and Equity Shares.

Quantitative Disclosures

Capital Requirement for Market Risk

(₹ in million)

Type of Market Risk	Gross Exposure	Gross Exposure	Capital Requirement	Capital Requirement
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Interest Rate Risk	22,855.23	11,676.03	675.49	521.93
Foreign Exchange Risk	110.00	120.00	9.90	10.80
Equity Risk	29.28	29.58	6.59	6.66
Total	22,994.51	11,825.61	691.98	539.38

9. Operational Risk

Qualitative Disclosures

The Executive level committee - Operational Risk Management Committee (ORMC) which reports to Risk Management Committee (RMC) of the Board, is responsible for the management and mitigation of operational risk in the bank. The bank has framed Operational Risk Management Policy duly approved by the Board. Other policies approved by the board that deal with the different facets of operational risk are Inspection Policy, Human Resource Management Policy, IT Policy, Compliance Policy, Business Continuity & Disaster Recovery Plan and Outsourcing policy.

Bank has obtained Bankers' Indemnity Policy to cover the risk of cash in transit and cash and securities including gold ornaments kept at branches. Risk Based Internal Audit (RBIA) is operational at all the branches.

Bank is adopting Basic Indicator Approach for arriving at capital charge for operational risk in compliance with RBI guidelines and is in the process of building database for moving to Advanced Approaches.

10. Interest Rate Risk in the Banking Book

Qualitative Disclosures

The Executive Level Committee - Asset Liability Committee (ALCO) has the overall responsibility of managing the interest rate risk in the banking book of the bank. ALCO fixes the deposit and lending rates of the bank and directs the investment activities of the bank in line with its interest rate view. Limits are fixed from both Earnings and Economic Value Perspective in board approved Market Risk Management Policy and adherence monitored on a monthly basis. Interest Rate Risk from Earnings Perspective is measured through Earnings at Risk (EaR) approach (which computes the impact on NII of various interest rate changes) on a monthly basis. Interest Rate Risk from Economic Value Perspective is measured using Modified Duration Gap Approach on a monthly basis.

The Risk Management Committee of the Board oversees the ALM process of the bank and reviews the decisions taken by the ALCO.

Key Assumptions for IRRB calculations

- Bulk of the advance portfolio to re-price within 12 months.
- Maturity of deposits considered after adjusting empirically observed premature closure rates.
- Core portion of Savings Bank Deposits- Sum of balances up to ₹50 lakh slotted in 7 to 10 year time bucket & sum of balances above ₹50 lakh in 29 day to 3 months bucket.

- d) Core portion of Current Deposits slotted in 10 to 15 years' time bucket for Modified Duration Gap Analysis (For Earnings at Risk Analysis, Current Deposits are treated as interest non sensitive).

Quantitative Disclosures

Interest Rate Risk – Earnings Perspective

(₹ in million)

1 Year Change in Market Rates (Parallel Shift)	Impact as on 31.03.2020	Impact as on 31.03.2019
+200 basis points	541.72	-426.09
-200 basis points	-541.72	426.09

Interest Rate Risk – Economic Value Perspective

(₹ in million)

1 Year Change in Market Rates (Parallel Shift)	Impact as on 31.03.2020	Impact as on 31.03.2019
+200 basis points	338.19	-112.26
-200 basis points	-338.19	+112.26

11. Counterparty Credit Risk

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before final settlement of the transaction's cash flows. An economic loss would occur if the transaction or portfolio of transactions with the counterparty has a positive economic value for the Bank at the time of default. Unlike exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss whereby the market value for many different types of transactions can be positive or negative to either counterparty. The market value is uncertain and can vary over time with the movement in underlying market factors.

Capital is maintained on the exposure to CCR as per regulatory guidelines on Capital adequacy computation. The exposure is calculated using Current Exposure Method.

The MTM on client exposures are monitored periodically. The Bank does not recognize bilateral netting for capital computation.

