

Growing Responsibly

KARUR VYSYA BANK | ANNUAL REPORT 2020-21



OUR VISION

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

OUR MISSION

Adapt technology to introduce innovative products and services as well as increase the value of products on an on-going basis and provide them at reasonable rates. Expand branch network to reach the top business centres, besides unbanked and under banked areas of the country. Strengthen the financials through effective deployment of funds and ensure financial discipline while adhering to the regulator's guidelines. Update the knowledge and skills of the human capital to provide quality customer support.



Shri M A Venkatarama Chettiar



Shri Athi Krishna Chettiar



A Tribute to Visionary Founders

The legacy of **Karur Vysya Bank (KVB)** is deeply rooted in the history of banking in India, and recognized for its perseverance and excellence – on the financial front and also its commitments to clients and society. Setting new benchmarks of excellence, it has consistently innovated and adopted novel and prudent banking practises. On 1st July, 1916, two great visionary sons of Karur, late Shri M. A. Venkatarama Chettiar and late Shri Athi Krishna Chettiar laid the foundation of Karur Vysya Bank, an entity that was going to leave a lasting impact on the banking landscape.

The founders' far sighted vision, exceptional business acumen and the ability to lead by example enabled them to envision a commercial bank that successfully met the credit needs of businessmen and alleviated the financial woes of the middle class. The visionaries collected a major share of the seed capital on their personal guarantees and assurances and it took them over three years to mobilise funds.

For the founders, the bank was more than a commercial venture. They believed in ethics and integrity in shaping the foundations of a bank that was dedicated towards community service and earning the trust of its customers. Today, KVB operates with the same enthusiasm, zeal and visionary zest to serve people, proudly upholding its glorious tradition.

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Walking in the footsteps of our forefathers, we have created a legacy of banking excellence that keeps us near our customers always! We recognise our responsibility towards them. We understand the need to create a better, safer and improved banking system for our valued patrons across the country.

Leveraging our comprehensive digital capacities and expertise, we aspire to continually improve our operational efficiency and focus on enhancing customer banking experiences. We have always taken pride in catering to the specific financial needs of our customers, and have reached out to people in tier 1, 2 and 3 cities, with emphasis on

the requirements of relatively underserved sections. With a prudent mix of digital and physical channels we are poised to leverage our presence within the country. Driven by our collective values and our commitment to take Karur Vysya Bank to the pinnacle of success, **we are focused on growing responsibly.**

KVB at a glance

Drawing on **100+ years** of legacy, Karur Vysya Bank (KVB) is a recognised entity in India's rapidly evolving banking sector. With a Pan-India footprint, it is strategically poised to meet the diverse banking needs of the geographies it serves.



Leveraging our customer-centric approach, we intend delivering banking solutions carefully curated to service our customer needs. We are also mobilising resources to aid the financially underserved and deliver new-age financial services that match their specific needs and enhance their banking experience.

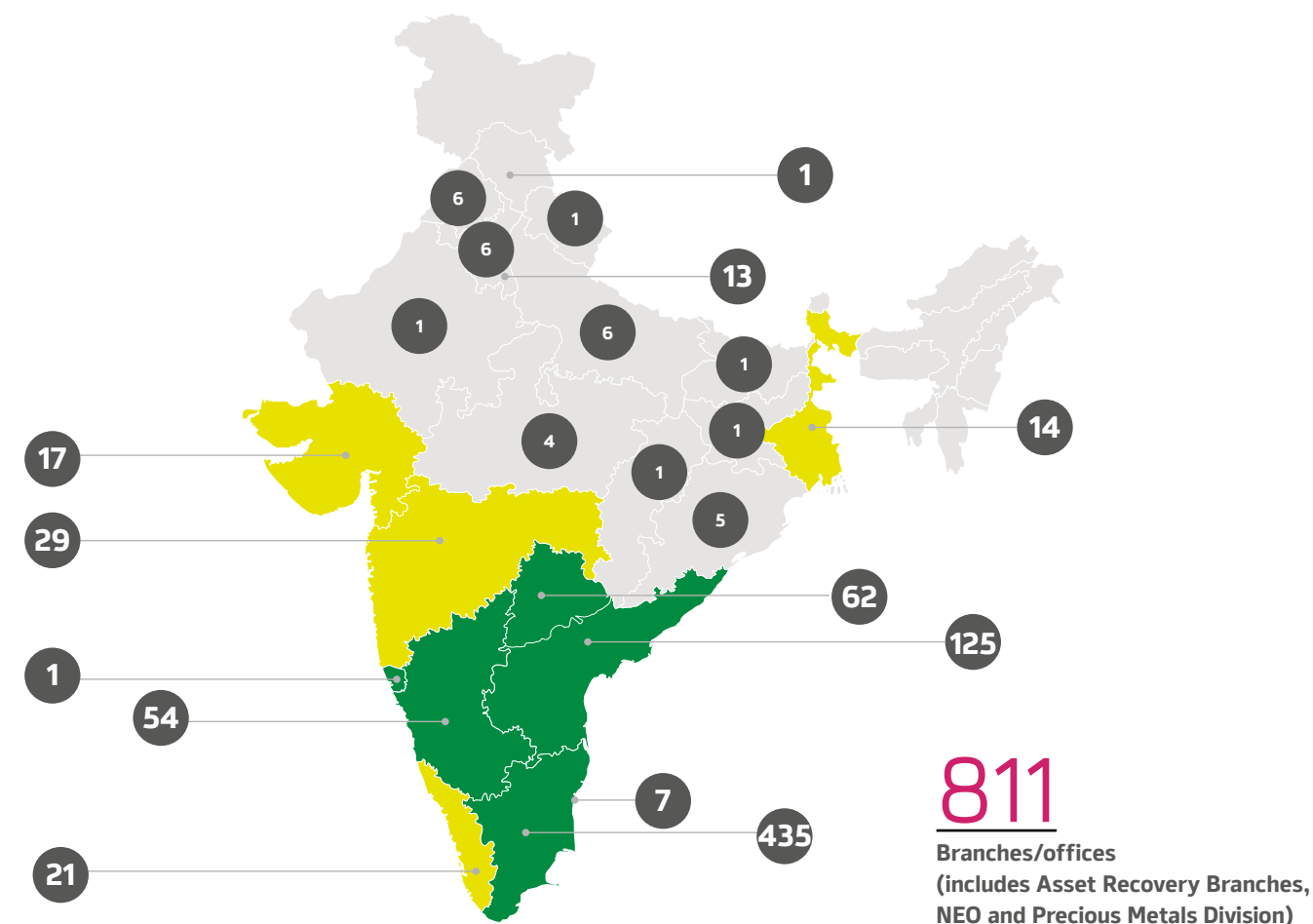
Quick facts

₹ 63,278 Crores	₹ 52,820 Crores	₹ 359 Crores	₹ 21,654 Crores
Total Deposit	Advances	Net Profit	CASA

0.49%	18.98%	72.70%	95%
Return on Asset	CRAR	PCR	Collection efficiency

Responsibly aligned to new-age banking

Our reach

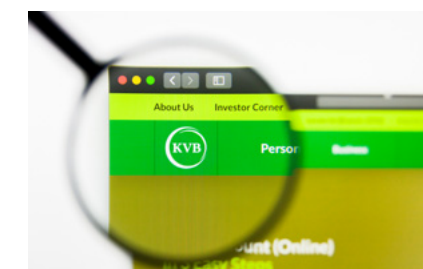


Our Customers



77.50+ Lakh

Our Business



₹ **1,16,098** Crores

Our Capital - A Snapshot



Our financial capital consists of funds accrued from customer deposits, shareholders' equity and market borrowings. We utilise these funds to expand our operations and drive financial inclusion.

₹ 6,960 Crores
Owned Funds

₹ 63,278 Crores
Deposits



The skills, competencies and knowledge of our people coupled with their years of commitment with the bank, empower us with a distinctive advantage over others. It is the commitment and loyalty of our employees that allows us to fulfil our aspirations and organisational objectives efficiently.

7,746
Number of employees

35 years
Average age of our employees



Our expertise, experience, brand value, technical know-how, thought leadership process and intellectual capacities define our way forward.

We are continuously investing in state-of-art technologies and continue to improve our digital solutions with stronger validations enabling quicker decisions. We are improving our digital underwriting process and upgrading the rule-engine metrics for a better portfolio quality.

100+
Years of legacy



We constantly endeavour to develop mutually beneficial relationships with all our stakeholders to enable sustainable change in the communities we serve and also in the individual lives of the people. Our valued relations with governments, regulatory bodies and our vendors lay the foundation for making these viable transformations possible.

₹ 4.25 Crores
Spent in CSR activities
FY 2020-21

₹ 1.95 Crores
Exclusively spent for COVID-19
relief activities



Our direct customer interfaces via our branch network, ATMs, POS and our strong digital platform enables us to derive exceptional value for our stakeholders and deliver superior services. It also enhances our efficiency and productivity, enabling us to scale our business and expand our reach.

780
Branches

2,236
ATMs + Cash recyclers

11,828
PoS terminals

14.19 Lakh
DLite active users



As a responsible organisation, we are cognisant of our impact on the environment. To reduce our ecological footprint and foster sustainability, we continue to optimise resource utilisation and preserve the natural environment through concerted efforts.

Promoting
**Paperless transactions
through digital solutions**

Business Model

Capitals



Financial Capital

The financial resources available to us from external sources (equity, debt and deposits) as well as reserves, put together create a platform to grow and sustain the business



Manufactured Capital

The physical and digital infrastructure that drives the Bank to perform its business activities



Intellectual Capital

The technical know-how, experience, and expertise of people backed by strong systems and processes that protect KVB's brand and strengthens its competitive position



Human Capital

The experience, expertise and dedication of employees that enables KVB to achieve its targets and goals



Social and Relationship Capital

The growing trust within our stakeholders continues to drive our relationships and build the bank of future



Natural Capital

The contribution made towards reducing impact on the environment and conserving natural resources

Inputs

- Owned Funds – ₹ 6,960 Crores
- Deposit Base – ₹ 63,278 Crores

- Branches -780
- ATMs + Cash recyclers – 2,236
- Sales force – 995
- DLite – 25+ Lakh downloads

- Brand building activities
- ISO 27001 certifications
- Continuously investing in futuristic technologies for improving customer experience

- Employees 7,746
- Robust HR policy
- Work-life balance
- Training and learning programs
- Employee engagement activities
- Safety and Health prioritised

- Pan-India presence
- 77.50 Lakh+ customers
- Active community development programs
- About 1.75 Lakh shareholders

- Driving paperless processes
- Energy conservation programs
- Introducing Green products
- Digitization of internal approval processes mechanism

Value Creation process

Internal Environment

Vision

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

Segment offerings:



Agriculture



Commercial



Corporate



Personal

Product offerings

- Deposits (Savings, Current, Recurring, Fixed)
- Loans (Personal, Home, Vehicle, Educational, Mortgage)
- Cards (Debit, Credit, Prepaid, Arogya Card)
- Insurance
- Investments
- Digital Products
- Locker
- Social Security Schemes
- Govt. Schemes

Pillars of Growth



Wide range of offerings



Customer-first approach



Rapid digitisation

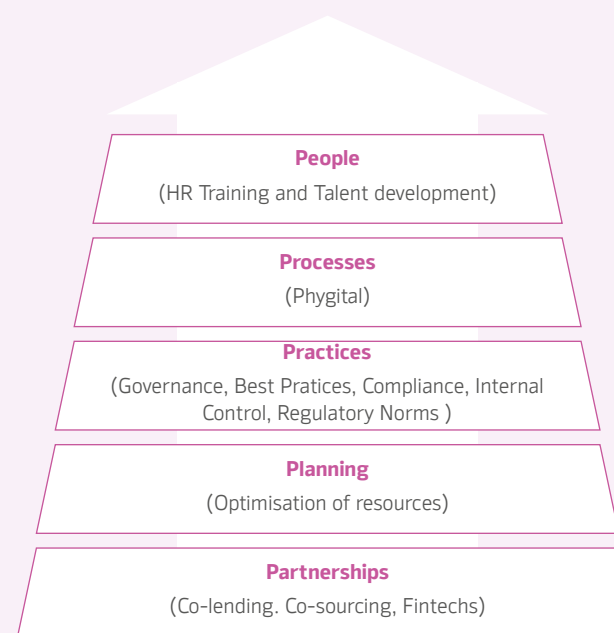


Increase our presence in underpenetrated regions

Growth Strategy

SMAR-T

SMEs' | eMerging Corporates | Agriculture | Retail through | Technology



Effective risk management framework

- Asset Liability
- Risk Rating
- Credit Risk
- Market Risk
- Operational Risk
- Industry Research
- Integrated Risk
- Policies

External Environment



Economic



Socio-cultural



Demographic



Government Actions



Natural



Global

Output for Capitals

- Net Interest Income – ₹ 2,360 Crores
- Profit after tax – ₹ 359 Crores
- Total loans and advances – ₹ 52,820 Crores

- 37 new ATMs/BNRMs added
- 4 Offices and branch added

- Enhanced digital platform launched to onboard customers in short time
- 25+ Crores nos. of transactions through alternate channels

- Business per Employee ₹ 14.99 Crores
- Profit per Employee ₹ 4.6 Lakh

- Driving financial inclusion
- CSR beneficiaries across our key focus areas
- ₹ 87.07 Book Value

- Energy conservation – ₹ 65 Lakh

- EPS – 4.5
- CASA – 34%
- ROA – 0.49%
- CET -1 ratio – 16.95%

- Strong presence across Metro, urban, semi-urban and rural regions of India

- 2.31+ Lakh digital accounts opened

- Online learning hours – 66,860
- Employee retention – 97%

- ₹ 1.95 Crores exclusively spent for COVID-19 support activities
- Consistent history of dividend payouts



- Renewable Energy – 12,81,981 units generated

Enabling Transformation Adapting to Change

Key Trends



Technological revolution

The technology landscape is constantly evolving at unprecedented rates. The outbreak of COVID-19 has further accelerated the need to adopt digital platforms, in view of the social distancing norms and remote working policies being implemented across the world.

Increasing regulatory requirements

The financial sector is governed by stringent rules and regulations. It is designed to protect customer interest, foster transparency, reduce corruption and decrease money laundering.

Evolving customer needs

With digitization and increasing purchasing power, the demand for quality service is constantly growing. Customers now prefer to choose banks that provide instant services, easy to use applications, safe transaction interfaces and Omni channel services.

Growing competition

Increasing number of players and diverse financial models such as aggregators and Fin Tech companies continue to crowd the financial ecosystem.

Conserving the natural ecosystem

Growing pressures on the natural ecosystem continue to be a cause of concern. It not only damages the environment but, also results in deep reaching social consequences.

Impact on KVB



This has motivated us to grow beyond the traditional banking ecosystem and adopt digital platforms that provide best-in-class services and products to our customers across the country. This has opened up new horizons and possibilities on various fronts. Introduction of new technologies has enabled us to enrich customer experiences with value-added services, design simpler steps and personalised services and make the options easily available at customers' fingertips.

Our continued compliance with the changing rules and regulations keep up our reputation as a transparent and trusted bank. It also enables us to improve processes through an ethical framework, implement risk management procedures and gain better market knowledge.

To meet the evolving needs of our customers, we are constantly adapting our offerings and providing, customised services to them. We are also diversifying offerings in the non-banking segment, in order to respond to new user demands and provide comprehensive solutions for our diverse customers.

Our differentiated and diverse offerings give us an edge over our peers. Our legacy of more than 100 years enables us to continue to enjoy the trust and loyalty of our customers.

With rising awareness of climate change and resource scarcity, we continue to undertake focused initiatives along with our partners, to reduce our environmental footprints and take up sustainable causes.

Progress / Action taken in FY 2020-21



- Increasing adoption of our banking app – DLite. As on 31st March 2021, the app has been downloaded by more than 25 Lakh users
- 89% of KVBs transactions made through digital mode
- Consistent investments to strengthen our technological capabilities, enabling us to drive seamless customer experiences
- Building a secure API gateway to empower customers to carry out transactions securely through our banking platforms or other third-party service providers

- 18.98%** CRAR
- 72.70%** PCR
- Continuous strengthening of governance, control, processes and practices

- 34%** CASA Ratio
- Introduced new products under different segments that meet the needs of our customers and emerge as a one-stop-solution for financial needs
- Enabled CASA openings through digital mode
- Generated business leads and sourced ₹ 77+ Crores of business

- Expanding our digital reach and increasing the number of customers
- Continue to strengthen our brand loyalty and recall
- Improving our collection efficiency **(95%)**

- Encouraging consumers to adopt digital platforms for transactions
- Promoting paperless transactions

Leading a Responsible Organisation

Board of Directors



Shri N S Srinath

Non-Executive Independent
(Part-time) Chairman



Shri B Ramesh Babu

Managing Director
& Chief Executive Officer



Dr. V G Mohan Prasad

Non-Executive
Independent Director



Shri M K Venkatesan

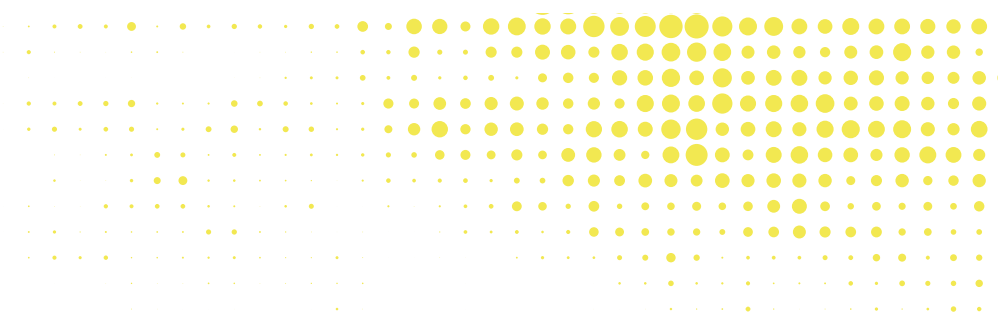
Non-Executive
Non-Independent Director



Shri A K Praburaj

Non-Executive
Non-Independent Director

Chairman
 Review Committee for Wilful defaulters/Non Co-operative Borrowers
 Corporate Social Responsibility Committee,
 NPA Management Committee,
 Special Committee for Fraud Monitoring,
 Management Committee of the Board



Smt CA. K L Vijayalakshmi

Non-Executive
Independent Director



Shri M V Srinivasamoorthi

Non-Executive
Non-Independent Director



Dr. K S Ravichandran

Non-Executive
Independent Director



Shri R Ramkumar

Non-Executive
Non-Independent Director



Shri K G Mohan

Non-Executive
Independent Director



Dr. Harshavardhan Raghunath

Non-Executive
Independent Director



Chairman
 Customer Service and Stakeholders Relationship Committee
 Risk Management & Asset Liability Management Committee
 Nomination and Remuneration Committee
 IT Strategy and Digital Transaction Monitoring Committee
 Audit Committee

Leadership Team



Shri B Ramesh Babu

Managing Director
& Chief Executive Officer



Shri J Natarajan

President
& Chief Operating Officer



Shri Dolphy Jose

General Manager
NEO - Business



Shri K V S M Sudhakar

General Manager &
Chief Compliance Officer



Shri Shekhar Ramarajan

General Manager &
Chief Risk Officer



Shri V Srinivasan

General Manager
Head - Credit Monitoring,
Legal & Recovery



Shri S Sekar

General Manager &
Chief Information Officer



Shri C Saravanun

General Manager
Personal Banking-Liabilities



Shri K Mahendran

Head
Precious Metals Division



Shri Jarard Thomas

General Manager
Inspection & Audit



Shri R N Chandrasekaran

General Manager
Corporate & Institutional Group



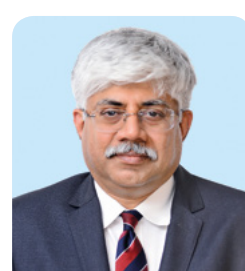
Shri G R Sairaj

General Manager
Personal Banking-Assets



Shri T S Narayan

General Manager
Treasury



Shri M D Ramesh Murthy

General Manager &
Chief Financial Officer



Shri V Anburaj

General Manager
Commercial Banking Group



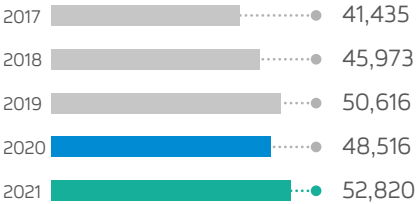
Shri D Immanuel Gnanaraj

General Manager
Human Resources

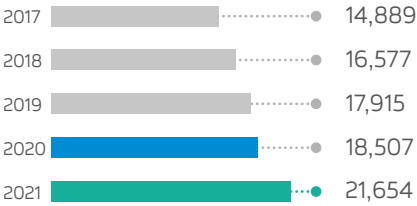
Sustaining Performance

Balance Sheet

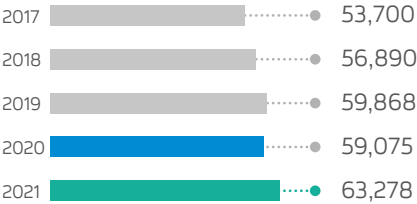
Total Advances (₹ in Crores)



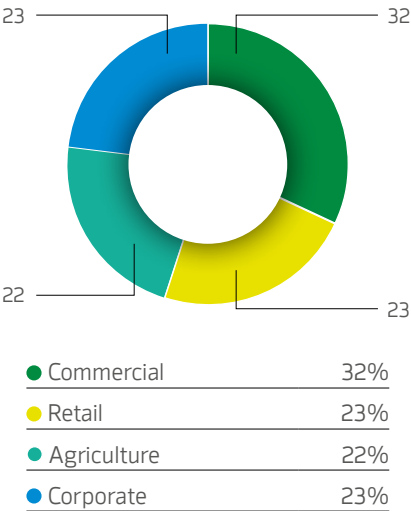
CASA (₹ in Crores)



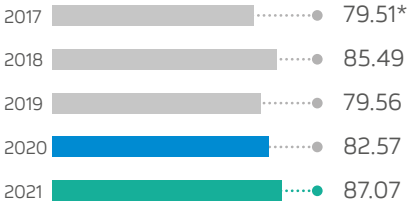
Total Deposit (₹ in Crores)



Advance mix

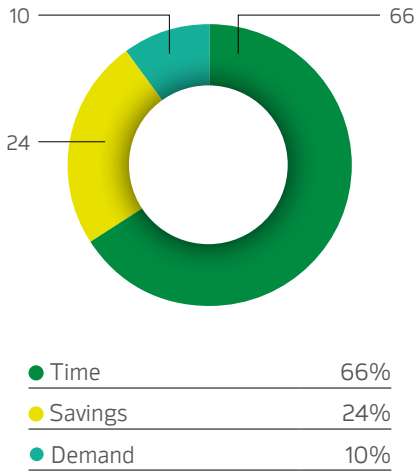


Book Value (₹ in Crores)



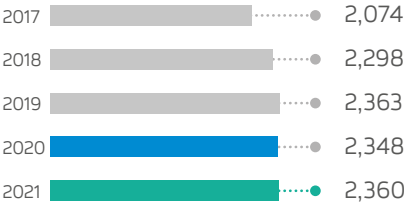
*In FY 2016-17, one equity share of face value of ₹ 10/- each was subdivided into five equity shares of face value ₹ 2/- each

Deposit mix

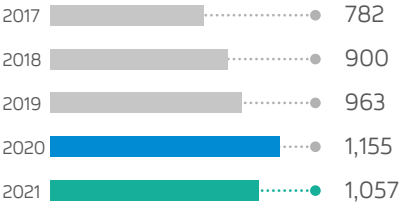


Profit and Loss

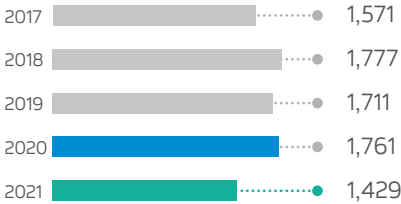
Net Interest Income (₹ in Crores)



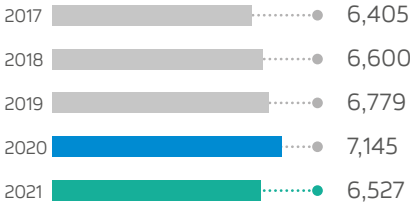
Non-Interest Income (₹ in Crores)



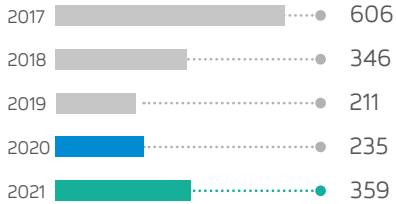
Operating Profit (₹ in Crores)



Total Income (₹ in Crores)

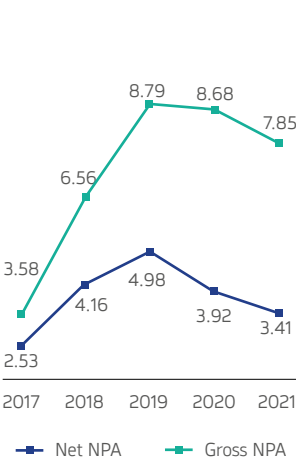


Net Profit (₹ in Crores)

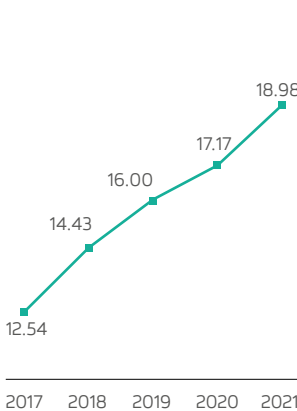


Key ratios

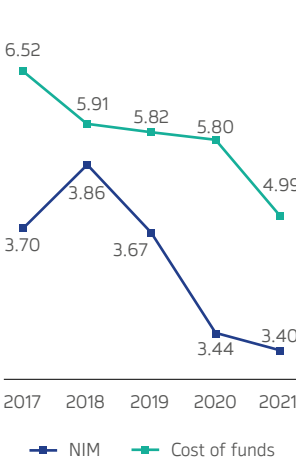
NPA (%)



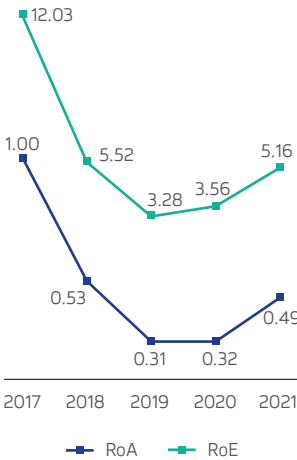
CAR (%)



MARGIN PROFILE (%)



RETURN RATIOS (%)



Chairman's Message Delivering Sustainable Value



We will continue to invest in state-of-the-art technologies to enhance our customer experience, facilitate secure transactions and improve the reach of our products.

Dear Shareholders,

I, on behalf of the Board of Directors, extend warm greetings to all of you and wish you good health in the days ahead. I am writing this message on the eve of our Annual General Body meeting, enclosing our Annual Report FY 2020-21.

The year that passed by was unlike any we have witnessed – a year of a global pandemic, worldwide recession and for our industry, extraordinary fiscal &

monetary support from Governments and Central Banks. COVID has impacted normal life on the physical, emotional, mental and financial fronts for all of us, and some of us have lost our near and dear ones. Unfortunately our Bank was not spared either, and we lost several of our employees from across the country to the pandemic and I would like to take a moment to pay homage to these departed souls.

I pray for the well-being of all of us and reaffirm our commitment to take

all necessary precautions to safeguard ourselves and help the administration in containing this pandemic. Let every one of us get vaccinated at the earliest and adhere to the basic safety rules of wearing a mask, maintaining social distancing and avoiding unnecessary travel.

As regards our performance during this trying period, our strongly committed workforce did a commendable job of growing our business by serving the customers amidst tough operating

conditions, championing the essential role of banking in a community.

We had to constantly respond to the enormous challenges that were thrown at us, and despite the hardships, our team demonstrated resilience, dedication and a commitment to overcome all the odds while keeping our core values of ethics & integrity intact. As an essential services provider, we operated under difficult physical circumstances to provide uninterrupted service to our customers by extending the basic banking services at the branches and also functioning via alternate delivery channels. We actively promoted and utilised our virtual platforms and digital capabilities to take our products and services to our customers and to carry out our internal operations seamlessly, in order to meet all commitments. To ensure the safety of our people, we adhered to stringent safety protocols and arranged for all necessary facilities to carry out day-to-day activities. FY 2021 was a year that drove us to adopt innovative methods, when we discovered new ways of growth and service delivery.

Macroeconomic Scenario

At the start of FY 2021, the domestic economy was already saddled with weak macroeconomic fundamentals due to multiple factors. The pandemic induced lockdowns choked both, market demand and supply, dealing a decisive blow to an already weak economy.

The Central and State Governments and Reserve Bank of India reacted quickly and came out with unprecedented fiscal and monetary policy measures, to avert a further deterioration of the financial system. Few sectors like Agriculture, Healthcare, Edutech and E-commerce exhibited some resilience and weathered the pandemic-led downturn. Market demand revived post easing of lockdowns, mainly driven by festival and pent up spending, which aided the economy in partially recouping the losses suffered during the first half

of the fiscal. However, the second wave of COVID resulted in regional lockdowns that once again subdued urban demand. Inflationary concerns arising from commodity prices prompted the Reserve Bank of India to reduce the country's growth projections to 9.50% for FY 2022.

We believe that the accommodative nature of the fiscal and monetary policies will support economic revival and the vaccination drive will progressively negate the impacts of any third wave. The buoyancy in the agricultural sector, strengthening of rural prospects and stabilization of export demand would augur well for the economy.

Banking in Focus

Banks derive significant strengths from their brand recall, vintage of customer relationship, economies of scale and profitability. In recent years, Banks have been competing against multiple NBFCs and Fintechs, apart from competing with each other.

In this backdrop, the pandemic led restrictions threw new operational challenges for Banks in terms of providing uninterrupted customer service. Banks needed to ensure smooth functioning of their alternate delivery channels for seamless support while also deploying necessary staff at their branches for basic banking activities. While the credit growth in the banking industry stood at 5.60%, the lowest in fifty nine years, deposits gushed in during the year - adding more liquidity into the system.

The Government of India rolled out various fiscal stimulus measures including 100% guaranteed ELCGS loans for businesses affected by lockdowns, equity infusion for MSMEs through Fund of Funds and partial credit guarantee schemes for NBFCs. The Reserve Bank of India came out with major policy measures to infuse liquidity in the system through reduction of CRR

requirements for Banks, injection of funds through Targeted Long Term Repo Operations, carving out the interest on working capital limits as a separate Funded Interest Term Loan, in addition to effecting an asset quality stand-still.

The Credit growth is expected to revive with the economic growth and supported by favourable sectoral policies such as Make in India, Production Linked Incentive (PLI) scheme for domestic manufacturing, National Infrastructure Pipeline and creation of Development Financial Institutions. The new Farm laws and Agri Infrastructure Fund is likely to bring structural changes in the agriculture sector, supported by infrastructure creation along the value chain such as cold storages and investments in food processing industries. The formalisation and digitalisation of the economy to reach USD 5 trillion by 2025, holds significant potential for credit growth in India.

KVB's sustained Performance

In the backdrop of a severe economic contraction, we were able to navigate the rough waters and post a reasonable performance in terms of top-line growth, asset quality, capital adequacy and profitability during the fiscal 2020-21. Our Net Profits grew at an impressive rate of 53% to reach ₹ 359 Crores during FY21 (₹ 235 Crores FY 2020) while the Operating Profits were impacted on account of a one-off expense relating to the XIth bipartite wage settlement. We were able to sustain the Net Interest Margins at 3.40%, despite the liquidity overflow and ROA improved to 0.49%, in line with our commitment to reach ROA levels of 1% by FY 2024.

Our liability franchise improved during the year, led by a healthy CASA share of 34%. We focussed on improving the credit off-take through a healthy mix of disbursements under Agri, Retail and Commercial segments while carefully pruning the corporate books during the

Chairman's Message Delivering Sustainable Value

year. Both the GNPA and NNPA levels softened during the fiscal and stood at 7.85% (8.68%) and 3.41% (3.92%). It is pertinent to mention here that we have carried out a thorough stress testing on our exposures to various segments and ensured sufficient capital adequacy levels even under severe stress scenarios, reflective of the inherent strength of your Bank.

Road Ahead

Digital has been a core part of the Bank's strategy and we have integrated our IT systems & technological capabilities to implement various digital processes for customers' convenience, provide necessary remote assistance to customers and also to facilitate a remote workforce. We foresaw this shift in customer behaviour towards digital adoption and created the necessary infrastructure, improved the service quality and enhanced the capacity within the bank. We will continue to invest in state-of-the-art technologies to enhance our customer experience, facilitate secure transactions and improve the reach of our products. We will also increase our Analytics capabilities to harness the power of data and to create innovative service offerings for our customers.

Our core value lies in being a responsible banking entity to cater to the needs of retail business, MSMEs, merchants and mid-market customers who shoulder a significant load of the country's economy. We will strive to further

granulize the lending portfolio and also continuously improve the quality of our underwriting. Going forward, we will scale up our performance in NEO, Precious Metals Division and Transaction Banking Group, in addition to exploring co-lending opportunities with NBFCs/ Fintechs.

Supporting the Community

We take great pride in being a responsible citizen – both at National and local level – through carefully thought out corporate responsibility efforts and philanthropic programs to make the communities stronger. We, at KVB, subscribe to the philosophy of sustainable development and ensure its cultural integration within our organisation.

We believe that our capabilities are even more powerful when put to use in collaboration with governments' capabilities and have supported varied activities – including construction of classrooms, donation of ambulances & running free medical dispensary, supporting the street vendors for business rehabilitation, distribution of masks, gloves & sanitizers to hospitals and other frontline workers, in addition to supporting existing projects. We will continue to explore more community support initiatives in the days to come.

Before I conclude, I would like to reaffirm that KVBs culture is deeply committed to its core values and ethics while designing strategies for sustained

business growth – from building a strong balance sheet, investing in cutting-edge technologies, continuously improving its risk, governance, compliance & internal control frameworks, nurturing talent – all to serve our customers and stakeholders and contributing to our communities.

As I look back on FY 20-21, I feel like we have traversed a warzone but emerged with only a few battle scars, due to our resilience and proactive efforts. I once again thank our staff members for their hard work and determination and it is their efforts that enabled us to weather the storm. I express my heartfelt admiration for them and wish them the very best.

I would like to compliment the leadership team for their relentless efforts and execution capabilities which helped us unlock greater value for the Bank. I also express my sincere appreciation for our shareholders, business partners, customers and other stakeholders for the continued support and faith in us. Today, I'm hopeful about a promising future and strongly believe that KVB can soar to new heights.

Best Regards,

N. S. Srinath
Chairman

Virtual Annual General Meeting 2020



Speaker Shareholders



Managing Director and CEO's Message

Shaping our future – with agility



We aim to deliver a sustainable and consistent financial performance by providing superior services to our targeted customers.

We continue to be a trusted financial partner of our customers, preserving our 100+ year legacy of serving the under-served and our core value of customer-centricity.

Review of FY21

The year gone by was marked with extraordinary events that compelled us to adapt to and adopt a new way of

life. The COVID-19 pandemic disrupted economic activities, affected businesses and impacted human lives in an unprecedented manner. It was also a period of grave uncertainty that led to

decisive changes within our bank. I would like to applaud our team for their resilience, as they braved all odds to fulfil their organisational responsibilities in a very creditable

manner. Being committed to our lasting legacy of ensuring 'customer delight', we persevered in maintaining our high service standards to keep up the faith entrusted in us by our loyal customers.

Despite the difficulties faced during the period, we saw steady performance across all verticals viz., a relatively favourable asset growth of 9%; credit cost as well as slippage ratio are at a five-year low; KVB's collection efficiency has improved to 95% and the Net Interest Margin (NIM) was maintained at 3.40%, despite liquidity overflow. A strong capital base and sustainable liquidity levels enabled us to create a solid foundation for reasonable shareholder returns. The bank also ironed out the difficulties faced in its corporate books.

We created a separate division for Collection and Recoveries and our NPAs now stand at ₹ 4,143 Crores. Although the recovery of NPAs faced significant hurdles due to the lockdown, we aligned our efforts to accelerate the process and made adequate provisions for accounts wherever there was any shred of doubt about recovery.

We also implemented digital solutions across savings and current account modules that have helped with paperless account opening. We are amongst the few banks to implement the Video KYC verification – a process for remote validation of customers. We implemented a digital gold loan module, wherein the physical presence of borrower is required during the initiation phase only, and all subsequent processes are digital.

Standing tall against COVID-19

Our business performance is a reflection of the resilience and adaptability of our team in the face of the pandemic-led crisis. Notified as an essential service by the Government, we continued our operations amidst the lock-downs and relied on our digital infrastructure to seamlessly deliver our services. We also ensured round-the-clock functioning of mobile banking and internet banking for our customers, to facilitate their convenience. Processes related to sanctioning of loans through paperless Digital Loan Originating System for all Retail Loans, MSME, Jewel Loans and Small Traders were simplified to reduce the turnaround time and provide customer comfort. Consequently, the usage of contactless digital payment services such as QR code, UPI and other digital transactions increased during the period. Recognising that certain customer segments had limited digital literacy, we aligned our customer communications towards customer education about online transactions. Simple guidelines to be followed by them while performing online transactions, especially to protect themselves from fraudulent activities were promoted via emails, and also through advertisements and prominent displays at branches. Our call centre provided 24*7 support to customers and their queries were attended to promptly.

Business Model

Our corporate accounts required some refining and we now limit our exposure to ₹ 125 Crores per corporate borrower/

group, a significant reduction from the earlier limits. We are focusing on the MSME, Commercial and Retail segments while maintaining our cautious approach to Corporate exposure. We are exploring avenues to expand our product portfolio, increase customer loyalty and expand our market presence. We are implementing cost optimisation strategies that include renegotiation of rentals for our southern branches where we have a prominent presence. We intend to increase customer engagement activities through a centralised process that would facilitate a much smoother interaction with the customers. We are also planning to increase our non-interest income, by up-selling and cross-selling third-party products. We were able to quickly provide the Emergency Credit Line Guarantee Scheme (ECLGS) through our digital platform for the businesses affected by the COVID-19 pandemic and disbursed ₹ 2,100 Crores till date, while another ₹ 500-600 Crores is being considered for the year 2021-22.

Improving our operational metrics

Digitalisation proved to be extremely beneficial during the COVID-19 pandemic, as is evident from the 34% share of CASA driven by Savings deposits. It enabled us to seamlessly conduct operational processes and effectively communicate with our people and customers in different parts of the country.

The centralization of the branch operational activities helped branch

Managing Director and CEO's Message

Shaping our future – with agility

officials concentrate on the service-related activities and deepen the customer base, even as automation of mundane tasks increased productivity of the employees.

At KVB, we are also trying to ramp up the CASA ratio by encouraging all our branches to open mid-segment current and savings bank accounts. Improvement in credit growth and asset quality remain major priorities for us. Our expansion strategy is based on venturing into underpenetrated areas with considerable market potential and consequently, we plan to establish bank branches in semi urban areas while leveraging Business Correspondents model in rural regions.

Growing responsibly

We aim to deliver a sustainable and consistent financial performance by providing superior services to our targeted customers and in the

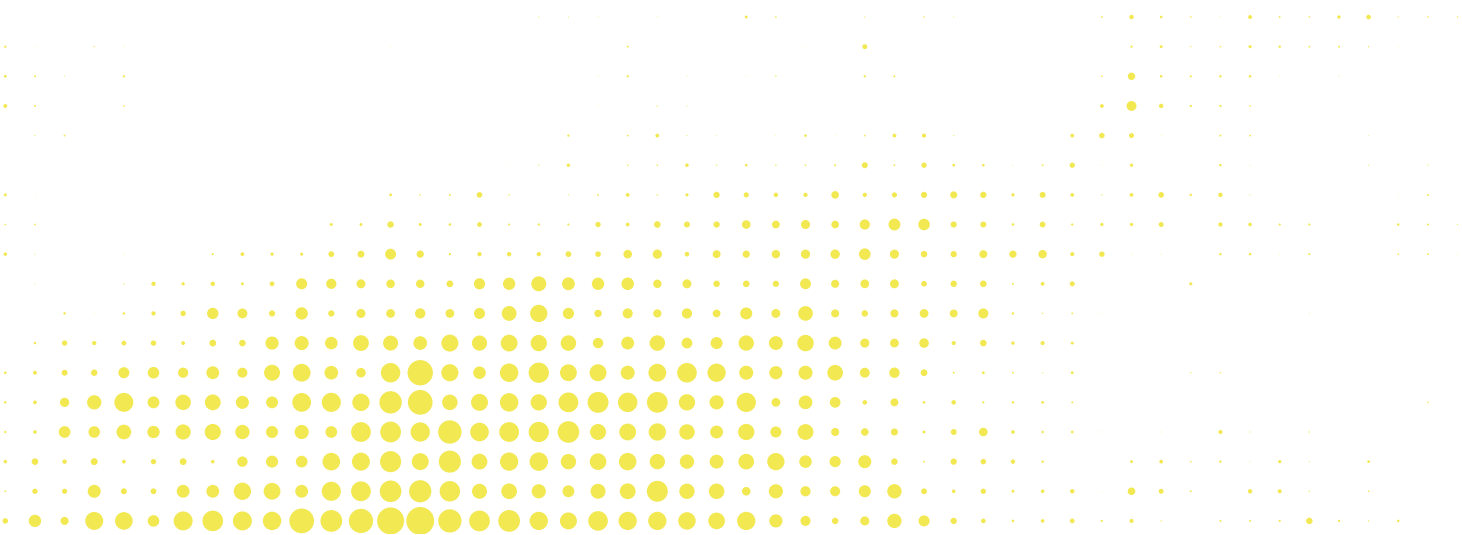
process realise our goal of achieving a RoA of over 1% by FY 2024. We have identified focus segments such as small and medium entrepreneurs, self-employed and professionals, and the entire spectrum of individual savers, particularly in the southern and western markets, as the potential growth driver. Our approach would be to offer our customers need-specific financial solutions/products/ services, by providing tailor-made solutions and a positive customer experience through delivery of quick and efficient services. Coupled with our digital reach and backed by our experienced and dedicated team, is our formula for success. Over the years, our client-driven approach has lent a competitive advantage to our brand, enabling us to earn the trust and loyalty of customers from all segments. From reaching out to the financially underserved, to meeting the requirements of new-age businesses, our policies have always centred on the people we serve and

those that we work with. It is the trust and loyalty of our valued patrons that drives us to fly to greater heights, while our deep-rooted traditional values keep us firmly grounded and stable.

I would like to deeply appreciate and acknowledge the immense support provided by the Central and State Governments, Regulators, our Board members, employees, shareholders and other stakeholders of KVB. We are extremely grateful to all of you for the faith you have reposed in us. We remain optimistic about the future and are confident of our ability to adapt to the needs of tomorrow and adopt the necessary means and methods to succeed against all odds.

Best Regards,

Shri B. Ramesh Babu
Managing Director & CEO



Awards and Accolades

Moments of Pride



2020 Innovative Best Practice in **Service Excellence** by CII – Digital Transformation DX Summit Best Practice in **Digital Transformation 2020**



2020 Best Digital Banking Solution of the year by **Kamikaze Payments & Cards Awards**



2020 Automation of file uploading process – GEFU process through RPA Bot by **Uipath Automation Excellence Awards, 2020**



2021 Best use of IT & Data Analytics – Runner Up by **IBA Banking technology Awards, 2021**



2021 Best IT Risk & Cyber Security Initiatives – Runner up by **IBA Banking technology Awards, 2021**



2021 Third Best Branch in Kerala State under the Old Private Sector Bank category - **Ernakulam Palarivottom Branch** by State Forum of Bankers' Clubs, Kerala



2021 Skoch BFSI Silver Award for **Digital Solutions including Lending, Mobile Banking & Video KYC** By Skoch



Growing Responsibly

We strive to meet our customer expectations while also improve our return ratios, manage our cost base and streamline operations towards responsible growth. Driven by our resilient efforts to overcome the challenges posed by the COVID-19 pandemic, we have maintained our growth levels and are successfully progressing towards accomplishing our long-term goals.



Building Relationships

To us, the bank is far more than a commercial enterprise. Our deep-rooted legacy of putting customer interests first, and giving back to society and communities in a responsible way, is at the core of all our endeavours. Building relationships with all our stakeholders and maintaining them with integrity and honesty is the cornerstone of our vision.

(Read more on [Page 30](#))



Being Agile and Responsive

Our focus on business transformation and increased digitalisation remains unchanged, as we continue to plan for capitalising on opportunities that are constantly evolving in the dynamic banking sector. We remain loyal to our objective of being a holistic financial services and solutions provider, continuing to innovate and introduce new offerings across our portfolios that are aligned to customer needs.

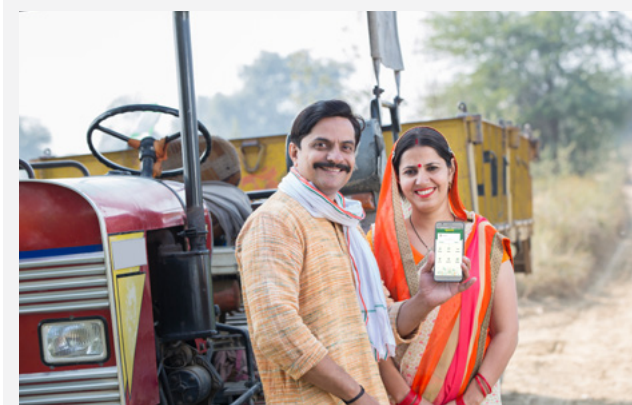
(Read more on [Page 32](#))



Focusing on Digital

Our digital-first outlook drives us to invest in cutting-edge technology and deploy advanced methods to ensure seamless banking from anywhere, any time for our customers. We continue to update and upgrade our in-house technology and processes across all functions to ensure safe and secure digital transactions for all customers.

(Read more on [Page 34](#))



Driving Financial Inclusion

Leveraging our branch presence across the country, especially in semi-urban and rural areas, we remain committed to drive financial inclusion of the less-served Indian population.

(Read more on [Page 36](#))

Building Relationships

At KVB, we support thousands of our customers manage their day-to-day finances. We aim to deliver excellent customer experiences across their lifecycle with us.

We assessed the implications of the pandemic on our customers across the various profiles and devised a strategy to offer them services to meet their new needs and challenges. We offer tailored products and services to meet customer needs, and our digital options give them the flexibility to access our portfolio of offerings at their convenience and in the comfort of their homes or elsewhere.



24x7 assistance

We continued our support to customers while also ensuring that our risk management controls remained effective. Implementation of digital tools have helped actively monitor and improve service resilience across our operations and engagement with customers. This has helped minimum disruption in our service and reduced customer queries to a large extent. Our Call Centre has handled 60+ lakh calls as a part of its customer engagement activities.



Secured services

We are committed to investing in technology and services that ensure the security and safety of online transactions and operations, without compromising customer experience. We are focused on building a secured API gateway that enables our customers to carry out transactions securely with the bank or with any other third-party service provider. We parallelly continue to improve our the digital experience of customers, introducing more and more self-serve digital services in line with their needs.

Upcoming launches:



Retail Credit Cards



NSDL Insta demat Account opening



Pre-approved loans



Issuance of Fastag to non-KVB customers



Project NEO

This project was initiated with the idea of expanding operations via non-branch outlets. NEO was formed to on-board New To Bank (NTB) customers on a BIB platform by direct sourcing with channel partners as well as by partnering with co-lenders. NEO focuses on optimising our digital capabilities and establishing new channels of growth.



Strengthening Relationship

Besides Branches, the dedicated team of Relationship Managers at our Corporate Banking Units, Business Banking Units, Precious Metals Division and Transaction Banking Group are continuously engaging with our customers, understand their requirements and extend necessary support. Our aim is to strengthen the relationship with our customers and

we are focused on growing responsibly.

Our **150+** dedicated personnel in Call Centre functioning 24*7 to assist the customer needs

Being Agile and Responsive

Our business model is built on agility and speed. We adapt to and adopt change, making way for a stronger and smarter organisation.

Staying true to our legacy of over 100 years, we continue to blend technology with tradition to deliver financial services that meet diverse requirements. As the COVID-19 pandemic altered our way of life, we realised the importance of adopting scalable technological platforms that enabled smooth and seamless operations amidst the countrywide lockdown. Our agility enabled us to embrace newer concepts and set new priorities to accelerate our responses.



Standing by our customers

Our top management regularly interacted with the borrowers during the pandemic, via virtual meetings. Understanding their problems, they extended a helping hand and supported them as a trusted financial partner. Some of the initiatives undertaken by KVB are as follows:

- First bank to disburse Emergency Credit Line Guarantee Scheme (ELCGS) loans to businesses impacted by pandemic
- Sanction of Funded Interest Term Loan (FITL)
- Restructuring of loans under the resolution framework for COVID-19 related stress
- Restructuring of loans of MSME borrowers
- Relaxation of sanction terms like, Margin, Drawing Power, extension of due dates of bills etc.
- Our Call Center handled 6.50+ Lakh requests from our customers and provided the required services

2,000+

Accounts extended with COVID-19 relief package



Supporting our customers to handle the COVID times

- Video-KYC for conversion of low KYC accounts
- Mobile no. updations through DLite App
- Suspect callings - to alert our customers about suspicious unauthorized transactions



Analytics

We have reinforced our data platforms with in-house data marts for quicker processing of large customer data, enabling us to scale up our Analytics capabilities.

We will focus on leveraging data from various touch points and optimize the customer experience & increase customer retention.



Expanding our co-lending network

We continue to expand our offerings with strategic partnerships with leading financial institutions, HFCs and NBFCs. These partnerships also cover financial services under Home Loan, Loan against Property (LAP), 2-Wheeler Loan and Personal Loan (unsecured).



Enabling easy access to funds

To meet the financial needs of customers, we are offering affordable gold loans. Also, in line with the RBI's progressive reforms to allow lending up to loan-to-value (LTV) ratio, we are allocating secure and faster access to funds. Our strong corporate governance framework, regulated banking network and deeper penetration in remote areas have grown our gold loan segment, year on year.

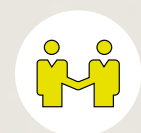
39%

Year-on-year growth in gold loan business

Focusing on Digital

We continue to advance our efforts to develop digital capabilities and nurture growth through digital transformation. Supported by a strong digital infrastructure and a growing digital presence, we have significantly improved profitability.

Today, customers demand banking solutions anytime and anywhere. Hence, innovative, robust and secure digital resources for both retail and commercial customers is our strategic intent. Our ongoing focus on transforming the business and investing in digital infrastructure has enabled us to respond effectively to the accelerating shift towards digital channels. We continue to invest in building the KVB of the future. Our digital ecosystem supports the following:



Paperless onboarding



Quicker sanctions



Efficient credit analysis



Risk analysis and mitigation

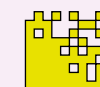


Digital loan documentation



Digital Focus

KVB is actively progressing towards cashless payments and the share of transactions through digital & alternate channels has increased to 89% during FY 2020-21. We are the first Bank to implement complete end-to-end digitized paperless transaction flow for sanction of loans and improving our Self-Service Model for ease of accessing digital lending platforms by our customers at their convenience. We will adapt to the evolving eco-system and leverage our analytics strength to design new products that suit customer needs.



Rising digital transactions

Staying abreast of technological developments, we continue to improve our clients' digital experience by introducing additional self-serve digital services, aligned to their needs. Since the launch of DLite, the All-in-one App, we are witnessing increased online usage by all our customers. Its multi-functional use has simplified and streamlined our ability to showcase additional offerings to our customers, resulting in increased business growth. Our loan book has also witnessed steady growth through the digital transformation across our business divisions. The integrated digital services have improved the turnaround time of our services while enriching customer experience.

25+ Lakh

DLite application downloads until March 31, 2021

2.31+ Lakh

Digital Accounts opened in FY21

₹ 1,231 Crores

Growth in advances in FY21 through digital mode

89%

of KVBs transactions are in digital mode

Driving Financial Inclusion

Our 100+ year legacy of serving the financially underserved is a primary pillar of our mission. We consider it our duty to foster financial inclusion in the vast underserved potential markets and continue to accelerate our efforts to provide access to affordable financial solutions to individuals as well as businesses.

Progressive government reforms have broadened the resource base of the financial system, taking financial services and products to the hinterlands of the country. With growing availability of formal sources of finance and banking services, more underserved people have found access to the modern banking ecosystem. This is further aided by more relaxed KYC norms and simplified regulations from the RBI. Supported by the promising developments in the banking sector, we continue to step up efforts to reach more and more of the underserved and to make financial inclusion a reality for a large section of society.

Expanding our presence

We are actively mobilising resources to enable easier access to our financial services and credit facilities, for the marginalised sections. Anchored in our long-term strategy of reaching the remote corners of the country, we have fairly distributed our branches and ATMs in semi-urban and rural areas. In addition, our team of 139 Business Correspondents (BC) are driving change with stronger engagements with customers. Partnering

the government's vision of financial inclusion, we opened more than 2.7 Lakh basic savings and basic deposit (BSBD) accounts, along with more than 1.1 Lakh accounts under the Pradhan Mantri Jan Dhan Yojna (PMJDY) program.

115,940

Accounts opened under PMJDY

136

Unbanked Rural locations covered in FY21 through BC

277,305

Accounts opened under BSBD



Engaging with stakeholders

To drive financial inclusion, our operations are backed by a strong consumer protection framework that ensures regular monitoring and relies on an efficient grievance redressal system to improve communication and coordination with our customers. Regular monitoring of credit / advances is provided with the necessary advices.



Granular advance profile

Our advances and loan book is now more granular with an increase in disbursements across verticals. Introducing our services on digital platforms have also led to the acquisition of a quality portfolio and higher disbursements.

This granular approach was visible with KVB opening 5,59,923 New To Bank (NTB) CASA accounts during FY 20-21. Our total CASA deposits grew to ₹ 21,654 Crores as on 31.03.21, a y-o-y growth of 17.01%. The CASA to Gross Deposit, as on 31.03.21, improved to 34%, as against 31% as on 31.03.20.

Outlook

At KVB, we are steadily adapting a more diversified lending strategy for rural areas, moving away from traditional farm credit. Introduction of new products across the lifecycle of farming and non-farming activities helps us to further propel our goal of financial inclusion and empower the marginalised sections of society with affordable financial solutions.

54%

Of our branches are located in rural and semi-urban areas

Fostering a Responsible Work Culture

We are proud of our committed and loyal workforce and aspire to build a dynamic work culture, empowering employees with new-age skills to successfully perform and continue contribute to KVB's growth.

We continuously endeavour to be an employer of choice, towards which we are committed towards diversity and an inclusive growth culture at our workplace. Being an essential service provider we took proactive and stringent measure to safeguard the health of our employees first, as COVID-19 continued to disrupt lives and livelihoods.



Adapting to the new normal

During the year, we prioritised the safety and health of employees over everything else. Continuous messaging via e-services and emails were sent out, reminding our staff about the preventive measures to be observed by them at all times (hand sanitising, social distancing, wearing of face mask etc.), apart from enforcing these measures in the work place. Our technology team quickly adapted to the 'new normal' situation, providing Work From Home (over VPN) facilities to employees to attend to work from home, as per the government norms set for the banking sector.



Employee engagement initiatives

Despite the challenges of the pandemic hit year, we continued to closely engage with our employees and oversee their personal growth. We conducted celebration days, talent competitions, quizzes and other events to boost employee morale, albeit digitally. We also conducted surveys to understand what we could do to support employees during the trying times. We also created learning opportunities and offered financial assistance to complete training programmes. We introduced an Employee Grievance Redressal Mechanism to encourage our colleagues to share their problems in order for us to be able to find appropriate solutions.



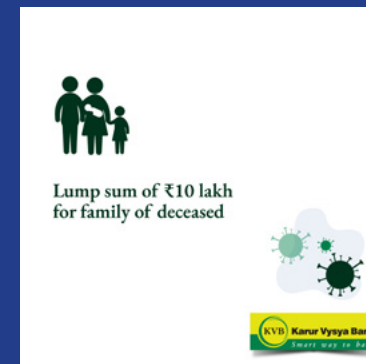
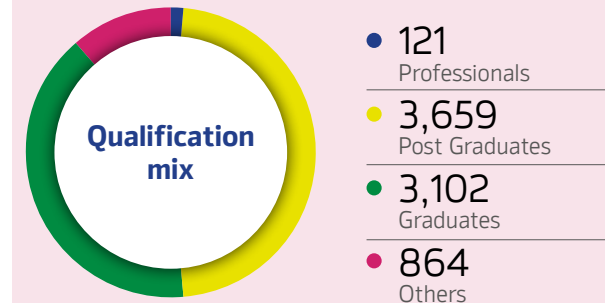
Training and development

We conducted Virtual Training programmes for S2 and S3 promoted officers in collaboration with State Bank of India Consumer Banking (SBICB), Hyderabad. Additionally, an e-Program on New Liability Customer Acquisition Strategies was organised for all Branch Heads. Programs on Driving Digital Transformation was also conducted for the Asset Team. A virtual program on Smart Banking was organised for all bank employees across multiple locations. We also conducted workshops in partnership with external agencies to empower our employees with evolving topics of digitisation, Cyber Security etc. We further strengthened the PeopleSoft HRMS platform to automate most of the functional areas and improve efficiency.



Trainings

Total training programmes	No. of Participants
557	10,972
Internal Trainings	
Programmes	Participants
440	10,347
External Trainings	
Programmes	Participants
117	625



Combating COVID-19

At the onset of COVID-19, we enforced all necessary measures to keep our employees safe. Considering our employees' health and safety a priority, we ensured implementation of all government protocols related to social distancing, sanitisation, vaccination drives in coordination with hospitals, to provide support during emergencies. In spite of undertaking cost-cutting measures across the bank, there were no pay cuts or lay-offs across the organisation. The Bank implemented a scheme for reimbursing expenses related to COVID testing, hospitalisation (where required), vaccination (for employee and dependants) as well as monetary aid for bereaved families of employees that succumbed to COVID-19.



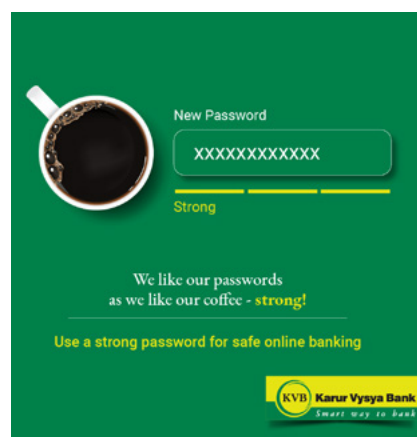
Marketing & Branding

A strategic marketing plan along with channelised branding helped us communicate effectively and consistently with our customers. This has reinforced the KVB brand in all the markets we serve and helped us promote the digital transformation and other product/service initiatives undertaken during the year.

During the year, we were active in television media advertisements, while aggressively scaling up our presence in digital media. We are now actively engaging with our customers on social media platforms like Facebook, Twitter, Instagram, YouTube and LinkedIn.

Key Highlights 2020-21

- High profile television campaigns were conducted during the year covering DLite app, Retail and Jewel Loans
- Associate sponsorship at Saregamapa, a music reality show on Zee Telugu. We strengthened our brand presence by integrating our mentions in the content for the show and signing a long-term agreement for 52 weeks.
- To cater to the female audience, a daily morning show "Snegithiye" was sponsored in Kalaingar TV
- Radio campaigns were conducted in Mumbai, Delhi and Ahmedabad to promote our brand and our products
- A one month pan India campaign was conducted across all screens of PVR to promote DLite app
- A prominent road facing unipole (hoarding) was taken in PVR Mall on OMR Road, Chennai to promote DLite app
- The entire Karur Railway Station was leased by our bank for sole advertising rights for our brand.
- 6 campaigns were done in social media to promote the KVB brand
- A 2-week campaign was also conducted on Bloomberg Quint (web channel) during February, 2021
- Promoted our special posts on the occasion of Pongal, Talent Hunt (a AV produced featuring the winners of the in-house competition for dance and singing) and Women's Day



2.64 Crores

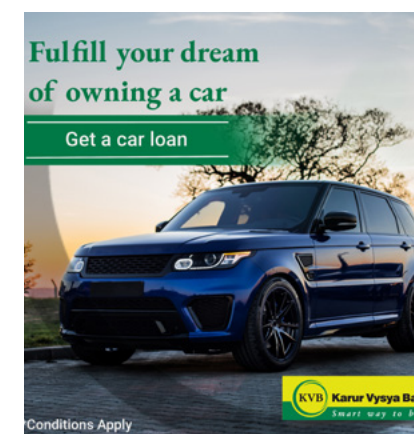
Impressions across all platforms

70 Lakhs

Video views across YouTube

28,000+

DLite app installations generated by YouTube campaign



Responsible Growth

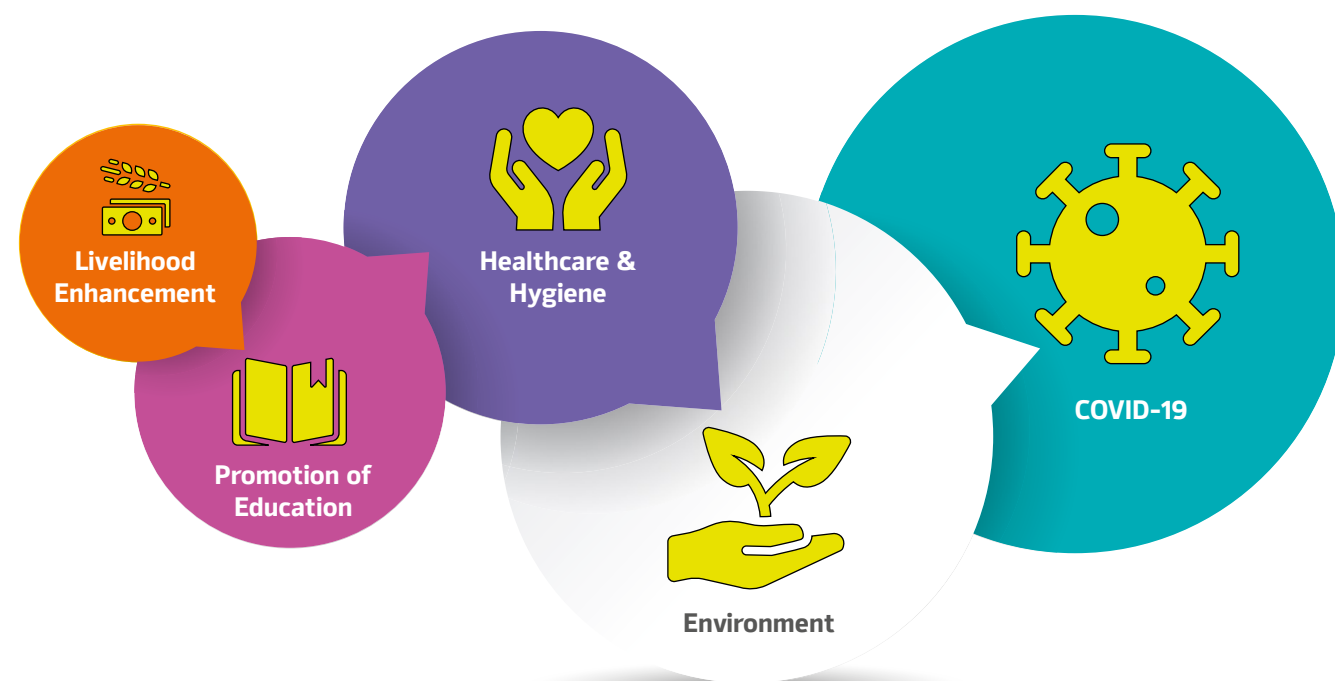
Our business outlook incorporates active interest and focused actions with regard to the environment, sustainability and responsible engagements with the community at large.

We understand that well-designed and properly implemented community service programmes build our corporate reputation and reinforce our legacy of giving back to society. Hence, our CSR mission is to contribute to the social and economic development of the community as a whole and to establish ourself as a responsible corporate citizen.

We seek to include and mainstream economically, physically and socially challenged groups, to empower them to partake in the cycle of growth and development. At the core of this is our commitment to reach out to marginalized communities through our Sustainable Livelihood Initiatives.

The COVID-19 pandemic has severely impacted the health and financial fronts of the people, with disproportionately higher impact on the low income group. Your Bank extended support to these segments through its CSR activities and spent an overall amount of **₹ 3.11 Crores** to COVID-19 related relief measures upto March 2021. We continue to engage with the local communities and will extend required support & assistance.

Our CSR activity



₹ 4.25 Crores

Total Spendings on CSR activities
(FY 21)

Your Bank's CSR obligation for FY 2021 is ₹ 7.40 Crores, of which we have already spent ₹ 4.25 Crores. Bank is in the process of transferring the balance of ₹ 3.15 Crores to notified funds under Schedule VII of the Companies Act, 2013.

Healthcare & Hygiene

At Karur Vysya Bank, we actively work towards fostering behavioural change in the areas of health and hygiene. We provide sanitation infrastructure through construction of toilets in educational institutions with focus on institutions for girls, provide sanitary napkin dispensers and incinerators, contribute to Swachh Bharat Kosh of Central Government and provide clean drinking water by setting up RO plants in rural centres.

> 500

Families Benefitted

14

Villages and
Towns impacted



Promotion of Education

We believe that education is the stepping stone to lead a life of dignity and equality, especially for the underserved and the vulnerable. Our initiatives cover school infrastructure and construction of classrooms, providing classroom equipment including furniture, computers, laboratory equipment and supplies, sports facilities & equipment and any other educational support material.

1,800

Students Benefitted



Livelihood Enhancement

We seek to bridge the gap of inequality and poverty among the underprivileged sections of the community through our dedicated projects. Several projects are curated by us at household level within the rural economy framework that balance opportunities and risks for the marginalized section of the community.



Eco-friendly

As our commitment to protect the environment and conserve natural resources, we contributed battery-powered electrical vehicles for the general public in some of the areas of our presence. These vehicles were used by people to travel short distances to stations, temples and other general places within their communities. This is as a part of our commitment to reduce carbon footprints and Green House Gases.



Corporate Information

Company Secretary & Assistant General Manager

Srinivasarao Maddirala

Deputy General Managers

R Rajagopalan	Jatla Sivaramakrishna
R Venkatesan	Subramanya Iyer Lakshmanan
R Ramshankar	S Ravi
N Tirumala Ramana Rajasheker	K Prasad
A Varadharajan	L Lakshmanan
B Ramkumar	S Vinoth Kumar
L Murali	Malpani Bhavesh Hariprasad
C Ramakrishna	K T Vijay Chandar
V Ramesh Prabhu	G Mohan Kumar
D S Gokulchandar	R Ganesan
D Akbar Dorai	G V Ramasamy
R V S Ramanjaneya Kumar	P V Vijayakumar
K Ravichandran	K P Muthu Kumar
S Giridharan	D Sridhar
Abhishek Bedbak	P Lakshmana Murthy
A Nitin Rangaswami	S Saravanan

Registered & Central Office

CIN: L65110TN1916PLC001295

No. 20, Erode Road, Vadivel Nagar,
L.N.S. Karur - 639002.

Phone: 04324-269440-43

Fax: 04324-225700

E-mail: kvb_sig@kvbmail.com

Website: www.kvb.co.in

Auditors

M/S Walker Chandiok & Co LLP,
Chartered Accountants, Kochi

Secretarial Auditor

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

Directors' Report

To the Members,

Your Directors have pleasure in presenting the 102nd Annual Report on the business and operations of the Bank together with the audited accounts for the Financial Year ended March 31, 2021.

KEY PERFORMANCE INDICATORS

The Banking Industry faced multiple headwinds during the year under review - battling unprecedented macroeconomic disruptions caused by pandemic lockdowns & its second order effects. The business environment, already weakened by demand contraction, subdued export growth and rise in inflation at the beginning of the year, was adversely impacted by the lockdown-led mobility restrictions. The pent-up demand during the festival season and the resilience exhibited by a few industry sectors led to marginal growth in credit off-take during the latter half of the year.

Under such circumstances, your Bank registered a reasonable growth, highlights of which are as below:

Particulars	March 31, 2021 (₹ in Crores)	March 31, 2020 (₹ in Crores)
Deposits	63,278.43	59,075.08
Advances	52,820.13	48,516.30
Investments	16,465.98	16,072.60
Total Income	6,527.07	7,144.60
Total Expenditure	5,097.74	5,383.76
Operating Profit	1,429.33	1,760.85
Net Profit	359.39	235.02

TOTAL BUSINESS

Your Bank's Total Business grew to reach ₹ 1,16,098.56 Crores as on March 31, 2021 as against ₹ 1,07,591.38 Crores of the previous financial year, a growth of 7.91%.

DEPOSITS

The Gross Deposits of the Bank stood at ₹ 63,278.43 Crores as on March 31, 2021 as against ₹ 59,075.08 Crores of the previous financial year.