(₹ in million)

	Notional Amount 31.03.2020	Credit Equivalent 31.03.2020	Notional Amount 31.03.2019	Credit Equivalent 31.03.2019
Forward Exchange Contracts	10649.34	373.72	2920.74	83.68

Leverage Ratio frame work

Definition and minimum requirement

The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage

Leverage Ratio = Capital Measure/ Exposure Measure

The public disclosure requirements of leverage ratio will begin from January 1, 2015 and the Basel Committee will monitor the impact of these disclosure requirements. Accordingly, banks operating in India are required to make disclosure of the leverage ratio and its components from April 1, 2015 on a quarterly basis and according to the disclosure templates as indicated in paragraph 16.7 along with Pillar 3 disclosures.

Table 1- Summary comparison of accounting assets Vs. leverage ratio exposure method

	Item	(₹ in million)
1	Total consolidated assets as per published financial statements	188642.38
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	
4	Adjustments for derivative financial instruments	
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	5233.20
7	Other adjustments	
8	Leverage ratio exposure	193875.58
Table 2 – Leverage ratio common disclosure template		
	Item	Leverage ratio framework
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	188642.38
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	188642.38
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	160.74
5	Add-on amounts for PFE associated with all derivatives transactions	212.99
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	
8	(Exempted CCP leg of client-cleared trade exposures)	
9	Adjusted effective notional amount of written credit derivatives	
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	
11	Total derivative exposures (sum of lines 4 to 10)	373.72
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	
14	CCR exposure for SFT assets	
15	Agent transaction exposures	
16	Total securities financing transaction exposures (sum of lines 12 to 15)	
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	4859.48
18	(Adjustments for conversion to credit equivalent amounts)	
19	Off-balance sheet items (sum of lines 17 and 18)	4859.48
Capital and total exposures		
20	Tier 1 capital	17195.79
21	Total exposures (sum of lines 3, 11, 16 and 19)	193875.58
Leverage ratio		
22	Basel III leverage ratio	8.87%

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)

			Amounts Subject to Pre-Basel III Treatment	Ref No
	Common Equity Tier 1 Capital: Instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	19652.04		a1+a2
2	Retained earnings	-1607.58		b1+b2+b3+b4+b6+b7a
3	Accumulated other comprehensive income (and other reserves)	702.98		c1
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)			
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)			
6	Common Equity Tier 1 capital before regulatory adjustments	18747.45		
	Common Equity Tier 1 Capital: regulatory adjustments			
7	Prudential valuation adjustments			
8	Goodwill (net of related tax liability)			
9	Intangibles	252.15		e1-e2
10	Deferred tax assets	1299.51		e2
11	Cash-flow hedge reserve			
12	Shortfall of provisions to expected losses			
13	Securitisation gain on sale			
14	Gains and losses due to changes in own credit risk on fair valued liabilities			
15	Defined-benefit pension fund net assets	0.00		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)			
17	Reciprocal cross-holdings in common equity			
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	0.00		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)			
20	Mortgage servicing rights ⁴ (amount above 10% threshold)			
21	Deferred tax assets arising from temporary differences ⁵ (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 ⁷ (26a+26b+26c+26d)			
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries			
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries			
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank			
26d	of which: Unamortised pension funds expenditures			
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment			
	of which: [INSERT TYPE OF ADJUSTMENT]			
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions			
28	Total regulatory adjustments to Common equity Tier 1	1551.65		
29	Common Equity Tier 1 capital (CET1)	17195.79		
Additional Tier 1 capital: Instruments				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)			
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)			
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)			
33	Directly issued capital instruments subject to phase out from Additional Tier 1			
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)			
35	of which: instruments issued by subsidiaries subject to phase out			
36	Additional Tier 1 capital before regulatory adjustments	0		
Additional Tier 1 capital:Regulatory Adjustments				
37	Investments in own Additional Tier 1 instruments	0		
38	Reciprocal cross-holdings in Additional Tier 1 instruments			

39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)			
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)			
41	National specific regulatory adjustments (41a+41b)			
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries			
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank			
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment			
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions			
43	Total regulatory adjustments to Additional Tier 1 capital			
44	Additional Tier 1 capital (AT1)			
44a	Additional Tier 1 capital reckoned for capital adequacy			
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	17195.79		
Tier 2 capital: Instruments & Provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus			
47	Directly issued capital instruments subject to phase out from Tier 2	0.00		d
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)			
49	of which: instruments issued by subsidiaries subject to phase out			
50	Provisions	525.16		c1+c3+c4
51	Tier 2 capital before regulatory adjustments	525.16		
Tier 2 capital:Regulatory Adjustments				
52	Investments in own Tier 2 instruments			
53	Reciprocal cross-holdings in Tier 2 instruments	0.00		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)			

55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)			
56	National specific regulatory adjustments (56a+56b)			
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries			
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank			
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment			
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]			
	of which: [INSERT TYPE OF ADJUSTMENT]			
57	Total regulatory adjustments to Tier 2 capital	0.00		
58	Tier 2 capital (T2)	525.16		
58a	Tier 2 capital reckoned for capital adequacy	525.16		
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	0		
58c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	525.16		
59	Total capital (TC = T1 + T2) (45 + 58c)	17720.95		
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment			
	of which: [INSERT TYPE OF ADJUSTMENT]			
	of which: ...			
60	Total risk weighted assets (60a + 60b + 60c)	78913.64		
60a	of which: total credit risk weighted assets	59110.25		
60b	of which: total market risk weighted assets	8649.70		
60c	of which: total operational risk weighted assets	11153.69		
	Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	21.79%		
62	Tier 1 (as a percentage of risk weighted assets)	21.79%		
63	Total capital (as a percentage of risk weighted assets)	22.46%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	7.38%		
65	of which: capital conservation buffer requirement	1.88%		
66	of which: bank specific countercyclical buffer requirement	0		
67	of which: G-SIB buffer requirement	0		

68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	15.08%		
	Capital ratios			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%		
	Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities			
73	Significant investments in the common stock of financial entities			
74	Mortgage servicing rights (net of related tax liability)			
75	Deferred tax assets arising from temporary differences (net of related tax liability)			
	Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	0.00		c3+c4
77	Cap on inclusion of provisions in Tier 2 under standardised approach	986.42		
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	0.00		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0		

Notes

Row No. of the template	Particular	(₹ in million)
10	Deferred tax assets associated with accumulated losses	0
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	1299.51
	Total as indicated in row 10	1299.51
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	NA
	of which: Increase in Common Equity Tier 1 capital	
	of which: Increase in Additional Tier 1 capital	
	of which: Increase in Tier 2 capital	
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	NA
	(i) Increase in Common Equity Tier 1 capital	
	(ii) Increase in risk weighted assets	
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	NA
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	
50	Eligible Provisions included in Tier 2 capital	525.16
	Eligible Revaluation Reserves included in Tier 2 capital	
	Total of row 50	525.16
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	0.00

Composition of Capital: Reconciliation Requirements Step 1

(₹ in million)

		Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation
		As on reporting date	As on reporting date
A	Capital & Liabilities		
i	Paid-up Capital	1,735.08	
	of which: Amount eligible for CET1	1,735.08	
	of which: Amount eligible for AT1	-	
	Share Warrant	-	
	Reserves & Surplus	17,871.56	
	Minority Interest	-	
	Total Capital	19,606.65	
ii	Deposits	157,906.79	
	of which: Deposits from banks	4.30	
	of which: Customer deposits	157,902.49	
	of which: Other deposits (pl. specify)	-	

		Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation
		As on reporting date	As on reporting date
iii	Borrowings	7,940.00	
	of which: From RBI	7,940.00	
	of which: From banks	-	
	of which: From other institutions & agencies		
	of which: Others (pl. specify)	-	
	of which: Capital instruments	-	
iv	Other liabilities & provisions	3,188.95	
	of which: DTLs related to goodwill	-	
	of which: DTLs related to intangible assets	-	
	Total Capital & Liabilities	188,642.38	
B	Assets		
i	Cash and balances with Reserve Bank of India	5,477.92	
	Balance with banks and money at call and short notice	3,915.50	
ii	Investments	53,598.35	
	of which: Government securities	46,455.79	
	of which: Other approved securities	-	
	of which: Shares	29.28	
	of which: Debentures & Bonds	752.46	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	of which: Others (Commercial Papers, Mutual Funds etc.)	6,360.82	
iii	Loans & Advances	113,663.54	
	of which: Loans and advances to banks	-	
	of which: Loans and advances to customers	113,663.54	
iv	Fixed assets	2,282.68	
v	Other Assets	9,704.39	
	of which: Goodwill and intangible assets	1,959.99	
	Out of which:		
	Goodwill	-	
	Other intangibles (excluding MSRs)	1,959.99	
	of which: Deferred tax assets	1,707.84	
vi	Goodwill on consolidation	-	
vii	Debit balance in Profit & Loss account	-	
	Total Assets	188,642.38	

Composition of Capital: Reconciliation Requirements Step 2

(₹ in million)

		Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation	Ref No
		As on reporting date	As on reporting date	
A	Capital & Liabilities			
i	Paid-up Capital	1,735.08		a1
	Share Warrant	-		
	Reserves & Surplus	17,871.57		
	of which:			
	Share premium	17,916.96		a2
	Statutory Reserves	1,499.37		b1
	Capital Reserves	803.78		b2
	General Reserves	978.59		b3
	Special Reserve (Tax): After Tax Portion	249.76		b4
	Special Reserve (Tax): Tax Element (not considered as part of capital funds)	-		b5
	Contingency Reserves	0.50		b6
	Add: Credit balance in Profit and Loss account	(5,139.59)		b7a
	Current Period profits not reckoned for capital adequacy purpose			b7b
	Revaluation Reserve reckoned as Tier I Capital	702.98		c1
	Revaluation Reserve not reckoned as Tier I Capital (55% discount)	859.20		c2
	Investment Reserve			c3
	Minority Interest	-		
	Total Capital	19,606.65		
ii	Deposits	157,906.79		
	of which: Deposits from banks	4.30		
	of which: Customer deposits	157,902.49		
	of which: Other deposits (pl. specify)	-		
iii	Borrowings	7,940.00		
	of which: From RBI	7,940.00		
	of which: From banks	-		
	of which: From other institutions & agencies	-		
	of which: Others (pl. specify)	-		
	of which: Capital instruments: Tier II Bonds	-		
	of which Eligible Amount after discounting	-		d
iv	Other liabilities & provisions	3,188.95		
	of which: Provision for Standard assets	-		c4
	Total Capital & Liabilities	188,642.38		

		Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation	Ref No
		As on reporting date	As on reporting date	
B	Assets			
i	Cash and balances with Reserve Bank of India	5,477.92		
	Balance with banks and money at call and short notice	3,915.50		
ii	Investments	53,598.35		
	of which: Government securities	46,455.79		
	of which: Other approved securities	-		
	of which: Shares	29.28		
	of which: Debentures & Bonds	752.46		
	of which: Subsidiaries / Joint Ventures / Associates	-		
	of which: Others (Commercial Papers, Mutual Funds etc.)	6,360.82		
iii	Loans & Advances	113,663.54		
	of which: Loans and advances to banks	-		
	of which: Loans and advances to customers	113,663.54		
iv	Fixed assets	2,282.68		
v	Other Assets	9,704.39		
	of which: Goodwill and intangible assets	1,959.99		
	Out of which:			
	Goodwill	-		
	Other intangibles (excluding MSRs)	1,959.99		e1
	of which: Deferred tax assets	1,707.84		e2
vi	Goodwill on consolidation	-		
vii	Debit balance in Profit & Loss account	-		
	Total Assets	188,642.38		



CSB Bank Limited (formerly The Catholic Syrian Bank Ltd.) Regd. Office: CSB Bhavan, St. Mary's College Road, Thrissur, Kerala 680 020
Tel: +91 487 2333020 | Fax: + 91 487 2338764 | Email: investors@csb.co.in | www.csb.co.in | CIN: U65191KL1920PLC000175