The Term Deposits also improved to ₹ 41,624.61 Crores as on March 31, 2021 as against ₹ 40,568.37 Crores of the previous financial year.

Your Bank's CASA recorded a healthy growth of 17.01% during the year and stood at ₹ 21,653.83 Crores as on March 31, 2021

from ₹ 18,506.71 Crores of the previous financial year. Savings Bank deposits reached ₹ 15,215.01 Crores from ₹ 13,002.61 Crores of the previous financial year and Other Demand Deposits stood at ₹ 6,438.81 Crores as against ₹ 5,504.10 Crores of the previous financial year. The CASA ratio of the Bank as on March 31, 2021 stood at 34%.

ADVANCES

During the year, your Bank's credit portfolio moved positively and stood at ₹ 52,820.13 Crores as on March 31, 2021 as against ₹ 48,516.30 Crores of the previous year, an increase of 8.87%.

Agricultural Advances registered a sharp increase during the year, followed by Retail Lending and Commercial Advances. The Corporate books was cautiously trimmed down during the year by 3% (after deducting technical write offs). The details of the Advances portfolios for FY 2020-21 and FY 2019-20 along with their comparative growth is detailed in the table below:

CLASSIFICATION OF ADVANCES PORTFOLIO

Particulars	March 31, 2021 (₹ in Crores)	March 31, 2020 (₹ in Crores)	Y-O-Y Growth %
Agriculture	11,531	8,936	29
Retail (Personal Banking)	12,257	11,193	10
Commercial	16,687	15,620	7
Corporate	12,345	12,767	(3)
Total Advances	52,820	48,516	9

During the year, the Priority Sector Lending of your Bank rose by 20.52% and reached ₹ 25,341.00 Crores from ₹ 21,026.39 Crores of the previous financial year. As on March 31, 2021, the Priority Sector Advances of your Bank constituted 52% of its Adjusted Net Bank Credit (ANBC) as against the statutory mandate of 40%.

AGRICULTURE ADVANCES

Your Bank's average Agriculture Advances, in terms of RBI guidelines, stood at ₹ 10,272 Crores as on March 31, 2021, which constituted 21% of ANBC, as against the regulatory stipulation of 18%. Average Advances to Micro Enterprises and Weaker Sections stood at 8.43% and 12.31% respectively. Your Bank has continuously achieved and surpassed the statutory Agriculture target by its focused lending strategies to the Agriculture and its allied sectors.

ASSET QUALITY

The Banking industry underwent a unique experience in asset quality front during the year with the Regulator effecting a standstill in asset quality classification through Moratorium up to August, 2020. The moratorium extended almost until the end of the year by interim orders of the Supreme Court.

During this trying period, your Bank kept up regular interactions with borrowers to monitor and update their accounts, assisted them in restructuring their portfolio wherever necessary – all in line with the RBIs mandated relief measures.

The Supreme Court's embargo was lifted in end March 2021 and your Bank classified the eligible accounts as NPAs as per regulatory guidelines. Your Bank focused on containing and recovering the Non-Performing Assets through focused recovery measures. Your Bank accelerated the recovery momentum through a combination of several initiatives i.e. a dedicated Call Center for monitoring and following up recoveries, identification of special Asset Recovery Branches and increased feet-on-street capabilities of branches. In addition, One Time Settlement with borrowers were also negotiated wherever feasible. Your Bank also focused recovery from corporate accounts through legal and recovery measures as well as active coordination with consortium lending leaders, as appropriate.

Your Bank has a well-defined Recovery Policy and the Board level NPA Management Committee monitors & reviews the recovery process. Your Bank is also continuously reviewing & strengthening its underwriting framework by leveraging its technology platform and has tightened its internal controls by gleaning new learnings and also unlearning from its previous lending experience.

The Gross NPAs of your Bank marginally softened during the year and stood at ₹ 4,143 Crores as against ₹ 4,213 Crores during the previous year while the Net NPAs totaled ₹ 1,719 Crores, down from ₹ 1,809 Crores of the previous year. In percentage terms, the GNPA declined by 0.83% and stood at 7.85% and the Net NPA ratio stood at 3.41% down by 0.51% from the previous year. The GNPA and NNPA of the Bank, both in absolute and percentage terms, has shown consistent decline over the past two years.

INVESTMENTS

The Investment portfolio of your Bank showed marginal growth during the year and stood at ₹ 16,465.46 Crores as on March 31, 2021 as against ₹ 16,072.60 Crores of the previous year and the average investment books for the year reached ₹ 17,767 Crores. The investment portfolio composition is in alignment with the Investment Policy, corporate strategy and risk appetite of the Bank.

The Income from Investments during FY 2020-21 declined to ₹ 941.79 Crores as against ₹ 1,149.67 Crores of the previous year. Despite the rise in overall implied market yield, Bank has registered Profit on sale of investments of ₹ 354.76 Crores during the year as against ₹ 339.99 Crores in the year 2020. Your Bank is cautiously maintaining the Modified Duration of the portfolio in the range of 3.25-3.50 years to minimize any MTM risk and the Modified Duration of overall portfolio including Held to Maturity (HTM) was maintained at 3.48 years as on March 31, 2021. Your Bank has maintained a comfortable Liquidity position throughout the year.

FOREIGN EXCHANGE TRANSACTIONS

Your Bank's merchant turnover stood at ₹ 20,021 Crores as compared to the previous financial year's level of ₹ 22,549 Crores. Export credit registered a growth of 18.99% during the year, from ₹ 1,004.16 Crores of the previous financial year to ₹ 1,194.82 Crores.

The Income earned through foreign exchange transactions was ₹ 57.80 Crores for the year FY 2021 as against ₹ 71.27 Crores for the year FY 2020. Exchange Profit of ₹ 31.84 Crores and Commission & others of ₹ 25.96 Crores forms part of the Total Income.

The unfavorable economic conditions coupled with the careful pruning of its corporate book by the Bank impacted the revenues from this segment.

INCOME

Your Bank's Interest Income for the year 2021 was at ₹ 5,470.43 Crores as against ₹ 5,989.99 Crores for FY 2020. The reduction is due to fall in the interest rates and our Net Interest Income was ₹ 2,359.51 Crores as against ₹ 2,347.94 Crores of the previous financial year. The Yield on Advances and Investment stood at 8.93% and 5.30% respectively.

The Non-Interest Income of your Bank for the period stood at ₹ 1,056.65 Crores as against the previous year's ₹ 1,154.62 Crores.

EXPENDITURE

Your Bank's Interest expenditure reduced by 14.58% during the year and stood at ₹ 3,110.91 Crores, compared to ₹ 3,642.04 Crores of the previous year. The Operating expenses increased from ₹ 1,741.71 Crores of the previous financial year to ₹ 1,986.83 Crores, mainly due to the one-time impact of employees' wage revision arising from the XIth bipartite settlement.

Your Bank's Cost of Deposits eased to 4.96% as against 5.76% of the previous financial year. The Net Interest Margin (NIM) stood at 3.40% from 3.44% while the Spread was muted at 2.67%.

PROFIT

Your Bank's Operating Profits declined to ₹ 1,429.33 Crores for the year ending March 31, 2021 as against ₹ 1,760.85 Crores of previous financial year, mainly due to the impact of the one-off wage settlement expenses. However, your Bank's Net Profits surged to ₹ 359.39 Crores during the year, registering a growth of 52.92% over the previous year's ₹ 235.02 Crores.

APPROPRIATIONS

The Net Profit of ₹ 359.39 Crores along with ₹ 1.74 Crores brought forward from the previous financial year, aggregating ₹ 361.13 Crores, was appropriated as follows:

Appropriation – Transfer to	Amount (₹ in Crores)
Statutory Reserve	89.90
Capital Reserve	85.20
Investment Fluctuation Reserve	-
Special Reserve	40.00
General Reserve	105.00
Proposed Dividend	39.97
Balance carried to Balance Sheet	1.06

DIVIDEND

RBI has issued guidelines for the year 2020-21, regarding the payment of Dividend out of the profits, vide Circular No.DOR.ACC.REC.7/21.02.067/2021-22 dated April 22, 2021 and advised the quantum of dividend pay-out to 50% of the actual entitlement, in line with extant circular dated May 4, 2005. The spirit behind this new guideline is to conserve capital as a bulwark against unexpected losses and improve the overall resiliency of Banks.

Accordingly, considering the capital position of the Bank and the quantum of dividend pay-out permitted, your Bank has recommended a Dividend of 25% i.e. ₹ 0.50 per equity share of ₹ 2.00 each for the year FY 2020-21 and this will be paid out subject to the approval of the shareholders at the ensuing Annual General Meeting. This is in compliance with the new guideline of Reserve Bank of India.

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

In accordance with Accounting Standards 4 - Contingencies and Events Occurring after the Balance Sheet date - notified by the MCA on March 30, 2016, the proposed dividend amounting to ₹ 39.97 Crores has not been shown as an appropriation from the Profit and Loss account as of March 31, 2021 and correspondingly not reported under Other Liabilities and Provisions as at March 31, 2021 (is reported under balance of profit).

PANDEMIC IMPACT ON BUSINESS

India enforced the strictest lockdown of more than two continuous months, to contain the pandemic outbreak in the country. The Government of India and the State Governments took several proactive measures to safeguard the health & life of the people. While the Government of India announced a plethora of fiscal initiatives to stimulate the falling demand, the Reserve Bank of India (RBI) also heavy-lifted the economy through several monetary measures to ease stress in financial sector.

During the lockdown, Banks were allowed to carry out certain essential Banking services by adopting standard operating procedures in line with the guidelines issued by the local Governments. Your Bank complied with the guidelines and enforced social distancing norms in its branches and offices, operated with minimal staffing and stringently followed all the safety measures prescribed. Your Bank witnessed increased traffic on its KVB DLite Mobile App, which ensured convenient Banking services and a seamless experience for our customers.

Post unlocking of restrictions, Branches/Offices resumed normal operations, while adhering to all safety measures as per the Government guidelines. Your Bank is closely monitoring the pandemic situation and proactively makes all the necessary arrangements for the safety of staff and convenience of the customers, to ensure business continuity. Your Bank remains committed to continually accelerate its digital journey by exploring new opportunities and avenues to improve customer service levels.

SHARE CAPITAL

The Authorized share capital of the Bank stood at ₹ 200.00 Crores divided into 100 Crores Equity Shares with a Face Value of ₹ 2/- per share as on March 31, 2021.

After the close of FY 2020-21, the Bank has allotted 989 Equity Shares pertaining to Rights and Bonus Issues held in the abeyance category. Post allotment of the aforesaid equity shares, the Paid-up Share Capital increased from ₹ 159,86,41,438 to ₹ 159,86,43,416 comprising 79,93,21,708 equity shares with a Face Value ₹ 2/- per share. There was no other change in the capital structure of the Bank during the year.

The Bank's Net owned funds grew to ₹ 6,959.74 Crores from ₹ 6,600.28 Crores as of the previous financial year and the Market Capitalization of the Bank stood at ₹ 4,443.28 Crores as on March 31, 2021.

EARNINGS PER SHARE/BOOK VALUE

Bank's Earnings Per Share (Basic) stood at ₹ 4.50 and the Book Value as on March 31, 2021 was ₹ 87.07 per fully paid equity share of ₹ 2/- each.

DEBT INSTRUMENTS & CREDIT RATING

The Bank had issued Basel III Compliant Unsecured, Redeemable Non-Convertible Tier II Bonds to the value of ₹ 487.00 Crores with a coupon rate of 11.95% p.a. and a tenor of 123 months (maturing on June 12, 2029) in March 2019 through Private Placement. The second coupon interest has been duly paid to the Debenture holders on March 12, 2021.

Particulars	Rating Agency	Rating	Rating Action	Date of Revision
Basel III Tier II Bonds – Issue of ₹ 1,200 Crores where ₹ 487 Crores was utilized	ICRA	IND A+ /Stable*	Affirmed	08.02.2021
	India Ratings & Research	[ICRA]A(hyb)(Stable)*	Reaffirmed	23.03.2021
Certificate of Deposits Programme – ₹ 3,000 Crores	ICRA	ICRA A1+	Reaffirmed	11.05.2020
		ICRA A1+	Reaffirmed	24.08.2020
		ICRA A1+	Reaffirmed	01.12.2020
		ICRA A1+^	Reaffirmed	23.03.2021
	CRISIL	CRISIL A1+	Reaffirmed	11.09.2020
		CRISIL A1+	Reaffirmed	31.10.2020
		CRISIL A1+^	Reaffirmed	07.01.2021

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

^ Instruments with this rating indicate a very strong degree of safety with respect to the timely payment of financial obligations. Such instruments carry lowest credit risk.

CAPITAL ADEQUACY

The Bank's Capital Adequacy Ratio firmed up to 18.98% as on March 31, 2021, as per BASEL III norms. This is well above the statutory limit of 10.875% (9% plus Capital Conservation Buffer of 1.875% is required to be maintained as of 31.03.2021) as prescribed by the current RBI Guidelines.

SUBSIDIARIES AND ASSOCIATES

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

NETWORK OF BRANCHES

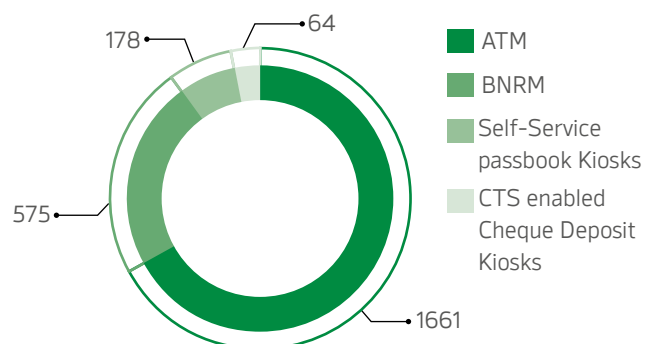
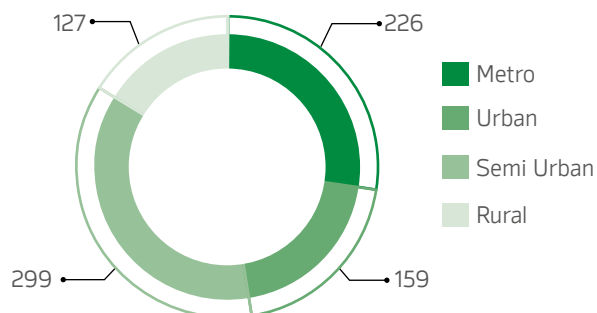
We have seen rapid changes in the banking sector, especially the rise of digitalization of customer interfaces due to the quick adaptability of customers to digital transactions, more so after the pandemic outbreak. Your Bank believes that more and more customers shall prefer the digital mode of operations,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

In light of this, your Bank has revisited its branch expansion strategy and has added only one branch during the year, at Madurai – KK Nagar (Tamil Nadu) and three back offices. The branch network including Corporate Business Units, Business Banking Units, Asset Recovery Branches, NEO and Precious Metal Division totals 811 as on March 31, 2021, excluding three Extension Counters and five Satellite Offices.

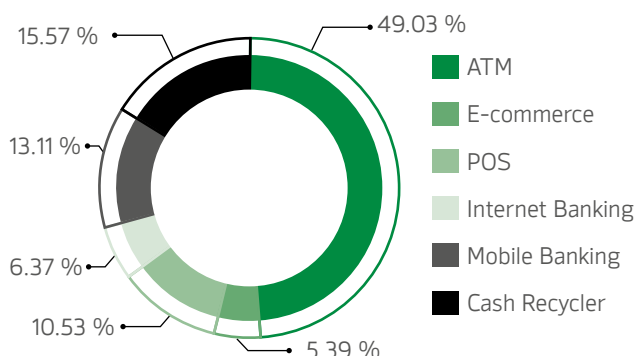
Your Bank has installed new ATMs and Bunch Note Recycler Machines (BNRM) during the year to provide uninterrupted

Banking services to customers. There are 1,661 ATMs, 575 Bunch Note Recycler Machines (BNRM), 178 Self-Service Passbook Kiosks and 64 CTS enabled Cheque Deposit Kiosks as on March 31, 2021.

Classification of Branches and Alternate Channel



No. of Transactions through Alternate Channels-FY 2020-21 vis-à-vis Branches



CURRENCY CHEST

As on March 31, 2021, your Bank has seven Currency Chests across different locations in Tamil Nadu, Andhra Pradesh, Telangana and Karnataka to supply adequate cash to Branches

& ATMs in their respective areas, and the Clean Note Policy of RBI is being adhered to. Currency Chests also support the branches maintain cash within the retention limit for smooth operations. Through our Currency Chest linked branches, the Bank also conducted soiled note exchange melas and distribution of coins.

FINANCIAL INCLUSION

In line with our 100+ year legacy, the Bank continues to be in the forefront of reaching the unreached, unbanked and under-banked areas and initiating financial inclusion measures to ensure availability of basic banking services and products to all. For this the bank has leveraged its technology backed solutions and also utilized the services of Bank Mitras.

Your Bank has reached the disadvantaged and underprivileged segment of the society by extending its financial services through 136 Bank Mitras in rural villages, 3 Bank Mitras in urban locations with 39 Ultra Small Branches. Your Bank continues to provide basic financial products including Basic Savings Bank Deposit Account (BSBDA), Insurance products and Pension accounts, thus supporting the implementation of various Government social welfare schemes. We opened 2,77,305 Basic Savings Bank Deposit account (BSBD) as on 31.03.2021.

Pradhan Mantri Jan Dhan Yojana (PMJDY):

Your bank has been implementing PMJDY as per the directives of the Ministry of Finance, Govt. of India and has opened 5,184 accounts amounting of ₹ 4.65 Crores during FY 2020-21. The total outstanding balance in PMJDY accounts as on March 31, 2021 is ₹ 17.79 Crores and we have totally issued 1,15,940 RuPay Debit Cards as on March 31, 2021 under this scheme.

Hand-held devices are provided to Bank Mitras for facilitating payments, which are enabled for accepting Rupay Cards/AEPS (Aadhaar Enabled Payment System) transactions. Bank Mitras have executed 8.12 Lakhs transactions, amounting to ₹ 97.67 Crores during the year. Your Bank has handled 4.49 Lakhs transactions on DBT/Old Age Pension/MGNREGS amounting of ₹ 39.90 Crores through Bank Mitras during the year.

Micro Credit (SHGS Bank linkage):

Your Bank is providing credit facilities to Self-Help Groups (SHG) and Joint Liability Groups (JLG) to meet the credit needs of the poor in a flexible manner. As on March 31, 2021, the Bank has 181 JLG loans with outstandings of ₹ 58.47 Lakhs.

Financial Literacy:

With the objective of imparting financial literacy and facilitating effective use of financial services, your Bank has reached out to the beneficiaries by conducting financial literacy programs to enhance their awareness levels and create financial betterment.

Special training was given to Branch Managers for conducting financial literacy programs at their Branches and in their service areas. Your Bank conducted 44 Financial Literacy camps across the country during the year under review.

PERFORMANCE UNDER SOVEREIGN GOLD BOND SCHEME

During the year, your Bank has sourced ₹ 56.09 Crores towards subscription for 1,12,600 grams of Gold in twelve tranches under the Sovereign Gold Bond Scheme issued by Government of India.

TECHNOLOGY INITIATIVES

Your Bank has always pioneered new digital experiences for customers and has also been consistently upgrading its alternate delivery channels viz. ATM, BNRM, Net banking, Mobile banking and Call centers, to address the evolving needs of the customers, as a business continuity process.

During the year, your Bank introduced many technological initiatives, apart from refining the existing offerings, including:

- On-boarding of new customers through KVB DLite Mobile Application.
- Implementing the Video-based KYC solution for validating the credentials of customers, dispensing with the need for customers to personally visit the branch.
- Deployed QR code-based Passbook printing kiosks in select branches to help customers print their passbooks at their convenience.
- Enabled social media platform handles for interactions with prospective customers and for better customer service to existing customers.

DIGITAL TRANSFORMATION PROJECT

Web Based Online Business Loans:

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

During the year, your Bank digitized the Agricultural loans starting with digital Warehouse Receipt Loans.

Retail Loans on Mobile/Tablet:

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

This digital system will also enable your bank to roll out multiple schemes for Vehicle Loans with configurable scheme parameters and pre-approved loans with ease. Customers spanning all geographies are now offered various loan products with quicker turnaround time for sanctions and best-in-class user experience on the digital platform.

Co-Lending Initiations:

Your Bank has commenced co-lending activities with Non-Banking Finance Companies in the Commercial Vehicle and Construction Equipment segments. In the Retail segment, your Bank has on-boarded and sanctioned consumer durable loans to 13.89 Lakhs of customers during this fiscal year. Going forward, your Bank will continue to focus new business opportunities under this model for widening its horizons.

INFORMATION SECURITY

The Board and Executive Management of your Bank has instituted an Information Security function for designing, developing, implementing, maintaining and monitoring an Information Security Management System (ISMS) to protect the Bank's Information Assets in accordance with the determined risk profile of the assets. The Chief Information Security Officer (CISO) is responsible for providing leadership and oversight in the effective implementation and operation of ISMS in accordance with approved Policies and Procedures.

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

- Safety and privacy of sensitive customer and Bank information.
- Protect against any anticipated threats or hazards to the security or integrity of such information.

- Protect against unauthorized access to or use of such information that could result in harm or inconvenience to any customer.

The ISMS identifies reasonably foreseeable internal and external threats that could result in unauthorized disclosure, misuse, alteration or destruction of customer information or customer information systems. It assesses the likelihood and potential damage of these threats, taking into consideration the sensitivity of customer information and assesses the sufficiency of policies, procedures, organizational structures, customer information systems, and other arrangements in place to control the risks.

Your Bank is re-certified with ISO/IEC 27001 by M/s TUV SUD for 3 more years, which is the international standard that is recognised globally for managing risks to the Information Security.

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

Your Bank has received IBA Banking Technology award 2021 towards 'Best IT Risk and Cyber Security Initiatives'.

CALL CENTRE

Your Bank has a dedicated, 24/7 call centre to handle outbound and inbound calls.

Outbound call facility is being used to follow up recoveries in SMA & NPA accounts and welcome calls for the newly on-boarded CASA customers. The queries, complaints and service requests emanating from the customers are received for resolution through inbound call facilities.

The Call Centre offers multilingual services in English and select regional languages. Video KYC verifications calls are executed through KVB staff for opening accounts through DLite mobile banking application and confirmation calls are initiated to customers who had requested change in mobile number through DLite application and Internet Banking.

Apart from carrying out the above operations, your Bank's Call Centre also seeks potential leads from interested customers for up-selling and cross-selling by using specialized applications.

CHANGE IN NATURE OF BUSINESS

There is no change in the nature of business of the Bank during the Financial Year.

SYSTEM FOR INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

Your Bank has established adequate infrastructure for processing the day-to-day transactions and has deployed "Flexcube" CBS platform in the Bank, which is commonly used by several banks in the Country. The CBS platform has a well-defined set-up to ensure internal financial controls viz., Maker-Checker requirements with adequate credentials. Automation of interest & charges application and accounting transactions ensures necessary internal financial control.

IT audit in respect of CBS is also being conducted as per the stipulated periodicity which ensures adherence to the regulatory and mandatory guidelines. Exclusive unswerving reporting software is used by the Bank with appropriate systems and protocols and periodical reviews, which ensures reporting of Bank's business without any ambiguity. The Bank has standardized operating procedures for monitoring the account operations to have effective internal controls and a separate monitoring team has been identified to prevent & detect frauds and errors in the Bank. Compliance of regulatory/mandatory requirements are being taken care of by a separate team which has its exclusive procedure for adhering to regulated and framed policies, besides reporting of financial information in a disciplined manner. These systems enable the Bank to establish internal control over financial information reporting.

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

The Statutory Central Auditors of the Bank audit the internal controls over financial reporting and submit a separate report containing the salient features of their observations to the Board of Directors.

RISK MANAGEMENT

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

The risk management objective of the Bank is to balance the trade-off between risk and return, and ensure that the Bank operates within the Board approved risk appetite statement. An independent risk management function ensures that the risk is managed through risk management architecture as well as through policies and processes approved by the Board of Directors encompassing independent identification, measurement and

management of risks across the various businesses of the Bank. The risk management function in the Bank strives to proactively anticipate vulnerabilities at the transaction as well as at the portfolio level, through quantitative or qualitative examination of the risks. The Bank continues to focus on:

- (a) refining and improving its risk management systems including automation processes,
- (b) ensuring compliance with regulatory requirements and better risk-adjusted return and optimal capital utilization.

The Board reviews the risk profile of the Bank at periodic intervals and ensures that risk levels are within the defined risk appetite. The independent risk management structure within the Bank is responsible for managing the credit risk, market risk, liquidity risk, operational risk, other Pillar II risks like reputational risk and strategic risk, during the annual Internal Capital Adequacy Assessment Process.

The Board is responsible for designing the overall risk management framework by approving various policies relating to the Risk functions and has Board Level Risk Management and Asset Liability Management Committee (RM & ALM), Audit Committee of the Board, Special Committee for Fraud Monitoring, for monitoring the implementation of Risk Governance Framework and adherence to various policies. The said Board Committees ensures monitoring and guiding the functions through Executive Level Credit Risk Management Committee, Market Risk Management Committee, Operational Risk Management Committee and Asset Liability Management Committee, which regularly assess the functional efficiency of the Bank's risk management processes. Minutes of these Committee meetings are placed to the RM & ALM Committee of the Board for its perusal and further guidance. Risk Management frame work was also reviewed by an external Agency.

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

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

Your Bank is viewing risk management as a core competency and tries to ensure sound management of risks through timely identification, assessment and management. The goal of risk management is to ensure proper risk – reward balance and minimizing unexpected outcomes. All material risks of the Bank

emerging in the course of its business are identified, assessed, monitored and mitigated.

Your Bank is well capitalized. CRAR stands at 18.98% as on March 31, 2021. Capital is maintained well above the regulatory minimum as a measure of prudence to manage and meet unexpected risks/losses.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

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

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

The details related to Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are furnished in the Corporate Governance Report that forms part of this Annual Report.

RELATED PARTY TRANSACTIONS

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

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

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

The Bank has constituted a Board level Audit Committee in line with the requirements of Companies Act, 2013, SEBI LODR and Reserve Bank of India guidelines, as amended from time to time. There were no recommendations of the Audit committee which were not accepted by the Board. The details of the composition of the Audit Committee are disclosed in the Corporate Governance Report that forms part of this Annual Report.

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

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

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

AUDITORS

Statutory Auditors

The present Statutory Auditors of the Bank viz., M/s Walker Chandiok & Co, LLP, Chartered Accountants, Kochi were appointed as Statutory Auditors of the Bank at the 99th AGM of the Bank held for FY 2017-18 and continue to hold office till the conclusion of the ensuing AGM of the Bank to be held for FY 2020-21.

Pursuant to the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 issued by the Reserve Bank of India ('RBI Guidelines'), Banks may appoint the SCAs/SAs for a continuous period of three years. Since M/s Walker Chandiok & Co, LLP have already completed three years as Statutory Auditors of the Bank, they are liable to retire on the conclusion of the 102nd Annual General Meeting of the Bank and are not eligible for reappointment.

The RBI guidelines mandate that for Banks with an asset size of ₹ 15,000 Crores and above as at the end of previous year, the statutory audit should be conducted under joint audit of

a minimum of two audit firms. Accordingly, the Bank needs to appoint minimum of two joint statutory auditors as per RBI guidelines and the Board of Directors, on the recommendation of the Audit Committee, has finalized and recommended to RBI for approval, the name of **M/s R G N Price & Co.,** Chartered Accountants (Registration No. FRN 002785S) and **M/s Sundaram & Srinivasan,** Chartered Accountants (Registration No. FRN 004207S) as the first preferred firms to act as joint Statutory Auditors of the Bank.

RBI vide its letter DOS.ARG.NO.PS-83/08.12.005/2021-2022 dated 02.07.2021 had granted approval for appointment of the aforesaid audit firms as Joint Statutory Central Auditors of the Bank for FY 2021-22.

Accordingly, it is proposed to appoint **M/s R G N Price & Co.,** Chartered Accountants (Registration No. FRN 002785S) together with **M/s Sundaram & Srinivasan,** Chartered Accountants (Registration No. FRN 004207S) as Joint Statutory Central Auditors of the Bank, subject to approval of the shareholders at the ensuing Annual General Meeting.

The appointments of Joint Statutory Central Auditors along with the relevant details are proposed to the members in the Notice of the 102nd Annual General Meeting.

Independent Auditors' Report

M/s Walker Chandiok & Co. LLP, Statutory Auditors of the Bank, have audited the accounts of the Bank for the FY 2020-21 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 2020-21.

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

Secretarial Audit and Secretarial Compliance Report

In line with Sec 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Bank has appointed M/s Bapulal Yasar & Associates, Company Secretaries, Madurai to undertake the Secretarial Audit of the Bank for the FY 2020-21. The Bank produced all necessary records to the Secretarial Auditors for smooth conduct of their Audit. The Secretarial Audit Report for the FY 2020-21 is annexed to this report as **Annexure – 1.**

Pursuant to circular No. CIR/CFD/CMD1/27/2019 dated February 09, 2019, issued by SEBI, the Bank has obtained Secretarial Compliance Report, from the said Practicing Company Secretaries on compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder and the copy of the same was submitted with the Stock Exchange.

There are no qualifications, reservations or adverse remarks made by the Secretarial Auditors in their report for the FY 2020-21.

IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS (Ind AS)

RBI is in the process of implementing Ind AS to banks in India. As per the prescribed RBI guidelines, Bank has submitted quarterly pro-forma Ind AS statements. Further details are given in Schedule 18 – Notes to Account of the Balance Sheet.

COMPLIANCE WITH SECRETARIAL STANDARDS

Your Bank is in compliance with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India during the FY 2020-21.

STATUTORY DISCLOSURES

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

Conservation of Energy

Your Bank has undertaken various energy efficiency improvement initiatives for energy conservation at its branches/offices by installing LED lights in a phased manner. VRF (Variant Refrigerant Flow) AC Units have been installed at Trichy Divisional Office building to save electricity by energy conservation technology. During the FY 2020-21, Bank had spent ₹ 0.65 Crores towards procuring energy conservation equipment.

Your Bank owns a 850 KW Wind Turbine Generator at Govindanagaram, Theni District, Tamil Nadu and the said Wind Mill unit generated 12,81,981 units during the year under review. The Bank is utilizing the power generated by Wind Turbine Generator for its Registered & Central Office at Karur and also premises of Divisional Office at Chennai.

Technology Absorption

Implementation of Video KYC solution

Technology plays a pivotal role in the Banking industry and remains the key for success in this industry. Your Bank has been consistently upgrading its technology to keep pace with

the rapidly evolving market needs. Information Technology in your Bank enables sophisticated product development, better market infrastructure, implementation of reliable techniques for control of risks and helps the financial intermediaries reach geographically distant and diversified markets.

Your Bank has implemented Video based KYC solution wherein the customer can validate the KYC details without the need for visiting the Bank premises. This facility is integrated with our DLite mobile application for on-boarding new customers and validation is done by Bank staff via a secured video call. Adequate security measures are being taken by the Bank in this regard

Deployment of QR code-based Passbook printing kiosk

Your Bank has successfully implemented QR based self-help passbook printing kiosk in selected branches, which helps the customers to print the passbooks at their convenience. This operationally-light technology provides utmost convenience to the customer in a hassle-free manner.

Enabled Social media platform handles

Your Bank has now started listening on the Social media platforms such as Facebook, Twitter, Instagram, YouTube, LinkedIn for better outreach to prospective customers and to address customer service issues of existing customers.

During the year, your Bank had not incurred any expenditure on Research & Development and has not imported any technology during the previous three years, as calculated from the beginning of the financial year.

Foreign Exchange Earnings and Outgo

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

MATERIAL EVENTS THAT HAVE HAPPENED AFTER THE BALANCE SHEET DATE

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS

During the FY 2020-21, no significant and material orders were passed by the Regulators or Courts or Tribunals against the Bank which impacts its going concern status and Bank's operations in future.

MAINTENANCE OF COST RECORDS

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

EXTRACTS OF ANNUAL RETURN

The Annual Return for the Financial Year ended March 31, 2021 as required under Section 92 (3) and Section 134 (3) (a) of the Companies Act, 2013 is available on the Bank's website at <https://www.kvb.co.in/investor-corner/annual-general-meeting/>

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

During the year, Bank has filed two cases in NCLT under IBC amounting to book value of ₹ 406.80 Crores under IBC, which are Ordered for Liquidation. Further, there are no applications filed against bank under IBC.

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

Being Banking Company, the aforesaid provisions are not applicable to your Bank.

PARTICULARS OF EMPLOYEES

The statement of particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rules 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and the ratio of remuneration of each Director to the median employee's remuneration are annexed to this report as **Annexure – 2**.

EMPLOYEE STOCK OPTION SCHEME

Your Bank has formulated and adopted Employee Stock Option Schemes to provide a platform to employees for participating in the ownership of the Bank and in its long-term growth. Bank uses stock options as a compensation tool to attract and retain critical talent and encourage employees to align individual performances with that of Banks' objectives. Currently the Bank has the following

Schemes in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 (SBEB Regulations):

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

There are no material changes made to the above Schemes during the year and these Schemes are in compliance with the SEBI SBEB Regulations.

During the period under review, your bank granted 1,76,43,110 employee stock options to 7,072 employees as on 24.11.2020 and the vesting of the same is based on achievement of performance conditions for eligibility as specified in the grant offer documents.

Your Bank's Statutory Central Auditors, M/s Walker Chandiook & Co. LLP, have certified that the Bank's above-mentioned Schemes have been implemented in accordance with the Resolutions passed by Shareholders for 2011 & 2018 Schemes and the SBEB Regulations. Disclosures as required under the SBEB Regulations are available on Bank's website at <https://www.kvb.co.in/investor-corner/esos-disclosures/>.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Bank is strongly committed to serve the society in which it operates. Your Bank has taken up developmental projects that would help the community at large and create a positive impact. A Corporate Social Responsibility (CSR) Committee has been constituted in accordance with provisions of Section 135 of the Companies Act, 2013, read with the amended Companies (Corporate Social Responsibility Policy) Rules, 2014.

During the year, your Bank has spent / committed to spend the stipulated amount towards CSR, spread across key areas like

education, health and sanitation, environmental sustainability in line with the CSR Policy of the Bank and as permitted in Schedule VII of the Companies Act, 2013.

All spends as per the allocations made towards various heads prescribed under Schedule VII will be spent and Unspent amounts, if any, will be transferred to the Funds identified by the Central Government.

The brief outline of the CSR policy, overview of the initiatives taken up by the Bank, the composition of the CSR Committee, prescribed CSR expenditure and details of amounts spent by the Bank on CSR initiatives during the FY 2020-21 are annexed to this report as **Annexure – 3**.

BUSINESS RESPONSIBILITY REPORT (BRR)

Pursuant to Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility Report describing the initiatives taken by the Bank from an environmental, social and governance perspective has been prepared as per the format specified by SEBI. The same has been made available on the Bank's website at <https://www.kvb.co.in/investor-corner/annual-general-meeting/agm-business-report/>.

The Business Responsibility Report (BRR) of the Bank for the FY 2020-21 is annexed to this Report as **Annexure - 4**.

BOARD MEETINGS

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

BOARD EVALUATION

Pursuant to the provisions of Sec 134(3) (p) Companies Act, 2013, Regulation 17(10) of SEBI (LODR) Regulations, 2015 and other applicable regulations, Board has carried out annual evaluation of its own performance (Board as a whole), all its Directors, Committees of the Board, its Non-Executive Chairman and MD & CEO. The manner of evaluation conducted during the FY 2020-21 is furnished in the Corporate Governance Report that forms part of this Annual Report.

BOARD OF DIRECTORS

The Board comprises of Eleven Directors as on the date of this report, with rich experience and specialized knowledge in various areas of relevance to the Bank including Banking, Accountancy, Law, MSME, Economics, Trade & Commerce, Finance, Agriculture, Risk Management & Strategic planning, Human Resource Management and Information Technology. The following changes took place in the composition of the Board of Directors of the Bank from April 01, 2020 to Date of Directors' Report:

Appointment

Shri B Ramesh Babu (DIN: 06900325), was appointed as Managing Director & Chief Executive Officer of the Bank by the Board in its meeting held on July 20, 2020, for a period of three years from the date of taking charge, in terms of the RBI approval under the provisions of the Section 35B of the Banking Regulation Act, 1949. He has taken charge on July 29, 2020 as Managing Director & Chief Executive Officer of the Bank. The approval of the shareholders was obtained in the 101st Annual General Meeting of Bank for the said appointment.

Dr Harshavardhan Raghunath (DIN: 01675460), was appointed in the category of 'Non-Executive Independent Director', with effect from July 30, 2020 for a period of three years, pursuant to the recommendation of the Nomination and Remuneration Committee, subject to the approval of the Shareholders of the Bank. Dr Harshavardhan Raghunath is an Independent Business Advisor. He was a Senior Advisor to leading international management consulting firm Bain & Company, led its financial services practice in India and is representing "Majority Sector - Strategic Planning & Risk Management" on the Board. The approval of the shareholders was obtained in the 101st Annual General Meeting of Bank for the said appointment.

Retirement by Rotation

Shri M V Srinivasamoorthi (DIN: 00694618), Non-Executive Non-Independent Director, retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment in terms of Sec 152 of the Companies Act, 2013. He is one of the Promoters of the Bank. He was on the Board since August 27, 2015 and would be representing "Majority Sector - Business - MSME".

Approval of the shareholders is being requested for re-appointment of Shri M V Srinivasamoorthi as Non-Executive Non-Independent Director of the Bank.

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

Cessation

During the year under report, there is no cessation of Directors holding office in the Bank.

KEY MANAGERIAL PERSONNEL

The following are the changes in Key Managerial Personnel of the Bank during the FY 2020-21:

Shri T Sivarama Prasad, Chief Financial Officer of Bank demitted the office at the close of the office hours on October 31, 2020 consequent to completion of his tenure.

Shri M D Ramesh Murthy, then Chief Risk Officer (CRO) of the Bank, has been designated as the Chief Financial Officer & Key Managerial Personnel of the Bank effective from November 01, 2020. Consequent to the transition of Chief Risk Officer (CRO), the position was filled with internal resources.

During the year, Shri B Ramesh Babu was appointed as MD & CEO of the Bank, who is Key Managerial Personnel, for a period of three years from the date of taking charge.

Shri J Natarajan, President & COO of the Bank, who is Key Managerial Personnel, was reappointed for a period of three years.

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

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

Dr Harshavardhan Raghunath (DIN: 01675460) was appointed as 'Non-Executive Independent Director' of the Bank and the same was approved by the shareholders at the 101st AGM of the Bank. He is an Independent Business Advisor and was a Senior Advisor to leading international management consulting firm Bain & Company and led its financial services practice in India. He represents Majority Sector 'Strategic Planning & Risk Management'.

Board noted that Dr. Harshavardhan has hands of experience in management consultancy and expertise in Strategy & Risk Management practices with an unblemished longstanding professional career.

APPOINTMENT & REMUNERATION OF DIRECTORS

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

Pursuant to provisions of Section 178(3) of the Companies Act, 2013 and relevant guidelines of RBI, the Nomination and

Remuneration Committee (NRC) formulated the criteria for determining qualifications, positive attributes and independence of a Director to adhere the various provisions and guidelines as detailed below:

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

The terms and conditions of appointment of Independent Director are available on the website of the Bank at <https://www.kvb.co.in/docs/terms-and-conditions-of-appointment-of-independent-directors.pdf>.

Your Bank is also having succession planning for KMPs & Senior Management.

Policy on Remuneration of Directors

The remuneration of Directors is governed by the Compensation Policy of the Bank in terms of RBI circular no. DOR.Appt. BC.No.23/29.67.001/2019 20 dated 4th November 2019, which covers the aspects of remuneration payable to Board of Director, Whole Time Directors/ Chief Executive Officers/ Material Risk Takers, KMPs, Control Function Staff and all other employees. This Policy is in tune with the guidelines issued by the Reserve Bank of India, provisions of Companies Act, 2013 and the Listing Regulations amended from time to time. Your Bank has adopted a board approved compensation policy on the basis of the aforesaid RBI Circular and the Policy is available on the Bank's website at <https://www.kvb.co.in/docs/investor-compensation-policy.pdf>.

DECLARATION BY INDEPENDENT DIRECTORS

Your Bank has received necessary declarations from all the Independent Directors under Section 149(6), 149(7) of the Companies Act and Regulation 16(1)(b) of the Listing Regulation that they meet the criteria of independence laid down thereunder. Based on the declarations submitted by the Independent Directors, Board has reviewed the disclosure as required under Schedule IV and is of the opinion that, they fulfil the conditions specified in the Companies Act and Listing Regulation and are independent of the management.

FAMILIARIZATION PROGRAMMES OF INDEPENDENT DIRECTORS

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

CORPORATE GOVERNANCE

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

A certificate from M/s Bapulal & Yasar Associates, Company Secretaries, confirming compliance to the conditions of Corporate Governance as stipulated under Listing Regulations is annexed to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and

estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit and loss of the Bank for that period;

- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis;
- e) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively; and
- f) The Directors had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively.

AWARDS AND ACCOLADES

Your Bank received the following Awards and Accolades during the FY 2020-21:

1. Innovative Best Practice in Service Excellence-CII – Digital Transformation DX Summit Best Practice in Digital Transformation 2020.
2. Best Digital Banking Solution of the year-Kamikaze Payments & Cards Awards.
3. Automation of file uploading process - GEFU process through RPA Bot-Uipath Automation Excellence Awards, 2020.
4. Best use of IT & Data Analytics – Runner Up- IBA Banking technology Awards, 2021.
5. Best IT Risk & Cyber Security Initiatives – Runner up- IBA Banking technology Awards, 2021.
6. Third Best Branch in Kerala State under the Old Private Sector Bank category - Ernakulam Palarivottom Branch-State Forum of Bankers' Clubs, Kerala.
7. Skoch BFSI Silver Award for Digital Solutions including Lending, Mobile Banking & Video KYC- Skoch.

ACKNOWLEDGEMENTS

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

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

The Board also appreciates entire staff for their sincere and dedicated services rendered for the growth of Bank, especially when they have braved the COVID-19 threats to ensure that

the wheels of economy continue to run and the needs of the customers of the Bank are as far as possible met without any hindrances to them. The Board records its special appreciation to the officers and employees of the Bank for their commitment to serve the cause of Bank's customers during these difficult times. Express deepest condolences to families of employees who lost their lives in the COVID-19 pandemic.

Board records its deep condolences to the families of the KVBians, customers, stakeholders who had laid down their lives during the pandemic period.

For and on behalf of the Board of Directors

Place: Karur
Date: 12.07.2021

N S Srinath
Chairman

Annexure – 1

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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

To
The Members,
The Karur Vysya Bank Limited,
CIN: L65110TN1916PLC001295
No: 20, Erode Road, Vadivel Nagar,
L.N.S, Karur – 639 002

We have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good corporate practices by The Karur Vysya Bank Limited (hereinafter called the 'Bank') for the audit period covering the Financial Year ended March 31, 2021. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on March 31, 2021, complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on March 31, 2021, according to the provisions of:

1. The Companies Act, 2013 and the amendments thereon (the Act) and the Rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder, including FDI Policy;
5. The following Regulations, Guidelines and the amendments thereon prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not Applicable to the Bank during the review period);
 - e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; (Not Applicable to the Bank during the review period);
 - h) 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;
 - i) The Securities and Exchange Board of India (Bankers to the Issue) Regulations, 1994;
 - j) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - k) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

6. Following other applicable laws:

- a) The Banking Regulation Act, 1949 and Rules, Notifications and Circulars issued by Reserve Bank of India from time to time;
- b) The Reserve Bank of India Act, 1934;
- c) The Banking Companies (Period of Preservation of Records) Rules, 1985;
- d) The Banking Ombudsman Scheme, 2006;
- e) Foreign Contribution Regulation Act, 2010 and the rules and regulations made thereunder;
- f) Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
- g) Recovery of Debts due to Bank & Financial Institution Act, 1993;
- h) The Insolvency and Bankruptcy Code, 2016;
- i) The Bankers' Books Evidence Act, 1891;
- j) Credit Information Companies (Regulation) Act, 2005;
- k) Prevention of Money Laundering Act, 2002;
- l) The Deposit Insurance and Credit Guarantee Corporation Act, 1961;
- m) Industrial Disputes (Banking and Insurance Companies) Act, 1949;
- n) Information Technology Act, 2000;
- o) Negotiable Instruments Act, 1881; and
- p) Insurance Regulatory and Development Authority of India Act, 1999;

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) relating to the Board and General Meetings (SS-1 and SS-2); and
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and also the Equity and Debt Listing Agreement entered into by the Bank with National Stock Exchange of India Limited, Mumbai.

We further report that,

- (i) The Board of Directors of the Bank is duly constituted with proper balance of MD & CEO/ Executive Director, Non-Executive Directors and Independent Directors including a Woman Director. The Composition of Board of Directors is in tune with the applicable provisions of the Banking Regulation Act, 1949, the Companies Act, 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. The changes in the composition of the

Board of Directors that took place during the period under review were carried out in compliance with the applicable provisions of the said Acts and Regulations.

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

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

We further report that during the Audit Period:

- (i) The Bank has granted 1,76,43,110 stock options of face value ₹ 2/- each to 7,072 employees of Bank in various cadres (Including Senior Management) under employee stock option schemes of the Bank at Market Price of ₹ 38.60/- pursuant to provisions of the Act and the relevant Rules thereon and SEBI Regulations.
- (ii) The Bank has received RBI authorisation for Import of gold/silver for the financial year 2021-2022.
- (iii) The Bank has promptly paid the debenture interest with respect to the 11.95% - 48,700 Unsecured, Non-Convertible, Redeemable Tier II Bonds of Face value ₹ 1 Lakh each on 12/03/2021.

Note: Due to COVID-19 pandemic throughout the nation and restrictions on physical movement enforced by Government of India and the Tamilnadu State Government, we could not carry out physical verification of documents and we have relied on the information, facts, inputs provided by the Bank to us through electronic means and the information and records pertaining to the Bank available on the websites of the Bank, the Ministry of Corporate Affairs, and the National Stock Exchange.

For **Bapul Yasar & Associates**
Company Secretaries

R.K.BAPULAL,

FCS: 5893; CP: 3842

Senior Partner

UDIN: FO05893C000613742

Place: Madurai
Date: 12.07.2021

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

Annexure 'A'

Our Report of even date is to be read along with the following:

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

For **Bapulal Yasar & Associates**
Company Secretaries

Place: Madurai
Date: 12.07.2021

R.K.BAPULAL,
FCS: 5893; CP: 3842
Senior Partner
UDIN: F005893C000613742

Annexure – 2

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

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

Name of Executive Director/ Chairman	Ratio of Remuneration to median remuneration of all employees *
Shri B Ramesh Babu MD & CEO [§]	10.76x
Shri N S Srinath, Non-Executive Independent (Part-time) Chairman	1.36x

[§] taken charge on 29.07.2020

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

Name of Executive Director/ Chairman/ Key Managerial Personnel	Percentage increase in the remuneration in the FY 2020-21 *
Executive Director/Chairman	
Shri B Ramesh Babu MD & CEO [§]	(0.03%)
Shri N S Srinath, Non-Executive Independent (Part-time) Chairman	-
Key Managerial Personnel	
Shri J Natarajan, President & COO	10.13%
Shri Mocherla Durga Ramesh Murthy	52.17%
Shri T Sivarama Prasad, GM&CFO [#]	
Shri Srinivasa Rao Maddirala, Company Secretary	6.63%

[§] taken charge on 29.07.2020

[#] Shri Mocherla Durga Ramesh Murthy taken charge as CFO w.e.f. 01.11.2020 and Shri T Sivarama Prasad relieved from services on 31.10.2020

* No remuneration is paid to Non-Executive Directors, except Part-time Chairman, other than the Sitting Fees for attending Board/Committee meetings. The Sitting Fees paid to Non-Executive Directors is not considered for calculation of median remuneration.

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

Median remuneration of the employees in the financial year was increased by 9.56% as compared to the previous FY 2019-20.

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

The Bank has 7,252 permanent employees as on March 31, 2021.

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

Average remuneration increase for Non-Managerial Personnel of the Bank was 13.86% in the FY 2020-21.

The average percentage increase in the remuneration paid to the Managerial Personnel is 6.93%.

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

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

Notes:

- 'x' denotes the median remuneration of the employees in the Financial Year.
- Remuneration of MD & CEO & Non-Executive Independent (Part-time) Chairman are as per the terms & conditions approved by the Reserve Bank of India.
- Remuneration of chairman for the purpose of calculation is being annualised.
- For the purpose of calculation of increase in remuneration of MD & CEO Shri B Ramesh Babu has been annualized which includes the perquisites calculated as per the Income Tax Rules, 1962.
- Variable pay paid to ex-MD & CEO Shri P R Seshadri for FY 2019-20 as approved by RBI was not calculated for the purpose of calculating the percentage increase in remuneration of each Director.
- For the purpose of ratio calculations, arrears of salary as per Bipartite settlement are considered for comparative years only.

Details of top ten employees of the Bank in terms of remuneration drawn pursuant to Sec 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 for the Year ended March 31, 2021:

Sr. No.	Name Sarvashri	Designation	Qualification	Age	Remuneration Received Amount ₹	Experience No. of years	a) Date of Commencement of Employment b) Nature of Employment, whether contractual or otherwise;	Last Employment
1	B Ramesh Babu	Managing Director & CEO	B.Com (Commerce), M.Com., C.A.I.I.B., FCI - International Factoring, Cert. Global Adv Mgmt Programme, Leadership Dev. Corp. Excellence	61	95,03,642	41	a) 29/07/2020 b) Whole Time	State Bank of India
2	Mahendran K	General Manager - Head-Precious Metals Division	B.Com (Commerce), M.B.A (Marketing)	55	73,74,990	33	a) 30/08/2019 b) Regular	Bank of Nova Scotia
3	Natarajan J	President & COO	M.A. (Economics), C.A.I.I.B.	60	61,28,710*	38	a) 27/04/1983 b) Tenure	-
4	Dolphy Jose	General Manager - Chief Business Officer	B.Com (Commerce), M.B.A, Cert. IT & Cyber Sec. - Senior Mgmt	51	59,00,003	29	a) 07/01/2019 b) Regular	Kotak Mahindra Bank Ltd
5	Mocheria Durga Ramesh Murthy	General Manager & CFO	B.Com, M.Com., A.C.A., Cert. Prog. in IT & Cyber Security	56	58,37,091	31	a) 09/04/2018 b) Regular	Commercial Bank International (CBI Bank)
6	Shekhar Ramarajan	General Manager & CRO	B.Com, A.C.A.,	42	57,96,516	19	a) 21/06/2019 b) Regular	Manappuram Finance Ltd
7	Thathai Narayan Seetharaman	General Manager - Treasury	B.Sc (Chemistry), P. G. Cert. in Business Mgmt (Business Management), Cert. IT & Cyber Sec. - Senior Mgmt C.A.I.I.B.	58	54,09,304	36	a) 10/11/2017 b) Regular	Equitas Small Finance Bank
8	Nitin Rangaswami A	Deputy General Manager - Chief Distribution Officer	B.Com, PG Dip. in Business Admn.	41	53,34,515	17	a) 09/05/2019 b) Regular	Kotak Mahindra Bank Ltd
9	Sudhakar K V S M	General Manager	B.Sc, M.Sc., Cert. IT & Cyber Sec. - Senior Mgmt, C.A.I.I.B.,	58	51,63,474	36	a) 12/06/2019 b) Regular	Axis Bank
10	Srinivasan V	General Manager	B.Sc (Agriculture), M.B.A, Cert. IT & Cyber Sec. - Senior Mgmt J.A.I.I.B.	59	44,65,071	35	a) 07/08/1987 b) Regular	Nedungadi Bank Ltd

*includes Bipartite Arrears for the period November 01,2017 to March 31,2020

Notes:

None of the above employees holds 2% or more of the paid-up share capital of the Bank as on March 31, 2021 and none of the above employees is a relative of any Director of the Bank.

Annexure – 3

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief outline on CSR Policy of the Company.

The Mission of the CSR Policy of the Bank is "To contribute to the social and economic development of the community and to establish itself as a responsible corporate citizen. KVB realizes that CSR of the Bank is not just compliance, but it is a strategic and wholesome approach towards the Planet, People and Profit. The Bank understands that well-meaning and well implemented CSR will bring about some relief to larger issues that are of social and environmental in nature." The Bank's strategy is to integrate its activities in community, social & environmental development and encourage each business unit or function to include these considerations into its operations. In line with mission, the bank is taking up activities in the core focus areas like health care, education and environmental sustainability.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Shri B Ramesh Babu, Chairman of the Committee #	Managing Director & Chief Executive Officer	2	2
2.	Shri M V Srinivasamoorthi @	Non-Executive Non-Independent Director	1	1
3.	Dr. K S Ravichandran	Non-Executive Independent Director	3	3
4.	Shri R Ramkumar @	Non-Executive Non-Independent Director	1	1
5.	Shri M K Venkatesan §	Non-Executive Non-Independent Director	2	2
6.	Shri A K Praburaj §	Non-Executive Non-Independent Director	2	2
7.	Smt. CA K L Vijayalakshmi §	Non-Executive Independent Director	2	2

Member and Chairman of the Committee from 30.07.2020 | @ Member of the Committee from 01.12.2020 | § Member of the Committee till 30.11.2020

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

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

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

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

Not applicable

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

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
Not Applicable			
Total			

6. Average net profit of the company as per section 135(5). **₹ 369.58 Crores**
7. (a) Two percent of average net profit of the company as per section 135(5) **₹ 7.40 Crores**
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. **NIL**
- (c) Amount required to be set off for the financial year, if any: **NIL**
- (d) Total CSR obligation for the financial year (7a+7b-7c). **₹ 7.40 Crores**
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount ₹	Date of transfer	Name of the Fund	Amount ₹	Date of transfer
1,03,41,770	3,21,84,757	31.03.2021	Not yet decided*	3,14,76,972	NIL

*will be transferred to identified fund on or before September 30, 2021

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sr. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project State District	Project duration (In Months)	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency Name CSR Registration number
1.	Medical equipment for eye care to Sankara Eye Hospital run by Kanchi Kamakoti Medical Trust, Coimbatore	Preventive health care	Yes	Tamil Nadu / Coimbatore	3	50,50,000	0	50,50,000	Yes	-
2.	Electric buggies for moving patients to Sri Venkateswara Institute of Medical Sciences, Tirupati	Preventive health care	Yes	Andhra Pradesh / Chittoor	3	12,44,250	0	12,44,250	Yes	-
3.	Ambulance to Sri Venkateswara Institute of Research & Rehabilitation for the disabled, Dwaraka Tirumala (Insurance)	Preventive health care	Yes	Andhra Pradesh / West Godavari District	6	20,27,781	20,07,781	20,000	Yes	-

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sr. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project State District	Project duration (In Months)	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency Name CSR Registration number
4.	Ambulance (10 nos.) to Tamil Nadu Health Systems Project	Preventive healthcare – COVID-19 related	Yes	Tamil Nadu/ Chennai	6	1,77,03,899	0	1,77,03,899	Yes	-
5.	Construction of Operation Theatre to GH, Velayudhampalayam, Karur	Preventive health care	Yes	Tamil Nadu / Karur	24	59,41,300	0	59,41,300	Yes	-
6.	Free medical camp at Panchamadevi, Karur	Preventive health care	Yes	Tamil Nadu / Karur	12	4,44,000	2,22,000	2,22,000	Yes	-
7.	Maintenance of Goshala at the Swami Sadashivananda Trust, Karur	Animal Welfare	Yes	Tamil Nadu / Karur	12	1,80,000	1,20,000	60,000	Yes	-
8.	Laying of paver blocks on Erode Road	Environmental sustainability	Yes	Tamil Nadu / Karur	9	19,43,308	NIL	19,43,308	Yes	-
Total						3,45,34,538	23,49,781	3,21,84,757		

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No)	Location of the project. State District	Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency Name CSR Registration number
1.	Masks, sanitizers and gloves to frontline workers, hospitals and public	Preventive healthcare – COVID-19 related	Yes	Tamil Nadu / various districts	18,07,018	Yes	-
2.	Donation of ambulance & running free medical dispensary	Preventive healthcare	Yes	Andhra Pradesh / West Godavari & Tamil Nadu / Karur	22,29,781	Yes	-
3.	Maintenance of Walk N Jog	Environmental sustainability	Yes	Tamil Nadu / Karur	31,05,207	Yes	-
4.	Maintenance of Goshala at the Swami Sadashivananda Trust, Karur	Animal welfare	Yes	Tamil Nadu / Karur	1,20,000	Yes	-
5.	Construction of class rooms Morning Star Hr. Secondary School	Promotion of education	Yes	Tamil Nadu / Karur	24,29,764	Yes	-

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No)	Location of the project. State District	Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency Name CSR Registration number
6.	Support to MSME Summit	Skill development	Yes	Tamil Nadu / Karur	4,00,000	Yes	-
7.	Support to annual ranking tennis event	Promotion of sports	Yes	Tamil Nadu / Karur	50,000	Yes	-
8.	Support to street vendors by providing for commencing business afresh	Improving livelihood	Yes	Tamil Nadu / Chennai	2,00,000	Yes	-
Total					1,03,41,770		

(d) Amount spent in Administrative Overheads: **NIL**

(e) Amount spent on Impact Assessment, if applicable: **Not applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): **₹ 4.25 Crores**

(g) Excess amount for set off, if any: **NIL**

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	
		Not applicable

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. Name of the Fund	Amount (in ₹).	Date of transfer	Amount remaining to be spent in succeeding financial years. (in ₹)
							Not applicable

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
S. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration (in Months)	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed / Ongoing
Not Applicable								

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

(asset-wise details)

- (a) Date of creation or acquisition of the capital asset(s).: **Not Applicable**
- (b) Amount of CSR spent for creation or acquisition of capital asset.: **Not Applicable**
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: **Not Applicable**
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).: **Not Applicable**

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

Due to the lockdown restrictions imposed during the financial year, opportunities for on the spot assessment of projects could not be undertaken. To the extent possible, projects were either implemented or identified as on-going projects for completion in the subsequent financial year.

B RAMESH BABU

MANAGING DIRECTOR & CEO
CHAIRMAN OF THE CSR COMMITTEE

N S SRINATH

CHAIRMAN OF THE BANK

Annexure -4

Business Responsibility Report 2020-21

Section A: General Information about the Bank

1	Corporate Identity Number (CIN) of the company	L65110TN1916PLC001295
2	Name of the Company	THE KARUR VYSYA BANK LIMITED
3	Registered address	Registered & Central Office, No.20, Erode Road, Vadivel Nagar, L.N.S. Karur TN 639002
4	Website	https://www.kvb.co.in/
5	e-Mail ID	kvb_sig@kvbmail.com
6	Financial Year reported	2020-21
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	National Industrial Classification 2008 Section K – Financial and Insurance Activities. Code: 64191 – Banking & Financial Services The company governed by the Banking Regulations Act, 1949.
8	Three key products/services of the Bank (as in balance sheet)	<ul style="list-style-type: none"> • Deposits • Loans • Foreign Exchange, Investment & treasury
9	Total Number of Locations where Business Activity is Undertaken by the Company	
	(i) Number of International Locations	NIL
	(ii) Number of National locations	811 Branches as on March 31, 2021#
10	Markets served by the Company-Local/State/National/International.	National : Pan India

#including NEO, PMD, Asset Recovery Branches, Business Banking Units and Corporate Business Units.

Section B: Financial Details of the Bank

1	Paid-up capital (₹ in Crores)	159.86
2	Total turnover (₹ in Crores)	6527.07
3	Total profit after Taxes (₹ in Crores)	359.38
4	CSR spend as percentage of profit after tax (%)	1.18%
5	List of CSR activities in which expenditure has been incurred	The Bank undertakes various CSR activities in accordance with the “Corporate Social Responsibility Policy” of the Bank. The Bank’s expenditures towards Corporate Social Responsibility during FY2021 were broadly focused on Promotion of education, preventive healthcare and environmental sustainability. Disclosure of information on CSR activities is made in the Annual report 2020-21 as per the provisions of the companies act, 2013.

Section C: Other details

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

Section D (1): Business Responsibility Information

1.a	Details of Director responsible for implementation of BR policies	
	Director Identification Number (DIN)	DIN: 01493217
	Name	Shri N S Srinath
	Designation	Non-Executive Independent (Part-time) Chairman
1.b	Details of BR Head	
	Director Identification Number (DIN)- (if applicable)	NA
	Name	Shri K V S M Sudhakar
	Designation	Chief Compliance Officer
	BR Head (Telephone number)	+914324-269233
	BR Head (e-Mail ID)	gm.compliance@kvbmail.com

Section D (2): BR Information – Principle-wise (as per NVGs) BR Policy/Policies (Yes/No)

		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for	Y	Y	Y	Y	Y	Y	NA	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3	Does the policy conform to any national/ international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		All policies have been developed after detailed consultations and research on the best practices adopted by banks and in line with the requirements of RBI guidelines, listing agreement with stock exchange, the Companies Act, 2013 and rules made thereunder or as per the requirements of the Bank.								
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
		All policies are approved by the Board of Directors or Committee of the Board of Directors or Senior Management of the Bank								
5	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		https://www.kvb.co.in/regulatory-disclosures/fair-practices-banking-codes-overview/banking-codes-policies/ and https://www.kvb.co.in/investor-corner/policies/								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		Policies related to the external stake holders are hosted on the Banks' website and other Policies concerning the internal stake holders are available on the Bank's intranet.								
8	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		All policies are subject to audits and reviews done internally in the Bank from time to time.								

Section D (2): BR Information - Principle-wise (as per NVGs) BR Policy/Policies (Yes/No) – Not Applicable

The Bank has	P1	P2	P3	P4	P5	P6	P7	P8	P9
1 Not understood the principles	-	-	-	-	-	-	-	-	-
2 Not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3 Does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4 Planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5 Planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6 Other reasons	-	-	-	-	-	-	\$	-	-

\$ - While there is no specific policy outlined for this principle, the Bank through trade bodies and associations puts forth suggestions with respect to economy in general and Banking Sector in particular.

Principle-wise policies

P1	Compliance Policy, Whistle Blower Policy, Anti Money Laundering Policy, Vigilance Policy, HRD Policy, Procurement Policy, Policy on Outsourcing of Financials, Code of Bank's Commitment to Customers, Customer Rights Policy, Grievance Redressal Policy, Code of Bank's Commitment to Micro and Small Enterprise, Code of Conduct and Ethics, Code of Conduct and Conflict of Interest Norms in respect of Board of Directors, Code of Conduct for Direct Selling Agents, Policy on Related Party Transactions, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI), Policy on criteria for determining Materiality of events.
P2	Code of Bank's Commitment to Micro and Small Enterprise, Credit Policy (SME Priority Sector exposures), Policy for lending to Micro Small & Medium Enterprises (MSMEs), e-Waste Management Policy.
P3	Remuneration Policy, Staff Housing Loan Policy, Staff Rules and Guidelines (covering leave policy, insurance benefits, superannuation scheme etc.), Policy on Prevention of Sexual Harassment, Policy on Safety for Women at Workplace, Policy on Human Rights, HRD Policy and Vigilance Policy.
P4	Code of Bank's Commitment to Micro and Small Enterprise, Corporate Social Responsibility Policy, Credit Policy (SME Priority Sector exposures), Policy for lending to Micro Small & Medium Enterprises (MSMEs).
P5	Policy on Human Rights, Code of Conduct and discipline, HRD Policy, IT Policy, Vigilance Policy.
P6	Financial Inclusion practices, MSME Policy, Corporate Social Responsibility Policy, Business Continuity Plan and Disaster Recovery Policy (BCPDR).
P7	NIL
P8	Code of Bank's Commitment to Customers, Policy on outsourcing of financial services, Information Security Policy, Cyber Security Policy, Data Privacy Policy, Corporate Social Responsibility Policy.
P9	Code of Bank's Commitment to Customer, Citizen's Charter – A Charter for Customer Service, Customer Rights Policy.

Section D (3): BR Governance

3.a	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
3.b	Does the Company publish a BR or a sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Bank annually publishes its BR Report as part of its Annual Report https://www.kvb.co.in/investor-corner/annual-general-meeting/agm-business-report/

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

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

The Bank's HRD policy-vision document highlights building of a strong team with integrity and aligning human resources with business goals. The Bank has also adopted Code of Conduct and Conflict of Interest Norms in respect of Board of Directors to guide the Board members in ensuring highest ethical standards in managing the affairs of the Bank.

The Bank has adopted 'Model Code of Conduct for Direct Selling Agents' and is applicable to all persons involved in marketing and distribution of any loan or other financial product of the Bank.

Similarly the Bank in its procurement policy has stipulated code of business conduct and ethics expected from employees and suppliers. The Bank has executive level Committees viz., Product Development Committee, Standing Committee on Customer Service, Staff Accountability Committee and Outsourcing Committee to enforce these principles. Further various Board level committees such as Audit Committee, Customer Service Committee, CSR Committee, etc., to review the policies periodically and take necessary actions to protect behavioural and ethical standards in operations.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

KVB established various channels for its stakeholders to communicate their expectations/concerns.

Disclosure of Complaints is included under Schedule 18 forming part of the Financial Statements for the year ended March 31, 2021 of the annual report 2020-21. There are 43 investor related complaints received and redressed during the period.

Investor's grievances are redressed either directly by Investor Relations Cell of the Bank or through Bank's Registrar and Transfer Agents, M/s SKDC Consultants Ltd, Coimbatore. Complaints received on SCORES (a centralized web based complaint redress system of SEBI) are attended within stipulated time. The Bank conducts meeting of Standing Committee on customer service as per RBI guidelines to review the customer service aspects prevalent in the Bank and to take necessary corrective action on an on-going basis.

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

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Considering the nature of the business of the bank and the products/initiatives, the banking products are not directly related to environmental concerns, risks and opportunities. During the reporting period, the Bank focused on Digitization of its process on banking products, to cater the needs of different classes of customers, which incorporates social or environmental concerns, risks and opportunities;

- i. Online Gold Loan through Dlite mobile application - this has enhanced customer comfort and convenience in availing gold loans.
- ii. Nomination request capture in Dlite and internet banking - enabling the customers to submit nominee details online.
- iii. Facility for TDS waiver in Dlite and internet banking - enabling the customers submit form 15G/H online.
- iv. Customer Service request enhancements like updating of address, account porting request through internet banking - customers can process their account updation request at their convenience without visiting the Branch.
- v. Facility for recording alternate channel / digital channel claims online through our corporate website.
- vi. Facility for tax payment in internet banking.

All these functionality updates in the digital banking platforms has made banking more accessible and eliminated the need for customers to visit the branch during this COVID-19 pandemic and has provided seamless and convenient banking experience for the customers.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

Not Applicable.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

- (a) If yes, what percentage of your inputs was sourced sustainably?

Given that the Banking sector's primary product offering is financial services, the Bank does not have any raw material requirements. The primary resources consumed for its day-to-day operations are paper, grid electricity, water from municipal sources, and diesel for DG sets in locations with erratic availability of electricity. Through a centralized procurement process, led by the Central Procurement Unit, the Bank strives to achieve greater transparency, compliance & adoption of environmental and best practices.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

- (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The nature of banking sector is service oriented and not material resource intensive. However, the Bank procures locally the daily use items and services such as stationery, food and beverages and local transport. It works with most local vendors to align them with the Bank's procurement requirements and standards.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).

The waste generated at its offices are managed as per the waste disposal process and e-waste materials generated due to upgradation/replacement of existing components like computers, modems, printers, UPS and etc., are disposed as per the e-waste management policy.

All obsolete IT hardware items are sold to the vendors who are certified for E-waste management under Govt. of India. Further, we also procure under buy-back model where the same OEM will take back the same who are reputed in the market.

Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.

Total No. of employees as on 31.03.2021 - 7746

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.

Total number of employees hired on temporary/contractual/casual basis - 58

3. Please indicate the Number of permanent women employees.

No. of permanent women employees as on 31.03.2021 - 2168

4. Please indicate the Number of permanent employees with disabilities.

No. of permanent employees with disabilities - 18

5. Do you have an employee association that is recognized by management?

Yes, KVB Officers Association (KVBOA) and KVB Employees Union (KVBEU) are recognized employee associations. The Bank respects the right of 'Freedom of Association'. The Bank ensures that all employee grievances are received and addressed promptly.

6. What percentage of your permanent employees is members of this recognized employee association?

89.85% (Employees in OA & Union (Including PTEs and Excluding Contract Employees).

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No of complaints filed during the FY21	No of complaints pending as on end of the FY21
01	Child labour/forced labour/involuntary labour	NIL	NIL
02	Sexual harassment	NIL	NIL
03	Discriminatory employment	NIL	NIL

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- (a) Permanent Employees – 58.54%
- (b) Permanent Women Employees – 49.08%
- (c) Casual/Temporary/Contractual Employees – 19.84%
- (d) Employees with Disabilities – 38.89%

Employee health and safety is of prime importance and the Bank conducts robust and periodic training like advanced and basic fire safety training, first aid, Cardio Pulmonary Resuscitation (CPR) training, evacuation related training for floor marshals and employees across offices & branches. Periodic fire evacuation drills were conducted at the office locations as well as branches to sensitise employees about fire safety norms and regulations. The Bank has tie-ups with vendors to educate and demonstrate use of fire-fighting equipment to branch staff.

The Bank continues to focus on skilling all its employees with the requisite knowledge and skill. The Bank has a training centre where various function-related training programmes, designed to meet the changing skill requirements of its employees are conducted. These training programmes include orientation sessions for new employees, programmes conducted by various skill-enhancing, role specific functional academies, leadership mentoring programmes and other management development programmes for mid-level and senior executives. In addition to classroom training, e-learning programmes are also available for employees.

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

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes. Customers are segmented into Corporate, Retail customers and members of the Bank. Human Resources Department looks after the interest of the Bank Employees.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

The Bank is guided by Reserve Bank of India (RBI) prescribed guidelines on priority sector lending, lending to small and marginal farmers, lending to weaker section etc., and government-led initiatives to improve access to financial services, to disadvantaged, vulnerable and marginalised stakeholders.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders?

Under Financial Inclusion, the Bank renders services to the disadvantaged, rural/semi-urban section of the society by providing basic banking services at their doorstep. The Bank has reached the deprived segment of the society and extended its focused financial services through banking Correspondents.

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

With the objective of imparting financial literacy and facilitating effective use of financial services, the Bank has reached out to the beneficiaries by conducting financial literacy programs to enhance the awareness levels and to attain financial betterment. During FY 21, the Bank has conducted 44 Financial Literacy campaigns through branches.

The Bank is taking steps to enable easier access to the Bank's branches and ATMs for the physically challenged through provision of ramps and is also providing facility for the visually challenged to transact through talking 'Braille' keypad enabled ATMs.

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?

The Bank's philosophy/policies ensure non-discrimination among employees in all its dealings with employees and grievance redressal mechanisms are put in place. The Bank is committed to uphold the dignity of every individual engaged or associated with them. The Bank also seeks to ensure that there is no discrimination in selection of suppliers and vendors and has put in place a grievance redressal mechanism for the same.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No complaints have been received from the stakeholders during the 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. Further, the Bank participates in initiatives towards addressing environmental issues.

The CSR policy of the Bank includes Environment Sustainability as one of its focus areas. The Bank has undertaken several CSR initiatives with positive direct environmental impact or towards creating awareness among stakeholders, in areas of skill development & sustainable livelihoods, education, primary healthcare & sanitation, Promotion of national heritage, Art & Culture, Promoting sports, Rural Development Projects and financial literacy programs.

2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? If yes, please give hyperlink for webpage etc.

The bank constantly aims to reduce adverse impact on the environment by identifying ways to optimise resource consumption in its operations and encourages the customers in the use of electronic media over print communication. The bank has implemented:

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

3. Does the company identify and assess potential environmental risks? Yes/No

The Bank is aware of the potential environmental risks and participates in initiatives as mentioned above to address the environmental concerns. The Bank complies with applicable environmental regulations in respect of its premises and operations.

4. Does the company have any project related to Clean Development Mechanism? Also, if yes, whether any environmental compliance report is filed?

The above question is not applicable to the Bank as it is not a manufacturing company.

5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Yes/No. If yes, please give hyperlink for web page etc.

The major resources consumed at the Bank are grid electricity and paper. KVB undertakes various initiatives for energy conservations at its premises. Some of such initiatives are discussed below:

- (i) Alternative and Renewable Energy - (i) KVB owns 850 KW Wind Turbine Generator at Govindanagaram village, Theni District in Tamil Nadu. 12, 81, 981 units of power were generated during the fiscal and the same were utilised for its Registered & Central Office at Karur and also at its Divisional Office, Chennai premises.
- (ii) Installation of ATMs with solar powered/Lithium UPS Batteries.
- (iii) As per BBMP norms, we have installed solar panels at Bangalore DO (Bank owned building).
- (iv) We have provided solar panel operated street lights in our Bank owned residential quarters at Ram Nagar, Karur.
- (v) Energy Efficiency - The Bank has undertaken various energy efficiency improvement initiatives for energy conservations across all its premises by installing LED lights in phased manner. VRF (Variant Refrigerant Flow) AC Units have been installed at back offices in Chennai, Mumbai and other Metro and Urban centres to save electricity by energy conservation technology. During the year under report, Bank has spent ₹ 0.65 Crores towards procuring energy efficient equipment.
- (vi) Waste Management - e-Waste of the Bank are disposed-off through authorised vendors as per the Bank's policy.

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.

None.

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:
 - (i) Indian Banks Association (IBA)
 - (ii) Fixed Income Money Market and Derivatives Association (FIMMDA)
 - (iii) Foreign Exchange Dealers Association of India (FEDAI)
 - (iv) Federation of Indian Chambers of Commerce and Industry (FICCI)
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The Bank, through trade bodies and associations, puts forth a number of suggestions with respect to the economy in general and the banking sector in particular.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?

The Bank has put in place 'Corporate Social Responsibility Policy' to guide its efforts on CSR initiatives that contribute to inclusive growth and equitable development. The Bank's CSR mission is to contribute to the social and economic development of the community. Through a series of interventions the bank seeks to mainstream economically, physically and socially challenged groups and to draw them into the cycle of growth, development and empowerment. At the core of this is its commitment to reach out to marginalized communities through its Sustainable Livelihood Initiatives.

The Bank has undertaken several CSR initiatives with positive direct environmental impact or towards creating awareness among stakeholders, in areas of health care and education, sanitation, sustainable livelihoods, promoting sports, protection of arts and culture, Protection of environment and its sustainability, buildings of national heritage etc.,

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The Bank undertakes CSR programmes/projects directly and with the assistance of implementation through supplementary agencies.

3. Have you done any impact assessment of your initiative?

Periodic Reviews are undertaken for bigger projects. There are no major projects during FY 2020-21.

4. What is your company's direct contribution to community development projects? - Amount in INR and the details of the projects undertaken.

The Bank has spent ₹ 4.25 Crores in this direction. (i.e. ₹ 1.03 Crores (actual spend) + ₹ 3.22 Crores (provision for on-going projects)). Since no projects could be identified, a provision for the remaining sum of the CSR budget, i.e. ₹ 3.15 Crores has been made, which will have to be moved to a notified fund under Schedule VII of the Companies Act, 2013 by September, 2021.

The details of the projects undertaken are as follows:

- (i) Providing sanitizers, face masks and protective gear to frontline workers & public - ₹ 18.07 Lakhs
- (ii) Makeover of old bridge into walkers' path and park for public use and facilities provided - ₹ 50.49 Lakhs
- (iii) Maintenance of free medical dispensary, providing ambulances, medical equipment - ₹ 324.11 Lakhs
- (iv) Construction of class room blocks - ₹ 24.30 Lakhs
- (v) Maintenance of Cow shelter (Goshala) - ₹ 1.80 Lakhs
- (vi) Sponsorship of annual sports event - ₹ 0.50 Lakhs
- (vii) Skill Development - ₹ 4.00 Lakhs
- (viii) Livelihood support to street vendors - ₹ 2.00 Lakhs

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Yes, the internal team ensures the adoption of community development initiatives. The CSR Policy guides the bank in ensuring that its initiatives are mapped to the focus areas and are relevant, effective and replicable.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Please refer the response to Point No. 2 under Principle 1 for details on Customer Complaints/Consumer Cases.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/Not Applicable/Remarks (additional information).

As the Bank operates in a highly customer-focused sector, product-related transparency and communications are of highest priority to it. In line with the guidelines of the Reserve Bank of India and service standards set by the Banking Codes and Standards Board of India (BCSBI), the Bank provides transparent information on its products through its website (www.kvb.co.in) and at its branches. This includes details on product features, service charges and fees applicable. Interest rates are published and updated on the website as and when there is a change in interest for various deposit/loan schemes. The Bank provides sufficient data to customers to understand their eligibility, applicable interest rates and service charges for consumer loan products. SMS alerts are sent to customers when any charges or fees are triggered or levied to their account.

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?

Nil.

4. Did your company carry out any consumer survey/consumer satisfaction trends?

Yes, The Bank continuously measures the satisfaction levels of its customers with respect to its products and services. The customers can submit their feedback at branches, post it on website, or express them in customer meetings held regularly.

The Bank has conducted customer satisfaction surveys through outsourced agencies during 2020-21. The feedbacks received from customers are analysed and implemented to improve the service levels and attributes of various products offered to the customers. The Top Executives of the Bank visit the customers regularly to understand the satisfaction level of the customers. A standing committee on customer service chaired by President & COO besides 4 Senior Executives evaluate the quality of customer service by interacting with the customers on a quarterly basis and the proceedings of the meetings are placed to customer service committee of the Board.

Management Discussion and Analysis

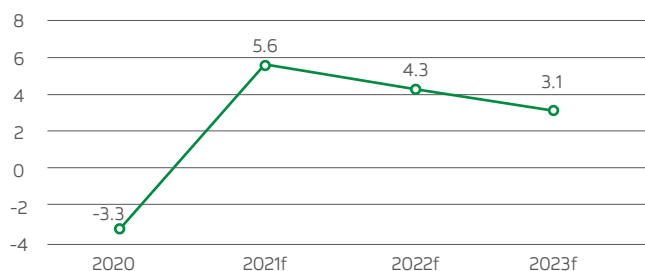
Economic review

Global Economy

The pandemic disrupted the global economy, deeply impacting public health, economies of all countries, education sector, financial and social systems – affecting lives and livelihoods across all geographies. The lockdown led to mobility restrictions, disrupted the global supply chain, thereby crippling the industry and production networks across the globe. Amidst this unique crisis, the global economy contracted sharply by -3.3% in Calendar Year 2020¹, compared with 0.1% in the aftermath of the global financial crisis in 2008.

Governments and Central Banks across the world responded with unprecedented policy measures including stimulus packages, lower interest rates and asset buying that helped nations gradually recover. However, the emerging market economies and low-income developing countries have been hit harder by the pandemic disruptions, and their recovery is expected to lag the developed nations.

World Real GDP



Source: World Bank

Outlook

The World Bank in its June 2021 report estimates the global economy to register a growth rate of 5.6% in 2021 and moderate to 4.3% for 2022¹. This estimate is based on the predicted trend towards normalisation of economic activities in view of the accelerating vaccination programs being rolled out early in 2021. However, there are real possibilities of new variant outbreaks, elevated debt levels in the financial system and spikes in inflation, bearing towards downside risk to the growth momentum.

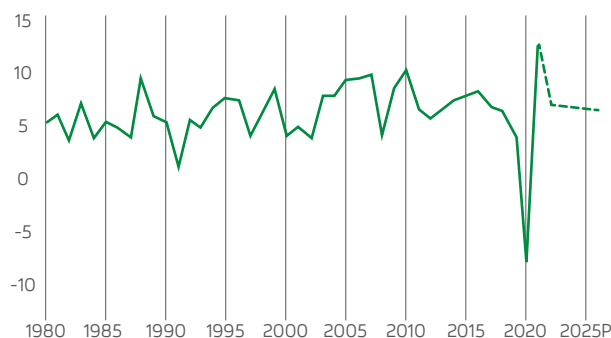
Indian Economy

The Indian economy contracted by -7.3% in the fiscal 2020-21 (as against 4.0% growth in FY 2020) amidst a severe demand contraction and supply disruption, owing to a 68-day long nation-wide lockdown at the beginning of the fiscal year.

While the pent up demand steered the recovery post easing of lockdown restrictions, good monsoons followed by a bumper harvest and timely procurement of crops cushioned the rural economy, as circulation of money increased disposable income at the household level.

Fiscal support in the form of increased consumption spending by the Government did stimulate demand in the economy and this was supplemented by the accommodative monetary policy of the RBI that helped infuse liquidity and reduce the cost of borrowing, thereby averting a deeper recession.

India Real GDP growth (Annual percent change)



Source: IMF

Outlook

The Reserve Bank of India made a downward revision of India's GDP growth forecast for fiscal 2021-22 by 100 basis points to 9.5%.² The revision followed after an estimated assessment of the economic impact arising from output losses triggered by regional lockdowns, moderation in urban demand etc., owing to the breakout of mutant strains during the initial months of FY 2022.

¹ <https://www.worldbank.org/en/news/press-release/2021/06/08/world-bank-global-economic-prospects-2021>

² RBI Bulletin June 2021

The inflation projection will depend on global factors such as price rise in commodities including crude & food prices, geopolitical developments and central bank policy changes in advanced economies.

However, the domestic monetary & financial conditions remain accommodative and supportive of economic activity. The inoculation progress is also expected to gain momentum in the ensuing months, which would aid in stabilizing the economic activity and the expectations on improvement in global demand conditions would augur well for export activities. The resilience in agricultural & farm economy are expected to sustain the buoyancy in demand and the forecast of a normal monsoon would further strengthen rural prospects.

The recent announcements of Honourable Finance Minister, Government of India, enhancing the overall cap of ECLGS to ₹ 4.50 Lakh Crores, additional ₹ 1.10 Lakh Crores guarantee schemes for sectors affected by the pandemic, credit guarantee scheme to provide loans to small borrowers through Microfin Institutions and new schemes to revive the tourism sector are expected to stimulate the economy further.

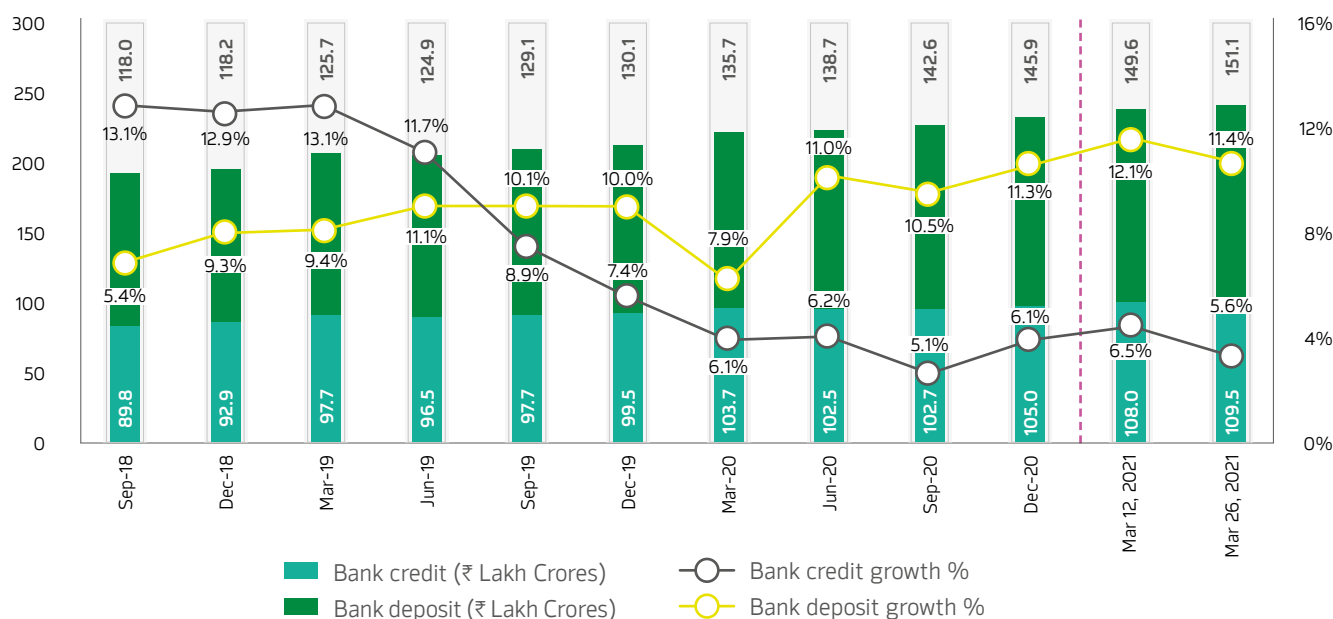
Nevertheless, the scale and speed of vaccination dissemination and effective containment of further spread of infections would be critical for sustaining the cautious optimistic outlook of the economy.

Indian Banking Industry

The COVID-19 impact compounded the banking sector's troubles of a systemic risk arising from the NBFC liquidity crisis, bank frauds and a weak economic environment, at the onset of the lockdown. The banks concentrated on deploying required staff at branches for uninterrupted customer service and also strengthened other sources of delivery, including door step banking services. The demand contraction hurt the collection of advances, with low consumer confidence on account of job losses, salary cuts and closure of small industrial units. However, the credit growth witnessed an uptick during H2 of FY 2021, post unlocking of economic activities, aided by pent up demand during festive season.

Adoption of digital tools is now a 'new normal' among the consumers which nudged the banks to move beyond basic banking services and integrate critical services such as loan sanctions and disbursements through digital banking. The forbearance support and prudent monetary policy decisions moderated the impact on asset quality and helped ease the difficulties on the sector. However, the industry struggled with the falling credit off-take and surplus liquidity in the banking system dragged down the loan pricing. The deposit growth rate continued to record double digit, reiterating the shift towards precautionary saving by individuals, owing to a weak economic environment. The deposits increased substantially in absolute terms and breached the ₹ 150 Lakh Crores mark by the last fortnight of FY 2021.

Bank Credit Vs Bank Deposits



Source: RBI

Stimulus measures by Central Government

The effects of the pandemic were visible across all spheres of life and business, which prompted the Central Government to take steps to provide relief measures. One such important measure was the Emergency Credit Line Guarantee Scheme (ECLGS) introduced to provide liquidity support to the stressed sectors of the economy by providing additional credit of up to ₹ 3 Lakh Crores by way of collateral free and 100% guaranteed loans.

Some of the other stimulus measures by the Central Government include:

- ₹ 50,000 Crores equity infusion for MSMEs with growth potential and viability through Fund of Funds.
- Partial credit guarantee scheme for NBFCs to the tune of up to ₹ 45,000 Crores.
- ₹ 30,000 Crores liquidity infusion for NBFCs/HFCs/MFIs.
- Increase in threshold of default under IBC from ₹ 1.00 Lakh to ₹ 1.00 Crores with an intention to prevent triggering of insolvency proceedings against MSMEs.

With the Central Government unleashing a slew of measures to cushion the falling economy, the RBI complimented the same with accommodative policy measures. The swift measures taken by the banking regulator helped to ease the severity of the economic impact caused by the pandemic and aided in the early green shoots of revival.

Policy measures by RBI

- Moratorium on loans and deferment of instalments aimed to provide respite to businesses and households affected by the lockdown. Approximately 40% of outstanding loan books benefitted by end August, 2020 with 78% MSME customers availing moratorium in the same period, reflecting the stress in the sector.
- Exemption to banks from maintaining Cash Reserve Ratio (CRR) on deposits equivalent to incremental credit disbursed as retail loans to automobiles, residential housing and MSME sector.
- Reduction of CRR by 100 basis points to increase liquidity in the banking system and reduction of minimum daily CRR balance requirement from 90% to 80% of prescribed CRR.
- Increase in borrowing limit under Marginal Standing Facility to 3% of SLR.
- Lending institutions were permitted to allow deferment of interest payments in respect of working capital loans and convert the accumulated interest into a Funded Interest Term Loan to be repaid by March 31, 2021.

- Injection of ₹ 1.2 Lakh Crores through Targeted Long Term Repo Operations (TLTRO 1.0 and TLTRO 2.0) for investment in commercial papers, corporate bonds and non-convertible debentures issued by NBFCs and Microfinance institutions.
- On-tap TLTRO with an aim to provide liquidity support worth ₹ 1 trillion to specific economic sectors by enabling banks to classify the investment under Hold To Maturity (HTM) and exempting from large exposure framework.

The Gross NPA ratio of the industry declined from 8.2% in March 2020 to 6.8% in December 2020, primarily due to regulatory forbearances and asset classification standstill enforced in the aftermath of the pandemic. Furthermore, the Provision Coverage Ratio improved to 75.5% over the same period and consequently, the Capital to Risk Weighted Assets Ratio (CRAR) of Scheduled Commercial Banks (SCB's) improved to 15.9% in December 2020 (14.8% in March 2020), higher than the regulatory minimum of 10.875%. The Government tweaked insolvency laws for suspension of initiation of the corporate insolvency resolution process for corporate debtors on any default arising after March 25, 2020 and this was periodically extended up to March 24, 2021.

Outlook

The macro stress-tests by RBI expect GNPA ratios for SCBs to increase to 13.5% by September 2021 under the baseline scenario, which could increase further by 130 basis points under severe stress scenario. The test further highlights the adequacy of capital position in the overall banking sector to meet severe stress situations with few outliers at the lower spectrum.

The banking sector's improved asset quality and profitability could witness a reversal of trends owing to expected new waves of infection, localized lockdowns and the large number of people yet to be vaccinated. The consumer confidence indices declined in March 2021 with future expectations index inching towards the pessimistic zone due to resurgence in infections rate. The combined effect of weak consumer and corporate sentiments can further suppress new businesses and put downward pressure on asset quality.

Sufficient liquidity in the system provides ample space for disbursing credit and the likely gains accruing from lower competition from non-banks is further expected to drive retail lending segment growth.

Karur Vysya Bank – Corporate overview

We started-off as a small financial institution more than 100 years ago, remained a regional player for a few decades and then blossomed into a national player with strong fundamentals. We have made strategic and sustained investments in technology,

aligning to the changing landscape of banking in India. We are one of the first banks in the country to achieve full networking of our branches under Core Banking Solutions. We have always been a frontrunner in adopting and leveraging technology to offer products and services to our customers. We have been a pioneer in deploying ATMs, Bunch Note Recycler Machines,

fully automated passbook printers and Cheque Deposit Kiosks, as customer needs moved towards self-service banking. As on March 31, 2021, we have a branch/office network of 811, an ATM network of 1,661 and 575 Recycler / Cash Deposit Machines.

SWOT Analysis

<div>S</div> <div>Strengths</div>  <ul style="list-style-type: none"> ▶ Diverse products ▶ Robust risk management and governance framework ▶ Adequate liquidity and capital-driven ▶ Customer-centric business model ▶ Best-in-class digital platforms and offerings ▶ Strong presence in hinterlands of south India ▶ Experienced Management and Leadership team 	<div>W</div> <div>Weaknesses</div>  <ul style="list-style-type: none"> ▶ Relatively low presence in the retail segment ▶ Brand recall as a regional bank 	<div>O</div> <div>Opportunities</div>  <ul style="list-style-type: none"> ▶ Rapid digitalization of the banking sector ▶ Increasing demand across multiple segments (housing, vehicle, personal loans, gold loans) ▶ Growing banking and financial needs in semi-urban and rural areas 	<div>T</div> <div>Threats</div>  <ul style="list-style-type: none"> ▶ Uncertainty in macroeconomic environment ▶ Stiff competition in most product categories
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Financial Performance

Overview

Despite the pandemic restrictions continuing to pose operational challenges, we continued to deliver decent performance and ensured sustained business growth. The operational metrics showcased improvement across various parameters and our total business at the end of March 2021 stood at ₹ 1,16,098 Crores, an improvement of 8% over last fiscal.

Highlights of FY 2020-21

- Net Interest Income increased to ₹ 2,360 Crores in FY 2020-21 and the Total Revenues stood at ₹ 3,417 Crores, amidst a tough business environment.
- Net Profit has shown a strong growth of 53% Y-O-Y and stood at ₹ 359 Crores.
- Continued the strong liquidity trajectory and strengthened the CRAR to 18.98% as on March 31, 2021, of which Core Capital i.e. CET 1 was 16.95%.
- The CASA grew consistently and stood at 34% of Total Deposits, demonstrating resilience in our business model.

Key Financial ratios (%):

Particulars	FY 2020-21	FY 2019-20
Cost of Deposits (%)	4.96	5.76
Yield on Advances (%)	8.93	9.63
Yield on Funds (%)	7.67	8.48
Cost of Funds (%)	4.99	5.80
Net Interest Margin (%)	3.40	3.44
Cost to income (%)	58.16	49.73
Cost to income (%) (*)	50.38	49.73
Return on asset (%)	0.49	0.32
Return on equity (%)	5.16	3.56
EPS (₹)	4.50	2.94
Book value (₹)	87.07	82.57

* Excluding one off - 11th Bipartite Settlement, Interest reversal on FITL and Provision for Interest on Interest refund

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

The Return on Networth / Return on Equity grew from 3.56% as on March 31, 2020 to 5.16% as on March 31, 2021, owing to growth in our Net Profit.

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

Net Profit for the Financial Year 2020-21 has improved by 53% to ₹ 359 Crores from the profit figure of ₹ 235 Crores, registered during the previous Financial Year 2019-20. Hence, the growth is reflected in the Return on Assets (ROA), Return on Equity (ROE) and Earnings Per Share (EPS).

Outlook

We will continue to view our position closely and sustain growth in the near term and also in the long run. We are continuously moving towards a granular portfolio by diversifying our lending. Our retail loans and small business loans are completely on the digital platform and the quality of underwriting has been notched up. Going forward, we will strengthen the feet-on-street capabilities of NEO and will also scale up the operations under Precious Metal Division (PMD) and Transaction Banking Group (TBG). We are pursuing a more diversified rural lending strategy, moving away from just providing simple farm credit.

We expect a growth of around 12% during FY 2022 and will continue to leverage our digital channels - backed by our experienced & dedicated team and sticking to prudent lending/ investment strategies. We will strive to achieve a RoA of 1% plus by FY 2024 and will also enhance the cost efficiency through centralization of operations & expenses.

However, we remain cautious in light of the prevailing uncertainty in the economy and risk of new virus waves due to mutant variants, which pose downside risk in realizing our proposed business plans.

Asset Quality

The Regulator's decision to provide moratorium on repayment of interest & installments, followed by Supreme Court's stay on asset quality classification, resulted in a standstill on fresh Non-Performing Assets (NPAs) accretion during most part of the year. We closely monitored and interacted with the borrowers in SMA category to understand their pains and to extend necessary financial assistance in line with relief packages of Central Government and RBI.

In spite of trying circumstances, we are taking all possible steps to recover NPAs and curtail fresh slippages. We have been focusing on containing the NPAs through better credit monitoring as well as intensified efforts to recover the impaired assets, in addition to settling the accounts through compromises. Our well-defined recovery policy, regular follow ups through the Call Center and our robust recovery process through Asset Recovery Branches - have accelerated recovery and helped to minimize the slippages.

- The incremental Gross slippages for the whole year was at ₹ 959 Crores constituting to 1.82% of outstanding loan books and Net slippages (other than technical write off) was at ₹ 527 Crores, less than a per cent of total Advances.
- Continuous efforts have been made to avert fresh slippages and on account of sustained follow up, we were able to reduce the additions by 32% for 2019-20 (over 2018-19) and by 40% for 2020-21 (over 2019-20).

- The Provision Coverage Ratio (including technical write-offs) stood at 72.70% and we have been continuously strengthening the ratio for the past three years.
- Going forward, we will focus on stepping up recovery and arrest fresh inflows of NPA.

Review of Business verticals

Corporate & Institutional Group (CIG)

Overview

CIG accounted for 23% of the total advances and the portfolio degrew marginally by 3% Y-O-Y during FY 2021, in line with our plans. The Vertical worked with an internal per borrower exposure limit of ₹ 125 Crores while on-boarding new corporate customers and progressively reduced many existing exposures to this level. It was a conscious decision to go slow in the corporate book as we wished to focus on deriving growth from other business segments.

Highlights of FY 2020-21

- Fresh disbursements were made to the tune of ₹ 1,264.12 Crores.
- Average ticket size of the portfolio has softened to ₹ 37.46 Crores.
- Additional credit disbursements of ₹ 715.26 Crores through Emergency Credit Line Guarantee Scheme (ECLGS), in addition to sanctioning Funded Interest Term Loans (FITL).
- Restructured the loans under the Resolution Framework of RBI for COVID-19 related stress and MSME category.

Outlook

We will continue to follow a strategic approach in the CIG segment, as uncertainties remain in the business. Also, we will continue to build-up inventory of quality assets through sustained monitoring and focused on recovery from SMA accounts.

Commercial Banking Group (CBG)

Overview

The CBG is a strategic priority segment since we believe that the future of business growth is on the MSME segment. We are focusing on Traders and Merchants, leveraging our strong foothold in this segment and our pricing advantage.

Commercial Business constitutes 32% of the Advances and grew by 7% during FY 2021 to ₹ 16,687 Crores (March 2020 - ₹ 15,620 Crores) amidst a tough pandemic situation. Dedicated Business Banking Units (BBUs) across the country with experienced personnel to source & service the clients manage this portfolio.

Commercial advances are categorized as: (a) Small Business Group (SBG) handling advances up to ₹ 2.00 Crores (b) Business Banking Unit (BBU) with advances above ₹ 2.00 Crores & up to ₹ 15.00 Crores and (c) Emerging Mid Corporate Group (EMCG) with advances above ₹ 15 Crores & upto ₹ 25 Crores. BBUs constitute about 29% of Commercial portfolio, EMCG comprises of 9% while SBG handles the balance 62% of the commercial advances. This enables granularity of the portfolio.

We have fine-tuned our Corporate Credit Card offerings to meet the emerging business needs of MSMEs and small traders, enabling them to control their expenses more effectively with a revolving credit period of up to 45 days. We have so far issued 2,936 cards with a total portfolio of ₹ 85.13 Crores and our Corporate Credit Card is backed by highly secured technology.

Highlights of FY 2020-21

End-to-end digital processing of commercial loans with robust underwriting parameters resulting in build-up of quality asset portfolio.

- Identified 321 branches contributing substantial business to CBG as 'Strategic Branches' and focused on intensifying growth momentum in these outlets.
- Supported the customers impacted by economic disruptions by disbursing GECL loans and Funded Interest Term Loans.
- Restructured the eligible loans of MSME borrowers to the tune of ₹ 211.61 Crores to alleviate the stress faced by these customers, by adhering to RBIs guidelines.
- Strategic tie-ups with leading NBFCs for exploring co-lending opportunities, beginning with a reputed NBFC.

Outlook

We introduced a Cluster Based approach in CBG to improve the TAT for processing the loans and for deepening the relationship with existing customers. Initially we established two clusters at Vijayawada (covering BBUs under Vijayawada, Tirupati and Vizag) and Coimbatore (including BBUs under Coimbatore and Salem).

A dedicated credit processing team has been placed in the respective Clusters to complete the end-to-end loan processing at the cluster itself. This model will be duplicated across other BBUs upon their successful implementation.

During FY 2022, we have proposed to introduce pre-approved short term loans exclusively for KVB customers and are also exploring the co-lending space with leading NBFCs and Fintech Companies, apart from Channel Finance Products. CBG would ensure continuous flow of credit to the needy sectors, aligning its products and services in line with market trends and our customized disbursement offerings will add more flexibility and value for the borrowers.

Personal Banking Assets Group (PBAG)

Overview

The PBAG segment accounted for 21% of total advances and has registered a 12% Y-O-Y growth during the year (excluding IBPC). Overall, the retail advances have shown recovery of 90% for demand loans every month and delinquencies are under control. All the products of this segment are now available on our robust digital platform that is equipped to sanction loans within 15 minutes and complete disbursements in a day. The retail loan business was impacted during March and April 2020, owing to lockdown restrictions imposed by the government. However, our carefully calibrated business decisions and the gradual unlocking of the economy has stabilized the growth from June 2020 onwards.

Highlights of FY 2020-21

The Total Retail Loan segment stood at ₹ 11,229 Crores, an incremental growth of ₹ 1,212 Crores over FY 2020.

- The Housing loan book has crossed the ₹ 5,500 Crores mark with incremental growth of ₹ 491 Crores.
- Personal Gold loans have shown an incremental growth of ₹ 867 Crores with a growth rate of 72%.
- We extended COVID-19 relief package to retail customers as per RBI guidelines.
- We entered into a tie-up with Maruti to feature us in their online Digital Platform (Maruti Smart Finance) by which their customers would have an option to choose us amongst other competing lenders.

Outlook

Our immediate priority for FY 2021-22 is to focus on improving collections and growing the Gold Loan and Housing Loan businesses. We will continue to drive growth in Vehicle Loan segment by upgrading the partnership with OEMs like Maruti Suzuki and Hyundai. There is a targeted attention on specialized gold loan branches at prominent cities and focus on sanctioning pre-approved loans - housing loans and vehicle loans - on the radar. Further PBAG would also foray into retail credit card business and also actively scout for viable business under co-lending model.

Agriculture Banking Group (ABG)

Overview

Agriculture is one of the few sectors that grew despite the tough pandemic environment. We continue to focus on and capitalize opportunities in this sector, with customized and innovative disbursements that contribute to the growth of the farmer community. Our agricultural portfolio witnessed a Y-O-Y growth of 33% during FY 2021 and improved to ₹ 11,530 Crores with robust jewel loan disbursements aiding the portfolio growth.

The key to our success in the agriculture market has been our ability to tap the opportunities through various products ranging from crop loans, Jewel Loans, KVB Street Vendor and KVB Agri Infrastructure Fund (KAIF). Agricultural produce processing units were largely impacted by the pandemic and we extended support schemes to existing borrowers e.g. AGECL (Agriculture Guaranteed Emergency Credit Line) and FITL (Funded Interest Term Loan).

Highlights of FY 2020-21

- Achieved all the targets and sub-targets under Priority sector for all the quarters of the year and Priority advances as a percentage to ANBC as on 31.03.2021 stood at 52%.
- Digitized the Gold Loan process and benchmarked the agriculture credit products particularly, agri-infrastructure development schemes.
- Adopted a location specific and community-based lending model for small and marginal farmers and farming communities, thereby generating additional employment opportunities in the local areas.
- Re-launched Warehouse Receipt Loan through digital platform.

New Products and Services

As part of our diversified rural lending strategy, we have strengthened our advances by introducing attractive financing schemes across a spectrum of new products i.e. Renewable energy, Animal Husbandry, Loans to SHG/JLGs in rural areas, as follows:

KVB Street Vendor Scheme

KVB Agricultural Infra Structure Fund Scheme

Digital Warehouse Loan

Outlook

The India Meteorological Department (IMD) forecasts a normal monsoon during the current year and accordingly, Agriculture and Allied activities are expected to grow 3-3.5% in FY 2022.

Our focus is currently on building a comprehensive and granular Credit Portfolio which comprises of loans for diverse agricultural activities covering Dairy, Poultry, Pisciculture, Aquaculture, Sericulture, Horticulture amongst others. In order to help farmers generate their daily cash flow, we play an important part in the financial ecosystem to drive inclusive growth.

ABG proposes to tie up with Startups and Aggregators for lending Cattle loans to Farmers and Equipment Finance to Dairy Firms. We propose to enter into tie ups for providing access through online E- Auction of Gold loan.

We derive a strategic advantage from our strong presence in semi-urban, rural and unbanked areas of three major agrarian states – Andhra Pradesh, Telangana and Tamil Nadu. About a fifth of our branches are located near the fertile, riverine plains of the Cauvery, Vaigai and Thamirabarani rivers in Tamil Nadu, and Krishna and Godavari in undivided Andhra Pradesh. We expect to grow and further consolidate our presence in this segment.

Transaction Banking Group (TBG)

Overview

The Transaction Banking Group under supply chain finance handles, vendor finance, dealer finance and specific factoring programs, with a total portfolio valued at ₹ 345 Crores as on March 31, 2021. We are actively participating in all three RBI licensed “TReDS platforms” for financing MSME vendors under Priority Sector Lending, and are working closely with multiple FinTech companies to improve the supply chain customer base.

Our Transaction Banking Group offers Cash Management Services (CMS) to large, mid and small corporates. This vertical also facilitates sourcing current account business with CMS products and improving advances by multiple supply chain finance tie-ups with large corporates and FinTech companies.

Highlights of FY 2020-21

- Incremental loan books to the tune of ₹ 64.21 Crores despite headwinds.
- Average ticket size reduced to ₹ 9.12 Crores, indicative of a broad-based growth.
- Share of MSME lending as a percentage of portfolio improved to 19.77%.

Outlook

During FY 2021-22, we are planning to upgrade the CMS Platform to the next version with new features such as remote printing of cheque at customer location, bulk IMPS payments and improved customer front end with analytics.

Precious Metals Division (PMD)

Overview

We have made significant progress in this new division, forging new relationships, consolidating precious metals business with existing clients, establishing new delivery locations to operate and streamlining its operations to enable speedy growth. We currently operate this business from nine states and offer various bullion products allowed under regulation, covering the bullion requirements of the Industry for their domestic and export needs.

Due to the pandemic lockdowns, there were many challenges to be overcome. Added to this, was the price volatility in the precious metals sector, inconsistent turnover in jewellery showrooms, resulting in moderate turnover during the initial months of FY 2021.

Highlights of FY 2020-21

- As a new entrant into the Precious Metals sector, we have transacted over three tons of gold, with an impressive metal loan portfolio at the end of the year.
- Strengthened business relations with existing clients, which includes leading names in the Jewellery industry.

Outlook

India is the second largest importer and consumer of gold in the world. We believe that with the cultural affinity towards Gold, our business will scale up to higher levels. With the opening up

of business post lockdown relaxations, it is expected that the economy will revive. The coming year looks promising and we strive to establish our position as one of the leading bullion banks in India, leveraging our pan-India presence and strong business relations.

Project NEO

Overview

At KVB, we launched project NEO to expand operations through non-branch outlets with a focus on the key pillars of People, Process and Technology. During the year, the disbursements slowed down owing to uncertain economic conditions. However, the average ticket size and customer profile continues to be in line with its distributed risk strategy and model. In these uncertain times, NEO quickly re-oriented its efforts towards collections along with insightful underwriting, while knowledge based lending continued to ensure good repayment and maintain portfolio quality. NEOs portfolio is characterized with best TAT, high quality assets, hybrid partnerships and introducing dynamic products to suit the changing market trend.

NEO plans to expand geographically by opening new locations such as Jaipur, Chandigarh, Indore and Kolkata and accordingly strengthen our feet-on-street capabilities in new locations.

NEO will critically develop a well manned in-house collection system and will continue to deepen partnerships with the aggregators, which will help to acquire NTB customers and develop a portfolio on distributed risk model.

Personal Banking Liabilities Group (PBLG)

Overview

In a year marked with challenges, we have recorded an impressive growth under our liability franchise. Our growing digital ecosystem now covers a large portion of services offered by our liabilities group.

PBLG is at the forefront for introducing new customers i.e. New To Bank (NTB) customers. This was greatly impacted due to the lockdown restrictions of people movement and began to recover after the re-opening of services across the country.

Highlights of FY 2020-21

- Total disbursements to the tune of ₹ 1,170 Crores pushing up the total book size to ₹ 1,388 Crores.
- Average Yield of 9.86% on the Advances with 1.25% ROA and GNPA as low as 0.19%.
- Average ticket size of the portfolio reduced sharply to ₹ 1.86 Crores reflective of widening customer base.
- Low cost of business acquisition and a robust insurance penetration of about 78% of sanctioned loans.
- Rolled out customized products for financing against lease rental of movable assets through tie up arrangement with a leading Aggregator.
- Introduced Dynamic Transfer Facility under Commercial Mortgage Scheme.
- Sourced 2 million NTB customers through KVB Amazon Buy Now Pay Later (BNPL) program.

Highlights of FY 2020-21

- CASA grew to ₹ 21,654 Crores as on March 31, 2021, registering a double digit Y-O-Y growth of 17.01%. Our CASA ratio improved to 34% during the year.
- The active users of our Dlite Mobile Application increased by 47% during FY 2021 and stood at 14.19 Lakh.
- New business premium of ₹ 109 Crores sourced under life insurance, non-life insurance and health insurance products during FY 2020-21.
- During FY 2020-21, we have issued 1,89,762 FASTags and the income in this segment grew by 74% to reach ₹ 8.08 Crores. We have more than 4.25 Lakh Fastag issued since inception.
- 4,036 new Point of Sales (POS) machines were deployed during the year under review, with payments worth about ₹ 3,593 Crores made through the machines issued by us.

Outlook

We believe in NEO's seamless and quick integration with our lending partners. NEO is in talks with multiple partners to scale up the co-lending franchise and propose to introduce high yield surrogate products, expand the BNPL program to D2C etc.,

- We issued 257 new Credit Cards (co-branded with SBI) during the year and added 9,525 new SIPs with AUM surpassing ₹ 138 Crores as of March 2021.
- The total subscription sourced in units of gold under Sovereign Gold Bond Scheme is 1,12,600 grams amounting to ₹ 56.09 Crores.
- Enrolled 88,952 customers under Pradhan Mantri Jeevan Jyoti Bima Yojana and 1,46,528 customers under Pradhan Mantri Suraksha Bima Yojana during the year.
- Actively promoted Atal Pension Yojana and sourced 6,674 customers during the period. PFRDA recognized our services by honoring us with a Certificate of Appreciation "Power To Persist".

New Products & Services

During FY 2020-21, we have introduced several new offerings:

- **e-RD Electronic Recurring Deposit** - We enabled opening of Recurring Deposits through the DLite Mobile banking app
- **KVB "Shoppe" – "Shoppe"**, a third party application, was added on the DLite app, which offers a range of products and services for customers e.g. recharge of Mobile phone, DTH, Data cards in addition to Hotel, flight, Bus and Cab bookings.
- **KVB Double Delight Term Deposit** – a value-added retail term deposit product with free group insurance cover for hospital cash. Customers and public at large have received the product with enthusiasm and we have achieved good traction from Retail Term Deposits being mobilized through this product.

Digital Push

At KVB, we are very active in moving towards cashless payments and the share of transactions through branches has reduced to 11% of the total transactions during FY 2020-21 as against 18% during FY 2019-20. This has reduced the cost per transaction significantly.

14,20,190

 users

Registered mobile banking users in FY 2020-21

9,81,193

 users

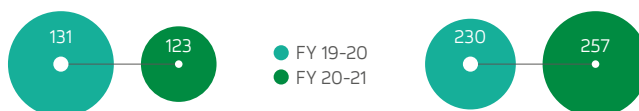
Net banking user base in FY 2020-21

The performance of Net banking and mobile banking transactions are as below:

Number of transactions (Number in Lakhs)

Net banking

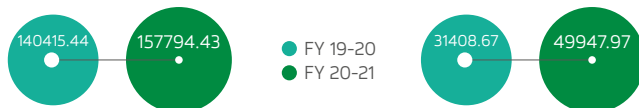
Mobile banking



Volume (Amount ₹ in Crores)

Net banking

Mobile banking



Outlook

At KVB, we will continue to focus on growth in the segment amidst challenges of the second wave of Covid-19. While adequate thrust will be made for Digital on-boarding, a dedicated Customer Relationship Management (CRM) application would be rolled out for effective lead management and improving cross-selling. Aggressive efforts will be undertaken to garner Government and Institutional Business where scope of float balance is more. We will also focus on high value CASA through introduction of new products / services for catering to HNI / Institutional segment, apart from sourcing NRI business.

PBLG will launch Privilege program to retain and grow HNI customer segment by creating differentiated services, dedicated Relationship Managers and roll out of exclusive Current / Savings Bank accounts to the TASC segment.

Review of Operations Verticals

Digital Transformation

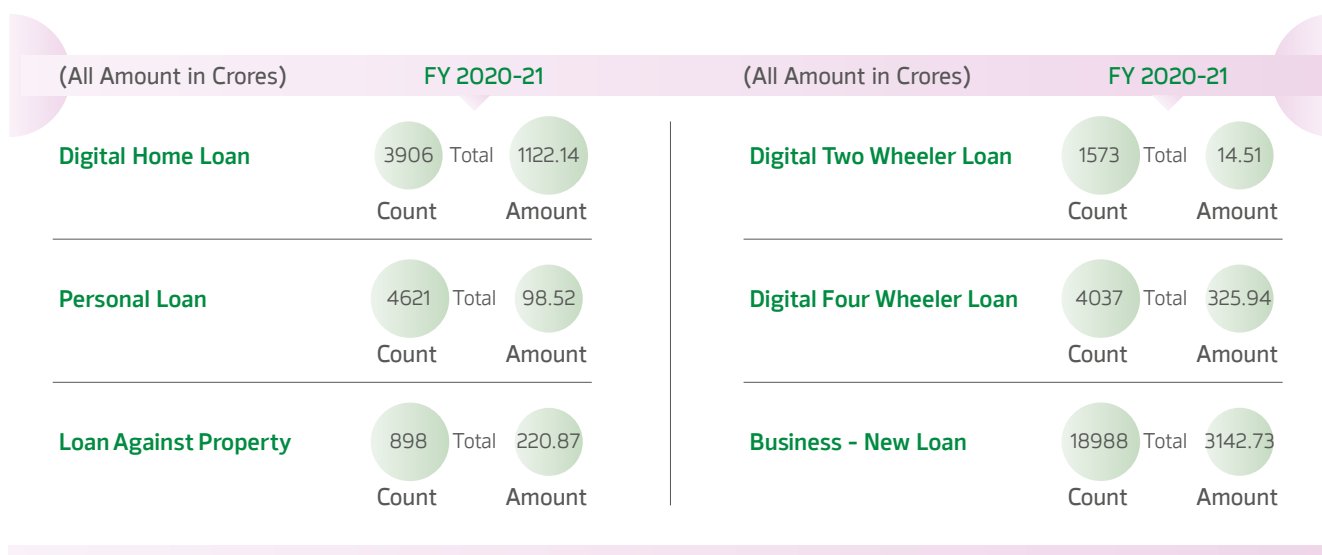
Overview

Putting the customer at heart of our growth strategy, we continue to transform our customer interfaces with improved digital platforms and new offerings. The key digital transformations were focused both on the Liabilities (D-Lite Mobile Application)

and Assets (LOS Application – Loan Origination System) – creating the applications to suit individual and Business needs. We continue to improve our digital solutions for the lending system with stronger validations enabling quicker decisions.

We are the first bank to implement complete end-to-end digitized paperless transaction flow for sanction of a loan. We are redefining the Rule Engine with underwriting models on an ongoing basis to ensure asset quality, and this initiative to offer seamless access to credit, was well received by our customers.

Performance of Key digital products during FY 2020-21:



Highlights of FY 2020-21:

- Sanction and disbursement of all retail and commercial loan products have been moved to digital lending platform and we rolled out the ECLGS Scheme in digital platform within a record time.
- Implemented unique digital jewel loan products.
- Offered multiple features in the DLite mobile banking application including card control, NACH mandate registration, cheque positive pay registration etc.
- Cloud-based work flow management tool “e-Memo” has enabled paperless approval process across the bank.
- Centralization of operations and expense management projects are being implemented using the digital tools.

Outlook

We continue to monitor the current eco-system and analyze the data collected from customer interactions, in order to design new products that suit customer needs. We aim to grow the Self-Service Model via our online platforms, so that customers can access products and services at their convenience and from the comfort of their homes or elsewhere.

A host of digitization activities covering the products across all the credit verticals including Home Loan surrogates, LAP top up & takeover, Digital Gold Loans through BC arrangements, supply chain products, NEO lending and selective agricultural loans have been planned.

Data Center - DRS Functions

Overview

The Data Center transformation is one of the most important processes being undertaken by us, as we are adopting new technology to streamline regular DC functions. The transformed Data Centre processes will use latest technologies like Cloud computing, virtualization, image processing, Artificial Intelligence, Open-API, e-kyc, open source platforms, VPN and storage based backup solutions. In parallel, we are ensuring compliance of all cyber security frame works as mandated by the regulator.

We have a Board approved Business Continuity and Disaster Recovery (BC & DR) Policy to provide uninterrupted banking service to our customers. Both our Data Centre and Disaster Recovery Site are equipped with latest infrastructure and are located in different seismic zone. Our Data Center is our primary site located in Chennai while our Disaster Recovery Site is secondary site located in Hyderabad. For all critical applications in Data Centre, there is a stand by setup in Disaster Recovery Site. Hence, we can continue our business even if there is any disaster at either Data Centre or Disaster Recovery Site without any interruption to our customers. Branches and Channel transactions are connected to our primary Data Centre. Transactions happened at Data Center are replicated to Disaster Recovery Site at periodic intervals on daily basis. DR Drill is performed once in a Quarter or on need basis to ensure the availability of services. We have a robust Information Technology set up both in Primary Data Centre and Disaster Recovery site for all critical functions and backups.

The key initiatives undertaken for improving the efficiency of our Data Center operations are as detailed below:

Particulars	Implementations
Virtualization with Hyper Converged Architecture implementation	Implemented virtualization concept in our environment with majority of Non-Core applications hosted on Virtual servers. Additionally, we have newly adopted hyper converged Architecture hardware. This eliminates the cost and complexity of traditional SAN storage arrays also.
Tie up banking based on Public API	We have Open or Public API wherein we have opened our application programming interfaces (APIs), allowing third parties to access the systems after complying all security measures as mandated by information security team. Tie ups with insurance and loan companies utilizing this technology are live and we are also ready for fresh tie ups for leveraging this technology.
Video KYC	Video KYC is another big step towards digitization which utilizes Artificial Intelligence (AI), UIDAI Biometrics, machine learning, face matching and recognition. This is a contactless KYC that brings down operational KYC costs for the bank and helps us in scaling up the KYC processes with a technology driven infrastructure.
Usage of No-SQL and open source database platforms	We have started exploring the usage of no-SQL databases and open-source databases. Some applications are already hosted as a test case, and other applications would be migrated in a phased manner. This saves us huge license fees that have to be paid for the conventional database platforms.
Ticketing Systems and work flow software	We have implemented ticketing tools to handle ticketing, helpdesk management, change management, incident handling, asset management and project management. All these processes are automated now and mail based follow-ups have significantly reduced. A separate ticketing system has been set up for the Call Center for handling customer grievances more effectively.
Storage based Backup Technology	We are migrating from a conventional tape backup solution to a new backup solution that leverages storage based backup technology with faster backups and restorations.

Particulars	Implementations
Cloud Migrations	Cloud offers better flexibility, elasticity and cost benefit for us. This also helps to avoid DC Infra maintenance which is highly risky. We have already hosted a digital lending system and an expense management system on the Cloud. Testing for hosting other applications is in progress.
Work from Home through VPN	The COVID-19 pandemic situation required us to enable work-from-home for our staff too. For this, we leveraged VPN technology and successfully provided VPN for almost all back office and Central Office staff. Administration and back-office staff are able to successfully connect through VPN and executed the works seamlessly.

DC & DRS Infrastructure Maintenance during COVID-19 lockdown

We are one of the few banks to own and manage our own Data Centre and Disaster Recovery Site. We have built a robust ISMS policy which covers the essential standards (ISMS) to be followed by DC and DRS teams while performing various operations. Our Data Centre and Disaster Recovery Site infrastructure functioned seamlessly during the COVID-19 lockdown period. We continuously monitor the preventive maintenance of all the devices such as UPS, PAC, VRV, Static Switches, Electrical Panel, Servers and all the BMS equipment.

As part of maintenance, all major installed components, electrical panels and key operational devices are regularly serviced and maintained.

99.5%

uptime recorded throughout the pandemic period

Security activities performed during the Lockdown

Every CERT-In and IB-CART advisory was taken seriously and every single IOC (IP Address, URL and File Hash) was immediately blocked in the respective security devices, i.e.: Firewall, Proxy and Antivirus.

Weekly

Compliance done

Exclusive policy was made available in the email gateway to filter the email pertaining to COVID-19 domain and subject. Security advisories were issued to our employees on phishing campaigns covering 'COVID-19 Themed Cyber Attacks' and 'Cyber Security Tips for work-from-home' to create awareness on Cyber Security.

Collections

Overview

Collections are an integral part of our strategy and our dedicated Call Centre at Chennai effectively operates to reduce the delinquency. We are further strengthening our collection structure by establishing a new Collections Cell to ensure better pruning of SMA portfolio.

Highlights of FY 2020-21

- Synergizing the strengths of Recovery, Collections, Monitoring and Legal functions as a single operational unit under an experienced General Manager.
- Embarked on One Time Settlement route for recovery and sanctioned ₹ 178.47 Crores in about 848 accounts during the year.
- Revamping and strengthening of credit monitoring functions.

Outlook

We are vigilantly looking out for Early Warning Signals in each account and taking preventive steps to minimize delinquency levels. Adoption of digital tools to automate the monitoring processes has also helped in channelizing resources for effective collections.

We are actively pursuing recovery strategies and have targeted to improve our collections during FY 2022.

We have already set up a call center at Chennai to have dedicated follow ups for reducing fresh delinquencies. Further, we have also created a separate collections structure headed by a Deputy General Manager and this cell handles the SMA portfolio of retail assets and the Small Business Group portfolio as our first mandate.

Marketing and branding

Our brand “KVB” stands for trust and faith, and we have reached out to our customers through print and digital media adapting to the changing communication channels. Aligning with the current digital-age, we are now actively engaging with our customers through social media platforms and constantly reinforcing our brand equity.

Read more about the branding highlights in page 40-41 of the report



Customer Service

The customer is at the heart of our business strategy and we have implemented the following measures to improve customer service:

- Availability of Gold Loan via the DLite mobile banking application which has improved customer comfort and convenience.
- Introduction of IMPS through branch channels which opens up yet another avenue for funds transfer, especially for rural and non-tech savvy customers.
- Roll-out of tax payment through internet banking that facilitates online payment of taxes, including advance taxes.
- Facility for registering Nomination requests for all the liability products and online TDS waiver solutions through D-Lite Mobile app and internet banking.
- Remote onboarding of customers by leveraging Video KYC facility.
- Customer service request enhancements like updating of address, change of name, DOB change, account porting requests etc., were implemented through Internet Banking effectively eliminating the need for our customers to visit branch for service requests.
- ATMs and Cash recycler machines were maintained with maximum uptime that helped our customers make use of terminals for transactions during tough times.
- Rolled out the facility for registering claims for transactions made through alternate/digital channel through our corporate website.

Treasury

Overview

Our treasury portfolio includes investments in Central and State Government securities, debt instruments of banks, financial

institutions, insurance companies, PSUs and corporates, certificate of deposits, equity shares, mutual funds, security receipts, forward contracts, derivatives and foreign exchange instruments.

The excess liquidity accrued to our treasury (by way of policy rates/low off take of credit) was invested in highly liquid short-term T-Bills. We are making every effort to maximize the Profit/Income without compromising on the duration and quality of the portfolio.

We have substantially downsized our trading portfolio and brought down the duration to low risk levels. We have also maintained good quantum of liquid securities in HTM portfolio and included good amount of floating rate bonds to contain the risk of hardening yields.

Highlights of FY 2020-21

- Profits booked to the tune of ₹ 354.76 Crores from sale of investments.
- Low duration strategy with stress on active churning and participation.
- Front loading the profits to beat anticipated increase in yields in H2, with additional duration at the beginning of year and consolidating/sanitizing the book in advance.
- Diversifying investments into lower interest rate risk instruments like FRBs.
- In the rising yield scenario during Q4, a lower duration/minimal holding in AFS portfolio enabled us to manage interest rate volatility to the barest minimum.

Outlook

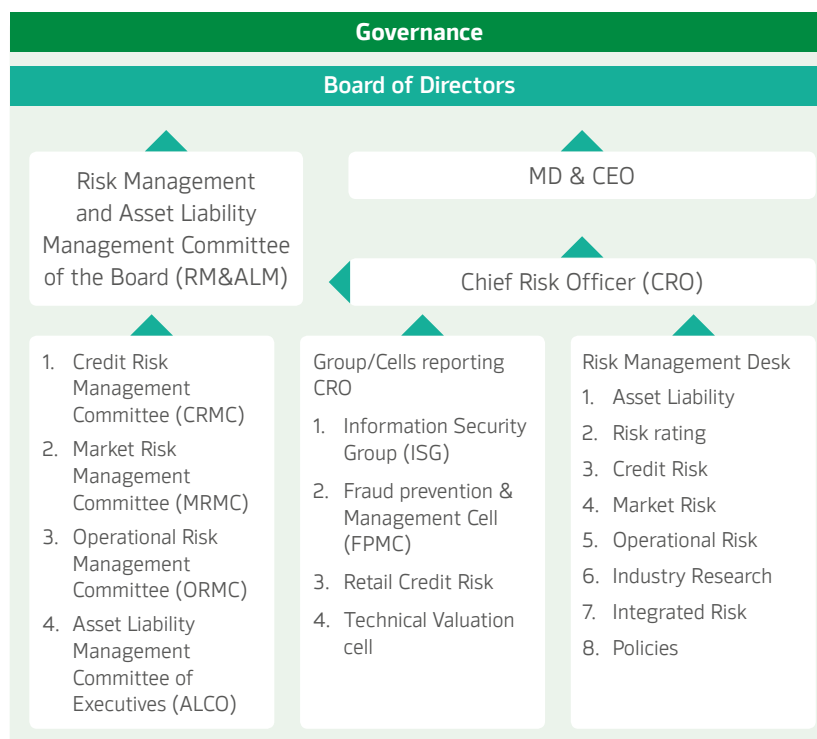
Having sufficient liquidity and cushion to add more securities to HTM portfolio will provide an opportunity to increase our portfolio yield going ahead and meet fund requirements once credit growth picks up. We will step up the activity in the shorter end of the yield curve and focus on increasing the portfolio yield, thereby increasing the interest income. Arbitrage opportunities would be embarked and we will continue to diversify the portfolio to include floating rate bonds.

Anticipating rise in yields, we will ensure/absorb any MTM losses within the profits to be booked & the risk taking shall be lower due to lower market turnover/participation and its unidirectional nature.

Risk Management

Overview

A robust risk management system ensures long-term financial security and stability. The overall responsibility of setting our risk appetite and effective risk management rests with the board.



The Board focuses on

- Approving and reviewing Risk Management Framework and policies annually.
- Assessing the effectiveness of risk mitigation plan implemented by RMD.
- Providing strategic guidance on various initiatives undertaken / to be undertaken by us towards management and mitigation of various risks

Well experienced risk management team with specialized knowledge in various areas handle the risk management functions. Our team of professionals have decades of relevant industry experience in varied segments of relevance to the bank.

The risk framework lays down the following components for effective risk management:

- An independent risk organization and governance structure with a clear common framework of risk ownership and accountability.
- Governance standards and controls to identify, measure, monitor and manage risks.
- Policies to support and guide risk taking-activities across our operations.
- Risk Appetite Statements.
- Periodic stress testing to assess the impact of adverse business conditions on earnings, capital and liquidity.
- Assessment of impact of COVID-19 Pandemic.

We are exposed to various types of risk such as Credit, Market, Operational, Liquidity, Interest Rate, Reputational, Legal and Strategic risk. We have a separate and independent Risk Management Department in place which oversees the management of risks in an integrated manner.

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

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

Management Committee (ORMC), Market Risk Management Committee (MRMC) and the Credit Risk Management Committee (CRMC) oversee specific risk areas. These committees in turn place the required information before the Board level RM&ALM Committee for review.

Fraud Prevention and Management Cell (FPMC): We have a dedicated FPMC for managing fraud risks which reports to Chief Risk Officer (CRO). FPMC submits reports to the Board and Senior Management Committees, periodically. Fraud detection, analysis, mitigation and prevention are a continuous process, and we follow a structured approach for the same as furnished below.

Early Warning Signal (EWS): A number of Early Warning Signals (EWS) are studied daily and the results are shared with concerned business verticals. Besides internal data, public domain data are also analyzed as a preventive and monitoring mechanism. We have installed specialized computer applications to fetch both internal and external data and to present different EWS in an orderly manner. On-line transactions are also monitored by specialized computer applications.

Red Flagged Accounts (RFA): Some of the large borrowable accounts that emanate a number of EWS are classified as RFA and studied in detail for a period of six months. Appropriate decisions are taken based on the results of the study.

Risk and Control Self-Assessment (RCSA): RCSA is a proactive tool in identifying lacuna, if any, in different processes. Different processes are being studied for gaps (if any), controls available, adequacy of corresponding controls, lead and lag indicators etc. Corrective steps wherever required are being initiated by the concerned stakeholder departments based on the RCSA.

Key Risk Indicators: KRIs under key business and support functions are identified and compared with the threshold levels on a quarterly basis besides reviewing breaches if any, facilitating for taking corrective actions.

Root Cause Analysis: Root cause analysis is comprehensively carried out to study the transactions to understand the weaknesses in the system and suggest additional controls if any required to prevent recurrence.

Whistle Blower Policy: We encourage employees, customers and vendors to communicate any information they may come across about serious malpractices or impropriety/ abuse of powers etc. to the Top Management without fear of reprisal. The policy is popularized through various measures such as

internal circulars, e-mail advisories, training sessions etc. to spot aberrations and deal with it at the earliest.

We weigh all new products and processes and the embedded options or enhancements of the existing products critically before it is offered to the public as a preventive measure to avoid systemic lacuna, if any.

Besides the above, we are subject to several audits, periodic visits by Divisional Heads, Divisional Operating Officers, and Central Office personnel for effective monitoring and continuous surveillance of all operations.

During FY 2020-21, we reported 11 frauds amounting to ₹ 22.23 Crores. Of which 6 frauds amounting to ₹ 22.14 Crores pertains to credit related frauds in consortium/multiple banking accounts. Out of this, ₹ 19.70 Crores pertains to one corporate exposure which was classified as NPA during 2012.

We have engaged the services of an external consultant for reviewing the Jewel Loan process for identifying the gaps and adopting best-in-class practices.

Regular enhancements and adjustments are also being made in our digital loan process flow for making it more robust and efficient.

We also have a Fraud Risk Management Policy to detect, control and monitor frauds and ensure continuous surveillance to prevent frauds, besides managing the risk of loss arising from both internal and external fraudulent events. The macro level guidance and directions on the above aspects is provided by the Board and different Board Committees.

We are continuously engaged in enhancing the Risk Management Standards on par with the best practices in the banking sector. Our Risk Management Process is subjected to an annual review by an external consulting agency to evaluate the level of effectiveness and to bring fresh perspectives to the Risk Management approach adopted by us.

Role of Technology in Managing Risk: CLS/LOS (Loan Origination System) Credit Processing has been designed to automate end to end digital verification process viz., verification of account statements, GST data, Bureau report, income statements. Besides this, Fraud Control Unit (FCU) check is implemented for conducting field visits of borrower's premises and verification of documents submitted digitally. This helps in minimizing the manual intervention for its authenticity or genuineness.

Credit Risk	Risks	Mitigation Steps
	<p>Macro factors including pandemic hit on economy, stress in certain industries and factors including deficiencies in underwriting standards, weak recovery mechanism that could adversely impact our performance</p>	<ul style="list-style-type: none"> • We have a centralized credit risk management division, independent of our business functions, to manage credit risk. Appropriate credit underwriting standards, risk mitigation processes, post-disbursement monitoring, strong collection and recovery mechanism via call centers and timely remedial actions ensure that credit risk is contained within acceptable levels. • There is also a separate Retail Credit Risk Team which is responsible for retail portfolio and parameterized lending basis product specific gating parameters and score cards. • A Business analytics team provides comprehensive analytical reports with analysis and inferences to the top management, for taking appropriate action and business decisions. • We have a system of monitoring the exposures periodically to ensure that those are within the ceilings fixed by the Board. • A research unit functions within the risk department for conducting portfolio studies, industry/sector analysis and to capture up-to-date information. • Internal credit risk rating of proposals is mandatory for sanction of credit facilities. We have deployed CRISIL IKON models and other credit risk rating models for rating our borrowers. • LOS (Loan Origination System) has been designed and structured to bring in better controls from a system perspective on TATs, building better underwriting capability based on analytical feed and creating a digital workflow for risk mitigation. • Improvement in the credit underwriting process is done by placing various gating conditions that are tested based on our historical database. This eliminates subjectivity in the credit approval process. Well-designed scorecards are in place as part of decision-making tools apart from gating parameters. • Better due diligence through system designs, sanity and automated bureau checks to minimize onboarding risks. • Periodic product and portfolio reviews facilitate course corrections and product / process flow changes. • Divisional credit risk officers are placed in each divisional office to get a ground level perspective of credit proposals. • Comprehensive discretionary powers for various authorities with inbuilt deviation matrix both for risk and non – risk deviations; spread policy takes care of the credit risk premium basis, the BRE scores / Risk rating grades. • Credit and risk related policies are drafted, and reviewed periodically as per our requirements and regulations. • Committee level approach to credit approval process promotes qualitative discussions and collective wisdom allowing 360-degree analysis of the credit proposals. • Structural changes made in the last two years such as: formation of Small Banking Group, Business Banking Unit, Central Credit Processing Centre at Karur, Retail processing cell at Coimbatore, evaluating the retail loans and loans under co – lending arrangements, formation of technical valuation cell for professionalizing the valuation process and placement of Technical Officers in the Divisional Offices have been taken with a view to further strengthen our Credit Risk framework. Capital charge for Credit risk is computed under the Standardized Approach.

Market Risk	Risks	Mitigation Steps
	<p>Market Risk arises largely from our trading activity in interest rate instruments, equity and forex market.</p>	<ul style="list-style-type: none"> • We have a well-developed framework, comprising of board approved policies and established practices, for management of the market risk. • We have established an independent mid office, as part of RMD, which reports directly to the Chief Risk Officer and functions as the risk control unit for the treasury activities. • Mid-Office scrutinizes the treasury deals and transactions from market risk and operational risk management. • Detailed policies are put in place for the conduct of business exposed to market risk and for effective management of all market risk exposures. • The policies and practices also take care of monitoring and controlling of liquidity risk arising out of our banking book, trading book and off-balance sheet exposures. • To measure and control market risk, interest rate risk, equity price risk and forex risk, we have set various risk appetite limits. We are using various tools like stress testing, modified duration, PVBP, VaR, position limits, stop loss limits, NOOP limit, AGL etc. to monitor and contain market risk. Currently, capital charge for market risk is computed under the Standardized Duration Approach.

Liquidity & Interest Rate Risk	Risks	Mitigation Steps
	<p>Liquidity risk is the potential inability to fund increase in assets, decrease in liabilities or meet obligations as they fall due, without incurring unacceptable losses.</p> <p>Interest rate risk is the risk where changes in market interest rates affect our earnings through changes in our net interest income (NII) and the market value of equity through changes in the economic value of our interest rate sensitive assets, liabilities and off-balance sheet positions.</p>	<ul style="list-style-type: none"> • Our Asset Liability Management policy provides framework for management of liquidity risk and interest rate risk. We have established risk appetite limits and other tolerance limits for both liquidity risk and interest rate risk. Further, we also have necessary framework in place to manage intraday liquidity risk. • Our Asset Liability Committee (ALCO) is responsible for monitoring adherence to liquidity risk and interest rate risk limits. • While the maturity gap and stock ratio limits help manage liquidity risk, assessment of impact on the net interest income and economic value of equity help to mitigate interest rate risk. This is complemented by a stress testing program covering both liquidity and interest rate risk. • We conduct various studies to assess the behavioral pattern of non-contractual assets and liabilities and embedded options available to customers, which are used while managing maturity gaps. • Liquidity Coverage Ratio (LCR), a global standard to assess organization's ability to meet its payment obligations, is used to measure a bank's liquidity position. LCR level ensures that we have an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario. • Our Contingency Funding Plan (CFP) is monitored every quarter by the ALCO to ensure that we have adequate liquid financial resources to meet our liabilities as they fall due.

Operational Risk	Risks	Mitigation Steps
	<p>This risk arises from inadequate or failed internal processes, controls and systems, and procedures due to employee error or breach, fraud or external events or a combination of these factors.</p>	<ul style="list-style-type: none"> • We have a well-established internal control system, books of instructions, internal circulars on policy matters and procedures, guidelines which include segregation of duties & responsibilities, systems and procedures, standardized operating procedures, clear lines of authority and reporting, among others. • We have adopted a structured internal audit mechanism carried out at pre-defined intervals; apart from regular inspection. We also have Concurrent Audit, Information Security Audit, Credit Audit, Revenue Audit and Statutory Audit. All the audits and inspections also help in understanding the working of the controls, breaches and the need for improving the controls and its effectiveness. • Risk and control Self-Assessment exercise and Key Risk Indicators, support in putting in place additional measures to improve the existing systems and controls. • We have a Business Continuity and Disaster Recovery (BCP & DR) policy to manage disruptions to its operations. • Product, process and outsourcing committees have representation from the risk department for recording their views, besides suggesting mitigations for the identified risks in those products and process. • We have implemented the Basel III capital framework and calculates the Capital to Risk Weighted Assets Ratio (CRAR) using Basic Indicator approach as per the guidelines laid down by the RBI.

Fraud Risk	Risks	Mitigation Steps
	<p>Financial institutions in general and banks in particular are vulnerable and prone to several frauds perpetrated through internal and external forces. All the Banks are taking initiatives continuously to strengthen their internal control systems and procedures to guard against the frauds</p>	<ul style="list-style-type: none"> • We have put in place, a fraud risk management policy and framework that clearly defines the roles and responsibilities of all the related stakeholders in the matters relating to detection/identification of frauds, classification of frauds, reporting structure to RBI, other regulatory bodies, Board of the Bank and Sub committees of the Board. This also includes process of investigation, apart from recovery including insurance claims, provisioning, disciplinary action, closure of fraud etc. • Analysis of reasons and root cause analysis are carried out to study the transactions to understand the weaknesses in the system and suggest additional controls to prevent recurrence. A number of Early Warning Signals (EWS) are studied daily and the results are shared with concerned verticals. • Besides internal data, public domain data are also analyzed as a preventive and monitoring mechanism. • We have installed specialized computer applications to fetch both internal and external data and to present different EWS in an orderly manner. Online transactions are also monitored by specialized computer applications. • Some of the large loan accounts that exhibit a number of EWS are classified as RFA and studied in detail for a period of six months. Appropriate decisions are taken based on the results of the study. • We weigh all new products and processes, the embedded options or enhancements of the existing products critically before it is offered to the public as a preventive measure to avoid systemic lacuna, if any.

Risks	Mitigation Steps
<p>COVID-19 pandemic</p> <p>It poses additional risks for us, both directly as well as indirectly through the global and domestic macroeconomic factors, and external operating environment.</p>	<ul style="list-style-type: none"> • We had extended all the relief measures announced by Union Government and Reserve Bank of India, be it extension of moratorium, approval of FITL, GECL, Resolution framework for all types of loan including MSMEs. • Risk Management Department undertook a comprehensive study to identify industries / sectors that are affected and likely to be impacted by the pandemic followed by similar assessments on subsequent periods. Fresh proposals are handled with additional due diligence and other key parameters and the capabilities of achieving the estimates. • Credit flow to these industries/sectors were monitored (and continue to be monitored) to avoid any concentration risks, while ensuring that viable businesses under temporary financial stress were extended necessary credit facilities within our risk appetite. • Our advanced portfolio is under close monitoring, both at the portfolio level as well as at individual borrower/account level, to ensure that it stays healthy. • Credit growth during FY 2021 contributed by extending Emergency Credit lines guaranteed by National Credit Guarantee Trust India Ltd and Jewel loans to meet the cash flow mismatches. • We are closely watching the directions of COVID-19 second wave and its possible impact on our exposures based on the severity with a simultaneous eye on the liquidity by stressing the same under various scenarios.

Commodity Price Risks and Foreign Exchange Risks and hedging activities

We have a Market Risk Policy, an Integrated Treasury Policy and Precious Metals Division Policy approved by the Board specifying the risk control framework for undertaking any commodity price risk and Foreign exchange risk. The Board of the Bank has defined the overall Net Overnight Open Position (NOOP) Limit, Stop Loss Limit, Aggregate Gap limit (AGL), Value at Risk (VaR) limit to control the Foreign exchange risk within its risk control framework. We maintain adequate margins while lending against commodities and have put in place a system of monitoring the commodity price.

In addition, we have authorized by Reserve Bank of India to import gold and silver and the exposure arising out of import of gold and silver on a consignment basis is covered on back to back basis.

We use derivatives including Forwards and Swaps for hedging the currency risk in our balance sheet, customer offerings and proprietary trading, in compliance with overall risk limit and control framework. The management of these products and businesses is governed by Board approved Policies.

Human Capital

We have always believed that employees are our most valuable resource. At KVB, we place employee engagement, development and retention of talent as our highest priority. We provide technical and behavior training skills to employees so that they are competent to effectively undertake their responsibilities and keep getting upskilled to advance their careers. We aim to create and operate in a good work environment, with culture, ethics and values aligned to our founders' beliefs.

The bank has implemented the XIth bipartite settlement for all the eligible employees during the year. As on March 31, 2021 the total employee strength of KVB was 7,746.

For more details, read pages [38-39 of People (HR) section] of this report



Compliance

We have a transparent and comprehensive compliance policy and a robust KYC/AML/CFT Policy, duly approved by the Board and subject to an annual review. Compliance, to us, is non-negotiable and our compliance department independently tracks, monitors,

assesses and ensures that we meet regulatory guidelines and internal standards. This department works closely with the nodal compliance officers of the business and operations teams. The department is headed by the Chief Compliance Officer (CCO), who assists the Board, Audit Committee of the Board and leadership team in managing the compliance risk, that is, the risk of legal or regulatory sanctions, financial loss or reputational loss arising out of any failure to comply with the applicable laws, regulations or code of conduct applicable to our activities.

The team at the Compliance Department remains up-to-date about the regulatory developments and acts swiftly to ensure timely adherence by respective business/operation teams. We also participate in industry working groups that discuss evolving regulatory requirements and impart training on matters related to compliance to employees on an ongoing basis. The CCO is a member of various executive committees for exchange of information. The Compliance Department keeps the management/Board/ACB informed about compliance related matters through monthly, quarterly and annual compliance reviews. The board and leadership team are committed to implementing and maintaining a robust compliance culture with integrity and ethical conduct in carrying out our business within the regulatory/internal frameworks set by us.

Analytics

Analytics provide key inferences to the decision makers, in order to enable them to make informed decisions. Risk, Compliance and Fraud functions and specific NPA monitoring greatly benefit from analytics.

Our analytics journey started a few years ago and we have now reinforced our data platforms with in-house data marts to ensure quick processing of large customer data with enhanced data discovery enabling us to scale up our analytics capabilities.

The team comprises of a mix of experienced personnel and young graduates from top tier engineering and management institutes, who possess the skills to crunch and report on large data. They have the expertise to manage data, deliver reports as requested, create meaningful dashboards for easy reference, data mining and modelling using both traditional and new-age techniques. We gather insights about customer behavior to understand the best way to Cross-sell and Upsell, make decisions on risk and pricing and also prevent financial crimes by identifying potential risk areas. Analytics also help us improve process efficiencies and compliance.

We have digital cross-sell capabilities with a revamped risk framework that lowers risk cost and increases customer acquisition. This helps us to economically scale up our mass market retail presence as well as to increase our wallet share and generate more revenues at reduced risk.

Our exhaustive risk reporting suite and advanced analytical capabilities have supported our agile response to the challenges of COVID-19 pandemic. We enhanced our Early Warning Signals (EWS) model that proactively identifies potential customer financial difficulties at an early stage, to enable us to reduce our risk and exposure at the earliest possible.

We continue to invest in analytics to better understand our customers and their needs, improve our offerings and increase client engagement.

Going forward, we will focus on leveraging data from various customer touch points to detect friction points and optimize the customer experience to increase customer retention. We want to augment our existing rule based frauds / AML systems to combat financial crimes and launch interactive dashboards for enhancing decision making.

Information Security Group

Overview

Our Board and leadership team has instituted an Information Security function for designing, developing, implementing and maintaining an Information Security Management System (ISMS) to protect our information assets in accordance with the determined risk profile of the assets. The Chief Information Security Officer (CISO) is responsible for providing leadership and oversight in the effective implementation and operation of ISMS in accordance with approved policies and procedures. The ISMS considers the nature of our business along with internal and external factors and is aligned with the overall objectives and policies. The ISMS promotes security awareness amongst staff members and service providers, and aims to facilitate all the constituents such as IT Department (ITD), Data Centre (DC), Disaster Recovery Site (DRS), Branches and Offices to implement the controls and monitors its effectiveness. Top priority is accorded for regulatory compliance and timely action is taken on all regulatory guidelines received from time to time. Compliance status is regularly reviewed by Top Management and Board as part of routine governance.

We continue to invest in modern technology solutions for timely application of security patches in the IT systems, prevention of intrusions, segregation of network segments, management of privileged access to production systems and management of firewalls rules. Thus, vulnerabilities in the IT systems are prevented from being exploited across the network and hence are minimal.

Notwithstanding these preventive control measures, we have a reliable Vulnerability Assessment (VA) and Penetration Testing (PT) process to assess the IT systems periodically, detect vulnerabilities and undertake timely remediation measures.

Highlights of FY 2020-21

- Phishing Simulation campaign has been undertaken to test the employees' capabilities on cyber security.
- Enterprise Fraud Risk Management Solution was extended to all delivery channels.
- Work flow management has been upgraded through modern tools.
- Network behavior analysis tool has been implemented which uses AI to detect the sophisticated cyber-attacks.
- Vulnerability assessments and penetration exercises were strengthened further to address the emerging risks.
- Implementation of two factor authentication for all web facing applications is being undertaken.
- Rule clean up activity has been undertaken for effective management of network based access.
- We have been awarded by IBA under 'Best IT Risk & Cyber security Initiatives' during the month of March 2021.
- Re-certification of ISO 27001:2013 (ISMS) conformance has been completed successfully and we are certified for 3 more years from 2021-2024.
- No Cyber Security Breach occurred with effective utilization of Advanced Security tools.

We are approaching the future with a focus on key strategic areas like Business Continuity Resilience while leveraging AI / ML capabilities for prevention of security risks. Additionally, we are also looking to concentrate on process amendment and adherence to regulatory compliance.

During the year, there was a boost in digital growth and an upsurge in the use of technology and the internet around the world. This has also resulted in increased cyber threats and attacks which require proactive, continuously integrated and automated approach to cyber security. The ISMS has advanced and utilized new and emerging technologies such as security orchestration, automation, AI/ML and predictive analytics to ensure cyber resilience. We will leverage on these advancements for enhanced cyber security risk management.

We have taken necessary steps to eradicate the Cyber Risk as a result of Work From Home operations due to on-going pandemic. These include the following:

- Secured VPN connection (end-to-end encryption) is facilitated along with multi-factor authentication
- Only one device is allowed to connect with an employee at a time
- Data Leakage prevention tool is implemented to restrict data ex-filtration through mail, web and removable media
- Data copying is restricted to the local system of an employee
- Dedicated Engineers assigned to provide technical support during remote connection
- Work from home guidelines related to security have been disseminated to all the employees through e-mails on regular basis
- BYOD policy has been defined and communicated

Internal Control Systems and their Adequacy

Overview

We have put in place an independent inspection and audit process cutting across various functions to ensure adequate internal control in the day-to-day functioning, in line with Regulatory and Internal guidelines. The Audit Committee of the Board is continuously providing macro level guidance to the Inspection and Audit Department (IAD) and also periodically reviews its functioning. We also have an Internal Audit Policy approved by the Board. IAD is equipped with adequate skilled man power and technical support to ensure an effective audit process. IAD functions also supports our efforts in fostering asset quality.

Risk Based Internal Audit (RBIA) as envisaged under Risk Based Supervision of RBI is one of the major activities undertaken by IAD. It covers branches, Business Units (CBUs, BBUs) Back Offices (BOs), Precious Metal Division, NEO etc. RBIA focus on assessment and measuring of risks on the basis of inherent business risks and control gap in areas like Credit, Operations and Market risks. RBIA also identify early warning signals, enforceability of Loan documents and monitors security/

charge created in favor of the Bank. In the entire RBIA, right from identification of branches/business units to be inspected during the year, inspection/audit process, risk categorization of branches, and reporting to ACB, we make effective use of analytic and technical capabilities of the Bank.

Technical capabilities are also made use in inspection follow-up and also for easy reference of remarks by business units during their rectification process. This has considerably reduced TAT for the file closure by Business Units, and also in improved compliance culture. We have conducted the RBIA of all the branches and BUs and BOs identified for inspection for the FY 2020-21, in spite of various challenges faced on account of COVID-19. We are also ensuring the genuineness of compliance submitted by the branches for RBIA report by conducting Compliance Audit at the branches by a separate team.

To overcome the challenges of COVID-19, online monitoring and off-site audit tools are also widely used. SWIFT audit, transaction monitoring, Gold Loan monitoring, selected GL heads monitoring, spurt in business etc. are all brought under online monitoring. Various audits like surprise verification, Reappraisal of Jewel Loans etc. were initiated from the inputs received from online monitoring. These initiatives helped us in restricting frauds/attempted frauds.

IAD undertakes audit of co-lending activities, pool buyouts, management audit of central office departments, inspection of all currency chests in line with RBI guidelines and special audit through external auditors like NPA audit, important department audits etc.

Concurrent audit of Branches, BUs, other centers like Treasury, PMD, NEO, CFPC, TBG, COC etc. are also conducted. Currently experienced external auditors are used for conducting concurrent audit. During the year 2020-21, 143 branches are covered under Concurrent Audit. Besides this 9 Corporate Business Units (CBU), 11 Business Banking Unit (BBU) and NEO were also subjected to Concurrent Audit, covering 50.83% of the total deposit and 51.05% of total advance of the Bank Branches.

We have conducted credit audit of 221 high value accounts (above ₹ 5.00 Crores value) for the fiscal 2020-21. Since credit audit is conducted within a period of 3 months to 6 months from the date of release of credit facility, it is a very important tool to ensure asset quality and identification of early warning signals.

We have also ventured into strengthening and sharpening of audit process after shifting to digitalized lending process taking cognizance of the various requirements borne out of digitization. We have a system of re-appraisal of jewels pledged under Jewel Loan portfolio once in a year covering all branches which have the Jewel Loan portfolio. During 2020-21, 808 re-appraisals including surprise re-appraisal was conducted. Further, During RBIA inspection, officials will carry out verification of purity of jewels on 10% of the outstanding jewel bags as of inspection date, subject to a minimum of 50 bags from with the help of nearby branches appraisers.

Information System Audit is conducted once in a year covering branches, back offices, applications and critical process viz., Central Office, Divisional Offices, Data Centre, and Regional Processing Centers etc. During the year, we have conducted IS Audit across 597 branches, 31 offices and 18 other specialized audits. We have an IS audit Team of qualified executives/officers to conduct various IS audits, VAPT of Data Center, DRS, Alternative Channel cell, Demat cell, other Vendors etc. Macro level guidance for IS audit is provided by IT Steering Committee of the Board.

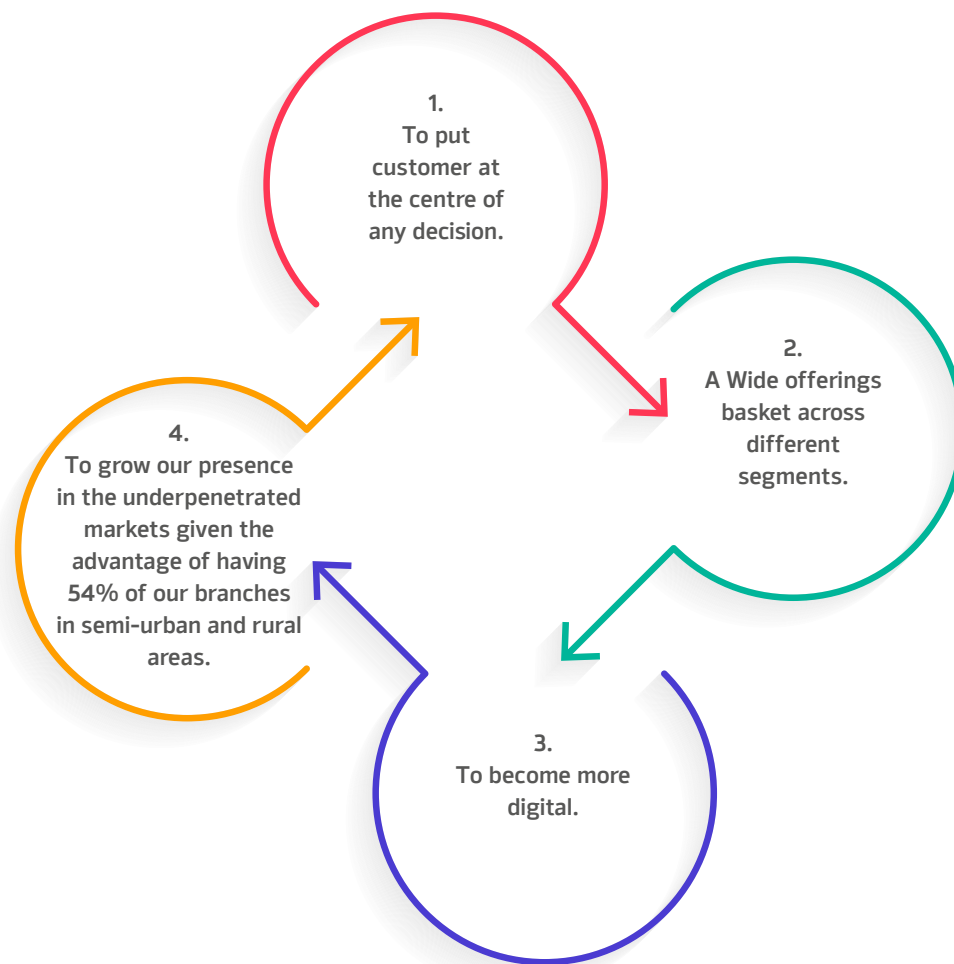
Outlook

With the introduction of digital banking and its wide scale adoption, increasing financial inclusion drive, emergence of FINTECH companies, etc. - banking landscape has undergone significant change. COVID-19 has caused major disruptions in all aspects of business and personal life. The Board and ACB are continuously providing guidance on improving the internal audit ecosystem not only to adapt to the changed times but also be step ahead. Audit process is planned suitably to face the various challenges of the future, by leveraging the scope of technology, taking advantage of the analytic capabilities and online monitoring. Considering the pace at which digital transactions are growing in volume and value, IAD is equipping itself to meet the challenges. Suitable innovations are being introduced in audit process, follow-up and rectification, risk categorization and reporting to ACB/BOARD.

A technically qualified team is set up to monitor Information System (IS) related controls and audits. Reputed external IS auditors are also being engaged for this purpose.

MEDIUM & LONG TERM STRATEGY OF THE BANK

While discussing our strategy not only for the current financial year, but also the next 2-3 years, we are clear that we need:



Hence, our strategy is to deliver sustainable and consistent financial performance by providing superior services to our targeted customers and our goal is to achieve a RoA of 1% plus by FY March 31, 2024.

We will:

- Offer our customers appropriate financial solutions/products/ services, by focusing on the Southern and Western Markets, attracting Small & Medium Entrepreneurs, self-employed & professionals, and the entire spectrum of individual savers.
- Establish a sole-banking or preferred banking relationship by providing positive customer experience through delivery of quick and efficient services, leveraging our digital channels backed by our experienced and dedicated team.

We will pursue the above strategy by utilizing the following means:**1.
People**

- Nurturing in-house talent
- Continuous capacity building of officers in credit appraisal, risk management, loan recovery
- Digital enablers to sales force at the field level
- Talent acquisition through lateral hires
- Talent management through appropriate retention measures

**2.
Processes**

- Digital adoption A2Z customer journey through technology to deliver a seamless personalized customer centric experience
- Improved decision making and operational excellence by leveraging data, business intelligence & advanced analytics
- Adoption of technologies including RPA and AI

**3.
Practices**

- Strong governance and oversight
- Developing a good compliance culture
- Zero tolerance for non-adherence to process and compliance
- Comprehensive risk management practices

**4.
Planning**

- Optimize the use of financial resources
- Improved efficiency of capital deployment
- Ensuring adequate competitive funding is available

**5.
Partnerships**

- Co-lending partnerships with NBFCs
- Fintech partnerships for sourcing, and to provide digital customer experience across multiple channels

Disclosure of Accounting Treatment

The financial statements are prepared on a going concern concept, on historical cost basis, and conform to the Generally Accepted Accounting Principles (GAAP) in India which encompasses applicable statutory provisions, regulatory norms prescribed by the Reserve Bank of India (RBI) from time to time, notified Accounting Standards (AS) issued under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) rules, 2014 to the extent applicable to banks and current practices prevailing in the banking sector in India. Income and Expenditure are generally accounted on an accrual basis, unless otherwise stated and comply with requirements as per RBI guidelines and the provisions of Banking Regulation Act, 1949. Accounting Policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

Cautionary Statement

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

Corporate Governance Report

PHILOSOPHY OF CORPORATE GOVERNANCE

Corporate Governance is the system of rules, practices and processes by which a company is directed and controlled. It ensures better management, greater transparency, timely financial reporting and controls in place so that the interests of all stakeholders (shareholders, customers, employees, suppliers and the community) are safeguarded.

Banks play a very important role in the economy by intermediating funds from savers and depositors to activities that support enterprise and help to drive economic growth. Effective corporate governance is critical to the proper functioning of the banking sector and the economy as a whole.

Your Bank is committed towards achieving the highest standards of Corporate Governance for conducting the business with integrity and fairness; being transparent in all transactions; making all the necessary disclosures; complying with all the applicable laws; accountability and responsibility towards the Depositories and other Stakeholders.

Board of Directors are responsible for the Corporate Governance of the Bank and committed towards upholding highest standards

of governance. The Board of Directors oversees the functioning of the Bank and ensures that every decision taken is in the best interest of all Stakeholders.

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

BOARD COMPOSITION

The Board of the Bank is governed and constituted in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder, provisions of Section 10A(2) of the Banking Regulation Act, 1949, SEBI LODR, the Articles of Association of the Bank, the extant guidelines issued by the Regulators from time to time in accordance with the best practices in Corporate Governance.

Board has Eleven Directors as on March 31, 2021, with a balanced combination of six Non-Executive Independent Directors (including one Part-time Chairman and one Women Independent Director), one Managing Director & Chief Executive Officer and four Non-Executive Non-Independent Directors with diversity of skills as relevant for the Banking Business. Independent Directors constitute more than fifty percentage of Board's total strength.

The Board of the Bank is chaired by the Non-Executive (Part-time) Chairman, who is an Independent Director.

Policy on Board Diversity

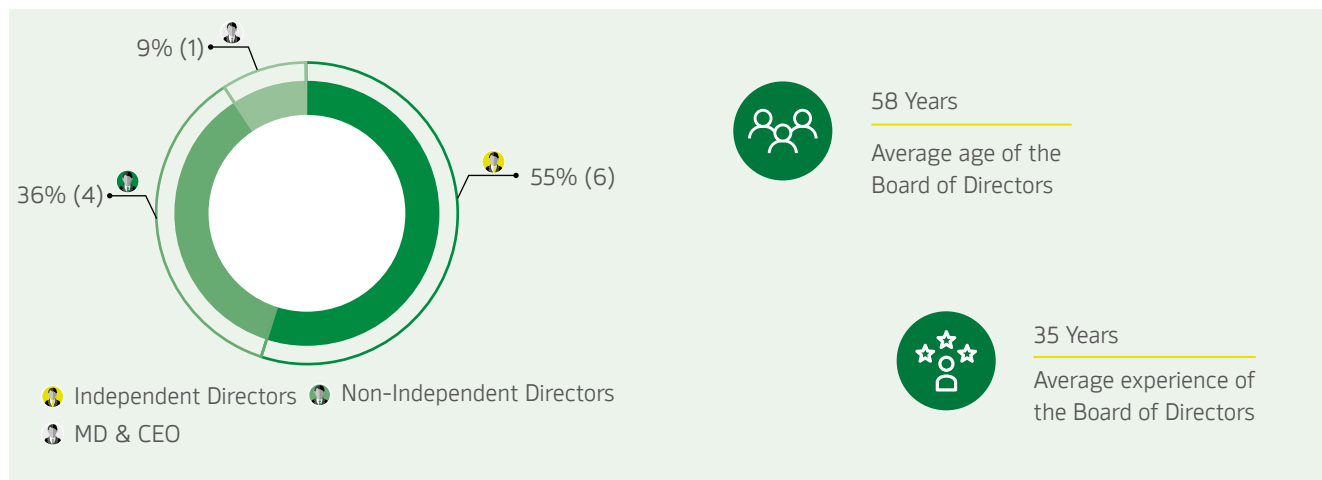
Your Bank always recognizes and embraces the importance of diverse of knowledge, skill-set, experience and expertise in the Board for it to function effectively. Bank has formulated and adopted 'Board Diversity Policy' covering all the aspects of Board composition, skill sets, diversification of the Board of Directors as required under the Companies Act, 2013, SEBI LODR, the Banking Regulation Act, 1949 and other regulatory and business requirements. Diversity is ensured through consideration of a number of factors, including but not limited to skills, regional and industry experience, background and other qualities.

Corporate Governance structure





























In line with the relevant provisions of the Banking Regulation Act, 1949 and relevant circulars issued by RBI from time to time, Board of Directors have identified the Core Skills/Practical Expertise/ Special Knowledge /Competencies, viz., Accountancy, Economics, Banking, MSME, Trade & Commerce, Law, Agriculture & Rural Economy, Human Resources, Finance, Risk Management & Strategic planning, Information Technology and Payment & Settlement Systems, as relevant for the Banking Business.

Composition of Board



The composition of the Board and details of the core skills/expertise/competence possessed by the Board of Directors of the Bank as on March 31, 2021 are given as under:

Name of the Directors Sarvashri	Category	Core Skills/Practical Expertise/ Special Knowledge /Competencies
N S Srinath ¹	Non-Executive Independent (Part-time) Chairman	Banking, Human Resources, Information Technology, Law
B Ramesh Babu [®]	Managing Director & Chief Executive Officer	Banking, Finance, Human Resources, Forex & Treasury, Strategic Planning
Dr V G Mohan Prasad	Non-Executive Independent Director	Banking, Agriculture
M K Venkatesan	Non-Executive Non-Independent Director (Promoter)	Banking, MSME, Economics, Agriculture

Name of the Directors Sarvashri	Category	Core Skills/Practical Expertise/ Special Knowledge /Competencies
A K Praburaj	Non-Executive Non-Independent Director (Promoter)	 Business Management  Banking  Trade & Commerce
CA K L Vijayalakshmi	Non-Executive Independent Director	 Taxation  Accountancy  Audit  Commerce
M V Srinivasamoorthi	Non-Executive Non-Independent Director (Promoter)	 Business Management  MSME  Export Trade
Dr K S Ravichandran	Non-Executive Independent Director	 Law  Mergers & Acquisitions  Corporate Secretarial  IBC  Intellectual Property Rights
R Ramkumar	Non-Executive Non-Independent Director (Promoter Group)	 Business Management  Finance  Textiles  Corporate Secretarial
KG Mohan	Non-Executive Independent Director	 Information Technology  Business Transformation
Dr Harshavardhan Raghunath ^{\$2}	Non-Executive Independent Director	 Banking  Financial Services  Strategic Planning  Risk Management  Corporate Restructuring

[@]Shri B Ramesh Babu had taken charge as MD&CEO of the Bank on 29.07.2020.

^{\$}Dr Harshavardhan Raghunath was co-opted as an Additional Director on 30.07.2020 and elected as Non-Executive Independent Director at the AGM on 23.09.2020.

¹Having a Directorship in one Public Limited Company in addition to this Bank as on report date.

²Having a Directorship and is a Member of Committee in one Public Limited Company in addition to this Bank as on report date.

None of the Directors held Directorship in any other Listed Entities. Neither the Directors is a member of more than ten Board level Committees nor Chairman of more than five Committees across all public limited Companies. For the purpose of considering the limit of Membership and Chairpersonship in the Public Limited Company, Audit/Stakeholder Committee has been considered as per Regulation 26(1)(b) of SEBI LODR.

PROFILE OF BOARD OF DIRECTORS

Shri N S Srinath

(DIN: 01493217)

B.SC., L.L.B., C.A.I.I.B.,



Role: Non-Executive (Independent) Part-time Chairman

Experience: An ex-Banker having rich experience of over five decades in all facets of Banking

Sectorial Representation on the Board: Banking-Human Resources Management ("Majority Sector")

Shri N S Srinath is a graduate in Science and Law, also a Certified Associate of the Indian Institute of Bankers. He holds certificate in Industrial Finance. He started his career in Banking by joining Canara Bank in the year 1970 and worked in the Bank in the various geographical regions, viz., Bihar, Karnataka, Tamil Nadu and New Delhi. He was elevated to various cadres between 1970 to April 2006 and worked in the Bank as a General Manager in charge of Personnel wing at its Head Office at Bangalore from May 2006. In Canara Bank, he has served in different locations, worked in various administrative Offices (Head Office and Circle Office) Departments like Development, Internal Control, Recovery, Information Technology, Credit, Operations, HR, etc., besides Banking operations. He was instrumental in implementing ERP solutions in Canara Bank and has deep insight into leveraging technology and optimization of Human Resources Management.

He was appointed as an Executive Director of Bank of Baroda, a whole time Directorship as Government of India Nominee from December 07, 2009, a post which he had held up to his retirement on May 31, 2012. In Bank of Baroda, being Executive Director, besides the Board responsibilities, he was in charge of HR, Recovery, SME, Priority Sector Lending, International operations, Retail lending.

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

He was also on the Board of Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI), a Section 25 Company registered under the Companies Act, 1956, since its inception till May 31, 2012. He was trustee (Government of India Appointment) in Stressed Assets Stabilization Fund till December 31, 2015. He is on the Board of the Bank since June 29, 2012. He is also an Additional Director of NESL Asset Data Limited.

He is a Non-Executive Independent Director of the Bank since July 23, 2014 and appointed as Non-Executive (Independent) Part-time Chairman for a period of three years with effect from May 27, 2019, and holds 3,463 equity shares in the Bank.

Shri B Ramesh Babu

(DIN: 06900325)

M. Com., (with specialization in Banking); C.A.I.I.B.,



Role: Managing Director and Chief Executive Officer

Experience: An astute Banker with four decades of all-round experience

Sectorial Representation on the Board: Banking ("Majority Sector")

Shri B Ramesh Babu is a Strategic planner with comprehensive managerial acumen, offering varied experience in Banking and excelled in every assignment creating high performance organization through various successful HR initiatives and Relationship Management. He has deeper Analytical skills, Managing Crisis effectively, Strong abilities for goal setting, executing result oriented strategic initiatives even under high stress scenarios and tight timelines. He is a Post Graduate in Commerce from Andhra University, Waltair and a Certified Associate of the Indian Institute of Bankers. He has expertise in "International Factoring" and passed with Distinction "Diploma in International Factoring" conducted by Factors Chain International, Netherlands.

Prior to joining the Bank as MD & CEO, he was Ex-Deputy Managing Director & Chief Operating Officer in State Bank of India and has experience of developing and overseeing the Retail Business and Banking Operations for more than 21,000 retail branches and 1,20,000 other touch points of the Bank (ATMs/ Customer Service Points) successfully. He has extensive experience in redressing pain-points in Customer Service related areas and furthering Financial Inclusion by actively leveraging the services of Business Correspondents in SBI.

He actively involved in Direction setting and Policy formulation by participating in various apex committees of State Bank of India. He has successfully headed the whole business and operations of 1,300 Branches of Chennai Circle of SBI (Branches in Tamil Nadu and Pondicherry) for three years with excellent understanding of business dynamics and man management. He has also vast experience as a Director on the Boards of five Associate Banks of SBI and Invitee on to the Boards of Non-Banking Subsidiaries.

He was appointed as Managing Director and Chief Executive Officer of the Bank for a period of three (3) years from the date of taking charge as approved by Reserve Bank of India. He had taken charge on 29th July 2020 and holds 10,000 equity shares in the Bank.

Dr V G Mohan Prasad

(DIN: 00002802)

M.D., D.M., F.C.C.P., M.I.A.S.L.,



Role: Non-Executive Independent Director

Experience: More than three decades expertise in the Medical Field and having four decades of practical experience in the field of Agriculture

Sectorial Representation on the Board: Agriculture ("Majority Sector")

Dr V G Mohan Prasad, is a Medical Practitioner having more than three decades of excellence in the field of Gastroenterology. He has authored many books and addressed more than 500 National & International Seminars and Conferences on Gastroenterology. He is Guinness Record Holder twice for conducting Hepatitis Awareness programme on World Hepatitis Day 2012. Besides the Medical expertise, he actively engages himself in Agricultural Activities and having rich practical knowledge in the field of Agriculture. He was earlier in the Board of the Bank from July 28, 2003 to July 27, 2011.

He is a Non-Executive Independent Director of the Bank since June 15, 2014 and holds 1,46,180 equity shares in the Bank.

Shri M K Venkatesan

(DIN: 00032235)

B.A., (Economics)



Role: Non-Executive Non-Independent Director

Experience: Four decades of experience in MSME Sector and vast experience in dealing Agri Products & allied Activities

Sectorial Representation on the Board: Economics, MSME & Agriculture ("Majority Sector")

Shri M K Venkatesan is one of the promoters of the Bank. He is an Economics Graduate. He is engaged in the trading of agricultural products/commodities for four decades. He has been dealing in many niche agri products under the brand name of M/s M K V Mundy. He has rich & vast experience in the field of agriculture and allied activities besides MSME sector. He was earlier in Board of the Bank from February 22, 1992 to February 18, 2000 and November 26, 2003 to July 26, 2009.

He is a Non-Executive Non-Independent Director of the Bank since December 09, 2014 and holds 7,58,404 equity shares in the Bank.

Shri A K Praburaj

(DIN: 07004825)

B.Com.,



Role: Non-Executive Non-Independent Director

Experience: More than three decades of experience in the field of Trade & Commerce

Sectorial Representation on the Board: Trade & Commerce ("Minority Sector")

Shri A K Praburaj is one of the Promoters of the Bank. He is a Commerce Graduate. He is a dealer of Indian Oil Corporation and also has interest in certain finance firms. He has wide knowledge in the field of Trade & Commerce. He was earlier in Board of the Bank from December 04, 1997 to March 07, 2004.

He is a Non-Executive Non-Independent Director of the Bank since December 09, 2014 and holds 89,858 equity shares in the Bank.

CA K L Vijayalakshmi

(DIN: 07116809)

B.B.M., F.C.A.,



Role: Non-Executive Independent Director

Experience: More than three decades of expertise in Auditing, Accounting, Taxation, etc.,

Sectorial Representation on the Board: Commerce & Special Knowledge in Accountancy ("Minority Sector")

CA K L Vijayalakshmi is a graduate in Business Management from University of Mysore and Fellow Member of the Institute of Chartered Accountants of India. She is University Topper & also a Gold Medalist during her graduation (B.B.M). She having more than three decades of experience in various Statutory Audits, Bank Branch Audits, Concurrent Audits, Revenue Leakage Audits, Stock Audits, Audit of Public Sector Undertakings, etc., and Branch Audit of Insurance companies and also has rich experience in providing taxation and Project Advisory for SMEs. She is a Partner in M/s Khicha and Prabu Kesavan, Chartered Accountants, Coimbatore since 1995 and has been invited as guest lecturer at various institutions. She is in the Board of the Bank since March 22, 2015.

She is a Non-Executive Independent Director of the Bank from July 21, 2016 and holds 5,207 equity shares in the Bank.

Shri M V Srinivasamoorthi

(DIN: 00694618)

B.Sc., (Chemistry)

**Role:** Non-Executive Non-Independent Director**Experience:** More than three decades of experience in Export of Garments**Sectorial Representation on the Board:** Business-MSME ("Majority Sector")

Shri M V Srinivasamoorthi is one of the Promoters of the Bank. He is a graduate in Chemistry. He is an exporter of readymade garments and home textiles for more than three decades. He also has the wide knowledge in Small Scale Industry sector.

He is a Non-Executive Non-Independent Director of the Bank since August 27, 2015 and holds 2,14,368 equity shares in the Bank.

Dr K S Ravichandran

(DIN: 00002713)

M.Com., F.C.S., L.L.B., Ph.d., Diploma in Electronics & Radio Communication Engineering, and Diploma in Technology

**Role:** Non-Executive Independent Director**Experience:** Expert in Company Laws, Securities Laws and FEMA etc., having around three decades experience as practicing Company Secretary and his areas of specialization include governance, Board process, corporate restructuring, and dispute resolution, IPRs, Mergers & Acquisitions and IBC etc.,**Sectorial Representation on the Board:** Law ("Majority Sector")

Dr K S Ravichandran holds Masters in Commerce, Bachelors in Law, Fellow Member of the Institute of Company Secretaries of India, Diploma in Electronics and Radio Communication Engineering and Diploma in Technology. He was awarded doctorate from the Department of Management, Alagappa University on Prosecution of Directors under Company Law and Criminal Law in India & UK. He is the Founder and Managing Partner of M/s KSR & Co Company Secretaries LLP.

Specialist in Mergers, Acquisitions, Joint Ventures, Transaction Advisory Services, Insolvency and Bankruptcy Code, 2016 and Preparing, filing and arguing Cases before Tribunals such as

Company Law Board, Intellectual Property Appellate Board, Competition Appellate Tribunal, Arbitral Tribunals. He regularly appears before the NCLT, the NCLAT and the IP Appellate Tribunal. Many cases argued by him have been reported in leading law journals. He was one of the longtime members of the Secretarial Standards Board of the Institute of Company Secretaries of India (ICSI).

He was a member of the expert sub-group constituted by MCA to study the Companies Act, 2013 provisions. He is a member of International Association for Protection of Intellectual Property Rights - AIPPI; also a member of INSOL International, a global organization of corporate insolvency professionals, Corporate and Banking Affairs Council of the Bangalore Chamber of Industry and Commerce and Chartered Institute of Arbitrators. He is nominated as the Chairman of ASSOCHAM's Southern Regional Council on IBC for the States of Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Pondicherry. He is also a Member of the Society of Insolvency Practitioners. He has authored more than 1000 Articles and 9 books and addressed in more than 500 seminars, workshops and conferences.

He is a Non-Executive Independent Director of the Bank since May 26, 2016 and holds 3,248 equity shares in the Bank.

Shri R Ramkumar

(DIN: 00275622)

B.C.S., M.B.A (HR)

**Role:** Non-Executive Non-Independent Director**Experience:** Having more than a decade of experience in Textile Business and also has a business interest in certain finance firms**Sectorial Representation on the Board:** Business and Finance ("Minority Sector")

Shri R Ramkumar hails from the promoter's family. He has Completed Bachelor of Arts in Corporate Secretaryship (B.C.S.) from Loyola College, Chennai and Masters in Business Administration (M.B.A.) in Human Resources. He has rich experience in the business of textiles and export of home textiles. He has widely travelled overseas for his export business and also has a business interest in certain finance firms.

He is a Non-Executive Non-Independent Director of the Bank since June 25, 2018 and holds 9,57,484 equity shares in the Bank.

Shri KG Mohan

(DIN: 08367265)

B.Tech (Chemical Engineering) - IIT Madras
Post Graduate Diploma in Industrial Engineering



Role: Non-Executive Independent Director

Experience: More than four decades of corporate working experience with large multinationals as well as independent technology professional post retirement

Sectorial Representation on the Board: Information Technology ("Majority Sector")

Shri KG Mohan is a senior Information Technology professional. He mixes sharp business sense and experienced leadership skills with international operating experience in strategic IT Business value delivery.

He is an IIT Madras alumni with a PGDIE from NITIE. He held varied global IT leadership positions at FMCG giant Unilever for 27 years and subsequently at Healthcare leader Johnson & Johnson for 4 years.

At Unilever he held the positions of VP IT, VP IT & CIO for South Asia / Africa and Global VP IT for Networking and Telecommunication. At J&J, he was the VP IT and CIO for Asia Pacific, working out of Singapore.

He was a Member of Asia Pacific Business Board for J&J Medicals and a Member of Global IT Leadership Teams at Unilever and Johnson & Johnson. He has led several business transformation exercises using technology, renegotiated global contracts, set up shared service facilities and developed global IT Teams across countries.

Currently, he is the Managing Partner of ASIMA Consulting LLP providing consulting inputs in the strategic deployment of technology to various organizations. He is also a Partner with Social Venture Partner Philanthropy Foundation and works for enhancing livelihood for the under privileged.

Expertise includes • Transforming business by leveraging appropriate technology • Developing IT Strategy and implementation roadmap • Conceiving and setting up shared business processes and technology capabilities • Partnering with CXOs to innovate business solutions • Evaluating IT capabilities for due diligence in M&As • Mentoring technology teams to enhance their impact.

He is a Non-Executive Independent Director of the Bank since February 01, 2020 and holds 2,500 equity shares in the Bank.

Dr Harshavardhan Raghunath

(DIN: 01675460)

B.E., (Mechanical Engineering), M.B.A., - IIM Kolkata, M.S. (Quantitative Finance), Ph.D., (Business Economics & Strategy)



Role: Non-Executive Independent Director

Experience: More than two decades of experience in Management Consultancy

Sectorial Representation on the Board: Strategic Planning & Risk Management ("Majority Sector")

Dr Harshavardhan Raghunath is an Independent business advisor. He was a Senior Advisor to leading international management consulting firm Bain & Company and led its financial services practice in India. He joined Bain in 2010 after spending over 14 years with other international consulting firms including the Boston Consulting Group and Arthur Andersen. He has also worked in the Banking industry for about 2 years as an analyst and trader. He has worked primarily in the financial services - Banking - retail and corporate, private banking and wealth management, insurance, asset management, etc., - where he has advised top management of companies in India, North America, Europe, South East Asia and Greater China, on issues of strategy, operations, organisation, risk management, etc. He has worked extensively on the issues of corporate finance including mergers and acquisitions, alliance structuring and negotiations, valuations, review of major investment decisions for private equity and strategic investors, strategic due diligence, etc.

He is actively involved in policy making related to financial services in India and was a member of the Banking Working Group of the Financial Services Legislative Reforms Commission (FSLRC) set up by the Government of India as well as the Dr. P J Nayak Committee on Governance in Banking set up by the RBI. He chaired the committee appointed by the RBI in 2019 to review securitization for housing finance. He has served on CII National Committees for Private Equity, Regulatory Affairs and Commodity Markets. He regularly contributes articles and is quoted frequently in business media on important sector issues.

He is a frequently invited speaker at conferences organised by Confederation of Indian Industries (CII), the Indian Banks Association (IBA), Indian Merchants Chambers, Reserve Bank of India (RBI), etc., as well as in business schools. He regularly contributes to articles in academic and business journals.

He has a Bachelor degree in Mechanical Engineering from VNIT Nagpur followed by an MBA from IIM Kolkata, and an MS in Quantitative Finance and PhD in Business Economics & Strategy from the Smith School of Business at the University of Maryland USA.

He is a Non-Executive Independent Director of the Bank since July 30, 2020 and holds 2,500 equity shares in the Bank.

AFFIRMATION BY INDEPENDENT DIRECTORS

All Independent Directors of the Bank have submitted the declaration that they have met the criteria of Independence under Section 149(7) of the Companies Act, 2013 and the rules made thereunder and Regulation 25(8) of SEBI. Based on the declaration received from the Independent Directors, the Board of Directors has assessed and confirmed that the Independent Directors fulfil the conditions specified in Companies Act, 2013 and SEBI LODR and they are independent of the management.

In terms of the Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019 read with the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, all Independent Directors of the Bank have enrolled their names in the online databank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

Dr K S Ravichandran and Shri KG Mohan, Non-Executive Independent Directors of the Bank, have qualified the online proficiency self-assessment test for Independent Director's Databank. In terms of the Companies (Appointment and Qualification of Directors) Rules, 2014, Shri N S Srinath, Dr V G Mohan Prasad and CA K L Vijayalakshmi, Non-Executive Independent Directors of the Bank, have eligibility criteria of being exempted from passing online proficiency self - assessment test for Independent Director's Databank.

Independent Director who has not completed the online proficiency self-assessment test has undertaken to comply with the requirements relating to passing of online proficiency self-assessment test, as applicable to him, within the timelines prescribed in the said Rules.

Terms and Conditions for Appointment of Independent Directors

At the time of appointment of Independent Directors a formal letter is being issued by the Bank to the appointee Director specifying the terms and conditions of his/her appointment. Independent Directors' tenure is fixed in terms of the provisions of the Companies Act, 2013 and Section 10A(2A)(i) of the Banking Regulation Act, 1949 and/or by the shareholders/ Board. Terms and Conditions for appointment of Independent Directors are available on the website of the Bank at <https://www.kvb.co.in/investor-corner/>

FAMILIARISATION PROGRAMMES

The Bank conducts familiarization programme for the newly appointed Non-Executive Directors including Independent Directors to enable them to familiarize the functioning of the Bank so as to gain a clear understanding of their roles, rights and responsibilities for the purpose of contributing significantly towards the growth of the Bank.

Bank also nominates the Directors to attend relevant external training programs which are conducted by the Regulatory/ reputed Institutions. During the year Directors are offered with opportunity to attend the programmes conducted by CAFRAL, IDRBT, ICSI, IICA, Institute of Directors and other management institutes, to familiarize with the latest trends in Information Technology, Financial Sector Developments, Corporate Governance, Cyber Security. 79 hours of familiarisation programs were attended by Independent Directors during FY 2020-21. The details of such familiarisation programmes attended by the Directors are available on the website of the Bank at <https://www.kvb.co.in/investor-corner/>

RESIGNATION OF INDEPENDENT DIRECTOR

There was no Resignation of Independent Directors during the FY 2020-21.

RELATIONSHIP BETWEEN DIRECTORS INTER-SE

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

DIRECTORS AND OFFICERS INSURANCE

Pursuant to the Regulation 25(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Bank had undertaken Directors and Officers insurance ('D & O insurance') for all its Directors, including Independent Directors, for a quantum and risks as determined by the Board of Directors of the Bank from time to time.

BOARD PROCEDURE

The Board and its Committees play a crucial role in ensuring good corporate governance of the Bank. The meeting of the Board and its Committee is scheduled well in advance and the information including date, time and place of the meeting is circulated to all Directors as per the Secretarial Standards. The Meetings of the Board and its Committees are governed by a structured agenda. The Board agenda and Memorandum/Notes thereof backed by comprehensive background information are sent to the Board of Directors in compliance with the provisions of the Companies Act, 2013, Secretarial Standards and SEBI LODR. The Memorandum/ Notes contains all complete relevant information related to the requests of the Departments to facilitate open and substantive deliberations. The respective Department Heads of the Bank are special invitees to the Meeting to give any explanations, feedback to the Board if require. On every Board Meeting, Board is briefly informed about recent activity, initiatives, key events, etc, in the Bank. The Chairperson of the respective Committees of the Board present a verbal summary of key points discussed at the Committee Meetings. The Board of Directors follows highest degree of business ethics, transparent practices and governance among cordial environment.

In case of exigency or urgency of matters, Memorandums/ Notes are circulated to the Directors to get their directions, deliberations via resolution passed by circulation which are submitted in the next meeting for noting as required under the Companies Act, 2013.

Due to the outbreak of COVID-19, to adhere to the social distancing norms and the restriction on travel/physical movements, video conferencing facility is used effectively to facilitate participation of Directors, who are unable to attend the meetings in person, complying with the provisions of Companies Act, 2013 and SEBI LODR.

The Minutes of the Board and its Committees are circulated to all the Board and Committee members for their comments within the time lines prescribed in accordance with the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI). The Bank has in place a post meeting follow-up procedure, which will track the observations/decision taken by the Board/Board Level Committee meeting till the closure of such observations/decision.

An Action Taken Report (ATR) is being placed before the Board/ Board Level Committee on regular intervals.

The Board has established procedures to periodically review compliance report pertaining to all laws applicable to the Bank as well as steps taken by the Bank to rectify instances of non-compliance, if any.

BOARD MEETINGS

During the FY 2020-21, Sixteen Board Meetings were held and the maximum time gap between any two meetings was not more than one hundred and twenty day. The date of the meetings are as under:

23.04.2020	28.04.2020	18.05.2020	24.06.2020
29.06.2020	20.07.2020	30.07.2020	19.08.2020
28.09.2020	29.10.2020	30.10.2020	25.11.2020
23.12.2020	29.01.2021	11.02.2021	24.03.2021

The composition of the Board and details of attendance of each Director at the Board meetings held during the period 01st April 2020 to 31st March 2021 are given as under along with Attendance details at last AGM of the Bank held through VC/OAVM:

Name of the Directors	Category	No of Meetings during his/her tenure	
		Attended / Conducted	Attendance at last AGM (23.09.2020)
Sarvashri			
N S Srinath	Non-Executive Independent (Part-time) Chairman	16/16	✓
B Ramesh Babu [@]	Managing Director & Chief Executive Officer	10/10	✓
Dr V G Mohan Prasad	Non-Executive Independent Director	16/16	✓
M K Venkatesan	Non-Executive Non-Independent Director	16/16	✓
A K Praburaj	Non-Executive Non-Independent Director	16/16	✓
CA K L Vijayalakshmi	Non-Executive Independent Director	16/16	✓
M V Srinivasamoorthi	Non-Executive Non-Independent Director	16/16	✓
Dr K S Ravichandran	Non-Executive Independent Director	16/16	✓
R Ramkumar	Non-Executive Non-Independent Director	16/16	✓
KG Mohan	Non-Executive Independent Director	16/16	✓
Dr Harshavardhan Raghunath [§]	Non-Executive Independent Director	09/09	✓

[@]Shri B Ramesh Babu had taken charge as MD&CEO of the Bank on 29.07.2020.

[§]Dr Harshavardhan Raghunath was co-opted as an Additional Director on 30.07.2020 and elected as Non-Executive Independent Director at the AGM on 23.09.2020.

Shri Srinivasarao Maddirala, Company Secretary and Assistant General Manager acts as the Secretary to the Board and all its Committees.

BOARD COMMITTEES

The Committees of the Board are constituted to deal with specific areas / activities as stipulated under the provisions of the Companies Act, 2013, SEBI LODR and the Banking Regulation Act, 1949. It plays a crucial role in the governance structure of the Bank and are entrusted with particular matters that require more focused attention.

The Committees deliberate issues as per their terms of reference and make recommendations to the Board as and when required. The Board supervises the executing of its responsibilities through Committees and minutes of the Committee meetings are placed before the Board for review.

Board of Directors in their meeting held on 25th November 2020, revisited the structure of existing committees and constituted a Management Committee of the Board by merging the terms of reference of three existing Non statutory committees viz., Advances Committee, Business Development Committee and Staff and Development Committee. The Committee also considers various other business related matters having material significance under superintendence of Board.

Board constitutes and functions with 10 Committees as on March 31, 2021 namely as under:

Board Committee



1. Management Committee of the Board (MCB)

Management Committee of the Board is a Board level sub-committee constituted to consider various business related matters having material significance under superintendence of Board. This committee aims to provide Board of Directors, qualitative time for focusing on strategic issues and brings about organizational effectiveness by helping the executives to perform their managerial functions. Committee acts within the powers delegated by the Board in line with provisions of Section 179 of the Companies Act, 2013 and guidelines issued by RBI from time to time.

Terms of reference/roles and Responsibility of the Committee:

- Sanctioning of credit proposals (Fund based & Non-Fund based):
 - Consider proposals for approval, renewal or any modification in sanctioned terms and conditions of various types of funded and non-funded credit facilities to customers within the delegated powers fixed by the Board from time to time;
 - This facilitates quick response to the needs of the customers and speedy disbursement of loans;
 - To reviews the sanctions made by the Central Office Credit Committee of Executives (COCC).
- To review the Turnaround Time in credit sanctioning/efficiency levels in operations.
- Proposal for approval of capital and revenue expenditure as per delegation of Powers, and review of capital & revenue expenditure vis-à-vis the approved budgets by the Board/MCB once in six months.
- To act as Board level sub-committee for Project NEO and review the activities of NEO vertical.
- Proposals relating to acquisition and hiring of premises including deviation from norms for acquisition and hiring of premises.
- To review the performance of verticals, divisions, branches and business arrangements.
- To review any delays, defaults, penalties and prosecutions against the Bank for any delays or compliance failures, notices received from RBI, SEBI, MCA or any other Regulator or Authority or Tribunal or Court once in a year.
- To review major incidents, accidents, occurrences that has monetary impact or reputation loss to the Bank.
- To approve the amount of expenditure to be incurred on the CSR activities recommended by CSR committee.
- Support business development initiatives viz., business tie-ups, new products and to enter into arrangements with different companies:
 - Determining, implementing, reviewing of partnering agreements, approving of the business tie-ups;
 - To provide direction on the business under the Retail segment, viz., Retail Advances, Retail Deposits and Insurance & Investment, Personal Banking;

- To Review the new initiatives of insurance companies, AMC's of mutual funds, aggregators for online payments, Fintech companies who are with digital payments, retail loans through online platform by fintech companies, companies (NBFCs) interested in joint lending, payment banks and digital marketing agencies etc for exploring business potential;
 - Reviewing the results of business surveys conducted, if any that provide quantitative and qualitative information on the state of business in the industry;
 - Reviewing metrics and indicators that provide information on the requirement for business development activities in the bank; providing direction to the management of the Bank on actions to be taken to improve metrics.
11. To review measures taken to create and maintain safe work environment, free from sexual harassment & discrimination for employees, under POSH Act, whether it involves senior management or below senior management.
 12. Human Resources (HR) related aspects of the Bank specifically for staff who are below the Senior Management Cadre:
 - To formulate HR Policies and undertake periodic review of existing HR Policies of the Bank.
 - To guide the Bank in Manpower Planning and promotions/ recruitment of staff below the Senior Management Cadre and aligning with the business strategy of the Bank.
 - To create benchmarks for evaluating performance levels of staff below Senior Management Cadre and to review their productivity levels with that of benchmarking once in a year.
 - To review skill gaps and talent pool creation by assessing learning initiatives, training, orientation, staff skill development programmes, employee engagement initiatives to drive organization success.

13. Any other matter referred by the Board.

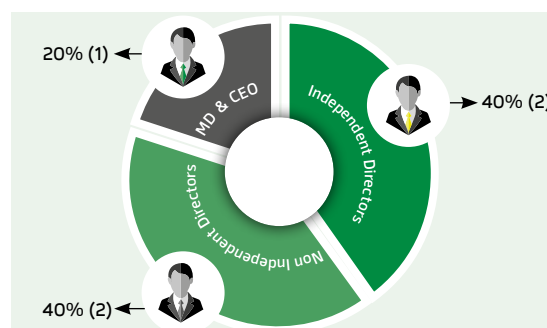
During the FY 2020-21, Management of Committee of the Board met 2 times and the date of the meetings are as under:

05.01.2021	10.03.2021
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The composition of the Committee and details of attendance of each Director at the meetings held during the period from 01st April 2020 to 31st March 2021 are mentioned below:

Name of the Directors Savashri	No of Meetings during his/her tenure
	Attended / Conducted
B Ramesh Babu	2/2
Chairman of the Committee	
N S Srinath	2/2
M K Venkatesan	2/2
CA K L Vijayalakshmi	2/2
R Ramkumar	2/2

Composition of Management Committee of the Board (MCB)



2. Audit Committee of the Board (ACB)

Audit Committee of the Board (ACB) is constituted in accordance with the provisions of the Companies Act, 2013, SEBI LODR, the extant guidelines of RBI and its circulars from time to time. ACB is chaired by an Independent Director who is a Chartered Accountant. All the members are financially literate and have adequate knowledge in accounting and financial management.

ACB functions as an independent body and uphold the doctrine of good governance practices in the Bank. ACB conducts periodic reviews of various aspects of internal controls so as to provide assurance to the Board that the Bank is operating in a manner consistent with the highest standards of Corporate Governance. The Chairperson of the ACB was present at the last Annual General Meeting.

The terms of reference of ACB in line with the requirements of Companies Act, 2013, RBI Regulations, SEBI LODR and other applicable guidelines include, inter-alia, the following:

1. Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Bank;

3. Approval of payment of fees to Statutory Auditors for any other services rendered by them;
4. Reviewing quarterly, half-yearly and annual financial statements with the management and Auditors Report thereon before submission to the Board for approval with specific reference to:
 - a) Matters required to be included in the Directors' Responsibility Statement which forms part of Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - b) Changes in accounting policies and practices, if any, and reasons for the same;
 - c) major accounting entries involving estimates based on the exercise of judgment by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with the Listing and other legal requirements relating to financial statements;
 - f) Disclosure of related party transactions;
 - g) modified opinion(s) in the draft Audit Report, if any;
5. Reviewing the statement of application of funds raised through an issue (public, rights, preferential issue, etc.), the statement of funds utilized other than for those stated in the offer documents, report submitted by monitoring agency on the utilization proceeds with the management and making appropriate recommendations to the Board to take steps in this regard;
6. Reviewing and monitoring the Statutory Auditor's independence, performance, and effectiveness of Audit process;
7. Approving or any subsequent modification of transactions with related parties;
8. Scrutiny transactions pertaining to inter-corporate loans and investments, if any;
9. Valuation of undertakings or assets of the Bank, as and when required;
10. Evaluation of internal financial controls and risk management systems;
11. Reviewing with the management, performance of statutory and Internal Auditors, adequacy of the internal control systems;
12. Reviewing the adequacy of Internal Audit function, including the structure of the Internal Audit Department, staffing and seniority of the official heading the department, reporting structure coverage, frequency of Internal Audit and reviewing concurrent audit reports;
13. Reviewing the findings of any internal investigations by the Internal Auditors into matters where suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
14. Discussions with Statutory Auditors before commencement of Audit, about the nature and scope of Audit as well as post-Audit discussion to ascertain any area of concern;
15. Reviewing repayment obligations of Bank, assess and review the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
16. Reviewing the Whistle Blower Policy and Vigil Mechanism;
17. Approving the appointment of CFO (i.e., the person who is heading the finance function after assessing his qualifications, experience, background and etc.);
18. Reviewing Long Form Audit Report as prepared by Statutory Auditors;
19. Reviewing periodic inspection report submitted by RBI;
20. Discussions and review with the internal audit and Concurrent Auditors, their reports/findings with an objective of reporting any significant/material findings to the Board;
21. Monitoring the adequacy of the internal control environment, adequacy of checks and balances including Management Information Systems (MIS) and the adequacy of Internal Audit function, its policies, its structure, coverage and frequency of Internal Audits;
22. Reviewing the compliance function periodically;
23. Reviewing the following information:
 - a. Management Discussion and Analysis of financial conditions and results of operations;
 - b. Statement of significant related party transactions submitted by the management, etc.,
24. Performing any other functions, duty as stipulated by the Companies Act, 2013, Reserve Bank of India, SEBI LODR and any other regulatory authority or under any applicable laws as prescribed from time to time.

During the FY 2020-21, Audit Committee met 13 times and not more than one hundred and twenty days lapsed between two consecutive meetings of the ACB. The date of the meetings are as under:

16.05.2020	30.05.2020	24.06.2020	24.07.2020
30.07.2020	17.08.2020	28.09.2020	22.10.2020
30.10.2020	18.12.2020	11.02.2021	09.03.2021
17.03.2021			

The composition of the Committee and details of attendance of each Director at the meetings held during the period from 01st April 2020 to 31st March 2021 are mentioned below:

Name of the Directors	No of Meetings during his/her tenure
Sarvashri	Attended /Conducted
CA K L Vijayalakshmi, Chairperson of the Committee	13/13
Dr V G Mohan Prasad ®	07/07
A K Praburaj *	04/04
KG Mohan	13/13
N S Srinath #	06/06
M K Venkatesan &	03/03
M V Srinivasamoorthi #	06/06
Dr K S Ravichandran §	08/08
R Ramkumar §	08/08

® Member of the Committee from 28.08.2020

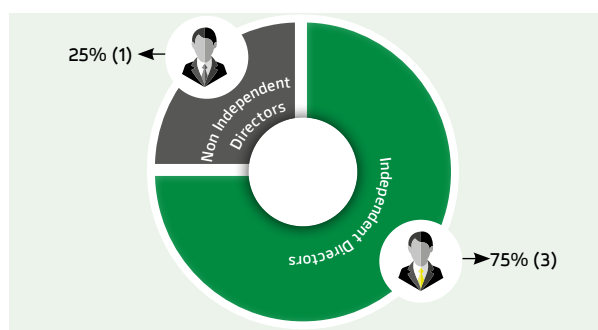
* Member of the Committee from 01.12.2020

Member of the Committee till 27.08.2020

& Member of the Committee from 28.08.2020 till 30.11.2020

§ Member of the Committee till 28.10.2020

Composition of Audit Committee of the Board (ACB)



3. Nomination and Remuneration Committee (NRC)

NRC is a Board level Committee which shall be responsible for recommending candidates for appointment to Board and Senior Management Positions. It shall be instrumental in establishing Policies that define the criteria for qualifications for such positions, fixing of their remuneration and terms of employment, setting performance objectives and goals

and provide inputs to Board for making requisite disclosures regarding the Compensation of Board of Directors and Senior Management.

Pursuant to the provisions of the Companies Act, 2013, SEBI LODR and the extant guidelines of Reserve Bank of India, Board of Directors of the Bank had constituted "Nomination & Remuneration Committee (NRC)". The Committee should consist of minimum three Members and one member from Risk Management Committee, all directors of the committee shall be Non-Executive Directors and at least fifty percent of the directors shall be Independent Directors. The Committee is headed by a Non-Executive Independent Director. Chairman of the NRC was present at the last Annual General Meeting.

The terms of reference of the Committee include:

1. To formulate criteria for determining qualifications, positive attributes and independence of a Director, in terms of fit and proper criteria issued by RBI from time to time;
2. To devise a policy on Board Diversity;
3. To formulate/review criteria for evaluation of performance of Chairman, Independent Directors, Board as a whole, Committees of the Board;
4. To recommend persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors on their appointment or removal;
5. To frame/review Compensation Policy towards ensuring effective alignment between remuneration and risk. Directors and Senior Management Personnel shall be part of the Compensation Policy;
6. To also review and recommend to the Board, all remuneration, in whatever form, payable to Directors & Senior Management;
7. To consider grant of stock options to employees, administer and supervise the Employee Stock Option Plans in conformity with statutory provisions and guidelines;
8. To provide inputs to Board for making disclosures regarding policies, appointments, remuneration, etc., of Directors and Senior Management Personnel in the Annual Report/ Directors Report/ Financial Statements, etc. as may be required by the regulations from time to time; and
9. To perform any other function or duties as stipulated by the Companies Act, 2013, RBI, SEBI, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

During the FY 2020-21, Nomination and Remuneration Committee met 7 times and the date of the meetings are as under:

16.04.2020	18.05.2020	23.06.2020	29.07.2020
05.09.2020	24.11.2020	28.01.2021	

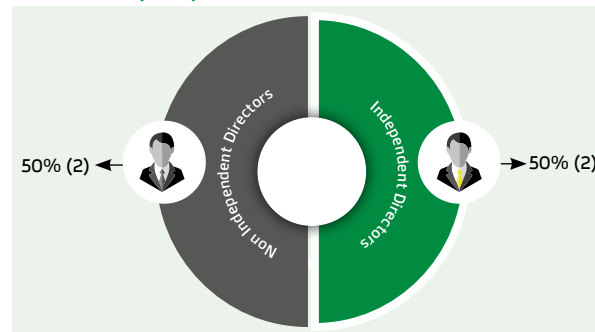
The composition of the Committee and details of attendance of each Director at the meetings held during the period from 01st April 2020 to 31st March 2021 are mentioned below:

Name of the Directors Sarvashri	No of Meetings during his/her tenure Attended /Conducted
Dr K S Ravichandran, Chairman of the Committee	7/7
N S Srinath	7/7
M K Venkatesan	7/7
A K Praburaj [§]	1/1
Dr V G Mohan Prasad [#]	6/6
M V Srinivasamoorthi [#]	6/6

[§] Member of the Committee from 01.12.2020

[#] Member of the Committee till 30.11.2020

Composition of Nomination and Remuneration Committee (NRC)



The Nomination and Remuneration Committee ("NRC") of the Board formulated the criteria for determining qualifications, positive attributes and independence of a Director for the appointment/ re-appointment of Directors in tune with the 'fit and proper' criteria as per Dr Ganguly Committee Norms which stipulates age, educational qualification, experience, track record, integrity, etc., and various circular instructions and guidelines issued by Reserve Bank of India from time to time.

NRC of the Bank is responsible for reviewing and assessing the composition mix and performance of the Board as well as identifying appropriately qualified persons to confirm Board Diversity.

Evaluation of Board's Performance

Particulars			Disclosure
Evaluation of		Chairperson	Evaluation on Individual Directors without the Director being evaluated, Chairperson, MD & CEO, Board as a whole & sub committees are carried out as per statutory guidelines.
		Non - Executive Directors	
		MD & CEO	
		Board as a whole	
		Board Committees	
Evaluation Mechanism		Method	Internal Assessment
		Process	Questionnaire based
Evaluation Criteria		Non – Executive Non Independent Directors	NRC formulated the methodology and criteria in accordance with statutory provisions.
		Non – Executive Independent Directors	
		Chairman	Broadly criteria includes aspects such as attendance and participation at the Board; knowledge and expertise; management of relationship with stakeholders; integrity and maintenance of confidentiality; independence, personal attributes and judgement, etc.
		MD & CEO	
		Board & Committees	
Evaluation outcome		Results	Performing satisfactorily, Few recommendations were suggested.
		Action Plans	

Nomination and Remuneration Committee formulated the methodology and criteria for evaluation of Independent Directors, Non-Independent Directors, Managing Director & CEO, Chairman, Committees of the Board and the Board as a whole in accordance with the relevant provisions of the Companies Act, 2013, SEBI LODR and as per the Guidance Note on Board Evaluation issued by SEBI.

Independent Directors Meeting was held on 27th February 2021 without the attendance of Non-Independent Directors and Members of Management. The Members of the meeting reviewed the performance of Non-Independent Directors and the Board as a whole after taking into account the views of Executive and Non-Executive Directors. The Performance evaluation of Non-Independent Directors was on the basis of the criteria such as attendance and participation at the Board; knowledge and expertise; management of relationship with stakeholders; integrity and maintenance of confidentiality; independence of behaviour and judgement, etc., and assessed the quality, quantity and timelines of flow of information between the Bank Management and the Board. The Independent Directors expressed satisfaction about the quality, quantity and timelines of flow of information between the Senior Management and the Board.

The Board of Directors in their meeting held on 29th April 2021 have carried out the annual evaluation on the performance of Board, its Committees, Chairman and Independent Directors. The evaluation process was initiated by putting in place, a structured questionnaire after taking into consideration of the inputs received from the Directors.

- The performance of the Board was evaluated after getting inputs from all Directors on the basis of criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc.
- The performance of the Committees was evaluated by the Board after getting inputs from minutes of the committee meetings placed before Board and the members of the respective Committee on the basis of criteria such as the composition of Committees, Periodicity of Meetings, effectiveness of Committee meetings, etc.
- The performance evaluation of the Independent Directors was carried out by the entire Board, without the participation of Independent Director being evaluated. The evaluation criteria is based on, qualifications, knowledge, attendance, Participation in Independent Directors' meeting and inter-personal relationship ability, etc.

Independent Directors comprise: first, an experienced ex-Banker having rich experience over five decades in all facets of Banking; second, a leading multi-talented gastroenterologist with hands on knowledge in agriculture; third, an eminent Chartered Accountant who contributes her knowledge/experience in various ways including in strengthening of Audit and internal control of your Bank; fourth, an eminent specialist in corporate laws and a recognized expert in related to Corporate Governance helps your Bank follows the rules/practices and conventions consistent with the highest level of governance in addition to providing his counsel on other matters; fifth, an experienced IT professional enabling the Board to access specialist knowledge in a rapidly changing technology arena in addition to providing valuable inputs in other areas; sixth, Seasoned professional with hands on experience in Strategic Planning & Risk Management actively involves in overseeing strategic planning process for the Bank.

Board acknowledges that Independent Directors are a diversified group of recognized professionals with competence and integrity and who express their opinions freely as well as exercise their own judgments.

As the Chairman is an Independent Director, the performance evaluation of the Chairman was carried out by the Board. The evaluation was based on the criteria such as personal attributes, leadership qualities, ability to synthesize discussion; management of balance with stakeholders; maintenance of good working relationship and communication within the Board and senior management; promotion of sense of participation among the members and implementing best Corporate Governance practices, etc.

After publishing the annual financial statements, the performance evaluation of Managing Director & CEO was carried out by the Board in its meeting held on 12th July 2021, considering the parameters such as achievement of financial/business targets prescribed by the Board; developing and executing business plans; operational plans; risk management and maintaining harmonious relationship with stakeholders; leadership qualities; effective organization structure, etc.

The disclosure in terms of SEBI Circular no. SEBI/HO/CFD/CMD/CIR/P/2018/79 dated 10th May 2018, on board evaluation, is detailed as under:

1. Observations of Board evaluation carried out for the year: Board had made some observations while carrying out Evaluation process. The observations majorly span around communications made with various stakeholders, further strengthening of risk mitigation framework, improving the training related aspects and enhancements in various review mechanism.

2. Previous year's observations and actions taken: There were no observations made during the evaluation process.
3. Proposed action based on current year observations: all the observations made by the Board during performance evaluation process have been conveyed to the concerned stakeholders, for appropriate action. The status of compliance with the said observations will be reviewed by the Board.

Succession Planning

Succession planning is an integral part of the operations and a tool of the Bank to ensure the smooth and effective function of the Board and Senior Management. Succession Planning is an on-going process that identifies necessary competencies and then works to assess, develop and retain a talent pool of employees, in order to ensure continuity of leadership for all critical positions. The Bank strives to maintain an appropriate balance of skills and experience within the organization. Board in an endeavour to introduce new perspectives while maintaining experience and continuity has framed Succession Planning Policy for Board of Directors and Senior Management of the Bank.

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

Compensation Policy

The success of any organization in achieving good performance and governance depends on its ability to manage the human capital. The Bank has in place a Comprehensive Compensation Policy in tune with the regulatory guidelines, objectives as enumerated in the Companies Act, 2013, RBI guidelines and the SEBI LODR from time to time. The Compensation Policy of the Bank covers the compensation payable to all the employees including the MD&CEO/WTD, Key Managerial Personnel, Material Risk Takers, Control Function Staff as per the guidelines of RBI as also fee payable to Non-Executive Directors/Independent Directors. No remuneration is paid to Non-Executive Directors/Independent Directors except Part-time Chairman other than the Sitting Fees for attending Board/Committee meetings. Part-time (Non-Executive) Chairman is entitled for a fixed remuneration-honorarium, as approved by Reserve Bank of India and Shareholders of the Bank.

The Bank is a party to Industry level Bi-partite settlement of IBA and has been following the emoluments/compensation as arrived in the Bi-partite settlements. Remuneration to employees is defined by the IBA pay scale/CTC pay structure, both of which are approved by the Board.

Remuneration to Non-Executive Directors

Non-Executive director including independent directors are entitled to sitting fees for each meeting of the Board and Committees. Pursuant to the provisions of the Companies Act, 2013, sitting fees of ₹ 70,000/- and ₹ 35,000/- are paid to Non-Executive Directors for attending the Board and Board Level Committees respectively. No stock options are granted to any of the Non-Executive Directors. The criteria of making payments to Non-Executive Directors/Independent Directors of the Bank are contained in the Comprehensive Compensation Policy and it is available on the Bank's website at www.kvb.co.in.

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

Sitting Fees

Remuneration paid to the Non-Executive Directors for attending Board and Committee Meetings during FY 2020-21 are given below:

Name of the Directors Sarvashri	Amount (₹ in Lakhs)
N S Srinath, Chairman	17.50
Dr V G Mohan Prasad	14.65
M K Venkatesan	19.10
A K Praburaj	17.10
CA K L Vijayalakshmi	20.05
M V Srinivasamoorthi	17.15
Dr K S Ravichandran	17.75
R Ramkumar	15.15
KG Mohan	14.55
Dr Harshavardhan Raghunath (from 30 th July 2020)	7.70

Remuneration to Non-Executive Independent (Part-time) Chairman and Managing Director & Chief Executive Officer

Shri N S Srinath, Non-Executive Independent (Part-time) Chairman was paid remuneration of ₹ 12,00,000/- for the FY 2020-21, which is other than payment of Sitting Fees for attending the Board/Committee Meetings.

During the FY 2020-21, Shri B Ramesh Babu, MD & CEO, was paid ₹ 95,03,642/- (which includes perquisites worked out as per Income Tax Rules 1962).

The remuneration paid to Shri N S Srinath, Non-Executive (Part-time) Independent Chairman and Shri B Ramesh Babu, MD & CEO are in accordance with the terms of conditions approved by RBI and the shareholders of the Bank.

RBI vide its letter dated November 10, 2020 has approved variable pay of ₹ 17,82,000/- to Shri P R Seshadri, Ex-MD&CEO of the Bank for the performance period of FY 2019-20 and the same was paid during the FY 2020-21.

4. Customer Service and Stakeholders Relationship Committee (CS & SRC)

Reserve Bank of India vide its circular on 01st July 2015 has suggested Banks to constitute a Customer Service Committee of the Board in compliance with the recommendations of Committee on Procedures and Performance Audit on Public Service (CPPAPS) and to include experts and representatives of customers as invitees to enable the Bank to formulate policies and assess the compliance thereof internally with a view to strengthening the Corporate Governance structure and bring about on-going improvements in the quality of customer service provided by the Banks, thereby improving the level of customer satisfaction for all categories of clientele consistently. The Committee is entrusted with the responsibility of monitoring the quality of services rendered to the customers and also ensuring the implementation of directives received from RBI in this regard. In terms of RBI Circular DBOD.No.CID.BC.127/20.16. 056/2013-14 dated June 27, 2014 Bank shall have a structured process of complaints redressal by constituting a Consumer Protection Committee under Board with respect to Credit Information Report submitted by the Bank.

Pursuant to provisions of Section 178 of the Companies Act, 2013, a company which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee and the SEBI LODR requires that, the Committee so constituted has to consider and resolve the grievances of shareholders.

The Board of the Bank had constituted a Customer Service and Stakeholders' Relationship Committee in tune with the Corporate Governance requirements under Listing Requirements. The Committee is chaired by a Non-Executive Director. Chairman of the CS&SRC was present at the last Annual General Meeting.

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

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

securities, etc. Bank shall seek confirmation in this regard from share transfer agents and verify adequacy and timeliness of complaint redressal received through these agents or through SCORES, etc.;

2. Review the updation, alteration of credit information, resolution of disputes, process of complaint redressal, with respect to Credit Information Report submitted in terms of RBI Circular DBOD.No.CID.BC.127/20.16.056/2013-14 dated June 27, 2014;
3. Review of measures taken for effective exercise of voting rights by the shareholders;
4. To review the adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrars & Share Transfer Agent to its shareholders;
5. To review the various measures/initiatives taken by the Bank inter alia for reducing the quantum of unclaimed dividends, ensuring timely receipt of dividend warrant/ annual report/ statutory notice by the shareholders of the Bank and recommend measures to further enhance the service standards for the benefit of the security holders of the Bank;
6. The Committee shall also examine any other issues on the quality of customer service rendered by the Bank;
7. To review the actions taken/being taken by the Bank to standardize the delivery of customer service;
8. Appointment of Internal Ombudsman for reviews on the complaints that were partly or wholly rejected by the Bank; and
9. To consider and review such other matters, as the Committee may deem fit, from time to time.

SEBI Complaints Redress System (SCORES)

SEBI has formed a centralized web based complaints redress system SEBI Complaints Redress System ("SCORES") during 2011, wherein complaints lodged by investors are forwarded to the listed entity through online. The purpose of SCORES is to provide a platform for aggrieved investors, whose grievances, pertaining to securities market, which remain unresolved by the concerned listed company or registered intermediary after a direct approach. The listed companies and SEBI registered intermediaries shall update the Action Taken Reports ("ATR") along with supporting documents, if any, electronically in SCORES. This acts as an oversight mechanism on the company's redressal system and does not allow them to shrug off their responsibilities towards investors grievances.

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

During FY 2020-21, there were no complaints received from the investors through "SCORES" and 43 complaints were received from the shareholders/investors other than "SCORES". All the complaints were redressed within the prescribed time line and the communication of the same was duly forwarded to the shareholders. There is no complaint pending as on 31st March 2021.

During the FY 2020-21, the Committee met 2 times and the date of the meetings are as under:

25.09.2020	25.02.2021
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The composition of the Committee and details of attendance of each Director at the meetings held during the period from 01st April 2020 to 31st March 2021 are mentioned below:

Name of the Directors Sarvashri	No of Meetings during his/her tenure Attended/Conducted
Dr V G Mohan Prasad Chairman of the Committee ®	2/2
B Ramesh Babu §	1/2
CA K L Vijayalakshmi	2/2
R Ramkumar	2/2
N S Srinath #	1/1

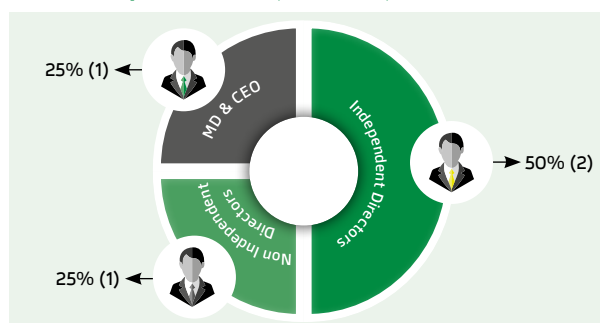
® Chairman of the Committee from 01.12.2020

§ Member of the Committee from 30.07.2020

Member and Chairman of the Committee till 30.11.2020

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

Composition of Customer Service and Stakeholders Relationship Committee (CS & SRC)



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

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

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

1. To review foresee future changes and threats and prioritize action steps;
2. Review and approve the development and implementation of risk assessment methodologies and tools, including assessments, reporting, etc.;
3. Identification of key risk indicators and verifying their threat levels;
4. Setting and defining the risk appetite of the Bank;
5. Monitor and oversee the implementation of the Risk Management Framework in the Bank;
6. Discuss and recommend suitable controls/ mitigations for managing different risks;
7. To review Stress Testing Results & Back-testing report, review Cyber Security of the Bank on a regular basis;
8. To review the Asset Liability Management (ALM) of the Bank on a regular basis;
9. To advise the Board on all risk matters;
10. To consider any major regulatory issues that may have a bearing on the risk profile and risk appetite of the Bank;
11. To formulate a detailed risk management policy which shall include:
 - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

- Measures for risk mitigation including systems and processes for internal control of identified risks.
 - Business continuity plan.
12. To approve the strategy and policies of the Bank, to ensure well integrated enterprise risk management in the Bank and to periodically review the risk management policy, by considering the changing industry dynamics and evolving complexity;
 13. To exercise oversight over the risk management function of the Bank;
 14. To review regular risk management reports from management which enable the Committee to assess the risks involved in the Bank's business and how they are controlled and monitored and to give clear focus to current and forward-looking aspects of risk exposure;
 15. To provide guidance and inputs to the Board and the Management on hiring and reporting structure of Chief Risk Officer of the Bank. The appointment, removal and terms of remuneration of the Chief Risk Officer, shall be subject to review by the Risk Management Committee;
 16. To meet CRO on one-to-one basis, without the presence of the MD & CEO, at least on a quarterly basis, as CRO reports to the MD & CEO;
 17. To oversee, monitor and guide the functions of Executive Level Committees viz., Credit Risk Management Committee (CRMC), Market Risk Management Committee (MRMC), Operational Risk Management Committee (ORMC) and Fraud Risk Management Committee (FRMC);
 18. In terms of SEBI LODR, The Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary; and
 19. Any other functions as may be stipulated by SEBI, Ministry of Corporate Affairs, RBI, Stock Exchanges and any other statutory authorities from time to time.

During the FY 2020-21, the Committee met 4 times and the date of the meetings is as under:

30.06.2020	11.09.2020
20.11.2020	26.02.2021

The composition of the Committee and details of attendance of each Director at the meetings held during the period from 01st April 2020 to 31st March 2021 are mentioned below:

Name of the Directors Sarvashri	No of Meetings during his/her tenure
	Attended/ Conducted
Dr Harshavardhan Raghunath Chairman of the Committee [§]	1/1
B Ramesh Babu [#]	2/3
M K Venkatesan [@]	1/1
K S Ravichandran	4/4
Dr V G Mohan Prasad [*]	3/3
A K Praburaj [*]	3/3
R Ramkumar [*]	3/3

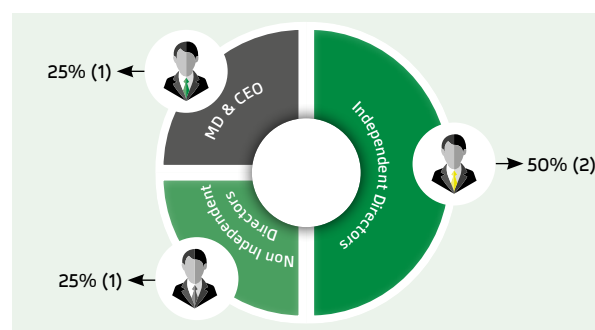
[§] Member and Chairman of the Committee from 01.12.2020

[#] Chairman of the Committee from 30.07.2020 to 30.11.2020

[@] Member of the Committee from 01.12.2020

^{*} Member of the Committee till 30.11.2020

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



6. NPA Management Committee

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

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

1. Periodical review of the large corporate loans and delinquent accounts appearing in SMA lists;
2. Periodical review of Non-performing Assets of large value (₹ 2.5 Crores and above) and also a pool of NPAs in various categories (substandard, doubtful and loss);

3. To review the position of stressed assets (SMA 1, SMA 2) position in the Bank;
4. To review the:-
 - a) progress of recovery and monitor the process of recovery mechanism of the Bank;
 - b) status of SARFAESI compliance for every six months;
 - c) report of quick mortality accounts in the Bank;
 - d) trends of NPAs in the industry and direct the recovery measures;
 - e) suit filed cases of large value (₹ 2.5 Crores and above);
 - f) status on technical write off accounts;
 - g) recovery policy of the Bank; and
 - h) provisioning requirements and disclosures to be made in the financial statements with respect to NPAs.
5. Any other relevant matters identified from time to time, or advised by the Board.

During the FY 2020-21, the Committee met 4 times and the date of the meetings are as under:

30.06.2020	11.09.2020
20.11.2020	26.02.2021

The composition of the Committee and details of attendance of each Director at the meetings held during the period from 01st April 2020 to 31st March 2021 are mentioned below:

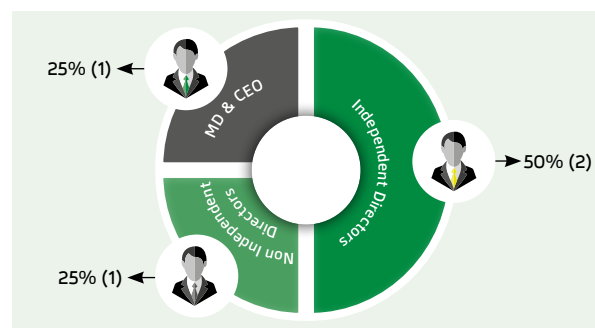
Name of the Directors Sarvashri	No of Meetings during his/her tenure Attended /Conducted
B Ramesh Babu Chairman of the Committee #	2/3
M V Srinivasamoorthi ®	1/1
Dr K S Ravichandran	4/4
Dr Harshavardhan Raghunath ®	1/1
M K Venkatesan §	3/3
A K Praburaj §	3/3
CA K L Vijayalakshmi §	3/3

Member and Chairman of the Committee from 30.07.2020

® Member of the Committee from 01.12.2020

§ Member of the Committee till 30.11.2020

Composition of NPA Management Committee



7. Special Committee for Fraud Monitoring (SCFM)

Reserve Bank of India vide its circular No. DBS.CO.CFMC. BC.No.1/ 23.04.001/2016-17 on Master Directions on Frauds - Classification and Reporting by Commercial Banks advised the constitution of Special committee of the Board. The main objective of the Committee is to oversee investigation of frauds, conduct root cause analysis, review actions taken by the Bank against the perpetrators of such frauds and suggesting / reviewing corrective steps to plug systemic loopholes, if any.

Banks are required to constitute a Special Committee of the Board for monitoring and follow up of cases of frauds involving amounts of ₹ 1 Crore and above exclusively, however in accordance with the directives, Audit Committee of the Board (ACB) shall monitor all the cases of frauds in general. The periodicity of SCFM may be decided according to the number of cases involved. In addition, SCFM should meet and review as and when a fraud involving an amount of ₹ 1 Crore and above comes to light.

As per RBI circular guidelines, the Committee should consist of five members of which two members must be from ACB along with two Non-Executive Directors. Committee is headed by MD & CEO of the Bank.

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

1. Identify the systemic lacunae, if any, which facilitated perpetration of the fraud and put in place measures to plug the same;
2. Identify the reasons for delay in detection, if any, and reporting to top management of the Bank and RBI;
3. Monitor progress of Central Bureau of Investigation/ Police Investigation and recovery position;

4. Ensure that staff accountability is examined at all levels in all the cases of frauds;
5. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls;
6. To delineate a policy document stating the processes for implementation of the Committee's directions and enable a dedicated outfit of the Bank to implement the directions in this regard and review the same;
7. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds;
8. The Committee is also entrusted with responsibility of monitoring the cyber and electronic Banking frauds as per extant guidelines;
9. To review the report on the Red Flag Accounts (RFA), which shall include the synopsis of the remedial action taken together with their current status.

During the FY 2020-21, the Committee met 4 times and the date of the meetings are as under:

24.04.2020	30.05.2020
11.09.2020	19.12.2020

The composition of the Committee and details of attendance of each Director at the meetings held during the period from 01st April 2020 to 31st March 2021 are mentioned below:

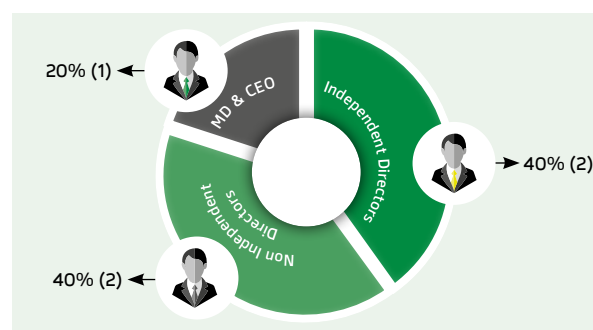
Name of the Directors Sarvashri	No of Meetings during his/her tenure
	Attended/ Conducted
B Ramesh Babu, Chairman of the Committee #	2/2
Dr V G Mohan Prasad §	0/1
A K Praburaj §	1/1
M V Srinivasamoorthi	4/4
KG Mohan §	1/1
CA K L Vijayalakshmi @	3/3
R Ramkumar @	3/3

Member and Chairman of the Committee from 30.07.2020

§ Member of the Committee from 01.12.2020

@ Member of the Committee till 30.11.2020

Composition of Special Committee for Fraud Monitoring (SCFM)



8. Information Technology Strategy and Digital Transaction Monitoring Committee (ITS & DTMC)

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

The purpose of the Committee includes, encouraging of digital transaction in line with national objectives and formulation of IT strategies. The Committee provides directions in terms of strategy; action plans and monitors the progress. The Committee should consist of a minimum of two Members and one of them shall be an Independent Director. The Committee is headed by Non-Executive Independent Director.

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

1. Suggest improvement and monitor the implementation of modern technology in the Bank;
2. Approving IT strategy and policy documents;
3. Ensuring that the management has put an effective strategic planning process in place;
4. Ratifying that the business strategy is indeed aligned with IT strategy;
5. Ensuring that the IT organizational structure complements the business model and its direction;

6. Ensuring that management has implemented processes and practices that ensure that the IT delivers value to the business;
7. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
8. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
9. Ensuring proper balance of IT investments for sustaining Bank's growth;
10. Understanding exposure to IT related risks; the proposed controls thereof and evaluating effectiveness of management's monitoring of IT risks;
11. Assessing Senior Management's performance in implementing IT strategies;
12. Issuing high-level policy guidance (e.g. related to risk, funding or sourcing tasks);
13. Confirming whether IT or Business Architecture has been designed, to derive the maximum business value;
14. Overseeing the aggregate funding of IT at a Bank-level and ascertaining if the management has resources to ensure the proper management of IT risks;
15. Reviewing IT performance measurement and contribution of IT to businesses (i.e., delivering the promised value);
16. Reviewing and monitoring the Bank's Digital Banking strategy, providing direction on areas of focus; and
17. Any other terms of reference as may be included from time to time by the Board or in compliance with RBI Guidelines, IBA etc., from time to time.

During the FY 2020-21, the Committee met 5 times and the date of the meetings are as under:

28.05.2020	07.07.2020	20.07.2020
18.11.2020	11.01.2021	

The composition of the Committee and details of attendance of each Director at the meetings held during the period from 01st April 2020 to 31st March 2021 are mentioned below:

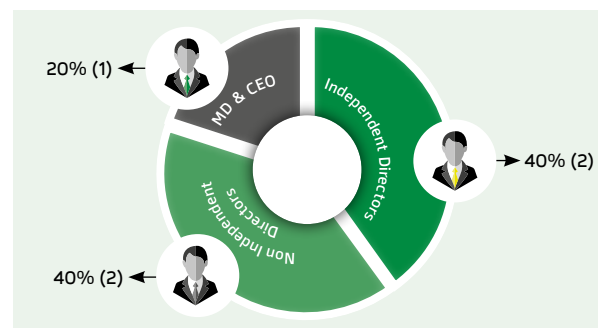
Name of the Directors Sarvashri	No of Meetings during his/her tenure Attended / Conducted
KG Mohan Chairman of the Committee	5/5
B Ramesh Babu #	2/2
A K Praburaj	5/5
M V Srinivasamoorthi @	1/1
Dr Harshavardhan Raghunath @	1/1
M K Venkatesan §	4/4
Dr K S Ravichandran §	3/4
R Ramkumar §	4/4

Member of the Committee from 30.07.2020

@ Member of the Committee from 01.12.2020

§ Member of the Committee till 30.11.2020

Composition of Information Technology Strategy and Digital Transaction Monitoring Committee (ITS & DTMC)



9. Review Committee for Wilful Defaulters and Non-Cooperative Borrowers (RCWD & NCB)

Review Committee for Wilful Defaulters and Non-Cooperative Borrowers is a Board level sub-committee constituted to review the orders passed by the Committee of Executives for Identification of Wilful Defaulters & Non-Cooperative Borrowers and provide final decision with regard to identified Wilful Defaulters & Non-Cooperative Borrowers. The Committee is headed by Chairman of the Bank. The Committee consists of two Non-Executive Independent Directors along with Managing Director & CEO as members of the Committee.

In compliance with RBI circulars, the decision to classify the borrower as Wilful Defaulter/Non-cooperative borrower should be entrusted to an Executive Committee headed by MD&CEO and two other Senior Executives' in the rank of GM/DGM.

Further the said order shall become final only after it is conferred by the Board level sub-committee.

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

1. Review and confirmation of the order of the Committee for Classification of borrowers as “Non-Cooperative Borrowers” or “Wilful Defaulters”;
2. Reviewing the status of “Wilful Defaulters” at least on an annual interval or at such other intervals as may be required by RBI;
3. Reporting periodically to Central Repository of Information of Large Credits (CRILC) and deciding on removal of the names from the list of “Non-Cooperative Borrowers” or “Wilful Defaulters” as reported to CRILC;
4. Identifying and recommending corrective action plans;
5. Issuing show cause notices or other communications to wilful defaulters or non-cooperative borrowers and conducting meetings if required to convey the position of the Bank with respect to handling their credit limits and recovery;
6. Reviewing, noting and deciding on any matter pertaining to “Wilful Defaulters” annually; and
7. Any other matters identified from time to time or advised by the Board.

During the FY 2020-21, a meeting was held on 25.03.2021.

The composition of the Committee and details of attendance of each Director at the meetings held during the period from 01st April 2020 to 31st March 2021 are mentioned below:

Name of the Directors Sarvashri	No of Meetings during his/her tenure
	Attended / Conducted
N S Srinath, Chairman of the Committee [§]	1/1
B Ramesh Babu [#]	1/1
CA K L Vijayalakshmi [@]	1/1
Dr K S Ravichandran ^{&}	0/0

[§] Chairman of the Committee from 01.12.2020

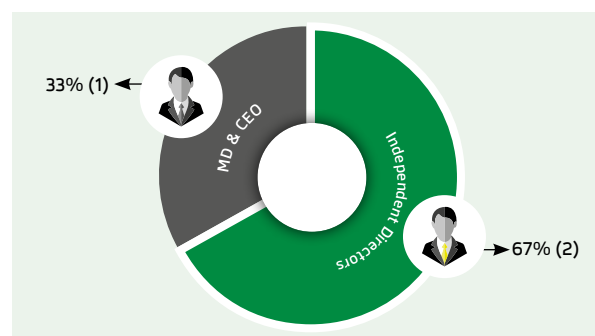
[#] Member of the Committee from 30.07.2020

[#] Chairman of the Committee from 30.07.2020 to 30.11.2020

[@] Member of the Committee from 01.12.2020

[&] Member of the Committee till 30.11.2020

Composition of Review Committee for Wilful Defaulters and Non-Cooperative Borrowers (RCWD & NCB)



10. Corporate Social Responsibility Committee (CSR)

Corporate Social Responsibility (CSR) Committee has been constituted, in accordance with the terms of Section 135 of the Companies Act, 2013 and rules made there under. Bank has a robust CSR policy which aims at promoting education, sanitation, safe drinking water facilitation, rural healthcare, promotion of sports, promotion of arts and culture, etc., Bank will continue to strengthen its processes to evaluate projects which will benefit the society at large in line with regulatory requirements. The Committee should consist of three or more members and one member should be Non-Executive Independent Director. The Committee is headed by MD & CEO of the Bank.

Bank has in place Board approved CSR Policy recommended by CSR Committee. As per the regulatory guidelines, the said Policy will be reviewed from time to time.

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

1. Formulate a Corporate Social Responsibility Policy and action plan which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act, 2013 and recommend the same to the Board;
2. To recommend the amount of expenditure to be incurred on the activities referred to in clause (1);
3. To review and monitor amounts spent under the Corporate Social Responsibility Policy of the Bank and to report reasons for not spending minimum prescribed amounts;
4. To monitor Corporate Social Responsibility Policy of the Bank from time to time;

5. Conduct an impact assessment of the various initiatives undertaken in terms of the CSR Policy of the Bank at periodic intervals;
6. Institute a transparent monitoring mechanism for ensuring implementation of the project/ programs/ activities proposed to be undertaken by the Bank; and
7. Performing such other duties with respect to CSR activities, as may be required to be done by the Bank under any law, statute, rules, regulations, etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.

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

During the FY 2020-21, the Committee met 3 times and the date of the meetings are as under:

30.06.2020	28.09.2020	23.03.2021
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The composition of the Committee and details of attendance of each Director at the meetings held during the period from 01st April 2020 to 31st March 2021 are mentioned below:

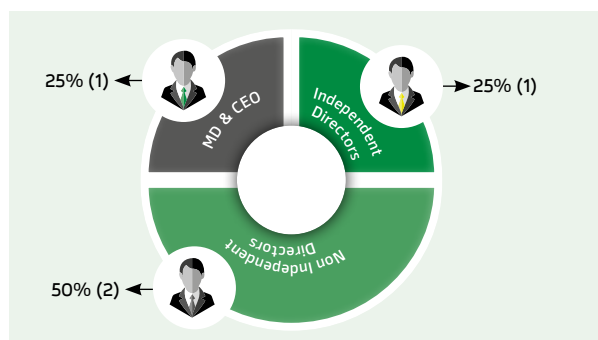
Name of the Directors Sarvashri	No of Meetings during his/her tenure Attended/ Conducted
B Ramesh Babu, Chairman of the Committee #	2/2
M V Srinivasamoorthi ®	1/1
Dr K S Ravichandran	3/3
R Ramkumar ®	1/1
M K Venkatesan §	2/2
A K Praburaj §	2/2
CA K L Vijayalakshmi §	2/2

Member and Chairman of the Committee from 30.07.2020

® Member of the Committee from 01.12.2020

§ Member of the Committee till 30.11.2020

Composition of Corporate Social Responsibility Committee (CSR)



11. Advances Committee

Advances Committee is a Board level sub-committee constituted to consider various credit related business matters. Committee inter alia consider sanctioning of large credit proposals, reviewing, renewing or modifying of various types of funded and non-funded credit facilities to customers within the powers delegated to the Committee by the Board from time to time. This Committee also reviews the sanctions made by the Central Office Credit Committee of Executives (COCC).

Board of Directors in their meeting held on 25th November 2020 revisited the structure of existing committees and merged the Advances Committee with Management Committee of the Board with effect from 01.12.2020.

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

1. Consider proposals for approval, renewal or any modification in sanctioned terms and conditions of various types of funded and non-funded credit facilities to customers within the delegated powers fixed by the Board from time to time;
2. This facilitates quick response to the needs of the customers and speedy disbursement of loans;
3. To review the sanctions made by the Central Office Credit Committee of Executives (COCC); and
4. Any other matters identified from time to time or advised by the Board.

During the FY 2020-21, the Committee met 6 times and the date of the meetings are as under:

12.05.2020	26.06.2020	25.08.2020
10.09.2020	03.11.2020	30.11.2020

The details of attendance of each Director at the meetings held during the period from 01st April 2020 till the Committee is merged are mentioned below:

Name of the Directors Sarvashri	No of Meetings during his/her tenure Attended / Conducted
B Ramesh Babu, Chairman of the Committee #	4/4
N S Srinath	5/6
M K Venkatesan	6/6
A K Praburaj	6/6
CA K L Vijayalakshmi	6/6
M V Srinivasamoorthi	6/6

Member and Chairman of the Committee from 30.07.2020

12. Staff and Development Committee (S&D)

Staff and Development Committee is a Board level sub-committee constituted to address and deal with the Human Resources (HR) related aspects of the Bank such as recruitment, performance measurement management, safety, wellness, benefits, employee motivation, training, work place culture, work environment, remuneration, etc., specifically for staff who are below the Senior Management Cadre. HR policy including recruitment, addressing the concerns expressed by various sections of Employees, Employees' Union, Officers' Association, etc. are dealt by Staff and Development Committee.

Board of Directors in their meeting held on 25th November 2020 revisited the structure of existing committees and merged the Staff and Development Committee with Management Committee of the Board with effect from 01.12.2020.

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

1. To formulate HR Policies and undertake periodic review of existing HR Policies of the Bank;
2. To guide the Bank in Manpower Planning and Recruitment of staff other than the Senior Management Cadre and aligning with the business strategy of the Bank;
3. To review the staff strength regularly and recruit employees through lateral recruitment to carry out specialized functions like corporate credit, forex, treasury and risk management, etc;
4. To review skill gaps and talent pool creation by assessing learning initiatives and direct on employee engagement initiatives to drive organization success;
5. To design a grievance redressal mechanism to address grievances of staff below Senior Management Cadre; and
6. Any other matters identified from time to time or advised by the Board.

During the FY 2020-21, a Meeting was held on 22.05.2020.

The details of attendance of each Director at the meetings held during the period from 01st April 2020 till the Committee is merged are mentioned below:

Name of the Directors Sarvashri	No of Meetings during his/her tenure
	Attended / Conducted
B Ramesh Babu, Chairman of the Committee [#]	0/0
N S Srinath	1/1
M K Venkatesan	1/1
A K Praburaj	1/1
M V Srinivasamoorthi	1/1

[#]Member and Chairman of the Committee from 30.07.2020.

13. Business Development Committee

With a view to enhance business under the Retail segment, viz., Retail Advances, Retail Deposits and Insurance & Investment, Personal Banking Group of the Bank has been taking various initiatives to enter into arrangements with different companies. The Committee is being formulated to support the business of your Bank through various initiatives and to enter into arrangements with different companies.

Board of Directors in their meeting held on 25th November 2020 revisited the structure of existing committees and merged the Business Development Committee with Management Committee of the Board with effect from 01.12.2020.

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

1. Determining, implementing, reviewing of partnering agreements, approving of the business tie-ups;
2. To provide direction on the business under the Retail segment, viz., Retail Advances, Retail Deposits and Insurance & Investment, Personal Banking;
3. Reviewing the results of business surveys conducted that provide quantitative and qualitative information on the state of business in the industry;
4. Reviewing metrics and indicators that provide information on the requirement for business development activities in the Bank; providing direction to the management of the Bank on actions to be taken to improve metrics; and
5. Any other matter identified from time to time or advised by the Board.

There were no meetings held till the committee is merged.

14. Search Committee

Board of Directors had constituted Search Committee to identify a suitable successor for the position of MD & CEO of the Bank as the Ex - MD & CEO was relieved from the Bank at the close of office hours on 31st March 2020. The Committee was dissolved after identifying a suitable successor for the position of MD & CEO of the Bank.

During the FY 2020-21, the Committee met 3 times and the date of the meetings are as under:

05.05.2020	06.05.2020	07.05.2020
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The details of attendance of each Director at the meetings held during the period till MD & CEO's appointment are mentioned below:

Name of the Directors Sarvashri	No of Meetings during his/her tenure
	Attended / Conducted
N S Srinath Chairman of the Committee	3 / 3
M K Venkatesan	3 / 3
A K Praburaj	3 / 3
Dr K S Ravichandran	3 / 3

1949, to oversee the operations and administration of the Bank and to exercise the discretionary powers of the MD & CEO for sanction of credit proposals from 01st April 2020 until the new incumbent takes charge as MD & CEO as the Ex - MD & CEO was relieved from the Bank at the close of office hours on 31st March 2020.

As the new MD & CEO had taken charge on 29.07.2020, the Committee was dissolved there after.

During the FY 2020-21, the Committee met 7 times and the date of meeting are us under:

06.04.2020	13.04.2020	22.04.2020	07.05.2020
27.05.2020	08.06.2020	06.07.2020	

The details of attendance of each Director at the meetings held during the period are mentioned below:

Name of the Directors Sarvashri	No of Meetings during his/her tenure
	Attended / Conducted
N S Srinath Chairman of the Committee	7 / 7
M K Venkatesan	7 / 7
CA K L Vijayalakshmi	7 / 7
M V Srinivasamoorthi	7 / 7

15. Management Committee

Board of Directors had constituted Management Committee in terms of Section 10 B (9) of the Banking Regulation Act,

General Body Meetings:

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

AGM	Financial Year	Location	Day, Date and Time
101 st	2019-20	The Karur Vysya Bank Limited, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur- 639002. (through Video Conferencing)	Wednesday, 23 rd September 2020, 11.00 a.m. IST
100 th	2018-19	The Karur Vysya Bank Limited, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur- 639002.	Thursday, 18 th July 2019, 9.30 a.m. IST
99 th	2017-18	The Karur Vysya Bank Limited, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur- 639002.	Thursday, 09 th August 2018, 10.00 a.m. IST

b)	Whether any special resolutions passed in the previous three Annual General Meetings (AGM)	Yes. 1. No Special Resolutions were passed in the 101 st Annual General Meeting held on 23 rd September 2020. 2. At the 100 th AGM held on 18 th July 2019, three special resolutions were passed, viz., a) Continuation of Second term of appointment of Shri N S Srinath (DIN: 01493217) Non-Executive Independent (Part-time) Chairman of the Bank as a Non-Executive Independent Director. b) Reappointment of Smt CA K L Vijayalakshmi (DIN: 07116809) as a Non-Executive Independent Director of the Bank for a second term. c) Reappointment of Dr K S Ravichandran (DIN: 00002713) as a Non-Executive Independent Director of the Bank for a second term. 3. At the 99 th AGM held on 09 th August 2018, one special resolution was passed viz., Approval for the raising funds by issuing of debt instruments upto ₹ 1,200 Crores on private placement basis.
c)	Whether any special resolution passed last year through postal ballot-details of voting pattern	No Resolution was transacted through Postal Ballot.
d)	Person who conducted the postal ballot exercise	Not Applicable
e)	Whether any special resolution is proposed to be conducted through postal ballot?	No Special Resolution requiring Postal Ballot is being proposed on or before the ensuing Annual General Meeting of the Bank.
f)	Procedure for the postal ballot	Not Applicable

Means of Communication

Pursuant to Regulation 46 of SEBI LODR, Bank maintains a website viz., www.kvb.co.in which contains information about the Bank, such as details of its business, financial results, shareholding pattern, compliance with the corporate governance requirements and other Corporate Communications made to the Stock Exchanges, Notices & Annual Reports of the Bank, real time updates on share price, unpaid/unclaimed dividend details and contact details of the designated officials who are responsible for assisting and handling investor grievances.

In line with SEBI LODR, the Board of Directors of the Bank have been approving the quarterly un-audited financial results within 45 days from the end of respective quarters and the audited financial results for the quarter and year ending within 60 days from the end of the financial year. The results are promptly forwarded to the stock exchanges within the stipulated time and are published in English and Tamil (regional language) newspaper

(viz., Business Standard/Business Line and Dinamalar), within 48 hours of the conclusion of the Board meeting. The results as well as other official press releases are simultaneously displayed on the Bank's website at www.kvb.co.in.

The Bank also conducts meetings with Institutional Investors and Analysts every quarter, after the results are declared. The Schedule of Meetings and Investors Presentations are promptly forwarded to the stock exchanges as well simultaneously displayed on the Bank's website.

Financial Calendar for the results during the FY 2020-21:

Quarter Ending	Date of Approval
Q1 - FY 2020-21	30.07.2020
Q2 - FY 2020-21	30.10.2020
Q3 - FY 2020-21	11.02.2021
Q4 - FY 2020-21	28.05.2021

GENERAL SHAREHOLDER INFORMATION

102 nd Annual General Meeting	Date: 11 th August 2021 Day: Wednesday Time: 11:00 A.M. IST Venue: Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")
Financial Year	01 st April 2020 to 31 st March 2021
Date of the Book Closure	27 th July 2021 to 11 th August 2021
Dividend Payment Date	on or after 12 th August 2021
Listing on Stock Exchanges	<ol style="list-style-type: none"> Equity Shares and Debt Instruments are listed on National Stock Exchange of India Limited, Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai-400051. Equity Shares of the Bank are traded as a 'permitted' category security in BSE. Listing fees payable to the National Stock Exchange where the shares and debentures are listed, has been duly paid.
Stock Code	NSE: KARURVYSYA BSE: 590003
ISIN	Equity: INE036D01028 Debt Instruments: INE036D08015
Share Transfer Agents (Both Physical and Demat Segments)	<p>Equity (INE036D01028): S.K.D.C. Consultants Limited, (a Wholly owned subsidiary of Link Intime India Pvt. Ltd), "Surya", 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore -641028 Tel: +91 422 - 2539835, 2539836, 4958995 e-Mail: info@skdc-consultants.com Website: www.skdc-consultants.com CIN: U74140TZ1998PLC008301</p> <p>Debt Instrument (INE036D08015): KFin Technologies Private Limited. Selenium Tower B, Plot No's: 31&32, Financial District, Gachibowli, Nanakaramguda, Serilingampally, Hyderabad 500 032. Phone: 040 - 67162222 Fax: 040 - 23001153 e-Mail: einward.ris@kfintech.com Website: www.kfintech.com</p>
Share Transfer System	<p>The Bank's shares which are in demat form are transferable through the depository system. Transfer of shares which are in physical form are processed by the Registrars and Share Transfer Agents, S.K.D.C. Consultants Limited.</p> <p>Pursuant to Regulation 40(1) of the SEBI LODR, with effect from April 1, 2019, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository.</p> <p>The Board has delegated the authority for approving transfer of Bank's securities to the Chairman of the Bank and MD & CEO in the absence of Chairman.</p> <p>In terms of Regulation 40(9) of the SEBI LODR, Half yearly certificate on compliance of share transfer formalities is obtained from the Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges.</p>

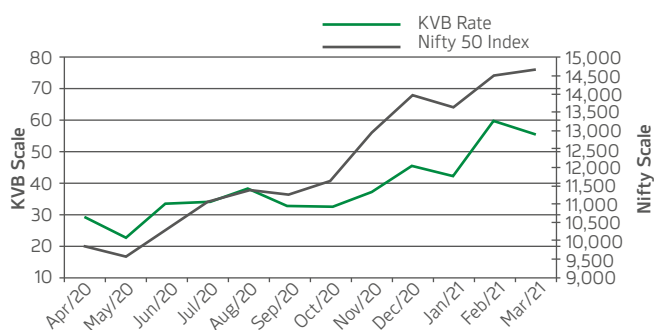
Debenture Trustees for the Bank's Basel III, unsecured, Non-Convertible, redeemable, Tier II Bonds	Axis Trustee Services Limited, The Ruby, 2 nd Floor, SW, 29 Senapati Bapat Marg, Dadar West, Mumbai- 400 028 Direct Line: + 91 22 6230 0451 e-Mail: debenturetrustee@axistrustee.in Website: www.axistrustee.in
Bank's address for correspondence/ Compliance Officer Address	Shri Srinivasarao Maddirala, Company Secretary & Assistant General Manager, Investor Relations Cell, The Karur Vysya Bank Limited, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur- 639002. Phone: 04324-269440-44 Fax: 04324-225700 e-Mail: kvb_sig@kvbmail.com Website: www.kvb.co.in
Corporate Identity Number (CIN)	L65110TN1916PLC001295

Stock Market Price Data

The monthly high and low prices of the Bank's shares traded on the National Stock Exchange of India Limited are furnished below:

Month	High (₹)	Low (₹)
Apr-20	30.50	20.10
May-20	29.00	22.80
Jun-20	37.00	23.45
Jul-20	36.60	30.10
Aug-20	42.70	31.95
Sep-20	40.75	31.20
Oct-20	33.50	29.30
Nov-20	39.60	31.80
Dec-20	49.80	37.20
Jan-21	49.80	42.15
Feb-21	63.90	42.10
Mar-21	64.55	53.10

The Bank's equity share touched a high of ₹ 64.55 in March 2021 and low of ₹ 20.10 in April 2020. The performance of the Bank's Equity Shares as compared with NSE Nifty 50 Index during the period from 01.04.2020 to 31.03.2021:



Dematerialization of shares and liquidity

Bank's Equity shares are available in both Demat and Physical form. The shares which are in Demat can be tradable and transferable through the Depository system in India Depository Systems - National Securities Depository Limited ('NSDL') and Central Depository Service (India) Limited ('CDSL'). The annual custody fees for the FY 2020-21 have been paid to NSDL and CDSL. The share transfers in physical form are processed by the Share Transfer Agent M/s S.K.D.C. Consultants Ltd., Coimbatore and approved by the Chairman.

Particulars as on 31.03.2021	No. of Shares	% to the Total Shares
Demat	78,50,41,928	98.214%
Physical	1,42,78,791	1.786%

Out of 78,50,41,928 shares which held Demat Mode, 87.093% are held in Depository Participants of NSDL and 11.121% are held in Depository Participants of CDSL.

The Shareholders of the Bank who have not dematerialized their share may approach any of the Depository Participants of NSDL or CDSL for Dematerialization.

Reconciliation of Share Capital Audit

As required by SEBI, Reconciliation of Share Capital Audit has been carried out by a qualified Chartered Accountant on quarterly basis and confirms, inter-alia, the total issued and listed capital of the Bank with that of total share capital admitted/held in dematerialised form with NSDL and CDSL and those held in physical form. Report issued in this regard are submitted to NSE and placed before the Board of Directors for its review on quarterly basis.

Shareholding Pattern as on March 31, 2021

Sr. No	Particulars	No. of Shareholders	No. of Shares	% of Shares
A.	Promoters			
1.	Promoters & Promoters Group	35	1,69,97,595	2.127
B.	Institutions			
2.	Financial Institutions & Banks	7	68,407	0.009
3.	Mutual Funds	11	13,92,89,172	17.426
4.	Insurance Companies	7	2,25,58,528	2.822
5.	Foreign Financial Institutions/ Banks	1	60	-
6.	Foreign Portfolio Investors	101	17,01,83,794	21.291
7.	Alternate Investment Funds	3	15,40,387	0.193
C.	Non-Institutions/ Individuals/Others			
8.	Bodies Corporate	614	2,97,66,925	3.724
9.	Non-Resident Indians	2,573	81,67,105	1.022
10.	Clearing Members	171	15,55,605	0.195
11.	Hindu Undivided Families	2,444	1,09,97,790	1.376
12.	Trusts	7	2,70,439	0.034
13.	Directors & Relatives	11	4,11,524	0.051
14.	Resident Individuals	1,68,162	39,65,85,763	49.614
15.	Unclaimed Suspense Account	1	41,735	0.005
16.	IEPF	1	8,85,890	0.111
	Total (A+B+C)	1,74,149	79,93,20,719	100

List of Shareholders holding more than 1% shares in the Bank as on March 31, 2021

Sr. No	Particulars	No. of Shares	% of Shares
1	FRANKLIN TEMPLETON MUTUAL FUNDS (VARIOUS FUNDS)	3,92,30,940	4.908
2	ICICI PRUDENTIAL MUTUAL FUNDS (VARIOUS FUNDS)	3,61,32,550	4.520
3	JHUNJHUNWALA RAKESH RADHESHYAM	3,59,83,516	4.502
4	NTASAIN DISCOVERY MASTER FUND	3,47,46,994	4.347
5	HDFC TRUSTEE COMPANY LTD - A/C HDFC MID - CAPOPPORTUNITIES FUND	3,22,52,309	4.035
6	OLYMPUS INDIA HOLDINGS LIMITED	2,33,27,768	2.918
7	DOVETAIL INDIA FUND (VARIOUS FUND)	2,18,00,000	2.727
8	ASHISH DHAWAN	1,96,00,180	2.452
9	NIPPON LIFE INDIA TRUSTEE LTD (VARIOUS FUNDS)	1,81,33,638	2.269
10	ABU DHABI INVESTMENT AUTHORITY - BEHAVE	1,73,69,173	2.173
11	ELLIPSIS PARTNERS LLC	1,34,00,000	1.676
12	ACACIA PARTNERS, LP	80,22,378	1.004
	Total	29,99,99,446	37.531

Distribution of shareholding as on March 31, 2021

No. of Shares (Category)	No. of Shares				No. of Shareholders			
	Physical	Demat	Total	%	Physical	Demat	Total	%
Upto 250	251,749	8,029,508	8,281,257	1.04	2,959	101,707	104,666	57.63
251 - 500	309,493	8,022,868	8,332,361	1.04	851	21,393	22,244	12.25
501 - 1000	612,916	13,054,107	13,667,023	1.71	851	17,368	18,219	10.03
1001 - 2000	1,120,551	17,193,653	18,314,204	2.29	785	11,806	12,591	6.93
2001 - 3000	910,683	18,647,884	19,558,567	2.45	370	7,129	7,499	4.13
3001 - 4000	864,887	10,760,631	11,625,518	1.45	246	3,064	3,310	1.82
4001 - 5000	618,397	9,366,211	9,984,608	1.25	137	2,051	2,188	1.20
5001 - 10000	2,165,535	35,975,932	38,141,467	4.77	320	5,103	5,423	2.99
10001 & above	7,424,580	663,991,134	671,415,714	84.00	241	5,245	5,486	3.02
Total	14,278,791	785,041,928	799,320,719	100.00	6,760	174,866	181,626	100.00
% to Total	1.79	98.21	100.00		3.72	96.28	100.00	

Disclosures

During the financial year ended 31st March 2021:

a) Related Party Transactions:

During the year, transactions entered with Related Parties were in the ordinary course of business and on arm's length basis and do not attract the provisions of Sec 188 of the Companies Act, 2013. The Bank has not entered into any materially significant related party transactions which could lead to a potential conflict with the interests of the Bank. Transactions with related parties were placed before the Audit Committee of the Board for review as per the Regulations from time to time and obtained Omni Bus approval from the Committee for the transactions which are of repetitive nature. Details of related party transaction under AS - 18 entered into during the FY 2020-21 are given in notes to the financial statements. Board has put in place a policy on materiality of related party transactions and also on dealing with Related Party Transactions pursuant to the provisions of the Companies Act, 2013, SEBI LODR and the same has been available on the website of the Bank at <https://www.kvb.co.in/docs/related-party-transactions-policy.pdf>

b) Recommendation of Committee(s) of the Board:

During the year, all recommendations of the Committee(s) which are mandatorily required were accepted by the Board.

c) Strictures and Penalties:

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

During the year under report, RBI has levied penalty of ₹ 27,500/- emanating out of deficiencies found while

processing the Currency notes remitted by our Currency Chest. The penalties levied were majorly pertaining to the deficiencies found in Soiled Notes remitted by our Currency Chests to RBI.

d) Code of Conduct:

In terms of Reg 26(3) of SEBI LODR, all the Directors and Senior Managerial Personnel of the Bank have affirmed the compliance of the Code of Conduct laid down by the Bank. MD & CEO's affirmation that the Code of Conduct has been complied with by the persons covered under the Code is furnished at the end of this report.

e) MD & CEO/CFO Certification:

The MD & CEO and the CFO of the Bank have given certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI LODR. The said certificate is annexed and forms part of this report.

f) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Bank has in place a Policy for Prevention of Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and the Rules framed thereunder. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, probationary, contractual, temporary) are covered under this policy also includes anybody visiting any of the offices / branches of the Bank. It will always be a constant effort of the Bank to prevent sexual harassment and to create an efficient and gender-bias free work environment. The Bank is committed to the implementation of objectives of

this policy and procedures laid down therein. The Bank has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Number of complaints filed during the FY 2020-21	Number of complaints disposed-off during the FY 2020-21	Number of complaints pending at the end of FY 2020-21
Nil	NA	Nil

g) Whistle Blower Policy:

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

h) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

Bank has not issued any GDRs/ADRs/Warrants or convertible instruments. Hence outstanding instruments, conversion date and likely impact on equity is not applicable.

i) Plant Locations:

As the Bank is engaged in the business of Banking/ Financial Services there are no Plant Locations. However, the Bank has 811 Branches (including Asset Recovery Branches, Corporate Business Units, Business Banking Units, NEO, Precious Metal Division and), 1,661 ATMs, 575 Bunch Note Recycler Machines (BNRM), 178 Self-Service Passbook Kiosks and 64 CTS enabled Cheque Deposit Kiosks as on 31st March 2021.

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

Your Bank has a Market Risk Policy, an Integrated Treasury Policy and Precious Metals Division Policy approved by the Board specifying risk control framework for undertaking any Commodity price risk and Foreign exchange risk. The Board of the Bank has defined overall Net Overnight Open Position (NOOP) Limit, Stop Loss Limit, Aggregate Gap limit (AGL), Value at Risk (VaR) limit to control the Foreign exchange risk within its risk control framework. The Bank maintains adequate margin while lending against commodities and has put in place a system of monitoring the commodity price.

In addition, Bank is authorized by Reserve Bank of India to import gold and silver and the exposure arising out of import of gold and silver on consignment basis is covered on back to back basis.

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

k) Mandatory Requirements:

The Bank has complied with all mandatory requirements under the provisions of SEBI LODR and amendments thereon from time to time.

l) Certificate under Regulation 34(3) of SEBI LODR:

Pursuant to the Regulation 34(3) read with Schedule V of the SEBI LODR, a certificate has been obtained from Shri R K Bapulal (FCS No: 5893), M/s Bapulal Yasar & Associates, Company Secretaries, confirming that none of the Directors on the Board of the Bank as on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Director of the Bank either by Securities and Exchange Board of India or the Ministry of Corporate Affairs or any other Statutory Authorities.

m) Fees paid to Statutory Auditors (including Branch Statutory Auditors):

Your Bank did not have any subsidiary. The total fees incurred by the Bank for services rendered by Statutory Auditors (including Branch Statutory Auditors) are given below:

Particulars	FY 2020-21 (₹ in Lakhs)
Audit fees/ Statutory certificates	252.79
Reimbursement of expenses	11.95
Total	264.74

n) Details of utilization of funds:

During the year under review, there were no Preferential Allotment or Qualified Institutional Placement as specified under Regulation 32(7A) of the SEBI LODR.

o) Policies of the Bank:

As a part of good Corporate Governance, the Bank has adopted various policies/codes from time to time which are hosted on the website of the Bank at [https:// www.kvb.co.in/investor-corner/policies/](https://www.kvb.co.in/investor-corner/policies/)

p) Credit Ratings and Change/Revisions in Credit Ratings for Debt Instruments and Certificate of Deposit Programme:

Credit Rating Agency	Instrument	Rating
ICRA	Certificate of Deposits Programme – ₹ 3000 Crores	[ICRA] A1+
CRISIL	Certificate of Deposits Programme – ₹ 3000 Crores	CRISIL A1+
India Ratings & Research	Basel III Tier II Bonds – Issue of ₹ 1,200 Crores where ₹ 487 Crores was utilized	IND A+/Stable
ICRA	Basel III Tier II Bonds – Issue of ₹ 1,200 Crores where ₹ 487 Crores was utilized	[ICRA]A(hyb) (Stable)

During the FY 2020-21, there is no change /revision in Credit Ratings for Debt Instruments and Certificate of Deposit Programme. More details on the Credit Ratings are disclosed in the Directors' Report which forms of this Annual Report.

- q) All disclosures in compliance with the Corporate Governance requirement specified in regulation 17 to 27 and clause (b) to (i) of sub regulation (2) of Regulation 46 to the extent applicable is available on Bank's website at www.kvb.co.in. The Bank has obtained certificate affirming the Compliances with these regulations from Shri R K Bapulal (FCS No. 5893), M/s Bapulal Yasar & Associates, Company Secretaries and forms part of this Report. It may be noted that his certificate confirms that the Bank has complied with the conditions of Corporate Governance as prescribed under SEBI LODR.

r) Non-Mandatory Requirements:

In addition to the Mandatory Requirements, your Bank has ensured the implementation of the non-mandatory requirements as suggested in Regulation 27 of the SEBI LODR.

1) The Board:

The Bank is maintaining a Chairman's Office at its Registered & Central Office and the expenses incurred in performance of his duties are reimbursed.

2) Shareholders' Rights:

The Bank discloses its financial results of every quarter to Stock Exchange within the prescribed timeline and it is available in the Stock Exchange's website. The same is also available on Bank's website at www.kvb.co.in which

is accessible to the public. The results are published in an English Newspaper having wide circulation and a Tamil Newspaper having wide circulation in Tamil Nadu.

3) Unmodified Audit opinion/reporting:

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

4) Reporting of Internal Auditor:

The Head of Internal Audit directly reports to Audit Committee of the Board.

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

In compliance with the Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") as amended, Bank has formulated "Internal Code of Conduct for Prevention of Insider Trading" as per Regulation 9 and also the "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" as per Regulation 8. The Code is applicable to the Promoters and Promoter Group, Directors, Designated Persons, Connected Persons and their immediate relatives of the Bank. The Persons are required to ensure fullest compliance with the Internal Code at the time of trading in Bank's Securities. Company Secretary has been designated as the Compliance Officer and Chief Financial Officer (CFO) has been designated as the Chief Investor Relations Officer (CIRO) for this purpose. The Code requires pre-clearance for dealing in the Bank securities beyond threshold limits. Further it prohibits the trade in the Bank's securities by the Promoters and Promoter Group, Directors, Designated Persons, Connected Persons and their immediate relatives of the Bank while in possession of UPSI in relation to the Bank and during the trading

window closure period. Trading window shall be closed from the end of every quarter till atleast two days after the declaration of financial results. The details of Trading Window closure during the period under report are mentioned below:

Trading Window Closure Period	Purpose of closure of Trading Window
01 st April 2020 to 26 th June 2020	Declaration of Audited Financial Results of the Bank for the quarter and Year ended March 2020
01 st July 2020 to 01 st August 2020	Declaration of Un-Audited Financial Results of the Bank for the quarter ended June 2020
01 st October 2020 to 01 st November 2020	Declaration of Un-Audited Financial Results of the Bank for the quarter and half year ended September 2020
01 st January 2021 to 13 th February 2021	Declaration of Un-Audited Financial Results of the Bank for the quarter and nine month ended December 2020
01 st April 2021 to 31 st May 2021	Declaration of Audited Financial Results of the Bank for the quarter and Year ended March 2021

Dividend

RBI vide circular DOR.ACC.REC.7/21.02.067/2021-22 dated 22nd April 2021 informed that with view of the continuing uncertainty caused by the ongoing second wave of COVID-19 in the country, it is crucial that banks remain resilient and proactively raise and conserve capital as a bulwark against unexpected losses. Hence, RBI advised that Banks may pay dividend on equity shares from the profits for the financial year ended March 31, 2021, subject to the quantum of dividend being not more than fifty percent of the amount determined as per the dividend payout ratio.

Accordingly, considering the capital position of the Bank and the quantum of dividend pay-out permitted, the Board of Directors of the Bank in its meeting held on 28th May 2021 has recommended dividend of ₹ 0.50 per equity share on the face value of ₹ 2/- each (i.e., 25%) for the financial year ended 31st March 2021, subject to the approval of the statutory authorities and shareholders at the 102nd Annual General Meeting (AGM) of the Bank.

Dividend Distribution Policy

Pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the Bank has Board approved "Dividend Distribution Policy". The Bank shall declare dividend only after ensuring compliance with the Banking Regulation

Act, 1949, various regulatory guidelines on dividend declaration issued by RBI from time to time, the provisions of the Companies Act, 2013 & the rules made thereunder, SEBI LODR, as amended to the extent applicable for Banking Companies. The Policy is available on the website of the Bank at <https://www.kvb.co.in/docs/dividend-distribution-policy.pdf>

Unpaid/Unclaimed Dividend

As per the provisions of Sec 124 (5) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, the Bank is statutorily required to transfer to the Investor Education & Protection Fund ('IEPF'), established by the Central Government, all dividends remaining unpaid/unclaimed for a period of 7 years, from the date of such transfer to the unclaimed dividend account. Once such amounts are transferred to IEPF, no claim of the shareholder shall lie against the Bank. The unclaimed dividends for FY 2012-13 have already been transferred to Investor Education and Protection Fund (IEPF). Unpaid/Unclaimed dividends for the financial year 2013-14 shall be transferred to IEPF after the due date, i.e. August 22, 2021.

The following table gives the unclaimed amount from the year 2013-14 with the position as on 31st March 2021 and the last date for claiming the dividend before transfer to the said Fund.

Financial Year	Unclaimed Amount (₹)	Date of Declaration	Last date for claiming the Dividend
Unclaimed Dividend Warrants:			
2013-14	58,82,669.00	23.07.2014	22.08.2021
2014-15	63,90,995.00	23.07.2015	22.08.2022
2015-16 Interim Dividend	52,99,250.00	28.03.2016	27.04.2023
2015-16 Final Dividend	22,43,684.00	22.07.2016	21.08.2023
2016-17	68,04,777.20	24.07.2017	23.08.2024
2017-18	21,95,484.60	10.08.2018	09.09.2025
2018-19	21,92,746.20	19.07.2019	18.08.2026
2019-20	Dividend was not declared as per the RBI circular dated April 17, 2020		

Financial Year	Unclaimed Amount (₹)	Date of Declaration	Last date for claiming the Dividend
Unclaimed Refund Orders & Fractional Warrants of Bonus Issue:			
Rights 2017 Refund Order	7,29,373.00	22.11.2017	21.12.2024
Bonus 2018 Fractional Warrant	1,59,417.67	27.09.2018	26.10.2025
Unclaimed Debenture Interest Warrant:			
Debenture Interest Warrant 2019-20	1,31,450	12.03.2020	11.04.2027

Shareholders who have not encashed their dividend warrants for the period as specified above are advised to send their request letter to Registrars and Share Transfer Agents viz., S.K.D.C. Consultants Limited for Equity Shares and KFin Technologies Private Limited for Debentures or Nodal Officer of the Bank Mr. Srinivasarao Maddirala. The details of unpaid/unclaimed dividends and Debenture Interests are available on the website of the Bank at www.kvb.co.in

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

Intimation to the Shareholders for claiming of dividends

- The Bank has sent individual reminder letters to the relevant shareholders at regular intervals for encashing of unclaimed dividend on equity shares declared by the Bank from time to time.
- Public notice/Advertisement on transfer unpaid/unclaimed dividends to IEPF is issued in Business Standard for all India Circulation and Dinamalar in Trichy Edition covering Karur.
- Reaching out shareholders through calls/ e-Mails, whose contact details are available and through divisional offices where ever possible.

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

In terms of the applicable provisions of Section 124 (6) of the Companies Act, 2013 and read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), as amended from time to time, all shares in respect of which dividend/s are not claimed for the last 7 consecutive years in respect of any shareholder shall be transferred to the IEPF Authority. Subsequent to such transfer of shares to IEPF Authority, all future benefits which may accrue, on these shares, including future dividend, will be credited to the said IEPF Authority only.

As per the said Rules, Bank is required to transfer all shares in respect of which dividend has been unclaimed by the

shareholders for a period of seven consecutive years (i.e., from FY 2013-14). Bank has sent individual communication to the concerned shareholders whose shares are liable to be transferred to IEPF Authority for taking appropriate action and submitting requisite documents to claim the unclaimed dividend amount. Subsequently, a public notice was issued in Business Standard for all India Circulation and Dinamalar in Trichy Edition covering Karur.

Pursuant to the IEPF Rules, 1,24,705 shares in respect of which unclaimed/unpaid dividends were not claimed from FY 2012-13 for seven consecutive years were transferred to IEPF Authority on 14th September 2020 bearing demat account no IN300708-10656671 which is opened with National Securities Depository Limited (NSDL) with Depository Participant at Punjab National Bank.

The details of the shareholder who have not claimed the dividends for last seven years are available on the Bank's website at www.kvb.co.in.

Guidelines to claim the shares transferred to Investors Education and Protection Fund (IEPF)

In terms of Section 124(6) of the Companies Act, 2013 read with Rule 7 of the IEPF Rules, the shareholders can claim the shares from IEPF Account by making a web Form IEPF - 5 which can be file at www.iepf.gov.in

For Claiming the shares and dividend from the IEPF Authority, shareholders can make an online web based application through MCA portal. Shareholders need to register themselves on MCA portal by creating Login ID credentials. After successful login into MCA portal, shareholders have to click on MCA services tab and choose IEPF- 5 option under "Investor Services" and follow the due process for filing the form. The service request number (SRN) generated is to be used for future communications and tracking the e-form in the website.

Printout of the duly filled form IEPF-5 with claimant and joint holders' (if any) signature and along with the acknowledgment issued after uploading the form will have to be forwarded together with all documents mentioned in form to Mr Srinivasarao Maddirala, Nodal Officer (IEPF) of the Bank in

an envelope marked "Claim for refund from IEPF Authority". The general information about the Bank for filling the IEPF - 5 Form are as under:

a) Corporate Identification Number (CIN) of Bank	L65110TN1916PLC001295
b) Name of the Bank	The Karur Vysya Bank Ltd
c) Address of Registered & Central Office of the Bank	The Karur Vysya Bank Limited, Investor Relations Cell, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S, Karur- 639002. e-Mail: kvbiepf@kvbmail.com

Disclosure of details of Unclaimed Shares Suspense Account under Regulation 39(4) of SEBI LODR

Sr. No	Particulars	Number of shareholders	No. of shares
1	Aggregate Number of shareholders and the outstanding shares as on 01 st April 2020	766	1,28,192
2	Less: No. of shareholders who approached the Bank for transfer of shares and to whom shares were transferred during the FY 2020-21	15	9,117
3	Less: No. of Shares transferred to the IEPF authority in terms of Section 124(6) of the Companies Act, 2013	10#	77,340
4	Aggregate Number of shareholders and the outstanding shares as on 31 st March 2021	741	41,735

Shares in respect of which dividend has been unclaimed by the shareholders for a period of seven consecutive years were transferred to IEPF

The voting rights on the above mentioned 41,735 shares shall remain frozen till the rightful owner of such shares claims the same.

Declaration as required under Regulation 26(3) of the SEBI

(Listing Obligations and Disclosure Requirements) Regulations, 2015

The Members of the Board of Directors and Senior Management Personnel of the Bank have affirmed compliance with the Code of Conduct of the Bank for the year ended March 31, 2021.

Place: Karur
Date: 12.07.2021

B Ramesh Babu
Managing Director & Chief Executive Officer

CEO / CFO Certification

As stipulated under Regulation 17(8) of the SEBI Listing Obligations & Disclosure Requirements Regulations (LODR) 2015, we hereby certify that -

- a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2021 and that to the best of our knowledge and belief these statements :
 - I. do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - II. together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee of the Board, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee of the Board:
 - I. significant changes in internal control over financial reporting during the year;
 - II. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - III. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

B Ramesh Babu

Managing Director and CEO

M D Ramesh Murthy

General Manager and CFO

Place: Karur

Date: 28.05.2021

Certificate of Compliance of Conditions of Corporate Governance

To
The Members,
The Karur Vysya Bank Limited,
CIN: L65110TN1916PLC001295
Regd. & Central Office,
No. 20, Erode Road, Vadivel Nagar,
L.N.S. Karur – 639002

We, M/s. Bapulal Yasar & Associates have examined the compliance of conditions of Corporate Governance by The Karur Vysya Bank Limited ('the Bank') (CIN:L65110TN1916PLC001295) having Regd. & Central Office at No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur – 639002 **for the year ended March 31, 2021**, as prescribed in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and Paras C, D and E of Schedule V of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR'), (as amended).

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

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

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

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

Note: Due to COVID – 19 pandemic throughout the nation and restrictions on physical movement enforced by Government of India, we could not carry out physical verification of documents and we have relied on the information, facts, inputs provided by the Bank to us through electronic means.

Place: Madurai
Date: 12.07.2021
UDIN: F005893C000613577

For Bapulal Yasar & Associates
Company Secretaries

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

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended))

To
The Members,
The Karur Vysya Bank Limited,
CIN: L65110TN1916PLC001295
Regd. & Central Office,
No. 20, Erode Road, Vadivel Nagar,
L.N.S., Karur – 639002

We, M/s Bapulal Yasar & Associates have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s The Karur Vysya Bank Limited (CIN: L65110TN1916PLC001295) having its Regd. & Central Office at No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur – 639002 (hereinafter referred to as “the Bank”), produced before us for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status and other data / information relating to the directors available at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Bank & its officers, we hereby certify that **None of the Directors on the Board of the Bank as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Director of Bank** by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such other Statutory Authority.

Sr. No	Name of Directors Sarvashri	DIN	Date of Appointment on Bank's Board
1	N S SRINATH	01493217	29/06/2012
2	B RAMESH BABU	06900325	29/07/2020
3	Dr V G MOHAN PRASAD	00002802	15/06/2014
4	M K VENKATESAN	00032235	09/12/2014
5	A K PRABURAJ	07004825	09/12/2014
6	CA K L VIJAYALAKSHMI	07116809	22/03/2015
7	M V SRINIVASAMOORTHY	00694618	27/08/2015
8	Dr K S RAVICHANDRAN	00002713	26/05/2016
9	R RAMKUMAR	00275622	25/06/2018
10	KG MOHAN	08367265	01/02/2020
11	Dr HARSHAVARDHAN RAGHUNATH	01675460	30/07/2020

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

Note: Due to COVID – 19 pandemic throughout the nation and restrictions on physical movement enforced by Government of India, we could not carry out physical verification of documents and we have relied on the information, facts, inputs provided by the Bank to us through electronic means and information extracted from the MCA website.

Place: Madurai
Date: 23.06.2021
UDIN: F005893C000500662

For Bapulal Yasar & Associates
Company Secretaries

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



Financial Statements

Independent Auditor's Report

To the Members of The Karur Vysya Bank Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of The Karur Vysya Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are included the returns for the year ended on that date audited by the respective statutory branch auditors of the Bank's 807 branches and other offices.
2. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the statutory branch auditors as referred to in paragraph 16 below, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ('Act') and circulars and guidelines issued by the Reserve Bank of India, in the manner so required for banking companies and give a true and fair view, in conformity with the accounting principles generally accepted in India including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the state of affairs of the Bank as at 31 March 2021, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the

Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and that obtained by the statutory branch auditors, in terms of their reports referred to in paragraph 16 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to note 5.14 of schedule 18, of the accompanying financial statements, which describes the uncertainties due to the outbreak of COVID-19. The impact of these uncertainties on the Bank's financial results is significantly dependent on future developments.

Our opinion is not modified in respect of the above matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, and based on the consideration of the reports of the statutory branch auditors as referred to paragraph 16 below, were of most significance in our audit of the financial statements of the current period. 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.
6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Information Technology (IT) systems and controls impacting financial reporting

Key audit matter

The Information Technology environment of the Bank is complex and involves a large number of both independent and inter-dependent information technology systems used in the operations of the Bank for processing and recording a large volume of transactions in numerous locations on a daily basis. As a result, there is a high degree of reliance and dependency on such IT systems for financial reporting process of the Bank. Appropriate automated general and application controls are required to ensure that such IT systems and applications are able to process the data, as required, completely, accurately and consistently, which directly impact the completeness and accuracy of financial reporting.

How our audit addressed the key audit matter

Our audit procedures included, but were not limited to, the following:

In assessing the controls around the IT systems relevant for financial reporting, we included our specialist in information technology audits as part of our audit team to obtain an understanding of the Information Technology infrastructure and selected Information Technology systems, based on their importance and relevance to Bank's financial reporting process, for evaluation and testing of Information Technology general controls and Information Technology automated controls.

Key audit matter	How our audit addressed the key audit matter
<p>Appropriate and adequate controls contribute to mitigating the risk of potential misstatements caused by frauds or errors, as a result of changes to applications and data. Amongst, its multiple IT systems, Flexcube, IDEAL, LAPS, LOS, SWIFT, Peoplesoft and Mercury systems are key for its overall financial reporting. Thus, our audit approach focusses on IT systems and the related control environment including:</p> <ul style="list-style-type: none"> IT related general controls over user access management and change management across applications, database and operating systems; IT application controls <p>Because of the high level automation being used by the management and impact of the IT systems and related control environment on the Bank's financial reporting process, we have identified testing of such IT systems and related control environment as a key audit matter.</p>	<p>Access rights were tested over applications, operating systems and databases which are relied upon for financial reporting. We also assessed the operating effectiveness of controls over granting, removal and periodical review of access rights. We further tested segregation of duties including preventive controls to ensure that access to change applications, operating system or databases in the production environment were granted only to authorized personnel.</p> <p>Other areas that were independently assessed under the Information Technology control environment included password policies, security configurations and controls around change management to ensure there were no unauthorized changes made to the Information Technology systems and applications during the year.</p> <p>We also evaluated the design and tested operating effectiveness of key automated controls within various business processes.</p>

Identification and provisioning for non-performing assets ('NPAs') including implementation of COVID-19 related measures

Key audit matter	How our audit addressed the key audit matter
<p>As at 31 March 2021, the Bank reported total gross advances of ₹ 52,820.13 crores, gross NPAs of ₹ 4,142.87 crores, and provision for non-performing assets of ₹ 2,365.61 crores.</p> <p>Refer note 3 in schedule 17 for the accounting policy for provision for NPAs and notes 5.1 and 5.3 in schedule 18 for the related financial disclosures.</p> <p>The identification of NPAs and provisioning for advances is made in accordance with the RBI Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances ('RBI IRAC norms'). Based on our risk assessment, the following are the significant factors in assessment of the provisions for NPAs:</p> <ul style="list-style-type: none"> Completeness and timing of recognition of defaults, in accordance with the criteria set out in the RBI IRAC norms. In addition to this, the management is also required to apply its judgement in identification and provision required for NPAs based on qualitative assessment; The measurement of provision under RBI IRAC norms is also dependent on the ageing of overdue balances, secured / unsecured status of advances, stress and liquidity concerns in certain sectors and valuation of collateral. 	<p>Our procedures included, but were not limited to, the following:</p> <p>We tested the design and operating effectiveness of key controls, including IT based controls, focusing on the following:</p> <ul style="list-style-type: none"> Identification of NPAs in line with the RBI IRAC norms and qualitative factors prescribed by the RBI; Periodic internal reviews of asset quality; Assessment and adequacy of NPA provisions; Periodic valuation of collateral for NPAs; Implementation of the RBI circulars. <p>To test the completeness of the identification of loans with default events and qualitative factors, we selected a sample of performing loans including Special Mention Accounts (SMA) and recomputed the ageing of the advances to ascertain the accuracy of the ageing captured in the system generated reports and assessed as to whether there was a need to classify such loans as NPAs as per RBI IRAC norms.</p> <p>Returns from branches duly audited by statutory branch auditors were reviewed and their reports were properly dealt with by us in testing of NPA.</p> <p>We re-computed the provision calculations as per RBI IRAC norms and compared such outcome to that prepared by management and investigated the differences, if any and challenged the assumptions and judgements which were used by the management.</p>

Key audit matter
COVID-19

During the current year, RBI has announced various relief measures for the borrowers which were implemented by the Bank such as "COVID 19 Regulatory Package- Asset Classification and Provisioning" announced by the RBI on 17 April 2020 and RBI circular on "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package" dated 7 April 2021 (collectively referred to as 'the RBI circulars'), and "Resolution Framework for COVID-19 related Stress" (the 'Resolution Framework') issued by the RBI on 6 August 2020, which were collectively considered by the management in identification and provisioning of non-performing assets.

On the basis of estimates made by the management, an additional provision to the tune of ₹ 285.42 crores had been recognised by the Bank during the current year ended 31 March 2021, in addition to ₹ 19.50 crores recognised in the previous year. From the above, ₹ 291.03 crores has been utilized as at 31 March 2021 towards provision for restructured accounts and NPA accounts. Such additional provisions were created on account of increase in default risk due to the impact of COVID-19 on recoverability of advances of the Bank and such basis of estimates and assumptions involved in arriving at the additional provisions are monitored by the Bank periodically which significantly depend on future developments in the economy due to COVID-19 including any new relief measures announcements by the RBI.

Implementation of the RBI circulars also required the Bank to implement changes in its Information Technology systems.

Considering significant efforts involved in identifying NPAs, valuation of security/collaterals, determining the provision for NPA, additional complexities involved in the current year owing to the impact of COVID-19 and heightened regulatory inspections, these matters are significant to the financial statements, we have identified NPA identification and provision on advances as a key audit matter.

How our audit addressed the key audit matter

Obtained Board's policies pursuant to RBI Circulars, Resolution Framework and ensured such policies were in accordance with the RBI requirements.

With respect to those borrowers to whom a moratorium was granted in accordance with the RBI circulars, on a sample basis, we tested that such moratorium was granted and implemented in the systems in accordance with the board approved policy. On a test check basis, we tested the loans to ensure that identification of NPAs, provisions created, and asset classification were in accordance with the requirements of the RBI circulars.

On a test check basis, we ensured that the restructuring was approved and implemented, and provisions made on such restructured loans in accordance with the Bank's board approved policy and the Resolution Framework.

On account of the impact of the COVID-19 pandemic, we understood and challenged the assumptions used by the Bank for provisions by considering our understanding of the risk profiles of the customers of the Bank belonging to COVID impacted industries and other relevant publicly available macro-economic factors pertaining to impact of COVID-19.

We also assessed the appropriateness, and adequacy of disclosures as per relevant accounting standards and RBI requirements relating to NPAs including disclosures relating to RBI circulars and Resolution Framework.

Statutory tax litigations
Key audit matter

The Bank has ₹ 371.57 crores of tax litigations pending as at 31 March 2021, for which no provision is made in the books of accounts.

Refer note 15 in schedule 17 for the accounting policy and schedule 12 and notes 9.8 and 10.9 of schedule 18 for the related disclosure in financial statements.

The tax litigations of the Bank involve varied degree of complexities.

In accordance with the accounting criteria set under Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent

How our audit addressed the key audit matter

Our audit procedures included, but were not limited to, the following:

We tested the design and operating effectiveness of the Bank's key controls over the identification, estimation, monitoring and disclosure of tax litigations.

We involved our tax experts to assess the Bank's interpretation and application of relevant tax laws to evaluate the appropriateness of key assumptions used and the reasonableness of estimates made in relation to uncertain tax positions, taking into account past precedents.

Key audit matter	How our audit addressed the key audit matter
<p>Assets ('AS 29') the management needs to evaluate whether an obligation exists and whether a provision should be recognised as at reporting date, or whether it needs to be disclosed as a contingent liability. The most significant judgements include:</p> <ul style="list-style-type: none"> Assessment of liability: Judgement is involved in the determination of whether an outflow in respect of identified material matters are probable and can be estimated reliably; Adequacy of provisions: The appropriateness of assumptions and judgements used in the estimation of significant provisions; and Adequacy of disclosures of provision for liabilities and charges, and contingent liabilities. <p>Considering the materiality of the amounts involved, significance of the above matter to the financial statements, and significant judgments required to test such estimates, we have identified this as a key audit matter.</p>	<p>We exercised our professional judgement to assess the management's assessment of the probability of the liability devolving upon the Bank as per principles of AS 29.</p> <p>We also compared the actual results to the management estimates made in prior period to determine the efficacy of the process of estimation by the management.</p> <p>Further, we assessed whether the disclosures in financial statements related to taxation matters were appropriate and adequate in terms of whether the potential liabilities and the significant uncertainties are fairly presented.</p>

Information other than the Financial Statements and Auditor's Report thereon

7. The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report including the Pillar III Disclosure under the New Capital Adequacy Framework (Basel III disclosures), but does not include the financial statements and our auditor's report thereon. The Annual Report 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 or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

8. The accompanying financial statements have been approved by the Bank's Board of Directors. The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance

with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and provisions of section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

9. 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.
10. Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

11. 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 Standards on Auditing 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.

12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for explaining our opinion on whether the Bank has adequate internal financial controls with reference to financial statements 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Bank to express an opinion on the financial statement. We are responsible for the direction, supervision and performance of the audit of

financial information of the Bank and such branches included in the financial statements, of which we are the independent auditors. For the other branches included in the financial statements, which have been audited by the statutory branch auditors, such branch auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

13. 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.
14. 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.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements 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

16. We did not audit the financial information of 807 branches and other offices included in the financial statements of the Bank whose financial information reflects total assets of ₹ 32,376.55 crores as at 31 March 2021, and total revenue of ₹ 3,714.04 crores for the year ended on that date, as considered in the financial statements. The financial information of these branches have been audited by the statutory branch auditors whose reports have been furnished to us by the management, and our opinion on the financial statements, in so far as it relates to the amounts and disclosures included in respect of branches, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid branches, is based solely on the reports of such statutory branch auditors. Out of the aforesaid branches, in case of 8 branches the statutory branch auditors have relied on alternative audit procedures on account of restrictions on physical visit to their branches, as per their reports.

Our opinion on the financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the statutory branch auditors.

Report on Other Legal and Regulatory Requirements

17. 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 Act read with rule 7 of the Companies (Rules), 2014 (as amended).
18. 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.
19. With respect to the matter to be included in the auditor's report under section 197(16) of the Act, we report that since the Bank is a banking company, as defined under the Banking Regulation Act, 1949; the reporting under section 197(16) in relation to whether the remuneration paid by the Bank is in accordance with the provisions of section 197 of the Act and whether any excess remuneration has been paid in accordance with the aforesaid section is not applicable.
20. Further, as required by section 143 (3) of the Act, based on our audit, and on the consideration of the reports of the statutory branch auditors as referred to in paragraph 16 above, we report, to the extent applicable, that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
 - 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 the branches not visited by us;
 - c) the reports on the accounts of the branch offices of the Bank audited under section 143(8) of the Act by the statutory branch auditors of the Bank have been sent to us and have been properly dealt with by us in preparing this report;
 - d) the financial statements 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 Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), to the extent they are not inconsistent with the accounting policies prescribed by RBI;
 - f) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
 - g) we have also audited the internal financial controls with reference to the financial statements of the Bank as on 31 March 2021 in conjunction with our audit of the financial statements of the Bank for the year ended on that date and our report dated 28 May 2021 as per Annexure A expressed unmodified opinion; and
 - 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Bank, as detailed in schedule 12 and notes 9.8 and 10.9 of schedule 18 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2021;
 - ii. the Bank, as detailed in schedule 12 and note 9.8 of schedule 18 to the financial statements, has made provision as at 31 March 2021, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank during the year ended 31 March 2021; and
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were not applicable to the banking companies and pertained to the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan

Partner

Membership No.: 206229

UDIN: 21206229AAAABK8543

Place: Kochi

Date: May 28, 2021

Annexure A to the Independent Auditor's report of even date to the members of the Karur Vysya Bank Limited on the financial statements for the year ended 31 March 2021

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of The Karur Vysya Bank Limited ('the Bank') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Bank as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the Bank's business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') 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 with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, and based on the consideration of the reports of the statutory branch auditors as referred to in paragraph 16 of our report on the audit of the financial statements, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of

Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan

Partner

Place: Kochi

Date: May 28, 2021

Membership No.: 206229

UDIN: 21206229AAAABK8543

Balance Sheet

as at March 31, 2021

		(₹ 000's omitted)	
	Schedule	As at 31.03.2021	As at 31.03.2020
CAPITAL & LIABILITIES			
Capital	1	159 86 42	159 86 42
Reserves & Surplus	2	6799 87 53	6440 41 10
Deposits	3	63278 43 42	59075 07 86
Borrowings	4	2528 28 91	1184 17 55
Other Liabilities and Provisions	5	1856 72 50	1418 64 08
TOTAL		74623 18 78	68278 17 01
ASSETS			
Cash and Balances with Reserve Bank of India	6	3124 05 46	2732 67 40
Balances with Banks and Money at call and short notice	7	3196 28 42	1659 87 85
Investments	8	16018 92 53	15762 44 57
Advances	9	50363 50 56	46098 10 82
Fixed Assets	10	539 05 97	586 63 69
Other Assets	11	1381 35 84	1438 42 68
TOTAL		74623 18 78	68278 17 01
Contingent Liabilities	12	10124 44 57	8437 97 54
Bills for collection		2162 36 89	2232 37 11
Significant Accounting Policies	17		
Notes on Accounts	18		

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

N. S. SRINATH
CHAIRMAN

B.RAMESH BABU
M D & C E O

A. K. PRABURAJ
DIRECTOR

CA K. L.VIJAYALAKSHMI
DIRECTOR

R. RAMKUMAR
DIRECTOR

K.G.MOHAN
DIRECTOR

M.D.RAMESH MURTHY
GENERAL MANAGER & CFO

M.SRINIVASA RAO
ASST. GEN.MANAGER & COMPANY SECRETARY

Place: Karur
Date : May 28, 2021

Profit and Loss Account

for the year ended March 31, 2021

(₹ 000's omitted)

	Schedule	Year Ended 31.03.2021	Year Ended 31.03.2020
I INCOME			
Interest earned	13	5470 42 70	5989 98 58
Other Income	14	1056 64 72	1154 61 81
TOTAL		6527 07 42	7144 60 39
II EXPENDITURE			
Interest expended	15	3110 91 26	3642 04 43
Operating expenses	16	1986 83 12	1741 71 10
Provisions and Contingencies		1069 94 11	1525 82 39
TOTAL		6167 68 49	6909 57 92
III PROFIT			
Net Profit for the year		359 38 93	235 02 47
Exceptional item		Nil	Nil
Net Profit for the year		359 38 93	235 02 47
Profit brought forward from previous year		1 74 34	59 56 61
TOTAL		361 13 27	294 59 08
IV APPROPRIATIONS			
Transfer to Statutory Reserve		89 90 00	58 76 00
Transfer to Capital Reserve		85 20 20	132 04 00
Transfer to Revenue & Other Reserves		105 00 00	Nil
Transfer to Investment Reserve		Nil	Nil
Transfer to Investment Fluctuation Reserve		Nil	44 23 00
Transfer to Special Reserve U/s 36(1)(viii) of IT Act, 1961		40 00 00	Nil
Dividend (including tax on dividend)		Nil	57 81 74
		320 10 20	292 84 74
BALANCE OF PROFIT		41 03 07	1 74 34
TOTAL		361 13 27	294 59 08
Basic Earnings Per Share (*)	(in ₹)	4.50	2.94
Diluted Earnings Per Share (*)	(in ₹)	4.50	2.94

(*) Refer Schedule 18 (point no.9.5)

The schedules referred to above form an integral part of Profit and Loss account

Dr. V.G. MOHAN PRASAD
DIRECTOR

M. K. VENKATESAN
DIRECTOR

M. V. SRINIVASAMOORTHY
DIRECTOR

Dr. K. S. RAVICHANDRAN
DIRECTOR

Dr. HARSHAVARDHAN RAGHUNATH
DIRECTOR

J.NATARAJAN
PRESIDENT & COO

As per our report of even date
For **Walker Chandio & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

KRISHNAKUMAR ANANTHASIVAN
Partner
Membership No. 206229
Place: Kochi

Schedules

SCHEDULE 1 - CAPITAL

(₹ 000's omitted)

	As at 31.03.2021	As at 31.03.2020
Authorised Capital		
100,00,00,000 Equity Shares of ₹ 2/- each (100,00,00,000 Equity Shares of ₹ 2/- each)	200 00 00	200 00 00
Issued Capital:		
79,99,87,642 Equity Shares of ₹ 2/- each	159 99 75	159 99 75
Subscribed & Paid up Capital:		
79,93,20,719 Equity Shares of ₹ 2/- each (79,93,10,947 Equity Shares of ₹ 2/- each)	159 86 42	159 86 22
Nil (9,772 Equity Shares of ₹ 2/- each kept in abeyance allotted during the year)	Nil	20
TOTAL	159 86 42	159 86 42

SCHEDULE 2 - RESERVES AND SURPLUS

(₹ 000's omitted)

	As at 31.03.2021	As at 31.03.2020
I Statutory Reserve		
Opening Balance	1767 09 31	1708 33 31
Add: Addition during the year	89 90 00	58 76 00
TOTAL	1856 99 31	1767 09 31
II Capital Reserve		
Opening Balance	335 02 64	202 98 64
Add: Addition during the year	85 20 20	132 04 00
TOTAL	420 22 84	335 02 64
III Share Premium		
Opening Balance	2065 43 22	2065 37 19
Add: Allotment of Bonus Shares for Shares kept in abeyance during the year.	Nil	6 03
TOTAL	2065 43 22	2065 43 22
IV Revenue and Other Reserves		
a) General Reserve		
Opening Balance	1822 53 03	1822 53 03
Add: Addition during the year	105 00 00	Nil
Add: ESOS reserve transferred (lapsed ESOS)	13 31	Nil
TOTAL	1927 66 34	1822 53 03
b) Investment Reserve		
Opening Balance	53 34 00	53 34 00
Add: Addition during the year	Nil	Nil
Less: Deduction during the year	Nil	Nil
TOTAL	53 34 00	53 34 00
c) Investment Fluctuation Reserve		
Opening Balance	74 75 60	30 52 60
Add: Addition during the year	Nil	44 23 00
TOTAL	74 75 60	74 75 60

Schedules

SCHEDULE 2 - RESERVES AND SURPLUS (Contd..)

(₹ 000's omitted)

	As at 31.03.2021	As at 31.03.2020
d) Special Reserve U/s 36(1) (viii) of Income Tax Act, 1961		
Opening Balance	320 00 00	320 00 00
Add: Addition during the year	40 00 00	Nil
TOTAL	360 00 00	320 00 00
e) Employee Stock Option		
Opening Balance	48 96	28 88
Add: Addition during the year	7 50	20 08
Less: Transferred to General Reserve (lapsed ESOS)	(13 31)	Nil
TOTAL	43 15	48 96
V Balance in Profit and Loss account	41 03 07	1 74 34
TOTAL I, II, III, IV & V	6799 87 53	6440 41 10

SCHEDULE 3 - DEPOSITS

(₹ 000's omitted)

	As at 31.03.2021	As at 31.03.2020
A I. Demand Deposits :		
i) From Banks	2 06 94	10 50 79
ii) From Others	6436 74 48	5493 59 12
TOTAL	6438 81 42	5504 09 91
II. Savings Bank Deposits	15215 01 15	13002 61 01
III. Term Deposits		
i) From Banks	7 24 18	103 18 91
ii) From Others	41617 36 67	40465 18 03
TOTAL	41624 60 85	40568 36 94
TOTAL I, II & III	63278 43 42	59075 07 86
B Deposits from Branches :		
i) In India	63278 43 42	59075 07 86
ii) Outside India	Nil	Nil
TOTAL	63278 43 42	59075 07 86

SCHEDULE 4 - BORROWINGS

(₹ 000's omitted)

	As at 31.03.2021	As at 31.03.2020
I Borrowings in India		
i) Reserve Bank of India	Nil	260 00 00
ii) Other Banks	Nil	Nil
iii) Other Institutions and Agencies	1736 37 45	417 63 97
iv) Subordinated debt Tier II Capital	487 00 00	487 00 00
TOTAL	2223 37 45	1164 63 97
II Borrowings outside India	304 91 46	19 53 58
TOTAL I & II	2528 28 91	1184 17 55
Secured Borrowings included in I and II above	1674 33 35	396 28 12

Schedules

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ 000's omitted)

	As at 31.03.2021	As at 31.03.2020
I Bills Payable	297 55 48	213 54 65
II Inter Office Adjustments (Net)	Nil	Nil
III Interest Accrued	156 50 00	176 46 29
IV Deferred Tax (Net)	Nil	Nil
V Other liabilities (including provisions)	1402 67 02	1028 63 14
TOTAL	1856 72 50	1418 64 08

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ 000's omitted)

	As at 31.03.2021	As at 31.03.2020
I Cash in Hand (Including Foreign Currency Notes)	835 52 70	776 56 90
II Balances with Reserve Bank of India in Current Account	2288 52 76	1956 10 50
TOTAL	3124 05 46	2732 67 40

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

(₹ 000's omitted)

	As at 31.03.2021	As at 31.03.2020
I In India		
i) Balances with Banks :		
(a) In Current Accounts	58 96 30	18 00 28
(b) In Other Deposit Accounts	4 44 93	2 63 98
ii) Money at Call and Short Notice		
(a) In RBI Reverse Repo	390 00 00	260 00 00
(b) With Banks	Nil	Nil
(c) With Other Institutions	Nil	Nil
TOTAL	453 41 23	280 64 26
II Outside India		
(a) In Current Accounts	30 28 20	17 63 30
(b) In Other Deposit Accounts	2712 58 99	1361 60 29
TOTAL	2742 87 19	1379 23 59
TOTAL I & II	3196 28 42	1659 87 85

Schedules

SCHEDULE 8 - INVESTMENTS

(₹ 000's omitted)

	As at 31.03.2021	As at 31.03.2020
I Investments in India	16464 97 98	16072 13 26
Less : Provision for Investment Depreciation & NPI	446 50 31	310 12 94
TOTAL	16018 47 67	15762 00 32
Break-up		
i) Government Securities	14938 95 95	13211 93 29
ii) Other Approved Securities	Nil	Nil
iii) Shares	38 35 72	32 59 30
iv) Debentures and Bonds	577 51 41	1022 02 06
v) Subsidiaries & Joint Ventures	Nil	Nil
vi) Others	463 64 59	1495 45 67
	16018 47 67	15762 00 32
II Investments outside India (net of Depreciation)	44 86	44 25
TOTAL I & II	16018 92 53	15762 44 57

SCHEDULE 9 - ADVANCES (Net of Provisions)

(₹ 000's omitted)

	As at 31.03.2021	As at 31.03.2020
A i) Bills purchased and discounted	976 53 08	862 41 73
ii) Cash Credits, Overdrafts and Loans repayable on demand	27409 90 56	24966 39 20
iii) Term Loans	21977 06 92	20269 29 89
TOTAL	50363 50 56	46098 10 82
B i) Secured by tangible assets (incl. Book Debts)	47240 34 33	45096 26 81
ii) Covered by Bank / Government guarantees	2329 95 55	225 50 44
iii) Unsecured	793 20 68	776 33 57
TOTAL	50363 50 56	46098 10 82
C I Advances in India		
i) Priority Sector	24591 91 96	20282 46 95
ii) Public Sector	777 53 10	748 47 27
iii) Banks	Nil	Nil
iv) Others	24994 05 50	25067 16 60
TOTAL	50363 50 56	46098 10 82
II Advances outside India	Nil	Nil
TOTAL CI & CII	50363 50 56	46098 10 82

SCHEDULE 10 - FIXED ASSETS

(₹ 000's omitted)

	As at 31.03.2021	As at 31.03.2020
I Premises :		
At cost as on 31st March of the preceding year	305 68 28	298 91 28
Add : Addition during the year	1 15 64	6 77 00
	306 83 92	305 68 28
Less: Deduction during the year	Nil	Nil
	306 83 92	305 68 28
Less : Depreciation to date	76 37 54	67 80 90
TOTAL	230 46 38	237 87 38

Schedules

SCHEDULE 10 - FIXED ASSETS (Contd..)

(₹ 000's omitted)

	As at 31.03.2021	As at 31.03.2020
II Premises under construction ^	18 60 39	14 97 34
III Capital Work-in-Progress	1 99 47	8 18 95
IV Other Fixed Assets (including Furniture & Fixtures) :		
At cost as on 31st March of the preceding year	1191 55 61	1061 81 82
Add : Addition during the year	78 35 38	146 10 00
	1269 90 99	1207 91 82
Less: Deduction during the year	46 61	16 36 20
	1269 44 38	1191 55 62
Less : Depreciation to date	981 44 65	865 95 60
TOTAL	287 99 73	325 60 02
TOTAL I, II, III & IV	539 05 97	586 63 69

^ includes premises for which registration is pending in the name of the Bank

SCHEDULE 11 - OTHER ASSETS

(₹ 000's omitted)

	As at 31.03.2021	As at 31.03.2020
I Inter Office Adjustments (Net)	88 38 17	2 63 31
II Interest Accrued	262 50 97	323 58 32
III Tax paid in advance / Tax deducted at source (Net)	Nil	111 73 74
IV Stationery and Stamps	2 80 99	2 59 77
V Deferred Tax	37 41 65	17 78 60
VI Non Banking Assets acquired in satisfaction of claims	Nil	Nil
VII Others	990 24 06	980 08 94
TOTAL	1381 35 84	1438 42 68

SCHEDULE 12 - CONTINGENT LIABILITIES

(₹ 000's omitted)

	As at 31.03.2021	As at 31.03.2020
I Claims against the Bank not acknowledged as debts	5 74 18	3 25 01
II Liability on account of outstanding		
a) Forward Exchange Contracts	4922 06 67	3679 79 89
b) Derivatives	Nil	Nil
III Guarantees given on behalf of constituents in India	2286 41 80	2891 76 95
IV Acceptances, Endorsements and other Obligations	916 35 32	1028 24 61
V Other items for which the Bank is contingently liable®	1993 86 60	834 91 08
TOTAL	10124 44 57	8437 97 54

® Includes transfer to DEAF of ₹ 151,03,52 in thousand (Previous year of ₹ 129,13,49 in thousand)

Schedules

SCHEDULE 13 - INTEREST EARNED

(₹ 000's omitted)

	Year Ended 31.03.2021	Year Ended 31.03.2020
I Interest / discount on advances/bills	4453 54 91	4665 06 04
II Income on Investments	941 78 87	1149 66 93
III Interest on balances with Reserve Bank of India & other inter-bank funds	68 29 12	140 76 03
IV Others	6 79 80	34 49 58
TOTAL	5470 42 70	5989 98 58

SCHEDULE 14 - OTHER INCOME

(₹ 000's omitted)

	Year Ended 31.03.2021	Year Ended 31.03.2020
I Commission, Exchange and Brokerage	548 20 84	658 04 02
II Profit/Loss on sale of investments - Net	354 75 92	339 99 10
III Profit/(loss) on sale of land, buildings and other assets	22 31	(12 45 66)
IV Profit on exchange transactions - Net	31 84 20	37 46 95
V Miscellaneous Income	121 61 45	131 57 40
TOTAL	1056 64 72	1154 61 81

SCHEDULE 15 - INTEREST EXPENDED

(₹ 000's omitted)

	Year Ended 31.03.2021	Year Ended 31.03.2020
I Interest on Deposits	3013 33 83	3518 76 27
II Interest on Reserve Bank of India / Inter-bank borrowings	58 19 65	65 82 20
III Others	39 37 78	57 45 96
TOTAL	3110 91 26	3642 04 43

SCHEDULE 16 - OPERATING EXPENSES

(₹ 000's omitted)

	Year Ended 31.03.2021	Year Ended 31.03.2020
I Payments to and Provisions for employees	1153 67 63	856 64 94
II Rent, Taxes and Lighting	174 21 36	176 47 19
III Printing and Stationery	10 92 96	15 92 25
IV Advertisement and Publicity	6 06 85	13 41 53
V Depreciation	124 13 83	118 88 16
VI Directors' fees, allowances and expenses	1 75 25	1 28 25
VII Auditors' fees and expenses (including branch auditors fees and expenses)	2 64 74	2 78 24
VIII Law Charges (net)	4 91 65	8 35 64
IX Postages, Telegrams, Telephones, etc.	25 24 37	26 04 20
X Repairs and Maintenance	68 28 15	70 41 04
XI Insurance	80 72 22	67 03 08
XII Other Expenditure	334 24 11	384 46 58
TOTAL	1986 83 12	1741 71 10

Schedules

SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES

A. BACKGROUND

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

B. BASIS OF PREPARATION

The financial statements are prepared following the going concern concept, on historical cost basis and conform to the Generally Accepted Accounting Principles (GAAP) in India which encompasses applicable statutory provisions, regulatory norms prescribed by the Reserve Bank of India (RBI) from time to time, notified Accounting Standards (AS) issued under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, to the extent applicable and current practices prevailing in the banking industry in India. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

Use of Estimates

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

C. PRINCIPAL ACCOUNTING POLICIES

1. Revenue Recognition

Income and Expenditure are generally accounted on accrual basis, except otherwise stated.

Interest/other charges from loans, advances and investments other than on non-performing assets, are recognized on accrual basis. Interest income on non-performing Advances/Investments, income from Funded Interest Term Loans accounts, income from all eligible restructured advances are recognized upon realisation, as per prudential norms prescribed by RBI.

Recoveries made in non-performing advances are appropriated as under:

- a) In case of substandard assets, the recoveries are appropriated in the order of charges, interest and principal dues;

- b) In case of doubtful and loss assets or in case of assets disposed off, the recoveries are appropriated in the order of principal dues, interest, penal interest and fees and other charges; and
- c) In case of One Time Settlement accounts the recoveries are first adjusted to principal balance.

In compromise settlement cases / sale to Asset Reconstruction Companies (ARC), sacrifice on settlement is accounted at the time of closure of account.

Commission on bank guarantees / letters of credit, locker rent, bancassurance and third party products, Priority Sector Lending Certificate trading, annual fee on cards are accounted on receipt basis. Processing / other fees collected on loans approved / disbursed, along with related loan acquisition costs are recognised at inception / renewal of the facility. Dividend income and interest on Income Tax refund is recognised when the right to receive payment is established. Stationery and security items are charged to expenses on consumption basis.

Goods & Service Tax input credit is accounted for in the books within the time limit prescribed under CGST Rules, 2017, as amended.

2. Investments

Investments are categorized into three categories –

(i) Held to Maturity (HTM), (ii) Held for Trading (HFT) and (iii) Available for Sale (AFS) with sub-classification under each category viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures & Bonds, (v) Subsidiaries and Joint Ventures and (vi) Others – Units of Mutual Funds, Certificate of Deposits, Commercial Paper, Security Receipts and other investments, in accordance with RBI guidelines.

The category under which the investments would be classified is decided at the time of acquisition. Investments which the bank intends to hold till maturity are classified as "Held to Maturity". Investments which are primarily held for sale within 90 days from the date of purchase are classified as "Held for Trading". As per RBI guidelines, HFT Securities which remain unsold for a period of 90 days are classified as AFS Securities on that date. Investments which are not classified in either of the above two categories are classified as "Available for Sale".

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

Schedules

Investments classified under HTM category are carried at acquisition cost. Any premium on acquisition of government securities are amortized over the remaining maturity of the security on a straight line basis.

Investments classified under the AFS and HFT categories are marked-to-market. The market / fair value of quoted investments included in the 'AFS' and 'HFT' categories is measured with respect to the Market Price of the Scrip as available from the trades / quotes on the stock exchanges, SGL account transactions, price list of RBI or prices declared by Financial Benchmark India Private Limited, periodically. Net depreciation, if any, within each category of investment classification is recognised in Profit and Loss Account. The net appreciation, if any, under each category of Investment is ignored. Except in cases where provision for diminution other than temporary is created, the book value of individual securities is not changed consequent to the periodic valuation of Investments.

The Bank follows settlement date method of accounting for purchase / sale of investments, and weighted average cost method for determining cost and accounting of profit on sale of investments.

Brokerage, commission and securities transaction tax (STT) etc., pertaining to investment, paid at the time of acquisition are charged to the profit and loss account. Broken period interest on debt instruments and government securities is treated as a revenue item.

Treasury Bills, Commercial Paper and Certificate of Deposits, being discounted instruments, are valued at carrying cost. Units of Mutual Funds are valued at the latest repurchase price / NAV declared by the Mutual Fund. In case of unquoted bonds, debentures and preference shares where interest / dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by Fixed Income Money Market and Derivatives Association of India (FIMMDA) / Primary Dealers Association of India (PDAI) and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit ratings along with residual maturity issued by FIMMDA are adopted for this purpose. Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹ 1/- per company. Security Receipts are valued as per Net Asset Value (NAV) provided by the issuing ARC from time to time. Additional provision required, if any, is made as per RBI guidelines, based on the age of the underlying non-performing asset sold to the ARC.

Non Performing Investments are identified and valued based on RBI guidelines.

Sale / Redemption of Investments

Profit or loss on sale / redemption in respect of securities in HFT and AFS category is included in the Profit and Loss account. Profit on sale / redemption of investments in HTM category is included in the Profit and Loss Account and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve, as per RBI guidelines.

Short sales

Short sale transactions, including 'notional' short sale, are undertaken in Government securities as per RBI guidelines. The short sales positions are reflected in 'Securities Short Sold (SSS) A/c', and categorized under HFT category. These positions are marked-to-market along with other securities under HFT portfolio and resultant MTM gains / losses are accounted for as per RBI guidelines.

Repo and Reverse Repo transactions

Repo and reverse repo transactions in government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility (LAF) and Marginal Standby Facility (MSF) with RBI are accounted as collateralised borrowing and lending respectively. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

3. Advances

Advances are classified as performing and non-performing assets and provisions are made as per the prudential norms prescribed by RBI. Advances stated in the Balance Sheet are net of provisions, claims received from credit guarantee institutions and recoveries pending appropriation and held in sundry account. Interest on non-performing advances is transferred to an unrealized interest account and not recognized in profit and loss account until received. Amounts recovered against debts written off is recognised as income and provisions no longer considered necessary based on the current status of the borrower, is reversed to the profit and loss account.

In respect of restructured / rescheduled assets, provision is made in accordance with RBI guidelines, including diminution in the fair value of the assets to be provided on restructuring, as applicable. In respect of loans and advances accounts subjected to restructuring, the account is upgraded to standard category only after the specified period.

Schedules

Provision for Unhedged Foreign Currency Exposure of borrower entities is made considering their unhedged exposure to the Bank.

Provision for standard assets, is made in accordance with the guidelines and at levels stipulated by RBI from time to time.

Transfer of advances through inter-bank participation is undertaken with and without risk in accordance with RBI guidelines. In case of participation with risk, the aggregate amount of participation sold / purchased by the Bank is reduced from / included in advances. In case of participation without risk, the aggregate amount of participation sold / purchased by the Bank is classified under borrowings / investments.

4. Fixed Assets

Premises and other fixed assets are accounted for at historical cost as reduced by depreciation written off. The cost includes cost of purchase and all expenditure such as site preparation, installation cost, expenditure incurred for development of software, professional fees and GST (net of ITC). Subsequent expenditure incurred on the assets already in use are capitalised only when it increases the future benefits from such assets or their functioning capacity.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use.

5. Depreciation

Depreciation on Fixed Assets is provided on Straight Line Method (SLM) in respect of all fixed assets other than buildings. Computers, including software, are depreciated under SLM at the rate of 33.33% as per RBI guidelines.

Useful life of the assets has been estimated in line with Schedule II of the Companies Act, 2013, as determined by the management, as under –

Class of Asset	Useful life (years)	Method
a. BUILDING	58	WDV
b. PLANT & MACHINERY		
ATM, Cash Deposit Machine, Cash Dispenser, Bunch Note Recyclers, Cash / Currency Sorting Machine, Air-conditioner / Air Coolers, Generator, general electrical works and other plant & machinery etc.	10	SLM
Safe Deposit Lockers, Safe / Strong Room Door / Cage, Wind Mill	15	
c. FURNITURE & FIXTURES		
Furniture & Fixtures at bank premises	10	
Furniture & Fixtures at staff quarters / guest house	5	
Electric & Electronic items, cellular / mobile phones etc.	3	
d. MOTOR VEHICLES	8	
e. COMPUTERS (including software)	3	

Depreciation on assets purchased and sold during the year is recognised on a pro-rata basis from the date of purchase / till the date of sale.

6. Foreign Exchange Transactions

As per guidelines of Foreign Exchange Dealers Association of India (FEDAI) and AS-11 requirements, all foreign currency assets and liabilities like Nostro balances, Foreign Currency Non-Resident deposits, Resident Foreign Currency deposits, Pre and Post shipment Credit in Foreign Currency and Foreign Currency Term Loans are valued at closing spot rates announced by FEDAI and

Schedules

the resultant revaluation profit or loss, as the case may be, is taken to exchange profit account and not reversed. Forward Contracts and other forward maturity items like cheques / bills purchased and negotiated are valued at the appropriate FEDAI forward rates and the resultant profit or loss is discounted using Mumbai Interbank Forward Offer Rate (MIFOR) and the unrealised profit or loss is reversed on next working day.

Non-fund based assets like Guarantees, Letters of Credit, Acceptances, Endorsements and other obligations in foreign currencies are translated at closing spot rates notified by FEDAI at the Balance Sheet date.

7. Bullion Business

The Bank imports, on a back-to-back basis, consignments of bullion, including precious metal bars, for sale to its clients. The price quoted to the customer is based on price quoted by the supplier. The difference between the price paid by the customer and the cost of bullion is accounted under other income.

The Bank also borrows and lends bullion in accordance with RBI guidelines, which is treated as borrowings and lending and interest paid / received thereon is classified as interest expense / income, respectively.

Metal Loan Advances are valued based on the prevailing market rate and foreign exchange rates as on the date of Balance Sheet.

8. Derivatives

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

9. Proposed Dividend

In terms of AS 4 - "Contingencies and Events occurring after the Balance Sheet date" as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016 dated March 30, 2016, proposed dividend or dividend declared after Balance Sheet date is not shown as liability in current year's Balance Sheet.

10. Employee Benefits

Contributions to the Provident Fund and 'Defined Contributory Pension Scheme' are charged to the Profit and Loss account. Contributions to the recognised Gratuity Fund, Pension Fund and leave encashment benefits are made on

accrual basis as per actuarial valuation as at the Balance Sheet date and net actuarial gains / losses are recognised as per the AS 15. Short term benefits are accounted for as and when the liability becomes due.

Options as and when granted under Employee Stock Option Scheme (ESOS) are valued and accounted for using Intrinsic Value Method, on accrual basis.

11. Segment Reporting

The Bank recognises the Business Segment as the primary reporting segment and Geographical Segment as the secondary reporting segment, in accordance with RBI guidelines and in compliance with AS 17.

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

12. Earnings per Share

Earnings per Share is calculated by dividing the net profit or loss for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

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

13. Income Tax

Income Tax expense comprises of current tax provision made after due consideration of the judicial pronouncements and legal opinion (i.e. the amount of tax for the period determined in accordance with the Income Tax Act, 1961, the rules framed there under and considering the material principles set out in Income Computation and Disclosure Standards) and the net change in the deferred tax asset or liability during the year.

Deferred income taxes recognizes timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets are recognized in the books of account to the extent of their future reversibility. Deferred Tax Liabilities are recognized fully in the year of accrual.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

14. Impairment of Assets

The Bank assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. Impairment

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loss, if any, is provided in the Profit and Loss Account to the extent the carrying amount of assets exceeds their estimated recoverable amount. In case the asset is carried at revalued amount, any impairment loss of the revalued asset is treated as a reduction in revaluation to the extent a revaluation reserve is available for that asset.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account. In case of revalued assets such reversal is not recognised.

15. Provisions and Contingent Liabilities

A provision is recognised when there is an obligation as a result of past event, and there is a probability of an outflow of resources that will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation as at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

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

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

16. Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit as per Export Credit Guarantee Corporation of India Limited guidelines and provision is made in respect of the country where the net funded exposure is 1% or more of the bank's total funded assets.

17. Corporate Social Responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013 is recognised in the Profit and Loss Account.

18. Operating Lease

Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account as per the lease terms.

19. Net Profit

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

- Provision for taxes, standard assets and non-performing assets;
- Provision for depreciation on investments,
- Provision for employee benefits; and
- Other usual and necessary provisions

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SCHEDULE 18 – NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021

(Disclosure requirements for the year ended 31st March, 2021 as per Reserve Bank of India's (RBI) Master Circular on Disclosure in Financial Statements are given below. Amounts given herein are denominated in Rupees Crores unless specified otherwise)

1. Capital Ratio (CRAR) – Basel III

SN Particulars	As at	
	Mar. 31, 2021	Mar. 31, 2020
1 Common Equity Tier 1 capital ratio (%)	16.95	15.27
2 Tier 1 capital ratio (%)	16.95	15.27
3 Tier 2 capital ratio (%)	2.03	1.90
4 Total Capital ratio (CRAR) (%)	18.98	17.17
5 Amount of equity capital raised (₹ Crores)		Nil
6 Amount of additional Tier 1 capital raised (₹ Crores) of which		
- PNCPS		Nil
- PDI		
7 Amount of Tier 2 capital raised (₹ Crores) of which		
- Debt capital instruments (refer note 1.2 below)		
- Preference share capital instruments		
- Perpetual cumulative preference shares (PCPS)		Nil
- Redeemable non-cumulative preference shares (RNCPS)		
- Redeemable cumulative preference shares (RCPS)		

Basel III disclosures

In accordance with RBI circular DBR.No.BP.BC.1/21.06.201/2015-16 dated 01st July, 2015, read together with RBI circular DBR.No.BP.BC.80/21.06.201/2014-15 dated 31st March, 2015, Banks are required to make Pillar 3 disclosures under Basel III capital regulations. Accordingly, necessary disclosures have been made available on the Bank's website - <https://www.kvb.co.in/about-us/disclosures/disclosures-pillar-III/>. These disclosures have not been subjected to audit by the Statutory Central Auditors.

1.1 Tier II Capital

During the year ended 31st March, 2021, the Bank did not raise any subordinated debt bonds qualifying for Tier II capital. The position of Tier II Bonds is as under:

SN Particulars	As at	
	Mar. 31, 2021	Mar. 31, 2020
1 Basel III Compliant Tier II Bonds	487.00	487.00
TOTAL	487.00	487.00

1.2 Proposed Dividend

Guidelines with regard to payment of dividend has been issued by RBI vide circular DOR.ACC.REC.7/21.02.067/2021-22 dated 22nd April, 2021 with a view that banks remain resilient and proactively raise and conserve capital as a bulwark against unexpected losses. Accordingly, considering the capital position of the Bank and the quantum of dividend pay-out permitted, the Board of Directors of the Bank, at their meeting held on 28th May, 2021, have recommended a dividend of 25% i.e. ₹ 0.50 per equity share of ₹ 2.00 each for the year 2020-21, subject to the approval of the shareholders at the ensuing Annual General Meeting. In accordance with Accounting Standards 4 - Contingencies and Events Occurring after the Balance Sheet date notified by the MCA on 30th March, 2016, the proposed dividend amounting to ₹ 39.97 Crores has not been shown as an appropriation from the Profit and Loss account as of 31st March, 2021 and correspondingly not reported under Other Liabilities and Provisions as at 31st March, 2021. However, capital adequacy ratio has been computed by reducing the proposed dividend.

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2. Business Ratios

S. N.	Particulars	2020-21	2019-20
1.	Interest Income as a percentage to Working Funds (%)	7.41	8.17
2.	Non-interest income as a percentage to Working Funds (%)	1.43	1.58
3.	Operating Profit as a percentage to Working Funds (%)	1.94	2.40
4.	Return on Assets (%)	0.49	0.32
5.	Business (Deposits plus Advances) per employee (₹ Crores)	14.99	13.54
6.	Profit per employee (₹ Lakhs)	4.64	2.96

Working Funds are based on average of total assets as reported to RBI in Form X during the year; Employee productivity ratios are based on actual number of employees at the end of the year.

3. Investments

(₹ in Crores)

Particulars	As at	
	Mar. 31, 2021	Mar. 31, 2020
1. Value of Investments		
(i) Gross Value of Investments		
a) In India	16,464.98	16,072.13
b) Outside India	0.48	0.46
(ii) Provisions for Depreciation		
a) In India	309.98	172.17
b) Outside India	0.03	0.02
(iii) Provisions for Non-Performing Investments (NPI)		
a) In India	136.52	137.96
b) Outside India	Nil	Nil
(iv) Net Value of Investments		
a) In India	16,018.48	15,762.00
b) Outside India	0.45	0.44
2. Movement of provisions held towards depreciation on investments		
i. Opening balance	172.19	153.08
ii. Add: Provisions made during the year	149.59	43.54
iii. Less: Write-off/ write-back of excess provisions during the year	11.77	24.43
iv. Closing balance	310.01	172.19
3. Movement of provisions held towards Non Performing Investments		
i. Opening balance	137.96	101.85
ii. Add: Provisions made during the year	35.99	36.11
iii. Less: Write-off/ write-back of excess provisions during the year*	37.43	Nil
iv. Closing balance	136.52	137.96

*Includes an amount of ₹ 20.82 Crores towards write off investments in bonds and equity as per regulatory directives during the year 2020-21 (previous year ₹ Nil)

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3.1 Repo Transactions (in face value terms)

(₹ in Crores)

Particulars	Outstanding during FY						Outstanding as on	
	Minimum		Maximum		Daily Average		Mar. 31, 2021	Mar. 31, 2020
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20		
1. Securities sold under RBI Repo								
Government Securities	9.33	26.90	277.36	313.53	114.12	28.89	Nil	255.79
2. Securities purchased under RBI Reverse Repo								
Government Securities	21.35	4.90	2354.78	1003.86	657.54	233.33	384.01	224.49
3. Securities sold under Market Repo								
a. Government Securities	1.00	3.00	1297.00	880.00	410.00	283.49	934.00	130.00
b. Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4. Securities purchased under Reverse Market Repo								
a. Government Securities	5.00	50.00	665.00	868.00	14.11	46.07	Nil	Nil
b. Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5. Securities sold under Tri-Party Repo								
a. Government Securities	7.47	7.30	714.68	1852.28	38.87	277.94	391.41	Nil
b. Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6. Securities purchased under Tri-Party Repo								
a. Government Securities	25.00	5.00	167.25	515.20	6.13	9.60	Nil	Nil
b. Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

3.2 Non-SLR Investment Portfolio

i) Issuer Composition of Non-SLR investments

(₹ in Crores)

S. N.	Issuer	Amount	Extent of			
			Private Placement	Below Investment Grade Securities	Unrated securities	Unlisted Securities
1	2	3	4	5	6	7
As at Mar. 31, 2021						
i	PSUs	377.62	293.30	Nil	9.33	9.33
ii	FIs	224.43	170.11		0.22	0.22
iii	Banks	35.34	30.00		Nil	Nil
iv	Private Corporates	138.60	34.53		53.90	58.90
v	Subsidiaries / Joint Ventures	Nil	Nil		Nil	Nil
vi	Others *	744.45	644.45		Nil	644.45
Sub Total		1,520.44	1,172.39		63.45	712.90
Less: Provision for depreciation on investments		303.95				
Less: Provision for non performing investments		136.52				
Total		1,079.97	1,172.39	Nil	63.45	712.90
As at Mar. 31, 2020						
i	PSUs	402.03	192.77	Nil	24.33	24.33
ii	FIs	1,182.10	870.40		0.22	0.22
iii	Banks	394.03	218.46		Nil	Nil
iv	Private Corporates	130.83	33.33		39.47	44.47
v	Subsidiaries / Joint Ventures	Nil	Nil		Nil	Nil
vi	Others *	751.67	751.67		Nil	620.89
Sub Total		2,860.66	2,066.63		64.02	689.91
Less: Provision for depreciation on investments		172.19				
Less: Provision for non performing investments		137.96				
Total		2,550.51	2,066.63	Nil	64.02	689.91

*1. Amounts reported under columns 4, 5, 6 and 7 above are not mutually exclusive; 2. Others include Security Receipts of ₹ 644.45 Crores (Previous Year ₹ 620.89 Crores) and Mutual Funds of ₹ 100.00 Crores (Previous Year ₹ 130.78 Crores)

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ii) Non performing Non-SLR investments

(₹ in Crores)

Particulars	2020-21	2019-20
Opening balance	138.61	137.26
Additions during the year	14.42	1.35
Reductions during the year	15.00	Nil
Closing balance	138.03	138.61
Total provisions held	136.52	137.96

3.3 Transfer to Capital Reserve

Net profit on sale of securities includes profit of ₹ 151.81 Crores on sale of securities from HTM category (₹ 235.25 Crores during the previous year). As per RBI guidelines, an amount of ₹ 85.20 Crores, after netting of taxes and transfer to Statutory Reserve, is transferred to Capital Reserve (₹ 132.04 Crores during the previous year).

3.4 Transfer to Investment Fluctuation Reserve (IFR)

Amount transferred to IFR during the year 2020-21 is ₹ Nil (₹ 44.23 Crores during the year 2019-20), as per RBI circular No. DBR. BP.BC.102/21.04.048/2017-18 dated 02nd April, 2018. Balance in IFR as on 31st March, 2021 stands at ₹ 74.76 Crores (₹ 74.76 Crores as on 31st March, 2020), which is 2.36% to HFT and AFS portfolio.

3.5 Sale and transfers to / from Held to Maturity (HTM) Category

During the year, the bank has sold government securities amounting to ₹ 1,955.12 Crores from HTM category, i.e. in excess of 5% of the book value of investments held in HTM category at the beginning of the year. The market value of investments held in HTM category as on 31st March, 2021 is ₹ 13,290.74 Crores. The book value of investments held in HTM category as on 31st March, 2021 is ₹ 13,259.82 Crores and shows a mark to market appreciation of ₹ 30.92 Crores.

In accordance with RBI guidelines, during the first quarter of the financial year, securities amounting to ₹ 5,016.26 Crores have been shifted from HTM to AFS category and no shifting was undertaken from AFS to HTM category. Depreciation required to be provided on account of shifting of securities was ₹ Nil during the year ended 31st March, 2021.

3.6 SLR investments under HTM category

The percentage of SLR investment under HTM category as on 31st March, 2021 was 20.47% of Demand and Time Liability of the Bank (previous year 19.33%) which is within permissible limit as per RBI guidelines.

3.7 Interest income on investment is net of amortization expenses of ₹122.73 Crores (₹ 67.08 Crores during previous year).

4. Derivatives

(₹ in Crores)

Particulars	Mar. 31, 2021	Mar. 31, 2020
4.1 Forward Rate Agreement/Interest Rate Swap		
1. The notional principal of swap agreements		
2. Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	Nil	Nil
3. Collateral required by the bank upon entering into swaps		
4. Concentration of credit risk arising from the swaps		
5. The fair value of the swap book		

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(₹ in Crores)		
Particulars	Mar. 31, 2021	Mar. 31, 2020
4.2 Exchange Traded Interest Rate Derivatives		
1. Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument wise)		
2. Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 st March, 2021 (instrument wise)	Nil	Nil
3. Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise)		
4. Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise)		

4.3 Disclosures on risk exposure in derivatives

Qualitative Disclosure

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

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

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

Forex derivative deals are offered to clients on back-to-back basis. The outstanding deals are marked to market on monthly basis. The MTM values are informed to the clients every month and margin topped up where required.

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

Accounting

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

Collateral Security

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

Credit Risk Mitigation

Most of the deals are contracted with Banks / major PDs/highly rated clients and no default risk is anticipated on the deals with them.

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

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

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

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

Quantitative Disclosures:

(₹ in Crores)

Particulars	Mar. 31, 2021		Mar. 31, 2020	
	Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
1. Derivatives (Notional Principal Amount)				
a) For hedging				
b) For trading	Nil		Nil	
2. Marked to Market Positions				
a) Asset (+)				
b) Liability (-)	Nil		Nil	
3. Credit Exposure	Nil		Nil	
4. Likely impact of one percentage change in interest rate (100*PV01)				
a) on hedging derivatives				
b) on trading derivatives	Nil		Nil	
5. Maximum and Minimum of 100*PV01 observed during the year				
a) on hedging				
b) on trading	Nil		Nil	

Note: There are no derivative transactions undertaken during the year, other than Forward Forex Contracts. Bank does not have any open position in the Derivative instruments in trading book as on 31st March, 2021.

During the year, Bank has been allotted with Preference shares, Equity Shares & NCDs under Debt settlement plan & by resolution plan approved by NCLT

- Bank has been allotted 4,55,695 Equity Shares with face value of ₹ 10/- each at the rate of ₹ 40/- per share amounting to a book value of ₹ 1.82 Crores and 13,22,035 Preference Shares with face value of ₹ 100/- each at the rate of ₹ 100/- per share amounting to a book value of ₹13.22 Crores under debt settlement plan in respect of one borrowal account
- Bank has been allotted 23,926 Equity Shares with face value of ₹10/- each at the rate of ₹10/- per share amounting to a book value of ₹0.02 Crores and 1,20,126 units of NCDs with face value of ₹100/- each at the rate of ₹ 100/- per share amounting to a book value of ₹1.20 Crores as per the NCLT and COC approved resolution plan in respect to one borrowal account

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5. Advances and Asset Quality

(₹ in Crores)

Particulars	2020-21	2019-20
5.1 Movement of NPAs		
Gross NPAs* as on the beginning of the year	4,212.77	4,449.57
Additions (incl. fresh NPA) during the year	959.35	1,602.25
Sub-total (A)	5,172.12	6,051.82
Less : - (i) Up gradations	33.50	50.59
(ii) Recoveries (excluding recoveries made from upgraded accounts)	376.81	827.14
(iii) Technical/Prudential write-offs/Sale to ARCs	596.58	941.39
(iv) Write off other than those (iii) above	22.36	19.93
Sub-total (B)	1,029.25	1,839.05
Gross NPAs as at the end of the year (A – B)	4,142.87	4,212.77
*Gross NPAs arrived at as per item 2 of Annex to RBI circular DBOD.BP.BC.No.46/21.04.048/2009-10 dated 24 th September, 2009		
5.2 Movements in Technical Write Off		
Opening balance	1,602.74	1,160.25
Add: Technical/prudential write-offs during the year	596.58	492.78
Sub-total (A)	2,199.32	1,653.03
Less: Recoveries / Sale made from previously technical/prudential written-off accounts during the year (B)	43.54	50.29
Closing balance (A – B)	2,155.78	1,602.74
5.3 Gross and Net Non-Performing Assets and Provisions for NPA		
1. Net NPAs to Net Advances (%)	3.41	3.92
2. Movement of Gross NPAs		
a. Opening balance	4,212.77	4,449.57
b. Additions during the year	959.35	1,602.25
c. Reductions during the year	1,029.25	1,839.05
d. Closing balance	4,142.87	4,212.77
3. Movement of Net NPAs*		
a. Opening balance	1,808.65	2,420.34
b. Additions during the year	138.82	85.71
c. Reductions during the year	228.08	697.40
d. Closing balance	1,719.39	1,808.65
4. Movement of provisions for NPAs		
a. Opening balance	2,350.55	1,961.19
b. Provisions made during the year	806.41	1,511.21
c. Write off/Write back of excess provisions	791.35	1,121.85
d. Closing balance	2,365.61	2,350.55
*Net NPAs are arrived at after deduction of other provisions and claims received / settled amounting to ₹ 57.87 Crores (₹ 53.57 Crores during previous year).		
5.4 Provision Coverage Ratio	72.70%	68.90%

5.5 Disclosure of Restructured Accounts (FY 2020-21)

(₹ in Crores)																								
S N	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others ~					Total						
	Asset Classification Details		Standard	Sub- Standard	Doubtful	Loss	Total	Standard	Sub- Standard	Doubtful	Loss	Total	Standard	Sub- Standard	Doubtful	Loss	Total	Standard	Sub- Standard	Doubtful	Loss	Total		
1	Restructured Accounts as on April 1 of the FY (opening Amount outstanding figures*)	No. of borrowers	0	0	1	1	2	0	0	0	1	1	2	73	15	16	25	129	73	15	18	27	133	
		Amount	0.00	0.00	26.85	27.91	54.76	0.00	0.00	0.00	0.01	0.02	0.03	193.29	61.77	345.65	38.41	639.12	193.29	61.77	372.51	66.34	693.91	
		Provision thereon	0.00	0.00	26.85	27.91	54.76	0.00	0.00	0.00	0.00	0.02	0.02	0.02	9.84	9.47	254.66	37.93	311.90	9.84	9.47	281.51	65.86	366.68
		No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	1,576	19	2	3	1600	1576	19	2	3	1600
2	Fresh Restructuring during the year	Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	824.78	3.00	1.83	0.11	829.72	824.78	3.00	1.83	0.11	829.72	
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.01	68.87	0.46	1.03	0.11	70.47	68.87	0.46	1.04	0.11	70.48	
		No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	2	-1	0	-1	0	2	-1	0	-1	0	
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.18	-0.66	0.00	-6.78	-0.26	7.18	-0.66	0.00	-6.78	-0.26	
3	Upgradations to restructured standard category during the FY	Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.36	-0.10	0.00	-6.78	-6.52	0.36	-0.10	0.00	-6.78	-6.52		
		No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4	*Restructured standard advanced borrowers which cease to attract higher provisioning and / or additional weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
		No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

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5.5 Disclosure of Restructured Accounts (FY 2020-21) (Contd..)

(₹ in Crores)

S N	Type of Restructuring		Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others ~				Total			
	Asset Classification Details		Standard	Sub- Standard	Doubtful	Loss	Total	Standard	Sub- Standard	Doubtful	Loss	Total	Standard	Sub- Standard	Doubtful	Loss	Total	
5	Downgradations of restructured accounts during the FY	No. of borrowers	0	0	0	0	0	0	0	0	0	0	-16	2	11	3	0	
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-35.22	-16.38	47.81	2.72	-1.07	
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.76	-2.50	22.00	3.20	20.94	
6	Write-offs of restructured accounts during the FY	No. of borrowers	0	0	0	-1	-1	0	0	0	0	0	-7	-3	-2	-3	-4	
		Amount outstanding	0.00	0.00	-24.04	-27.91	-51.95	0.00	0.00	0.00	-0.01	-0.01	-33.06	-9.27	-73.78	-5.24	-121.35	
		Provision thereon	0.00	0.00	-24.04	-27.91	-51.95	0.00	0.00	0.00	-0.01	-0.01	-1.78	-1.41	-62.72	-5.24	-71.15	
7	Restructured Accounts as on March 31 of the FY (closing figures*)	No. of borrowers	0	0	1	0	1	0	0	1	1	2	1,628	32	27	27	1,714	
		Amount outstanding	0.00	0.00	2.81	0.00	2.81	0.00	0.00	0.00	0.01	0.01	0.02	956.97	38.46	321.51	29.22	
		Provision thereon	0.00	0.00	2.81	0.00	2.81	0.00	0.00	0.00	0.01	0.01	0.02	75.53	5.92	214.97		

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

Foot Note 1 - The figures under Sr. No.2 include fresh accounts restructured under Onetime Restructuring of MSME Advance, Resolution Framework for COVID-19 related stress & additions to existing restructured accounts.

Foot Note 2 - The figures under Sr.No.6 includes reduction from existing restructured accounts by way of Closure/Recovery/Write-off.

Foot Note 3 - The provision under Sr. No.7 includes total provision held on restructured accounts.

~ - Accounts restructured under Flexible Structuring, SDR, Change of ownership outside SDR etc., are disclosed separately.

5.5 Disclosure of Restructured Accounts (FY 2019-20)

(₹ in Crores)

S N	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others ~					Total				
	Asset Classification Details		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures*)	No. of borrowers	0	0	1	1	2	0	1	3	0	4	34	4	14	27	79	34	5	18	28	85
Amount outstanding		0.00	0.00	26.85	27.91	54.76	0.00	0.01	0.36	0.00	0.37	72.09	68.81	535.84	18.63	695.37	72.09	68.82	563.05	46.54	750.50	
Provision thereon		0.00	0.00	14.87	27.91	42.78	0.00	0.00	0.05	0.00	0.05	3.78	10.32	306.33	18.15	338.58	3.78	10.32	321.25	46.06	381.41	
2	Fresh Restructuring during the year	No. of borrowers	0	0	0	0	0	0	0	0	0	52	6	0	0	0	58	52	6	0	0	58
Amount outstanding		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	169.31	21.76	0.00	6.78	197.85	169.31	21.76	0.00	6.78	197.85		
Provision thereon		0.00	0.00	11.98	0.00	11.98	0.00	0.00	0.00	0.00	0.00	8.47	3.40	88.49	6.78	107.14	8.47	3.40	100.47	6.78	119.12	
3	Upgradations to restructured standard category during the FY	No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Amount outstanding		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Provision thereon		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4	*Restructured standard advanced which cease to attract higher provisioning and / or additional weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Amount outstanding		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provision thereon		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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5.5 Disclosure of Restructured Accounts (FY 2019-20) (Contd..)

S N	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others ~					Total				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Asset Classification Details																					
5	Downgradations of restructured accounts during the FY	No. of borrowers	0	0	0	0	0	0	-1	0	1	0	-12	5	3	4	0	-12	4	3	5	0
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	0.02	0.00	-44.91	-28.76	37.04	31.23	-5.40	-44.91	-28.77	37.03	31.25	-5.40
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.02	0.01	-2.25	-4.25	4.41	31.23	29.14	-2.25	-4.25	4.40	31.25	29.15
6	Write-offs of restructured accounts during the FY	No. of borrowers	0	0	0	0	0	0	0	-2	0	-2	-1	0	-1	-6	-8	-1	0	-3	-6	-10
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	-0.34	0.00	-0.34	-0.34	-3.20	-0.04	-227.23	-18.23	-248.70	-3.20	-0.04	-227.57	-18.23	-249.04
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.04	0.00	-0.04	-0.16	0.00	-144.57	-18.23	-162.96	-0.16	0.00	-144.61	-18.23	-163.00
7	Restructured Accounts as on March 31 of the FY (closing figures*)	No. of borrowers	0	0	1	1	2	0	0	1	1	2	73	15	16	25	129	73	15	18	27	133
		Amount outstanding	0.00	0.00	26.85	27.91	54.76	0.00	0.00	0.01	0.02	0.03	193.29	61.77	345.65	38.41	639.12	193.29	61.77	372.51	66.34	693.91
		Provision thereon	0.00	0.00	26.85	27.91	54.76	0.00	0.00	0.00	0.02	0.02	9.84	9.47	254.66	37.93	311.90	9.84	9.47	281.51	65.86	366.68

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

Foot Note 1 – The figures under S.N. 2 include fresh accounts restructured under onetime restructuring of MSME advances and additions to existing restructured accounts.

Foot Note 2 – The figures under S.N. 6 include reduction from existing restructured accounts by way of closure / recovery / write-offs.

Foot Note 3 – The figures under S.N.7 includes total provision held on restructured accounts.

~ - Accounts restructured under Flexible Structuring, SDR, Change of ownership outside SDR etc., are disclosed separately.

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5.6 Restructuring of MSME Accounts

As per guidelines issued by RBI vide circulars DOR.No.BP.BC/4/21.04.048/2020-21 dated 6th August, 2020 and DOR.No.BP.BC.34/21.04.048/2019-20 dated 11th February, 2020, on "Micro, Small and Medium Enterprise (MSME) sector – Restructuring of Advances", the details of restructured MSME accounts is as under:

(₹ in Crores)

Year ended	No. of Borrowers	Amount
Mar. 31, 2021	203	480.83
Mar. 31, 2020	87	261.08

5.7 Resolution framework for COVID-19 related stress

As per guidelines issued by RBI vide circular DOR.No.BP.BC/3/21.04.048/2020-21 dated 6th August, 2020, the details with regard to resolution undertaken in respect of COVID-19 related stress is as under:

(₹ in Crores)

Type of borrower	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan
	(A)	(B)	(C)	(D)	(E)
Personal Loans	1,606	315.58	Nil	Nil	31.66
Corporate persons*	18	224.49	Nil	10.12	20.91
Of which, MSMEs	Nil	Nil	Nil	Nil	Nil
Others	23	31.21	Nil	0.82	3.11
Total	1,647	571.28	Nil	10.94	55.68

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

5.8 Accounts covered under Resolution Plan (RP) of Stressed Assets

Details of stressed asset accounts covered under RP vide RBI circular DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June, 2019 are as under:

(₹ in Crores)

Particulars	Mar. 31, 2021		Mar. 31, 2020	
	No.	Amount	No.	Amount
Accounts covered under RP	7	456.62	7	485.38
of above, accounts where RP –				
a. implemented	1	26.97	1	25.27
b. implementation period is yet to be completed	Nil	Nil	2	124.86
c. not implemented within stipulated timelines	5	381.21	3	276.57
d. not applicable (account under CIRP/NCLT)	1	48.44	1	58.68

Bank holds a provision of ₹ 466.27 Crores (including additional provision of ₹ 36.62 Crores required as per above RBI guidelines) towards the above accounts as on 31st March, 2021. During the year ended 31st March, 2021, as per RBI circulars DOR.No.BP.BC.72/21.04.048/2019-20 dated 23rd May, 2020 and DOR.No.BP.BC.62/21.04.048/2019-20 dated 17th April, 2020, resolution period was extended in respect of two accounts wherein the amount involved is ₹ 127.58 Crores (which are included in item 'c' above).

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5.9 Flexible Structuring of Existing Loans

(₹ in Crores)

Period	No. of borrowers taken up for flexible structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
2020-21			Nil		
2019-20					

5.10 Strategic Debt Restructuring (SDR) Scheme (accounts which are currently under the stand-still period)

(₹ in Crores)

Period	No. of accounts where SDR has been invoked	Amount outstanding & classified as					
		As on Mar. 31		Accounts where conversion of debt to equity is pending		Accounts where conversion of debt to equity has taken place	
		Standard	NPA	Standard	NPA	Standard	NPA
2020-21					Nil		
2019-20							

5.11 Change in ownership outside SDR Scheme (accounts which are currently under the stand-still period)

(₹ in Crores)

Period	No. of accounts where the effect change in ownership is decided	Amount outstanding & Classified as							
		As on Mar. 31		Accounts where conversion of debt to equity/invocation of pledge of equity shares is pending		Accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		Accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
		Standard	NPA	Standard	NPA	Standard	NPA	Standard	NPA
2020-21					Nil				
2019-20									

5.12 Change in ownership of projects under implementation (accounts which are currently under the stand-still period)

(₹ in Crores)

Period	No. of project loan accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		
		Classified as standard	Classified as standard restructured	Classified as NPA
2020-21				
2019-20			Nil	

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5.13 Scheme for Sustainable Structuring of Stressed Assets (S4A)

(₹ in Crores)

Period	No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount Outstanding		Provision Held
			In Part A	In Part B	
2020-21	Classified as Standard		Nil		
2019-20					
2020-21	Classified as NPA				
2019-20					

5.14 COVID-19 Regulatory Package – Asset classification and provisioning

COVID-19 pandemic continues to have a significant impact and volatility in the global and domestic economies resulting in decrease in economic activities. Increase in infection rate and various lockdowns / movement restrictions announced by Central Government and various State Governments in India and the outbreak of current “second wave” of the pandemic may further slowdown the economic activity. The extent to which the same will impact the Bank’s operations and financial results remain uncertain and is dependent on several factors including measures initiated or to be initiated by the Government of India and RBI. There is stress on collection of dues from customers, however the Bank is closely monitoring the collection efficiency and will undertake additional steps if the efficiency levels breach the current level. As on 31st March, 2021, the Bank continues to maintain liquidity coverage and capital adequacy ratios at higher levels than the regulatory minimum; the management continues to closely monitor the day to day operations, business, liquidity position and adequacy of capital.

RBI vide circular DOR.No.BP.BC.72/21.04.048/2019-20 dated 23rd May, 2020 read with circulars DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April, 2020 and DOR.No.BP.BC.47/21.04.048/2019-20 dated 27th March, 2020 announced ‘COVID-19 Regulatory Package’ which envisaged grant of various relief measures to borrowers whose accounts were classified as Standard Assets as on 29th February, 2020. Accordingly, Board approved a policy for implementation of the said package including, inter-alia, grant of moratorium on the payment of installments and / or deferment of interest falling due between 1st March, 2020 and 31st August, 2020 as well as relaxation of certain other parameters, to eligible borrowers, and the asset classification of the eligible borrowers remained unchanged during the moratorium period. Bank was required to make additional provision @ 10%, over two quarters beginning with quarter ending 31st March, 2020 in respect of such borrowers whose accounts, though classified as standard as on 31st March, 2020, would have become non-performing but for these benefits/relaxations, and accordingly a provision of ₹ 120.01 Crores was created (₹ 19.50 Crores during the year ended 31st March, 2020 and ₹ 100.51 Crores during the current year).

As at 31st December, 2020, an amount of ₹ 304.92 Crores was held as provision towards COVID-19 regulatory package and provision in respect of the accounts which were not declared as NPA as per interim order dated 3rd September, 2020 of the Honourable Supreme Court, as per which, accounts which were not declared as NPA as on 31st August, 2020, shall not be declared as NPA till further orders. Pursuant to the Supreme Court’s judgment dated 23rd March, 2021, and the related RBI circular DOR.STR.REC.4/21.04.048/2021-22 dated 7th April, 2021, the Bank has undertaken asset classification as per extant IRAC norms with effect from 1st September, 2020. Accordingly, the said provision of ₹ 304.92 Crores has been utilized for creation of provision required as per IRAC norms. The aggregate provision held for likely impact of COVID-19 as on 31st March, 2021 is ₹ 13.89 Crores.

Disclosure as per RBI circular DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April, 2020 is given below:

(₹ in Crores)

SN	Particulars	Amount
1	Outstanding amounts as on 31 st March, 2020 in SMA/overdue categories, where the moratorium/deferment was extended	2896.46
2	Of (1) above, outstanding amount where asset classification benefits is extended (balance as on 31 st March, 2021) *	199.34
3	Provisions made during the quarter ended 31 st March, 2020 and 30 th June, 2020	120.01
4	Provisions adjusted during the year against slippages	120.01
5	Residual provision outstanding as at 31 st March, 2021	Nil

*Note - Outstanding as at 30th September, 2020 was ₹ 462.62 Crores and ₹ 403.30 Crores as on 31st March, 2021, out of which ₹ 203.96 Crores is classified as NPA as on 31st March, 2021.

In accordance with RBI guidelines on resolution framework for COVID-19 related stress vide circular dated 6th August, 2020, Bank has implemented one-time restructuring of eligible borrower accounts, including certain accounts which were not classified as NPA pursuant to the Supreme Court’s interim order dated 3rd September, 2020. Disclosure in respect of the same is given in item 5.7 above

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5.15 Refund of interest on interest charged to borrowers during the moratorium period

(₹ in Crores)

Particulars	Amount
1. As per ex-gratia scheme of Central Government (see note 1 below)	13.03
2. As per policy of the Bank (see note 2 below)	25.00

Note – 1. Refund of interest as per ex-gratia scheme of Central Government has been paid to the eligible borrowers, which has been reimbursed by the Government of India. 2. Pursuant to the judgment of the Honourable Supreme Court of India on 23rd March, 2021 in the matter of Small Scale Industrial Manufacturers Association Vs. Union of India & Others and the guidelines issued by RBI vide circular No.: DOR.STR.REC.4 /21.04.048/2021-22 dated 7th April, 2021, provision of ₹ 25.00 Crores has been created by reducing interest income, during the year ended 31st March, 2021, towards estimated interest relief during the moratorium period which is to be refunded / adjusted to the borrowers accounts (excluding those covered under item '1').

5.16 Divergence in asset classification and provisioning

Bank has not received any communication from RBI with regard to divergence on financial results for the year ended 31st March, 2020 during the year 2020-21. Further, during the financial year 2020-21, RBI had not conducted assessment and Inspection for Supervisory Evaluation (ISE) under section 35 of Banking Regulation Act, 1949 taking into consideration audited financials for the year ended 31st March, 2020.

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

(₹ in Crores)

Particulars	2020-21	2019-20
1. No. of borrowers		122
2. Aggregate value (net of provisions) of accounts sold to SC/RC		535.61
3. Aggregate consideration	Nil	493.12
4. Additional consideration realized in respect of accounts transferred in earlier years		Nil
5. Aggregate gain / (loss) over net book value.		(42.49)

5.18 Investments in Security Receipts

(₹ in Crores)

Particulars	2020-21	2019-20
i. Backed by NPAs sold by the bank as underlying	644.45	620.89
ii. Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	Nil	Nil
Total	644.45	620.89

5.19 Ageing of Investments held as Security Receipts

(₹ in Crores)

Particulars	SRs issued					
	Within past 5 years		More than 5 years ago but within past 8 years		More than 8 years ago	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
1 Book value of SRs backed by NPAs sold by the bank as underlying	275.34	458.46	289.90	162.43	79.21	
Provision held against (1)	92.23	15.00	109.36	120.28	79.21	
2 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 (2)		Nil			Nil	
Gross Book value	275.34	458.46	289.90	162.43	79.21	
Total provision held against above	92.23	15.00	109.36	120.28	79.21	Nil
Net Book Value	183.11	443.46	180.54	42.15	Nil	Nil

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5.20 Details of Non Performing Financial Assets purchased from / sold to other banks

(₹ in Crores)

Particulars	2020-21	2019-20
A. Details of non-performing financial assets purchased		
1. (a) No. of accounts purchased during the year		
(b) Aggregate outstanding	Nil	Nil
2. (a) Of these, number of accounts restructured during the year		
(b) Aggregate outstanding		
B. Details of non-performing financial assets sold		
1. No. of accounts sold		
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received		

5.21 Overseas Assets, NPAs and Revenue

(₹ in Crores)

Particulars	2020-21	2019-20
Total Assets	2,743.35	1,379.70
Total NPAs	Nil	Nil
Total Revenue	4.84	46.73

6 Exposures

6.1 Exposure to Real Estate Sector

(₹ in Crores)

Category	2020-21	2019-20
a) Direct exposure		
(i) Residential Mortgages –		
Lendings fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (individual housing loans eligible for priority sector advances may be shown separately)	5,812.03	5,474.26
(ii) Commercial Real Estate –		
Lendings secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	3,354.30	3,239.85
(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).	338.13	156.53
Total Exposure to Real Estate Sector	9,504.46	8,870.64

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6.2 Exposure to Capital Market

(₹ in Crores)

Particulars	2020-21	2019-20
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;	128.06	123.68
2. Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	0.22	0.55
3. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
4. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/ convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	Nil	Nil
5. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	34.83	40.91
6. Loans sanctioned to corporates against the security of shares / bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
7. Bridge loans to companies against expected equity flows/issues;	Nil	Nil
8. Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	Nil	Nil
9. Financing to stockbrokers for margin trading;	Nil	Nil
10. All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market	163.11	165.14

6.3 Risk Category wise Country Exposure

(₹ in Crores)

Risk Category	2020-21		2019-20	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	175.12		175.32	
Low	152.08		54.86	
Moderate	13.33		3.10	
High	Nil	Nil	Nil	Nil
Very High	Nil		Nil	
Restricted	Nil		Nil	
Off-credit	Nil		Nil	
Total	340.53	Nil	233.28	Nil

The net funded exposure of the bank in respect of foreign exchange transactions with each country is within 1% of the total assets of the Bank and hence no provision is required in terms of RBI guidelines.

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6.4 Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the bank.

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

6.5 Sector-wise Advances

(₹ in Crores)

S N	Sector	As on Mar. 31, 2021			As on Mar. 31, 2020		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	Priority Sector						
1	Agriculture and allied activities	10,270.59	337.86	3.29	9,127.31	313.51	3.43
2	Industries eligible under priority sector	9,704.10	425.56	4.39	3,907.42	325.61	8.33
3	Services	3,936.38	568.94	14.45	5,065.63	479.94	9.47
4	Personal Loans	1,428.97	86.44	6.05	2,779.33	69.58	2.50
	Subtotal (A)	25,340.04	1,418.80	5.60	20,879.69	1,188.64	5.69
B	Non Priority Sector						
1	Agriculture and allied activities	1,502.95	33.96	2.26	954.83	108.63	11.38
2	Industry	4,597.48	1,485.42	32.31	6,903.74	1,697.49	24.59
3	Services	11,924.87	965.06	8.09	11,689.36	1,099.55	9.41
4	Personal Loans	9,454.79	239.63	2.53	8,088.68	118.46	1.46
	Subtotal (B)	27,480.09	2,724.07	9.91	27,636.61	3,024.13	10.94
	Total (A+B)	52,820.13	4,142.87	7.84	48,516.30	4,212.77	8.68

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

6.6 Unsecured Advances

(₹ in Crores)

Particulars	As on	
	Mar. 31, 2021	Mar. 31, 2020
Total advances for which intangible securities such as charge over the rights, licenses, authorisations, etc. have been taken as securities	Nil	Nil

6.7 Information on concentration of business

(₹ in Crores)

Particulars	2020-21	2019-20
a. Concentration of Deposits		
Total deposits of Twenty Largest Deposits	3,894.36	3,387.62
% of above to Total Deposits	6.15%	5.73%
b. Concentration of Advances		
Total Advances to Twenty Largest Borrowers	3,671.15	3,643.30
% of above to Total Advances	5.92%	6.30%
c. Concentration of Exposures		
Total Exposures to Twenty Largest Borrowers / Customers	3,716.15	4,260.29
% of above to Total Exposure	5.93%	7.17%
d. Concentration of NPAs		
Total Exposure to top four NPA Accounts	685.42	748.69

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

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

The bank has no off-balance sheet SPVs sponsored as on 31st March, 2021 and 31st March, 2020.

6.9 Disclosures relating to Securitisation

The bank has not sponsored any SPVs for securitisation transactions during FY 2020-21 and FY 2019-20.

(₹ in Crores)

SN Particulars	2020-21		2019-20	
	Number	Amount	Number	Amount
1 No. of SPVs sponsored by the Bank for securitisation transactions				
2 Total amount of securitised assets as per the books of the SPVs sponsored by the bank				
3 Total amount of exposures retained by the bank to comply with MMR as on the date of balance sheet				
a) Off-balance sheet exposures				
i. First Loss				
ii. Others				
b) On-balance sheet exposures				
i. First Loss				
ii. Others				
4 Amount of exposures to securitisation transactions other than MMR	Nil		Nil	
a) Off-balance sheet exposures				
i. Exposures to own securitisations				
1. First Loss				
2. Others				
ii. Exposures to third party securitisations				
1. First Loss				
2. Others				
b) On-balance sheet exposures				
i. Exposures to own securitisations				
1. First Loss				
2. Others				
ii. Exposures to third party securitisations				
1. First Loss				
2. Others				

6.10 Credit Default Swaps - The bank has not initiated any trade in Credit Default Swaps during FY 2020-21 and FY 2019-20.

6.11 Intra Group Exposures - The bank has no intra group exposures on 31.03.2021 and 31.03.2020.

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7. Provisions and Contingencies

Break-up of 'Provision and Contingencies' shown under the 'Expenditure' head in Profit & Loss Account

(₹ in Crores)

Provision for	2020-21	2019-20
Standard Assets	5.73	1.76
Bad & Doubtful Debts	633.99	1,356.17
Depreciation on Investments and Non Performing Investments *	157.20	76.32
Fraud other than advances	(4.31)	1.15
COVID-19 Relief Package	(19.50)	19.50
Restructured accounts including COVID-19 restructuring, Food Credit	71.85	5.96
Additional provision for accounts covered under Resolution Plan	36.62	Nil
Unhedged Foreign Currency Exposure	Nil	0.05
Other Provisions	13.38	27.75
Income Tax	194.61	97.44
Deferred Tax (Net)	(19.63)	(60.28)
Total	1,069.94	1,525.82

*Includes an amount of ₹ 21.10 Crores towards shifting of investments from HTM to AFS category during the year 2019-20. Corresponding amount for the year 2020-21 is ₹ Nil.

7.1 Movement of Floating Provision/Counter Cyclical Buffer

(₹ in Crores)

Particulars	2020-21	2019-20
Floating Provision at the beginning of the year	9.69	9.69
Floating Provision made during the year	Nil	Nil
Amount transferred to counter cyclical buffer as per RBI guidelines	Nil	Nil
Floating Provision at the end of the year	9.69	9.69

7.2 Provisions on Standard Assets, Unhedged Foreign Currency Exposure, Food Credit

(₹ in Crores)

Provision for	2020-21	2019-20
1. Standard Assets	188.15	182.42
2. Unhedged Foreign Currency Exposure	5.41	5.41
3. Food Credit (Punjab State Government) *	6.55	6.80

*Provision @ 5% of outstanding food credit availed by Punjab State Government, vide RBI circular DBR.BP.No.3992/21.04.048/2016-17 dated 03rd Oct 2016.

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8.1 Asset Liability Management

Maturity pattern of certain items of assets and liabilities

Particulars	Deposits		Gross Advances		Gross Investments		Borrowings		Foreign Currency Assets		Foreign Currency Liabilities	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
1 day	135.12	145.39	1,938.82	1,025.03	3,738.19	1,932.70	975.00	142.22	54.06	29.52	69.30	94.91
2 to 7 days	1,086.04	1,243.41	428.31	833.21	235.41	292.14	403.89	Nil	156.16	106.41	745	1.43
8 to 14 days	803.65	827.80	474.46	513.50	216.99	183.33	4.73	Nil	19.71	134.76	4.90	1.19
15 to 30 days	1,108.60	1,063.45	1,045.51	1,793.32	408.14	475.72	48.09	Nil	72.69	47.62	62.30	5.50
31 days to 2 months	1,859.07	1,911.71	1,678.75	1,216.51	590.17	667.74	50.07	Nil	736.67	188.24	73.23	23.44
More than 2 months and up to 3 months	1,876.60	1,814.90	2,172.82	1,438.67	606.98	946.30	65.83	Nil	1,123.52	0.00	75.37	0.00
Over 3 months to 6 months	4,901.36	4,248.46	5,974.05	3,984.61	1,499.85	1,920.23	196.08	18.61	1,040.12	145.99	207.03	78.12
Over 6 months to 1 year	10,111.78	8,358.16	7,357.61	6,367.84	2,691.19	3,055.18	21.32	61.00	0.00	2.10	160.49	222.82
Over 1 year to 3 years	14,408.07	14,672.37	17,711.18	18,161.59	3,264.28	3,444.91	276.28	475.35	24.48	11.91	117.16	204.79
Over 3 years to 5 years	10,782.41	10,033.91	4,628.33	4,551.03	1,757.24	1,724.16	Nil	Nil	11.23	37.35	53.09	67.00
Over 5 years	16,205.73	14,755.52	9,410.29	8,630.99	1,461.47	1,432.83	487.00	487.00	27.01	21.23	0.00	0.72
Total	63,278.43	59,075.08	52,820.13	48,516.30	16,469.91	16,075.24	2,528.29	1,184.18	3,265.65	725.13	830.32	699.92

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

8.2 Liquidity Coverage Ratio (LCR)

The following table sets forth the daily average of un-weighted and weighted values for all the quarters in FY 2020-21

Particulars	Quarter ended March 31, 2021			Quarter ended December 31, 2020			Quarter ended September 30, 2020			Quarter ended June 30, 2020			Quarter ended March 31, 2020		
	Unweighted Value (average)	Weighted Value (average)	Total	Unweighted Value (average)	Weighted Value (average)	Total	Unweighted Value (average)	Weighted Value (average)	Total	Unweighted Value (average)	Weighted Value (average)	Total	Unweighted Value (average)	Weighted Value (average)	Total
High Quality Liquid Assets															
1 Total High Quality Liquid Assets (HQLA)		15,873.02			18,011.37			17,908.93			15,210.52				13,303.95
Cash Outflows															
2 Retail deposits and deposits from small business customers, of which:	45,704.04	3,459.73		45,169.72	3,416.78		44,628.71	3,369.15		43,857.03	3,591.38		43,119.24		3,909.99
(i) Stable deposits	22,213.44	1,110.67		22,003.78	1,100.19		21,874.43	1,093.72		15,886.42	794.32		8,038.76		401.94
(ii) Less stable deposits	23,490.60	2,349.06		23,165.94	2,316.59		22,754.28	2,275.43		27,970.61	2,797.06		35,080.48		3,508.05
3 Unsecured wholesale funding, of which:	7,102.11	1,552.58		6,923.05	1,333.80		6,761.30	1,349.01		6,433.50	941.80		6,304.54		863.39
(i) Operational deposits (all counterparties)	0.00	0.00		0.00	0.00		0.00	0.00		0.00	0.00		0.00		0.00
(ii) Non-operational deposits (all counterparties)	7,102.11	1,552.58		6,923.05	1,333.80		6,761.30	1,349.01		6,433.50	941.80		6,304.54		863.39
(iii) Unsecured debt	0.00	0.00		0.00	0.00		0.00	0.00		0.00	0.00		0.00		0.00
4 Secured wholesale funding		0.00			0.00			0.00			0.00				0.00
5 Additional requirements, of which	4,717.48	904.34		5,083.98	988.01		5,090.97	1,054.43		4,960.02	663.98		5,181.69		437.11
(i) Outflows related to derivative exposures and other collateral requirements	22.78	22.78		19.23	19.23		23.58	23.58		31.61	31.61		17.61		17.61
(ii) Outflows related to loss of funding on debt products	0.00	0.00		0.00	0.00		0.00	0.00		0.00	0.00		0.00		0.00
(iii) Credit and liquidity facilities	4,694.70	881.56		5,064.75	968.78		5,067.39	1,030.85		4,928.41	632.37		5,164.08		419.50
6 Other contractual funding obligations	27.00	27.00		26.40	26.40		15.23	15.23		18.38	18.38		36.81		36.81
7 Other contingent funding obligations	48.96	1.47		48.99	1.47		51.16	1.53		61.82	1.86		57.51		1.73
8 Total Cash Outflows		5,945.12			5,766.46			5,789.35			5,217.40				5,249.03

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8.2 Liquidity Coverage Ratio (LCR) (Contd..)

The following table sets forth the daily average of un-weighted and weighted values for all the quarters in FY 2020-21

Particulars	₹ in Crores)											
	Quarter ended March 31, 2021			Quarter ended December 31, 2020			Quarter ended September 30, 2020			Quarter ended June 30, 2020		
	Unweighted Value (average)	Weighted Value (average)	Total	Unweighted Value (average)	Weighted Value (average)	Total	Unweighted Value (average)	Weighted Value (average)	Total	Unweighted Value (average)	Weighted Value (average)	Total
Cash Inflows												
9 Secured lending (e.g. reverse repos)	749.45	0.00	612.14	0.00	0.00	430.93	0.00	0.00	1,164.76	0.00	0.00	387.96
10 Inflows from fully performing exposures	1,430.18	797.71	1,392.29	830.38	933.77	1,312.13	933.77	947.67	1,158.79	947.67	1,046.37	821.55
11 Other cash inflows	33.61	33.61	27.31	27.31	28.61	28.61	28.61	35.85	35.85	35.85	22.54	22.54
12 Total Cash Inflows	2,213.24	831.32	2,031.74	857.69	962.38	1,771.67	962.38	2,359.40	2,359.40	983.52	1,456.87	844.09
13 TOTAL HQLA		15,873.02		18,011.37	17,908.93		17,908.93	15,210.52		15,210.52	13,303.95	
14 Total Net Cash Outflows (8-12)		5,113.80		4,908.77	4,826.97		4,826.97	4,233.88		4,233.88	4,404.94	
15 Liquidity Coverage Ratio (%)		310.40%		366.92%	371.02%		371.02%	359.26%		359.26%	302.02%	

Note – LCR data has been calculated based on simple average of daily observations. The above data has been furnished by the management and have been relied upon by the auditors.

8.2 Liquidity Coverage Ratio (LCR)

The following table sets forth the daily average of un-weighted and weighted values for all the quarters in FY 2019-20

Particulars	Quarter ended March 31, 2020			Quarter ended December 31, 2019			Quarter ended September 30, 2019			Quarter ended June 30, 2019			Quarter ended March 31, 2019		
	Total Unweighted Value (average)	Total Weighted Value (average)	Total	Total Unweighted Value (average)	Total Weighted Value (average)	Total	Total Unweighted Value (average)	Total Weighted Value (average)	Total	Total Unweighted Value (average)	Total Weighted Value (average)	Total	Total Unweighted Value (average)	Total Weighted Value (average)	
High Quality Liquid Assets															
1 Total High Quality Liquid Assets (HQLA)			13,303.95			13,748.98			12,977.34			11,923.75		11,147.08	
Cash Outflows															
2 Retail deposits and deposits from small business customers, of which:	43,119.24	3,909.99		43,111.80	4,140.02		42,425.15	4,073.75		41,882.34	4,016.33		40,941.83	3,923.58	
(i) Stable deposits	8,038.76	401.94		3,423.15	171.16		3,375.23	168.76		3,437.89	171.89		3,412.03	170.60	
(ii) Less stable deposits	35,080.48	3,508.05		39,688.65	3,968.86		39,049.92	3,904.99		38,444.45	3,844.44		37,529.80	3,752.98	
3 Unsecured wholesale funding, of which:	6,304.54	863.39		6,153.37	827.44		6,185.25	805.67		6,139.87	781.93		5,891.79	755.93	
(i) Operational deposits (all counterparties)	0.00	0.00		0.00	0.00		0.00	0.00		0.00	0.00		0.00	0.00	
(ii) Non-operational deposits (all counterparties)	6,304.54	863.39		6,153.37	827.44		6,185.25	805.67		6,139.87	781.93		5,891.79	755.93	
(iii) Unsecured debt	0.00	0.00		0.00	0.00		0.00	0.00		0.00	0.00		0.00	0.00	
4 Secured wholesale funding			0.00		0.00			0.00			0.00			0.00	
5 Additional requirements, of which	5,181.69	437.11		6,017.52	508.93		6,009.23	469.47		5,361.85	462.16		6,903.41	540.02	
(i) Outflows related to derivative exposures and other collateral requirements	17.61	17.61		19.31	19.31		39.22	39.22		95.51	95.51		65.39	65.39	
(ii) Outflows related to loss of funding on debt products	0.00	0.00		0.00	0.00		0.00	0.00		0.00	0.00		0.00	0.00	
(iii) Credit and liquidity facilities	5,164.08	419.50		5,998.21	489.62		5,970.01	430.25		5,266.34	366.65		6,838.02	474.63	
6 Other contractual funding obligations	36.81	36.81		18.76	18.76		22.85	22.85		58.85	58.85		33.32	33.32	
7 Other contingent funding obligations	57.51	1.73		51.16	1.53		57.68	1.73		59.86	1.80		109.45	3.28	
8 Total Cash Outflows		5,249.03			5,496.68			5,373.47			5,321.07			5,256.13	

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8.2 Liquidity Coverage Ratio (LCR)

The following table sets forth the daily average of un-weighted and weighted values for all the quarters in FY 2019-20

(₹ in Crores)

Particulars	Quarter ended March 31, 2020			Quarter ended December 31, 2019			Quarter ended September 30, 2019			Quarter ended June 30, 2019			Quarter ended March 31, 2019		
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Adjusted Value	Total Unweighted Value (average)	Total Weighted Value (average)	Total Adjusted Value	Total Unweighted Value (average)	Total Weighted Value (average)	Total Adjusted Value	Total Unweighted Value (average)	Total Weighted Value (average)	Total Adjusted Value	Total Unweighted Value (average)	Total Weighted Value (average)	Total Adjusted Value
Cash inflows															
9 Secured lending (e.g. reverse repos)	387.96	0.00		209.67	0.00		310.77	0.00		354.24	0.00		293.87	0.00	
10 Inflows from fully performing exposures	1,046.37	821.55		1,210.04	985.09		1,448.87	1,110.04		2,216.48	1,908.71		1,135.60	782.90	
11 Other cash inflows	22.54	22.54		24.67	24.67		47.66	47.66		98.72	98.72		71.94	71.94	
12 Total Cash Inflows	1,456.87	844.09		1,444.38	1,009.76		1,807.30	1,157.70		2,669.44	2,007.43		1,501.41	854.84	
13 TOTAL HQLA		13,303.95			13,748.98			12,977.34			11,923.75			11,147.08	
14 Total Net Cash Outflows (8-12)		4,404.94			4,486.92			4,215.77			3,313.64			4,401.29	
15 Liquidity Coverage Ratio (%)		302.02%			306.42%			307.83%			359.84%			253.27%	

Note – LCR data has been calculated based on simple average of daily observations. The above data has been furnished by the management and have been relied upon by the auditors.

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8.3 Qualitative disclosure around LCR

Pursuant to RBI guidelines on implementation of Basel III framework applicable to banks in India with effect from 1st January, 2015, LCR promotes short term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days.

Objective

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

Bank has consistently maintained LCR above 100% during FY 2020-21 i.e. at levels higher than the required regulatory minimum level, on an ongoing basis.

Composition of HQLA

- Cash in hand
- Excess CRR balance as on that particular day
- Excess Government Securities in excess of minimum SLR requirement
- Government Securities within the mandatory SLR requirement to the extent allowed by RBI under MSF (presently to the extent of 3% of NDTL as allowed for MSF)
- Facility to avail liquidity for liquidity coverage ratio at 15% of NDTL
- AAA rated bonds and AA- & above bonds and adding marketable securities representing claims guaranteed by sovereigns having risk weights higher than 20% but not higher than 50%

- Common equity shares not issued by the bank/financial institution/NBFC or any of its affiliated entities and included in NSE CNX Nifty and / or S&P BSE Sensex indices.

9. Disclosure requirement as per Accounting Standards (AS)

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

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

For the preparation of these financial results, the bank has followed the same accounting policies and generally accepted practices adopted for the preparation of audited financial statements for the year ended 31st March, 2021.

9.2 Employee Benefits (AS -15)

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

- a. In respect of Contributory Plan, viz., Provident Fund, the Bank pays fixed contribution at pre-determined rates to a separate trust, which invests in permitted securities. The obligation of the Bank is limited to such fixed contribution.
- b. In respect of Defined Benefit Plans, viz., Gratuity and Pension, provision has been made based on actuarial valuation as per the guidelines.
- c. In respect of Leave Encashment, provisioning requirement has been made based on actuarial valuation.
- d. As per industry settlement dated 27th April, 2010, employees who have joined on or after 1st April, 2010 are covered under National Pension System (NPS) regulated by Provident Fund Regulatory Development Authority (PFRDA). Employer's contribution to NPS has been recognised as expenditure in the profit and loss account.

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- e. The disclosure requirements as per the AS-15 are given below

Principal Actuarial Assumptions

Particulars	Gratuity		Pension		Privilege Leave	
	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2020
Discount Rate (%)	6.96	6.86	6.96	6.81	6.96	6.86
Salary escalation rate (%)	5.00	5.00	5.00	5.00	5.00	5.00
Attrition rate (%)	*	~	0.50	0.50	*	~
Expected rate of return on Plan Assets (%)	6.96	6.86	6.96	6.81	-	-

* Attrition rate for FY 2020-21 – 0.50% for those under defined benefit pension option and 1.19% for others.

~ Attrition rate for FY 2019-20 – 0.50% for those under defined benefit pension option and 3.94% for others

Expenses recognized in Profit and Loss Account

(₹ in Crores)

Particulars	Gratuity		Pension		Privilege Leave	
	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2020
Current Service Cost	14.60	11.90	19.58	16.59	2.65	3.54
Past Service Cost	-	-	-	-	-	-
Interest cost on benefit obligation	13.85	13.08	42.57	41.57	9.15	10.02
Expected return on plan assets	(13.85)	(13.08)	(42.65)	(41.57)	-	-
Net Actuarial (gain) / loss recognised in the year	50.05	23.55	169.37	117.11	43.21	(3.44)
Expenses recognised in the Profit and Loss Account	64.65	35.45	188.87	133.70	55.01	10.12

Changes in the present value of the defined benefit obligation

(₹ in Crores)

Particulars	Gratuity		Pension		Privilege Leave	
	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2020
Present value of obligation at the beginning of the year	201.99	168.05	625.13	533.58	133.46	128.75
Current Service Cost	14.60	11.90	19.58	16.59	2.65	3.54
Past Service Cost	-	-	-	-	-	-
Interest Cost	13.85	13.08	42.57	41.57	9.15	10.02
Net actuarial (gain) / loss on obligation	50.01	23.87	166.22	114.39	43.21	(3.44)
Benefits Paid	(16.48)	(14.91)	(85.10)	(81.00)	(9.87)	(5.41)
Present value of the defined benefit obligation at the end of the year	263.97	201.99	768.40	625.13	178.60	133.46

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Change in the fair value of plan assets

(₹ in Crores)

Particulars	Gratuity		Pension		Privilege Leave	
	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2020
Fair value of plan assets at the beginning of the year	202.02	168.06	626.36	533.59	-	-
Expected Return on plan assets	13.85	13.08	42.65	41.57	-	-
Contribution by employer	24.61	35.47	168.63	134.91	9.87	5.41
Benefits Paid	(16.48)	(14.91)	(85.10)	(81.00)	(9.87)	(5.41)
Actuarial gain / (loss)	(0.04)	0.32	(3.16)	(2.71)	-	-
Fair value of plan assets at the end of the year	223.96	202.02	749.38	626.36	-	-

9.3 Segment Reporting: (AS-17)

A. Business Segments

For the purpose of segment reporting, the reportable segments are identified into Treasury, Corporate/Wholesale banking, Retail banking and other banking operations, in compliance with RBI guidelines. Brief description of activities of each segment and revenue attributable thereto is as under:

1. Treasury portfolio comprises of investments in Central and State Government securities, debt instruments of Banks, FIs, Insurance companies, PSUs and corporates, certificate of deposits, equity shares, mutual funds, security receipts etc. as well as forward contracts, derivatives and foreign exchange operations on proprietary account and for customers, including trading in these instruments as well as borrowing and lending operations.

Treasury income is primarily earned through interest on investments, forex income as well as income from securities trading; expenditure includes interest on funds borrowed and other allocated overheads.

2. Corporate/ Wholesale banking is based on RBI definition and comprises of credit facilities and other banking services provided to corporate and other clients where value of individual exposure exceeds ₹ 5 Crores.

Revenue comprises of interest and fees / charges earned from such clients and expenses are those incurred on interest towards funds utilized and other allocated overheads.

3. Retail banking comprises of lending and other banking services to individuals/small business customers, other than corporate/ wholesale banking customers.

Revenue comprises of interest and fees / charges earned from such clients and expenses are those incurred on interest towards funds utilized and other allocated overheads.

4. Other banking operations includes items not included above i.e. para-banking activities like bancassurance, third party product distribution, demat services and other banking transactions and includes items like deposits in RIDF, MSME Funds etc.

Income earned from such services and costs related thereto are reported thereunder.

B. Geographical Segment

The Bank operates only in India and hence the reporting consists only of domestic segment.

Segment information is prepared on the basis of management estimates/ assumptions and is based on internal reporting systems. Methodology adopted in compiling the above information has been relied upon by the auditors.

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Part A: Business segments

(₹ in Crores)

SN Particulars	2020-21 (Audited)	2019-20 (Audited)
a Segment Revenue		
1. Treasury Operations	1,396.97	1,668.96
2. Corporate/Wholesale Banking Operations	1,252.11	1,505.47
3. Retail Banking Operations	3,850.18	3,938.81
4. Other Banking Operations	27.81	31.36
Total	6,527.07	7,144.60
b Segment Results		
1. Treasury Operations	483.89	578.25
2. Corporate/Wholesale Banking Operations	266.83	392.59
3. Retail Banking Operations	875.59	1,025.77
4. Other Banking Operations	20.16	27.60
Total	1,646.47	2,024.21
c Unallocated Income/Expenses	217.14	263.36
d Operating Profit	1,429.33	1,760.85
e Income Taxes	174.98	37.16
f Other Provisions	894.96	1,488.67
g Exceptional Item	Nil	Nil
h Net Profit	359.39	235.02
i Other Information		
j Segment Assets		
1. Treasury Operations	19,125.96	17,386.69
2. Corporate/Wholesale Banking Operations	11,770.76	12,130.77
3. Retail Banking Operations	38,592.75	33,967.34
4. Other Banking Operations	Nil	Nil
5. Unallocated Assets	5,133.72	4,793.37
Total Segment Assets	74,623.19	68,278.17
k Segment Liabilities		
1. Treasury Operations	18,368.46	16,075.50
2. Corporate/Wholesale Banking Operations	10,452.90	10,871.41
3. Retail Banking Operations	34,281.79	30,436.27
4. Other Banking Operations	Nil	Nil
5. Unallocated Liabilities	4,560.30	4,294.72
Total (a)	67,663.45	61,677.90
l Capital Employed (Segment Assets-Segment Liabilities)		
1. Treasury Operations	757.50	1,311.19
2. Corporate/Wholesale Banking Operations	1,317.86	1,259.36
3. Retail Banking Operations	4,310.96	3,531.07
4. Other Banking Operations	Nil	Nil
5. Unallocated Liabilities	573.42	498.65
Total (b)	6,959.74	6,600.27
Total Segment Liabilities (a+b)	74,623.19	68,278.17

Part B: Geographic segments

Geographical segment consists only of domestic segment, as the Bank does not have any foreign branch.

9.4 Related Party Transactions (AS-18)

Disclosure about transactions with Key Management Personnel

Key Management Personnel	Designation	Item	Amount (₹)
Shri. N.S. Srinath	Chairman	Honorarium	12,00,000
Shri. B. Ramesh Babu	MD & CEO	Remuneration	95,03,642

Items/ Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Total	
Mar. 31	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Borrowings							Nil	Nil			Nil	Nil
Deposit							0.18 (maximum during the year 0.30)	2.46 (maximum during the year 3.11)			0.18	2.46
Placement of deposits												
Advances												
Investments												
Non-funded commitments												
Leasing/HP arrangements availed												
Leasing/HP arrangements provided												
Purchase of fixed assets												
Sale of fixed assets												
Interest paid												
Interest received												
Rendering of services												
Receiving of services												
Management contracts												

(₹ in Crores)

Schedules

9.5 Earnings per Share (AS-20)

S N	Particulars	2020-21	2019-20
1.	Computation of Basic EPS (before and after Extraordinary items)		
1	Net Profit (₹ Crores)	359.39	235.02
2	Weighted number of shares	79,93,20,719	79,93,19,945
3	Basic EPS (1/2) (₹)	4.50	2.94
4	Nominal Value per share (₹)	2.00	2.00
2.	Computation of Diluted EPS (before and after Extraordinary items)		
1	Net Profit (₹ Crores)	359.39	235.02
2	Weighted number of shares (including Potential Equity Shares)	79,93,20,719	79,93,19,945
3	Diluted EPS (1/2) (₹)	4.50	2.94
4	Nominal Value per share (₹)	2.00	2.00

Note – There are no extraordinary items recognised in the profit and loss account during FY 2020-21 and FY 2019-20; accordingly, EPS is disclosed as above.

9.6 Accounting for Taxes on Income (AS-22)

The Bank has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendments) Ordinance, 2019. Accordingly, provision for Income Tax for the year ended 31st March, 2021 as well as re-measurement of Deferred Tax Liability and Asset (DTL & DTA) have been made basis the rate prescribed in the aforesaid section. The major components of DTA and DTL are as under:

Particulars	2020-21	2019-20
(₹ in Crores)		
Deferred Tax Liabilities		
1. Depreciation on Fixed Asset	8.80	10.32
2. Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	90.61	80.54
TOTAL	99.41	90.86
Deferred Tax Assets		
1. Provision for Standard Assets	47.36	45.95
2. Provision for Leave Encashment	44.95	33.59
3. Others	44.52	29.11
TOTAL	136.83	108.65

Note: The provision for Income Tax has been worked based on the Income Computation and Disclosures Standards (ICDS).

9.7 Impairment of Assets (AS - 28)

In the opinion of the Management, there is no impairment of its Fixed Asset to any material extent as at 31st March, 2021 requiring recognition in terms of Accounting Standard 28.

9.8 Description of Contingent Liabilities.

a) Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by the Bank.

b) Liability on account of forward exchange and derivative contracts

The Bank presently enters into foreign exchange contracts and interest rate swaps with interbank counterparties and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows in the same currency based on fixed rates or benchmark reference.

Schedules

The notional amounts of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The fluctuation of market rates and prices cause fluctuations in the value of these contracts and the contracted exposure become favourable (assets) or unfavourable (liabilities).

c) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfil its financial or performance obligations.

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items for which the bank is contingently liable

Includes Capital commitments and amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF). (Refer schedule 12 for amounts relating to contingent liability.)

10. ADDITIONAL DISCLOSURES

10.1 Disclosure on Complaints

a) Disclosure on complaints received from customers and Banking Ombudsman (OBO)

SN Particulars	2020-21	2019-20
A. Complaints received by the bank from its customers		
1 Number of complaints pending at beginning of the year	18	21
2 Number of complaints received during the year	2015	969
3 Number of complaints disposed during the year	1993	972
3.1 Of which, number of complaints rejected by the bank	422	217
4 Number of complaints pending at the end of the year	40	18
B. Maintainable complaints received by the bank from OBOs		
5 Number of maintainable complaints received by the bank from OBOs	490	379
5.1 Of 5, number of complaints resolved in favour of the bank by BOs	480	358
5.2 Of 5, number of complaints resolved through conciliation / mediation / advisories issued by BOs	10	21
5.3 Of 5, number of complaints resolved after passing of Awards by BOs against the bank	Nil	Nil
6 Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in BO Scheme 2006 and covered within the ambit of the Scheme.

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b) Top five grounds of complaints received from customers

Grounds of complaints (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
2020-21					
Loans and advances	1	451	163.74	7	1
Internet/Mobile/Electronic Banking	9	350	(3.85)	18	2
ATM/Debit cards	1	237	86.61	4	1
Account opening/ Difficulty in operation of accounts	Nil	85	400.00	Nil	Nil
Levy of charges without prior notice/ Excessive charges/ Foreclosure charges	Nil	40	90.48	1	1
Others	7	852	216.73	10	0
Total	18	2015	107.95	40	5
2019-20					
Internet/Mobile/Electronic Banking	1	364	213.79	9	3
Loans and Advances	7	171	23.91	1	Nil
ATM/ Debit cards	4	127	(25.73)	1	Nil
Levy of charges without prior notice/ Excessive charges/ Foreclosure charges	1	21	(32.26)	Nil	Nil
Cheques/ Drafts/ Bills	Nil	17	(19.05)	Nil	Nil
Others	8	269	26.29	7	1
Total	21	969	40.43	18	4

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

10.2 Letter of Comfort (LOCs)

(₹ in Crores)

Particulars	2020-21	2019-20
Letter of Comfort issued during the year	Nil	Nil
Outstanding Letter of Comfort as on 31 st March		

10.3 Income from third party business

(₹ in Crores)

SN Fee/Remuneration from sale of	2020-21	2019-20
A Insurance products		
1 Life Insurance Products	13.85	17.86
2 Non-Life Insurance Products	6.55	6.76
3 Health Insurance Products	2.91	1.33
Total	23.31	25.95
B Mutual fund products	0.65	0.40
C Other products *	2.04	1.30

* - Others include Demat, Sovereign Gold Bonds, National Pension Scheme, Atal Pension Yojana and Pradhan Mantri Jeevan Jyoti Bhima Yojana.

Schedules

10.4 Transfers to Depositor Education and Awareness Fund (DEAF)

As per RBI guidelines, the credit balance in accounts which have not been operated upon for a period of ten years or any deposit or any amount remaining unclaimed for a period exceeding ten years is transferred to DEAF.

(₹ in Crores)

Particulars	2020-21	2019-20
Opening balance	129.13	112.10
Add : Amounts transferred during the year	23.08	18.05
Less : Amounts reimbursed towards claims paid	1.18	1.02
Closing balance	151.03	129.13

10.5 Priority Sector Lending Certificates sold/purchased during the year

(₹ in Crores)

Particulars	2020-21	2019-20
PSLC purchased during the year		
1. Agriculture		
2. SF/MF		
3. Micro Finance	Nil	Nil
4. General		
Total		
PSLC sold during the year		
1. Agriculture		
2. SF/MF		
3. Micro Finance	Nil	Nil
4. General		
Total		

10.6 Provision towards frauds

(₹ in Crores)

SN Particulars	2020-21	2019-20
A Number of frauds reported during the year	11	42
B Amount involved	22.23	495.28
C Amount recovered / adjusted	0.30	8.83
D Amount of interest reversal on NPA	0.09	21.17
E Balance outstanding as on 31 st March (Refer note below)	21.84	465.28
F Provisions held in respect of item 'E' above	10.32	465.28
G Quantum of un amortised provision, if any, debited to 'Other Reserves' at the end of the year	Nil	Nil

Note – Balance outstanding as on 31st March, 2021 includes non-fund facility of ₹ 11.52 Crores, which is kept as valid pursuant to the orders of Delhi High Court, in respect of which no provision is made.

10.7 Disclosures on Remuneration

Qualitative Disclosure

a) Information relating to the composition and mandate of the Nomination and Remuneration Committee (NRC)

The NRC of the Board consists of four Directors, out of which two are Independent Directors. Further as per RBI guidelines a Member of Risk Management Committee of the Board is also Member in NRC. The composition complies with RBI guidelines, provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ('SEBI LODR').

Schedules

The mandate of NRC includes:

- a) To formulate criteria for determining qualifications, positive attributes and independence of a director, in terms of fit and proper criteria issued by the RBI from time to time.
 - b) To devise a policy on Board Diversity;
 - c) To formulate/review criteria for evaluation of performance of Chairman, Independent Directors, Board of Directors, Committees of Board.
 - d) To recommend persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
 - e) To frame/review Compensation Policy towards ensuring effective alignment between remuneration and risk. Directors and Senior Management Personnel shall be part of the Compensation Policy.
 - f) To also review and recommend to the board, all remuneration, in whatever form, payable to Directors & senior management.
 - g) To consider grant of stock options to employees, administer and supervise the Employee Stock Option Plans in conformity with statutory provisions and guidelines;
 - h) To provide inputs to Board for making disclosures regarding policies, appointments, remuneration etc. of Directors and Senior Management personnel in the Annual Reports/ Directors Reports/Financial Statements etc. as may be required by the regulations from time to time.
 - i) To perform any other functions or duties as stipulated by the Companies Act, RBI, SEBI, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.
- b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy**

The Bank has a Board approved Compensation Policy in terms of the RBI guidelines. The compensation payable to MD & CEO and MRTs is divided into fixed and variable components. The proportion of variable pay shall increase significantly along with the level of seniority and/or responsibility. NRC shall work in close co-ordination with the Risk Management and Asset Liability Management Committee of the Board in order to achieve effective alignment between remuneration and risks. NRC will review the policy from time to time.

The Compensation Policy of the Bank covers the compensation payable to all the employees including the MD&CEO/ WTD, Key Managerial Personnel, Material Risk Takers (MRT) and Control Function Staff as per the guidelines of RBI as also fee payable to Non- Executive Directors/ Independent Directors. No remuneration is paid to Non-Executive Directors/ Independent Directors except Part- time Chairman other than the Sitting Fees for attending Board/ Committee meetings. Part- time (Non-Executive) Chairman is entitled for a fixed remuneration-honorarium, as approved by Reserve Bank of India and Shareholders of the Bank.

Remuneration to employees (other than MD & CEO and MRTs) is defined by the IBA pay scale/CTC pay structure, both of which are approved by the board. The IBA pay scale is an industry standard across all PSBs and old generation private banks, while the CTC pay structure specific to KVB has been formulated on the basis of comparative industry practices. The objective is to suitably compensate every employee as per his position in the organization so as to adequately recognize his contributions.

Objective of the Compensation policy is to align the compensation with prudent risk taking;

- Compensation must be adjusted for all types of risks
 - Compensation outcomes must be symmetric with risk outcomes
 - Compensation pay-out schedules must be sensitive to the time horizon of risks
 - The proportion of cash, equity and other forms of compensation must be consistent with risk alignment.
- c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks**

With respect to MD&CEO/MRT the clauses of Compensation Policy adopted by the Bank address the issues pertaining to current and future risks. Risk measures in the policy are reviewed on timely basis and are updated to suit the skill gaps and current day needs. A wide variety of measures of credit, market and liquidity risks are used by the bank in implementation of risk adjustment. This risk adjustment has both quantitative and qualitative elements. The Policy effectively aligns the compensation with prudent risk taking and shall be symmetrical with risk outcomes as well as sensitive to the time horizon of risk. Risks measures relating to the compensation payable are reviewed on timely basis and are updated to suit the skill gaps and current day needs.

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The remuneration (other than MD & CEO and MRTs) as per IBA / CTC package is position / designation specific and not necessarily risk specific. However, there are sufficient systems and procedures in place in the Bank (including Malus / Claw back clauses in the employment contracts, continuous monitoring / auditing etc) to ensure risk mitigation and prevention.

Board of Directors of the Bank through its NRC shall exercise oversight & effective governance over the framing and implementing the Compensation Policy.

d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration

Bank follows a performance-based remuneration, which motivates and rewards high performers who strengthen long-term customer relations, and generate income and shareholder value. The Bank while designing the compensation structure ensures that there is a proper balance between fixed pay and variable pay. Bank ensures that variable pay shall relate to the performance. The variable pay could be in cash, stock linked instruments or a mix of both.

While fixing the variable pay, performance parameters under financial and non-financial areas of operations are assessed. The financial performance of the bank is factored while determining the amount of variable remuneration to be paid. Variable Pay shall be fixed on the basis of performance matrix broadly categorized as a) Bank as a whole, b) Business Unit, c) Individual, based on the quantitative and qualitative criteria. The quantitative criteria shall relate to the performance of the Bank and certain qualitative factors taking into account the, Governance Improvement Measures, Cost to Income Ratio, Capital Adequacy Ratio, extraordinary items, appropriate risk management and efficient consumption of capital, etc as set out by NRC.

In the event of negative growth of the Bank and / or the relevant line of business in any year, the deferred compensation shall be subjected to malus and claw back arrangements in tune with the RBI guidelines.

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

As per the Compensation Policy, variable pay is eligible on the achievement of certain business/compliance targets fixed by the management.

Deferral arrangements for variable pay in case of Managing Director & Chief Executive Officer/WTD and other employees who are MRTs and Control Function Staff,

in adherence to FSB implementation standards shall be;

- a minimum of 60% of the total variable pay shall be under deferral arrangements.
- if cash component of variable pay equals or exceeds ₹25.00 Lakhs, then at least 50% of the cash bonus shall be deferred.

The deferral period shall be a minimum of three years applicable to both cash and non-cash components of the variable pay. Deferred remuneration shall either vest fully at the end of the deferral period or be spread out over the course of the deferral period. The first such vesting shall be not before one year from the commencement of the deferral period. The vesting shall be no faster than on a pro-rata basis. Additionally, vesting, shall not take place more frequently than on a yearly basis, to ensure a proper assessment of risks before the application of ex-post adjustments.

Subject to bank's ESOP schemes, NRC at its discretion may specify a retention period after the vesting of stock linked instruments which have been awarded as variable pay during which they cannot be sold or accessed.

In cases where the compensation by way of share linked, instruments is not permitted by law / regulations, the entire variable pay can be in cash, subject to deferral / vesting / malus-claw back norms.

f) Description of the different forms of variable remuneration (i.e. cash and types of share-linked instruments) that the bank utilizes and the rationale for using these different forms

Variable pay is purely based on performance and is measured through score cards. Bank ensures that the compensation structure is comprehensive and considers both, qualitative and quantitative performance measures. The variable pay would be in the form of cash & non-cash components (in the form of Share linked instruments).

Bank has Employees Stock Option Scheme i.e. ESOS. NRC may grant stock options under the Employees Stock Options Plan/Scheme from time to time in terms of SEBI (Share Based Employee Benefits) Regulations, 2015.

In case of other employees Bank also subscribes to different forms of variable pay such as performance linked incentives, Ex-gratia for other employees, non-cash incentives, Bonus, any other incentives by whatever name called having the similar features. The Bank shall not grant any severance pay (other than the terminal benefits and gratuity as per the provisions). Bank shall not provide any facility or funds or permit to insure or hedge his/her compensation structure to offset the risk alignment effects embedded in the compensation package.

Schedules

Quantitative Disclosures

Particulars	2020-21	2019-20
a) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members	7 Meeting and remuneration of ₹ 8.90 Lakhs	6 Meeting and remuneration of ₹ 5.00 Lakhs
b) Number of employees having received a variable remuneration award during the financial year (see note 'a' below)	1	Nil
c) Number and total amount of sign-on/joining bonus made during the financial year	Nil	Nil
d) Details of severance pay, in addition to accrued benefits, if any	Nil	Nil
e) Total amount of outstanding deferred remuneration, split into cash, types of share-linked instruments and other forms	Nil	Nil
f) Total amount of deferred remuneration paid out in the financial year	Nil	NA
g) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred (Refer note below)	1. Fixed Pay: ₹ 1,56,32,352/- 2. Variable Pay: ₹ 17,82,000/-	Fixed Pay ₹ 1,44,85,073/-
h) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments	Nil	Nil
i) Total amount of reductions during the financial year due to ex-post explicit adjustments	Nil	Nil
j) Total amount of reductions during the financial year due to ex-post implicit adjustments	Nil	Nil
k) Number of MRTs identified (see note 'b' below)	2	Nil
l) Number of cases where malus has been exercised	Nil	Nil
m) Number of cases where clawback has been exercised	Nil	Nil
n) Number of cases where both malus and clawback has been exercised	Nil	Nil
o) The mean pay for the Bank as a whole(excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay	Mean pay ₹ 10,67,504 Deviation of the pay * 8.90X	₹ 7,94,960 18.22X

* - During the year 2020-21, the Bank has paid arrears of wages pursuant to the 11th Bipartite Settlement and the impact of the same is considered in the computation of mean pay for the Bank as a whole.

Schedules

Note - Details of fixed remuneration paid:

S.N.	Name	Period	Designation	Amount (₹)
1	Mr. B Ramesh Babu(taken charge as MD&CEO on 29.07.2020)	29.07.2020 to 31.03.2021	MD & CEO (MRT)	95,03,642 [^]
2	Mr. J Natarajan	2020-21	President & COO (MRT)	61,28,710
Total				1,56,32,352
1	Mr. P. R. Seshadri	2019-20	MD & CEO	1,44,85,073

[^] - includes perquisites worked out as per Income Tax Rules, 1962.

- RBI vide letter dated 10th November, 2020 has approved variable pay to Mr. P. R. Seshadri, ex-MD & CEO for performance during the period FY 2019-20, which was paid during the year ended 31st March, 2021.
- Position of MD & CEO and President & COO are identified as Material Risk Takers by the Bank.

10.8 Stock options

Bank has granted 7,25,000 Stock Options to its Senior Management & other employees under KVB ESOS 2011 and ESOS 2018 Schemes. No option was exercised during the year. A sum of ₹ 0.07 Crores has been provided as Employee Compensation Cost being the proportionate accounting value in respect of stock option during the year 2020-21 (₹ 0.20 Crores during FY 2019-20) and 1,55,650 Stock Options lapsed of ₹ 0.13 Crores not exercised by Senior Management & other employees is transferred to General Reserve during the current year.

The Bank has granted 1,76,43,110 stock options of face value ₹ 2/- each to employees in various cadres (including Senior Management) under Employee Stock Option Schemes of the Bank viz. KVB ESOS 2011 & KVB ESOS 2018 Schemes, at Market Price of ₹38.60/-. Out of the said grant 8,46,300 options were cancelled due to ineligibility/non acceptance as on 31st March, 2021. Vesting eligibility under these grant are purely based on achievement of performance matrix of FY 2020-21. The Vesting period shall be under deferral arrangement of three years from the date of grant based on the employees left over service in the Bank. Vesting period may vary from employee to employee or any class thereof, however minimum vesting period of one year is mandatory. The grants made under the said schemes are in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014.

10.9 The Bank has deposited an amount of ₹ 371.57 Crores towards disputed tax liability. In the opinion of the Bank, no provision is considered necessary based on favourable decisions by various courts.

10.10 Inter-branch transactions

Inter Branch/Office accounts reconciliation has been completed upto 31st March, 2021 and all the inter branch entries have been reconciled upto 31st March, 2021.

10.11 Balancing of books

The books of accounts have been balanced and tallied in all branches of the Bank as on 31st March, 2021.

10.12 Disclosure of penalties imposed by RBI

During the year, and amount of ₹ 27,500/- has been charged as penalty by RBI, emanating out of deficiencies found while processing the currency notes remitted by the Bank.

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10.13 Status with regard to IndAS Implementation

As per RBI notification DBR.BP.BC.No.76/21.07.001/2015-16 dated 11th February, 2016, the progress, status and strategy for IndAS implementation is given below:

RBI has deferred the implementation of IndAS by Banks in India, till further instructions. Bank has adhered with the RBI guidelines whereby proforma IndAS statements have been prepared and submitted on quarterly basis, during the year 2020-21. Further, guidelines in this regard from RBI is awaited. Bank has continued the services of consultant earlier engaged during the year 2020-21 also, for assistance in the preparation of proforma of IndAS statements and continues to evaluate the process requirements to be put in place for implementation of IndAS. IndAS Steering Committee for implementation of IndAS in the Bank met periodically, and evaluation of IndAS solution offered have been undertaken by the committee members, so as to finalise the procurement of an appropriate solution to meet the IndAS requirements including inter-alia evaluation and measurement of Probability of Default, Loss Given Default etc. as well as accounting, reporting and generation of related MIS that may be required for IndAS reporting purposes.

10.14 Disclosure on Investor Education and Protection Fund (IEPF)

As per the Companies Act 2013, dividends unclaimed for more than seven years from the date of their declaration and all shares in respect of which dividends remain unclaimed for the last seven consecutive years are to be transferred to Investor Education and Protection Fund.

In compliance with the above provisions, the unclaimed dividend amount of ₹ 45,10,394/- for the FY 2012-13 and 1,24,705 shares of face value ₹ 2/- each, in respect of which the dividends remain unclaimed from FY 2012-13 for the last seven consecutive years, were transferred to the IEPF during the year ended 31st March, 2021 within the timelines.

10.15 Corporate Social Responsibility (CSR)

The bank has incurred an expenditure of ₹1.03 Crores towards CSR and has also provided ₹ 6.37 Crores during the year for various future projects and its appropriateness for spending / coverage under CSR (Previous year ₹ 7.66 Crores).

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

N. S. SRINATH
CHAIRMAN

B.RAMESH BABU
MANAGING DIRECTOR & CEO

Dr. V.G. MOHAN PRASAD
DIRECTOR

M. K. VENKATESAN
DIRECTOR

A. K. PRABURAJ
DIRECTOR

CA K. L.VIJAYALAKSHMI
DIRECTOR

M. V. SRINIVASAMOORTHY
DIRECTOR

Dr. K. S. RAVICHANDRAN
DIRECTOR

R. RAMKUMAR
DIRECTOR

K.G.MOHAN
DIRECTOR

Dr. HARSHAVARDHAN RAGHUNATH
DIRECTOR

J.NATARAJAN
PRESIDENT & COO

M.D.RAMESH MURTHY
GENERAL MANAGER & CFO

M.SRINIVASA RAO
ASST. GEN.MANAGER & COMPANY SECRETARY

As per our report of even date
For **Walker Chandio & Co LLP**,
Chartered Accountants
Firm Registration No. 001076N/N500013

KRISHNAKUMAR ANANTHASIVAN
Partner
Membership No. 206229
Place: Kochi

Place: Karur
Date :May 28, 2021

Cash Flow Statement

for the year ended March 31, 2021

(₹ 000's omitted)

Particulars	Year ended 31-03-2021 (Audited)	Year ended 31-03-2020 (Audited)
Cash flow from operating activities		
Net Profit as per Profit and Loss account	3593893	2350247
Adjustments for		
Depreciation on Bank's property	1241383	1188816
Interest paid on TIER II bonds	581965	653686
Provisions for other contingencies	980375	524691
Provision for taxes	1749839	371633
Provision for depreciation on investment	1378170	402150
Provision for standard assets	57292	37028
Provision for bad and doubtful debts	6339960	13561702
Provision for non performing investments	193775	361035
Provision for leave encashment	550100	101100
Amortization of premium paid on Held to Maturity (HTM) investments	1227281	670811
Provision for employees stock option plan / scheme	750	2008
(Profit) / Loss on sale of fixed assets (net)	(2231)	124566
Operating profit before working capital changes	17892552	20349473
Adjustments for working capital changes		
(Increase) / Decrease in investments (excluding HTM investments)	7661144	3753654
(Increase) / Decrease in advances	(49060864)	11222351
(Increase) / Decrease in other assets	570684	1818152
Increase / (Decrease) in deposits	42033556	(7928732)
Increase / (Decrease) in borrowings	13441136	(2311641)
Increase / (Decrease) in other liabilities and provisions	2517107	(665059)
	35055315	5888725
Direct taxes paid	(1400000)	(1200000)
Net cash flow from operating activities	33655315	25038198
Cash flow from investing activities		
Purchase of fixed assets	(765611)	(1225327)
(Increase)/Decrease in HTM investments	(13025166)	(13996254)
Sale of fixed assets / other assets	2231	(124566)
Net cash flow used in investing activities	(13788546)	(15346147)

Cash Flow Statement

for the year ended 31st March 2021

(₹ 000's omitted)

Particulars	Year ended 31-03-2021 (Audited)	Year ended 31-03-2020 (Audited)
Cash flow from financing activities		
Proceeds from issue of share capital	-	20
Proceeds from share premium	-	603
Increase/(Decrease) in tier II bonds	-	(1500000)
Interest paid on tier II bonds	(581965)	(653686)
Dividend paid (including tax on dividend)	(6941)	(583918)
Net cash flow used in financing activities	(588906)	(2736981)
Net Increase in cash & cash equivalents	19277863	6955070
Cash and cash equivalents at the beginning of the year	43925525	36970455
Cash and cash equivalents at the end of the year	63203388	43925525

The above Cash Flow Statement is based on indirect method

N. S. SRINATH
CHAIRMAN

B.RAMESH BABU
M D & C E O

Dr. V.G. MOHAN PRASAD
DIRECTOR

M. K. VENKATESAN
DIRECTOR

A. K. PRABURAJ
DIRECTOR

CA K. L.VIJAYALAKSHMI
DIRECTOR

M. V. SRINIVASAMOORTHY
DIRECTOR

Dr. K. S. RAVICHANDRAN
DIRECTOR

R. RAMKUMAR
DIRECTOR

K.G.MOHAN
DIRECTOR

Dr. HARSHAVARDHAN RAGHUNATH
DIRECTOR

J.NATARAJAN
PRESIDENT & COO

M.D.RAMESH MURTHY
GENERAL MANAGER & CFO

M.SRINIVASA RAO
ASST. GEN.MANAGER & COMPANY SECRETARY

As per our report of even date
For **Walker Chandiok & Co LLP**,
Chartered Accountants
Firm Registration No. 001076N/N500013

KRISHNAKUMAR ANANTHASIVAN
Partner
Membership No. 206229
Place: Kochi

Place: Karur
Date : May 28, 2021

Basel Pillar III Disclosures

BASEL PILLAR III DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (31.03.2021)

1. SCOPE OF APPLICATION (DF 1)

Karur Vysya Bank Limited is a Scheduled Commercial Bank which was incorporated on June 22, 1916 at Karur. As on 31.03.2021, the Bank does not have any subsidiaries.

2. CAPITAL ADEQUACY AND CAPITAL STRUCTURE (DF 2)

Banks are required to maintain a minimum Pillar 1 Capital to Risk-weighted Assets Ratio (CRAR) of 9% on an on-going basis (other than Capital Conservation Buffer (CCB), Counter Cyclical Capital Buffer (CCCB) etc.). Banks are also required to maintain CCB of 1.875% and to achieve a level of 2.50% by 01.10.2021, as per extant RBI guidelines.

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

Tier-I Capital:

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

In addition to the minimum CET 1 capital of 5.5% of RWAs, banks are also required to maintain CCB in the form of CET 1 capital, progressively from Financial Year 2015-16, to reach a level of 2.50% of RWAs, by 01.10.2021.

Tier I capital includes paid-up equity capital, share premium, statutory reserves, capital reserves, other disclosed free reserves and balance in Profit and Loss account at the end of the previous financial year. Profits in current financial year may be included in Tier I on fulfillment of certain conditions regarding incremental provisions for non-performing assets.

Equity Capital

Bank has an authorized share capital of ₹ 200 Crores comprising of 100,00,00,000 equity shares of ₹ 2/- each. As on 31.03.2021 the Bank has Subscribed and Paid-up capital of ₹ 1599 million constituting 79,93,20,719 shares of ₹ 2/- each.

Tier II Capital:

Bank's Tier II capital includes provisions for standard assets and debt capital instruments (Tier II bonds) and other reserves eligible for inclusion in Tier II capital.

Provisions or loan-loss reserves held against future, presently unidentified losses, which are freely available to meet losses which subsequently materialize, will qualify for inclusion within Tier II capital.

Tier II bonds

Details of subordinated debt instruments issued by the Bank and outstanding as on 31.03.2021 are as under:

(₹ in million)				
Issue Series	Deemed Date of Allotment	Coupon Rate (% p.a.)	Tenor (in Months)	Amount as on 31.03.2021
1	March 12, 2019	11.95	123	4,870.00

Composition of Capital – Tier I and Tier II:

(₹ in million)	
1. Tier I capital	
1.1 Paid-up share capital	1,599
1.2 Reserves	66,318
1.3 Gross Tier I capital (1.1 + 1.2)	67,917
1.4 Deductions	803
1.5 Total Tier I capital (1.3 - 1.4)	67,114
2. Tier II capital	
2.1 Subordinated Debt	4,870
2.2 General Provisions and Revaluation Reserves	1,881
2.3 Investment Reserve & Investment Fluctuation Reserves	1,281

Basel Pillar III Disclosures

Composition of Capital – Tier I and Tier II: (Contd..)

(₹ in million)

2.4 Gross Tier II capital (2.1 + 2.2 + 2.3)	8,032
2.5 Deductions	-
2.6 Total Tier II capital (2.4 - 2.5)	8,032
3. Debt capital instruments eligible for inclusion in Basel III Tier II capital	
3.1 Total amount outstanding	4,870
3.2 Of which amount raised during the current year	-
3.3 Amount eligible to be reckoned as capital funds	4,870
4. Subordinated debt eligible for inclusion in Tier II capital	-
4.1 Total amount outstanding	-
4.2 Of which amount raised during the current year	-
4.3 Amount eligible to be reckoned as capital funds	-
5. Other deductions from capital	-
6. Total eligible capital (1.5 + 2.6 - 5)	75,146

2.1 CAPITAL ADEQUACY ASSESSMENT PROCESS

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

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

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

- | | |
|---------------------|---|
| 1. Credit Risk | 5. Interest Rate Risk in the Banking Book |
| 2. Market Risk | 6. Concentration Risk |
| 3. Operational Risk | 7. Strategic Risk |
| 4. Liquidity Risk | 8. Reputational Risk |

The Bank has also implemented a Board approved Stress Testing Policy. Stress Testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible ("stressed") business conditions. Typically, this relates, among other things, to the impact on the Bank's profitability and capital adequacy. Stress Tests are conducted on the Bank's on and off balance sheet exposures to test the impact of Credit risk, Market risk, Liquidity risk and Interest Rate Risk in the Banking Book (IRRBB). The stress test results are put up to the Risk Management Committee (RMC) of the Board for their review and guidance. The Bank periodically assesses and refines its stress tests in an effort to ensure that the stress scenarios capture material risks as well as reflect possible extreme market moves that could arise as a result of

market conditions. The stress tests are used in conjunction with the Bank's business plans for the purpose of capital planning in the ICAAP. In line with the RBI guidelines for implementing the New Capital Adequacy Framework under Basel III, the Bank has successfully migrated to the framework from April 1, 2013.

In accordance with the RBI's requirement, the Bank has continued to adopt Standardized Approach (SA) for Credit Risk and Basic Indicator Approach (BIA) for Operational Risk to compute capital as on 31.03.2021. Besides this, the Bank continues to apply the Standardized Duration Approach (SDA) for computing capital requirement for Market Risk. RBI has prescribed banks to maintain a minimum CRAR of 10.875% with regard to credit risk, market risk and operational risk as on 31.03.2021.

Basel Pillar III Disclosures

2.2 CAPITAL ADEQUACY AS ON 31.03.2021

The total Capital to Risk Weighted Assets Ratio (CRAR) as per Basel III guidelines works to 18.98% as on 31.03.2021 (as against minimum regulatory requirement of 10.875%). The Tier I CRAR stands at 16.95%. The Bank has followed the extant RBI guidelines to arrive at the eligible capital, risk weighted assets and CRAR.

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

(₹ in million)

1. Capital requirement for Credit Risk	
- Portfolio subject to Standardized Approach	34,804
- Securitization exposures	-
2. Capital requirement for Market Risk	
Standardized Duration Approach	1,729
• Interest Rate Risk	489
• Foreign Exchange Risk (Including gold)	49
• Equity Risk	1,191
3. Capital requirement for Operational Risk	
Basic Indicator Approach	6,531
Total capital requirements at 10.875% (1 + 2 + 3)	43,064
Total capital	75,146
CRAR %	18.98
Tier-I CRAR %	16.95
CET 1 %	16.95

3. RISK EXPOSURE AND ASSESSMENT

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

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

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

3.1 Risk Management Committee of the Board:

The RMC of the Board is the primary tier to oversee implementation of Board approved strategies and policies, recommend setting up of tolerance limits wherever required, monitor implementation of strategies and policies, as well as adherence to prescribed tolerance limits etc. The RMC oversees the functioning of executive level committees for risk management.

3.2 Executive Level Committees:

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

S.N.	Name of the committee	Focus Area	Chairman
1	Credit Risk Management Committee (CRMC)	All aspects of Credit Risk Management, Monitoring & Control	MD & CEO
2	Asset Liability Management Committee (ALCO)	All aspects of Asset Liability Management, Monitoring & Control, Interest rate review etc.	
3	Market Risk Management Committee (MRMC)	All aspects of Market Risk Management, Monitoring & Control.	Chief Operating Officer (COO)
4	Operational Risk Management Committee (ORMC)	All aspects of Operational Risk Management, Monitoring & Control.	

Basel Pillar III Disclosures

4. CREDIT RISK (DF 3)

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

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

4.1.1. Credit Risk Management

CRMC is the top-level functional committee for managing credit risk. The committee is responsible for implementation of Credit Policy approved by the Bank's Board. The committee considers and takes decision necessary to manage and control credit risk within the overall quantitative prudential limits approved by the Bank's Board. The Committee is entrusted with the responsibilities to formulate standards for presentation of credit proposals, financial covenants, rating standards and benchmarks.

The Bank has adopted an integrated approach to CRM, which encompasses:

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

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

4.1.2. Credit Risk Strategy and Risk Profile:

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

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

- Identification of target markets/segments
- Establishing of characteristics of desirable customers within the target market
- Assessing whether adequate resources are available to support the business

- Ensuring that all legal and regulatory requirements are complied with
- Ensuring that the portfolio is consistent with the Bank's strategy and objectives especially in relation to risk concentration, maturity profile and liquidity management

4.1.3 Credit Risk Controls:

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

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

Management of credit risk is at three levels:

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

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

- The ability and willingness of borrowers to repay.
- Dependence primarily on cash flows for repayment with security taken to provide a secondary source of repayment.
- Quality of data and analysis thereof forms the basis of assessment and not external reputation or unsubstantiated beliefs.
- Rational assessment of probability of default and assessment of 'Worst Case Scenario'.
- Transparency and communication of all relevant facts (negative as well as positive) necessary for making an informed credit decision.
- Documentation of all assessment, rationale and decisions.
- Know Your Customers 'KYC' forms the bedrock of initiating and sustaining any relationship.

Basel Pillar III Disclosures

4.2 Total gross credit risk exposure:

(₹ in million)	
Category : Domestic	Amount
Fund based	611,215
Non fund based	30,782
Total	641,997

Note:

1. Fund based credit exposure excludes cash in hand, balance with RBI, investments in shares and bonds etc., deposits

placed with NABARD, SIDBI & NHB, fixed and other assets.

2. Non-fund based exposure includes outstanding Letter of Credit, Acceptances and Bank Guarantee exposures.

Exposure includes credit exposure (funded and non-funded credit limits) and investment exposure (including underwriting and similar commitments). The sanctioned limits or outstanding, whichever is higher, is reckoned for arriving at the exposure limit. In case of fully drawn term loans (i.e. where there is no scope for further drawal of any portion of the sanctioned limit), the outstanding is treated as the exposure.

4.3 Geographical Distribution of Credit:

(₹ in million)					
State	Fund Based	State	Fund Based	State	Fund Based
ANDHRA PRADESH	77,981	JHARKHAND	135	RAJASTHAN	301
BIHAR	46	KARNATAKA	34,414	TAMILNADU	260,230
CHANDIGARH	623	KERALA	10,185	TELANGANA	43,119
CHHATTISGARH	156	MADHYA PRADESH	751	UTTARAKHAND	89
DELHI	12,138	MAHARASHTRA	51,946	UTTAR PRADESH	2,676
GOA	297	ORISSA	1,389	WEST BENGAL	7,553
GUJARAT	14,592	PONDICHERRY	4,561	TOTAL	528,201
HARYANA	3,931	PUNJAB	1,088		

4.4 Industry wise distribution of exposures

(₹ in million)		
Industry	Fund Based	Non-Fund Based
MINING & QUARRYING	3,371	280
FOOD PROCESSING	18,726	1,899
BEVERAGES & TOBACCO	2,303	26
TEXTILES	47,515	1,465
LEATHER AND LEATHER PRODUCTS	636	7
WOOD AND WOOD PRODUCTS	4,440	2,413
PAPER AND PAPER PRODUCTS	4,785	443
PETROLEUM	459	14
CHEMICALS AND CHEMICAL PRODUCTS	5,823	159
RUBBER, PLASTIC AND THEIR PRODUCTS	4,798	103
GLASS & GLASSWARE	509	11
CEMENT & CEMENT PRODUCTS	2,924	127
BASIC METAL AND METAL PRODUCTS	9,798	1,639
ALL ENGINEERING	7,866	1,351
VEHICLES, VEHICLE PARTS AND TRANSPORT EQUIPMENT	3,623	120
GEMS AND JEWELLERY	8,229	1,156
CONSTRUCTION	6,556	2,824
INFRASTRUCTURE	21,878	4,729
OTHER INDUSTRIES	3,430	283
OTHERS	400,596	11,733
TOTAL	558,265	30,782

4.5 Exposure to Industries in excess of 5% of total exposure

(₹ in million)		
Industry	Fund based Facilities	Non-Fund based Facilities
TEXTILES	47,515	1,465
Total	47,515	1,465

Basel Pillar III Disclosures

4.6 Residual contractual maturity breakdown of assets*

(₹ in million)

Residual Maturity	Cash	Bal. with RBI	Bal. with other banks	Investments	Advances (Performing)	Gross NPA + NPI	Fixed Assets	Other Assets	Total
Day 1	8,355	752	531	37,382	19,388	-	-	2,772	69,180
2-7 Days	-	424	1,468	6,254	4,283	-	-	346	12,776
8-14 Days	-	423	-	2,170	4,745	-	-	346	7,684
15-30 Days	-	795	-	4,081	10,455	-	-	-	15,332
31 Days & upto 2 Months	-	1,150	6,553	5,902	16,788	-	-	-	30,393
Over 2 Months & upto 3 Months	-	1,180	13,258	6,070	21,728	-	-	-	42,236
Over 3 Months & upto 6 Months	-	2,885	5,847	14,998	59,740	-	-	-	83,471
Over 6 Months & upto 1 Year	-	5,210	-	26,912	73,576	-	-	-	105,698
Over 1 Year & upto 3 years	-	5,002	59	32,643	177,112	-	-	-	214,816
Over 3 Years & upto 5 years	-	2,665	-	17,572	37,959	8,325	-	-	66,521
Over 5 Years	-	2,399	-	13,056	60,999	34,484	5,391	7,743	124,072
Total	8,355	22,885	27,716	167,041	486,773	42,809	5,391	11,207	

* As per ALM Guidelines

4.7 Non Performing Advances and Provisions

(₹ in million)

Particulars	Amount
a) Gross NPA	
i. Substandard	8,325
ii. Doubtful 1	10,288
iii. Doubtful 2	11,723
iv. Doubtful 3	5,795
v. Loss	5,298
Total	41,429
b) Net NPA	17,194
c) NPA Ratios	
i. Gross NPAs to Gross Advances (%)	7.85
ii. Net NPAs to Net Advances (%)	3.41
d) Movement of NPA (Gross)	
i. Opening balance 01.04.2020	42,128
ii. Additions during the year	9,593
iii. Reductions during the year	10,292
iv. Closing balance 31.03.2021	41,429
e) Movement of provisions for NPA	
	Specific Provision General Provision
i. Opening balance as on 01.04.2020	23,506 -
ii. Provision made during the year	8,064 -
iii. Write-off / write-back of excess provisions	7,914 -
iv. Closing balance 31.03.2021	23,656 -

Basel Pillar III Disclosures

(₹ in million)

Particulars	Amount
f) Write Offs / Recoveries that have been booked directly to the income statement	
i. Write Offs that have been booked directly to the income statement	-
ii. Recoveries that have been booked directly to the income statement	302
g) Amount of Non-Performing Investments	1,380
h) Amount of provisions held for Non-Performing Investments	1,365
i) Movement of depreciation on investments	
i. Opening balance as on 01.04.2020	1,722
ii. Add - Provision made during the year	1,496
iii Less - Write-off/ write-back of excess provision during the year (including depreciation utilized on the sale of securities)	118
iv. Closing balance as on 31.03.2021	3,100

4.7.1 Major Industry break up of NPA

(₹ in million)

Industry	Gross NPA	Specific Provision	Write Off during the current period
MINING & QUARRYING	8	5	-
FOOD PROCESSING	561	189	-
BEVERAGES & TOBACCO (EXCLUDING TEA & COFFEE)	51	18	38
TEXTILES	2,458	992	3
LEATHER AND LEATHER PRODUCTS	217	142	-
WOOD AND WOOD PRODUCTS	1,024	488	-
PAPER AND PAPER PRODUCTS	311	104	-
PETROLEUM	22	8	-
CHEMICALS AND CHEMICAL PRODUCTS	792	305	-
RUBBER, PLASTIC AND THEIR PRODUCTS	2,814	2,474	-
CEMENT & CEMENT PRODUCTS	1,401	857	-
BASIC METAL AND METAL PRODUCTS	1,361	738	191
ALL ENGINEERING	307	224	-
VEHICLES, VEHICLE PARTS AND TRANSPORT EQUIP.	2,056	1,960	1,157
GEMS AND JEWELLERY	526	95	-
CONSTRUCTION	125	37	-
INFRASTRUCTURE	4,683	3,258	1,955
OTHER INDUSTRIES	153	75	-
TOTAL	18,870	11,969	3,344

Basel Pillar III Disclosures

4.7.2 Geography wise distribution of NPA and Provision

(₹ in million)		
Geography	Gross NPA	Specific Provision
Domestic	41,429	23,656
Overseas	-	-
Total	41,429	23,656

5. CREDIT RISK: DISCLOSURES FOR PORTFOLIO SUBJECT TO THE STANDARDIZED APPROACH (DF 4)

5(a). The Bank has used the ratings of the following domestic external Credit Rating Agencies (CRA) for the purpose of risk weighting Bank's claims on the domestic entities for capital adequacy purpose:

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

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

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

Cash credit exposures have been rated as long-term facility, notwithstanding the repayable on demand condition.

If an obligor has a long term external credit rating that warrants RW (Risk Weight) of 150%, all unrated exposures on the same obligor whether long or short is assigned the same 150% RW unless mitigated by recognized Credit Risk Mitigants.

Bank has used only solicited rating from the recognized CRAs. In case the obligor has multiple ratings from CRAs, the rating to be used is selected as per RBI guidelines.

If there is only one rating by a chosen CRA for a particular claim, that rating is used to determine the risk weight of the claim.

If there are two ratings accorded by chosen CRAs that map into different risk weights, the higher risk weight is applied.

If there are three or more ratings accorded by chosen CRAs with different risk weights, the ratings corresponding to the two lowest risk weights is referred to and the higher of those two risk weights is applied. i.e., the second lowest risk weight.

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

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

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

For exposure amounts after risk mitigation subject to the standardized approach, amount of the Bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted as on 31.03.2021 are as follows:

(₹ in million)			
S.N.	Risk Weight	Fund Based	Non Fund Based
1	Below 100%	422,356	10,707
2	100%	115,264	9,219
3	More than 100%	44,624	3,163
Total (1 + 2 + 3)		582,244	23,089

Basel Pillar III Disclosures

6. CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDIZED APPROACH (DF 5)

6.1 The Bank has adopted CRM techniques and Collateral Management (CM) guidelines issued by RBI under Master circular – Prudential guidelines on Capital Adequacy and Market Discipline – New Capital Adequacy Framework (NCAF).

The Bank has utilized CRM in the form of Bank's own deposits, LIC Policies, National Saving Certificate and gold, wherever the collateral is identifiable, marketable & enforceable and complies with RBI requirements. Sovereign exposures and Sovereign guaranteed exposures are risk weighted as per RBI directives.

The general principles applicable for use of CRM techniques are as under:

- i. No transaction in which CRM techniques are used has been assigned higher capital requirement than as otherwise identical transaction where such techniques are not used.
- ii. The Bank has taken care to see that effects of CRM are not double counted. To ensure this no additional supervisory recognition of CRM for regulatory capital purposes is made available on claims for which an issue-specific rating is used that already reflects that CRM.
- iii. Principal-only ratings will not be allowed within the CRM framework. The rating should cover principal and interest.

The Bank has, therefore, put in place robust procedures and processes to control these risks, including strategy, consideration of the underlying credit, valuation, policies and procedures systems, control of roll-off risks, and management of concentration risk arising from the use of CRM techniques and its interaction with the Bank's overall credit risk profile.

6.2 Eligible Financial Collateral:

The following collaterals are used as risk mitigants –

1. Cash margins and fixed deposit receipts of the counterparty with the Bank
2. Gold bullion and jewelry
3. Securities issued by Central and State Governments
4. National Savings Certificates, Kisan Vikas Patras
5. Life insurance policies with a declared surrender value of an insurance company which is regulated by an insurance sector regulator.
6. Debt securities rated by a chosen CRA in respect of which the banks should be sufficiently confident about the market liquidity and where they are either:

a) Attracting 100% or lesser risk weight i.e. rated at least BBB (-), when issued by public sector entities and other entities (including Banks and Primary Dealers); or

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

7. Debt securities not rated by a chosen CRA in respect of which the Banks should be sufficiently confident about the market liquidity where these are:

- a) Issued by a Bank
- b) Listed on a recognized exchange
- c) Classified as senior debt
- d) All rated issues of the same seniority by the issuing Bank are rated at least BBB(-) or A3 by a chosen CRA

8. Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the bank's operation and mutual funds where:

- a) Price for the units is publicly quoted daily i.e., where the daily NAV is available in public domain; and
- b) Mutual fund is limited to investing in permitted instruments listed.

6.3 **Total exposure covered by guarantees/credit derivatives**
Nil

7. SECURITIZATION EXPOSURES (DF 6)

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

As on 31.03.2021 the Bank does not have any securitization exposure as originator.

8. MARKET RISK IN TRADING BOOK (DF 7)

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

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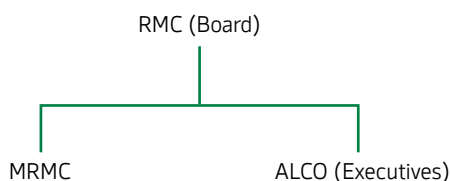
and derivatives are conducted in accordance with sound and acceptable business practices and are as per the extant regulatory guidelines, laws governing transactions in financial securities and the financial environment. Market Risk in Trading Book is assessed as per the Standardized Duration approach. The capital charge for Held for Trading (HFT) and Available for Sale (AFS) portfolios is computed as per RBI guidelines.

Market risk management objectives:

The objectives of market risk management are as follows:

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

Structure and organization of the market risk management function:



Strategies and processes:

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

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

The strategy/guidelines for controlling market risk include:

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

- Rigorous testing and auditing of all pricing, trading and risk management

The scope and nature of risk reporting and measurement systems:

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

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

The capital requirements for market risk are detailed below:

(₹ in million)		
SN	Risk Category	Capital Charge
1	Interest Rate Risk	489
2	Foreign Exchange Risk (Including gold)	49
3	Equity Risk	1,191
Capital requirement for Market Risk (1 + 2 + 3)		1,729

9. OPERATIONAL RISK (DF 8)

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputational risk.

The Bank has put in place a Board approved Operational Risk Management Policy which outlines overall framework for management of Operational Risk.

The Bank manages Operational Risk by way of adopting best practices in processes as well as products. Utmost importance is given on communication and understanding of processes at transactional level and compliance to same are monitored through effective internal audits.

The Bank's selection of personnel and systems of rewarding performance are aligned to meet Bank's stated key priorities. There is a commitment to training and upgrading of staff skills. Strong 'ownership' of exposures is encouraged, through rewards as well as strong accountability.

The Bank understands the criticality of business continuity in the event of any undesirable/ unforeseen incident and has put in place an exhaustive Business Continuity Plan

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(BCP) in place which is subject to periodic drills. The Bank has robust Information Technology set up with Disaster Recovery (DR) site for critical functions and backups. Further there is a strict adherence to Information Security Policy across the Bank.

As per the mandate from RBI, the Bank is following the Basic Indicator Approach (BIA) for assessment of Operational Risk Capital.

Capital requirement for operational risk as per BIA as on 31.03.2021 is ₹ 6,531 million.

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

Interest Rate Risk in the Banking Book (IRRBB):

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

Risk management framework and monitoring:

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

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

Risk measurement and reporting framework:

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

a) Interest rate sensitivity:

The interest rate gap risk, at any given date, is the risk arising from the mismatches in the assets & liabilities over the different time intervals. These mismatches or gaps are arrived at after matching rate sensitive assets and rate sensitive liabilities in the particular time bucket taking into account all assets and liabilities (including off Balance Sheet exposure). The rate sensitive assets and liabilities are grouped in the buckets as per the residual maturity or re-pricing date, whichever is earlier and is reported on monthly basis. The gap indicates whether net interest income is positively or negatively impacted by a change in interest rates and the magnitude of the gap approximates the change in net interest income for any given interest rate shift. Limits are fixed on individual gaps.

b) Earnings at Risk Analysis (EaR):

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

c) Stress testing:

The Bank measures the impact on NII/ EaR after taking into account various possible movement in interest rates across tenor and impact on the earnings is calculated for each of these scenarios.

d) Duration gap analysis:

Movement in the interest rates also have a long-term impact on the market value of equity of the Bank, as the economic value of the Bank's assets, liabilities and

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off-Balance Sheet positions get affected. Duration is a measure of interest rate sensitivity of assets, liabilities and also equity. It may be defined as the percentage change in the market value of an asset or liability (or equity) for a given change in interest rates. Thus Duration Gap Analysis measures by how much the market value of equity

of a firm would change for the possible change in the interest rates.

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

(₹ in million)		
Currency = INR (*)	100 bps	200 bps
Impact on NII	429	858
Impact on economic value of equity	335	671

* No major exposure in foreign currencies

11. GENERAL DISCLOSURES FOR EXPOSURES RELATED TO COUNTER PARTY CREDIT RISK (DF 10)

Counterparty exposure:

Counterparty credit risk in case of derivative contracts arises from the forward contracts. The subsequent credit risk exposures depend on the value of underlying market factors (e.g., interest rates and foreign exchange rates), which can be volatile and uncertain in nature. The Bank does not enter into derivative transactions other than forward transactions.

Credit limits:

The credit limit for counterparty bank is fixed based on their

financial performance as per the latest audited financials. Various financial parameters such as Capital, Net worth etc., are taken into consideration while assigning the limit. Credit exposures are monitored to ensure that they do not exceed the approved credit limits.

Credit exposures on forward contracts:

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

Credit exposure:

(₹ in million)				
	Notional Amount	Gross positive fair value of the contracts	Potential Future Exposure	Total Credit Exposure
Forward contracts	49,221	49,482	990	50,472

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12. COMPOSITION OF CAPITAL (DF 11)

(₹ in million)

Common Equity Tier 1 (CET 1) capital instruments and reserves

1	Directly issued qualifying common share capital plus related stock surplus (share premium)	22,253
2	Retained earnings	11
3	Accumulated other comprehensive income (and other reserves)	45,653
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET 1)	-
6	CET 1 capital before regulatory adjustments	67,917
CET 1 capital : regulatory adjustments		
7	Prudential valuation adjustments	-
8	Goodwill (net of related tax liability)	-
9	Intangibles (net of related tax liability)	794
10	Deferred tax assets	-
11	Cash-flow hedge reserve	-
12	Shortfall of provisions to expected losses	-
13	Securitization gain on sale	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-
15	Defined-benefit pension fund net assets	-
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	-
17	Reciprocal cross-holdings in common equity	9
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-
20	Mortgage servicing rights (amount above 10% threshold)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
22	Amount exceeding the 15% threshold	-
	of which :	
23	Significant investments in the common stock of financial entities	-
24	Mortgage servicing rights	-
25	Deferred tax assets arising from temporary differences	-
26	National specific regulatory adjustments(26a+26b+26c+26d)	-
26a	Investments in the equity capital of unconsolidated insurance subsidiaries	-
26b	Investments in the equity capital of unconsolidated non- financial subsidiaries	-
26c	Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-
26d	Unamortized pension funds expenditures	-
27	Regulatory adjustments applied to CET 1 due to insufficient AT1 and Tier2 to cover deductions	-
28	Total regulatory adjustments to CET 1	803
29	Common Equity Tier1 capital	67,114
30	Directly issued qualifying Additional Tier1 instruments plus related stock surplus (share premium) (31+32)	-
	of which :	
31	Classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-
32	Classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-
33	Directly issued capital instruments subject to phase out from Additional Tier I	-
34	AT 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-

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12. COMPOSITION OF CAPITAL (DF 11) (Contd..)

(₹ in million)

35	of which: instruments issued by subsidiaries subject to phase out	-
36	Additional Tier 1 (AT 1) capital before regulatory adjustments	-
37	Investments in own AT 1 instruments	-
38	Reciprocal cross-holdings in AT 1 instruments	-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
41	National specific regulatory adjustments (41a+41b)	-
	of which	
41a	Investments in the AT 1 capital of unconsolidated insurance subsidiaries	-
41b	Shortfall in the AT 1 capital of majority owned financial entities which have not been consolidated with the bank	-
42	Regulatory adjustments applied to Additional Tier1 due to insufficient Tier 2 to cover deductions	-
43	Total regulatory adjustments to Additional Tier1 capital	-
44	Additional Tier 1 capital (AT1)	-
44a	Additional Tier 1 capital reckoned for capital adequacy	-
45	Tier1 capital (T1 = CET 1 + AT 1) (29+44a)	67,114
	Tier 2 capital instruments and provisions	
46	Directly issued qualifying Tier2 instruments plus related stock surplus	-
47	Directly issued qualifying Tier 2 instruments subject to phase out	4,870
48	Tier2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier2)	-
49	of which: instruments issued by subsidiaries subject to phase out	-
50	Other Reserves and Provisions	3,162
51	Tier 2 capital before regulatory adjustments	8,032
	Tier 2 capital : regulatory adjustments	
52	Investments in own Tier2 instruments	-
53	Reciprocal cross- holdings in Tier2 instruments	-
54	Investments in the capital of banking ,financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-
55	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
56	National specific regulatory adjustments (56a+56b)	-
	of which:	
56a	Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	-
56b	Short fall in the Tier2 capital of majority owned financial entities which have not been consolidated with the bank	-
57	Total regulatory adjustments to Tier2 capital	-
58	Tier 2 capital (T2)	8,032
58a	Tier2 capital reckoned for capital adequacy	8,032
58b	Excess AT 1 capital reckoned as Tier2 capital	-
58c	Total Tier2 capital admissible for capital adequacy (58a+58b)	8,032
59	Total capital (TC = T1 + Admissible T2) (45+58c)	75,146
60	Total risk weighted assets (60a+60b+60c)	395,988
60a	Total credit risk weighted assets	320,034

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12. COMPOSITION OF CAPITAL (DF 11) (Contd..)

(₹ in million)

60b Total market risk weighted assets	15,900
60c Total operational risk weighted assets	60,054
Capital ratios and buffers	
61 Common Equity Tier1 (as a percentage of risk weighted assets)	16.95%
62 Tier1 (as a percentage of risk weighted assets)	16.95%
63 Total capital (as a percentage of risk weighted assets)	18.98%
64 Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus counter cyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	7.375%
65 Of which: capital conservation buffer requirement	1.875%
66 Of which: bank specific counter cyclical buffer requirement	-
67 Of which: G-SIB buffer requirement	-
68 Common Equity Tier1 available to meet buffers (as a percentage of RWAs)	9.575%
National minima (if different from Basel III)	
69 National Common Equity Tier1 minimum ratio (if different from Basel III minimum)	7.375%
70 National Tier1 minimum ratio (if different from Basel III minimum)	7%
71 National total capital minimum ratio (if different from Basel III minimum)	10.875%
Amounts below the thresholds for deduction (before risk weighting)	
72 Non-significant investments in the capital of other financial entities	-
73 Significant investments in the common stock of financial entities	-
74 Mortgage servicing rights (net of related tax liability)	-
75 Deferred tax assets arising from temporary differences (net of related tax liability)	-
Applicable caps on the inclusion of provisions in Tier2	
76 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	1,882
77 Cap on inclusion of provisions in Tier 2 under standardized approach	-
78 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-
79 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)	
80 Current cap on CET1 instruments subject to phase out arrangements	-
81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-
82 Current cap on AT1 instruments subject to phase out arrangements	-
83 Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-
84 Current cap on T2 instruments subject to phase out arrangements	-
85 Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-

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13. MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS (DF-13)

SN Particulars	Tier II bonds
1 Issuer	KARUR VYSYA BANK LIMITED
2 Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE036D08015
3 Governing law(s) of the instrument	Indian Laws
4 Transitional Basel III rules	Not Applicable
5 Post-transitional Basel III rules	Eligible
6 Eligible at solo/group/ group & solo	Solo
7 Instrument type	Subordinated Tier II – Debt Instruments
8 Amount recognized in regulatory capital (₹ in million), as of most recent reporting date.	4,870
9 Par value of instrument (₹ in million)	0.1
10 Accounting classification	Liability – other borrowings
11 Original date of issuance	12.03.2019
12 Perpetual or dated	Dated
13 Original maturity date	12.06.2029
14 Issuer call subject to prior supervisory approval	Yes
15 Optional call date, contingent call dates and redemption amount	12.03.2024; redemption at par
16 Subsequent call dates, if applicable	On every anniversary after 12.03.2024
17 Coupons / dividends	Coupon
18 Fixed or floating dividend/coupon	Fixed
19 Coupon rate and any related index	11.95% p.a.
20 Existence of a dividend stopper	No
21 Fully discretionary, partially discretionary or Mandatory	Fully discretionary
22 Existence of step up or other incentive to redeem	No
23 Noncumulative or cumulative	Non-Cumulative
24 Convertible or Non-convertible	Non-Convertible
25 If convertible, conversion trigger(s)	NA
26 If convertible, fully or partially	NA
27 If convertible, conversion rate	NA
28 If convertible, mandatory or optional conversion	NA
29 If convertible, specify instrument type convertible into	NA
30 If convertible, specify issuer of instrument it converts into	NA
31 Write-down feature	Yes
32 If write-down, write-down trigger(s)	Point of non-viability trigger
33 If write-down, full or partial	Full
34 If write-down, permanent or temporary	Permanent
35 If temporary write-down, description of write-up mechanism	NA
36 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and other creditors
37 Non-compliant transitioned features	NA
38 If yes, specify non-compliant features	NA

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14. FULL TERMS AND CONDITIONS OF REGULATORY CAPITAL INSTRUMENTS (DF-14)

Instrument	Terms & Conditions	
Unsecured Redeemable Non-Convertible Tier II Bonds – INE036D08015	Issue size	₹ 4870 million
	Face Value	₹ 0.1 million per bond
	Date of Allotment	12th March 2019
	Maturity	12th June 2029
	Call Option	On 5th anniversary from deemed date of allotment and annually thereafter
	Coupon	11.95%
	Interest payment	Annual

15. DISCLOSURES ON REMUNERATION (DF 15)

Qualitative Disclosures:

a) Information relating to the composition and mandate of the Nomination and Remuneration Committee (NRC):

The Nomination & Remuneration Committee (NRC) of the Board consists of four Directors, out of which two are Independent Directors. Further as per RBI guidelines a Member of Risk Management Committee of the Board is also Member in NRC. The Composition complies with RBI guidelines, provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ('SEBI LODR').

The mandate of Nomination and Remuneration Committee includes:

1. To formulate criteria for determining qualifications, positive attributes and independence of a director, in terms of fit and proper criteria issued by the RBI from time to time.
2. To devise a policy on Board Diversity;
3. To formulate/review criteria for evaluation of performance of Chairman, Independent Directors, Board of Directors, Committees of Board.
4. To recommend persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
5. To frame/review Compensation Policy towards ensuring effective alignment between remuneration and risk. Directors and Senior Management Personnel shall be part of the Compensation Policy.
6. To also review and recommend to the Board, all remuneration, in whatever form, payable to Directors & senior management.
7. To consider grant of stock options to employees, administer and supervise the Employee Stock Option Plans in conformity with statutory provisions and guidelines.
8. To provide inputs to Board for making disclosures

regarding policies, appointments, remuneration etc. of Directors and Senior Management personnel in the Annual Reports/ Directors Reports/Financial Statements etc. as may be required by the regulations from time to time.

9. To perform any other functions or duties as stipulated by the Companies Act, RBI, SEBI, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

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

The Bank has Board approved Compensation Policy in terms of the RBI guidelines. The compensation payable to MD & CEO and MRTs is divided into fixed and variable components. The proportion of variable pay shall increase significantly along with the level of seniority and/or responsibility. NRC shall work in close co-ordination with the Risk Management and Asset Liability Management Committee of the Board in order to achieve effective alignment between remuneration and risks. NRC will review the policy from time to time.

The Compensation Policy of the Bank covers the compensation payable to all the employees including the MD&CEO/ WTD, Key Managerial Personnel, Material Risk Takers, Control Function Staff as per the guidelines of RBI as also fee payable to Non- Executive Directors/ Independent Directors. No remuneration is paid to Non-Executive Directors/ Independent Directors except Part-time Chairman other than the Sitting Fees for attending Board/ Committee meetings. Part-time (Non-Executive) Chairman is entitled for a fixed remuneration– honorarium, as approved by Reserve Bank of India and Shareholders of the Bank.

Remuneration to employees (other than MD & CEO and MRTs) is defined by the IBA pay scale / CTC pay structure, both of which are approved by the Board. The IBA pay scale is an industry standard across all PSBs and old generation private banks, while the CTC pay structure specific to KVB has been formulated on the basis of comparative industry practices. The objective is to suitably compensate every employee as per his position in the organization so as to adequately recognize his contributions.

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Objective of the Compensation Policy is to align the compensation with prudent risk taking;

- Compensation must be adjusted for all types of risks
- Compensation outcomes must be symmetric with risk outcomes
- Compensation pay-out schedules must be sensitive to the time horizon of risks
- The proportion of cash, equity and other forms of compensation must be consistent with risk alignment.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks:

With respect MD & CEO/MRT the clauses of Compensation Policy adopted by the Bank address the issues pertaining to current and future risks. A wide variety of measures of credit, market and liquidity risks are used by the bank in implementation of risk adjustment. This risk adjustment has both quantitative and qualitative elements. The Policy effectively aligns the compensation with prudent risk taking and shall be symmetrical with risk outcomes as well as sensitive to the time horizon of risk. Risks measures relating to the compensation payable are reviewed on timely basis and are updated to suit the skill gaps and current day needs.

The remuneration (other than MD & CEO and MRTs) as per IBA / CTC package is position / designation specific and not necessarily risk specific. However, there are sufficient systems and procedures in place in the Bank (including Malus / Claw back clauses in the employment contracts, continuous monitoring / auditing etc) to ensure risk mitigation and prevention.

Board of Directors of the Bank through its NRC shall exercise oversight & effective governance over the framing and implementing the Compensation policy.

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

Bank follows a performance-based remuneration, which motivates and rewards high performers who strengthen long-term customer relations, and generate income and shareholder value. The Bank while designing the compensation structure ensures that there is a proper balance between fixed pay and variable pay. Bank ensures that variable pay shall relate to the performance. The variable pay could be in cash, stock linked instruments or a mix of both.

While fixing the Variable Pay, performance parameters under financial and non-financial areas of operations are assessed. The financial performance of the bank is factored while determining the amount of variable remuneration to be paid. Variable Pay shall be fixed on the basis of performance matrix broadly categorized as a) Bank as a whole, b) Business Unit, c) Individual, based on the quantitative and qualitative criteria. The quantitative criteria shall relate to the performance of the Bank and certain qualitative factors taking into account the,

Governance Improvement Measures, Cost to Income Ratio, Capital Adequacy Ratio, extraordinary items, appropriate risk management and efficient consumption of capital, etc as set out by NRC.

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

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

As per the Compensation Policy, variable pay is eligible on the achievement of certain business/compliance targets fixed by the management.

Deferral arrangements for variable pay in case of Managing Director & Chief Executive Officer/WTD and other employees who are MRTs and Control Function Staff, in adherence to FSB implementation standards shall be;

- A minimum of 60% of the total variable pay shall be under deferral arrangements.
- If cash component of variable pay equals or exceeds ₹ 25.00 Lakhs, then at least 50% of the cash bonus shall be deferred.

The deferral period shall be a minimum of three years applicable to both cash and non-cash components of the variable pay. Deferred remuneration shall either vest fully at the end of the deferral period or be spread out over the course of the deferral period. The first such vesting shall be not before one year from the commencement of the deferral period. The vesting shall be no faster than on a pro-rata basis. Additionally, vesting, shall not take place more frequently than on a yearly basis, to ensure a proper assessment of risks before the application of ex-post adjustments.

Subject to bank's ESOP schemes, NRC at its discretion may specify a retention period after the vesting of stock linked instruments which have been awarded as variable pay during which they cannot be sold or accessed.

In cases where the compensation by way of share linked, instruments is not permitted by law / regulations, the entire variable pay can be in cash, subject to deferral / vesting / malus-clawback norms.

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:

Variable pay is purely based on performance and is measured through score cards. Bank ensures that the compensation structure is comprehensive and considers both, qualitative and quantitative performance measures. The variable pay would be in the form of cash & non-cash components (in the form of Share linked instruments).

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Bank has Employees Stock Option Scheme i.e. ESOS. NRC may grant stock options under the Employees Stock Options Plan/Scheme from time to time in terms of SEBI (Share Based Employee Benefits) Regulations, 2015.

In case of other employees Bank also subscribes to different forms of variable pay such as performance linked incentives, Ex-gratia for other employees, non-cash incentives, Bonus, any other incentives by whatever name called having the similar features.

The Bank shall not grant any severance pay (other than the terminal benefits and gratuity as per the provisions).

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

Quantitative Disclosures on Remuneration (The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer/ Other Risk Takers):

Particulars	2020-21	2019-20
a) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members	7 Meeting and remuneration of ₹ 8.90 Lakhs	6 Meeting and remuneration of ₹ 5.00 Lakhs
b) Number of employees having received a variable remuneration award during the financial year (see note 'a' below)	1	Nil
c) Number and total amount of sign-on/joining bonus made during the financial year	Nil	Nil
d) Details of severance pay, in addition to accrued benefits, if any	Nil	Nil
e) Total amount of outstanding deferred remuneration, split into cash, types of share-linked instruments and other forms	Nil	Nil
f) Total amount of deferred remuneration paid out in the financial year	Nil	NA
Breakdown of amount of remuneration awards for the financial year to show	1. Fixed Pay: ₹ 1,56,32,352/-	Fixed Pay ₹ 1,44,85,073/-
g) fixed and variable, deferred and non-deferred (Refer note below)	2. Variable Pay: ₹ 17,82,000/-	
h) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments	Nil	Nil
i) Total amount of reductions during the financial year due to ex-post explicit adjustments	Nil	Nil
j) Total amount of reductions during the financial year due to ex-post implicit adjustments	Nil	Nil
k) Number of MRTs identified (see note 'b' below)	2	Nil
l) Number of cases where malus has been exercised	Nil	Nil
m) Number of cases where clawback has been exercised	Nil	Nil
n) Number of cases where both malus and clawback has been exercised	Nil	Nil
o) The mean pay for the Bank as a whole(excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay	Mean pay ₹ 10,67,504 Deviation of the pay * 8.90X	₹ 7,94,960 18.22X

* - During the year 2020-21, the Bank has paid arrears of wages pursuant to the 11th Bipartite Settlement and the impact of the same is considered in the computation of mean pay for the Bank as a whole.

Basel Pillar III Disclosures

Note - Details of fixed remuneration paid:

SN	Name	Period	Designation	Amount (₹)
1.	Mr. B. Ramesh Babu (taken charge as MD & CEO on 29.07.2020)	29.07.2020 to 31.03.2021	MD & CEO (MRT)	95,03,642 [^]
2.	Mr. J. Natarajan	2020-21	President & COO (MRT)	61,28,710
Total				1,56,32,352
1.	Mr. P. R. Seshadri	2019-20	MD & CEO	1,44,85,073

[^] - includes perquisites worked out as per Income Tax Rules, 1962.

- RBI vide letter dated 10th November 2020 has approved variable pay to Mr. P. R. Seshadri, ex-MD & CEO for performance during the period FY 2019-20, which was paid during the year ended 31st March 2021.
- Position of MD & CEO and President & COO are identified as Material Risk Takers by the Bank.

16. LEVERAGE RATIO DISCLOSURES (DF-17)

(₹ in million)

Item	Leverage ratio framework
On-balance sheet exposures	
1 On-balance sheet items (excluding derivatives and SFTs, but including collateral)	746,232
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	(803)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (1 + 2)	745,429
Derivative exposures	
4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	119
5 Add-on amounts for PFE associated with all derivatives transactions	196
6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(-)
8 (Exempted CCP leg of client-cleared trade exposures)	(-)
9 Adjusted effective notional amount of written credit derivatives	-
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(-)
11 Total derivative exposures (sum of 4 to 10)	315
Securities financing transaction exposures	
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14 CCR exposure for SFT assets	-
15 Agent transaction exposures	-
16 Total securities financing transaction exposures (sum of 12 to 15)	-
Other off-balance sheet exposures	
17 Off-balance sheet exposure at gross notional amount	144,989
18 (Adjustments for conversion to credit equivalent amounts)	(114,778)
19 Off-balance sheet items (17 + 18)	30,211
Capital and total exposures	
20 Tier 1 capital	67,114
21 Total exposures (3 + 11 + 16 + 19)	775,955
22 Basel III leverage ratio	8.65%

Basel Pillar III Disclosures

17. LIQUIDITY COVERAGE RATIO

(₹ in million)

Particulars	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets		
1 Total High Quality Liquid Assets (HQLA)		158,730
Cash Outflows		
2 Retail deposits and deposits from small business customers, of which:	457,040	34,597
(i) Stable deposits	222,134	11,107
(ii) Less: stable deposits	234,906	23,490
3 Unsecured wholesale funding, of which:	71,021	15,526
(i) Operational deposits (all counterparties)	-	-
(ii) Non-operational deposits (all counterparties)	71,021	15,526
(iii) Unsecured debt	-	-
4 Secured wholesale funding	-	-
5 Additional requirements, of which	47,175	9,043
(i) Outflows related to derivative exposures and other collateral requirements	228	228
(ii) Outflows related to loss of funding on debt products	-	-
(iii) Credit and liquidity facilities	46,947	8,815
6 Other contractual funding obligations	270	270
7 Other contingent funding obligations	490	15
8 Total Cash Outflows		59,451
Cash Inflows		
9 Secured lending (e.g. reverse repos)	7,495	-
10 Inflows from fully performing exposures	14,289	7,977
11 Other cash inflows	336	336
12 Total Cash Inflows	22,119	8,313
		Total Adjusted Value
13 TOTAL HQLA		158,730
14 Total Net Cash Outflows		51,138
15 Liquidity Coverage Ratio (%)		310.40

Network of Branches

REGISTERED AND CENTRAL OFFICE

No. 20, Erode Road, Vadivel Nagar,
L.N.S., Karur - 639002.
{CIN No.L65110TN1916PLC001295}
Ph. : 04324 - 269000, 226520, 225521-25
Fax No. 04324-225700
Website : www.kvb.co.in

Integrated Treasury

Second Floor, 954, Appa Saheb Marathe Marg, Gayathri Towers, Prabhadevi, Mumbai-400025

DIVISIONAL OFFICE

AHMEDABAD	First Floor, Motilal Centre, Near Sales India Show Room, Ashram Road, Ahmedabad-380009
BANGALORE	No.6, Second Floor, Vasavi Temple Road, Sajjanrao Circle Visveswarapuram, Next to Sri Vasavi temple, Bangalore - 560004
CHENNAI	KVB Towers, 1st Floor, 568 Anna Salai, Teynampet, Chennai-600018
COIMBATORE	No.1498-C, 3rd Floor, KVB Towers, Avinashi Road, Peelamedu, Coimbatore, 641004
DELHI	3rd Floor No. 6 Pusa Road, Opposite to Metro Pillar No. 80, Karolbagh, New Delhi-110005
ERNAKULAM	K.C.Centre, 2 nd Floor , Opp. North Police Station, Chittoor Road Kacheripady, Ernakulam - 682018
HYDERABAD	5-8-356 to 362 (Second Floor), Chirag Ali Lane, Abids, Hyderabad-500001
KARUR	PB No.91 ,No.633-637, First Floor, Jawahar Bazaar, Karur - 639001
KOLKATA	15 Bondel Road, First Floor, Ballygunge, Kolkata-700019
MADURAI	Gayathri Illam, 16 A.A.Road 1st Floor, Gnanaolivupuram, Madurai-625016
MUMBAI	954 Appa Saheb Marathe Marg, Gayathri Towers, Prabhadevi, Mumbai-400025
SALEM	1st Floor, 269-A Bharathi Street, Swarnapuri, Alagapuram, Salem-636 004
TAMBARAM	SBA Complex 7/73 I Floor , Venkatesa Choudhary Street, West Tambaram, Chennai-600045
TRICHY	D-54 Ground Floor, L.I.C. Building, Bharathiar Salai Cantonment, Trichy-620001
VIJAYAWADA	Gayathri Nilayam, 1st Floor 38-8-46, Labbipet, M.G.Road, Vijayawada-520010
VISAKHAPATNAM	D.No: 47-10-15, Shop No.1 A.G Avenue, First Floor, Opp: Pollocks School, 2nd Lane, Dwarkanagar, Visakhapatnam - 530016
TIRUPATHI	6-8-1250, 1 st floor, Priya Towers, NGOs Colony, K.T.Road, Near Anna Rao Circle, Tirupathi - 517501
VILLUPURAM	D.No.15, 1 st floor, G.V.Farms Building, Mampazhapattu Road, Villupuram - 605602

Network of Branches

OTHER OFFICES

DATA CENTRE	6th Floor D North Block, Tidel Park, Taramani, Chennai-600113
DISASTER RECOVERY SITE	V Floor, Unit - 3, Block-I, Cyber Pearl, Hi-Tech City, Madhapur, Hyderabad - 500 081
ATM CELL	338/1, Uffizi Complex - Basement, Avinashi road, Peelamedu, Coimbatore-641004
DEMAT CELL	No.1, Padmavathiyar Road, 4th Floor, Off Peters Road, Gopalapuram, Chennai - 600086
CENTRALISED OPERATIONS CENTRE	Block D, 3rd Floor, Hanudev InfoPark, Udayampalayam Road, Nava India, Coimbatore - 641 028.
CENTRALISED FOREX PROCESSING CELL	Unit No.156/4 2nd Floor, Jeevan Anand Building, No.556 Anna Salai, Teynampet, Chennai- 600018
CHENNAI TAX CELL	No.1 Padmavathiyar Road, 2nd Floor, Off Peters Road, Gopalapuram, Chennai - 600086
DELHI CPC	3rd Floor No. 6 Pusa Road, Opposite to Metro Pillar No. 80, Karolbagh, New Delhi-110005
TRANSACTION BANKING GROUP	No.1 Padmavathiyar Road, 2nd Floor, Off Peters Road, Gopalapuram, Chennai - 600086
CHENNAI - CHANNEL RECONCILIATION CELL	No.1, Padmavathiyar Road, 3rd Floor, Off Peters Road, Gopalapuram, Chennai - 600086
CHENNAI D.T.P.C.	Elenet Software City, 4th Floor Module 43, TS 140, Block 2&9, Rajiv Gandhi Salai, Taramani, Chennai - 600113.
CALL CENTRE - CHENNAI	First floor, A - North Block, Tidel Park, Taramani, Chennai - 600 113.
INFORMATION SECURITY GROUP	Elenet Software City, Ground Floor Module G3, TS 140, Block 2&9, Rajiv Gandhi Salai, Taramani, Chennai - 600113.
EXPENSES MANAGEMENT CELL	KVB Towers, 3rd Floor, 568 Anna Salai, Teynampet, Chennai-600018
ANALYTICS DEPARTMENT	Elenet Software City, 4th Floor Module 43, TS 140, Block 2&9, Rajiv Gandhi Salai, Taramani, Chennai - 600113.
RETAIL RISK MANAGEMENT DEPARTMENT	Elenet Software City, 4th Floor Module 43, TS 140, Block 2&9, Rajiv Gandhi Salai, Taramani, Chennai - 600113.
CREDIT CARD CELL - CHENNAI	Elenet Software City, 4th Floor Module 43, TS 140, Block 2&9, Rajiv Gandhi Salai, Taramani, Chennai - 600113.

CENTRAL CLEARING OFFICES

CHENNAI
 DELHI
 MUMBAI

CURRENCY CHEST

CHENNAI
 KARUR
 MADURAI
 VIJAYAWADA
 BANGALORE
 COIMBATORE
 HYDERABAD

Network of Branches

ANDHRA PRADESH

ANANTAPUR

ANANTAPUR
DHARMAVARAM
HINDUPUR
GUNTAKAL
KADIRI
TADIPATRI
GORANTLA

CHITTOOR

CHITTOOR
NAGARI
SRIKALAHASTI
PUTTUR
TIRUPATHI - MAIN
RALLABUDUGURU
TIRUPATHI - KHADI COLONY
KUPPAM
MADANAPALLE
MURAKAMBATTU
TIRUPATHI M.R.PALLI
BUSINESS BANKING UNIT - TIRUPATHI

CUDDAPAH

CUDDAPAH
PRODDATUR
RAJAMPET

EAST GODAVARI

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

KAKINADA - BHANUGUDI JUNCTION
G.MAMIDADA
ANNAIPETA

GUNTUR

GUNTUR
TENALI
GUNTUR - LAKSHMIPURAM
NARASARAOPET
BAPATLA
CHINTALAPUDI
CHILAKALURIPET
MANGALAGIRI
BUDDHAM
GUNTUR-GUJJANAGUNDLA
VENKATAPALEM
PIDUGURALLA
VINUKONDA
BANDARUPALLE
GUNTUR - PATTABHIPURAM

KRISHNA

VIJAYAWADA-GOVERNORPET
VIJAYAWADA - NO.1 TOWN
GUDIVADA
VIJAYAWADA -BUNDER ROAD
PORANKI
KANKIPADU
MACHILIPATNAM
VUYYURU
VIJAYAWADA -BHAVANIPURAM
NUZVID
GANNAVARAM
VIJAYAWADA - SATYANARAYANAPURAM
VIJAYAWADA - BENZ CIRCLE
CHORAGUDI
TIRUVURU
BUSINESS BANKING UNIT - VIJAYAWADA
CORPORATE BUSINESS UNIT - VIJAYAWADA

KURNOOL

KURNOOL
NANDYAL
ADONI
VENKATARAMANA COLONY
MAYALURU

KADUMUR
ALLAGADA

NELLORE

NELLORE
KAVALI
NAIDUPET
NELLORE - ISKON CITY

PRAKASAM

CHIRALA
ONGOLE
MARKAPUR
VALLURU
BUDAWADA
KANDUKUR
KONIKI
DARSI

SRIKAKULAM

SRIKAKULAM
RAJAM
PALASA
ICHCHAPURAM
NARASANNAPETA

VISAKHAPATNAM

VIZAG - PEDAWALTAIR
ANAKAPALLE
VIZAG - MAIN
GAJUWAKA
NARSIPATNAM
PENDURTHI
VIZAG - DWARKANAGAR
YELAMANCHILI
VISAKHAPATNAM - GOPALAPATNAM
VISAKHAPATNAM - SEETHAMMADHARA
VIZAG-MADHURAWADA
VIZAG-M.V.P.COLONY
VIZAG - AKKAYAPALEM
BUSINESS BANKING UNIT - VISAKHAPATNAM

Network of Branches

VIZIANAGARAM

VIZIANAGARAM
SALUR
PARVATHIPURAM
GAJAPATHINAGARAM
BOBBILI
G. AGRAHARAM

WEST GODAVARI

PALAKOL
TADEPALLIGUDEM
NIDADAVOLU
JANGAREDDYGUDEM
BHIMAVARAM
ELURU
TANUKU
NARASAPUR
AKIVIDU
CHINAAMIRAM

BIHAR

PATNA

PATNA

CHANDIGARH - UT

CHANDIGARH

CHANDIGARH

CHATTISGARH

RAIPUR

RAIPUR

DELHI

CENTRAL DELHI

DELHI - CHANDNI CHOWK
DELHI - KAROLBAGH
CORPORATE BUSINESS UNIT - DELHI

NORTH DELHI

DELHI - KAMLA NAGAR
DELHI - KASHMERE GATE

SOUTH EAST DELHI

NEW DELHI - OKHLA

EAST DELHI

DELHI - LAXMI NAGAR

NORTH WEST DELHI

DELHI - LAWRENCE ROAD
DELHI - PITAMPURA
DELHI - ROHINI

SOUTH WEST DELHI

DELHI - JANAKPURI

SOUTH DELHI

DELHI - EAST OF KAILASH

WEST DELHI

DELHI - RAMESH NAGAR

GOA

NORTH GOA

PANAJI

GUJARAT

AHMEDABAD

AHMEDABAD - MAIN
AHMEDABAD - MANINAGAR
AHMEDABAD - SATELLITE AREA
AHMEDABAD - SANAND
AHMEDABAD - NARODA
AHMEDABAD - SHAHIBAUG
BUSINESS BANKING UNIT - AHMEDABAD
CORPORATE BUSINESS UNIT - AHMEDABAD

ANAND

ANAND

BHARUCH

BHARUCH

KACHCHH

GHANDIDHAM

MAHESANA

UNJHA
MAHESANA

RAJKOT

RAJKOT - MAIN

SURAT

SURAT
SURAT - UM ROAD

VADODARA

VADODARA

HARYANA

FARIDABAD

FARIDABAD

GURGAON

GURGAON

KARNAL

KARNAL

PANIPAT

PANIPAT

ROHTAK

ROHTAK

SONIPAT

SONIPAT

Network of Branches

JHARKHAND

RANCHI

RANCHI

KARNATAKA

BANGALORE URBAN

BANGALORE - MAIN
MALLESWARAM
HALASURU
J.C. ROAD
RAJAJINAGAR
ISRO LAYOUT
JAYANAGAR
KORAMANGALA
BASAVANAGUDI
BTM LAYOUT
INDIRA NAGAR
HEBBAGODI
HSR LAYOUT
ATTIBELE
CHANDAPUR
BANGALORE- R T NAGAR
BANGALORE - WHITEFIELD
BANGALORE - V V PURAM
BANGALORE - VIDYARANYAPURA
BANGALORE - J P NAGAR
BANGALORE- KENGERI
BANGALORE-BANASHANKARI
BANGALORE - CHANDRA LAYOUT
BANGALORE RAJA RAJESHWARI
NAGAR
BANGALORE YESHWANTHPUR
BANGALORE - KALAYAN NAGAR
BANGALORE - SAHAKAR NAGAR
CORPORATE BUSINESS UNIT - BANGALORE
CHIKKABANAVARA
BUSINESS BANKING UNIT - BANGALORE
PRECIOUS METALS DIVISION

BANGALORE RURAL

DODDABALLAPUR
HOSAKOTTE

NELAMANGALA
DEVANAHALLI

BELGAUM

BELGAUM

BELLARY

BELLARY

CHITRADURGA

CHITRADURGA
HIRIYUR

DAKSHINA KANNADA

MANGALORE

DAVANGERE

DAVANGERE

DHARWAD

HUBLI

CHIKBALLAPUR

CHINTAMANI
GAURIBIDANUR

GULBARGA

GULBARGA

HASSAN

HASSAN
ARISEKERE

KOLAR

KOLAR GOLD FIELDS

KOPPAL

GANGAVATHI

MYSORE

MYSORE

RAICHUR

RAICHUR

SHIMOGA

SHIMOGA

TUMKUR

TUMKUR

RAMANAGARAM

RAMANAGARAM

KERALA

ALAPPUZHA

CHENGANNUR
ALAPPUZHA

ERNAKULAM

ERNAKULAM
TRIPUNITHURA
ERNAKULAM - EDAPPALLY
ERNAKULAM - PALARIVATTOM
ANGAMALY

IDUKKI

THODUPUZHA

KANNUR

KANNUR
THALASSERY

KOLLAM

KOLLAM

KOTTAYAM

KOTTAYAM

KOZHIKODE

KOZHIKODE

PALAKKAD

PALAKKAD

KASARAGOD

KASARAGOD

Network of Branches

PATHANAMTHITTA

TIRUVALLA
PATHANAMTHITTA

THRISSUR

THRISSUR
IRINJALAKUDA

THIRUVANANTHAPURAM

THIRUVANANTHAPURAM
BALARAMAPURAM

MADHYA PRADESH

BHOPAL

BHOPAL

GWALIOR

GWALIOR

INDORE

INDORE

JABALPUR

JABALPUR

MAHARASHTRA

AMARAVATI

AMARAVATI

AURANGABAD

AURANGABAD

KOLHAPUR

ICHALKARANJI
KOLHAPUR

MUMBAI

MUMBAI - FORT
MUMBAI - PRABHADEVI
MUMBAI - KALBADEVI
MUMBAI - MATUNGA
BUSINESS BANKING UNIT - MUMBAI

MUMBAI - BORIVALI
MUMBAI - CHEMBUR
MUMBAI - MULUND
MUMBAI - ANDHERI
MUMBAI - GHATKOPAR
MUMBAI - KANDIVALI
CORPORATE BUSINESS UNIT - MUMBAI
ASSET RECOVERY BRANCH - MUMBAI
NEO

NANDED

NANDED

NAGPUR

NAGPUR

NASIK

NASIK

PUNE

PUNE

SOLAPUR

SOLAPUR

THANE

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

ORISSA

CUTTACK

CUTTACK

GANJAM

BERHAMPUR
ASKA

KHURDA

BHUBANESHWAR

SUNDERGARH

RAURKELA

PONDICHERRY-UT

PONDICHERRY

PONDICHERRY
PONDICHERRY-LAWSPET
VILLIANUR
PILLAYARKUPPAM
REDDIYARPALAYAM

KARAIKAL

KARAIKAL

YANAM

YANAM

PUNJAB

AMRITSAR

AMRITSAR

FATEHGARH SAHIB

MANDI GOBINDGARH

KAPURTHALA

HARDASPUR (LPU)

JALANDHAR

JALANDHAR

LUDHIANA

LUDHIANA

PATIALA

PATIALA

RAJASTHAN

JAIPUR

JAIPUR

Network of Branches

TAMILNADU

ARIYALUR

ARIYALUR
JAYANKONDAM
SENDURAI
THELUR

CHENGALPATTU

CHENNAI - TAMBARAM
CHENNAI - CHROME PET
CHENNAI - St THOMAS MOUNT
CHENNAI - URAPPAKKAM
CHENNAI - SINGAPERUMAL KOIL
CHENNAI - KELAMBAKKAM
CHENNAI - MEDAVAKKAM
CHENNAI - SELAIYUR
CHENGALPATTU
CHENNAI - PALLAVARAM
GUDUVANCHERRY
CHENNAI - SITTALAPAKKAM
MADURANTHAKAM
ACHARAPAKKAM
EAST - TAMBARAM
CHEMMANCHERY
NANMANGALAM
OLD PERUNGALATHUR
VARADHARAJAPARAM
NEW COLONY - CHROMPET
BUSINESS BANKING UNIT - TAMBARAM

CHENNAI

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

CHENNAI - MOGAPPAIR
CHENNAI - VALASARAVAKKAM
CHENNAI - VELACHERY
CHENNAI - ASHOK NAGAR
CHENNAI - EGMORE
CHENNAI - R.A.PURAM
CHENNAI - SHOLINGANALLUR
CHENNAI - ARUMBAKKAM
CHENNAI - KK NAGAR
CHENNAI - PALAVAKKAM
PORUR
CHENNAI - MADIPAKKAM
CHENNAI - SAIDAPET
CHENNAI - SALIGRAMAM
PERUNGUDI
CHENNAI - NUNGAMBAKKAM
CHENNAI - GODOWN STREET
PADI
MADURAVOYIL
CHENNAI - RAMAPURAM
THORAIPAKKAM
CHENNAI - NELSON MANICKAM ROAD
CHENNAI - BESANT NAGAR
MADHAVARAM
CHENNAI - PERIYAR NAGAR
CHENNAI - MANDAVELI
CORPORATE BUSINESS UNIT - CHENNAI
CHENNAI - KOTTURPURAM
ASSET RECOVERY BRANCH - CHENNAI
CHENNAI - WEST MAMBALAM
CHENNAI - CHINMAYA NAGAR
CHENNAI - PERAMBUR
CHENNAI - HARRINGTON ROAD
BUSINESS BANKING UNIT - CHENNAI

COIMBATORE

COIMBATORE - MAIN
POLLACHI
COIMBATORE - DR. NANJAPPA RD
COIMBATORE - R.S.PURAM
ANAIMALAI
DHULLY
CBE - SARAVANAMPATTI
COIMBATORE - SAIBABA COLONY
COIMBATORE - GANAPATHY
SOMANUR
KOVAIPODUR

COIMBATORE - VADAVALLI
CBE - RAMANATHAPURAM
ANNUR
COIMBATORE - KUNIAMUTHUR
COIMBATORE - SULUR
METTUPALAYAM
COIMBATORE - AVINASHI ROAD
COIMBATORE - KALAPATTI
COIMBATORE - GOUNDAMPALAYAM
CHINNIYAMPALAYAM
COIMBATORE - SIVANANDA COLONY
VADASITHUR
COIMBATORE - THUDIYALUR
THEETHIPALAYAM
COIMBATORE - SINGANALLUR
COIMBATORE - SARAVANAMPATTI MAIN
KUNNATHUR
PERIYANAICKENPALAYAM
NALLATTIPALAYAM
VILANKURICHI
COIMBATORE - SUNDARAPURAM
KITAMPALAYAM
COIMBATORE - NEW SIDDHAPUDUR
CORPORATE BUSINESS UNIT - COIMBATORE
COIMBATORE - PAPANAICKENPALAYAM
RASIPALAYAM
ASSET RECOVERY BRANCH - COIMBATORE
BUSINESS BANKING UNIT - COIMBATORE

CUDDALORE

CHIDAMBARAM
VIRUDHACHALAM
CUDDALORE
NEYVELI
CHIDAMBARAM - ANNAMALAI NAGAR
PANRUTI
ERAIYUR
VADALUR
BHUVANAGIRI
KALLUR

Network of Branches

DHARMAPURI

KAMBAINALLUR
DHARMAPURI
HARUR
PAPPIREDDIPATTI

DINDIGUL

DINDIGUL
BATLAGUNDU
CHINNALAPATTI
PALANI
NEIKARAPATTI
ODDANCHATRAM
VEDASANDUR
NILAKOTTAI
VILPATTI
KOOMBUR
DINDIGUL - R M COLONY

ERODE

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

KALLAKURICHI

KADUVANUR
THOTTIYAM
KALLAKURICHI
ULUNDURPETTAI
MURARBADU
CHINNASALEM
PRIDIVIMANGALAM
TIRUKKOYILUR
RANGAPANUR
SANKARAPURAM

KANCHEEPURAM

KANCHEEPURAM
ULLAVOOR
CHENNAI - SRIPERUMPUDUR
KUNDRATHUR
PADAPPAI
CHENNAI - MANGADU
CHENNAI - KOLAPAKKAM

KANYAKUMARI

NAGERCOIL
MARTHANDAM
PANCHALINGAPURAM

KARUR

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

KRISHNAGIRI

SAMALPATTI
KRISHNAGIRI
HOSUR
BARGUR
HOSUR - BATHALAPALLI
AGARAM
MARUDANDAPALLI

MADURAI

MADURAI - MAIN
MADURAI - SOUTH
ALANGANALLUR
MADURAI - G.O.P.
ELUMALAI
MADURAI - TALLAKULAM
MADURAI - ANNA NAGAR
MADURAI - PALANGANATHAM
MELUR
MADURAI - THIRUNAGAR
MADURAI - THIRUPPALAI
THENUR
MADURAI - KAMARAJAR SALAI
POTHUMBUR
MADURAI - NORTH
MADURAI - K.PUDUR
MADURAI - VILLAPURAM
MADURAI-THIRUMANGALAM
MADURAI - BIBIKULAM
MADURAI KOSAKULAM
MADURAI - MATTUTHAVANI
ASSET RECOVERY BRANCH - MADURAI
Ayyankottai
CORPORATE BUSINESS UNIT - MADURAI
BUSINESS BANKING UNIT - MADURAI
MADURAI - K.K.NAGAR

NAGAPATTINAM

NAGAPATTINAM
NEERMULAI
MAYILADUTHURAI

NAMAKKAL

NAMAKKAL MAIN
KOMARAPALAYAM
TIRUCHENGODE
PAUNDAMANGALAM
NAMAGIRIPET
PUDUCHATRAM
VALAYAPATTI
KALAPPANAICKENPATTI
BELUKURICHI
NAMAKKAL WEST
MANGALAPURAM

Network of Branches

VELLAPILLAIAR KOIL
RASIPURAM
PARAMATHI VELUR
PALLIPALAYAM
MOHANUR
PARAMATHI - KOTTAMANGALAM

NILGIRIS

COONOR
UDHAGAMANDALAM
KOTAGIRI

PERAMBALUR

PERAMBALUR

PUDUKKOTTAI

KOTHAMANGALAM
PUDUKOTTAI
ARANTHANGI
PONNAMARAVATHI
KURUVIKKONDANPATTI
ALAVAYAL

RAMANATHAPURAM

RAMANATHAPURAM
PARAMAKUDI
RAMANATHAPURAM-BHARATHI NAGAR
NARIPAYYUR

RANIPET

ARAKONAM
SALAI
SHOLINGUR
RANIPET
POOTUTHAKKU
ARCOT
PERUMUCHI

SALEM

SALEM - MAIN
IDAPPADI
METTUR DAM R.S.
SALEM - SHEVAPET
ATTUR
KARUPPUR

KARIPATTI
SALEM - ALAGAPURAM
ILAMPILLAI
JALAKANDAPURAM
SALEM - GUGAI
AYOTHIAPATTINAM
THAMMAMPATTI
SANKAGIRI (SANKARI)
DEVYAKURICHI
OMALUR
VAZHAPADI
SALEM - KONDALAMPATTI
PANJAKALIPATTI
BUSINESS BANKING UNIT - SALEM

SIVAGANGAI

KARAIKUDI
SINGAMPUNERI
SAKKOTTAI
DEVAKOTTAI
KOVILOOR

TENKASI

TENKASI
SANKARANKOIL
SURANDAI
KADAYANALLUR
MUDALIYARPATTI
ALANGULAM

THANJAVUR

KUMBAKONAM
THANJAVUR
PATTUKOTTAI
VILAR
MADUKKUR
PERAVURANI
THIRUVIDAIMARUDUR
THIRUPALATHURAI
PULIYANTHOPPU
THANJAVUR - R.R.NAGAR

THENI

AUNDIPATTI
BODINAYAKANUR

CHINNAMANUR
CUMBUM
GUDALUR
KOMBAI
PERIYAKULAM
THENI
KATHIRNARASINGAPURAM
UPPUKOTTAI

TIRUVALLUR

CHENNAI - TIRUVERKADU
CHENNAI - VELAPPANCHAVADI
CHENNAI - AMBATTUR
CHENNAI - RED HILLS
THIRUVALLUR
PUTHAGARAM
AVADI
PODATHURPET
SEETHANJERI
TIRUTTANI
NEMILICHERRY
MINJUR
CHENNAI - POONAMALLEE
PONNERI

THIRUVARUR

THIRUVARUR
MANNARGUDI
KOOTHANUR
THAMBICKOTTAI

TIRUNELVELI

PALAYAMKOTTAI
TIRUNELVELI TOWN
AMBASAMUDRAM
VALLIYUR
TIRUNELVELI JUNCTION

TIRUPATHUR

VANIYAMBADI - NEW TOWN
TIRUPATHUR
NARIYANERI
NATRAMPALLI
JOLARPET
DEVALAPURAM

Network of Branches

TIRUPUR

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

TIRUVANNAMALAI

TIRUVANNAMALAI
POLUR
ARNI
PERUNDURAIPATTU
VANDAVASI
TIRUVETHIPURAM (CHEYYAR)
CHENGAM
ADAMANGALAM
KORUKKATHUR
NADUKUPPAM
KONALUR
ALATHUR
CHETPET

TRICHY

TRICHY - MAIN
MUSIRI
THATHIENGARPET
JEEYAPURAM
TRICHY - CANTONMENT
KANNANUR

TRICHY - THILLAINAGAR
TRICHY - SRIRANGAM
TRICHY - K.K.NAGAR
SURIYUR
TIRUVERUMBUR
TRICHY - SRINIVASA NAGAR
MANAPPARAI
TRICHY - KARUMANDAPAM
THURAIYUR
APPANALLUR
LALGUDI
SAMAYAPURAM
SOBANAPURAM
MOOVANUR
MANACHANALLUR
TRICHY - WEST BOULIWARD ROAD
VENKATESAPURAM
MONDIPATTI
THIRUPPATTUR
TRICHY - ARIYAMANGALAM
BUSINESS BANKING UNIT - TRICHY

TUTICORIN

TUTICORIN
KOVILPATTI
SEYDUNGANALLUR
IDAICHIVILAI
VAZHAVALLAN
TIRUCHENDUR

VELLORE

VELLORE
KANIYAMBADI
BRAHMAPURAM
GUDIYATHAM
VIRUPAKSHIPURAM
KATPADI

VILLUPURAM

VILLUPURAM
TINDIVANAM
GINJEE
TIRUMANGALAM
PANANKUPPAM
BUSINESS BANKING UNIT - VILLUPURAM

VIRUDHUNAGAR

VIRUDHUNAGAR
RAJAPALAYAM
SIVAKASI
ARUPPUKKOTTAI
SRIVILLIPUTTUR
NAKKENERI
S.N.PURAM

TELANGANA

ADILABAD

ADILABAD

HYDERABAD

SECUNDERABAD
HYDERABAD MAIN
HYDERABAD S R NAGAR
HYDERABAD NALLAKUNTA
HYDERABAD ABIDS
HYDERABAD KALYANAGAR
HYDERABAD JUBILLEE HILLS
HYDERABAD HIMAYATNAGAR
HYDERABAD MIYAPUR
HYDERABAD AMEERPET
HYDERABAD SANTOSH NAGAR
HYDERABAD BANJARA HILLS
CORPORATE BUSINESS UNIT - HYDERABAD
ASSET RECOVERY BRANCH - HYDERABAD
BUSINESS BANKING UNIT - HYDERABAD

KARIMNAGAR

KARIMNAGAR
JAMMIKUNTA

NIRMAL

BHAINSA

KHAMMAM

KHAMMAM

Network of Branches

MAHABUBNAGAR

MAHBUBNAGAR
JADCHERLA

NALGONDA

MIRYALAGUDA
NALGONDA

NIZAMABAD

NIZAMABAD

RANGA REDDY

HYDERABAD DILSUKH NAGAR
HYDERABAD MANIKONDA
HYDERABAD MEHADIPATNAM
HYDERABAD MEERPET
HYDERABAD KONDAPUR
HYDERABAD L.B. NAGAR
HYDERABAD HAYATHNAGAR
BRAHMANAPALLY
HYDERABAD VANASTHALIPURAM
HYDERABAD - TADBUND

WANAPARTHY

WANAPARTHY

WARANGAL URBAN

WARANGAL - MAIN
WARANGAL - HANAMAKONDA
WARANGAL - KHAZIPET

MEDAK

MEDAK

BHANDRADRI KOTHEGUEDEM

PALONCHA (PALWANCHA)
KOTHAGUEDEM

JAGTIAL

JAGTIAL

KAMAREDDY

KAMAREDDY

MANCHERIAL

MANCHERIAL

MEDCHAL- MALKAJGIRI

HYDERABAD MALKAJ GIRI
HYDERABAD A.S.RAO NAGAR
HYDERABAD KUKATPALLY
HYDERABAD PRAGATHI NAGAR
HYDERABAD BODUPPAL
HYDERABAD NIZAMPET
HYDERABAD CHANDANAGAR
HYDERABAD ALWAL
HYDERABAD HABSIGUDA
MEDCHAL
NAGARAM

SANGAREDDY

SANGAREDDY
ZAHEERABAD

SIDDIPET

SIDDIPET

SURYAPET

KODAD

YADADRI BHUVANAGIRI

YADAGIRIGUTTA

NAGAR KURNOOL

NAGAR KURNOOL

UTTARPRADESH

GHAZIABAD

GHAZIABAD

GOWTAM BUDDHA NAGAR

NOIDA

KANPUR

KANPUR

LUCKNOW

LUCKNOW

MEERUT

MEERUT

VARANASI

VARANASI

UTTARAKHAND

DEHRADUN

DEHRADUN

WEST-BENGAL

PASCHIM BARDHMAN

DURGAPUR

HOWRAH

JAGACHA
BAGNAN
GHOSHPARA

KOLKATA

KOLKATA-MAIN
SHAKESPIRE SARANI
BALLYGANGE
KOLKATA - N.S.ROAD

PASCHIM MEDINIPUR

KHARAGPUR

NORTH 24 PARGANAS

SALT LAKE
KOLKATA-DAKSHINESHWAR
KOLKATA-BANGUR AVENUE

SOUTH 24 PARGANAS

GARIA
JOKA

PRINCIPAL CORRESPONDENT BANKS

Name of the Bank and address
OUR SWIFT CODE: KVBLINBBIND
CHIPS UID: 154137

USD

Wells Fargo Bank NA
 NY 4080, 375 Park Avenue
 New York NY—10152
Ac.No. 2000193005826
SWIFT : PNBPU3NNYC
FEDWIRE ROUTING NUMBER
026005092
Chips ABA No. 0509

EURO

Commerz Bank AG
 Theodor-Heuss-Allee 50
 60489 Frankfurt AM Main
 Germany
Ac. No. 400875119000EUR
SWIFT : COBADEFF

JPY

Standard Chartered Bank
 30-16, Ogikubo 4-chome,
 Suginami-ku
 Tokyo 167-8530, Japan
Ac.No. 0219600 - 1110
SWIFT:SCBLJPJT

GBP

Standard Chartered Bank
 1 Alderman bury Square
 London EC2V 7SB
 United Kingdom
Ac.No. GBP 01 265520901
SWIFT : SCBLGB2L
I-BAN NO
GB94SCBL60910412655209

USD

Standard Chartered Bank
 One Madison Avenue
 New York, NY 10010-3603
 USA
Ac.No.3582069922001
SWIFT : SCBLUS33
FEDWIRE ROUTING NUMBER
026002561

EURO

Standard Chartered Bank GmbH
 Postfach 110162
 Theodor-Heuss-Allee 112
 D-60036, Frankfurt am Main,
 GERMANY
Ac.No.18021504
SWIFT : SCBLDEFX
I-BAN NO
DE39512305000018021504

AUD

Australia & Newzealand Banking Corporation
 55 Collins Street
 Melbourne, Victoria
 AUSTRALIA
Ac.No. 237776-00001
SWIFT : ANZBAU3M
BSB Number: 013024

CHF

Zuercher Kantonal Bank
 Zurich, Switzerland
Ac.No.0700-01283278
SWIFT :ZKBKCHZZ80A
I-BAN NO
CH5200700070001283278

USD

Citi Bank, N A
 111, Wall Street, New York City ,
 NY 10018, USA
Ac.No.36844037
SWIFT : CITIUS33
FEDWIRE ROUTING NUMBER
021000089

SGD

Standard Chartered Bank
 Battery Road Branch,
 6, Battery Road,
 SINGAPORE 049909
Ac.No. 0106342533
SWIFT:SCBLSG22

CAD

ICICI Bank Canada
 Don Valley Business Park,
 150 Ferrand Drive, Suit No 700
 North York, Ontario
 CANADA M3C3E5
Ac.No.101928815
SWIFT:ICICCAT

AED

Commercial Bank of Dubai
 Po Box 2668,
 Al Ittihad street
 Dubai,UAE
A/c.No.1001361656
Swift: CBDUAEADXXX
I-BAN NO
AE590230000001001361656

SGD

Indian Overseas Bank
 64, Cecil Street, IOB Building,
 Singapore 049711
A/c. No. 4916210132
SWIFT: IOBASGSG

NOSTRO ACCOUNT FOR NRI / FCNR DEPOSIT

GBP

Wells Fargo Bank
 London
A/c.No.07515036
Swift: PNBPGB2L
Sort Code 16-56-71
IBAN GB34PNBP16567 107 515036

EUR

Wells Fargo Bank
 London
A/c.No.07515168
Swift : PNBPGB2L
IBAN GB59PNBP16567 107 515168

USD

Wells Fargo Bank
 New York
A/c.No.2000191007059
Swift: PNBPU3NNYC
FEDWIRE ROUTING NUMBER 026005092
Chips ABA No. 0509

Notes

A Decade of Progress

(₹ in Crores)

Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Paid up Capital	107	107	107	122	122	122	145	160	160	160
Reserves	2,601	2,978	3,219	4,124	4,451	4,723	6,066	6,205	6,440	6,800 [^]
Owned funds	2,708	3,085	3,326	4,246	4,573	4,845	6,211	6,365	6,600	6,960
CRAR - Basel II (%)	14.33	14.41	12.77	14.63	12.26	-	-	-	-	-
Basel III (%)	-	-	12.60	14.62	12.17	12.54	14.43	16.00	17.17	18.98
Deposits	32,112	38,653	43,758	44,690	50,079	53,700	56,890	59,868	59,075	63,278
Advances	24,205	29,706	34,226	36,691	39,476	41,435	45,973	50,616	48,516	52,820
Total Business	56,317	68,359	77,984	81,381	89,555	95,135	1,02,863	1,10,484	1,07,591	1,16,098
Net Interest Income	917	1,154	1,284	1,466	1,781	2,074	2,298	2,363	2,348	2,360
Non Interest Income	350	457	564	581	707	782	900	963	1,155	1,057
Total Income	3,621	4,695	5,680	5,977	6,150	6,405	6,600	6,779	7,145	6,527
Operating Expense	541	762	1,010	1,103	1,184	1,285	1,421	1,615	1,742	1,987
Operating Profit	726	849	838	943	1,303	1,571	1,777	1,711	1,761	1,429
Net Profit	502	550	430	464	568	606	346	211	235	359
Cost of Deposit (%)	8.11	8.30	8.24	7.96	7.40	6.60	5.99	5.80	5.76	4.96
Yield on Advances (%)	12.71	12.77	12.28	12.14	11.67	11.34	10.30	9.75	9.63	8.93
Dividend (%)	140	140	130	130	140	130	30	30	-	25 [#]
Branches (No.)	451	551	572	629	667	711	790	778	779	780
EPS (₹)	46.81	51.35	40.08	39.86	46.59	9.95*	4.78	2.64	2.94	4.50
Return on Assets (%)	1.56	1.35	0.86	0.88	1.03	1.00	0.53	0.31	0.32	0.49
Book Value (₹)	252.68	287.85	308.91	348.42	375.25	79.51*	85.49	79.56	82.57	87.07
No of Employees	5,673	6,730	7,339	7,197	7,211	7,400	7,956	7,663	7,935	7,746

* During the Financial Year 2016-17, one Equity Share face value of ₹ 10/- each was subdivided into five Equity Shares of face value ₹ 2/- each

[^] Includes proposed dividend

[#] proposed subject to approval at AGM



THE KARUR VYSYA BANK LIMITED

Registered & Central Office

No. 20, Erode Road,
Vadivel Nagar, L.N.S., Karur - 639002.
Phone : 04324 - 269000

CIN : L65110TN1916PLC001295

